# The Fifth Andrew Young Lecture of the Africa Society of the National Summit on Africa

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Let me first say how grateful I am to Leonard H. Robinson, the President of the Africa Society of the National Summit on Africa, for inviting me to make this fifth presentation in The Ambassador Young Lecture Series on Africa. I greatly cherish the strong bonds I have established over the years with the organizers of the Africa Society and its many members in the Washington community. In that regard, I am most pleased that so many of you, all influential Africans and friends of Africa, are here with us tonight. On behalf of everyone here I want to thank Ato Ayele Kassahun for hosting us. Mr. Ambassador, although I have spent nearly a decade in Ethiopia, I am still amazed by the warmth and generosity of your people and by Ethiopia's national spirit of hospitality. Amesegenallo.

In the wake of September 11th, many citizens of this city and great nation see the world as radically altered. Understandably, there is alarm here in Washington and around the globe about the role of failed states in these troubling times, and a desire to limit any dangers they might pose for our collective security. Trust me, we in Africa know all about failed and collapsing states. But we in Africa do not believe our challenge is to manage failed states; we believe that our challenge is to create capable states.

A capable state is one in which peace and security are guaranteed over a sustained period. Without peace, there can be no long-term development. And without good governance, there is seldom peace. The capable state creates an enabling political and legal environment for economic growth and promotes the equitable distribution of the fruits of growth. But growth must also be coupled with policies that deliberately attack poverty and promote education, health, and social safety nets. This requires sound macro-economic management, institutional reform, and investment in human resources development. Sustained poverty reduction results when growth is equitable. And the best way to achieve that is by building strong forms of democratic governance at all levels. The capable state deals head on with corruption, which impedes development and minimizes the ability of governments to reduce poverty. Finally, the capable state builds an enabling environment for the private sector to generate economic growth, jobs and income. At the core of this is political and policy stability and a fair and consistent application of the rule of law.

The good news, ladies and gentlemen, is that we are making progress.

Indeed, this is a key finding of my organization, the Economic Commission for Africa (ECA)'s first major continent-wide study to measure and monitor "Progress towards Good Governance in Africa." We have collected massive survey data in 28 countries so far. Over the next year, we will include 12 more countries in our study. In each country, we worked with a local research institution that conducted the polling and presented its analysis to us.

We used Expert Panels comprised of carefully selected groups of about 100 people, per country, with an informed opinion of governance. These panels were drawn primarily from the professional classes, academia, and civil society and from among a wide spread of ethnic and geographical backgrounds. We conducted household opinion polls in roughly 2,000 households per country that represented a true cross-section of society: rural and urban, poor and middle class, the educated and the illiterate. In each country, our findings were reviewed with government officials, civil society and other stakeholders in order to promote buy-in and consensus.

Given the richness of our findings, and knowing how popular polling data is in Washington, I will refer to the survey as I highlight four positive trends in Africa: democratic transitions, political inclusiveness, voice and accountability, and economic management.

**In the area of democratic transitions, many African countries have made significant strides, evolving from authoritarian or military regimes to more democratic dispensations.** We see a new social pact emerging, where state institutions and processes are gradually being reconstructed to promote the values of good governance. Indeed, elections have become the only acceptable basis for choosing and alternating leadership. Recently, in Benin, Ghana, Kenya, Madagascar, Senegal, and Zambia, incumbent regimes have all been defeated in multi-party elections. More than ten African countries are going to the polls again this year.

From our findings, the average voter turnout rate in general elections is nearly three quarters of the registered population-an exceptional figure when compared to any region of the world. And, I dare say, even significantly higher than many, older democracies!! Most Africans polled not only found the electoral process credible, but also transparent. Further, a clear majority of all experts in the 28 countries we surveyed reported that their nation's political system permits competition and pluralism.

**We have also entered an era of greater political inclusiveness.** The majority of Africa's experts believe that the democratic framework for conducting politics is accepted as legitimate by all social and political groups. Constitutions are being rewritten all over Africa, involving widespread consultation with civil society. Examples are found in Kenya, Nigeria, and Zambia. Uganda has also gone through a similar process.

