

Practitioner Perspective

Toward Good Governance and Sustainable Development: The African Peer Review Mechanism

KEMPE RONALD HOPE, SR.*

To accomplish the objectives and the outcomes of the New Partnership for Africa's Development (NEPAD), African leaders have agreed, among other things, to subject their countries to peer review through the use of a unique and innovative African Peer Review Mechanism (APRM). This paper analytically describes and assesses the APRM. It contends that peer review represents a sea of change in the thinking of African leaders as they seek to reverse the trend of lack of accountability, political authoritarianism, state failure, and corruption to embrace and consolidate democracy as well as effect sound and transparent economic management. It is further argued that peer review would provide a number of benefits to those countries that subject themselves to it and that, in turn, would have positive multiplier effects on Africa's development performance.

INTRODUCTION

To accomplish the objectives and the outcomes of the New Partnership for Africa's Development (NEPAD)—an initiative that represents the latest attempt by African leaders to place the African continent on a path of sustainable development encompassing good governance and prosperity with a consolidation of peace, security, and stability—African leaders have agreed, among other things, to subject their countries to peer review through the use of a unique and innovative African Peer Review Mechanism (APRM). The APRM will cover issues, codes, and standards pertaining to governance and sustainable development. It will be used to assess the performance of African countries in terms of their compliance with a number of agreed codes, standards, and commitments that underpin the good governance and sustainable development framework.

The NEPAD emanated from the view of a new generation of enlightened African leaders that Africans and Africa both hold the key and the capacity to extricate themselves from poverty and global marginalization. Moreover, it was recognized that this needed to be done with

*United Nations (U.N.). The views expressed here are those of the author and not necessarily those of the U.N.

Governance: An International Journal of Policy, Administration, and Institutions, Vol. 18, No. 2, April 2005 (pp. 283–311). © 2005 Blackwell Publishing, 350 Main St., Malden, MA 02148, USA, and 9600 Garsington Road, Oxford, OX4 2DQ, UK. ISSN 0952-1895

some urgency to stake Africa's claim to the twenty-first century. At the beginning of the twenty-first century, per capita income in sub-Saharan Africa was 10 percent below the level reached in 1980. In other words, the majority of the countries on the continent were worse off than they were two decades ago. Despite being one of the most richly endowed regions of the world, Africa remains the poorest continent (Hope 2002a). According to the United Nations Development Programme (UNDP 2004), human development in sub-Saharan Africa has actually regressed in recent years, and poor people are now worse off. The share of people living on US\$1 per day increased to 47 percent by 2001 from 45 percent in 1990 (United Nations 2004; World Bank 2004). A recent study by Elsa Artadi and Xavier Sala-i-Martin puts the proportion of the population in sub-Saharan Africa living on less than US\$1 a day at close to 60 percent in 2000.

This paper analytically describes and assesses the APRM within the framework of the NEPAD initiative. It contends that peer review represents a sea of change in the thinking of African leaders as they seek to reverse the trend of lack of accountability, political authoritarianism, state failure, and corruption to embrace and consolidate democracy as well as effect sound and transparent economic management. In addition, it is further argued that peer review would provide a number of benefits to those countries that subject themselves to it and that, in turn, would have positive multiplier effects on Africa's development performance.

THE NEPAD INITIATIVE, GOOD GOVERNANCE, AND SUSTAINABLE DEVELOPMENT

The NEPAD initiative is governed by a Heads of State and Government Implementation Committee (HSGIC) composed of 20 members, with four drawn from each of the five subregions of the continent—East Africa, West Africa, Southern Africa, North Africa, and Central Africa. It lists a number of prerequisites for African countries to move forward in their quest for sustainable development. Key among these is the proper adherence to good political, economic, and corporate governance.

Drawing on Kempe Ronald Hope (2002b), it can be noted that good governance, in all its facets, has been demonstrated to be positively correlated with the achievement of better growth rates, particularly through the building of institutions in support of markets. Recent empirical analysis suggests a positive correlation between democratic governance and the levels of income, investment, human capital, economic liberalization, and distributive income growth in society (Tavares and Wacziarg). Indeed, some analysts, such as Alfred Zack-Williams, have successfully argued that good governance, particularly its aspects of democratic consolidation, is a *sine qua non* for development. Consequently, the new maxim for Africa in the twenty-first century should be "no democracy, no development" (Zack-Williams, 221).

Similarly, United Nations (U.N.) Secretary-General Kofi Annan has said that “good governance is perhaps the single most important factor in eradicating poverty and promoting development” (United Nations 1998, 13). Moreover, a former Kenyan vice president has also noted that “good political and economic governance underpins sustainable development” (Saitoti, 257). The President of the African Development Bank (AfDB) has emphasized that “good governance is not only a worthy goal per se but also a prerequisite for sustainable development and poverty reduction in the longer term” (Kabbaj, 7), while the Executive Secretary of the United Nations Economic Commission for Africa (UNECA) has proclaimed that “good governance is essential for the political and economic transformation of Africa” (Amoako, 155).

Governance has to do with the manner in which responsibility is discharged. Such a responsibility may be acquired through election, appointment, or delegation in the public domain, or in the area of commerce (i.e., corporate governance). Therefore, good governance is taken here to mean a condition whereby such responsibility is discharged in an effective, transparent, and accountable manner, while bad governance is associated with maladministration in the discharge of responsibility (Abed). Good governance entails the existence of efficient and accountable institutions—political, judicial, administrative, economic, corporate—and entrenched rules that promote development, protect human rights, respect the rule of law, and ensure that people are free to participate in, and be heard on, decisions that affect their lives.

The NEPAD initiative’s framework document recognizes the salient importance of good governance for achieving sustainable development in Africa and sets out principles pertaining to the strengthening of democracy and political governance as well as economic and corporate governance. On democracy and political governance, it states that development is impossible in the absence of democracy, respect for human rights, peace, and good governance. The purpose of the principles here is to contribute to the strengthening of the political and administrative framework of African countries, in line with the principles of democracy, transparency, accountability, integrity, respect for human rights, and promotion of the rule of law (NEPAD Secretariat 2001).

The necessity for institutional reform has been recognized to drive the process forward, given the capacity limitations across African countries. As identified in the NEPAD framework document, the institutional reforms to strengthen political governance in Africa will need to focus on (1) the administrative and civil services, (2) the strengthening of parliamentary oversight, (3) the promotion of participatory decision making, (4) the adoption of effective measures to combat corruption and embezzlement, and (5) the undertaking of judicial reforms (NEPAD Secretariat 2001). These five areas of focus have been exhaustively discussed in UNECA (2002a). Suffice it to say here that, for the first time in post-independence Africa, the African leaders themselves are pointing to the

shortcomings of the institutional structure over which they preside directly or have much say.

Institutions, in particular public institutions, have been a failure in Africa. Many of these institutions have been captured by the elite to serve narrow personal interests. The resultant effect has been the lack of the ability of the state to provide the requisite institutional framework to support good governance. In too many African countries, both the public and private sectors do not operate according to widely accepted rules that are transparent and enforced by accountable institutions. Consequently, the challenge for African policy makers, under the NEPAD, is to shape policies and institutional development in ways that enhance good governance and sustainable development.

With respect to economic and corporate governance, the NEPAD framework document states that the objective here is to promote a set of concrete and time-bound programs aimed at enhancing the quality of economic and public financial management, as well as good corporate governance (NEPAD Secretariat 2001). Good economic and corporate governance is good for Africa. Countries attract more investment and achieve higher rates of per capita growth where the state improves certain basic aspects of its performance. A state that applies rules and policies predictably and fairly, ensures order and the rule of law, and protects property rights will generate confidence and attract more domestic and foreign investment. That, in turn, generates trade and faster economic growth as well as provides the wherewithal for sustainable development (UNECA 2002a).

Here again the role of institutions looms large. The existence of weak institutions of economic and corporate governance, as a constraint on sustainable development in Africa, is clear and convincing. This has, accordingly, limited the public sector in the fulfillment of its economic functions. Those economic functions can be broadly classified into three distinct categories: (1) making and implementing economic policy, (2) delivering services, and (3) ensuring accountability for the use of public resources and public regulatory power (World Bank 2000). Institutions are needed to maintain fiscal and monetary discipline, mobilize resources, and set priorities among the competing demands for those resources as integral aspects of the making and implementation of good economic policy. Similarly, institutional arrangements are required for the efficient delivery of public services that are also pro-poor. In addition, there must be institutional mechanisms that ensure accountability through the capacity to monitor and enforce rules and to regulate economic activities in the public interest. However, regulatory frameworks should be minimal, simple, and easy to implement (Saitoti).

