



Economic
Commission
for Africa

Perspectives on Governance in North Africa: *Recommendations and Plan of Action*



The Fourth African Development Forum (ADF IV)
Governance for a Progressing Africa

In collaboration with



African
Development Bank



African Union



Economic Commission for Africa

ECA/ENAADV IV/Wshp/03

North Africa Subregional Workshop Preparatory to
the Fourth African Development Forum (ADF IV) on
Governance for a Progressing Africa

9-10 December 2003
Cairo, Egypt

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October 2004

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Part I: Background and Introduction

1.1 Background

Popular participation in Africa's economic recovery and development has been increasingly recognized overtime by African governments and their development partners, including the United Nations system. Indeed, the United Nations Programme of Action for African Economic Recovery and Development, 1986-1990 (UN-PAAERD) was one of the major landmarks in this endeavour. Other landmarks included three major international conferences organized by the United Nations, non-governmental organizations (NGOs) and African governments, namely, the Abuja International Conference on Africa: The Challenge of Economic Recovery and Accelerated Development (1987), the Khartoum International Conference on the Human Dimension of Africa's Recovery and Development (1988), and the 1990 International Conference on Popular Participation, held in Arusha, Tanzania, which adopted the African Charter for Popular Participation in Development.

Good governance has also been a topic of discussion in the international arena since the late 1980s, particularly following the adverse results of structural adjustment programmes (SAPs). The failure of SAPs to overcome the major structural and institutional impediments to rapid and sustained growth in African countries popularized such terms and concepts as democracy, civil society, popular participation, transparency, accountability, human rights and so on, in the field of development economics. Indeed, while SAPs were mainly focused on "getting prices right" through liberalization, deregulation and privatization, the question of appropriate institutions, epitomized under the rubric of "governance" or "good governance", has become one of the cornerstone items of the development agenda.

Issues of good governance have been a concern in Africa for some time but only recently has the intrinsic linkage between good governance and sustainable human development, including poverty reduction, been so recognized and articulated. In the New Partnership for Africa's Development (NEPAD) document, for example, African leaders recognized that the process of achieving economic growth and development is heavily influenced by a considerable number of political factors, including economic, corporate and political governance as a prerequisite for sustained development. Fundamental to the interaction between economic development and political governance, on the one hand, and economic and corporate governance on the other, is the ability of the State to provide the requisite institutional framework to support good governance outcomes. The NEPAD framework also recognizes that for African public institutions to function effectively, considerable reform and capacity building are required. Institutional reforms need to focus on:

- Administrative and civil services strengthening;
- Parliamentary oversight;
- Promoting participatory decision-making;
- Adopting effective measures to combat corruption and funds embezzlement; and
- Undertaking judicial reforms.

It is against this background that many African countries, including those in North Africa, have taken important steps in recent years to improve their governance, in an effort to enhance their prospects for sustainable human development.

1.2 Major Developments in the Subregion

North African States continue to register remarkable social and economic growth. This change is accompanied by significantly improved governance structure being put in place in many countries of this subregion. For example, Morocco has taken positive steps to improve its legislative and executive bodies. Since the early 1990s, the Constitution has been amended to create a bicameral legislature. The bicameral Parliament consists of an upper house or Chamber of Counselors and a lower house or Chamber of Representatives.

Reforms in the financial sector are also being given serious consideration. Morocco has recently reported significant increase in foreign exchange inflows from the sale of a mobile telephone license, and partial privatization of state-owned companies, including the Telecommunications Company and the Tobacco Company. However, the country still faces tremendous long-term challenges including preparing the economy for freer trade with the European Union (EU) and other Western nations, improving education, and attracting foreign investment to boost employment and living standards.

Since the mid-1980s, Arab countries, including Egypt, have been afflicted by political and economic crises that have affected economic and social development as well as domestic stability. Over the last two decades, a series of economic, social, and political disturbances have occurred, including among others, the decline of oil prices, the stagnation decline of economic growth, and the deterioration in living standards of vast segments of the population. The economic slowdown impelled the Egyptian Government to initiate reforms aimed at correcting some of the structural imbalances and distortions that impeded sustainable socio-economic development.

The policies adopted by the Egyptian Government have succeeded in generating effective solutions to essential problems that beset its economy, namely sluggish growth rates, weak stimulation in the productive sectors of the public and private sectors, and limited job creation caused by the lack of funds to modernize communication, improve physical infrastructure and introduce new technologies. The problem that faces the Egyptian Government is the sustainability of the reforms undertaken when the selective measures adopted have not entailed enough fundamental restructuring of the political, economic and, social management systems, nor have they reduced state domination in most of these spheres

It was not until the beginning of the 1990s that the Government adopted comprehensive macroeconomic policies and structural reform in an effort to put the economy on an export-led, high-growth path. While these efforts have created macroeconomic stability, as well as established the basis for economic liberalization and privatization, progress toward a market economy has, nevertheless, remained relatively slow.

