

# Governance in the Report of the Commission for Africa



IRRI/KIIB Round Table, Tuesday 14 June 2005

**EMBATTLED OR EMPOWERED AFRICA: “OUR  
COMMON INTEREST”**



## **Structure of presentation**

- I. Introduction: the Commission for Africa**
- II. The CFA report: framework for action**
- III. Good Governance and the Commission's report**
- IV. Why is Good Governance such a high priority?**
- V. Concluding thoughts on corruption**

## I. Introduction: The Commission for Africa

- Commission established in February 2004
- 17 independent Commissioners, 9 from Africa
- Report published March 11
- Since then – outreach in Africa, G8 and Europe



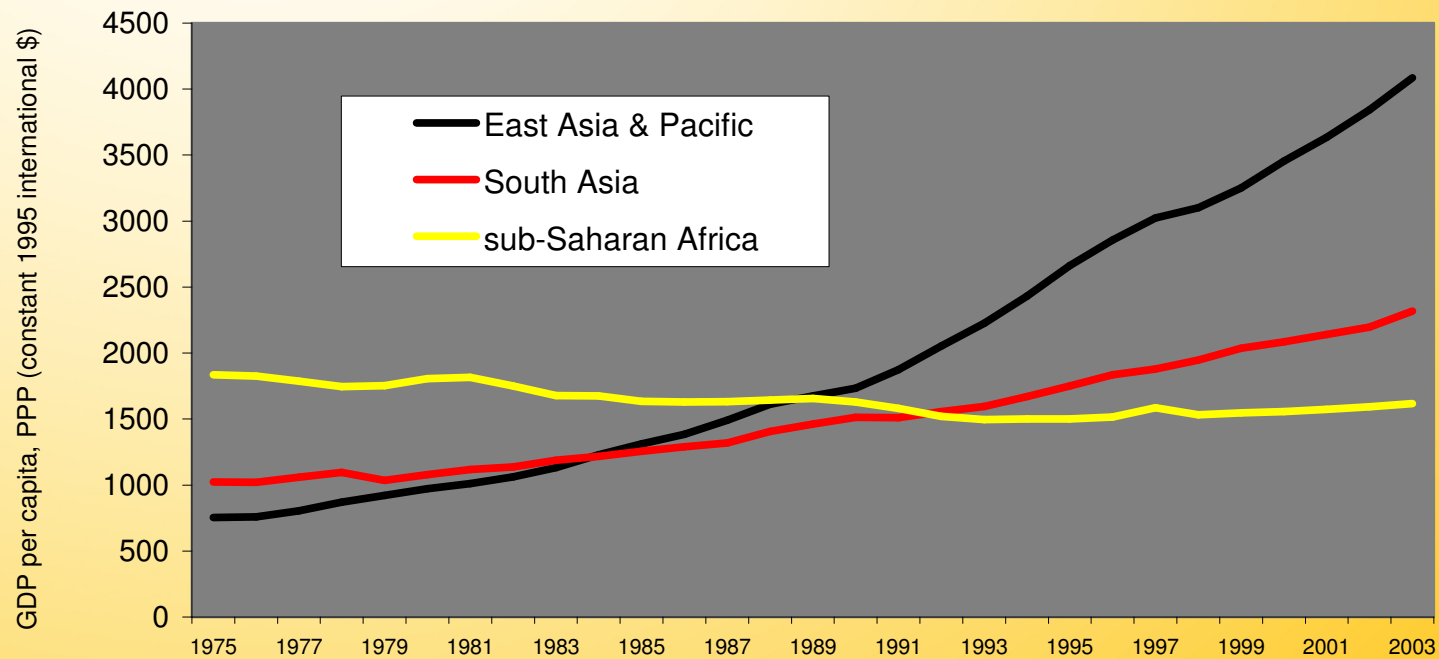
## II. The CFA report: framework for action

- The immense **scale of the suffering** in Africa – much of it avoidable – should compel the world to act now
- **Delay** is magnifying the crisis that Africa and the world will have to face in the years ahead
- Democracy has spread and Africa has new political leaders, many committed to reform
- Lack of support for reformers could jeopardise reforms and deter other leaders from trying to improve governance

