



Chapter 5

Political and economic governance in Africa

Democratic governance in Africa has improved overall since 2000. Helped by robust international responses, a deepening democratic experience may also be reducing the space for governments to engage in armed conflicts. In 2012 there were fewer than in 2000, and they were much less deadly. At the same time, public protests increased in recent years, centred on demands for jobs, better wages and government accountability. Government response has been limited and in some places repressive. In economic governance, initiatives to fight illicit capital flows and to increase transparency in extractives are encouraging, and the business environment is improving.



In brief

Africa's political governance has improved since 2000. Elections have increasingly become peaceful, and the participation of women in political life has increased. Governments have improved the collection and management of tax revenues. There is a greater determination to fight corruption and illicit outflows of much needed cash – even though both still thrive. However, there are still many challenges ahead. Public protests have increased in recent years, largely in countries undergoing democratic transition. People want jobs and better wages, and they are keeping a closer eye on their leaders, including through digital media. Violence by non-government actors decreased in 2012 but still remains high compared to levels recorded between 1996 and 2010. Recent surveys indicate that more than a dozen African countries are among 65 globally at an elevated risk of social unrest.

The number of armed conflicts on the continent has been reduced and become less deadly since 2000. But new threats have sprung up. Today's conflicts are mainly internal in nature but increasingly spill across borders. The international community has begun to adapt its responses to these threats. This can be seen in the collaboration between the African Union, European Union and United Nations in setting up peacekeeping missions and the tougher mandates given to these missions.

Better governance and social peace are essential for growth and development. A number of initiatives to stop illegal capital outflows and improve the management of revenues, especially from mining, are promising. The business environment is improving, although according to the World Bank report *Doing Business 2013*, 15 of the 20 countries where it is hardest to do business were in Africa.

Democratic governance in Africa is uneven yet steadily progressing

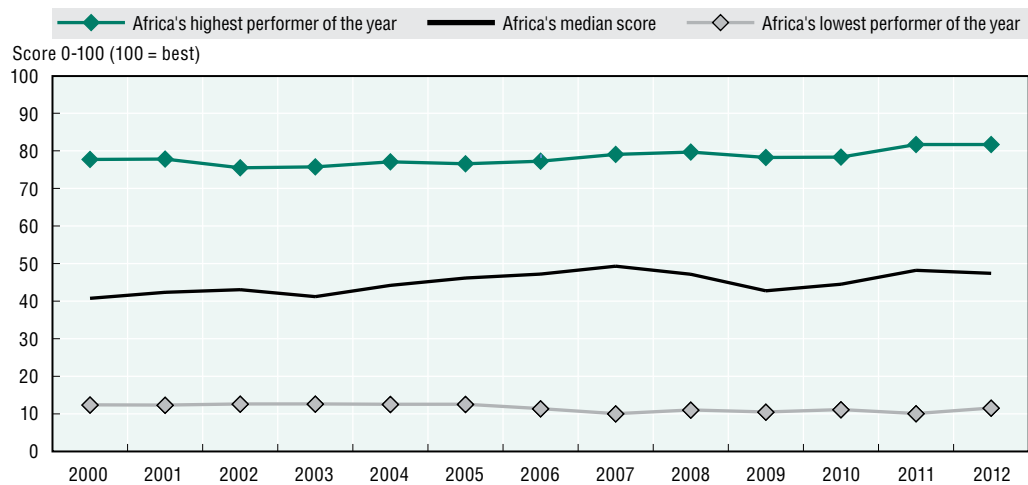
Most elections across Africa were peaceful and considered credible in 2013. Although women remain under-represented, their presence as voters, leaders and elected officials has increased. The youth constituency is also increasingly important. In 2014-15, 18 countries, which together account for half of Africa's 1 billion population, will elect leaders. In a continent where half of the population is aged under 19, many people will be voting for the first time. The recent elections held in Angola and Liberia, countries that have emerged from bloody and protracted conflict, highlight resilience and determination of Africans to forge political and economic governance on the foundations of democratic principles.

Democratic outcomes on the continent are mixed

Africa's score on the Ibrahim Index for "political participation and respect for human rights" changed little between 2000 and 2012 (Figure 5.1 and Box 5.1). Thirty-four countries made progress, but 17 lost ground in governance indicators. This mixed picture was confirmed by the Economist Intelligence Unit Democracy Index, which measures the quality of electoral processes and pluralism, civil liberties, government functioning, political participation and democratic political culture (EIU, 2013a). Its 2013 index showed that 35 African countries have improved while 17 countries have seen a reversal in democratic gains. Although the number of leaders ousted unconstitutionally has decreased over the last two decades, five have been forced out since 2010.



Figure 5.1. Scores on participation and human rights across Africa, 2000-12



Source: Mo Ibrahim Foundation (2013).

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The 2011 Arab Spring uprisings had a mixed impact in North Africa (see Box 5.1). Progress in Tunisia has been gradual and less violent than other countries. But Egypt saw more violent protests, particularly after the ousting of President Mohamed Morsi in July 2013. Libya's democratic progress has also been faltering.