Fortunately, many African countries are increasingly seeking to ensure that the executive and legislative arms of government reflect the profile of their people in regional, ethnic, racial and religious terms. For example, Nigeria has adopted the principle, which is enshrined in the Constitution, to accommodate the country's diversity in all state appointments.

It is also now more widely accepted that women's perspectives are needed at all levels of decision-making if we are to achieve our sustainable development goals. Thanks to their unprecedented recent participation in politics, women have increased access to positions of power in all spheres of public life.

In four of the 28 countries in the our study-Mozambique, Namibia, South Africa, and Uganda-women occupy over 25% of national parliamentary seats, while in another 14 countries, representation is between 17-23%. The South African cabinet is composed of 30% women. And at the highest level of African governance, half of the Commissioners of the African Union are women. But we mustn't get caught up in the numbers game. We know that women's empowerment is a lot more than increasing their numbers in the political ranks. We must continue to change the mindsets that have slowed progress towards genuine empowerment of women.

The Economic Commission for Africa is doing its best to make a significant technical contribution in this area. We have devised a unique African Gender and Development Index as an analytical tool to measure progress in addressing the inequalities that exist between men and women. It focuses on access to education, health services, employment, and resources, and on levels of political participation and representation. This will help governments monitor their commitments and improve their policies and programmes to better close the 'gender gap.'

We are also helping countries make their national accounts and budgets more gender sensitive with a view to aligning public expenditures with pro-poor-and pro-women-objectives. Regarding inclusiveness, we must also pay much more attention to the needs of the youth. In many countries, half the population is under 25. In Ethiopia, where I live, the proportion is nearer to 60% of the population. Tragically, the youth are still marginalized, both in terms of formal participation in politics and in influencing public policy in vital areas such as on HIV/AIDS, education, and job creation. The key challenge is how to mobilize and harness young people's energies and transform governance systems in order to grant them genuine representation. But we also need to give young people a real chance to find decent and productive work, and hope for the future.

On average around 9 million new entrants come into Africa's labor market each year. Many of these are young people, the majority in rural areas. Figures for 2000 show, for instance, that over half of South Africa's youth were unemployed. Therefore, ways must be found to make agriculture an attractive employment option for our youth, to equip them educationally to be entrepreneurs, and to create an environment for micro-enterprise to flourish. If we fail, we may reap a whirlwind of disappointment, worsening poverty, and social disorder.

**The third positive trend is toward expanded voice and accountability.** New and various avenues are being created to allow citizens to participate in the political process and express their demands, without fear of retribution. This is in turn making the government more responsive to its constituents. In our study, we found that most governments in Africa are expanding the political space for non-state actors to participate in various aspects of public decision-making.

As we all know, the process of democratization in Africa has induced the explosive growth of civil society groups who have emerged to promote and defend various interests. Fortunately, over half of the experts polled believe that civil society is encouraged by government to function independently. Another third felt that they are allowed to function independently albeit subject to being shut down over extreme sensitivities. But perhaps more importantly, 39% of experts surveyed felt that civil society contributed effectively to the promotion of accountability and transparency in government. Meanwhile, 35% thought that civil society organizations contributed only fairly to promoting accountability and transparency.

In Mali, for example, when submitting proposals to the Council of Ministers, each Minister is required to submit a list of non-governmental actors consulted in the process of policy formulation. And, in northern Mali, local FM stations broadcast the annual evaluation of commune performance and its consequences for capital budget support. Following these broadcasts, the mayors of poorly performing areas whose grants have been reduced are often said to hide from their constituents to avoid recrimination!

Indeed, the media is now widely acknowledged across the continent to have an important role to play as a public watchdog in exposing corruption and checking abuses of power. It is also prominent in defending human rights and upholding democratic transparency through the effective monitoring of elections.

Back home in Ghana there are now more than a dozen newspapers (with ten independently owned), 40 radio stations (only two of which are state-owned) and, two of the three television stations are private. How things have changed! Less than a decade ago, we only had state broadcast media channels.