Good governance is worth pursuing in its own right in Africa. Much has been observed, and volumes have been written about the deleterious effects of bad governance in Africa. Through the NEPAD, a new generation of enlightened leaders is aiming to reverse that trend. Respect for

human rights and democratic principles, honest and good quality administration, and protecting the rights and freedoms under the rule of law are concerned with values that apply equally to every state and citizen. Democracy, for example, is a universally recognized ideal, based on values common to people everywhere regardless of cultural, political, social, or economic differences (IPU). These transcend the functional importance of aspects of good governance, such as for sustainable development (Scientific Council for Government Policy).

President Thabo Mbeki of South Africa has argued quite convincingly, for example, that Africa wishes to realize the goal of good governance, in all its elements, “not because we seek to improve our relations with the rest of the world as a first objective, critically important as this is, but to end political and economic mismanagement on our continent, and the consequential violent conflicts, instability, denial of democracy and human rights, deepening poverty and global marginalization” (Mbeki, 2). Nonetheless, as noted above, the various components of good governance are also necessary and functional for sustainable development processes.

Quite clearly, growth and development cannot be achieved in the absence of good governance. Among other things, good governance ensures the most efficient utilization of already scarce resources in the promotion of development; enhances participation, responsibility, and accountability; and has the potential to emancipate people from poverty as state legitimacy is recognized and entrenched. In fact, any effort to reduce poverty and sustain development must start with, and build upon good governance (Hope 2002b). Good governance can therefore be also regarded as governance on behalf of development-oriented policy.

According to UNDP (2002), good governance advances sustainable development for three reasons. First, enjoying political freedom and participating in the decisions that shape one’s life are fundamental human rights. In those African countries where leaders are not elected or selected by election (e.g., Libya), or where elections are flawed (e.g., Zimbabwe), choices are severely restricted. The denial of these rights is a denial of human development. Second, good governance helps to protect people from economic and political catastrophes, such as famines, and other crises (Sen). There is a direct correlation between bad governance and famines, for example, in Africa. In other words, those countries frequently suffering from famines in Africa tend not to have good governance. Third, good governance can promote sustainable development by empowering citizens to influence policies that promote growth and prosperity and reflect their priorities.

Y. Feng has also empirically demonstrated that good governance does matter for national economic growth and development. “In particular, a political system characterized by freedom and stability is best suited to promoting a growth-oriented economic agenda” (Feng, 295). In addition, R. Alence has empirically shown that the effects of governance on national income and economic performance in Africa are large and statistically

robust. Democratic institutions, for example, were found to systematically enhance the performance of African states as agents of development by, among other things, countering temptations for politically opportunistic behavior—such as economically incoherent policies, ineffective implementation, and the abuse of public resources for private gain relative to the provision of welfare-enhancing public goods—that is economically damaging (Alence). Similarly, others such as Daniel Kaufmann and Aart Kraay; Kaufmann, Kraay, and Pablo Zoido-Lobaton; and Joseph Siegle, Michael Weinstein, and Morton Halperin have shown that the quality of governance is positively associated with economic growth and development.

However, despite the empirical evidence supporting the positive relationship between good governance and sustainable development on the one hand, and the attempt by African leaders, through the NEPAD, to make that relationship a reality in Africa, on the other, the NEPAD framework has been the subject of some criticism and Afro-pessimism. But interestingly enough, no credible alternative plan to the NEPAD has so far been put forward by its critics. Perhaps, the most comprehensive summaries of the various criticism to date can be found in Peter Anyang'Nyong'o, Aseghedech Ghirmazion, and Davinder Lamba and in Ian Taylor. The key criticisms are usually focused around pessimism, given Africa's culture of corruption and neopatrimonial rule; its history of human rights abuses, rigged elections, and coups; the notion that partnerships between Africa and the West are unworkable given the dominance and influence of the latter; and the perception that civil society had not been properly consulted in the drawing up of the NEPAD framework document. With respect to the latter issue, it must be said first that a lack of proper consultation with some interested parties does not necessarily render the content of the outcome document as irrelevant. Second, without taking sides on the validity or lack thereof with respect to the criticisms, Africa's leaders found themselves in a "damned if they do, damned if they don't" position. They were damned for not demonstrating leadership to solve Africa's development problems and then, having done that by launching the NEPAD, they were damned for not consulting others to demonstrate their leadership.

The fact of the matter is that the NEPAD potentially "constitutes the most important advance in African development policy during the past four decades" (Hope 2002b, 401). Moreover, it is a home-grown initiative for development based on a set of core principles that have been embraced by national, regional, and international public opinion as being preconditions for the renewal of the African continent (Hope 2002b). As this work also shows, the NEPAD has been endorsed and supported by the international community including the G8 countries and multilateral and bilateral organizations such as the World Bank, the International Monetary Fund (IMF), the U.N., the Organisation for Economic Co-operation and Development (OECD), the United States Agency for

International Development (USAID), the Department for International Development (DFID) of the U.K., and others. The active involvement, for example, of four members of the HSGIC—President Thabo Mbeki of South Africa, President Olusegun Obasanjo of Nigeria, President Joaquim Chissano of Mozambique, and President John Kufuor of Ghana—in the removal from office and exiling of the corrupt warlord President Charles Taylor from Liberia in 2003 has certainly deepened international support for the NEPAD and what it represents.

Indeed, another perspective offered in the various commentaries on the NEPAD is that “African leaders merit a chance to reverse the numerous crises in the continent which they are proposing as outlined in the NEPAD document” (Anyang’Nyong’o, Ghirmazion, and Lamba, 3). Furthermore, “their [Africa’s leaders] acknowledgement of the need for a renaissance in Africa, and of the concepts of democracy, accountability, transparency and peer review should account for more than the pessimistic criticism and call for dismissal of the [NEPAD] document, being called for by some scholars” (Anyang’Nyong’o, Ghirmazion, and Lamba, 3–4). This would seem to constitute an enlightened conclusion, and particularly so given that the critics and Afro-pessimists have offered no alternative development framework and that some of them are in fact guilty of championing discredited and abandoned ideas from the past. Moreover, it ought to be accepted by all critics and Afro-pessimists—in the spirit of the good governance that they presumably seek for Africa—that the weight, responsibility, and accountability for leadership on the continent ultimately rests with those who sought election and were democratically elected by the majority of their fellow citizens.

THE PEER REVIEW CONCEPT AND THE AFRICAN PEER REVIEW MECHANISM

The APRM is an African-led innovation representing a bold approach to reform for building capable states with enduring good governance and sustainable development. The APRM is designed to monitor and assess the progress made by African countries in meeting their commitment toward achieving good governance, social reforms, and sustainable development. It will also provide a platform for countries to share experiences with a view to fostering good governance and democratic processes. But before going further on the APRM, it is useful to set the stage for the rest of the discussion to follow by first examining the concept of peer review.

What Is Peer Review?

Peer reviews were pioneered by the OECD. Since its creation as an institution four decades ago, the OECD has successfully used this method of assessment of the performance of its member states. In addition, several

other intergovernmental and international organizations, such as the European Union (EU), U.N. bodies, and the IMF, use peer review to monitor and assess national policies and performance in several sectors (OECD).

Peer review refers to the systematic examination and assessment of the performance of a state by other states (peers), by designated institutions, or by a combination of states and designated institutions (OECD; UNECA 2002b, 2002c). The ultimate goal is to assist the reviewed state to improve its policy making; adopt best practices; and comply with established standards, principles, codes, and other agreed commitments. Peer review examinations and assessments are conducted in a nonadversarial manner, and they rely heavily on the mutual trust and understanding between the state being reviewed and the reviewers, as well as their shared confidence in the process (OECD; UNECA 2002b).

The international experience shows peer reviews can be conducted based on subject areas or themes. For example, an individual country peer review could relate to economics, governance, education, health, the environment, or other policies and practices. Within one or more of these subject areas, a state may be examined against a wide range of codes and standards for compliance, for example (OECD; UNECA 2002b). Similarly, several countries can be examined at the same time with respect to a particular theme, for instance "Combating Corruption for Sustainable Development" (UNECA 2002b). However, whether based on subject areas or themes, individual country peer reviews are typically undertaken on a regular basis, with each review exercise resulting in a report that assesses accomplishments, indicates shortcomings, and makes recommendations. They usually do not entail sanctions or a punitive decision, but they can lead to embarrassment and negative market reactions such as lower levels of investment or exchange rate fluctuations biased against the national currency.