While good governance is undoubtedly taking root and is proceeding in the right direction, there are also critics who maintain the view that the extent of the President's power is not clearly defined. He holds wide-ranging authority which leaves political institutions too dependent and vulnerable. There is also the view that the relationship between the State and the 'ruling' party is not clearly explained. Still, many agree that a fundamental aspect of governance, that is, the reform in human rights, is going relatively well despite the various political ups and downs.

1.3 The African Governance Project

The Economic Commission for Africa (ECA) has been in the forefront of the good governance debate, repeatedly pointing out the centrality of governance factors underlying the contemporary African predicament and stressing the interrelationship between good governance and sustained economic development. While it may be true that mismanagement and inefficiency may be tackled by reducing the size and role of government, ECA has maintained that reconstituted proactive, democratized developmental States that hold the best prospects for the region's recovery and development are essential. It continues to advocate that reversal of economic decline will require engaged and proactive governments with improved capacity to formulate policies, manage essential services and withstand public accountability and transparency scrutiny.

In its renewed efforts to serve Africa better, and in its capacity as the lead agency for the governance component of NEPAD, ECA has recommitted itself to help strengthen government capabilities and effectiveness and to help consolidate institutions and practices of good governance on the continent.

Recognizing the importance of good governance for economic and social development, ECA has embarked on an ambitious programme to study and measure the many complex aspects of governance in Africa. The African Governance Project seeks to monitor and keep track of the progress that various countries are making toward enhancing democratic values and governance. The Project is complementary to governments' efforts and it seeks to establish consensus among a wide range of stakeholders on how good governance can be enhanced on the continent.

With the introduction of the African Governance Project in 2001, out of the seven North African countries covered by ECA-Subregional Office for North Africa (SRO-NA), it has been launched in two countries namely: Egypt and Morocco.

1.4 Conclusions from the Country Reports

Observations common to many country reports were the following:

- Ensuring a common understanding of governance;
- Promoting a transparent and effective representation and participation of political parties, civil society, private sector and all segments of the society including youth and women;
- Seeing to institutional effectiveness including establishing watchdog institutions to ensure transparency in economic management and political and corporate governance; and
- Measuring the impact on governance processes, mechanisms and policies of on-going economic reforms, including SAPs.

The concept of good governance is moving from the technocratic to the political perspectives. The use of governance indices have become issues of concern as tools for measurable and tangible results that convey messages to governments and society.

With regard to transparency and representation, the country reports raised concerns about:

- Checks and balances in the various constitutions and in practice;
- The relations between the ruling party and the State;
- The equitable funding of political parties and their equal access to public resources;
- The freedom of association, the role of civil society and external influences;
- Youth participation and gender balance;
- The role of the “military establishment”; and
- The role of the judiciary in terms efficiency, public control and execution of legal decisions.

Additional concerns expressed in the country reports addressed issues of centralization versus decentralization and some related systems such as local government and federalism.

The country reports need to put more emphasis on measuring the impact of various economic reforms conducted in the subregions. These include the home-grown reforms such as the Poverty Reduction Strategy Papers (PRSPs) as well as externally-induced SAPs; monetary policies; tax and banking systems; investment promotion, including incentives for enterprise development and competitiveness; and the existing anti-corruption measures.

The presentations on subregional perspectives on governance and the Working Groups on subregional governance perspectives were cancelled. The number of participating countries and representatives from the Horn of Africa was too small to allow significant breakout sessions. Nevertheless, the team has included a brief discussion on North Africa’s subregional perspective. This was distilled from a broad-ranging discussion of governance and other continental issues.

Part II: North Africa Perspectives on Governance

2.1 Subregional Consultation

ECA, the African Development Bank (ADB) and the African Union (AU), co-organized the ADF-IV Subregional Workshop for North Africa and countries of the Horn. The Preparatory Workshop to ADF IV on Governance for a Progressing Africa was held 9-10 December 2003 in Cairo, Egypt, to identify the challenges of governance at the subregional level and chart the way forward. At this meeting, government officials, and representatives of civil society, the media, and academia from Algeria, Djibouti, Egypt, Ethiopia, Libya, Mauritania, Morocco, Somalia, Sudan, and Tunisia were in attendance.

Economic, political and social dimensions of the development process in Egypt reveal that several measures have been initiated by the Government. A number of achievements have been reached, although the pace of achievements differed tremendously. Much effort has been concentrated on the socio-economic agenda, to overcome the high rate of population growth and its negative impact on development. Several measures aimed at reducing the poverty level, with special emphasis on health and education, have showed great success.