**THE RISKS FROM DELAY FAR OUTWEIGH THE RISKS FROM ACTING STRONGLY AND SWIFTLY**

## SSA only region to grow poorer over past decades

Figure 2.3 GDP per capita in Developing Regions



Sub-Saharan Africa only region with lower life expectancy in 2002 compared to 1980 (impact of HIV/Aids)

## The Framework for Action

**Africa & developed world working in partnership based on common humanity, solidarity and mutual respect.**

- The Foundations: Governance and Peace & Security:
  - Key elements of the environment for growth – without these Africa will not achieve any of its other goals
  - Actions which will determine success of outside support
- Investment and Opportunity:
  - Investing in People – creating conditions for all women & men to develop their full potential and participate fully in the economy and society
  - Growth, Opportunity & Trade – creating the environment in which private sector-led growth can flourish
- Financing & Implementation

**A BIG PUSH IS NEEDED:  
A STRONG, INTEGRATED AND EFFECTIVE PACKAGE**

## Resource implications

- Commission's proposed package requires strong increase in resources:
  - Two-stage increase in external aid (US\$ 50 bn)
  - Increase in resources generated within Africa (US\$ 25 bn)
  - 100% debt relief for poor countries
- Conditional on:
  - Improvements in how aid is delivered (quality of aid)
  - Continued improvements in standards of governance



**GOOD GOVERNANCE AS A PRIORITY TO THE  
COMMISSION FOR AFRICA**

### III. Good Governance and the Commission’s report

*“Weakness in Governance and Capacity is the central cause of Africa’s difficult experience in the last decades” (p.133).*

Figure 2.4 Governance Quality in Developing Countries, Measured by Country Policy and Institutional Assessment (CPIA) scores