Box 5.1. After the Arab Spring

Tunisia. The assassination of two leaders of the opposition and sluggish recovery of the Tunisian economy cast a shadow over the legacy of the country's Jasmine Revolution. Recently events have turned around for the better. An accord between the opposition and the Ennahda-backed government made way for a transitional technocrat government until 2014 elections. In January 2014, a major breakthrough occurred when the National Constituent Assembly approved a constitution enshrining freedom of conscience, gender equality and a separation of powers, while including general references to Tunisia's Islamic and Arab identity.

Libya. The government is seeking to establish its legitimacy amid multiple security challenges. Structural reforms have started, inter-ministerial dialogue and public financial management have improved, and parliament and civil society are playing an increasing role. The press is freer, and reforms have been made to the security forces. In spite of this, the formulation of a new constitution has been delayed since the enactment of a "political isolation law" in May 2013 which bans anyone who held a senior post in Muammar Gaddafi's administration from the government.

Egypt. The transition to democracy has been marred by protests after the ouster of the Morsi government in July 2013. An interim government appointed a body to draft a new constitution, which was approved by a referendum in January 2014. Presidential and parliamentary elections scheduled for 2014 provide an opportunity to confirm democratic aspirations expressed in 2011.

Two factors may explain the varied outcomes of the Arab Spring. The first is whether there is a strong and organised civil society to hold governments accountable. The second is the ability of youth movements and the middle class to find allies, set clear political priorities and organise themselves effectively (Diwan, 2013; Fukuyama, 2013).



Mali saw constitutional order re-established in 2013 after an international armed intervention against militant groups who had taken over much of the north of the country. A two-round presidential poll in July-August 2013 went ahead peacefully and elected President Boubacar Keita. The government held a national reconciliation conference to discuss social cohesion, governance and the development of the northern regions. Security in the north has generally improved. However, militant attacks in Tessalit and the killing of two French journalists in Kidal highlighted remaining challenges. These events have limited the delivery of humanitarian assistance and restoration of basic services in the north.

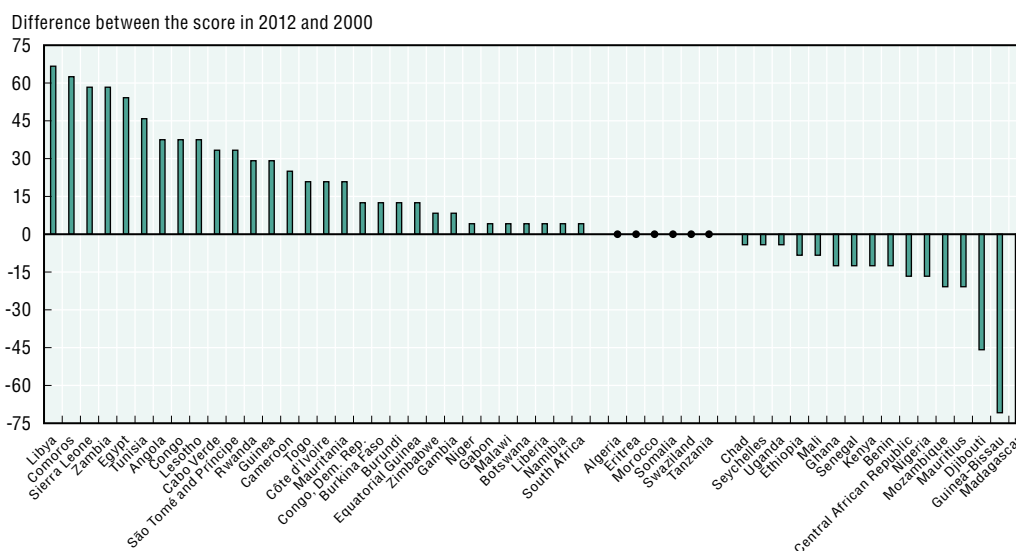
Half of the continent’s population is called to the polls in 2014

There were 15 presidential elections in 2011 and five each in 2012 and 2013. The 2013 elections were in Ethiopia, Kenya, Madagascar, Mali and Zimbabwe. Kenya, Mali and Zimbabwe held legislative elections in parallel. Cameroon, Djibouti, Equatorial Guinea, Guinea, Mauritania, Rwanda, Swaziland and Togo also elected parliaments (Table 5.1). Africa’s democracy has largely improved through the holding of regular elections. Since 2000 these have been increasingly approved as free and fair by the international community (IREEP, 2013).

The 2013 votes confirmed the reduction in election-related violence in Africa. Votes in Kenya and Zimbabwe were notably trouble free, in sharp contrast to those held in 2007 and 2008, respectively. The preliminary results of Madagascar’s presidential election were contested, but the event was peaceful.

