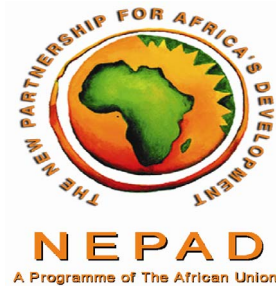# THE 9TH AFRICA PARTNERSHIP FORUM

MAIN THEME: GOVERNANCE AND DEVELOPMENT

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GOVERNANCE IN AFRICA'S DEVELOPMENT: PROGRESS, PROSPECTS AND CHALLENGES

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Contents

<mark>**TOWARDS A NEW VISION AND DYNAMISM**</mark>

1. **Africa is making significant progress in promoting good governance in all its dimensions**. This progress is not limited to violent conflicts which are receding; but the continent's economic growth rates in recent years have also surpassed the global average. Despite these giant strides, the enormity of the challenges faced by Africa in its new determination to accelerate the momentum of development points to a difficult and daunting task. Africa is, perhaps, the only region where poverty in increasing. The continent is also is not on track to meet the Millennium Development Goals (MDGs).

2. Cognizant of these challenges, African leaders have pledged to take joint responsibility to eradicate widespread poverty on the continent and place their countries on a path of sustained economic growth and development as encapsulated in the adoption of the New Partnership for Africa's Development (NEPAD) in 2001.

3. Governance and democracy are central to Africa's search for social, political and economic renewal. In recognition of the imperative of good governance for development, African countries, over the last decade, have made remarkable strides and commitments partners towards good governance in Africa. The 2000 Lomé Summit of the Organisation of African Unity (OAU) which adopted the Constitutive Act of the African Union (AU), the Inaugural Summit of the AU in Durban, South Africa in 2002, the launch of the NEPAD in 2001 and the adoption of the African Peer Review Mechanism (APRM) in 2003 are important landmarks in the effort to develop common values and standards of good governance in Africa.

4. This progress is also exemplified by the adoption of a number of governance initiatives including: the 2001 AU/NEPAD Foundation Document on Conditions for Sustainable Development in Africa; the 2002 Declaration on Democracy, Political, Economic and Corporate Governance; the 2002 Kananaskis G8 Africa Action Plan on Capacity Building and Conflict Resolution; the coming into force of the Protocol to the African Charter on Human and Peoples' Rights in 2004; the 2005 Commission for Africa Report; and the 2007 Potsdam G8 Action Plan for Good Financial Governance in Africa.

5. However, the concept of "governance" is highly contested and indeed its definition and application are not without problems. Since its appropriation into the

development discourse in the late 1980s, "governance" has not just become associated with its normative partner, "good", but it is also highly politicized. "Good governance" has come to be associated with a set of technocratic variables pertaining to the functioning of a government. African governments, for their part, have expressed their concern with the politicization of "governance", especially with how this is used as conditionality. There is generally a consensus on the continent that "governance" must be defined in a less prescriptive and technocratic manner. This definition will have to take into account the relationship of "governance" to development, democracy, state effectiveness, and the market. From this perspective, "governance" can be defined in terms of state-society relations and internal structures and processes within government as a principal organ of the state.

6. There is, of course, a correlation between governance and development. There is widespread agreement that governance matters intrinsically and for improvement in economic and social outcomes. The evidence from cross-country analysis is clear. Governance matters instrumentally for socio-economic performance; better governance is positively associated with improved investments and growth; government effectiveness and efficient bureaucracy and the rule of law are associated with better economic performance, adult literacy; and corruption hinders development. A key lesson however, is that governance is contextual. While it is possible to identify concepts and principles of governance that are universal, they make no sense without adequate contextual reference. The peculiar conditions of each country do provide both constraints and opportunities to improve governance.

7. Furthermore, the World Bank indicators coupled to the Mo Ibrahim Indicator of Human Development illuminates the complex relationship between governance and development in general and particularly in the African context. Scholars and practitioners such as Joseph Stiglitz and Amartya Sen, have presented intricate arguments demonstrating the causal connections between governance and democracy on growth and development.[1]

8. However, current <u>data and governance indicators</u> allow for the presentation of meaningful correlations that are indicative of the positive impact that improved

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[1] See Stiglitz, J. "More Instruments and Broader Goals: Moving Toward the Post-Washington Consensus". The 1998 WIDER Annual Lecture Helsinki, Finland: http://www.wider.unu.edu/publications/annual-lectures/annual-lecture-1998.pdf; Sen, A. "Development as Freedom". Anchor Books, New York 2000.

governance has had for human development on the continent. The basis of this interpretation is that Africa has recently exhibited consistent and significant growth rates that are not simply the result of the resources boom due to increased demand from Asian countries. Improvement in the investment climate and the management of macro-economic fundamentals are indicative of enhanced economic governance on the continent.