Nonetheless, related to the concept of peer review is the concept of peer pressure. According to the OECD and Takatoshi Ito, the effectiveness of peer review relies on the influence of peer pressure, that is, the persuasion exercised by the peers. The peer review process can give rise to peer pressure through, for example, a mix of formal recommendations and informal consultations by peer countries; public scrutiny, comparisons, and ranking among countries; and the impact of the foregoing on public opinion, policy makers, and other stakeholders. The lessons of peer reviews conducted in the developed countries suggest that the greatest impact is derived when the outcomes of peer reviews are put in the public domain. It is that public scrutiny that is most likely to influence change and bring about corrective actions. In addition, the East Asian experience suggests that peer pressure provides an effective incentive to commit member countries to perform the required activities and take the necessary actions for common policy objectives (Wang and Yoon).

The APRM

UNECA originally developed the APRM in response to a request by the NEPAD HSGIC. Its (the APRM's) mandate ensures that the policies and practices of participating states conform to the agreed political, economic, and corporate governance codes and standards contained in the *Declaration on Democracy, Political, Economic and Corporate Governance* that was approved by the African Union (AU) Summit in July 2002 (NEPAD Secretariat 2002a). The APRM is a mutually agreed instrument for self-monitoring by the participating member states. It is voluntarily acceded to by member states of the AU (NEPAD Secretariat 2003a).

The primary purpose of the APRM is to foster the adoption of policies, standards, and practices that lead to political stability, high economic growth, sustainable development, and accelerated integration through the sharing of experiences and the reinforcement of successful and best practice, including identifying deficiencies and assessing the needs for capacity building. This is to be accomplished by using the relevant indicators contained in the APRM to measure and determine the progress of peer-reviewed countries in meeting the goals of achieving good governance and sustainable development. The overarching goal of the APRM is for all participating countries to accelerate their progress toward adopting and implementing the priorities and programs of the NEPAD, achieving the mutually agreed objectives and compliance with best practice in respect to each of the areas of good governance and sustainable development (NEPAD Secretariat 2003a). As articulated by Chris Stals—a member of the APR Panel, which is discussed below—the application of the APRM, and the resultant “recommendations, are not meant to punish or exclude countries; the main objective is to help each country to identify its own weaknesses, and to find ways and means for addressing the shortcomings” (Stals, 5).

Every peer review exercise undertaken under the authority of the APRM must be technically competent and free of political manipulation. It must comply with the mandate of the APRM referred to above. These stipulations together constitute the core guiding principles of the mechanism. And, with respect to the process and procedures for the application of the APRM, the NEPAD HSGIC has approved four distinct organizational components and five stages (NEPAD Secretariat 2003b). The first organizational component is the Committee of Participating Heads of State and Government (the APR Heads of State Forum), which is the highest decision-making authority in the APRM with overall responsibility for the said APRM. The APR Heads of State Forum will consist of Heads of State and Government of the member states of the AU who have voluntarily chosen to accede to the APRM. The next organizational component is the Panel of Eminent Persons (APR Panel). This is an independent body that will oversee the day-to-day functioning of the peer review

process and ensure the credibility and integrity of that process. The third organizational component is the APR Secretariat, which will provide the secretarial, coordinating, and administrative support services for the APRM through the APR Panel. The final organizational component is the APR Teams, which will be conducting the actual technical assessments that will constitute the country peer reviews.

The functions of the APR Heads of State Forum include, but are not limited to (1) appointing the APR Panel and its chairperson, (2) considering, adopting, and taking ownership of country peer review reports, (3) communicating the recommendations of the APR Heads of State Forum to the peer-reviewed countries, (4) exercising peer pressure to effect changes in country practice where recommended, (5) persuading development partners to provide technical assistance to eliminate capacity gaps as recommended by the country peer review reports, (6) transmitting peer review reports to the appropriate AU structures, and (7) making public, through the APR Secretariat, country peer review reports and press releases pertaining thereto.

The functions of the APR Panel include, but are not limited to (1) exercising oversight of the APR process, including providing leadership to country review teams, with a view to ensuring the independence, professionalism, and credibility of that process, (2) recommending appropriate African institutions or individuals to conduct technical assessments, (3) reviewing and adopting the country peer review reports including the recommendations contained therein, and (4) submitting to the APR Heads of State Forum all country peer review reports with recommendations on measures that could be taken to assist the reviewed countries in the improvement of their governance and socio-development performance. By November 2003, the HSGIC had appointed seven members of the APR Panel. More members may be appointed at a later date with a probable final complement of ten, two from each of the five subregions.

The functions of the APR Secretariat include (1) providing secretarial and administrative support services to the APR Panel under the direct supervision of the Chairperson of that Panel, (2) organizing regional networks and workshops for the sharing of experience and best practice related to the goals of achieving good governance and sustainable development, and (3) ensuring full documentation of the peer review processes at country, subregional, and continental levels to facilitate mutual learning.

The APR Teams are responsible for conducting the technical country assessments that will comprise the country peer reviews. Credible and technically competent institutions, such as the UNDP, the UNECA, and the AfDB, have been selected to assist with some of the peer review technical assessments. The UNECA will assist with the technical assessments in economic governance and management, while the AfDB will assist with banking and financial standards, for example. The APR Panel will select other credible and technically competent institutions or indi-

viduals to undertake the peer review assessments in the areas of political governance, corporate governance, and socioeconomic development.

As mentioned before, there are five stages to the peer review process. Stage One entails a careful analysis of the governance and development environment in the country being reviewed. Key governance and development issues will be analyzed to provide background information with respect to political representativeness and rights, institutional effectiveness, and economic management and governance. Political representativeness and rights will cover issues of political systems and electoral processes, representation, and participation of various stakeholders in decision making. Institutional effectiveness will include issues related to the nature and workings of the legislative, judiciary, and executive branches of government, as well as the state of the nongovernmental sector. Economic management and governance will address issues of macroeconomic management, public financial accountability, monetary and financial transparency, accounting and auditing systems, and regulatory oversight bodies, as well as issues of capacity, effectiveness, and accountability of the economic decision making and service delivery systems.

Stage two constitutes the country visits by the peer review technical assessment teams. This stage is informed by the analysis prepared in Stage One. The technical assessment teams will consult and extensively interview relevant government officials, parliamentarians, opposition party members not in parliament, private sector representatives, representatives of civil society groups (including the media, academia, trade unions, and nongovernmental organizations), and officials of resident missions of regional and international organizations.

Stage Three involves the preparation of the peer review reports based on the technical assessments conducted in Stage Two. A draft of each report will be discussed with the government concerned, prior to submission to the APR Panel. Those discussions will be designed to ensure the accuracy of the information and to provide the government an opportunity to react to the findings and recommendations of the assessment team. These responses of the government will be appended to the final draft of the report. However, each report will remain independent, and its findings will not be altered or vetted by the government concerned.

Stage Four entails discussion and adoption of the peer review reports by the APR Panel first, followed by the APR Heads of State Forum. This stage terminates when the Chairperson of the latter communicates the decisions and recommendations to the government of the country being peer reviewed. Stage Five is the formal and public tabling of the peer review reports in key regional and subregional structures and, in particular, the AU structures. These reports will also be put in the public domain.

The NEPAD HSGIC has also approved a number of indicators, based on key objectives, that will be used to assess and measure performance

in the four peer review areas of (1) democracy and political governance, (2) economic governance and management, (3) corporate governance, and (4) socioeconomic development (NEPAD Secretariat 2003a). The key objectives for democracy and political governance include (1) to prevent and reduce intra- and intercountry conflicts, (2) the consolidation of constitutional democracy, including periodic political competition and opportunity for choice, the rule of law, a Bill of Rights, and the supremacy of the constitution being firmly established, (3) promotion and protection of economic, social, cultural, civil, and political rights as enshrined in all African and international human rights instruments, (4) upholding the separation of powers including the protection of the independence of the judiciary and of an effective parliament, (5) ensuring accountable, efficient, and effective public office holders and civil servants, (6) fighting corruption in the political arena, (7) promotion and protection of the rights of women, (8) promotion and protection of the rights of the child and young persons, and (9) promotion and protection of the rights of vulnerable groups, including displaced persons.

The key objectives for economic governance and management are (1) promoting macroeconomic policies that support sustainable development, (2) implementing transparent, predictable, and credible government economic policies, (3) promoting sound public finance management, (4) fighting corruption and money laundering, and (5) accelerating regional integration by participating in the harmonization of monetary, trade, and investment policies among participating states.

