

Improving Governance, Managing Conflict, and Rebuilding States

Rapid changes in Africa's political landscape have created opportunities for development and growth

Poverty brings about instability and insecurity, which breed underdevelopment. The reverse is also true. Democracy must deliver on the bread and butter issues, otherwise the Continent could slide back into situations where the politics of poverty gives rise to the poverty of politics.

—Dr. Salim Ahmed Salim, Secretary-General,
Organization of African Unity, 24 October 1999

GOVERNANCE, CONFLICT MANAGEMENT, AND STATE reconstruction are interrelated issues. Governance is the institutional capability of public organizations to provide the public and other goods demanded by a country's citizens or their representatives in an effective, transparent, impartial, and accountable manner, subject to resource constraints. Conflict management refers to a society's capacity to mediate the conflicting—though not necessarily violent—interests of different social groups through political processes. State reconstruction combines national and supranational competencies for resolving violent conflicts, sustaining peace, and undertaking economic and political postconflict reconstruction. In the past decade this nexus of governance, conflict management, and state building has moved from relative obscurity to being a central issue on Africa's development policy agenda. Why?

The first impulse has come from within Africa, where the political landscape has been changing rapidly. After years of authoritarian regimes and political and economic decline, there has been resurgent popular demand for multiparty elections and accountability in public resource management. Since the early 1990s, 42 of 48 Sub-Saharan states have

held multiparty presidential or parliamentary elections. Though these elections have not always been completely fair, they have often generated high voter turnout—sometimes more than 80 percent. This trend has been bolstered by the end of the Cold War, which has made donors less inclined to favor trusted allies over competent development partners (chapter 1). New aid relations emphasize ownership, accountability to domestic stakeholders, and good governance (chapter 8). Moreover, a number of African countries are ready to undertake “second generation” reforms, which require building social consensus and bargaining among social groups.

Globalization also explains the increased importance of these issues. Like other countries, African states face growing pressures both to decentralize and to adapt to emerging global governance structures and standards. These extend beyond trade to encompass many areas once considered within the purview of national policy. Globalization also brings risks of increased economic instability, which can lead to social conflicts. All these factors have increased the importance of sound governance and institutions for mediating conflicts and promoting social cooperation.

This chapter analyzes Africa’s postindependence performance in governance and conflict management and highlights opportunities for resolving conflicts, building peace, promoting social cooperation, and improving governance in the 21st century. A first theme of the chapter is that it is wrong to think that Africa’s ethnic diversity dooms it to endemic civil conflicts. Poverty, underdevelopment, unemployment, and political exclusion are the root causes lurking behind social fractionalization. But socially fractionalized societies—like most in Africa—require careful management. Thus African countries need to seek inclusive, participatory, and democratic polities compatible with their ethnic diversity. Under the right conditions diversity can promote, rather than impede, social cooperation and stable growth. Active and collaborative involvement by regional institutions and international donors is also critical for resolving conflicts and building peace in Africa.

A second theme involves options for improving institutions for national economic management. Africa has seen many such initiatives as part of reform programs, but success has been limited. One reason for past failures is that externally inspired technocratic measures to streamline and strengthen the bureaucracy have not been matched by complementary action by incumbent states, or by measures to generate demand

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for good governance by local constituencies. This too is changing. A new breed of African reformers now places far more emphasis on transparency and on measures to empower the users of public services, in part through decentralization. Such measures have significance beyond their immediate impact, helping over time to develop the civic organizations and the capacity needed to sustain a robust democratic system.

Together these two themes point to the following implication: political and economic governance are inseparable, and together they underpin sustainable development. Especially with the spread of modern communications, a corrupt, ineffective state is unlikely to meet the popular and economic demands of the 21st century. As East Asia's experience suggests, states that successfully manage and develop their economies are likely to strengthen their legitimacy. Indeed, African countries with well-managed economies saw an increase in stability, political rights, and civil liberties in the 1990s. Conversely, states in conflict perform poorly on political criteria and have weaker economic policies and institutions (chapter 1).

Characteristics of a Well-Functioning State

WELL-FUNCTIONING STATES SHARE CERTAIN CHARACTERISTICS. Not all of these are necessarily preconditions for development—many countries, including many industrial ones, fall short on a number of relevant attributes. Nor is there a single model toward which all African countries should aspire. Successful options include “consensual democracy” in Japan, unitary liberal democracy in parts of Europe, and federalist democracies and confederacies in other regions. All of these approaches preserve political competition through popular participation in regular elections, but they differ in many ways.

Yet while the diversity among successful democracies suggests a variety of functional institutional arrangements, effective public institutions generally have some common fundamental characteristics. The first is the capacity to maintain nationwide peace, law, and order, without which other government functions are compromised or impossible. Second, states must secure individual liberty and equality before the law, a process still working itself out in the West and elsewhere. This has been a major institutional inadequacy in many African states. Secure property rights and transparent adjudication of disputes arising thereof are critical in

shaping investment decisions. Third, the state needs workable checks and balances on the arbitrary exercise of power. Public decisionmaking must be transparent and predictable. Oversight mechanisms should guard against arbitrariness and ensure accountability in the use of public resources, but need not eliminate the flexibility and delegation needed to respond quickly to changing circumstances.

Once this institutional infrastructure is in place, the public sector has an important role in financing and providing key social, infrastructure, and dispute resolution services. Effective states raise revenue and supply these services in ways that contribute to development. Where corruption is detected, legal and administrative sanctions are implemented, regardless of the social and political status of perpetrators. A free press and public watchdog organizations guard against abuse of power and reinforce checks and balances and effective service delivery. The political process is broadly viewed as legitimate and provides an anchor of predictability for private investment and economic development more broadly. Besides enhancing individual liberties, a participatory civil society, free speech, and an independent press are indispensable for promoting productive and healthy investment.

It would be naïve to expect these characteristics to be adopted automatically as the political platform of any country's leadership. Governments the world over are susceptible to factional contests for political power, motivated by incentives other than those that encourage good governance. But without political stability and checks and balances on power, public responsibility for key services and social legitimacy for government are in jeopardy and economic development may not be achieved. Without these foundations of good political and economic governance, Africa's development will be sluggish—or stalled.

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African Governance since Independence

PERCEPTIONS OF AFRICAN GOVERNANCE HAVE BEEN BEDEVILED BY A tendency toward sweeping generalization—an unwillingness to acknowledge not just failures but also mixed outcomes and some successes. Any review of Africa's governance track record since independence thus confronts the challenge of both describing general patterns and highlighting variations across countries.

A complex patchwork of old and new state institutions produced a varied but generally disappointing record in national governance

By definition, colonial rule tended to be unaccountable to Africans and overly reliant on the military to suppress dissent. Its departure was rapid and unanticipated by both colonizer and colonized. Part of the early caution about the departure of colonialists was perhaps a response to the recognition that local skills were inadequate and the institutional foundations of incoming African governments were poor. For example, when Congo gained independence in 1960, it had just 16 postsecondary school graduates—for a population of 13 million.

The constitutional innovations introduced at independence partly sought to promote long-repressed local values. But these were unavoidably blended with the formal structures of national governance introduced by European colonialism. With notable exceptions like Kenya and Zimbabwe, British colonialism bequeathed to its former dependencies the legacy of “indirect rule,” which provided considerable autonomy to “traditional” rulers—whether these were genuinely traditional or not—against the backdrop of English common law.

In contrast, former French colonies inherited a metropolitan-centered system of direct rule extending to the remotest rural cantons, circles, and communes. Belgian administration in Burundi, Congo, and Rwanda was comprehensive and highly autocratic. Until its cataclysmic end in 1974, Portuguese colonialism in countries like Angola, Guinea-Bissau, and Mozambique abjured local participation in governance, much less indigenous representation. This complex patchwork of old and new state institutions produced a varied but generally disappointing record in national governance. But there were exceptions—like Botswana, Côte d’Ivoire (until the 1980s), Kenya, and Mauritius—where public institutional capability was considerable. Overall, the political transition between the 1960s and the early 1990s can be divided into three phases:

- *Guarded experimentation—1960s to early 1970s.* Former British colonies inherited variants of the Westminster system, with competitive parties, independent judiciaries, and cabinet governments based on a merit-recruited, politically neutral civil service. Former French-ruled states got a powerful presidential system wielding strong executive authority. Under this system the comparatively weak office of the prime minister headed the public service and was answerable to a chamber of deputies elected on a run-off constituency-majority system. But confronted by the divisive, ethnic-driven politics of redis-

tribution in the 1960s, innovations were made to introduce all-purpose nation-building ideologies. Single parties emerged encompassing dissidents and competitors, sometimes using patronage to consolidate power—and not always peacefully. Thus conceived, national unity was expected to facilitate faster, friction-free growth.