9. It is important to note that with the increase in economic growth, there is also an increase in the rating of most African countries with regard to human development. This suggests that the resources generated by economic progress are increasingly being used more effectively and efficiently. The general improvements in the provision of health and educational services coupled to inroads into poverty suggest better governance and the management of resources to the benefit of citizens. This correlation is supported by the World Bank Governance Indicators of "Voice and Accountability", "Government Effectiveness" and "Control of Corruption".

10. This data indicates that improved economic performance is linked to better governance and that improved governance has contributed to the more effective utilization of resources. Africa appears to be moving forward in terms of economic growth, human development as well as democratic and political governance.

AU/NEPAD AND THE NEW GOVERNANCE IMPETUS

11. "Governance" is at the center of the AU/NEPAD programme, not only as one of the principles and conditions identified for sustainable development, but it is also among the top priorities of the program. Accordingly, with NEPAD's Democracy and Political Governance Initiative, African leaders committed themselves to creating and consolidating basic governance processes and practices; leading in supporting initiatives that foster good governance; and institutionalizing NEPAD commitments with the view to ensuring that the program's core values are abided by.

12. The notion of a triangular relationship between democracy/governance, peace/security, and development is central to the NEPAD philosophy. The NEPAD's base documents, including the Declaration on Democracy, Political, Economic and Corporate Governance, are very consistent in their articulation of this triangular relationship. The African Peer Review Mechanism (APRM), based as it were on the

latter Declaration, is established with a view to encouraging Member States' compliance with the common values and standards.

13. The paramountcy of good governance in the achievement of development goals, including the MDGs, has been recognized in the 2001 AU/NEPAD Foundation Document on Conditions for Sustainable Development in Africa. Good governance involves the creation of the conducive socio-economic, legal, political and institutional environments to foster the state's material strength; to free people from the evils of abject poverty, preventable diseases, ignorance, squalor and idleness; to provide the citizenry with the voice to choose those who rule over them, to hold those in power accountable when they do not work for the greater good, to demand transparent structures and to fight down socially regressive policies, and to treat every citizen equal without regard to gender, race, ethnicity, religion, and creed.

14. As recognized in the AU/NEPAD Foundation Document, harnessing the power of private enterprise for wealth creation with a facilitative role for the state remains the best way to expand the material wealth of the nation. A government working on the principles of good governance will provide a stable macro-economy, well-defined and secure property rights, a non-arbitrary legal system, social peace, low-cost and efficient infrastructure services and an efficient public service conducive for private sector-led economic development. Excessive and complex regulations on businesses, expropriation of the means of production and diversionary activities such as corruption, are inimical to economic growth and development.

15. Good governance, as acknowledged by Africa through NEPAD, also entails the whole society partaking in the fruits of development. Although an entrepreneurial society ensures that the maximum is obtained from the minimum resources, unfettered free markets are unfair, leaving behind the unlucky, the underprivileged, the shortsighted and the indolent. Extremes of poverty and inequality also foment social instability and represent a loss of dynamism in the economy.

16. It is also accepted that some government intervention in the economy is desirable and that for good governance to ensue, the regulatory and judiciary bodies, public enterprises and other public administration institutions should be effective, efficient, fair, accessible, responsive and accountable. Decentralization of power and resources to local governments is one way for governments to get closer to its citizens, to be more accountable, transparent and responsive to its citizens, and in increasing the

scope for citizens to influence priorities and service interventions. However, experience has shown that decentralization per se does not guarantee improvements in the quality, equity and efficiency of service delivery for the poor. Successful decentralizations require, at a minimum, political commitment and leadership, adequate financial resources and technical and managerial capacity for planning, budgeting, implementation and monitoring in local governments.

17. In the political realm, Africa accepts that good governance requires free and fair competition for political power and effective and independent parliaments, judicial systems and media organizations to check any tyrannical tendencies of governments and ensure that measures and policies advantageous to the state are taken. The state should use all the *legitimate means at its disposal to protect its citizens from aggression from without its borders and by other citizens*. It is now not acceptable in Africa for any Government to strive les than meeting its democratic commitments of carrying all segments of its society and national stake-holders in the governance process. The diversion of a large proportion of scarce resources away from wealth creation to aggress other nation states and for internal repression is seen as militating against the engenderment of good government.

18. Additionally, it is accepted that the state does not have the capacity and cannot, by itself, deliver economic development effectively. Good governance, therefore, also involves the state forging closer partnerships with the private sector and civil societies to improve public service delivery and bring about economic advancement. Towards this end, governments are recognizing the full role of non-state actors in the development process by giving them the space for them to play their full roles in policy formulation, service delivery and empowerment of communities to demand services. It is also recognized that, to have credibility and legitimacy, non-state actors should be professional and have sound internal governance and leadership structures that ensure accountability, transparency and performance.