The key corporate governance objectives are (1) providing an enabling environment and effective regulatory framework for economic activities, (2) ensuring that corporations act as good corporate citizens with regard to human rights, social responsibility, and environmental sustainability, (3) promoting the adoption of codes of good business ethics in achieving the objectives of the organization, (4) ensuring that corporations treat all their stakeholders in a fair and just manner, and (5) providing for accountability of corporations and directors.

The key objectives for socioeconomic development are to (1) promote self-reliance in development and build capacity for self-sustaining development, (2) accelerate socioeconomic development to achieve sustainable development and poverty eradication, (3) strengthen policies, delivery mechanisms, and outputs in key social development areas such as education for all and the combating of HIV/AIDS and other communicable diseases, (4) ensure affordable access to water, energy, finance, markets, and information and communication technologies to all citizens, (5) make progress toward gender equality, particularly equal access to education for girls at all levels, and (6) encourage broad-based participation in development by all stakeholders at all levels.

The 2002 AU Summit also approved the frequency of peer reviews. Specifically, there will be four types of peer reviews. The first country review, being the base review, will be undertaken within 18 months of a country's becoming a member of the APRM. The second type is the

periodic review that should take place every two years. The next type is a requested review where a member country can, for its own reasons, ask for a review that is not part of the periodically mandated reviews. The final type amounts to an imposed review and may be resorted to by the HSGIC if there is sufficient cause to conclude that there are early signs of impending political and/or economic crises in a member country.

Despite the fact that participation in the APRM is open to all member states of the AU on a voluntary basis, there is now a somewhat more bureaucratic and unnecessarily cumbersome process that countries have to contend with. The APRM has evolved from its original technically straightforward framework to become a somewhat more burdensome administrative process. Nonetheless, this eventuality does not seem to have particularly influenced the desire and decision by the member states to seek participation in the process. This is probably not surprising as, undoubtedly, countries that are actually peer reviewed stand to reap a number of benefits as discussed in the next section. It should be noted here that, in November 2002, a total of 12 of the 53 African countries had originally declared their intent to be peer reviewed. Those countries were Algeria, Republic of Congo, Egypt, Ethiopia, Gabon, Ghana, Mali, Mauritius, Mozambique, Nigeria, Rwanda, and South Africa. As of August 2004, a total of 23 countries—including the additional 11 of Angola, Benin, Burkina Faso, Cameroon, Kenya, Lesotho, Malawi, Senegal, Sierra Leone, Tanzania, and Uganda—had signed the Memorandum of Understanding that represents the basic framework for formal accession to the APRM (NEPAD Secretariat 2002b, 2003c, 2003d, 2003e, 2004). Other countries are expected to accede in time. However, Ghana will be noted in Africa's economic and political history as the first country on the continent to be reviewed under the APRM. The country inaugurated the APRM process in May 2004. By August 2004, four countries—Ghana, Kenya, Mauritius, and Rwanda—had been visited by peer review support mission teams and were at various stages in the process.

BENEFITS OF THE APRM: AN ANALYTICAL ASSESSMENT

Given the international experience with peer reviews, the APRM—as a mechanism for measuring and monitoring progress toward good governance and sustainable development in Africa—has the potential to provide a number of benefits to those African countries that subject themselves to it and, through multiplier effects, to the continent as a whole. Peer reviews have been demonstrated to have a number of beneficial effects as applied across the world. As African countries seek to improve their governance and march toward sustainable development, peer reviews can provide the basis for policy changes to meet commitments and to observe the agreed standards and codes.

Indeed, peer reviews will facilitate the monitoring of compliance with the agreements entered into upon accession to the APRM. States are much more inclined to comply when they know their implementation is moni-

tored, and when the implementation of their peers is being monitored as well (Henning). Given the history and resultant disastrous effects of bad governance in Africa, with a lack of openness and rampant corruption, acceding to peer review represents a sea change in the thinking of African leaders and a major milestone in the political development and history of the continent. Below, we concentrate on six key areas where peer reviews will add value and enhance the prospects for African states to achieve good governance and sustainable development.

Greater Transparency

Following Seiichi Kondo, transparency is taken here to mean that reliable, relevant, and timely information about the activities of government is available to the public. Associated with transparency is the concept of openness whereby public participation in shaping and implementing government policy is encouraged and guaranteed. Transparency in government is a good thing, for governments in Africa have the most potential for going awry given their monopoly on force and power and the ease with which they use and abuse that force and power. Where there is transparency, government officials will be prevented from exercising discretionary powers. Transparency, therefore, complements and reinforces predictability, reduces uncertainty, and inhibits and reduces the scope of corruption among public officials (Siegle, Weinstein, and Halperin).

The APRM will be particularly applied to democracy and political governance issues and economic and corporate governance issues. In both cases, transparency looms large. The openness of the political space is a critical barometer of the nature of democracy in a given country. Similarly, in the economic sphere, the extent of fiscal transparency provides a very solid indication of the manner in which budgets (expenditures and revenues), for example, are crafted, reconciled, and implemented. Determining the nature of transparency in government operations and functioning in Africa will expose the shortcomings, and any deliberate secrecy or misreporting of government operations.

Transparency in government operations, particularly in Africa, has several dimensions (Kopits and Craig). The first dimension consists of mainly behavioral aspects, such as clearly established conflict-of-interest rules for elected and appointed officials, a transparent regulatory framework, open public procurement and employment practices, a code of conduct for public officials, and freedom-of-information requirements. The next is the provision of reliable information on the government's economic policy intentions and forecasts. The third is the requirement for detailed data and information on government operations, including the publication of comprehensive budget and other planning and policy documents. In all three dimensions, transparency is closely associated with the successful implementation of good governance and the achievement of sustainable development.

The APRM, to the extent that it enhances transparency in African countries, will acknowledge democratic progress and scorn antidemocratic measures. Consequently, it can confer or withhold international recognition and raise or lower the domestic legitimacy of governments (Henning). Moreover, transparency increases the political risk of unsustainable policies, whereas the lack thereof means that such policies can go undetected longer than they otherwise would. Generally, countries characterized by a relatively high degree of transparency have exhibited greater political and economic discipline and, in many instances, have been able to achieve a more robust political and economic performance compared to countries with less transparent policies even within a same region (Henning).

This positive correlation between transparency and good governance has also been empirically demonstrated across the spectrum of both developed and developing countries. R. Islam, for instance, has shown that governments that are more transparent govern better as measured by a wide number of governance indicators such as government effectiveness, regulatory burden, corruption, voice and accountability, the rule of law, bureaucratic efficiency, contract repudiation, and expropriation risk. And, as better governance has also been empirically demonstrated to be correlated with higher growth rates, it can be extrapolated that there is a close relationship between greater transparency and how fast economies grow (Islam). Botswana, for example, is internationally recognized for its substantial degree of transparency with a liberal democratic political system and a prudent and open budgetary process (Hope 2002a; Kopits and Craig). As a result, Botswana continues to experience political and macroeconomic stability with strong growth. The country has consistently been one of the fastest growing in the world with an annual average growth rate of per capita gross domestic product (GDP) of 5.1 percent during the period 1975–2002 compared with an annual average of –0.8 percent for sub-Saharan Africa during the same period (UNDP 2004).

That relationship between transparency, good governance, and growth in Botswana is further reflected in the growth competitiveness index (GCI) of the World Economic Forum. The GCI is composed of three subindexes identified as pillars in the evolution of growth in a country: (1) the quality of the macroeconomic environment, (2) the state of public institutions, and (3) the level of technological readiness. The GCI uses a combination of hard data, such as inflation rates, budget deficits, the level of Internet access in schools, and survey data in areas such as judicial independence, the prevalence of institutionalized corruption, and the extent of inefficient government intervention in the economy (Lopez-Claros). Botswana has consistently ranked in first place among all African countries in the overall GCI as well as in the macroeconomic environment and public institutions subindexes. For the 2003 GCI computations, Botswana was ranked at 36, just behind Greece on the worldwide comparisons (World Economic Forum).

Improved Public Accountability

Transparency is also vital for accountability. In fact, a system of government that is transparent is also likely to be accountable. Accountability means that systems are in place and are facilitated by public institutions to hold public officials to account for their behavior, actions, and decisions. Public accountability is needed to guarantee political as well as economic and financial, freedom. Where governments or corporations are corrupt, resources will be misallocated. The scarcer those resources (as they are in Africa) the greater the cost to the economy and the more harm done to the development process (Braga de Macedo, Foy, and Oman).