Though many presume that economic and institutional decline set in almost immediately after independence, that was not the case. With limited aid, African economies grew by more than 5 percent a year between 1965 and 1973. Primary school enrollments rose sharply, and new universities, infrastructure, and public service training programs were developed. At the same time, driven by the development orthodoxy of the day, the supposed scarcity of indigenous entrepreneurs, and the fear of commercially dominant expatriate minorities, many countries laid the foundations for increased state control and centralization of resource allocation in a broad range of economic activities.

- *Military rule, dictatorships, and economic regress—mid-1970s to 1990s.* After military takeovers in the early 1960s in Congo-Brazzaville, Dahomey (Benin), and Togo, the first gush of military coups in 1965–66 in Burundi, Central African Republic, Congo-Kinshasa, Ghana, Nigeria, and Upper Volta (Burkina Faso) opened the way to autocratic military rule. External involvement played a major role in such cases. Many proved disastrous from an economic and institution-building point of view, as evidenced by Ethiopia (1974–91), Ghana (1966–69 and 1972–83), Mali (1968–91), Nigeria (1983–98), Somalia (1969–91), Uganda (1971–79), and Zaire (1965–97). By 1990 half of Africa’s states had military or quasi-military governments. In parallel with authoritarian military governments came a trend toward single-party rule under autocratic civilian leaders, largely pursuing interventionist economic policies, in some cases under the banners of socialism or Marxism. Especially when combined with external shocks, the resulting economic decline and politicization of the bureaucracy eroded much of what remained of institutional governance capacity and undermined many of the accomplishments of the 1960s.
- *Political and economic liberalization—late 1980s and 1990s.* Recurrent balance of payments crises and economic regress, together with pressure from donors, led a number of African governments to adopt structural adjustment policies in the 1980s, opening up markets, encouraging deregulation and private initiative, and reducing state eco-

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conomic intervention. The popular processes that led to the collapse of Benin's military government in 1989, the fall of the Berlin Wall in late 1989, and the release of Nelson Mandela from prison in early 1990 increased demands for constitutional reform. Under popular pressure, some francophone states (Benin, Congo-Brazzaville, Mali) held national conferences that replaced authoritarian constitutions with French-style democratic ones. Especially after 1989, popular discontent with military or autocratic regimes found vent in mass demonstrations in favor of individual freedoms and multiparty government. Most remaining African governments conceded the principle of democracy in the first half of the 1990s. By 1999 nearly all countries had held multiparty elections with varying degrees of credibility.

Variations across Countries

A closer look at the experiences of individual countries also points to much greater diversity than is commonly imagined.

Capable and effective governance. A few states, like Botswana and Mauritius, have demonstrated a capacity to build effective national governance institutions on the foundations of genuinely competitive democracy and the rule of law. Although Botswana's dominant party (Botswana Democratic Party) has been in office since independence in 1966, it has provided wide freedom to opposition parties and maintained the rule of law. Mauritius—with its medley of ethnic and religious groups, including Hindus, Muslims, Creoles, Africans, and Europeans—has defied the view that ethnolinguistic diversity undermines economic growth. This has been achieved through regular multiparty elections where competition cuts across the ethnic divide and—significantly—by a delicate balance of ethnic representation at the top levels of government. South Africa's transition since 1994 also points in this direction. The linchpin of the 1994 transition was an ethnically inclusive government of national unity underpinned by the visionary leadership of Mandela.

Violent conflict and state disintegration. At the other end of the spectrum are states where governance has disintegrated into protracted civil wars and lawlessness. These states include Angola (since 1975), Burundi (since 1993), Democratic Republic of Congo (since 1997), Guinea-Bissau (1997–99), Liberia (1989–97), Sierra Leone (1992–99), Somalia (since 1991), and Sudan (since 1983). In addition, large slices of states bordering these countries have suffered the spillover effects of conflict.

The vulnerability of these countries to conflict mirrors a global pattern. Since 1980 more than half of all low-income countries have been involved in conflict, including 15 of the world's 20 poorest countries. Africa is no exception. In 1999 one African in five lived in countries severely disrupted by wars or civil conflicts, and 90 percent of the casualties were civilians. There were more than 3 million refugees and 16 million internally displaced persons. And an estimated 20 million landmines had been laid in Africa, including 9 million in Angola alone.

State crisis and institutional decay. About two-thirds of African states have neither enjoyed the opportunities created by development success nor endured the violent risks inherent in the opposite extreme. By the 1990s many of these countries were caught in a low-level equilibrium of poor institutional capability and ineffective economic transformation. Some had initially showed high promise. Kenya, for example, was an African “miracle” in the 1960s and early 1970s, growing by 7.9 percent a year between 1965 and 1973. Internal security, working infrastructure, and capable public institutions staffed by competent Kenyans underpinned that performance. But since the mid-1980s the country has been a victim of corruption and institutional decay. Since 1989 it has seen rising internal violence, economic mismanagement, and declining external aid. Other countries struggling to escape a low-level equilibrium trap include some with enormous economic potential and large populations, including Cameroon, Nigeria, and Tanzania.

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What Accounts for the Evolving Patterns of Governance?

Broadly speaking, there are two types of explanations for Africa's governance patterns. The first focuses on conditions inherited at independence—political and economic—along with structural factors that reflect Africa's development experience. The second focuses more on successive generations of leaders and the political and economic policies they have pursued. Rather than arbitrate between these competing views, the discussion here highlights the relevance and the implications of each.

The administrative heritage of colonialism. Although colonial rule generally provided poor preparation for African self-rule, some countries emerged from it better prepared than others. This is evident in the cross-country differences in investment by colonial powers in the skills needed to govern an independent state—good leadership, administration and management of public resources, understanding of the formulation and application of laws.

There is no difference in performance between multiethnic and homogeneous states that sustain democratic institutions

In this regard the British dependencies in West Africa—Ghana, Nigeria, Sierra Leone, arguably The Gambia—had a head start. Indirect rule and the absence of European settlers in West Africa facilitated a greater presence of trained Africans in the governments of these states at independence relative to British colonies in East Africa, Zambia, and Zimbabwe. So did the output of Gordon Memorial College in Sudan. In contrast, the first institution of higher learning in East Africa—Makerere College in Uganda—opened its doors only in 1930. Segregated public service systems in most of East and Southern Africa did not permit much African participation in government—as elected representatives or civil servants—until well into the 1950s, on the eve of independence.

French-governed territories were also not as well prepared for self-rule as was anglophone West Africa. French colonial policy advocated assimilation into an empirewide public service and recruitment into one imperial French army. Only a few Africans studied at French universities and served in the French public service, many of them in what is now Benin. Similarly, education opportunities for Africans at top French schools—like Ecole Normale William Ponty in Dakar, Senegal—were limited. Only in the 1950s were university-level institutions opened in Dakar and Tananarive (Madagascar) to serve French colonies.

Under the French Union (1946–60) a few Africans were elected to the French legislature and served as government ministers, but the system called for African acquiescence. Its limits are best demonstrated by the precipitous departure of French colonial officers after the Guinean vote for independence in 1958—leaving Guinea without effective administration almost overnight. Education opportunities for Africans in Belgian, Portuguese, and Italian colonies were even more sparse. The impacts of these colonial inequalities have long persisted.

Ethnic diversity. African states are exceptionally diverse in ethnic and linguistic terms. Some have argued that such diversity damages or destroys national consensus on infrastructure, macroeconomic reform, and the allocation of public goods. But while ethnic conflict is a major factor in African politics, recent research suggests that its impact on economic performance is mediated by a country's institutional structure. There is no difference in performance between multiethnic and homogeneous states that sustain democratic institutions (Collier 1998). Without such institutions, however, multiethnic states grow far more slowly. This finding is consonant with the argument that faction-ridden societies are best administered by a decentralized democracy.¹

Tanzania illustrates the potential for ethnic harmony in a racially diverse setting. With an estimated 120 ethnic groups, it has avoided all ethnic conflict or political appeal to linguistic units. National unity cuts across ethnic boundaries, leading to a widespread rejection of tribalism. This outcome can be attributed to former President Julius Nyerere's integrative political efforts and his government's promotion of Swahili as a common language.

Political leadership. How much has Africa's governance been shaped by the quality of its leaders? And might good leadership, where it exists, shape the political institutions of the 21st century? Some imaginative governments have turned supposed liabilities (ethnic and linguistic diversity in Tanzania, for instance) into a nation-building asset. In contrast, some states with religious, ethnic, and linguistic homogeneity (like Somalia) have slid into political disaster. Leadership is important, and many studies of African leadership since independence distinguish four types (box 2.1). But in few cases have African leaders been successful in promoting sustained development in their countries.