AFRICA'S DETERMINED QUEST FOR GOOD SOCIAL ORDER

19. African leaders had, indeed, been aware, at least by the 1990s, of the causal linkage between "development" and "peace and security", and this understanding was well articulated in the summit declarations and decisions adopted during that period. What

was lacking, however, was a clear articulation of the location of governance in its multidimensional ramifications in that equation. It was, thanks to NEPAD, that "governance" was put at the centre of that equation. Since the 1990s, the continent's drive towards common values and standards can be divided into three phases: the 1990s to the 2000 Lomé Summit of the OAU which adopted the Constitutive Act of the African Union; the period from 2002 to 2005 when concerted efforts were made to operationalise both the AU and NEPAD; and the current period whose focus is organized around the move towards a Union Government in Africa.

Phase I: The Constitutive Act of the AU, 2000

19. The adoption of the Constitutive Act of the AU at the Summit of the OAU of 2000 in Lomé, Togo was an important turning point in terms of promoting the principles of good governance in Africa. The AU Constitutive Act fundamentally transformed the OAU into the AU, in that the scope of the objectives and principles of the AU were so broad and comprehensive to include issues that were not covered even in the OAU Charter and some of the relevant treaties which were already in force. For example, "respect for democratic principles, human rights, the rule of law and good governance", absent in the OAU Charter, is recognized in the AU Constitutive Act.

20. Another contribution of the AU Constitutive Act to the development of common values and standards is in its redefinition of sovereignty and the principle of non-interference in the internal affairs of Member States. The latter principle is retained in the Constitutive Act but with a qualification that recognizes the right of the Union to "intervene in a Member State pursuant to a decision of the Assembly in respect of grave circumstances, namely war crimes, genocide and crimes against humanity". Also, a Member State can "request intervention from the Union in order to restore peace and security".

21. Furthermore, the Constitutive Act, building on the decision of the 1999 OAU Summit in Algiers, Algeria, included, as one of its principles, the "condemnation and rejection of unconstitutional changes of government". Indeed, the Lomé Summit also adopted the historic Declaration on the Framework for an OAU Response to Unconstitutional Changes of Government. "Unconstitutional change of government" were defined as: military coup d'état against a democratically elected Government; intervention by mercenaries to replace a democratically elected Government; replacement of

democratically elected Government by armed dissident groups and rebel movements; and refusal by an incumbent government to relinquish power to the winning party after free, fair and regular elections. This was historic, not least because Africa has, since the mid-1960s, been confronted with the problems of coups, military interventions and, in the 1990s in particular, disputed elections.

22. The nine points set out in the Declaration on the Framework for an OAU Response to Unconstitutional Changes of Government addressed the importance of: the adoption and respect of a democratic constitution; the separation of powers; popular participation and the promotion of political pluralism; the holding of free and regular elections; the recognition of the role of the opposition; freedom of expression and the media; the recognition of fundamental rights and freedoms as per the international and continental human rights instruments.

23. The promotion and protection of human rights is an integral part of the agenda of the AU as enshrined in its Constitutive Act. The work of the AU in this respect includes building the delivery capacity of key local actors, which comprises member States' institutions such as the independent national human rights commissions, ombudsperson, civil society organizations and the media. It also entails mainstreaming human rights in every aspect of the work of the AU Commission, supporting the African Commission on Human and Peoples' Rights and its relations with other organs of the African Union on issues related to human rights, applying a human rights based approach to conflict resolution and promoting gender equality and the rights of the African woman**.**

24. Indeed, among the most respected initiatives taken by African states in this domain has been the adoption of the Protocol to the African Charter on Human and Peoples' Rights to establish an African Court as a meaningful and effective mechanism to address the question of human rights violations on the continent. The Protocol came into force in January 2004.

Phase II 2002 - 2005: Operationalisation of AU and NEPAD

25. The 2001 AU/NEPAD Foundation Document on Conditions for Sustainable Development in Africa is underpinned by three pillars of good governance: the Peace and Security Initiative; the Democracy and Political Governance Initiative; and the Economic and Corporate Governance Initiative.

26. The Peace and Security Initiative has the object of ensuring peace and security through conflict-prevention and resolution, peacekeeping and post-conflict reconstruction and development initiatives at the sub-regional and regional levels. The Democracy and Political Governance Initiative is aimed at promoting the principles of democracy, transparency, accountability, integrity, respect for human rights and the rule of law. Enhancing the quality of economic, financial and corporate governance is the purpose of the Economic and Corporate Governance Initiative.