Strong performance was registered for the macroeconomic indicators following the launching of the stabilization programme in 1991. The reform programme managed to reduce macroeconomic imbalances and to establish conditions for sustainable growth, leading to a healthier economic environment. The early 1990s also witnessed the gradual strengthening of the legal, regulatory and the institutional infrastructure.

The political arena has also experienced similar positive developments. Given the limited resources available to the Government and the economy in general, it is difficult to tackle all challenges simultaneously. In a nutshell, it can be safely argued that there were several improvements and achievements in all spheres, with a higher concentration of results in the socio-economic area. The results, however, might seem less in some cases, due to the high population growth that undermines the achievements.

Governance, especially the ways in which governments interact with citizens or civil society groups to promote social and economic welfare, is generally weak in North Africa compared to other parts of the world with similar levels of economic development. Some experts argue that good governance rests on the twin values of inclusiveness and accountability. Failure to ensure these twin values weaken economic growth and human development. Men and women in the North African subregion are living at a time of rising expectations and growing economic challenges. The gap between societal achievements and popular aspirations puts development in North Africa at risk.

Egypt is constitutionally a democratic republic based on a multiparty system. However, a lot of reform is needed for institutions to become effective and foster good governance. Positive developments include improvements in different areas such as human rights, election procedures, functioning of the legislature, and judiciary procedures.

Confronted with exogenous shocks, the macroeconomic indicators of Egypt started to worsen by mid-1997. This was evident in the slowdown in economic growth, the deteriorating external position, rising fiscal deficit, declining foreign reserves, deteriorating terms of trade, and the incompatible exchange and interest rate policy mix. Despite slight improvements that have happened near the end of the decade, it is believed that further measures are required to restore market confidence.

Morocco has embarked on one of the most successful programmes of human development and political liberalization in the Middle East and North African subregions. Since the 1970s, gross national income per person has more than doubled from \$US550 to \$US1,190. The average life expectancy has increased from 55 in 1970 to 68 in 2001. During the same period, the average number of births per woman has seen a dramatic decline from 6.3 to 2.8 while the number of children dying before age one has dropped from 115 to 39 (per 1,000 live births). Substantial educational improvements during the past 30 years include a primary school enrolment increase from 47 to 78 per cent by 2000.

One of Morocco's biggest challenges is the high incidence of poverty. Although poverty had declined from 21 to 13 per cent during the period 1984-1992, it bounced back to 19 per cent by 2000 for the country's population of 29 million. This was due in large part to low economic growth and more specifically, to the near stagnation of agricultural revenues. Despite efforts to enhance the status and condition of women, gender indicators are far from equal. The disparity is especially stark in rural areas, where 75 per cent of women are illiterate, and only 47 per cent of girls are enrolled in primary school. In urban areas, the results are better, with 23 per cent illiteracy for women and 83 per cent enrolment rate.

2.2 The Challenges of Governance and the Way Forward

Political governance

Though universal democracy and good governance are multiform, it should be left to countries to adopt approaches suitable to their specific situations. These may range from multipartism to direct democracy through community consultations and people's participation at individual levels as currently practiced in some countries in the subregion.

Checks and balances are indeed basic elements of democracy and constitutions provide for them. However, there is often a difference between law and practice. Political will, confidence between leaders and citizens, strong enforcement measures and mechanisms as well as effective legislative control must correct this situation.

For pluralism to be effective, a conducive environment should be created, including:

- Equitable access for all parties to public resources;
- Respect for human and civic rights as well as constitutional guarantees for freedom of speech, freedom of association and effective mobilization of the population; and
- Democracy and the rule of law should be promoted and deeply entrenched in culture and behaviour through effective educational programmes for the population at large and for law enforcement agents in particular.

Civil society has an important role to play in nurturing democracy and good governance. This role is better envisaged in a truly democratic context taking into account human and civic rights.

Conditions must be created for gender balance and effective participation of the youth. This could be achieved through, inter-alia, positive affirmative action, resource allocation through gender budgeting and through special education programmes.

The role of the military should not negatively impact on democracy and good governance. This role must be defined, with the societal responsibilities and limits clearly demarcated.

Freedom of the press and other communication media must be guaranteed and the training of journalists promoted. The State should support the private media through these and other incentives. Equal access to press and other media for political parties should be guaranteed.

Decentralization. Participants stressed the need for decentralization, de-concentration and devolution, taking into consideration community development and local government needs at urban and rural levels.

Where ethnic and regional differences require devolution of powers to national States, federalism should be envisaged and resorted to, in that:

- Decentralization and local governance can only be effective with full popular participation;
- For participation to be effective, literacy and education as well as organizational capacity building should be vigorously pursued; and
- To this end, special programmes must be designed and implemented.

Institutional effectiveness

Measuring performance of institutions has to be done against the goals and tasks assigned. Assessment of the effectiveness of institutions against agreed goals such as the Millennium Development Goals (MDGs) is an approach that merits consideration.