Civil war lowers per capita GDP by 2.2 percentage points a year

Civil Conflict

ABOUT ONE-FIFTH OF AFRICANS LIVE IN COUNTRIES SEVERELY DISRUPTED by conflict. Excluding independence wars, nearly 20 African countries have experienced at least one period of civil strife since 1960. This unfortunate legacy has huge direct costs (box 2.2) and incalculable indirect costs, including the destruction of physical infrastructure, loss of institutional capacity and social capital, and flight of financial and human capital. Civil war lowers per capita GDP by 2.2 percentage points a year. Moreover, dynamic sectors that use or supply capital and transact intensively—manufacturing, construction, transport, distribution, finance—suffer disproportionate losses (Collier, Hoeffler, and Pattillo 1999). Civil wars also leave a social and political legacy that can affect development for decades.

Conflict has reinforced perceptions of Africa as a doomed continent with inescapable ethnic cleavages and tribalism. But recent analysis of the determinants of civil wars in Africa and other regions points to deep political and economic development failures as the root causes. In diverse societies where intergroup interactions have been uncooperative, the

Box 2.1 Four Types of African Leadership

- *Successful and conservative leaders.* Recognizing the complex mix of peoples and cultures arbitrarily enclosed within colonial boundaries, these leaders introduced ethnically inclusive policies and informal power-sharing arrangements. They also pursued growth-oriented economic policies and increased human resource investments. Botswana's founding president, Sir Seretse Khama, provides a leading example—one that has been maintained by his successors—as does Felix Houphouët-Boigny in Côte d'Ivoire between 1960 and the mid-1980s. Under Jomo Kenyatta, Kenya enjoyed stability and high economic growth rates, though complaints about ethnic inequalities emerged toward the end of his rule.
- *Radical and ideological leaders.* Motivated primarily by African (or Marxist) socialism, these leaders sought an economic and social transformation of their societies through state intervention and the leadership of a mass-based one-party state. In some cases (Kwame Nkrumah in Ghana, Julius Nyerere in Tanzania) there was success in molding national consciousness. Elsewhere the policy proved socially divisive. Economically, state intervention yielded disappointing results. When combined with war in states such as Guinea-Bissau and Mozambique, the result was economic regress.
- *Predatory leaders.* Instead of focusing on efficient national resource management and growth-enhancing policies, predatory leaders did the opposite. National and state offices were treated as personal money-making positions. The archetypal case of Zaire under Mobutu Sese Seko has been duplicated to a lesser degree in a number of other states. Conditions in Nigeria under Sani Abacha (1993–98) also fit that mode.
- *Tyrants.* Because of the eccentricity that often marks tyrants, and the shocking human rights abuses that they perpetrate, this form of leadership has received more international attention than the rest. Besides the cost in lives, its economic legacy is the most catastrophic. Uganda under Idi Amin (1971–79) and Equatorial Guinea under Macias Nguema (1968–79) are the worst examples. The Rwandan regime that organized the 1994 genocide represents tyranny at its most extreme, costing more than 500,000 lives and cutting GDP by two-thirds in a matter of months.

Source: Chege 1999.

fundamental problem has been a failure to develop political institutions able to accommodate such diversity. The highly centralized governance systems in most African countries have failed to take into account sociopolitical differences. This becomes explosive when mass poverty enters the picture. And once started, civil wars retard economic and social development and aggravate poverty—completing the vicious circle of conflict, poverty, and exclusionary politics.

Causes of Conflict

The high incidence of civil wars in Africa is commonly attributed to ethnic diversity. This inference might seem self-evident, given that rebel movements almost always have ethnic identities. But more systematic

analysis suggests that Africa's civil wars conform to a global pattern explained by political and economic factors as well as by ethnic, cultural, and religious diversity (Collier and Hoeffler 1998, 1999; Collier, Hoeffler, and Soderbom 1999; Collier, Elbadawi, and Sambanis 2000a, b). Civil wars are less likely when the young men who otherwise provide ready recruits to rebel causes have earning power in productive activities (as proxied by indicators of economic development, such as per capita GDP or education attainment). To a certain degree, extensive natural resources—including diamonds and other minerals—are associated with a higher risk of war. Resources provide a convenient way to sustain “justice-seeking” rebel movements and are easily lootable assets that can encourage “loot-seeking” rebellion. They can also help governments fund armies or buy popular support. The risk of civil wars has also been associated with political repression and the absence of political rights.

This literature also suggests that the influence of social diversity on civil wars is more complex than a casual reading would suggest. Ethnic, reli-

Africa's civil wars conform to a global pattern explained by political and economic factors

Box 2.2 Costs of Conflict in Africa

CONFLICT IMPOSES HEAVY SOCIAL AND ECONOMIC COSTS in the countries where it occurs. It also imposes costs on neighboring countries by generating refugee flows, increasing military spending, impeding key communication routes, and reducing trade and investment (domestic and foreign). The resources diverted from development uses by conflict—over and above any additional assistance provided by the international community—are estimated at \$1 billion a year in Central Africa and more than \$800 million in West Africa. To this must be added the costs of refugee assistance, estimated at more than \$500 million for Central Africa alone.

These estimates do not include the costs of environmental degradation occasioned by the disruptive movements of large numbers of people. With an estimated 400,000 refugees, Guinea has suffered severe deforestation. Sudan's high military spending—more than three times the African average—may have caused investment to fall by 16 percentage points of

GDP. Its civil war may have reduced growth by up to 8 percentage points.

Less dramatic but also significant in many countries has been an increase in violence and crime. One survey of South Africa put the cost of crime and violence at about 6 percent of GDP; this is not out of line with estimates for a number of countries in Latin America. In addition to its direct economic and human costs, violence inhibits development in many ways. Farmers in predominantly agrarian economies cannot cultivate and harvest in bandit-infested regions. Vendors cannot operate beyond limited hours because of the security risk. Factories cannot operate more than one shift because employees cannot commute safely to work. High and in some cases growing criminal violence has many causes, including unemployment, high inequality, and the limited legitimacy and responsiveness of police forces and public security structures.

Source: World Bank; *Sunday Times*, 14 February 1999.

Better political rights, higher living standards, and more diversified economies are key in reducing the risk of civil war

gious, or cultural diversity becomes problematic when it approaches polarization between two dominant groups. In such polarized societies it is easier to start and to sustain a rebellion. But further diversity can actually reduce, rather than increase, the risk of civil war, because maintaining the unity of a rebel movement composed of diverse groups tends to become harder over time.

What, then, accounts for Africa's high risk of civil wars?

- *The median African country faces a high risk of civil war*—though not higher than countries in some other regions.
- *Four factors drive Africa's propensity for violent conflict.* First, many countries are dependent on natural resources. Second, income in Africa is low—the fact that young men are very poor and often have little education has increased the risk of civil conflict. Third, a lack of democratic rights has also increased the risk of violence. Until the 1990s the only prospect for power transfer in many countries was through violence. Fourth, African countries tend to be small. Even though countries with smaller populations have a lower risk of war, Africa as a region has a higher risk because the risk does not increase proportionately with population size.²
- *Allowing for other factors, Africa's ethnic diversity is a deterrent rather than a cause of civil war.* Globally, countries with homogeneous or highly diverse societies are significantly less prone to violent conflicts than are polarized countries.

How effective are political reforms and economic development in reducing the risk of civil war? Better political rights, higher living standards, and more diversified economies are key—achievements in any of these areas are associated with a lower risk of conflict. And while the most effective strategy is to make progress on all fronts, better political rights appear to be most important in reducing the risks, both directly and because they are associated with stable economic growth (chapter 1).

Conflict Resolution, Peacebuilding, and State Reconstruction

The previous section discussed a broad framework for preventing civil wars. Ideally the same framework should provide guidance for resolving conflict and building peace after a war. But once a civil war starts, it takes on a life of its own. Especially during protracted conflicts, mistrust among

warring factions increases, destruction of economic and social capital is substantial, and opportunistic behavior dominates, including by groups who benefit from continuation of the war. Hence resolving conflict and building peace are much more complex than preventing war. This constitutes one of the main challenges facing African countries.

Unless a government is committed to political reforms, it is in its best interests to renege on peace agreements once rebels lay down their arms. This credibility problem suggests the important role that an external agency (such as a supranational regional body) can play in conflict resolution. Conflict resolution and peacebuilding efforts in Mozambique offer important lessons. A commitment to peace by the key protagonists was essential. But without active regional and international assistance it would have been difficult to rebuild public confidence, establish government legitimacy, and persuade interest groups to support peace (box 2.3).