27. The African Peer Review Mechanism, based as it were on the AU/NEPAD Foundation Document and the Declaration on Democracy, Political, Economic and Corporate Governance, is established with a view to encouraging member States' compliance with the common values and standards discussed above.

Phase III: Towards Union Government

28. Furthermore, in adopting the African Charter on Democracy, Elections and Governance at the recent AU Summit in Accra, Ghana, African leaders have not only given more legislative force to the consensus already achieved on the causal linkage between development and governance; they have also placed Africa's march towards full, comprehensive democratic governance on a new path. The Charter, in Chapter 10, spells out measures that have to be taken at country, sub-regional and continental levels for the mainstreaming and institutionalization of the objectives of the Charter, and, in Chapter 11, even makes provision for action against "any State Party that violates this Charter".

AFRICA'S GIANT STEPS

29. Available statistics show that the governance performance in Africa over the past decades has been fairly positive. The political and economic landscape in Africa is changing fast and positively. For the first time in over a decade, economic growth and development indicators have begun to respond to brighter prospects of governance in Africa. On the socio-economic front, real per-capita GDP growth in most parts of Africa increased from 0.1% during the period of 1986-90 to an estimated 4% in 2006[2]. The number of African countries experiencing double-digit inflation rates fell from 16

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[2] World Bank and IMF (2007): Global Monitoring Report 2007.

in 2004 to 12 in 2006 while net foreign direct investment flows to African countries have more than doubled from US$6.9million in 1998 to US$17.6 million in 2005[3]. In the period January 2005 to April 2006, thirty-two countries in Africa effected positive business climate reforms and seven countries introduced negative reforms. Tanzania was the best reformer with four positive reforms, followed by Ghana, Morocco, Nigeria and Rwanda with three. Indeed, Tanzania and Ghana were among the top ten (10) reformers worldwide, according to the 2007 World Bank Governance Indicators.

30. The business climate and corporate governance framework have also improved remarkably. Accordingly, Africa witnessed US$8.2 billion of new listings during the first seven months of 2007, this being 13% higher than the previous year; with Nigeria being the largest recipient.

31. Without doubt, the increasing quality in African governance is both a cause and consequence of the **substantial reduction in conflicts, the renewed vigour towards sustaining peace, stability and security in post-conflict situations, enhanced public service delivery, and the considerable advancement in regional integration. Most importantly, the widespread appeal and growing embrace of the tenets of the African Peer Review Mechanism (APRM) is reflective of the deepening democratic ethos and political pluralism and is accentuating the benefits of political and economic reforms.** For the first time in over a decade, economic growth and development indicators have begun to respond to brighter prospects of governance in Africa.

32. Admittedly, however, there are still challenges to address in the area of corporate governance. These include lack of appropriate legislation and inadequate enforcement and implementation; embryonic capital markets; inadequate entrepreneurship and SME development; high unemployment and low skills training; gender disparities; overworked commercial justice systems; the shortage of available land; lack of Corporate Social Responsibility (CSR) activity; and corruption.

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[3] UNECA (2007): Economic Report of Africa 2007.

[4] The London Business School's study, *Corporate Governance in Africa: A Survey of Publicly Listed Companies* (2003), had concluded: "Overall, we find that businesses listed on African stock markets have corporate governance standards that are on par with (and in some instances are better than) other emerging markets".[3]

33. In general, nevertheless, the findings of the African Governance Report (AGR) published in 2005 by UNECA shows that there have been improvements in all aspects of governance in Africa. As shown in Table 1 below, the AGR found that in the twenty-eight African countries surveyed, there has been an increase in the use of competitive, democratic elections, improvements in macroeconomic and public financial management and greater checks and balances on the executive branch of government. African countries and governments are definitely not shying away from confronting the many governance challenges, including in the areas of human rights, gender equality, corruption, quality of public service delivery, political instability, high cost of doing business and capacity constraints in key governance institutions (Table 1). Data from the World Bank presented in Table 2 shows that Algeria, the Democratic Republic of Congo, Rwanda and Sierra Leone have made significant progress across a number of dimensions of governance in the 1998-2006 period.

Table 1: Key governance messages _adapted_ from the AGR, 2005

GOVERNANCE DIMENSION	POSITIVE MESSAGES
(1) Political governance and human rights	Stronger adherence to constitutionalism
	Increased adoption of multiparty political systems
	Electoral process more transparent and credible
(2) Economic governance and public financial management	Improvements in macroeconomic outcomes
	Better public financial management
	Central banks gaining greater independence
(3) Corporate governance and private sector development	More stable macroeconomic environment
(4) Institutional effectiveness and accountability	More separation of powers
	More independent legislature and judiciary
	Private-owned media growing

34. Multiparty elections have now become part of the continent's political landscape as witnessed in 175 national elections which took place in 42 African countries between 1989 and 2001. Recent developments on this front include the first democratic election in the Democratic Republic of Congo, Nigeria where power passed from a civilian to another civilian government for the first time, and Liberia where a defeated incumbent conceded and handed over the reigns of power to the opposition.