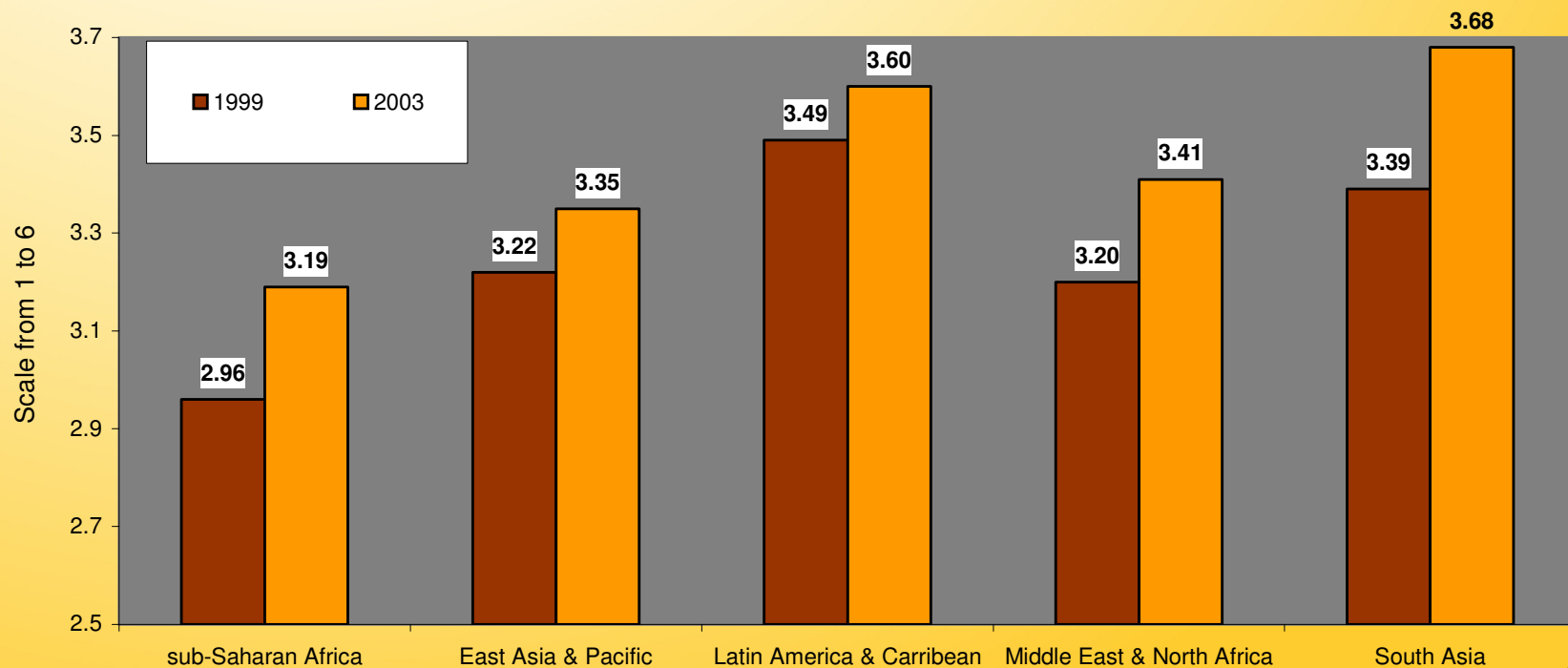
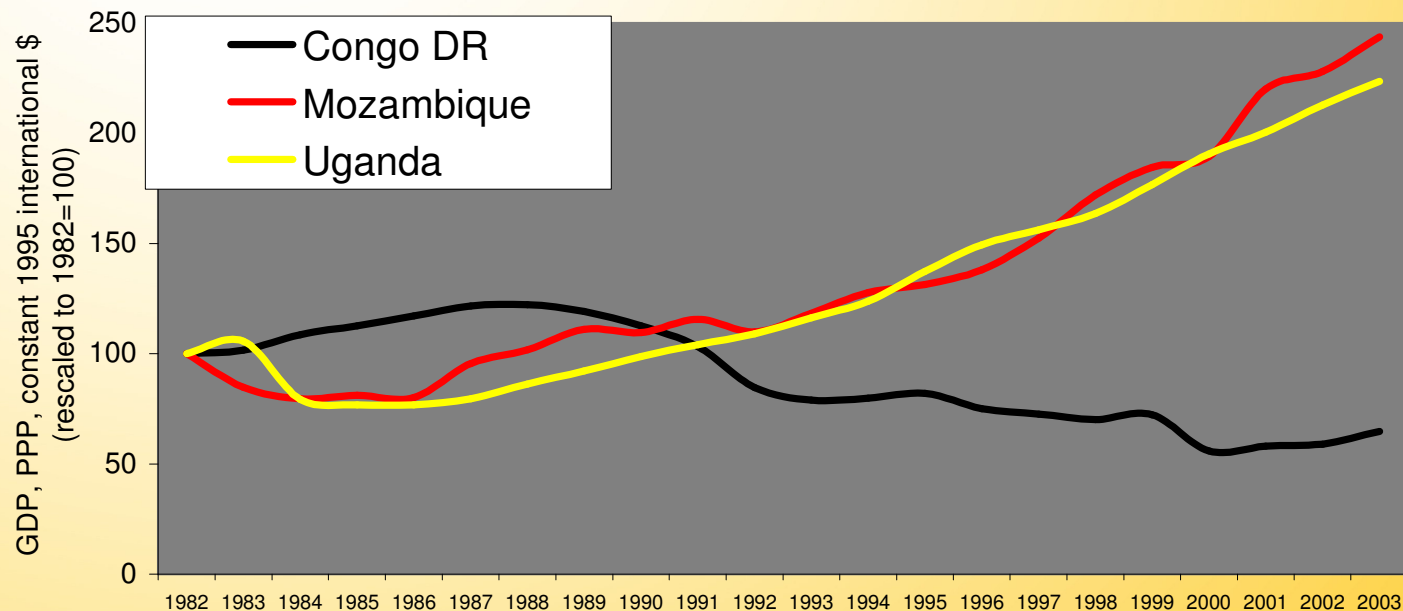