Increasingly in Africa, governments are also putting into operation mechanisms and processes to check Executive power. However, it is fair to say that the residual norms and patterns of behavior from the post-Independence era of "the Big Man" continue to haunt some countries. As I have already stressed, it takes time to build a capable state.

That said, the Executive branch in many countries has, on its own, undertaken several measures to ensure checks and balances both within its own institutions and in the wider governance system. The creations of watchdog agencies like the Ombudsman and Inspector or Minister of Governance in some African countries are significant examples of these initiatives. Other countries have established independent Auditor-General offices, charged with enforcing leadership codes of conduct, investigating decisions that might involve fraud, and generally promoting good governance in the country.

The Legislature and the Judiciary are the other institutions that exert oversight pressures and demand accountability and transparency from the executive. However, the necessary transformation in these areas is still at an early stage. Less than half of the experts surveyed (46%) perceived their legislators as being above corruption and always being effective in holding the executive accountable. A fair minority in the countries surveyed, nearly 20%, however, felt that their national legislature was completely corrupt.

The view of the Judiciary is no better. Only a third of the experts in our survey felt that the system was above corruption. And a significant minority (26%) felt that it was hardly independent of other branches of government.

Necessary organs that should be entrenched in law include strong and active Parliamentary committees, such as the Finance and Public Accounts Committees, which oversee accountability for the expenditure of public funds and scrutinize and monitor agreements with domestic and international financial institutions. But there are efforts on the ground to deal effectively with these critical challenges to good governance.

As an example, several governments have established anti-corruption commissions. The case of Kenya is an outstanding model. A year after wresting power from a long entrenched government, the new ruling party has been seized with a genuine fervor to prosecute those who had siphoned state funds. New legislation has established the Kenya Anti-Corruption Commission. Twenty-three judges currently face tribunals to answer charges related to corruption and Nairobi's mayor has been asked to resign or face wide-ranging embezzlement charges.

Yet, it is true that not every African leader has caught the anti-corruption fever. Unfortunately, corruption flourishes in Africa because most of the regulatory institutions are still weak, lack autonomy, or are shady themselves. Over one-third of elites polled deem watchdog institutions to be totally controlled by the Executive branch. And as we all know, "big money" corruption also still flourishes in Africa due to deals struck right here in DC, or in Houston, London, Brussels or Paris. These deals enrich a few Africans and their western partners, but cheat millions of Africans out of the fruits of the continent's resources, and particularly its oil.

**Finally, a fourth major trend is one that portends well for Africa-efforts at better economic governance.**

In the area of public financial management and accountability, our study shows that more countries are running smaller deficits, meeting their targets for revenue mobilization, managing their tax systems more effectively, improving fiscal transparency, and creating institutions and arrangements for better auditing of public funds. But there is some way to go to gain citizen confidence. In the majority of countries, less than a quarter of experts polled were yet satisfied with the efficiency of tax collection systems.

Related to public expenditures, governments have declared a war on poverty and put policies in place, but tangible results have still eluded them. Insufficient resource allocation, poor targeting, inefficiencies in program implementation, and lack of fiscal transparency are to blame. Our study shows that most African countries are channeling a greater proportion of their GDP to social services as compared to the military. But still, in only 11 out of 26 countries where data were available did outlays for health exceed 10% of total expenditures.

We at ECA have also developed several key indicators to analyze and measure the robustness of policy environments across the continent. The Expanded Policy Stance Index, featured in our annual Economic Report on Africa measures policy performance in macroeconomics, poverty reduction, and institution building. The five worst performers last year according to our indices were either in conflict, or recovering from recent conflict, and consumed by considerable debt and political tensions.

The top performers, though, were well-managed with solid reform agendas and a record of political stability and good governance. The top five-Botswana, South Africa, Mauritius, Namibia, and Tunisia-have maintained sound economic fundamentals with lower foreign debt, budget deficits, inflation, and interest rates. All of these countries have healthier institutions of policy analysis and coordination and more competent civil services. Pro-poor policies and targeting are more effective. And laws and regulations are more predictable and transparent-and applied more uniformly. According to our research, where countries are weakest is in the quality of public sector management. That is where investments in better governance will yield big growth pay-offs in the future.