Table 2: African countries experiencing significant governance changes in the period 1998-2006 from the World Bank Worldwide Governance Indicators, 2007[4]

Governance dimension	Significant improvement
Voice and Accountability	Lesotho, Kenya, Ghana, Sierra Leone, Niger
Political Stability	South Africa, Democratic Republic of Congo, Guinea-Bissau, Algeria, Libya, Rwanda, Sierra Leone, Angola
Government Effectiveness	Rwanda, Algeria
Regulatory Quality	Democratic Republic of Congo
Rule of Law	Algeria, Liberia, Rwanda
Control of Corruption	Tanzania

35. The AU has also played its role in promoting the consolidation of democracy on the continent, thanks to the enforcement of the policy on the rejection of unconstitutional change of government. Examples here include the intervention in Togo in February 2005, and Mauritania in August of the same year. In both cases the AU acted decisively against what were perceived as unconstitutional change of government.

36. In addition, since achieving independence, many African countries have endeavoured to reform the public service to make it more relevant to their needs and to ensure the development of an effective structure for the state. The establishment of a collective and continental 'Programme on Governance and Public Administration' within the overall NEPAD framework represents a historic moment on the continent. Operating under the guidance of the Pan-African Ministers of Public Service – a forum that has met five times since 1994 - the programme embodies a commitment by the continent to revitalize governance and public administration through strengthening the capacity

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[4] The information in Table 2 is from Kaufmann, D., Kraay, A. and Mastruzzi, M, 2007: Governance Matters VI: Aggregate and Individual Governance Indicators, 1996-2006, World Bank Policy Research Working Paper 4280.

of state institutions. Indeed, the programme is characterized by intervention in specific priority areas: the All African Innovation Awards, African Public Service Charter, Post-Conflict Reconstruction, and Development and the Africa Public Service Day.

37. Since its inception, the AU has been making strides towards involving the Civil Society organizations CSOs by inaugurating the establishing the Economic, Social and Cultural Council (ECOSOCC) as an organ for the representation of CSOs in the AU system; organizing pre-summit CSO events to feed into summit deliberations; and actively promoting CSO involvement in sectoral work of the Union, notably through participation in activities of other organs. At country-level, gone are the days when CSOs were considered an enemy. The CSOs for example, are the center of the African Peer Review Mechanism.

38. There has also been a renewed commitment on the part of African leaders to gender equality. The existence of instruments that promote women's rights, notably the Protocol to the African Charter on Human and Peoples' Rights on the Rights of Women in Africa (Protocol on the Rights of Women in Africa), the Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW) alludes to this. This commitment to gender equality as a major goal of the AU is not limited to the provision in Article 4 (1) of the Constitutive Act of the African Union, but also include the decision by at least two AU Summits on gender parity within the Union and the Solemn Declaration on Gender Equality in Africa (SDGEA) adopted at AU Summit of July 2004. Since then, among others, the First AU Conference of Ministers Responsible for Gender and Women's Affairs was held in October 2005; the African Union Women's Committee (AUWC) was established; and the Protocol on the Rights of Women in Africa entered into force in November 2005. For that matter, the AU Commission did not hesitate to investigate the allegations of sexual misconduct by some soldiers of the African Mission in Sudan (AMIS).

39. At the sub-regional level, the RECs have also been active in promoting better governance climate in their respective member states. In pursuance of the 2001 ECOWAS Supplementary Protocol on Democracy and Good Governance, ECOWAS deployed a 60-member Observer Mission to Sierra Leone for the August 2007 Presidential and Parliamentary elections. The Mission comprised members of the ECOWAS Council of the Wise, experts drawn from national electoral management

bodies and civil society. Indeed, since 2006, ECOWAS through its Zonal Bureau on Conflict Prevention, based in Monrovia, Liberia, had been monitoring the progress of the processes in Sierra Leone regarding reforms of the electoral law, return to constituency-based elections, nomination of party candidates and the political campaigns. The ECOWAS Mission concluded that the voting process was adequately free, peaceful and credible, noting further that the determination and commitment of the Government and people of Sierra Leone to consolidating peace, stability and deepening the culture of democracy was evident through the historic elections.