A system of public accountability is required so that public officials and governments act in ways that are broadly approved by society. Accountability is fundamental to any society with pretensions to being democratic. Put in another stronger way, being democratic requires a suitable system of accountability. Public institutions are created by the public, for the public, and need to be accountable to it (Hughes). The concern with public accountability expresses the continuing need for checks, oversight, surveillance, and institutional constraints on the exercise of power. The guiding idea of public accountability is to control the abuse of power, not to eliminate the exercise of power, where legitimate (Schedler 1999). Related to public accountability is the notion of responsibility. Responsibility refers to those rules that influence the behavior of public officials in ways that encourage them to be responsive to public demands and act in the interest and welfare of citizens (Hyden).

The APRM will expose any deficiencies in accountability by public officials in African countries. The governance record in Africa indicates that public accountability is in serious need of improvement. The shortcomings with respect to public accountability in Africa are directly attributable to the fact that neopatrimonial rule is a core feature of politics and development management in most of Africa. Whereas personal authority and relationships occur on the margins of all bureaucratic systems, they represent the very foundation and superstructure of political institutions in Africa. Consequently, although neopatrimonial tendencies can be found in all polities, it is practiced with flair on the African continent (Bratton and van de Walle; Hope 2002a).

Neopatrimonial rule entails individual rule by virtue of personal prestige and power, personalized authority determined by the preferences of the ruler rather than the laws of the land, attempts to ensure the political stability of the regime and personal political survival by providing a zone of security in an unstable or uncertain environment, and the selective distribution of favors and material benefits to loyal followers who are regarded and treated as clients (Bratton and van de Walle; Callaghy). The patrimonial nature of African public officials has considerably undermined good governance in the region and continues to do so despite the

gains made in political liberalization and democratic consolidation during the 1980s and 1990s. Personalistic rule is characterized, for example, by incumbents using national resources, which of course they control, to purchase loyalty and thus maintain a monopoly on power. Absolutely no distinction is made between personal and public property.

The application of the APRM will determine where public accountability is faulty and what should be done to improve it. Improved public accountability will improve the democratic political order in Africa as well as the prospects for achieving sustainable development. The manner in which public accountability has been handled in Africa in the past, under patronage regimes, has stalled the development of the continent (Hyden). Peer reviews will result in greater public debate on many issues of governance, including public accountability. Public scrutiny and peer pressure will then provide the impetus for conscious efforts at improving public accountability.

Enhanced Policy Coherence

Coherent policy for sustainable development is derived from good governance. Those African countries that have pursued market-led policy reforms have made better development management choices and improved their economic performance. Africa has a history of policy development and policy implementation that have not favored growth and development. Indeed, these distorted policies continue to benefit certain influential groups.

Developing and implementing coherent policies is a requirement of good governance and sustainable development. By the 1980s, the primacy of policy as the basis for encouraging and sustaining development had come to be widely accepted among those concerned about promoting development (Grindle and Thomas). Nowhere was policy reform and coherence more needed than in Africa, a region that muddled along through ad hoc and incoherent policy implementation that led to the 1980s and 1990s being referred to as its lost decades of development. Because citizens lose confidence in a government that is unable to develop and implement coherent policies for improving well-being and sustaining development, the degree to which a government is able to carry out these functions can be a key determinant of a country's ability to sustain good governance (Brinkerhoff and Crosby).

By subjecting themselves to peer review, African countries will have their policy decisions and their application scrutinized. Consequently, peer review can tip the domestic political scales in favor of progressive, outward-looking policy and against retrograde choices. The result can be a substantial positive bearing on policy outcomes (Henning). Peer reviews will therefore stimulate better policy choices and lead to policy change. When such change occurs, relationships at various levels and among stakeholders are shifted. A new array of policy winners and losers

emerges (Brinkerhoff and Crosby). However, with better policy choices, society wins and the prospects for achieving good governance and sustainable development are improved.

Smarter Partnerships

“The need for partnership is most obvious in the daunting challenge of achieving sustainable development, which is predicated on the equally daunting challenge of maintaining good governance” (Brinkerhoff, 3). Among other things, partnerships in international development positively enhance the effectiveness and efficiency of development efforts; provide a means of developing strategic coordination and implementation; create access to crucial resources and rationalize their use; engender stability and potential government legitimacy; provide technological advantages and cost savings; bring about goodwill within the citizenry upon whose support both external development partners and governments rely; and promote deeper and wider public participation and representation in the decision making for development outcomes (Brinkerhoff; Hope 2002b). Therefore, partnerships not only enhance development outcomes, whether qualitatively or quantitatively, but also produce synergies, where those outcomes as a whole are greater than the sum of what individual partners contribute (Brinkerhoff). As a matter of fact, these partnerships and cooperative arrangements have now become a significant aspect of the emerging system of global governance, providing collective capacity to identify and solve problems on a global scale (Slaughter).

An important aspect of the NEPAD is its emphasis on the development of smarter partnerships between Africa and its bilateral and multilateral partners. The overall objective is to improve effectiveness in development cooperation primarily through better practice in the aid relationship, delivery, and reporting systems. Partnerships are also being sought through private sector entities in such areas as agro-industries, tourism, human resource development, and in addressing the challenges of urban renewal and rural development (NEPAD Secretariat 2001).

Through the peer review assessments, African countries have agreed to fight corruption, strengthen their institutions, adopt market-oriented policies, respect human rights and the rule of law, and spend more on the needs of the poor. By so doing, they also expect to get the support of the rich countries with trade, aid, investment, and debt relief. Indeed, the APRM has generated a positive echo among Africa’s major external development partners, who have pledged to honor their side of the bargain by providing enhanced financial assistance and greater facilitation of trade and investments (Joseph).

In particular, the G8 countries, at their 2002 Summit, released a *G8 Africa Action Plan* as an initial response to the NEPAD and the APRM. The plan is designed to encourage the imaginative effort that underlies the

NEPAD and to lay a solid foundation for future cooperation. It welcomes the commitment made by Africa's leaders in emphasizing good governance and human rights as necessary preconditions for Africa's recovery, as well as the focus on investment-driven economic growth and economic governance as the engine for poverty reduction (G8 Summit).

In support of those objectives, the G8 has undertaken, in their individual and collective capacities, to establish enhanced partnerships with those African countries whose performance reflects the NEPAD commitments. Their African partners will be selected on the basis of measured results with a focus on those countries that demonstrate a political and financial commitment to good governance and the rule of law, investing in their people, and pursuing policies that spur economic growth and alleviate poverty. The G8 will match the commitment of the African countries with their own commitment to promote peace and security in Africa, to boost expertise and capacity, to encourage trade and direct growth-oriented investment, and to provide more effective official development assistance.

Furthermore, the APRM process will be used by the G8 countries to inform their considerations of eligibility for enhanced partnerships (G8 Summit). This approach was again confirmed in a press release following the February 2003 meeting of G7 finance ministers and central bank governors (Russia not being present), which stated that: "Consistent with the G8 Africa Action Plan, we are ready to provide substantial support to African countries that implement [the] New Partnership for Africa's Development (NEPAD) principles and are committed to improving governance and demonstrate solid policy performance" (Government of Canada 2003a, 2). In addition, at their meeting in May 2003, the same finance ministers and central bank governors issued a Working Paper on aid effectiveness in which they proclaimed that: "With respect to Africa, we renew our support to the NEPAD process and look forward to progress in the implementation of the African Peer Review Mechanism, including its governance aspects. We will ask the IFIs [International Financial Institutions] to look for opportunities to coordinate their monitoring and surveillance mechanisms with NEPAD's own work" (Government of Canada 2003b, 5).

In that same spirit, but preceding the June 2002 G8 Summit, U.S. President George W. Bush announced in March 2002 the creation of a Millennium Challenge Account (MCA) devoted to projects in nations that govern justly by upholding the rule of law, rooting out corruption, protecting human rights and political freedoms; that invest in their people through investment in education and health; and that encourage economic freedom through open markets, sound fiscal and monetary policies, appropriate regulatory environments, and strong support for private enterprise. The MCA is being funded by a 50 percent increase in the core development assistance budget of the U.S. over three years, resulting in an annual increase of US\$1 billion by fiscal year (FY) 2006. The goal of

the MCA initiative is to reduce poverty by significantly increasing economic growth in recipient countries through a variety of targeted investments (USAID).