In the area of corporate governance, African countries have definitely recognized the need to promote the development of the private sector. In doing so, they have accepted that the public sector alone is unlikely to mobilize the resources required for economic development, and that foreign direct investments will play a decisive role in this process. Among measures taken by African countries in this area are granting tax and other incentives, and creating institutions to facilitate the establishment and operation of businesses.

Added to that, they are targeting the informal sector so that it can become part of the formal sector, and expanding and improving infrastructure facilities. Despite these measures and an increase in the conviction of governments, the overall environment is still not yet conducive enough to attract foreign investment. The procedures and costs of starting and operating businesses are still cumbersome and costly.

For instance, according to a recent World Bank study, it takes an average of about 4 days to satisfy the regulatory requirements to start a business in North America, while in Africa it takes about nearly 70 days, or 17 times as long. Investment flows to Africa, especially foreign direct investment, lag behind investments in other regions of the developing world. The continent attracts less than 1% of global capital flows and accounts for less than 1% of world trade. Meanwhile, the stock of capital flight from Sub-Saharan Africa is estimated at $148 billion and represents about 33 % of the private wealth of the continent, compared to less than 10 % in Asia or Latin America. An attractive domestic investment climate is absolutely vital to reversing this trend.

The Commission on Capital Flows to Africa, chaired by Jim Harmon, on which I had the honor to serve, recently provided an excellent private sector-initiated blueprint for how to coherently deal with the big picture. The issues addressed in this Report-trade liberalization, capacity building, debt, development assistance, privatization, and infrastructure development are all very much in sync with prevailing wisdom on the ground in Africa. However, the Commission went on to make concrete suggestions on what partners in the US and OECD should do over a ten-year period to improve Africa's economic conditions and the climate for private sector investment.

As we in the "Harmon Commission" noted, the obstacles to increasing capital flows to Africa are rooted not in questions of global capacity but of global will. We need our partners to stay the course. That ten-year timeframe is significant for, as we say in my part of the world, "there are no short cuts to the top of the palm tree".

Lastly, I'd like to mention ECA's new Trade Competitiveness Index, which is primarily meant as a tool to enable policy makers in Africa to identify how shortcomings in their country's competitiveness compare with those of other locales (including non-African ones). What is significant and relevant is that seven of the eight non-African countries included in the index for the purposes of comparison dominate the overall trade competitiveness index due largely to their well-educated and healthy labor forces.

While a pro-trade environment is critical, global trade competitiveness, and ultimately a greater integration into the world economy will require increased efforts in educating the African people and investing in their well-being. Investing in human capital is not a luxury expense: it will pay solid economic dividends down the road. As our governance survey shows, there is considerable progress to report on many fronts. However, much more has to be achieved before we can say that the capable state is a norm in Africa.

And in order to continue with the reform process, governments and citizens have to believe that it is worthwhile and yields benefits. Without tangible results, the citizenry is likely to be frustrated, resentful and "fatigued" by so-called democracy. Whether it is in the process of going to court, paying a bill, opening a business, interacting with a Member of Parliament, or casting a vote, people want to see improvements in efficiency, transparency, and accountability.

There is now a strong popular desire in Africa that upgrades in the delivery of the basics of education, health, sanitation, housing, electricity, and water should be one of the major dividends of democracy and good governance. We do know that when services work for the poor, it is due to the degree that they themselves are at the center of determining the quality and quantity of services they receive, and the degree to which officials are responsive and accountable.

In this regard, the capacity and autonomy of local governments, has to be given due consideration in the governance agenda of African countries, because they are nearest to the rural communities where over 80% of Africa's population lives. Under a decentralized structure, community interests can be far better fielded and then represented. Capacity building is about identifying concrete gaps in the institutions and organizations that work together to promote better outcomes, and providing the necessary policy and resources for enhancement. Identifying deficits at all levels of government will be critical to getting the results that the African people are hoping for.