40. Within the Southern Africa Development Community (SADC), respect for democracy and good governance is considered a major tool of promoting regional integration and development. The Community adopted the instrument titled Principles and Guidelines Governing Democratic Elections in furtherance of Article 5 of the Treaty of Windhoek 1992, which commits member states to consolidate, defend and maintain democracy, peace and stability through common political values to advance human rights, democracy and the rule of law. SADC has been in the vanguard of ensuring the blossoming of the principles of freedom of association, full participation of citizens in the political process, equal opportunity to exercise the right to vote, independence of the judiciary and the impartiality of electoral institutions. Other RECs in the continent have also been making giant strides in promoting international standards and best practices in governance.

AFRICAN PEER REVIEW MECHANISM (APRM)

41. In recognition of the imperatives of good governance for development, the Sixth Summit of the Heads of State and Government Implementation Committee (HSGIC) of the NEPAD, held in March 2003 in Abuja, Nigeria, adopted the Memorandum of Understanding (MOU) on the African Peer Review Mechanism. The Mechanism, which is turning out to be the most innovative aspect of NEPAD, is an instrument voluntarily acceded to by Member States of the AU as a self-monitoring initiative for good governance. The mandate of the APRM, earlier mentioned, is to ensure that the policies and practices of participating countries conform to the values, principles, codes and standards enshrined in the Declaration on Democracy, Political, Economic and Corporate Governance. This commonly agreed-to instrument for self-monitoring

has at its epicentre the dissemination of best practices and the rectification of underlying deficiencies in governance and socio-economic development processes among AU Member States. The framework is aimed at encouraging and building responsible leadership through a self-assessment process, constructive peer dialogue and the sharing of information and common experiences in order to reinforce successful and exemplary practices among African countries.

40. The APRM is open to all AU member states. Accession entails undertaking to submit to periodic peer reviews and to facilitate such reviews. It includes commitment to implementing the National Programme of Action (NPOA) arising from the peer review, and operationalising the agreed parameters for good governance across the following four thematic areas: Democracy and Political Governance, Economic Governance and Management, Corporate Governance, and Socio-economic Development.

41. Djibouti's ascension in July 2007 brings to 27 the total number of AU member countries that have so far voluntarily acceded to the APRM. Others member states are: Algeria, Angola, Benin, Burkina Faso, Cameroon, Egypt, Ethiopia, Gabon, Ghana, Kenya, Lesotho, Malawi, Mali, Mauritius, Mozambique, Nigeria, Republic of Congo, Rwanda, Sao Tome and Principe, Senegal, Sierra Leone, South Africa, Sudan, Tanzania, Uganda and Zambia. It is hoped that more Member States of the AU will join the mechanism, with a view to advancing and promoting the ideals and common values and standards enshrined in the AU decisions and key base documents.

42. Since its inception in 2003, the APRM Panel has launched reviews in 14 countries[5] and fielded country review missions to five countries: Ghana (April 2005), Rwanda (April 2005), Kenya (October 2005), South Africa (July 2006), Algeria (December 2006) and Benin (July 2007). So far, peer reviews at the level of Heads of State and Government have been conducted for five of these countries. Ghana was the first country to be peer reviewed in January 2006. Rwanda and Kenya followed in June 2006. The peer review of Algeria and South Africa, the first two of the five initiating members of NEPAD to reach this stage, was conducted at the 7th APR Forum Summit Meeting attended by 18 Heads of State and Government on 2 July 2007 in Accra, Ghana.

43. The APRM is no doubt a milestone in the continent's history of political and economic transformation. It represents a sea of change in the thinking of African leaders as they

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[5] These are: Algeria, Benin, Burkina Faso, Ghana, Kenya, Lesotho, Mauritius, Mozambique, Nigeria, Rwanda, South Africa, Tanzania and Uganda.

seek to reverse the trend of lack of accountability, political authoritarianism, state failure, and corruption, to embrace and consolidate democracy as well as effect sound and transparent economic management. As an initiative created, owned and driven by Africans, the APRM is a groundbreaking, and a self introspection tool which has generated an expectation for Africa to tackle the governance problems which, as argued already, stand as an obstacle for the continent's development. The Mechanism represents a bold new approach to transformation for capacity development and good governance in Africa. As the most visible measure of the progress of African states adopting norms of good governance and sound economic policies, the APRM also serves as a barometer on Africa's progress.

44. Four years on, the APRM has won acclaim worldwide. The interest generated by the process around the world and in Africa has been tremendous. The credibility of the APRM remains high with its Reports so far delivered, and there is great confidence in the members of the APRM's oversight committee, the Panel of Eminent Persons. There is now a concrete demonstration of Africa's commitment to addressing governance issues forcefully. With the APRM, Africa is showcasing the continent's innovative thinking in governance.