Figure 2.5 Growth in selected sub-Saharan African countries



## Governance as a central theme in the CFA report

- Governance identified as being of crucial importance in consultations
- African leaders also signalled governance as high priority
- Theme of good governance runs through whole report

## Chapter 4: Getting Systems Right - Governance and Capacity-Building

*“Improvements in Governance are first and foremost the responsibility of African countries and people” (p.133).*

- Good Governance refers to **effective states**, able to deliver; with effective institutions which represent & include all citizens
  - Sound constitution
  - Able to create sound private sector framework
  - Able to maintain peace & security
  - Capable of delivering public services that citizens require
- Two crucial components of effective states & institutions:  
**Capacity and Accountability**
- **Transparency & Corruption**
- Data

## Chapter 4: How to support good governance ?

- Providing strong political and financial **support for the pan-African and regional organisations**, particularly the African Union and NEPAD's APRM.
- Revitalising Africa's **higher education**, especially in science, engineering and technology.
- Making changes in **donor behaviour**, to get fully behind a comprehensive **national strategy for capacity-building**.
- Broadening participation and strengthening institutions that improve accountability, incl. parliaments, local authorities, the media and the justice system.
- Increasing **transparency** of revenues and budgets, especially in countries rich in natural resources (e.g. EITI).
- Tackling **corruption**, including repatriation of stolen assets.

## Chapter 7: Governance and Growth

- Good economic governance key in growth chapter
- Private sector identified as primary driver of economic growth, with state's role to
  - Provide favourable investment climate
  - Provide Infrastructure
  - Facilitate Investment in people
- Strong emphasis on codes of good practice, urging companies to sign up to these and acknowledging corruption involves a bribe giver and a bribe taker
- Private Sector response: Business Action for Africa initiative
  - International coalition of businesses committed to fight against poverty
  - Building on momentum of the CFA and the 2005 G8 process

## IV. Why is Good Governance such a high priority?

*CFA argues that improvements in governance already underway makes this crucial time to be getting behind Africa's efforts*

- AU “non-indifference” policy
- NEPAD
- APRM – 23 countries have signed up, 2 more under discussion
- In past 5 years, more than two-thirds of sub-Saharan African countries have had democratic elections
- Improvements in tackling corruption (e.g. Nigeria)
- United Nations Convention Against Corruption (2003):
  - 123 signatories
  - 25 countries have ratified, of which 0 OECD and 13 African

## **Risks associated with increased aid flows**

Factors determining if aid translates fully into development benefits

- Macro factors, incl. fiscal & debt sustainability, competitiveness
- Institutional factors, incl. public expenditure management and corruption, private sector capacity
- Physical and human factors like administrative skills, connectivity and communication networks, road accessibility; and
- Social/cultural/political factors like stable national political institutions and cultural norms

### ***Corruption is not only determinant !***

Governance will continue to be closely monitored – measured but strong increase in aid the CFA advocates devised precisely to accommodate potential problems with using aid monies productively