An end to violence does not ensure sustainable peace. Once hostilities have ceased, peacebuilding and postconflict reconstruction must begin—otherwise violence can easily recur. Peacebuilding is multidimensional, involving activities ranging from demobilization and reintegration of former combatants and resettlement of refugees to demining, emergency

Resolving conflict and building peace are much more complex than preventing war

Box 2.3 Reversing a Spiral of Decline in Mozambique

MOZAMBIQUE OFFERS A STRIKING AND UNLIKELY EXAMPLE of the reconstruction of national governance institutions after a brutal civil war. Colonized by Portugal in the 16th century, it served primarily as a colony of last resort for that country's poor. Political discontent with Portuguese rule produced a guerrilla war and victory in 1974, led by the current ruling party FRELIMO. But before long FRELIMO's failing Marxist program was sabotaged by RENAMO, a guerrilla force supported by Rhodesia and South Africa. The indiscriminate destruction of infrastructure and killing of civilians by RENAMO and by FRELIMO counteroffensives left most of rural Mozambique a vast killing field.

Discussions between the two sides began in 1989, leading to full-fledged negotiations in 1992. Unlike talks elsewhere in Africa, neither FRELIMO nor RENAMO

sought a zero-sum solution. Negotiations produced a new democratic constitution, multiparty elections in 1994, full demobilization of both armies, and the building of a new party-neutral army. Though not part of government, RENAMO enjoys a share of state resources and local support in its central Mozambique bailiwick. A second round of elections was held in late 1999.

Peace and economic liberalization have changed Mozambique beyond recognition. Though still very poor, it was one of the fastest-growing economies in Africa in the 1990s. Strong macroeconomic management has attracted considerable external aid and higher private investment than many of its wealthier neighbors. Much remains to be done, however, especially in the countryside—and especially with the massive destruction wrought by recent floods.

International and regional intervention can underpin the credibility of measures to end hostilities

relief, food aid, and economic rehabilitation, including infrastructure repair. The move from war to peace is a long-term process of political, economic, and social transformation. A core element is the development of institutions, such as fair courts and inclusive electoral processes, that facilitate negotiation and nonviolent resolution of disputes.

Different wars pose different challenges for peacebuilding. Long wars and ethnic and religious conflicts are more difficult to end through peace settlements. On the other hand, war weariness can reinforce the desire to maintain peace. How and when third-party intervention is used, and the nature of the intervention, affect its chances of success. Early intervention can prevent hostility from rising over time, but in cases of extreme hostility not even a peace treaty and a multilateral peace operation can assure peace.

What are the policy implications of these findings? A number of general lessons emerge, although the circumstances and nature of the conflict will determine the required approach. A peace treaty is an important first step, because such treaties are highly correlated with peacebuilding success. But efforts must also be made to address the sociopolitical problems that caused the war and to develop institutions that encourage economic growth, equitable distribution of resources, and political inclusion.

Regional organizations can make a major contribution. In most conflicts international intervention is needed to end hostilities. The United Nations is the primary institution for peacekeeping and peacebuilding, and in some cases a multinational operation under the United Nations is essential. But attention is increasingly being given to regional approaches, and the Organization of African Unity and subregional organizations have taken on conflict management responsibilities. The establishment within the Organization of African Unity of a conflict management mechanism has increased its capacity to initiate and manage diplomatic interventions and conflict mediation efforts. Subregional organizations such as the Economic Community of West African States and the Southern African Development Community have added security cooperation to their mandates and engage in joint military training and peacekeeping exercises. The ability of subregional organizations to mount peacekeeping operations has evolved considerably as experience has been gained and capacity built.

Because effective collective security arrangements depend on the national security forces that comprise them, attention must be given to creating coherent and efficient national security structures. At the same time, regional security protocols can promote security reform at the

national level. For example, there is considerable scope for greater regional cooperation to curb cross-border trade in small arms—as has happened in West Africa.

The international development community also has a role. The emphasis on African solutions to African problems should not, however, be seen as an excuse for disengagement by the international community. Even when African institutions mount operations, they need considerable financial and logistical assistance. Recent peacebuilding operations also suggest that security initiatives must be supplemented by efforts to help war-affected regions develop economically. Multilateral and bilateral development institutions have to actively cooperate with other regional and international organizations to ensure coordination and implementation of initiatives. They also need to find different approaches to address the problems of post-conflict countries. Postconflict reconstruction necessitates a comprehensive approach; it is long and costly, requiring both considerable resources in the early stages of recovery and commitment over the long term.

Countries coming out of conflict usually face difficult choices and adverse initial conditions. They are faced with the immediate need to provide security, both to protect against violence and to prevent a recurrence of hostilities. But conflict usually undermines individual security and weakens state and civil society institutions that could provide law and order and engender trust. Rebuilding such institutions takes time and resources, but the need to restore fiscal discipline, usually with few options to raise revenue, leaves little room for major new spending.

Other factors also reduce the scope for redeploying budget resources. Civil wars normally fail to produce decisive peace, and the creation of a smaller unified national army does not necessarily save money, particularly in the short term. Countries in or emerging from protracted conflict often face unsustainable debt and arrears to international creditors—debt that stalls the involvement of multilateral institutions in their reconstruction programs.

The policies adopted by governments and their development partners can help build and sustain peace. These include measures for:

- Resolving institutional breakdown, through the creation of a fully accountable, transparent, and participatory system of government that protects the rights of ethnic, religious, and cultural minorities.
- Reducing individual insecurity and consolidating the broader political process—for example, shifting financial and human resources to

Security initiatives must be supplemented by efforts to help war-affected regions develop economically

**Better governance should aim at the 3 E's:
Empower citizens
Enable governments
Enforce law**

strengthen institutions of law and order, coupled with demobilization and the creation of a professional, capable, and unified military.

- Improving laws and incentives. Efforts should be made early on to create the legal and incentive environment required to restore professional ethos and ensure the effectiveness and vitality of formal and informal institutions of civil society.
- Undertaking economic reforms and restoring growth and development. Certain policies could be particularly helpful for repatriating flight capital and recovering assets and investments. As Uganda suggests, debt relief in support of a sound postconflict reconstruction program can be one such instrument (box 2.4).

Restructuring and Reforming Africa's Institutions of Governance

BETTER GOVERNANCE IS A DEVELOPMENT IMPERATIVE FOR MOST African countries. Most stories of African governance in recent decades are stories of shortcomings. Good governance should aim to achieve the “three E’s”:

- *Empower* citizens to hold governments accountable through participation and decentralization.
- *Enable* governments to respond to new demands by building capacity.
- *Enforce* compliance with the rule of law and greater transparency.

Box 2.4 The Contribution of Debt Relief in Uganda's Repatriation of Flight Capital

TO SUPPORT UGANDA'S REMARKABLE ECONOMIC reforms after 1992, international financial institutions made it the first country to qualify for debt relief under the Heavily Indebted Poor Countries initiative. This move had dramatic effects on confidence. Institutional investor risk ratings jumped from 5.2 to 20.3, overtaking countries such as Côte d'Ivoire.

In 1992, \$15 million in flight capital left Uganda. By 1997 the government had turned the tide: \$311 million—17 percent of private wealth—was repatriated. Still, there was enormous potential for continued repatriation. Were all flight capital to return, the stock of private capital could be doubled.

Source: Collier 1999; Collier, Hoeffler, and Pattillo 1999.

These objectives are not simply current fashions. Comparative studies point to the importance of creating durable and inclusive systems of political representation, especially in ethnically diverse societies. Improving the capacity of the state is also key, not only for economic management but also for strengthening and legitimizing the state (box 2.5). To achieve these goals, Africa needs institutional reform tailored to each country's social, political, and economic priorities.

Building on recent gains in political participation, most countries need to develop systems and structures that facilitate political pluralism, tolerance, and inclusion; to institutionalize constitutional government, the

Box 2.5 Can Stable Development States Emerge in Ethnically Diverse Africa?

AT THE DAWN OF AFRICAN INDEPENDENCE, W. ARTHUR Lewis (1965) recognized that cultural diversity called for consensus-based, decentralized, and inclusive governance rather than centralized one-party authoritarianism. Lewis's insight has been corroborated by recent studies stressing the importance for development of political arrangements able to foster compromise and resolve conflicting claims. A functioning democracy offsets the adverse effects on growth of high ethnic diversity, whereas political rights have little effect on growth in ethnically homogeneous societies.

In a study of Europe, Tilly (1993) finds that representative institutions and successful states emerged out of intergroup bargaining where the state gradually assumed functions—including the provision of security—previously provided through ethnic groups. Under the right conditions this can lead to a development-oriented state, which ensures that economic growth is equitably distributed to reduce economic disparities (Collier and Binswanger 1999). For such coalition politics, a polarized society divided into just two contesting ethnic groups will find a development-oriented bargaining equilibrium more fragile than one with many groups, provided political arrangements enable these groups to represent their interests.

