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)