Stronger democracy has helped once-marginalised sectors of society. Women’s participation in public life has increased in recent years across a number of African countries. Women now make up two thirds of Rwanda’s parliament, the highest proportion in the world. In the Seychelles, Senegal and South Africa, women make up at least 40% of deputies, according to the Inter-Parliamentary Union. The 2013 elections in Kenya were hailed as “a turning point” for gender equality, thanks to a new constitutional, legal and institutional framework enhancing women’s role in political and electoral processes (FIDA, NDI and USAID, 2014).

Figure 5.2. Free and fair elections, comparing 2000 to 2012



Note: The scores reflect the extent of opposition participation, adherence to electoral procedures, citizens’ access to information, levels of violence, acceptance of results and hand over of power.

Source: IREEP (2013).

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Young voters could play a decisive role in the 18 countries to hold elections in 2014-15 (Table 5.1). These include populous countries such as Nigeria, Ethiopia, Egypt and South Africa. However, the extent and nature of youth participation varies. In Kenya, over half a million young people joined a *bunge* community parliament that monitored electoral violence during the 2013 elections (Gienger, 2013). However in South Africa, by February 2014, only 22% of those aged 18 or 19 were registered to vote in a May 2014 general election (South Africa Independent Electoral Commission, 2014).

Table 5.1. Overview of national elections in Africa, 2013-15

2013			2014		
Parliament	President	Date	Parliament	President	Date
Djibouti	X	22/02	Egypt	Referendum	14/01
Kenya		X	Somalia (Puntland)	X	January
Kenya	X	04/03	Guinea-Bissau	X	16/03
Zimbabwe	Referendum	16/03	Guinea-Bissau	X	16/03
Cameroon	X	14/04	Algeria	X	17/04
Equatorial Guinea	X	26/05	South Africa	X	x
Togo	X	25/07	Malawi	X	20/05
Mali		X	Malawi		X
Zimbabwe	X (Senate)	31/07	Mozambique	X	15/10
Zimbabwe		X	Mozambique		X
Zimbabwe	X	31/07	Botswana		X
Mali		X	Namibia	X	November
Rwanda	X	16/09	Botswana	X	TBD
Swaziland	X	20/09	Egypt	X	TBD
Guinea	X	28/09	Egypt		X
Cameroon	X	30/09	Libya	Constituent Assembly	TBD
Ethiopia		X	Namibia	X	x
Madagascar		X	Niger	X	TBD
Mauritania	X	23/11	Tunisia	X	X
Mali	X	24/11	Central African Republic	TBD	TBD
Mali	X (run-off)	15/12	2015		
Madagascar		X	Chad	X	February
Madagascar	X	20/12	Nigeria	X	X
Mauritania	X	21/12	Ethiopia	X	X
			Mauritius	X	May
			Burundi	X	X
			Togo		X
					July
			Côte d'Ivoire		X
			Tanzania	x	X
			Burkina Faso		X
					November

Source: NDI (2014); IFES (2014); EISA (2014).



Civil tensions are driven by citizens' political and economic aspirations

A limited number of countries accounted for the continued rise in public protests in 2013. The main drivers were demand for higher wages and jobs. New channels to express grievances, such as digital media, may have also played a role. Civil violence – violence by non-government actors – decreased between 2012 and 2013, but remains much higher than at any point between 1996-2010. Looking forward, 18 countries on the continent are considered at high or very high risk of social unrest in 2014, out of 65 globally. Similarly, political hardening – government violence, arrests, bans, curfews and states of emergencies – increased since 2000, and sharply so since 2010. The state of human rights is slightly worse than in 2000, in spite of notable progress in Tunisia, Libya, Liberia and Kenya. Perceptions of service delivery also declined between 2000 and 2012, in spite of bright spots in healthcare.

Public protests continue to rise, peaking in countries undergoing democratic transitions

Public protests increased in Africa in 2013, with limited economic opportunities and unemployment as the two key factors driving social unrest, according to the International Labour Organisation. Protests seen in Egypt, Libya and Tunisia were an extension of frustrations over the slow pace of reforms that led to the Arab Spring uprisings. In Egypt, the instigators of the 2011 protests that ousted President Hosni Mubarak took to the streets against President Morsi with the same “bread, freedom and social justice” slogan. In Tunisia, rallies were in reaction to the assassination of two opposition leaders and to protect freedom of expression. Figures 5.3 and 5.4 show the trend in public protests and the main drivers, respectively. Box 5.2 shows the methodology for computing scores on public protests and other indicators used in this chapter.

Figure 5.3. Public protests and civil violence, 2000-13



Note: See the detailed methodology and country data in the Statistical Annex of this report.

Source: Authors' calculations based on news verified by press agencies (Marchés Tropicaux et Méditerranéens for 1996-2005, AFP and Reuters for 2006-13).

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Demands for higher salaries accounted for a quarter of the public protests recorded in 2013 (Figure 5.4). Demand for higher wages was again the main cause of labour unrest in South African mines and in the agriculture, construction and automobile industries. Governance comes on a par with demands for a government or head of state to stand down in protest rankings. Unemployment ranks fourth in the causes of protests.