45. Notwithstanding the positive progress that has been registered by APRM, there are a number of challenges that still require attention. As might be expected, the implementation of an enormous and complex undertaking such as the APRM has been fraught with a number of challenges, ranging from financial, capacity, procedural, operational and political challenges, both at the national and continental levels. This is understandable, given that the concept of political peer review is a unique one, and that there was no model or rule to draw upon in any part of the world.

46. The most urgent challenges include addressing the slow pace in completing the review cycle from developing the country's self-assessment report to the peer review by the Heads of State and Government. For example, Ghana and Rwanda each spent 10 months between the country support mission and the country review mission, Kenya took fourteen (14) months and South Africa eight months. These are the countries that have succeeded in putting themselves on the fast-track. Adequate funding is fundamental to the sustainability, independence and African ownership of the process. Other challenges are the need get more African countries to sign up to the Mechanism and those that have already acceded to complete the process expediently; aligning the

APRM instruments to the specific circumstances of each country; the importance of building and strengthening capacity both at national and continental levels so as to better manage the Mechanism; the urgency of creating and managing credible data bases that would provide reliable information for informed decisions; and how best to mobilize the requisite resources for fulfilling the APRM mandate, especially as more countries sign up to the process. Perhaps, the main dividend of the APRM will emanate from implementing the National Programmes of Action by countries that have completed the review.

47. In recognition of the these challenges, the APRM, in collaboration with the Algerian Government, is organizing experience-sharing and brainstorming workshop aimed at strengthening and fast-tracking the process as part of the APF in Algiers from 8-9 November 2007.

POLITICAL AND ECONOMIC TRANSFORMATION

Addressing Africa's remaining governance challenges and constraints

48. Notwithstanding the achievements since the 1990s in the development of common values and standards, the issues of compliance monitoring and enforcement continue to pose a challenge. Overall, some of the major governance challenges include addressing the human rights issue, particularly the rights of women and children; elimination of corruption; poor service delivery; peace and stability; shortage of skilled labour; independence and effectiveness of oversight functions of regulatory bodies; inadequate business rules and regulations; integration of traditional institutions into modern governance system; need by civil society organizations to improve internal governance; prevalence of capacity deficits in governance institutions, especially electoral institutions, judiciary, parliamentary, civil service and media organizations. However, four key challenges need to be singled out as challenges at country-level.

49. Firstly, there are problems of an institutional nature with respect to, notably, the capacity of the state to execute its responsibilities, governance mechanisms for political oversight and the management of state-society relations. Here, capacity-building measures are necessary to help improve: policy-making process; delivery on policies and services at the national and local levels; management of national resources; and mainstreaming sub-regional, continental and global commitments at country-level.

Ultimately, these capacity-building measures should target policy-makers in both state and non-state institutions.

50. A second challenge facing African nations is to address, with appropriate structures and mechanisms, more fully, the right-to-development issues so that all citizens participate actively and fully in the development process.   The outcomes of such a process would foster gender equality, women empowerment, human rights and more active and meaningful participation of the civil society in the development process.

51. Thirdly, the private sector in Africa has, and continues to face enormous challenges. Governments, would, of course, continue in their endeavour to reduce the costs of doing business by improving the quality of regulatory frameworks, reducing administrative barriers, improving physical infrastructure facilities and stamping out corruption.   Further improvements in businesses' access to finance and market information and corporate governance, investments in human capital development and consolidation of the macroeconomic gains already realized are also called for.

52. Lastly and more importantly, the attainment of the MDGs remains an immediate challenge, not least because of studies that have prognosticated considerable obstacles to overcome for Africa in this area.

53. At the continental level, the AU Commission and other AU organs need to be strengthened institutionally in order to enable them to play an effective role in the monitoring and enforcement of compliance with the common values and standards.

54. African countries should also take the necessary steps to increase intra-Africa trade through deepened regional integration. To this end there is a need to expedite the programme aimed at the rationalization and harmonization of the RECs.

Addressing the special governance challenges of post-conflict countries

55. For many countries in Africa emerging from war, the governance challenges are even more daunting. It is important to keep in mind that although many of the characteristics of post-war countries are similar in terms of the consequences of conflict, the causes may be context specific and thus approaches to addressing the challenges must be context specific.

56. The immediate challenge is to address the fundamental and urgent issues of post-conflict reconstruction, including maintaining peace and security, restoring government and reintegrating society. Also important in the short term would be quick recovery

programmes, such as labour-intensive public works to absorb ex-combatants as a way to preserve social peace. As building public institutions takes time, the role of non-state actors would be crucial for the successful implementation of such programmes. This process may be aided by making funds quickly accessible to civil society and private sector organizations with good track records in service delivery.

57. Over the medium to long term, it is needless to affirm the imperative for the government to rebuild public institutions, public administration systems and infrastructure, focusing on public officials especially in the areas of policy design and implementation. A capable state delivering quality services to its citizens effectively is the only way to restore trust in government in the long run.