Perhaps this is not the most appropriate thing to say in Washington in an election year. But as I always tell my staff at ECA, in promoting good governance, it is about "the capacity, stupid". Well, from our base in Addis Ababa, we are seeing an emerging best practice in this regard. The Ethiopian government is undertaking the most comprehensive capacity building program we know of on the continent. Indeed, there is an entire ministry charged with overseeing and implementing this.

As you can see, Africa is making great strides in taking responsibility for its own shortcomings. But if the gains are to be sustained, we on the continent need to rely on more than the good efforts at national levels.

The revitalized Commission of the African Union (AU), and its priority of regional integration is vital in that regard. It provides a viable framework for addressing the challenges of growing African economies, protecting the environment, utilizing our natural resources, fighting disease, and resolving conflict. Further, the New Partnership for Africa's Development (NEPAD), the African Union, and the prospect of a Pan-African Parliament offer new promise on better governance. And the African Union's Peace and Security Council is a bold and constructive innovation. We have already seen the early fruits of the African Union's conflict resolution efforts in several places including Burundi, the Democratic Republic of Congo, and Liberia.

Africa however cannot achieve sustainable growth without a transformed partnership with the international community-a new partnership based on mutual responsibility for agreed development outcomes. The new Millennium Challenge Account (MCA) signifies the largest increase in US foreign assistance since the Marshall Plan; the commitment it represents is to be warmly welcomed. However it is worth asking whether it will succeed in addressing the needs on the ground. A significant drawback is a methodology that severely limits the number of countries that can qualify over time, even if country performance improves significantly. I believe MCA eligibility criteria should be expanded to allow more African countries to compete fairly for its funds. Meanwhile, we would encourage our friends here to consider the account as one element of a more wide-ranging development assistance package to Africa if, indeed, the US is to help Africa meet the Millennium Development Goals (MDGs).

I believe it is important to emphasize partnership rather than conditionality in the design of programmes to help Africa move forward. When ODA is made available, both sides of the relationship need to take on responsibilities. In that context, we at ECA, at the request of NEPAD's leaders and in collaboration with the OECD's Development Assistance Committee have developed a path-breaking instrument for monitoring mutual reviews of development effectiveness.

The fundamental aim of the mutual review consultation process is to generate a constructive, ongoing dialogue between African leaders and policymakers and their OECD counterparts on development progress in Africa. We will look at actual efforts on both sides regarding the implementation of the policies needed to meet the MDGs. We will assess empirical progress on existing commitments, as well as good practice. We aim to complete the first review in 2005.

On the African side, the commitment to self-monitoring and to peer learning is the lynchpin of accountability on good governance, and indeed a cornerstone of NEPAD. It is essential for African countries to move quickly and boldly on the African Peer Review Mechanism (APRM), which will require unwavering leadership and considerable political will, engaging all stakeholders in the process. It is heartening therefore that our Heads of States met in Kigali last weekend and agreed on a peer review timetable and program that is to involve widespread consultation. The peer reviews of the sixteen countries that have acceded to the review mechanism are to be completed by March 2006. The first four will be Kenya, Mauritius, Rwanda, and Ghana whose review will begin in April this year. The ECA has committed to providing assistance as the process unfolds.

On the partner side, we will look at trends in the quantity and quality of official development assistance to Africa, as well as the coherence of partner policies on aid, trade and debt. On aid quantity, while some partner countries have achieved and even exceeded the internationally agreed aid target of 0.7% of GDP, others need to step up their efforts to follow suit. On aid quality, partner support is still often very slow and unpredictable, hampering effective program implementation. We all agree that country ownership is important. Donors must respect national processes and systems. In that regard, in collaboration with the Strategic Partnership for Africa (SPA) donor group, we undertook a survey in 18 African countries on the alignment of donor support with national priorities.