Box 5.2. Methodology for public protests, civil violence and political hardening indexes

Scores for public protests, civil violence and political hardening have been produced by detailed monitoring of daily press reports from the Agence France-Presse (AFP) and Reuters news agencies. The scores aim to take into account daily events and decisions that show the political attitudes and reality in African countries. The methodology was first developed by Dessus et al. (1998).

Figures 5.3 and 5.6 show how these indicators have changed from 2000 to 2013 for 52 African countries. The scores of individual countries can be found in Tables 22 to 24 of the AEO Statistical Annex and on www.africaneconomicoutlook.org. The methodological note of the statistical annex explains how the indicators are calculated.

While slow reforms caused public protests in many Africa countries, in others they were mainly to show anger at poor services or wage levels. An independent research project by Afrobarometer, comprising a 16-country survey on health, education, water and sanitation, and electricity indicated that many protests since the food, fuel and financial crisis of 2008 and the Arab Spring of 2011 were over poor services (see Figures 5.4 and 5.5).

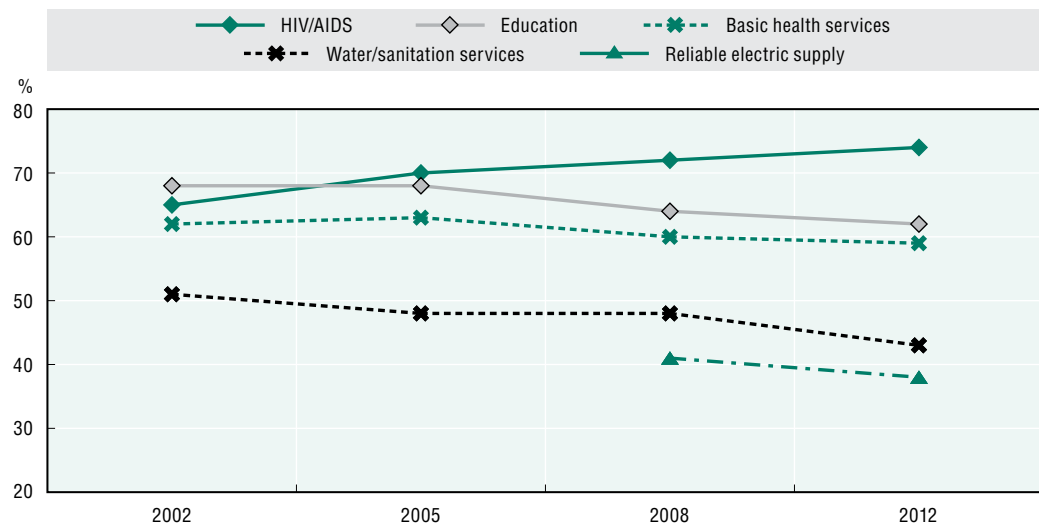
Figure 5.4. Top drivers of public protests, 2013



Source: Authors' calculations based on news verified by AFP and Reuters.

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Figure 5.5. Assessment of government performance in service delivery in 16 countries in Africa, 2002-12



Source: Asunka (2013).

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The survey shows that from 2002 to 2012, several countries, including South Africa, Zimbabwe and Malawi made significant improvements in healthcare. Kenya and Mozambique made gains in education, water and sanitation. The approval rating on government performance regarding the quality of public services was lowest in Egypt and Tunisia. In Ghana, despite recent economic and democratic gains, the public has a low perception of the quality of education, health, water and sanitation. This was shown in protests over electricity price rises and strikes by doctors, pharmacists and teachers. About 265 million people in Africa rely on agriculture for their livelihood and discontent has also been shown in rural areas over a lack of access to inputs, finance, and technology.

Civil violence is slowly decreasing

Violence by non-government groups and individuals decreased between 2012 and 2013 although it remains higher than at any point between 1996 and 2010. Egypt, Libya and Nigeria have seen most civil violence in 2010-13. Much of this reflects a fallout from the unmet aspirations of the Arab Spring uprisings, and in Nigeria, attacks carried out by the Boko Haram militant group are taking an increasing human cost and could deter investment. Democratic Republic of Congo, Kenya, Mali and Tunisia have also suffered. An attack by insurgents on the Westgate Mall in Nairobi, Kenya on 21 September 2013 highlighted the need for concerted action to tackle militant attacks in the Horn of Africa. Surveys indicate that 18 African countries out of 65 globally are at risk of social unrest in 2014 (EIU, 2013b).

Box 5.3. Can digital media promote better governance?