In Africa these principles imply, first, the need for open information on policies and budgets. A trans-

parent budget process enables repeated and stable bargaining that leads to an outcome owned by all parties. There is also a need for reliable information and contract enforcement for the business community, to level the playing field between individuals and groups—say, in access to credit. A third point concerns the role of governments in ethnically diverse societies. Public sectors in such countries are faced with continuous pressures to dispense patronage along ethnic lines. Active measures are needed to contain this, such as competitive examinations for entry, tighter definitions of job functions, and performance-based assessments. In addition, the boundary between public and private service provision might be shifted toward the latter.

All these observations point in a similar direction. Acquiring capacity—to provide information, manage resources transparently, and provide services effectively to businesses and households—will be essential to the consolidation of stable, representative systems of government in Africa. The use of ethnic identification to meet needs and perform functions will be replaced by other means, facilitated by the state. Governance reforms that increase such state capabilities are win-win—contributing both to the quality of economic management and to the consolidation of durable political systems.

Proactive measures are needed to build political accountability and power sharing, starting with the public service

rule of law, and respect for human rights; and to promote accountability and transparency in democratic institutions. Measures to bring service delivery closer to the people can provide a useful entry point in creating constituencies for broader public sector reform. At the same time, regional initiatives can improve enforcement of legality and the rule of law—and hence better governance—within countries.

Political Dimensions of Governance

The sociopolitical environment in most African countries is in flux. Countries are trying to break away from patterns of authoritarianism, but most have not yet fully instituted participatory systems of governance. Multiparty electoral systems can be put in place relatively quickly, but developing accountable, credible, and durable democratic institutions is a longer process. The role of political leaders in this process cannot be overemphasized: proactive measures are needed to build political accountability and power sharing, starting with the public service. Political leaders can lead by example and instill the principles of democracy in society. Over time nondemocratic practices will weaken and democratic progress will take hold, helping to create national unity.

Individual African countries have to determine the political structures that suit them best. Democracy can have many faces, but some general principles must be shared by all: constitutional government, respect for human rights, adherence to the rule of law, and freedom of expression and association. Reforming countries are struggling to institutionalize these principles. To succeed, reforms will need to strengthen the capacity of citizens to engage in collective action and hold governments accountable, while increasing government capacity to be responsive.

Given the increased availability of small arms, the question of providing security for the state and its people is at the center of the debate on political reform in Africa. Better governance should promote the democratic oversight of security forces and protect people against violence and crime. There are positive examples of security reform in Africa—including South Africa's open discussions on defense policy since the end of apartheid, as well as its integration of disparate forces into a national army, Mali's public debate on military restructuring and promotion of a moratorium on small arms, and Zimbabwe's police reforms, which focus on accountability and responsiveness to community needs.

Elections and Electoral Systems

Elections alone do not create functioning democracies, and many African states that have moved to free elections need to fortify basic democratic tenets. Several factors stand in the way, including the incongruence between Western electoral systems and Africa's ethnic politics. African countries must develop democratic systems that facilitate political inclusion and representative parliaments, able to respond to the needs of a citizenry that defines itself largely in terms of ethnic kinship.

Most countries have adopted electoral systems from established Western democracies, making little attempt to adapt them to local realities or needs. In many countries elections have been conducted on a winner-takes-all basis, excluding some groups from political power. There is a high development price to be paid for this, as the most economically successful and best-educated minorities have sometimes been among those excluded.

Ways must be found to make electoral systems more inclusive, through diverse arrangements at the national and local levels. These might include proportional representation or hybrid systems. Even when people vote in ethnic or religious blocs, electoral systems can promote factional representation and stability. What is required is more consensus-based, decentralized, federalist-oriented, inclusive forms of governance.

Although a strong state is needed and economic policy considerations should inform proposals for political reform, there are a number of options for broader and more inclusive representation in Africa:

- Informal power sharing among elites.
- Proportional representation that protects minorities.
- Bicameral legislatures in which one (upper) chamber represents diverse regional or ethnic groups, giving them equal power regardless of their numerical or economic strength.
- Regional autonomy, with compensation mechanisms for less advantaged regions.
- Federalism with national-level guarantees of individual rights so that discrimination against minorities in specific states can be assuaged by higher intervention.
- Confederacy, providing constituent groups with wide powers short of national defense and foreign policy.

African countries must develop inclusive representation—but have many options for doing so

Innovative structures that facilitate broader participation and representative governance can more readily be put in place at the local than at the national level

All these national governance concepts provide more space for autonomous local initiatives than the political systems currently in place in most African countries. Though most attention has been given to presidential and national elections, devolution of political power can promote good governance. Locally elected officials are more easily held accountable and have greater incentives to respond to community demands for better services. Population groups that may not be well represented at the national level can still assume responsibility for managing their affairs at provincial levels. In many cases innovative structures that facilitate broader participation and representative governance can more readily be put in place at the local than at the national level. Traditional and formal governance structures can also be more easily blended and power-sharing arrangements worked out at subnational levels.

Although electoral systems can facilitate political inclusion and representation, effective political parties are also needed. Throughout Africa, greater political freedom has increased the number of political parties. But these parties often lack a broad constituency or distinctive platforms. New parties also need to develop organizational skills and access financial resources. Further, political parties must ensure that women have opportunities to participate in the political process, both as candidates and as informed members of the electorate. Local and provincial politics can provide a useful training ground for participation in national politics.

The high cost of elections and political campaigns must be contained if elections are to be sustained without substantial external support. In many African countries the costs of campaigning are very high relative to income levels—in Uganda, for example, campaign costs for parliamentary candidates were as high as \$60,000 in 1998. This is partly because of widely dispersed rural populations, poor and costly transportation and communications, and limited media coverage. But in some cases campaign costs are driven up by traditions and expectations of political patronage. The high cost of campaigning undermines political competition by excluding those who lack sufficient resources.

The appropriateness of state funding for political parties and campaigns is widely debated. A legislated limit on campaign spending could help control the cost of campaigns and broaden the pool of candidates. Appropriate and frequent access to media channels by all parties—as well as more press freedom—would guarantee public exposure at a fixed cost, even where the government media dominates. Finally, to preserve public confidence in

the political process, elections must be transparent. Independent electoral institutions can help ensure this, as in Ghana (box 2.6).

A further challenge for many African countries is achieving peaceful political succession. For this, a sound institutional base and commitment to democratic principles are required. The rule of law and due process should apply to political leaders, who must be held accountable for their actions while in office. Violations of human rights cannot be tolerated. At the same time, political leaders need to be assured that they will be financially and physically secure upon retirement. In countries undergoing political transition it may be necessary to consider special arrangements, such as amnesty, to ensure a peaceful political change. A number of African countries have already adopted constitutional mechanisms, such as presidential term limits, to facilitate orderly political succession. Leaders who have served with integrity and diligence and who are accorded adequate provisions, both financially and in terms of function, can continue to play an active role in the development of their countries and their continent.

Peaceful political succession requires a sound institutional base and commitment to democratic principles

Institutional Development and Better Governance

In a democratic, participatory political system, all three branches of government—executive, legislative, and judicial—have important roles

Box 2.6 The Electoral Commission of Ghana

AS AN INDEPENDENT INSTITUTION CHARGED WITH REGISTERING voters and candidates, organizing polling, counting votes, and announcing results, the Electoral Commission of Ghana has earned a reputation for professionalism and integrity since the multiparty elections of 1992. It operates at arm's length from the ruling party and is widely seen as impartial—which is why Ghana's opposition party accepted defeat gracefully in the 1996 elections.

In preparing for the 1996 elections, the electoral commission undertook reforms that contributed to fair elections and general acceptance of the results. It responded to concerns about the electoral system and created a transparent election process that helped resolve electoral conflict. The innovative Inter Party

Advisory Committee brought together representatives of political parties and the election authority, providing a forum for constant dialogue. Soliciting the active involvement of and collaborating closely with domestic poll-watching groups also enhanced transparency and greatly boosted public confidence in the outcomes of the elections.

In preparation for the December 2000 elections, the electoral commission has helped draft a bill that seeks to address some of the remaining concerns of political parties. It has also convened meetings of the Inter Party Advisory Committee to discuss outstanding issues and problems in the electoral process. The commission is making a marked contribution to strengthening Ghana's nascent democracy.

Public involvement is essential for reforms to be sustained, and institutional development must be embedded in broader political and governance reforms

to play. Each branch must function effectively, and a balance of power must be established among them. Few African countries have reached this point. The nature and type of government, and its responsiveness to public demands, will be determined by the ability of the executive to provide leadership while respecting the independence and institutional integrity of the legislature and the judiciary. In turn, the legislature and the judiciary are the primary vehicles for upholding constitutional provisions, promoting the rule of law, and protecting citizens' rights.