The MCA also signals a new relationship between donors and recipients. Implementation will be based on a genuine partnership between the U.S. and the recipient country. If fully implemented, the initiative would represent one of the largest increases in foreign aid spending in half a century, outpaced only by the Marshall Plan following World War II and the Latin American-focused Alliance for Progress in the early 1960s (Nowels). However, some analysts had suggested that only four African countries are likely to qualify for the MCA in the first year and another five would miss eligibility by only one criterion (Radelet; Sperling and Hart). Others, on the other hand, contend that higher income countries with stronger institutions and better capacity, such as Botswana and South Africa, should also be included (Pasicolan and Fitzgerald). Nonetheless, for FY 2004 one-half of the 16 countries, selected as qualifying in the first group of MCA nations, were African—Benin, Cape Verde, Ghana, Lesotho, Madagascar, Mali, Mozambique, and Senegal (MCC). It is expected that the majority of the African countries will eventually be eligible for participation in the MCA and, like the application of the APRM, some of the same performance indicators will be used. Specifically, 16 indicators in the three categories have been chosen for measuring performance under the MCA. They are (1) Governing Justly—to include control of corruption, voice and accountability, government effectiveness, rule of law, civil liberties, and political freedom; (2) Investing in People—to include public primary education spending as a percent of GDP, primary education completion rate, public expenditure on health as a percent of GDP, immunization rates for diphtheria, pertussis, and tetanus and measles; and (3) Promoting Economic Freedom—to include country credit rating, inflation, three-year budget deficit, trade policy, regulatory policy, and days to start a business (Nowels).

Smarter partnerships for African countries are therefore on the horizon. The APRM and the MCA complement each other and offer a new compact for development by tying increased assistance to performance and creating a results-based process in which African countries will derive benefits based on performance and measurable achievements that impact favorably on governance and sustainable development. Countries that have embraced good governance, as required by acceding to the APRM, provide a much more conducive environment for smarter partnerships.

The APRM has also received very favorable responses from the EU, European employers' associations (which hope for more public-private partnerships in Africa), the OECD, the World Bank, the IMF, and the U.N. (European Parliament). The U.N. not only endorsed the NEPAD and its APRM but also validated their principles to a very high degree. For example, in September 2002, the U.N. General Assembly decided that the

U.N.'s own policies for Africa will henceforth be based on the NEPAD goals.

Deeper Private Capital Flows

Private capital flows are widely recognized as a powerful motor and major catalyst for sustainable development, poverty-reducing growth, and integration into the global marketplace. Countries with better policies, including good governance, attract the largest increases in private capital flows. Good governance is now recognized as a crucial prerequisite for well-functioning markets and, hence, for attracting investment and a sustainable allocation of investment capital (Ögütçü; UNECA 2002a). It means therefore that predictable rules of the game are required to attract both domestic and foreign long-term private investment. Private investment, in turn, is a necessary ingredient for employment generation and spurring economic growth. During the period 1990–2000, gross domestic investment in sub-Saharan Africa averaged about 17 percent of GDP and fell far short of investment in other parts of the world. In addition, sub-Saharan Africa's share of the global inward stock of foreign direct investment has more than halved since 1980, from 4 percent to 1.7 percent by 2002 (UNCTAD; UNECA 2002a; UNIDO). Of that share, almost 60 percent is concentrated in three countries only—Angola, Nigeria, and South Africa (European Parliament; UNIDO).

The disappointing performance of Africa with respect to attracting private capital flows can be placed squarely on the general international perception that most countries in Africa are risky places for investment. This perception is derived, without a doubt, from the fact that governance in Africa, although improving in some states, is generally considered to be bad (Hope 2002c). Consequently, effective governments and efficient markets are both essential if African countries are to reap the benefits of globalization and to make that process work for the poor. Private capital, for example, is highly mobile and will go where business can be conducted safely and where it can make the best return. Weak and ineffective African states, with problems of corruption, inadequate infrastructure, and cumbersome bureaucratic procedures for business start-ups, are not an attractive destination for those flows (UNECA 2002a).

Reaping the gains from globalization is the antithesis of economic marginalization, to which Africa has been subjected for decades. Much has been written about the economic marginalization of Africa. However, the research findings on the benefits of globalization are now beginning to emerge. Those findings are indicating that globalization is a powerful engine of world prosperity and, more importantly, it is here to stay. Surjit Bhalla, for example, has empirically demonstrated that living standards of poor people have increased during the past two decades at a pace faster than average living standards; that globalization has been a force for higher growth and prosperity for most and, in particular, for those at the

bottom economic half of the world's population; and that inequality in several regions—as well as in the world itself—decreased in the 1980s and 1990s, with world inequality today at its lowest ever or at least since 1910. Nonetheless, most African countries have not been able to benefit from globalization to the extent they could, because of bad governance, as manifested in their development policies in the 1970s and 1980s, which sought to achieve economic and social progress through government controls on prices, interest rates, and exchange rates, as well as restrictions on various aspects of production, distribution, and trade (UNECA 2002a).

Through peer review, Africa is hoping to reverse its status as a marginalized continent. Indeed, it is contended in this work that peer review provides the opportunity for African countries to demonstrate their commitment to good governance and policy reform that will make them attractive places for private capital flows. While the empirical relationship between robust peer review mechanisms and private capital flows needs more study, it can be expected that peer review, to the extent that it enhances transparency and fosters market-consistent policy reform, would positively affect investment decisions and capital flows (Henning). In fact, Jeffrey Sachs argues that by being peer reviewed and improving their governance systems, rather than perpetuating corruption and misrule, African countries will be able to benefit from specific and well-targeted investments that would provide the foundation for self-sustained growth. Private capital flows have to be won. Demonstrating that an enabling environment exists, or is being created, to accomplish that would be facilitated through the application of the APRM to cover reform in such areas as corporate law, contract law, labor law, bankruptcy, and property rights (UNIDO).

The Commission on Capital Flows to Africa (CCFA), for example, has noted that the APRM's inclusion of review indicators such as autonomy of the central bank; effectiveness and enforcement of competition regulation; enactment and enforcement of effective anticorruption and anti-money laundering laws; and protection of property rights, among others, "will enhance Africa's ability to attract the private capital that is crucial to long-term sustainable development and to Africa's full participation in globalization" (CCFA, 21).

Strengthened Capacity

Maintaining good governance and sustaining development requires a capable state with the requisite capacity to consistently improve on policy outcomes. Following Hope (2004), we define capacity as the competency of individuals, public sector institutions, private sector entities, civil society organizations, and local communities to engage in activities in a sustainable manner that permit the achievement of beneficial goals such as poverty reduction, efficient service delivery, good governance, economic growth, effectively facing the challenges of globalization, and

deriving the greatest possible benefits from such trends as rapid changes in information technologies and science. As noted by the World Bank (1996), it also engenders the self-reliance that comes with the ability of people to make policy choices and take actions to achieve the objectives they set for themselves, including the ability to identify and analyze problems, formulate solutions, and implement them.

Capacity in Africa is weak. With such weak capacity, both the public and private sectors on the continent lack the requisite ability to develop and implement the appropriate policies for poverty reduction, sustainable development, and the maintenance of good governance. Institutions, for example, lack the capability to meet the fundamental requirements for enforcing rules and ensuring accountability (Hope 2002a). Under such circumstances, capacity development or building becomes imperative.

Capacity development entails the enhancement of the competency of individuals, public sector institutions, private sector entities, civil society organizations, and local communities to engage in activities in a sustainable manner for positive development impacts such as poverty reduction, improvement in governance, and generally meeting the millennium development goals (Hope 2004). The necessity for capacity development in Africa had been recognized by the World Bank in the 1980s, and that institution launched the African Capacity Building Initiative in 1989, which then resulted in the creation of the African Capacity Building Foundation (ACBF) in 1991, with additional sponsorship from the African Development Bank and the United Nations Development Programme. Located in Harare, Zimbabwe, the ACBF has contributed to a number of projects and programs designed to strengthen Africa's capacity for development management and economic analysis. However, much more needs to be done in a focused manner, and the ACBF along with its partners is proceeding in that direction.

Through the peer review process, capacity constraints will be identified and recommendations offered on how to develop indigenous capacity to sustain development and improve governance. In that regard, much technical assistance will be required. If African governments are to be successful in keeping ownership and leading the development agenda of their countries, then they must make serious efforts at capacity development, including the need to mount institutional reforms that focus on the administrative and civil services, legislative bodies, electoral systems, local governments, justice systems, and civil society organizations and private enterprises.

The administrative and civil services require reforms to fill existing gaps in capacity that are adversely affecting the implementation of government policies and the delivery of public services; the legislative bodies need to improve their capacity to exert their oversight and control functions; the electoral systems need to gain capacity to deliver credible and transparent election services and elections to voters, candidates, and political parties; the local governments need to develop capacity to better

respond to the benefits of decentralization; the justice systems need greater capacity to address burdensome judicial procedures, management methods, and issues of judicial independence; and the civil society organizations and private enterprises need to develop capacity to improve their analytical, strategic, service delivery, policy advocacy, and partnership capabilities.