Much has been made of the impact of digital media in the Arab Spring and in promoting better governance around the world, mainly through crowd sourcing and crisis mapping. However, recent evidence shows a more complex picture (Howard and Hussain, 2013; Aday and Himelfarb, 2014):

- Digital media's main contribution may be the international attention it can draw to issues of concern. The Ushahidi ("testimony") platform in Kenya (www.usshahidi.com) is a good example. Ushahidi came to prominence monitoring election-related violence in 2008. The Conflict Early Warning and Response Mechanism (www.cewarn.org) similarly warns about the risks of conflict over land and water in the seven member states of the Inter-Governmental Authority on Development (IGAD). Digital media has also warned about mass violence in Benghazi, Libya.
- Digital media can also be influential in mobilising collective action and shaping public policy. It has helped fight for increased transparency in revenues from extractive industries and to recover lost funds. Digital media was also used in Morocco to create mass audiences to discuss constitution-making. Bellver and Kaufman (2005) and Fukuda-Parr et al. (2011) show there is a positive correlation between transparency and human development.
- Digital media can also be used by repressive regimes to target activists and influence public opinion by using fake identities and fake communities. Extremist groups have also used digital media to promote hate speech and violence.

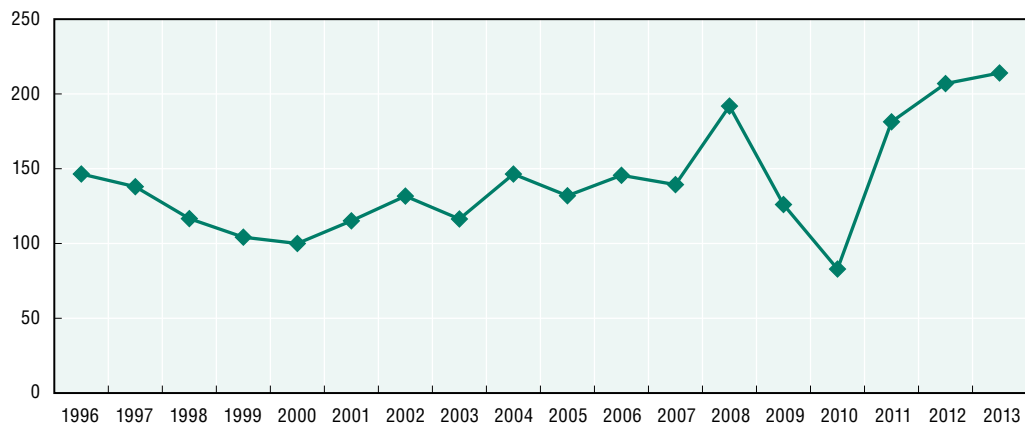
However, as practices are still evolving, it may be difficult to accurately assess the ability of digital and social media to influence social and political outcomes (Aday and Himelfarb, 2014).



Political hardening is stabilising at an all-time high


Political hardening – actions by governments and their agencies through violent acts, the arrests of citizens, bans, curfews and states of emergencies – remains a worry, even as other governance areas progress. Since 2000, political hardening has been on the increase in a number of countries and it rose sharply after 2010 (Figure 5.6). Much of the increase is attributed to fallout from the Arab Spring as governments react to growing popular dissent. Although political hardening stabilised in 2013 against the previous year, the index remains at an all-time high since 2000.

Figure 5.6. Political hardening index, 2000-13



Note: See the detailed methodology and country data in the Statistical Annex of this report.

Source: Authors' calculations based on news verified by press agencies (Marchés Tropicaux et Méditerranéens for 1996-2005, AFP and Reuters for 2006-13).

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Respect for human rights, civil liberties, political rights and freedom of expression has shown little progress across Africa since 2000. There have been improvements in a number of individual countries, including Tunisia, Libya, Liberia and Kenya, while Cabo Verde and Mauritius are considered star performers. The Ibrahim Index on African Governance indicates however that human rights have actually worsened in Africa.

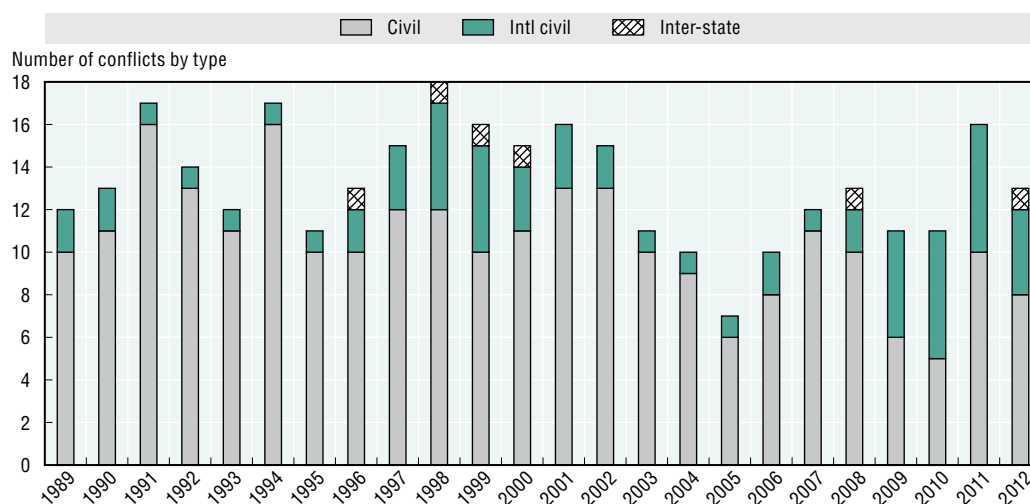
The 2013 Ibrahim Index showed little change in Guinea-Bissau, Guinea, Madagascar, Mali and Rwanda. Rights violations reported include restrictions on freedom of assembly and free speech, lack of judicial independence, lengthy pre-trial detentions, abusive use of force by security forces, and violence and discrimination against women (US Department of State, 2013). In several cases, political hardening may be a sign of weak institutional capability and poor checks and balances.