Political reform has led to a renewed emphasis on constitutionalism. But constitutions can only provide for predictable and stable governance and protect human rights if they are recognized as the ultimate source of authority. To the extent that constitutions are repressive, they will not institutionalize democracy. Further, political leaders must adhere to constitutional principles, and the military and the judiciary must uphold them—processes that can be promoted by popular awareness of constitutionally defined rights and duties.

State institutions. Institutional development cannot be limited to building technical capacity—institutional accountability is also critical. Public involvement is essential for reforms to be sustained, and institutional development needs to be embedded in broader political and governance reforms. Good governance requires a competent executive that respects the constitution and the rule of law and that exercises sound leadership. It also requires institutions that counterbalance executive power and hold the executive accountable.

Parliament is especially important, particularly in performing legislative duties such as scrutinizing budgets. To enhance parliamentary performance, most new African democracies need better information, equipment, technical resources, and professional staff. Efforts to build parliamentary expertise, especially of key committees, would also facilitate legislative oversight. Some of Africa's development partners are helping to make parliaments more effective by providing equipment and training. They could also help by reviewing their procedures and ensuring that development assistance agreements, which fund a large part of public spending in many countries, are subject to legislative review (chapter 8).

In many countries political liberalization has led to the creation of independent agencies that report to parliaments, including ombudsmen, human rights and legal commissions, auditors-general, and anti-corruption agencies. But these bodies often lack the autonomy and resources needed to carry out their tasks. Few auditors-general, for exam-

ple, have the resources and support needed to provide timely, high-quality reports (chapter 1). Strengthening such agencies would increase parliamentary effectiveness. While this is primarily a domestic responsibility, development partners can also help—at relatively little cost. Kenya’s Office of Controller and Auditor-General offers a good, and perhaps unexpected, example of how this complementarity can work, though the dividend from its findings has been limited by the weak follow-up to its recommendations (box 2.7).

The rule of law is essential for a predictable, stable environment in which conformity to formal rules—rather than reliance on patronage and connections—prevails. It is as necessary for facilitating investment and business transactions as it is for protecting political rights and freedoms. But upholding the rule of law also requires an independent, professional, and competent judiciary. Access to justice is still denied many Africans, particularly in rural areas, because of weaknesses in the legal system. In some cases private sector development is constrained by limited legal expertise in areas such as financial and contract law. In others corruption and delays in the administration of justice have undermined public confidence in the judicial system. For all these reasons, legal reform has become a priority in many countries, and one that Africa’s development partners are beginning to assist.

A comprehensive legal sector review can help countries prioritize reforms. A well-functioning and credible legal system requires a merit-

The rule of law is essential for a predictable, stable environment in which conformity to formal rules prevails

Box 2.7 Kenya’s Office of Controller and Auditor-General

THE KENYAN OFFICE OF CONTROLLER AND AUDITOR-GENERAL is an independent body established to audit all government accounts and to report annually to parliament. It has fulfilled its obligations without fear or favor since Kenya’s independence in 1963. Despite constant intimidation and attempts to whittle down its authority, the office has consistently provided full accounts of the abuse of public funds at all levels of government. Although the state has never been quick to prosecute the culprits, the office’s reports provide a forum for parliamentary debates in which cabinet ministers are held accountable for gross malfeasance in their ministries.

Parliament’s public accounts committee has the power to summon civil servants to explain abuses of public funds based on the office’s reports—and it does so. The press uses the reports to embarrass offenders. The reports are useful in assembling Kenya’s fiscal statistics and in keeping donors informed of trends in public spending. In a country facing entrenched corruption in the public service, the Office of Controller and Auditor-General is an island of institutional integrity whose output could support future reforms.

Source: Chege 1999.

A vibrant and diverse civil society is needed to hold governments accountable

based career structure, adequate compensation, and mechanisms to ensure accountability. Specific training is often needed to meet new demands on the legal system. Streamlining legal procedures and increasing the transparency of legal decisions can help contain corruption. In addition, a stronger legal infrastructure and the use of computer technology can expedite legal decisions, reduce opportunities for corruption, and increase transparency by helping to disseminate a public record of court proceedings at low cost. Alternative dispute mechanisms and provision of legal aid improve access to justice.

Civil society. Good governance is not the sole responsibility of governments. A vibrant and diverse civil society is also needed to hold governments accountable. The freedoms of association, information, and assembly resulting from political transition have expanded civic activism throughout Africa. Civil society organizations have an important role to play in articulating popular interests, monitoring government performance, and facilitating participation in governance.

But this role has to be earned. Not all nongovernmental organizations are genuinely representative or democratic. Some are formed around prominent individuals; others serve narrow interest groups. In some cases groups that helped bring about political transition find it hard to adapt to new circumstances. Nonetheless, vibrant interaction between civic groups—whether traditional councils of elders, ethnic mediators, or contemporary religious and secular organizations—has been indispensable in resolving conflict in African societies. Civil society organizations have also been at the forefront of efforts to combat corruption.

Public education and dissemination of information are among the most significant functions of civil society organizations. The media have an important role to play in this regard, and new technologies have radically improved public access to information. Although political liberalization has usually increased press freedom, private print and electronic media are often still subject to censorship and restrictions, information that should be in the public domain remains difficult to access, and journalistic harassment continues in some countries. Continued state domination of the media also reduces the possibility of objective, nonpartisan reporting during elections.

In most cases private media are underfunded and poorly equipped, and training is needed to enhance skills and professionalism. Better coverage of economic and security issues would increase public awareness of policies in these areas. Expansion of independent radio and television

would also increase public access to information. Although newspapers and magazines have become an important source of information in cities, the difficulties and expense of distribution—coupled with low literacy—mean that radio is still the primary means of reaching mass audiences.

Although the private sector is relatively weak in most African countries, political and economic reforms are creating a more enabling environment for private activity. A growing private sector and the resulting increase in economic and employment opportunities outside government contribute to economic growth and better governance. A diverse and capable private sector can also provide and attract the investment that helps open up the economy and society and create options for people to act on their own initiative. In addition, private actors can function as countervailing forces to executive power. Business associations, such as those developing in West, East, and Southern Africa, also provide a way to articulate business interests in the provision of public services (chapter 7).

A growing private sector contributes to economic growth and better governance

Creating Demand for Good Governance

Accountability and transparency are at the heart of efforts to improve governance in Africa. Corruption often flourishes where institutions are weak, where the rule of law and formal rules are not rigorously observed, where political patronage is rife, where the independence and professionalism of the public sector have been eroded, and where civil society lacks the means to generate public pressure. Once entrenched, corruption hinders economic performance, increases the cost of public investment, lowers the quality of public infrastructure, decreases government revenue, and makes it burdensome and costly for citizens—particularly the poor—to access public services. Corruption also undermines the legitimacy of governments and erodes the fabric of society.

Combating corruption is not straightforward or easy. But it is not impossible, especially with increased public awareness of the problem. Indeed, as the costs and consequences of corruption have become more publicly known, efforts to fight it have intensified throughout Africa. Although results take time, civil society organizations and the press have made corruption a public issue and challenged governments to address it. For example, business associations in West Africa are documenting the incidence of unofficial transport levies that are often twice as high as formal levies. Broad coalitions of civil society, the private sector, and governments are required to combat corruption, underpinned by reforms

Anticorruption strategies must be realistic, achievable, and consistently implemented

that increase accountability and transparency and enhance public participation in decisionmaking.

Anticorruption strategies must be realistic, achievable, and consistently implemented. They also have to be country specific, because what works in one country may not work in another. Some countries have made a lot of progress by reforming tax laws and investment codes, eliminating price controls, reducing permits and licenses, and revising public procurement procedures. Constitutional and legal requirements for assets disclosure by political leaders and senior officials can also make a difference.

By contrast, stop-start efforts, a piecemeal approach, overemphasis on legal measures, and sporadic anticorruption campaigns are unlikely to yield lasting results. Specialized agencies and anticorruption bodies can only be effective if they have sufficient independence, authority, and resources. Ineffective bodies that lack real power can undermine rather than enhance public accountability.

Public sector management. A professional, meritocratic, and qualified public service is essential to ensure effective and efficient delivery of public services and to combat bureaucratic corruption. For too many Africans, public agencies—their most direct point of contact with government—are synonymous with poor service, corruption, and inefficiency. Popular dissatisfaction undermines confidence in public institutions, undermining government legitimacy. Just as other state institutions need to adapt to changing circumstances and be made more efficient, cost-effective, and accountable, so does the public service. In most countries this will require a fundamental change in orientation. Instead of exercising control, agencies have to move toward facilitation and public service delivery.