The role of development partners

58. In a globalized and interdependent world, there is an important role for the international community to play. External partnership support to finance education, health, gender, women empowerment and infrastructure development programmes of African countries would still be necessary to assist Africa progress towards the attainment of the MDGs.

59. African countries would also benefit from enhanced market access for their exports in the developed countries. Progress in the WTO Doha Development Round negotiations and trade-related capacity development to help African countries overcome supply constraints to the promotion of exports will be of immense benefits to Africa. External partnership support to capacity development programmes targeting key institutions of governance such as parliament, anti-corruption commissions, the judiciary and revenue management bodies as well as those aimed at strengthening economic management, procurement and financial management systems, will be necessary.

60. For the good governance agenda to bring progress to Africans, regional and continental institutions have to be supported. In this respect, development partners would need to continue to provide support to the AU Commission, NEPAD Secretariat, the APR Secretariat and the RECs to implement their programmes effectively. Of critical importance will be support to the APRM process in general and in particular, the implementation of national plans of actions of APRM-participating countries in particular. Of similar importance is support for the continuous internalization of the principles and strategies of NEPAD at all levels on the continent in the policy design and implementation, and the engagement of the citizenry in the process.

61. Also of critical importance, will be the help provided to African countries to strengthen capacities in controlling corruption, combating bribery and money laundering in their countries. They could also be assisted, by, among others, overcoming bank secrecy laws and other constraints on repatriating stolen assets. The African Development Bank-OECD Action Plan on Bribery and OECD Anti-Bribery regulations and Monitoring Report are therefore welcomed developments in these regards. External partnership support to ratify and implement the requirements of the UN Convention on Corruption will also improve governance outcomes in African countries.

62. Development partners are increasingly using measures of governance when deciding on the allocation of development aid. For example, the World Bank uses its Country Policy Institutional Assessment indicators to decide on how to allocate aid. Although this appears to support the NEPAD agenda by rewarding countries with good performance in governance, there is a need for more transparency in how the governance assessments in aid disbursement. There is also need to encourage more efforts towards good governance by the generality of African states by measures that are not unduly discriminatory and punitive on the citizens of countries that are not favourably perceived by Africa external partners. Furthermore, there should be more donor harmonization in the indicators used in such assessments to reduce transaction costs of development aid recipients, in line with the 2005 Paris Declaration on Aid Effectiveness.

The need for mutual accountability

63. Both Africa and her development partners must honour their obligations made in various commitments relative to furthering Africa's development agenda. There is now a consensus in the development community that joint monitoring of commitments on the side of Africa and its international partners is an invaluable tool to improve development effectiveness and outcomes.

64. On their part, under NEPAD, African leaders have committed themselves to sustained economic development of the continent by putting in place measures of good corporate, economic and political governance, which have already translated into progress on transparent accountability, more effective checks and balances on executive power, adherence to constitutionalism, multiparty democracy and macroeconomic

management. It has not been easy, but the meeting of these commitments remains on course.

65. Rather sadly, the commitments made by development partners through the Monterrey Consensus, the Paris Declaration on Aid effectiveness and various declarations at G8 Summits relative to enhancing aid quantity and quality have, in the main, not been met. If there are indeed efforts to meet them, such efforts have not concretely reflected or impacted effectively and desirably, on African development process.

66. The Mutual Review of Development Effective Report that will be produced in the first half of 2008 by UNECA and OECD will be an important mechanism for mutual accountability for African countries and development partners and as a basis for G8/OECD-Africa dialogue on African development agenda.

CONCLUSION

67. Africa is determined to sustain the momentum of good governance by concretely addressing the challenges facing it and overcoming them with the support of its valued partners.

68. Under NEPAD, African leaders have fully embraced the socio-economic transformation of the continent through the conducive space for development engendered by the formulation and implementation of appropriate governance policies, reforms and practices. The increase in the number of African countries that is acceding to the APRM is also cause for optimism. However, Africa still faces some governance challenges, both at the country and at the regional levels.

69. At the national level, challenges in the determination to assure a qualitative and comfortable life for the average Africa remain in the areas of human rights, gender equality, public service delivery, political stability, business environment and capacity in key governance institutions. At the continental level, the AU, the APR Secretariat and the RECs are still being constrained from delivering their programmes effectively because of capacity challenges. There is also a need to deepen regional integration in Africa through the rationalization and harmonization of the RECs.

70. Development partners have a contribution to make to support Africa overcome daunting governance challenges. It is now time for development partners to meet their

pledges and commitments towards full and effective support for a new transformation and sustainable development process that is owned and led by Africa, and for Africans.

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