Armed conflicts face stronger regional and international responses

A stronger democratic culture in Africa has reduced the space for governments to become involved in armed conflicts, either with another state or against an armed group at home. Current conflicts have taken a more civil dimension, but with increasing international ramifications. In 2012, there were 13 such conflicts, double the 2005 number, which was the lowest since the end of the Cold War in 1989 (UCDP, 2013 and Figure 5.7).

Figure 5.7. Armed conflicts in Africa, 1989-2012



Source: UCDP (2013).

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Although intrastate, half of the armed conflicts in 2012, involved more than one African country and international allies fighting insurgents. For example, in Somalia, the government and allies in East Africa and beyond are fighting the Al-Shabaab militant group. Central African Republic's government is being helped by its allies to disarm rebels and armed groups. Most armed conflicts in Africa that were active in 2012 or 2013 erupted before 2000. These include four that started in the 1970s: Sudan, Somalia, Ethiopia and Nigeria. Internal conflicts that dragged in other countries were rare until 2008. Since 2009 however, they have become prevalent, with five or six cases each year (UCDP, 2013).

Nonetheless, the number of conflicts declined to 13 in 2012 from 16 in 2011, even with three new outbreaks. Fighting involving the Lord's Resistance Army in Uganda, the *Forces de défense et de sécurité impartiales de Côte d'Ivoire*, AQMI in Mauritania and Casamance rebels in Senegal subsided. M23 rebels in Democratic Republic of Congo and neighbouring countries launched attacks in the east of the country before being defeated by government forces with international support late in 2013. In Mali, an international intervention in 2013 also helped end an offensive by the MNLA, Ansar Dine, AQMI and other militant groups.

For the continent as a whole, the total number of casualties declined between 2000 and 2012. However, insurgencies are still violent in some cases. In 2012, conflicts in Somalia and Sudan caused a high number of battle-related deaths. Available data for 2013 shows that an Islamist insurgency in northern Nigeria, and violence in Central African Republic and South Sudan, may have caused more than 1 000 casualties each (AFP, 2014a and 2014b). The number of casualties in the Darfur region of Sudan and in fighting in Democratic Republic of Congo also rose markedly.



A growing number of international peacekeeping and peace enforcement missions are operating in Africa (CIC, 2013). The most prominent African-led operation is the African Union Mission in Somalia (AMISOM), which receives significant United Nations and international support.

An African force was first to help the Malian government but this has become a United Nations peacekeeping mission. The Economic Community of Central African States Mission first sent troops to Central African Republic, but the International Support Mission in the Central African Republic now has a mandate from the African Union and the UN Security Council. The Economic Community of West African States has several hundred troops in Guinea-Bissau bolstering a transitional government.

There has been strong international support for the peacekeeping operations. The European Union (EU) has nine Common Security and Defence Policy missions in conflict regions across Africa, including Central African Republic, Democratic Republic of Congo, Libya, Mali, Niger and Somalia. The Atalanta mission aims at strengthening the maritime capacity of five countries in the Horn of Africa to combat piracy.

The United Nations has major political missions in Libya and Somalia. The number of UN peacekeeping missions increased to eight in 2013 with the addition of the UN Multidimensional Integrated Stabilisation Mission in Mali (MINUSMA). The other seven are in Western Sahara, Liberia, Côte d'Ivoire, Democratic Republic of Congo, Darfur in Sudan, South Sudan and the Abyei region between Sudan and South Sudan.

More than 6 000 troops are deployed in MINUSMA taking the total number of UN peacekeepers across Africa to more than 64 000. The budget of more than USD 5 billion is 72% of the global UN peacekeeping budget. African countries – particularly Egypt, Ethiopia, Ghana, Nigeria and Rwanda – provide the bulk of the troops in the African missions.

Co-operation such as shared financing of peacekeeping operations and targeted training for African-led operations is now common, particularly at missions with a joint UN-African Union mandate as in Darfur. In Central African Republic, there are parallel but co-operating missions with 4 400 troops from EU countries and about 1 600 troops from France. The EU approved sending another 600 troops in January 2014.

In 2013, the UN Security Council approved Resolution 2086 recognising the multidimensional nature of peacekeeping. It said the missions should include “peacebuilding tasks and address root causes of conflict”.

Economic governance shows progress since 2000

Economic governance has a direct bearing on the quality and sustainability of growth and on public protests and civil violence. Over the past decade, 41 of 52 African countries with data available saw improvements in domestic revenue mobilisation and public administration. Substantial progress was made in Democratic Republic of Congo, Togo, Angola, Mozambique and Zambia (Mo Ibrahim Foundation, 2013).