The findings were very disappointing. On policy coherence, a key pillar of mutual accountability is our partners' commitment to ensuring that all policies impacting on African development, including those in the areas of ODA, market access, and debt, are consistent with realizing the MDGs. Several recent actions in the international arena, such as the events surrounding the collapse of the WTO round in Cancun, however, show that we still have a long way to go. How can a cotton farmer from Burkina Faso compete on the world market in the face of huge US cotton subsidies? We in Africa are not advocating that the developed world abandon its own farmers. We are, however, advocating that free trade be smart trade. We simply want the developed and developing world to come together to agree on the policies that will ensure that agricultural producers around the globe are afforded an equal opportunity to sell their goods.

As a prime example of partnership, there is a need for a more comprehensive approach to supporting Africa in its battle against the HIV/AIDS pandemic. Let me pause here a moment to acknowledge the leadership shown on this issue by the current US Administration. The commitment not only of generous funds but the real and urgent engagement by President Bush's Global Aids Coordinator Randall Tobias and his team is welcome. We urge them to sustain both their bilateral efforts and to adequately support multilateral initiatives such as the Global Fund. We also ask them to listen closely to what we in Africa say our most pressing needs are in the fight against the pandemic. Through the African Union, Africa's leaders are also now taking charge of the fight against HIV/AIDS at the highest levels and giving this mission an important regional dimension.

As some of you may know, the epidemic was prominent on the agenda at last year's AU Summit in Maputo, Mozambique-the very first time that our Heads of States had discussed the issue in this arena. But more attention needs to be paid by you to supporting actions to mitigate the structural impacts of HIV/AIDS. The net effect of an AIDS-depleted society is a hollowing out of state and social networks that are already under pressure from poverty. The erosion of human resources by HIV/AIDS has deep implications for the structure of families, communities, and economies.

According to the World Bank, AIDS may be costing 24 African nations up to 1.2% of their per capita growth each year. And AIDS has increased the population living in poverty by up to 5% in a number of countries. As such, it demands our urgent attention. In short, along with efforts to minimize the number of new infections, we also need to systematically understand the structural dimensions of HIV/AIDS-and to act on the basis of a clear, simple, and stunning fact: HIV/AIDS will be with us for the foreseeable future.

The Commission on HIV/AIDS and Governance in Africa (CHGA) convened by United Nations Secretary-General Kofi Annan has begun to undertake an in-depth study of how HIV/AIDS erodes Africa's structural capacity and what we can do about it. The Commission, which I have the honor to chair, is composed of internationally distinguished individuals including Peter Piot of UNAIDS; Richard Feachem, the Executive Director of the Global Fund to Fight TB, Malaria and HIV/AIDS; and Joy Phumaphi, Assistant Director General of the World Health Organization. The Commission is still in its nascent stages and requires support: material, intellectual, and moral as it undertakes its important mission. Looking around the room, I see many who I hope will answer its call for assistance.

I know that here in Washington there is a debate between the Afro-optimists and the Afro-pessimists. I know that some view Africa with a romantic eye that overlooks our problems, and that others adopt the cynical view that Africa is destined to live on in time as the world's basket case. Well, I also know that it has been said that the difference between an optimist and a pessimist is that though they can both be wrong, the optimist dies a happier man!! Nonetheless, I am speaking here tonight as an Afro-realist. And as I have outlined, Africa has made significant gains over a short period of time. In real terms, Africa is creating a majority of capable states. Africa has not changed direction because donors demanded that we do so. Africa has changed direction because our people have demanded of our leaders that we do so-and because we also have more leaders today who, indeed, are leading. And Africa has changed because while we take credit for our achievements, we also soberly accept responsibility for the outstanding challenges we face.

You, our friends and our African brothers and sisters abroad, need to help us consolidate these changes. What that requires, on your part, is investment. Not only foreign direct investment, though that is certainly desired. But also investment in our progress; investment in our concerted efforts to build capable states; investment in our struggle to ensure that aid is better spent and more wisely delivered; investment in our determination to manage and ultimately defeat HIV/AIDS; investment in our effort to promote trade that is both fair and free; investment in our good governments; and, most importantly, investment in all of our people.