CONCLUSION

The APRM is the most innovative—and critically significant—aspect of the NEPAD. It constitutes a bold and imaginative attempt to launch a total war on the endemic problems of bad governance, unsustainable development and overwhelming poverty that have been confronting Africa for several decades. The APRM will be used as a means for openly and honestly assessing strengths and weaknesses; for monitoring progress toward building capable states, with strong institutions, for sustainable development and improved governance structures; for peer learning; and for the sharing of best practices. It “utilizes a strong comparative advantage of NEPAD, its democratic roots and aspirations, to provide a forum that speaks with an African voice to African nations” (Kanbur, 10).

The development and application of the APRM represents a sea change in the thinking of African leaders, the majority of whom, heretofore, were prone to inward-looking perspectives and exhibited a lack of concern with good governance. As demonstrated in this paper, peer review will confer many benefits on African countries and the continent as a whole, thereby leading to better governance and improvement in development performance. The APRM is an idea whose time has come. Ideally, it would also allow for the interests of external development partners and African countries to converge. Indeed, this is the case with respect to both the *G8 African Action Plan* and the Millennium Challenge Account of the U.S. Moreover, as Rod Alence brilliantly observed, the end of the Cold War has driven an environment in which democracies are much more likely to be rewarded with resources and legitimacy, while governments that are nondemocratic are finding the international community to be more hostile toward them. For Africa, “the New Partnership for Africa’s Development, with its emphasis on democracy and good governance, reflects an emerging inclination among some African governments to embrace those [former] tendencies” (Alence, 178–179).

Africa is the most aid-dependent, most indebted, as well as the most marginalized region of the world. Through the APRM, African leaders are determined to convince the skeptics and Afro-pessimists that they (the African leaders) have indeed become the architects of their own destiny, offering African solutions, which are universally embraced, to African problems. Undoubtedly, the link between the APRM and the sustainability of the continent’s development is an important one, as Africa’s access

to development assistance and investment is increasingly dependent on requirements such as good governance.

However, the success in the application of the APRM will be dependent on the extent to which it (the APRM) remains free from political and bureaucratic manipulation. As noted in this work, the insertion of a heavily bureaucratic hierarchy into the conduct of the peer reviews threatens to dilute both the impact, as well as the general acceptance (regionally and internationally), of those peer reviews. It is therefore imperative that the technical institutions charged with assisting in conducting the peer review assessments use their expertise and reputations to influence the manner in which the reviews are ultimately done to ensure that all of the peer reviews are indeed credible and internationally acceptable.

In that regard, it should be kept in mind that accession to the APRM is voluntary. Consequently, only those African countries that volunteer to be peer reviewed will in fact be peer reviewed. Those countries that have not acceded to the APRM, however faulty their governance structures and practices may be, will continue to function in a manner inconsistent with the ideals of the NEPAD. And that, in turn, may unfortunately lead some cynics to view the APRM as simply a marketing ploy by some African governments to convince Western donors to increase their aid to the region. Nonetheless, as a critical element of NEPAD, the APRM has the potential to limit the number of failed states in Africa, while contributing to the creation of much more capable states, through its ability to improve the quality of governance and economic performance in participating states (Maass and Mepham). Among other things, failed states exhibit flawed institutions, neopatrimonialism, deteriorating or destroyed infrastructure, flourishing corruption, declining national income, and loss of legitimacy (Rotberg 2004). Such states require the application of remedial measures of the type entailed in the APRM.

ACKNOWLEDGMENTS

Appreciation is expressed to my colleagues at the U.N. and elsewhere, and the anonymous referees for their helpful comments on an earlier draft.

REFERENCES

- Abed, G. T. 2001. The Changing Role of the State, Governance and New Capacity Requirements. In M. A. Dessart and R. E. Ubogu, eds., *Capacity Building, Governance, and Economic Reform in Africa*, pp. 38–47. Washington, DC: IMF.
- Alence, R. 2004. Political Institutions and Developmental Governance in Sub-Saharan Africa. *Journal of Modern African Studies* 42:163–187.
- Amoako, K. Y. 2000. *Perspectives on Africa's Development*. New York: United Nations.
- Anyang'Nyong'o, P., A. Ghirmazion, and D. Lamba. eds. 2002. *NEPAD: A New Path?* Nairobi, Kenya: Heinrich Böll Foundation.

- Artadi, E. V., and X. Sala-i-Martin. 2004. The Economic Tragedy of the Twentieth Century: Growth in Africa. In E. Hernández-Catá, ed., *The Africa Competitiveness Report 2004*, pp. 1–17. Geneva: World Economic Forum.
- Bhalla, S. S. 2002. *Imagine There's No Country: Poverty, Inequality, and Growth in the Era of Globalization*. Washington, DC: Institute for International Economics.
- Braga de Macedo, J., C. Foy, and C. P. Oman. 2002. The Development Challenge. In J. Braga de Macedo, C. Foy, and C. P. Oman, eds., *Development Is Back*, pp. 211–225. Paris: OECD.
- Bratton, M., and N. van de Walle. 1997. *Democratic Experiments in Africa: Regime Transitions in Comparative Perspective*. Cambridge, UK: Cambridge University Press.
- Brinkerhoff, D. W., and B. L. Crosby. 2002. *Managing Policy Reform: Concepts and Tools for Decision-Makers in Developing and Transitioning Countries*. Bloomfield, CT: Kumarian Press.
- Brinkerhoff, J. M. 2002. *Partnership for International Development: Rhetoric or Results?* Boulder, CO: Lynne Rienner.
- Callaghy, T. M. 1986. Politics and Vision in Africa: The Interplay of Domination, Equality and Liberty. In P. Chabal, ed., *Political Domination in Africa: Reflections on the Limits of Power*, pp. 30–51. Cambridge, UK: Cambridge University Press.
- Commission on Capital Flows to Africa (CCFA). 2003. *A Ten-Year Strategy for Increasing Capital Flows to Africa*. Washington, DC: CCFA.
- European Parliament. 2003. *Report on the New Partnership for Africa's Development (NEPAD)*. Luxembourg: European Parliament.
- Feng, Y. 2003. *Democracy, Governance, and Economic Performance: Theory and Evidence*. Cambridge, MA: MIT Press.
- G8 Summit. 2002. *G8 Africa Action Plan*. Available online at http://www.g8.gc.ca/2002_summit/menu-en.asp (last accessed 4 August 2002).
- Government of Canada. 2003a. Statement of G-7 Finance Ministers and Central Bank Governors. Paris, February. Available online at <http://www.g8.gc.ca/menu-en.asp> (last accessed 6 February, 2003).
- . 2003b. *G-7 Finance Working Paper: Aid Effectiveness*. Available online at http://www.g8.gc.ca/working_paper_aid_effectiveness-en.asp (last accessed 8 August 2003).
- Grindle, M. S., and J. W. Thomas. 1991. *Public Choices and Policy Change: The Political Economy of Reform in Developing Countries*. Baltimore, MD: Johns Hopkins University Press.
- Henning, C. R. 2003. Peer Review. Paper Prepared for the Meeting of the Commission on Capital Flows to Africa, Washington, DC, February 21.
- Hope, K. R. 2002a. *From Crisis to Renewal: Development Policy and Management in Africa*. Leiden, the Netherlands: Brill.
- . 2002b. From Crisis to Renewal: Towards a Successful Implementation of the New Partnership for Africa's Development. *African Affairs* 101:387–402.
- . 2002c. Shaping the Enabling Environment for Private Capital Flows in Africa: A Governance Perspective. In OECD, ed., *Official Development Assistance and Private Finance: Attracting Finance and Investment to Developing Countries*, pp. 29–37. Paris: OECD.
- . 2004. Capacity Development for Good Governance. Mimeo.
- Hughes, O. E. 1994. *Public Management and Administration*. New York: St. Martin's Press.
- Hyden, G. 1998. Sovereignty, Responsibility, and Accountability: Challenges at the National Level in Africa. In F. M. Deng and T. Lyons, eds., *African Reckoning: A Quest for Good Governance*, pp. 37–66. Washington, DC: Brookings Institution.
- Inter-Parliamentary Union (IPU). 1997. *Universal Declaration on Democracy*. Geneva: IPU.