It is estimated that with more effective institutions, African states could double their tax revenue (AfDB, 2013b), which would make governments more responsive to the needs of the population and improve policies and services. States also need to improve transparency in budget decisions so they can be seen to be meeting people's expectations. Burkina Faso has been one of the most improved countries for budget transparency from 2010 to 2012. But Zambia and Egypt are among countries that have shown most decline over the same period (International Budget Partnership, 2013).



Liberia, Zambia and Cameroon are among states that stepped up the battle against corruption between 2000 and 2012, but across Africa only modest progress has been made (AfDB, 2013a). Corruption is still having a negative effect on growth and development and disproportionately hitting the poor, who are forced to pay bribes for basic services. Transparency International's 2014 Corruption Perceptions Index shows some modest improvements between 2012 and 2013, particularly in Senegal and Lesotho (Table 5.2); however it still ranks four in five African countries at below the world average.

Table 5.2. Corruption Perceptions Index

Performance of the top 25 African countries			Performance of the other African countries		
Country	Rank 2012	Rank 2013	Country	Rank 2012	Rank 2013
Botswana	65	64	Egypt	32	32
Cabo Verde	60	58	Mauritania	31	30
Seychelles	52	54	Mozambique	31	30
Rwanda	53	53	Sierra Leone	31	30
Mauritius	57	52	Togo	30	29
Lesotho	45	49	Comoros	28	28
Namibia	48	48	Madagascar	32	28
Ghana	45	46	Gambia	34	28
São Tomé and Príncipe	42	42	Mali	34	28
South Africa	43	42	Kenya	27	27
Senegal	36	41	Côte d'Ivoire	29	27
Tunisia	41	41	Uganda	29	26
Swaziland	37	39	Cameroon	26	25
Zambia	37	38	Central African Republic	26	25
Burkina Faso	38	38	Nigeria	27	25
Liberia	41	38	Guinea	24	24
Malawi	37	37	Angola	22	23
Morocco	37	37	Congo, Dem. Rep.	21	22
Algeria	34	36	Congo, Rep.	26	22
Benin	36	36	Burundi	19	21
Djibouti	36	36	Zimbabwe	20	21
Niger	33	34	Eritrea	25	20
Gabon	35	34	Chad	19	19
Ethiopia	33	33	Equatorial Guinea	20	19
Tanzania	35	33	Guinea-Bissau	25	19
			Libya	21	15
			South Sudan	NA	14
			Sudan	13	11
			Somalia	8	8

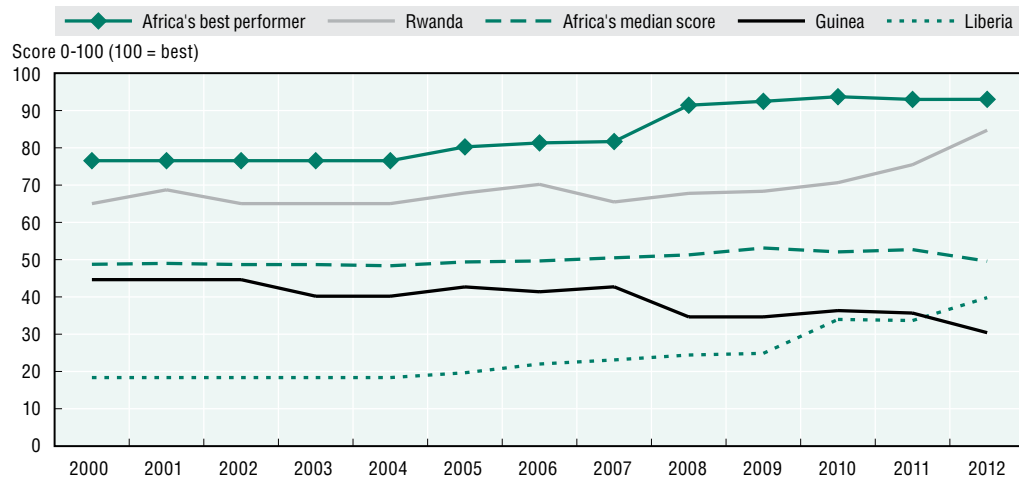
Source: Transparency International (2013).

Africa's business climate is getting better

Africa's business environment (investment, competition, rural financial services and customs procedures) has also improved since 2000, with the biggest gains in Liberia, Rwanda, Sierra Leone, Mauritius and Senegal. In 2013, countries with the best business environment include Mauritius, Rwanda, Botswana, Morocco and South Africa (Figure 5.8). However, there has been a dip since 2010, driven by deteriorating business environments in Burkina Faso, Egypt and Niger (Mo Ibrahim Foundation, 2013). Of the 20 countries globally where it is hardest to do business, 15 were in Africa (World Bank, 2013). These include Somalia, Eritrea, Zimbabwe and Democratic Republic of Congo – although the Democratic Republic of Congo has improved since 2010, particularly in terms of access to credit and protecting investors (Mo Ibrahim Foundation, 2013; World Bank, 2013).