## Aid and Public Financial Management

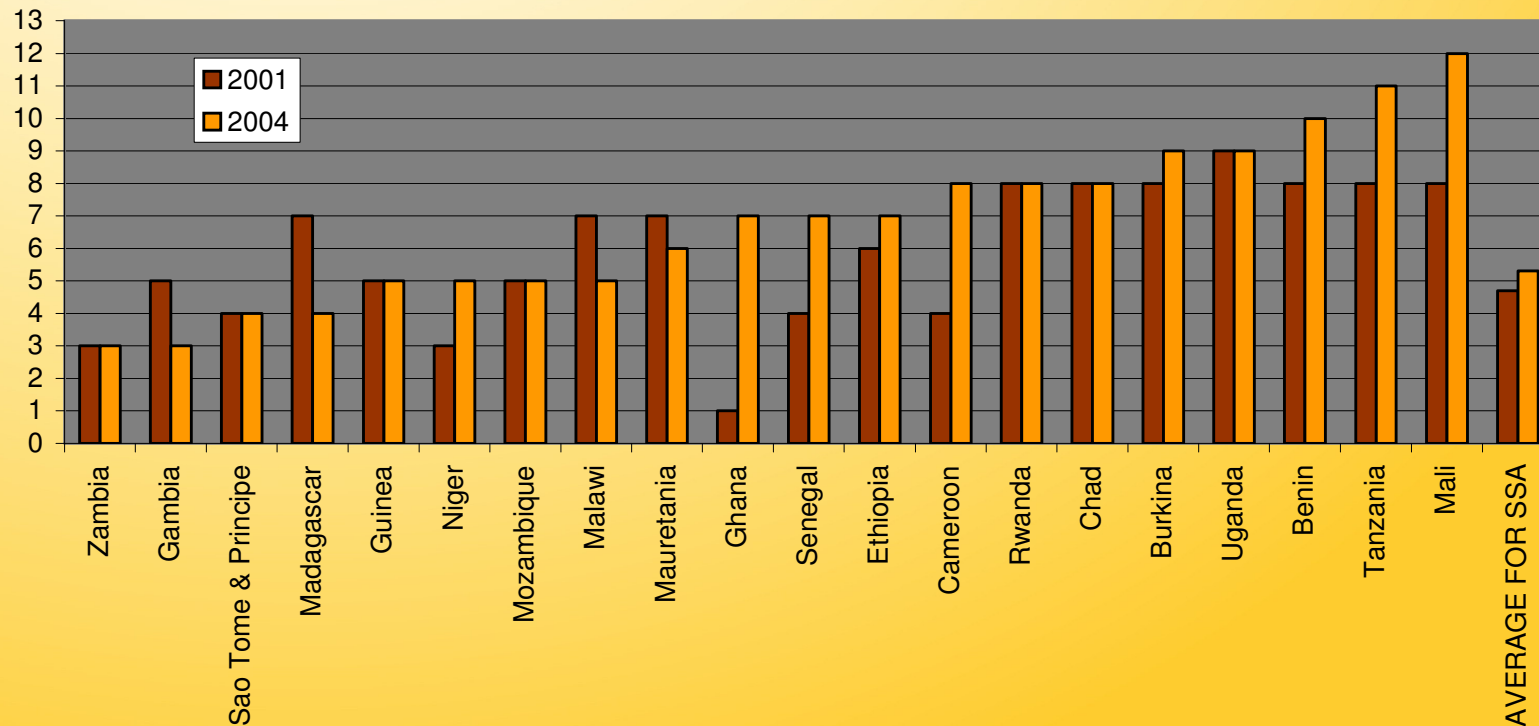
*CFA argues that a well-developed PFM system is imperative in increasing accountability and transparency and crucial in ensuring an effective and efficient use of public, private and donor resources*

- Acknowledged by both African Governments and aid agencies and prominent in the PRSP-process which puts increased importance on ownership
  - Prominence in APRM
  - Initiatives like EITI
  - Support country-owned systems, particularly move from Project support to Budget support where possible
  - Recent Budget Support Harmonisation Agreements have PFM as core pillar, at same level as macro-framework
  - Increased Technical Assistance focus (e.g. CABRI)

## Aid and Public Financial Management (cont'd)

*HIPC AAP exercise – tracking resources freed up by debt relief, including PFM assessment and action plan*

HIPC AAP assessment, Benchmarks for 20 African countries 2001 - 2004



## V. Concluding thoughts

- Focus on ‘good enough governance’
- Corruption is just one part of the wider governance agenda
- Relationship between corruption and economic growth is not straightforward
- Corruption involves a bribe giver & a bribe taker
- Perception of whole of Africa being completely corrupt..
  - Transparency International ranks only 11 African countries in the bottom 30
- Increased awareness amongst donors about political processes (e.g. World Bank use of term ‘corruption’)

*If donors knew that 25 cents in every dollar was being filched and the other 75 spent on education and HIV and AIDS patients, was it right to pull the plug entirely and leave the needy and the illiterate with nothing ?  
(P. Wolfowitz)*