Efforts at civil service reform have mostly been in the context of adjustment programs negotiated with the World Bank and International Monetary Fund, and have focused on reducing the wage bill rather than on improving quality. While capacity has increased in some areas (central banks, ministries of finance), there has been little progress in developing the capacity of employees more broadly or in reversing the decline in public service institutions. Revitalizing public service agencies will require transparent, merit-based recruitment procedures, promotion based on performance, sound management, in-service training and career development, and interlocking checks and balances to counter corruption. Internal rules that deal with professional ethics have to be

consistently and impartially applied. Piecemeal reforms are unlikely to be more than a short-term palliative—what is needed is an overarching strategy for sequencing changes. Political commitment at the highest level is also needed if reforms are to be successfully and consistently implemented.

Pay policy in the public sector is especially challenging. Since the early 1970s most public sectors in Africa have been subjected to severe wage compression, as tight as a factor of two to one in Tanzania. Salaries of public employees at the low end of the pay scale are often commensurate with or higher than in the private marketplace. But at the high-skill end, even after a recent trend toward widening differentials as part of reform programs, earnings are often far below market levels. Trained in accordance with European qualifications and fluent in the main international languages, African professionals are highly mobile. As a result many African governments cannot, for example, retain qualified auditors and accountants.

Unless a way can be found to improve pay at the higher levels, it will be impossible to attract, retain, and assure the integrity of highly skilled public officials. The problem is often not one of total resources, as the number of senior officials is quite small, but of willingness to accept significant differentials in pay between top administrative officials and lower-level employees in an integrated civil service. Countries could consider introducing a senior civil service for highly qualified civil servants. Entry to such a cadre would be competitive and meritocratic, and would be rewarded by higher salaries and better professional opportunities.

Political liberalization has generated a number of examples of participatory public sector initiatives. User surveys and other quantitative scorecards of public services are increasingly used in African countries, and the results are increasingly publicly available. User participation in service delivery and oversight is rising, empowering parents to participate in the governance of schools, allowing user groups to manage irrigation systems, involving community groups in the delivery of urban water and waste systems, and so on. Social funds have supported efforts by communities and nongovernmental organizations to invest in and deliver services to the poor in some countries. Increased transparency and participatory service delivery can be mutually reinforcing, as illustrated by Uganda's education reforms (box 2.8; chapter 4).

Decentralization. Decentralization is increasingly seen as a way to improve service delivery and increase popular participation in gover-

Without higher pay, it will be impossible to attract, retain, and assure the integrity of highly skilled public officials

Box 2.8 Toward Transparent Funding: Uganda's Education Reforms

IN UGANDA A 1996 BUDGET TRACKING SURVEY HIGHLIGHTED a stark gap between intent and reality: less than 30 percent of the resources targeted by the Ministry of Finance for nonwage education spending actually found their way to schools. Uganda is committed to universal primary education, to devolving responsibility for delivering services to local authorities, and to involving citizens directly, including through active

parent-teacher associations. To eliminate the diversion of funds for overhead and other purposes by government bureaucracies, reforms included the writing of checks directly to individual schools. The amounts of these checks were posted publicly in each locality—empowering parent-teacher associations and others to monitor how the resources were used. In addition, random audits were initiated to follow up.

nance. Decentralizing responsibility for the delivery of front-line services—or, more broadly, for decisions on the allocation of scarce public resources—from central to local governments can bring government closer to the people. But decentralization is no panacea. Nor should it be used as an excuse for central governments to reduce their responsibilities to regions. Decentralization has to be part of a national policy to create more responsive and equitable governance, and has to be managed carefully. Effective communication between local and central governments needs to be maintained, and measures of accountability implemented to counter corruption. Equitable allocation of central resources is also needed, as is the ability of decentralized authorities to generate and allocate their own resources.

Decentralizing government may also require additional resources, at least in the short term, unless local government structures already function effectively. In most cases local institutions are weak and need to be strengthened before taking on additional responsibilities. Providing infrastructure, equipment, and training can be costly, and government employees accustomed to working in central offices are often unwilling to relocate to provinces and districts. Decentralization can facilitate innovation and experimentation, but local structures need to deliver results if they are to improve governance. There is no guarantee that decentralized authorities will be more responsive than central government agencies to the needs of women and other marginalized groups. South Africa's approach to decentralization offers some suggestions on overcoming these constraints (box 2.9).

Setting a course of action. Given the range of issues to be addressed with limited resources, all countries have to decide which actions to prioritize. This involves more than just copying what has worked elsewhere—close

attention to the minimum package of required governance measures and to the country's initial conditions are essential.

In countries where governance is reasonably strong and where macroeconomic reform and state restructuring are well advanced, public management reforms can move to the forefront of the governance agenda. But such reforms pose a formidable challenge, because the seemingly disparate elements of a high-performing public sector are in fact closely interdependent. Priority social needs can only be met if the budget system enables politicians to choose among competing initiatives and, once they have made these choices, to resist pressures to reverse their commitments. Even with sufficient resources, public agencies are likely to deliver results only if they have strong incentives to perform—that is, if they are in some way held accountable.

Public agencies are likely to deliver results only if they have strong incentives to perform

Box 2.9 Decentralization in South Africa

FEW COUNTRIES HAVE TAKEN SUCH A FUNDAMENTAL approach to reforming their intergovernmental systems as South Africa, which has embarked on an ambitious program of political, fiscal, and financial decentralization. At the political level, racial jurisdictions were eliminated with the end of apartheid. New elections were held for all tiers of government, including several new provinces. A new constitution was introduced to define and protect the powers and responsibilities of each tier.

Fiscal reform sought to improve the distribution of income by reassigning expenditures (education and health are centrally funded provincial responsibilities), providing central funding for redistributive subsidies, and developing stable and predictable intergovernmental grants. The amount of redistribution to a local jurisdiction is based on the average income per capita of households residing there, as well as the share of rural inhabitants for provinces. Local authorities can set user charges, property taxes, and certain business taxes, but provinces are under the strict oversight of central authorities.

On the financial side, a program has been created to transfer capital grants from the center to local levels, and a regulatory framework is being established to enable

local governments to access capital markets directly, while ensuring clear rules on disclosure and public sector bankruptcy. In addition, governments are allowed to form partnerships with the private sector, including nongovernmental organizations, for service delivery.

As in other countries, many local governments lack capacity for effective management. So, South Africa has introduced an innovative demand-driven approach to capacity building. A fund has been created to help municipalities hire experts and strengthen their ability to work with private agents.

Though South Africa's decentralization is far from complete, several lessons are apparent. First, decentralization can be compatible with macroeconomic stability and pro-poor distribution policies. Second, a comprehensive approach is required in which institutional and fiscal restructuring precedes financial decentralization. Third, the overall approach need not be completely uniform—as between major urban concentrations and other local jurisdictions—and some aspects may require tight central oversight. Finally, a demand-driven capacity-building mechanism can greatly assist the process, especially for new or poor provinces or local authorities.

For many African countries the most manageable public governance reforms will focus on increased transparency and greater participation in service delivery

Technocratic or top-down public management reforms require the most robust governance foundation if they are to succeed. This is because they focus on the core operation of the bureaucracy rather than on the provision of specific goods and services. Thus they are less easily subjected to civic scrutiny and monitoring. These reforms are more likely to succeed in countries where sustained civic engagement, functioning oversight institutions, accountability to the legislature, and progressive and competent political leadership have already created a culture of commitment to development performance throughout the bureaucracy.

Where institutions are weaker, public management reforms need to proceed in tandem with measures that raise awareness—such as an anti-corruption initiative that draws civic attention to how politicians and bureaucrats use and abuse public resources. This approach should be handled with care, however. If governance institutions are too weak, reforms may be implemented inadequately—with the net result not of better governance and reduced corruption, but of heightened civic frustration and disillusion. At the limit, public institutions might prove too brittle to absorb the heightened conflict, raising the risk of precipitating a debilitating downward spiral.

For many African countries the most manageable public governance reforms, at least in the initial stages, will focus on increased transparency and greater participation in service delivery. Both reforms aim to empower citizens and their government counterparts to engage more directly with one another and to build demand for results-based good governance. Progress—or lack of it—is also easy to monitor. Once a firm basis has been built, more complex governance reforms can be undertaken. Ongoing efforts in Ghana and Guinea show how different countries are striking the balance between technocratic and participatory reform (box 2.10). While the outcomes of these efforts will only be seen in the longer term, they represent attempts to devise workable institutional reforms and improve government.