- Islam, R. 2003. *Do More Transparent Governments Govern Better?* Policy Research Working Paper 3077. Washington, DC: World Bank.
- Ito, T. 2002. *Regional Surveillance Mechanisms in East Asia*. Tokyo: Kobe Research Project, Institute for International Monetary Affairs.
- Joseph, R. 2002. *Smart Partnerships for African Development: A New Strategic Framework*. Washington, DC: United States Institute of Peace.
- Kabbaj, O. 2003. *The Challenge of African Development*. New York: Oxford University Press.
- Kanbur, R. 2004. The African Peer Review Mechanism (APRM): An Assessment of Concept and Design. Available online at <http://www.people.cornell.edu/pages/sk145> (last accessed 24 February 2004).
- Kaufmann, D., and A. Kraay. 2002. Growth without Governance. *Economia* 3:169–229.
- Kaufmann, D., A. Kraay, and P. Zoido-Lobaton. 1999. *Governance Matters*. Policy Research Working Paper 2196. Washington, DC: World Bank.
- Kondo, S. 2002. Fostering Dialogue to Strengthen Good Governance. In OECD, ed., *Public Sector Transparency and Accountability: Making It Happen*, pp. 7–11. Paris: OECD.
- Kopits, G., and J. Craig. 1998. *Transparency in Government Operations*. Washington, DC: IMF.
- Lopez-Claros, A. 2004. What Does the Growth Competitiveness Index Say about Development in Africa? In E. Hernández-Catá, ed., *The Africa Competitiveness Report 2004*, pp. 81–98. Geneva: World Economic Forum.
- Maass, G., and D. Mephram. 2004. Promoting Effective States: A Progressive Policy Response to Failed and Failing States. Available online at <http://www.ippr.org.uk> (last accessed 18 August 2004).
- Mbeki, T. 2002. Letter to the Right Honourable Jean Chrétien, Prime Minister of Canada, November 8.
- Millennium Challenge Corporation (MCC). 2004. *The Millennium Corporation Names MCA Eligible Countries*. Press Release. May 6. Available online at <http://www.mca.gov> (last accessed 11 June 2004).
- NEPAD Secretariat. 2001. *The New Partnership for Africa's Development*. Midrand, South Africa: NEPAD Secretariat.
- . 2002a. *Declaration on Democracy, Political, Economic and Corporate Governance*. Midrand, South Africa: NEPAD Secretariat.
- . 2002b. *Communiqué Issued at the End of the Fifth Summit of the Heads of State and Government Implementation Committee of the New Partnership for Africa's Development*, Abuja, Sunday, November 3.
- . 2003a. *Objectives, Standards, Criteria and Indicators for the African Peer Mechanism (The APRM)*. Midrand, South Africa: NEPAD Secretariat.
- . 2003b. *African Peer Review Mechanism: Organization and Processes*. Midrand, South Africa: NEPAD Secretariat.
- . 2003c. *Communiqué Issued at the End of the Sixth Summit of the Heads of State and Government Implementation Committee of the New Partnership for Africa's Development*, Abuja, Sunday, March 9.
- . 2003d. *Communiqué Issued at the End of the Seventh Summit of the Heads of State and Government Implementation Committee of the New Partnership for Africa's Development*, Abuja, Wednesday, May 28.
- . 2003e. *Report of the High-Level Working Session of the African Peer Review Mechanism (APRM) Panel of Eminent Persons (APR Panel)*, Cape Town, July 25–27.
- . 2004. Countries Acceded to the APRM. Available online at http://www.nepad.org/aprrm_countries.html (last accessed 5 January 2005).
- Nowels, L. 2003. *The Millennium Challenge Account: Congressional Consideration of a New Foreign Aid Initiative*, Washington, DC: Congressional Research Service.

- Ögütçü, M. 2002. Good Governance and Best Practices for Investment Policy and Promotion. Paper Prepared for the UNCTAD Workshop on Efficient and Transparent Investment Promotion Practices: The Case of LDCs, Geneva, June 6–7.
- Organisation for Economic Co-operation and Development (OECD). 2003. *Peer Review: An OECD Tool for Cooperation and Change*. Paris: OECD.
- Pasicolan, P., and S. J. Fitzgerald. 2002. *The Millennium Challenge Account: Linking Aid with Economic Freedom*. Washington, DC: The Heritage Foundation.
- Radelet, S. 2002. *Qualifying for the Millennium Challenge Account*. Washington, DC: Center for Global Development.
- Rotberg, R. I. 2004. The Failure and Collapse of Nation States: Breakdown, Prevention, and Repair. In R. I. Rotberg, ed., *When States Fail: Causes and Consequences*, pp. 1–49. Princeton, NJ: Princeton University Press.
- Sachs, J. 2004. Doing the Sums on Africa. *The Economist* May 22:19–21.
- Saitoti, G. 2002. *The Challenges of Economic and Institutional Reforms in Africa*. Aldershot, UK: Ashgate.
- Schedler, A. 1999. Conceptualizing Accountability. In A. Schedler, L. Diamond, and M. F. Plattner, eds., *The Self-Restraining State: Power and Accountability in New Democracies*, pp. 13–28. Boulder, CO: Lynne Rienner.
- Scientific Council for Government Policy. 2001. *Development Policy and Good Governance*. The Hague: Scientific Council for Government Policy.
- Sen, A. 2002. *Development as Freedom*. New York: Knopf.
- Siegle, J. T., M. M. Weinstein, and M. H. Halperin. 2004. Why Democracies Excel. *Foreign Affairs* 83:57–71.
- Slaughter, A.-M. 2003. Everyday Global Governance. *Daedalus* 132:83–90.
- Sperling, G., and T. Hart. 2003. A Better Way to Fight Global Poverty: Broadening the Millennium Challenge Account. *Foreign Affairs* 82:9–14.
- Stals, C. 2004. Address at the Occasion of the Opening Ceremony of the National Stakeholders Forum of the African Peer Review Mechanism (APRM) in Ghana. International Conference Center, Accra, Ghana, May 27.
- Tavares, J., and R. Wacziarg. 2001. How Democracy Affects Growth. *European Economic Review* 45:1341–1378.
- Taylor, I. 2002. Commentary: The New Partnership for Africa's Development and the Zimbabwe Elections: Implications and Prospects for the Future. *African Affairs* 101:403–412.
- United Nations. 1998. *Annual Report of the Secretary-General on the Work of the Organization*. Document A/53/1. New York: United Nations.
- . 2004. World and Regional Trends. Available online at <http://www.unstats.un.org/unsd> (last accessed 15 May 2004).
- United Nations Conference on Trade and Development (UNCTAD). 2003. *World Investment Report 2003*. Geneva: United Nations.
- United Nations Development Programme (UNDP). 2002. *Human Development Report 2002: Deepening Democracy in a Fragmented World*. New York: Oxford University Press.
- . 2004. *Human Development Report 2004: Cultural Liberty in Today's Diverse World*. New York: Oxford University Press.
- United Nations Economic Commission for Africa (UNECA). 2002a. *Guidelines for Enhancing Good Economic and Corporate Governance in Africa*. Addis Ababa: UNECA.
- . 2002b. The African Peer Review Mechanism: Process and Procedures. *African Security Review* 11: 7–13.
- . 2002c. *The African Peer Review Mechanism: Some Frequently Asked Questions*. Addis Ababa: UNECA.
- United Nations Industrial Development Organization (UNIDO). 2004. *Industrial Development Report 2004: Industrialization, Environment and the Millennium Development Goals in Sub-Saharan Africa*. Vienna: UNIDO.

- United States Agency for International Development (USAID). 2002. The Millennium Challenge Account: Fact Sheet. Available online at <http://www.usaid.gov/mca> (last accessed 4 August 2002).
- Wang, Y., and D. R. Yoon. 2002. Mechanisms of Regional Surveillance in East Asia and Its Prospects. Tokyo: Kobe Research Project Institute for International Monetary Affairs.
- World Bank. 1996. *Partnership for Capacity Building in Africa*. Washington, DC: World Bank.
- . 2000. *Reforming Public Institutions and Strengthening Governance*. Washington, DC: World Bank.
- . 2004. *Global Monitoring Report 2004: Policies and Actions for Achieving the Millennium Development Goals and Related Outcomes*. Washington, DC: World Bank.
- World Economic Forum. 2004. Overall Competitiveness Rankings: Growth Competitiveness Index Rankings. Available online at <http://www.weforum.org> (last accessed 23 July 2004).
- Zack-Williams, A. B. 2001. No Democracy, No Development: Reflections on Democracy and Development in Africa. *Review of African Political Economy* 28: 213–223.