Figure 5.8. The business environment across Africa, 2000-12



Source: Mo Ibrahim Foundation (2013).

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The fight against illicit capital outflows and promising initiatives in the mining sector could go a long way towards inclusive and sustainable growth

The continent loses twice as much in illicit capital outflows as it receives in international aid. Africa is the source of less illicit outflows than other continents, and the top 15 exporters of illicit outflows include only two African countries, Nigeria and South Africa. However, Africa has the highest average illicit outflows to GDP ratio (5.7%), which means the impact is greater, and also the highest rate of growth in illicit outflows over 2002-11 (AfDB et al., 2012; Africa Progress Panel, 2014; Global Financial Integrity, 2013).

Illicit financial flows from Africa diminished in 2008 and 2009, the latest years for which data is available. This could be mainly due to the contraction of trade: an estimated 60% of these illicit flows stem from trade mispricing (AfDB and Global Financial Integrity, 2013). Cases to recover stolen assets are being pursued in Egypt, Kenya, Libya, Nigeria, Uganda and Zambia. An Arab Forum on Asset Recovery was set up in 2012 to foster asset recovery efforts for Arab countries in transition. Libyan assets allegedly held by former Libyan leader Gaddafi have been freed for humanitarian use (StAR, 2014).

The Intergovernmental Action Group against Money Laundering in West Africa, the Eastern and Southern Africa Anti-Money Laundering Group and the African Tax Administration Forum are regional bodies that promote standards on tax and fighting money laundering. However, several countries such as Chad, Côte d'Ivoire, Democratic Republic of Congo, Madagascar and Republic of Congo do not take part in the main global bodies that fight illicit financial flows, such as the Financial Action Task Force or the Global Forum on Transparency and Exchange of Information for Tax Purposes (OECD, 2014).



Box 5.4. African and international initiatives for better governance in mining

Seventeen countries in Africa are mineral-dependent (minerals representing 25% or more of their exports). This dependency has increased with the surge in commodity prices over the past decade. In Burkina Faso, mining represented 2% of exports in 2005, but 41% in 2010 (Haglund, 2011). As underscored in the 2013 *African Economic Outlook*, Africa's natural resource wealth holds great potential for accelerating structural transformation and creating inclusive and sustainable growth.

This increased mineral-dependency is significant for growth, but also for governance: natural resources have a well-documented tendency to improve governance when governance is good enough and vice-versa when it is weak (Auty, 1993; Bannon and Collier, 2003; Collier, 2007).

In the extractive sector, a range of African and global initiatives aim to foster increased legitimate trade in minerals, increased revenue flows and more responsive states:

- The 2002 Extractive Industry Transparency Initiative (EITI) focuses on transparency of payments made by multinationals to countries of origin. In early 2013, 15 African countries were EITI-compliant, four were implementing EITI but not meeting all requirements, and four were suspended.
- The 2003 Kimberley Process focuses on stopping the trade in “blood diamonds”, diamonds used to finance wars against legitimate governments. In early 2013, 17 African countries were Kimberley Process-compliant.
- The 2009 Africa Mining Vision and related 2011 Action Plan sets out how mining can be used to drive development.
- The African Union has adopted an African Peer Review Mechanism as the main framework to monitor natural resource management.
- The 2010 Dodd-Frank law in the United States contains two sections relating to supply chain integrity and transparency of payments. Section 1502, the “Conflict Minerals Statutory Provision”, requires firms to disclose the use of conflict minerals, with a focus on minerals that originate from or near eastern Democratic Republic of Congo. Section 1504, “Disclosure of Payments by Resource Extraction Issuers”, requires resource extraction issuers to disclose payments made to a foreign government in oil, natural gas, or minerals exploitation.
- The 2012 Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas has been adopted by the International Conference of the Great Lakes Region (ICGLR), by the OECD Council at ministerial level, and at the United Nations. This guidance helps more than 100 companies ensure minerals are sourced responsibly from Africa's Great Lakes region. Democratic Republic of Congo and Rwanda have translated these standards into national legislation or regulations.

Africa's resource-rich countries have outperformed others in reversing the situation prevalent in the 1990s, and several have recorded progress in poverty reduction (Tanzania, Mozambique, Ghana). In Nigeria, enhanced transparency helped identify a loss of USD 2.6 billion in revenues and a failure by oil companies to pay USD 9.9 billion in royalties. Nigeria recovered USD 2.4 billion. Sierra Leone's legitimate diamond exports have increased 100-fold since the end of its civil war in 2002 (Wall Street Journal, n.d.). In Democratic Republic of Congo, government revenues in 2011 were up 60% from 2010 (EITI, 2013).

However, commodity-led growth is not producing development results in many countries, notably Angola, Equatorial Guinea and Gabon (Africa Progress Panel, 2013). Greater coherence across these initiatives; reforms in mining and related sectors, notably security and tax administrations; and continued dialogue between government, the private sector and civil society are needed to bring structural change and greater accountability.



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