Regional and Global Dimensions

Just as regional economic cooperation and integration can help African countries economically, regional initiatives and institutions can strengthen governance in individual countries. Evolving geopolitics may create opportunities to strengthen international monitoring and enforcement even in countries where judicial independence is lacking. Regional

cooperation to combat corruption could also support the anticorruption efforts of individual countries.

Regional institutions. Regional and subregional organizations can put pressure on member governments to conform to norms of good governance and democratic behavior. In recent years the Organization of African Unity has emerged as a strong advocate of democracy throughout the continent, and election observation is now one of its functions. At its Algiers Summit in 1999 it passed a resolution to exclude governments that come to power through extraconstitutional means. Though commendable and bound to send a strong signal to potential coup-makers, this resolution does not address those who retain power by refusing to submit to elections or by rejecting the free and fair results of the ballot box.

Box 2.10 Different Routes to Better Government in Ghana and Guinea

GHANA AND GUINEA ILLUSTRATE ALTERNATIVE EMPHASES in reforms—technocratic and participatory—that aim to make government more effective and responsive. Building on previous reform, the reform launched by Ghana in 1997 aimed to reinvent and modernize the core public sector. Its agenda included:

- Reforming subvented agencies that employ more than 400,000 of the country's 600,000 public employees, providing them with a coherent mandate and sufficient resources, defining their relations with line ministries, and strengthening their planning and monitoring.
- Strengthening regulation within the public sector, improving incentives and human resource management.
- Realigning line ministries to adapt to decentralization and to enhance public-private partnerships, and introducing targets for service improvements, such as reducing the average time for delivery of services from one month to a week or less.

Departing from its long tradition as a top-down, centralized bureaucracy, Guinea's reform program seeks to bring government closer to the people. Initiated in mid-1996, its agenda includes:

- Enhancing the responsiveness of the 33 urban and

303 rural communes by broadening their membership to include a wide range of social, cultural, ethnic, and economic groups, and by making regional administration increasingly accountable to these communes.

- Creating a demand-driven local investment fund to support communal social and infrastructure projects with matching grants, as well as introducing revenue-sharing mechanisms and other systems of matching finance.
- Realigning subnational administration to reflect the shift in accountability to local communities. This includes revising the administrative frameworks that define roles and responsibilities of different levels of government, improving participatory mechanisms (such as parent-teacher associations, health center management committees, and farmer groups), building capacity at local levels, and introducing an incentive system to reward well-working communes.

Today almost three-quarters of budgeted funds are spent on administrative functions upstream, but Guinea hopes that within 10–15 years at least 70 percent of operating funds will reach the service delivery level. It also hopes for an 80 percent increase in the quality of and access to services for the rural population.

Subregional conventions can help strengthen country-level property rights, financial regulation, and contract enforcement

Harmonization of rules and procedures within subregional groups can help institutionalize the rule of law within individual countries. Subregional conventions can help strengthen country-level property rights, financial regulation, and contract enforcement. Similarly, agreements to exchange information and collaborate on investigations can counter crime and corruption within subregions and individual countries. There is considerable scope for involving regional nongovernmental organizations to monitor compliance and develop expertise. OHADA provides an example of such an initiative (box 2.11).

Other regional mechanisms could encourage observance of human rights, democratic principles, and governance practices by African countries by providing opportunities to exchange experiences and monitoring progress. Regional initiatives to engage former political leaders in advocacy for issues such as HIV/AIDS or regional integration could also be considered. There is also scope for building capacity within parliaments and independent agencies by sharing information on a regional basis.

Box 2.11 The Organization pour l'Harmonisation en Afrique du Droit des Affaires

IN THE EARLY 1990S SOME FRANCOPHONE AFRICAN countries realized that a lack of confidence among private investors was hurting their efforts to promote the private sector. Problems included obsolete legislation dating from the colonial period; difficulties in enforcing contracts, particularly in the banking sector; and unpredictable court judgments. To address these issues, 15 countries signed a treaty establishing the Organization pour l'Harmonisation en Afrique du Droit des Affaires (OHADA) in 1993.

The treaty aims to facilitate regional economic integration and international trade by providing unified, modern business legislation for member states, strengthening legal and judicial security for enterprises, promoting arbitration to settle contractual disputes, and providing continuing education to magistrates and judicial personnel. To date, uniform laws have been enacted for general commercial law, corporations and economic interest groups, secured transactions, bankruptcy proceedings and

discharge of liabilities, debt collection proceedings, and arbitration.

OHADA's institutions comprise a council of ministers of finance and justice with a secretariat in Yaounde (Cameroon), a common court of justice in Abidjan (Côte d'Ivoire) with final jurisdiction over business transactions in member countries, and a regional school of magistrates in Porto Novo (Benin) to provide continuing education.

OHADA has increased confidence among the business community, and several contracts have been signed under its provisions. But it still faces a number of challenges. There is insufficient dissemination and knowledge of OHADA laws. There have been substantial delays in setting up a court registry. There is insufficient financing for OHADA institutions. And there is a need to monitor implementation, build OHADA jurisprudence, identify additional legal areas requiring harmonization, and assess best means to establish links with anglophone countries.

Global institutions. Globalization increasingly demands adherence to international standards. Faced with a variety of choices, serious long-term investors are unlikely to be attracted to countries with rampant corruption and weak contract enforcement and property rights. International agreements will increasingly complement regional and subregional arrangements to promote good governance. African membership in rules-based organizations such as the World Trade Organization will support compliance with international norms in certain areas. The development of international legal institutions and criminal tribunals means that countries are subject to much greater scrutiny of internal affairs than before. Recourse against abuse of human rights is increasingly found in the international arena.

Countries are subject to much greater scrutiny of internal affairs than before

Throughout the world, the impulse is toward integration and cooperation through the creation of trading blocs as well as political and security arrangements. New technologies have permitted the free movement of information and ideas. Ease of travel and communications has strengthened cross-border connections between countries. This process is under way in Africa in both formal and less formal ways. Although Africa has long had regional integration groupings, they and their individual member countries need to come to terms with the governance implications of these potentially far-reaching changes.

Much more can be done internationally to promote good governance in Africa, focusing on actions in industrial countries. Some steps, such as the OECD convention against bribery, are being implemented. Tighter regulations on money laundering and international crime will also help African countries by, among other things, countering capital flight. Increased attention is also being paid to weapon flows, including through binding international codes of conduct for arms exports. Concern about conflict in Africa and how it is funded has raised the question of whether tighter international controls on the export of natural commodities—such as diamonds—can reduce the resources available for financing wars without harming legitimate exporters. Formulating a broader regional approach toward conflict management and economic progress will be a priority for Africa and its development partners in the new century.

Development partners. Development agencies have both a special responsibility and an unusual opportunity to support efforts to make Africa's governments more transparent and accountable to their people. The responsibility arises from their obligation to ensure that aid is used for its intended purposes. More fundamentally, it arises from the need to direct

Donors have a special responsibility and an unusual opportunity to support efforts to make Africa's governments more transparent and accountable

assistance to countries willing to make effective use of all resources, not just those of the agency.

The opportunity arises from donors' access to the full range of stakeholders in recipient countries—not just government officials but also the media and opposition groups. Donors are only beginning to take advantage of this opportunity. The African Development Bank has recently taken steps to promote good governance by including governance criteria in its lending decisions. This is in line with the trends in bilateral assistance agencies and international financial institutions. Governance has also been a criterion in allocations of funds from the World Bank's International Development Association (IDA), and the weight of performance in IDA allocations has been increasing.

Africa's development partners can also promote better governance by providing assistance to strengthen institutions such as the judiciary and the legislature, or to support a fledging independent press. Many are already doing so, and hopefully will continue over the long term, recognizing that democratic institutions and behavior cannot be created overnight. Donors can also ensure that their practices conform to standards of good governance and that they support openness and accountability not just to their own polities but also to Africans and their representative institutions (chapter 8). Just as private corporations are increasingly adopting codes of conduct to promote good corporate governance, so too Africa's development partners should consider adopting codes of conduct that cover their own practices and the ultimate use of funds. The Cold War promoted a culture among African countries and their development partners of nontransparent management of aid resources. But these expectations are changing rapidly—a process that it is in the interests of Africa's people to move even faster.

Notes

1. This argument goes back as far as James Madison's Federalist Paper 10. Granting political factions—be they ethnic, geographic, racial, or religious—political space for self-expression increases confidence in the larger unit as long as the factions operate within the law and the constitution. This perspective is contrary to the centralizing tendencies that African leaders adopted after 1960.

2. If a hypothetical nation of 100 million people is divided into 10 nations of 10 million people, then the risk of civil war occurring somewhere among the 100 million people triples. There is also a much higher risk of international war simply because there are many more nations.