Legislative institutions. Effective representation in Parliament requires “capable” parties as well as adequate human and infrastructural capacities. This is achievable through literacy, education, guarantee and respect of civic rights, immunities of members of legislative bodies as well as adequate support services to the people’s representatives.

Parliaments and their relevant committees should actively play their role as “watch dogs” over government activities, through periodic investigations, reviews, hearings, and so on.

The Judiciary. Participants deplored the lack of efficiency of the judiciary. In some cases, this is due to, inter-alia, lack of technical capacity and corruption. They noted weaknesses in the legal decision-enforcement mechanisms. They called on government to promote:

- The training of judges and lawyers; and
- The adoption of measures to shield the judiciary from corruption through incentives including rewarding remuneration packages.

Effective “watchdog” institutions needed include:

- Legislative bodies
- Audit and control bodies
- Ombudsman systems

To this end, the State should guarantee the immunity of members of such institutions and should facilitate their activities through systematic enforcement of sanctions. Capacity-building programmes should be developed to strengthen such institutions.

Economic and corporate governance

Economic and corporate governance in the subregion needs to be viewed in the context of past and ongoing reforms, including the externally induced SAPs and the recent PRSPs. Some of these reforms have not fully taken country specificities into account and may not achieve the objectives for which they have been put in place. Yet, they determine economic governance in most countries. Therefore, they should be subjected to thorough analysis to ensure their relevance in the search for solutions to Africa’s socio-economic problems and the need for economic transformation.

The need for economic transformation through pertinent macroeconomic policies and sectoral development strategies and programmes could not be emphasized more. Public finance management, including expenditure targeting and budget control, has to be ensured through appropriate mechanisms. Capacity must be developed to this end.

Among the major challenges facing North African countries are to promote efficient and equitable tax systems and establish effective resource collection and mobilization mechanisms. Some countries such as Morocco have introduced tremendous changes. Others would benefit from Morocco’s experience.

Measures must be taken to promote entrepreneurship, including infrastructure development, fiscal incentives, training as well as access to credit for entrepreneurs through effective banking systems, investment and export promotion. The privatization process needs to take into account transparency, economic efficiency and the need to preserve employment and production capacities through, inter-alia, “spinning off” processes in the re-structuring of public enterprises.

Anti-corruption measures and mechanisms should be adopted and effectively enforced without any discrimination.

North African governments are called upon to emphasize regional integration as an element of good governance as it plays an important role in:

- Conflict prevention;
- Peace building and security;
- Trade and other economic relations; and
- Joint development and utilization of natural resources.

To this end, national policies and programmes have to be harmonized with undertakings at

regional levels. Accountability is of essence in economic governance and must be observed at all levels.

Governance and information and communication technology (ICT)

Member States need to pursue the objectives of the African Information Society Initiative (AISI) adopted at ADF 1999 and those of NEPAD, to promote national information and communication plans with special focus on e-government and wide dissemination including at community level, of the use of ICTs to bridge the digital divide among citizens and communities and ensure the effective participation of all.

ICTs should enable disadvantaged groups to “leap frog” social hurdles and take advantage of opportunities. To this end, ECA must spearhead a comprehensive survey of human, institutional and infrastructural capacities at national and subregional institutions dealing with governance issues, establish databases and disseminate information.

ECA should also assist in improving national statistical systems and dissemination of socio-economic data and information without which economic analysis, management and good governance cannot be achieved.

ECA deserves appreciation for providing, through ADF IV, an opportunity to discuss governance issues and exchange experiences. Workshop participants insisted on the need to pursue this experience beyond ADF IV, since governance is a process. The outcomes of this and similar exercises should be widely disseminated to decision-makers at all levels, through appropriate channels.

2.3 Conclusion

While it is difficult to draw a reasonable conclusion on the state of governance in the North African subregion based on merely two country reports, it is, however, felt that countries of this subregion share uniquely common cultural, economic and political experiences. The experiences of Egypt and Morocco give a glimpse of the prevailing conditions in the rest of the subregion. It must be stressed that this, by no means, can be a substitute for a rigorous study of governance in each of the seven countries of the subregion. Recognizing this fact, ECA is currently making preparations to extend the study to additional countries from the subregion in the next phase of the project.

Part III: Plan of Action Matirx

ISSUES/CONCERNS	RECOMMENDATIONS	STRATEGY	ACTORS	RESOURCES
Political governance	Checks and balances are basic elements of democracy and exist in almost all constitutions. Nevertheless, there is often a difference between law and practice.	Political will, confidence between leaders and citizens, strong enforcement measures and mechanisms as well as effective legislative control must correct this situation.	Multi-sectoral approach	
	The role of the military in government should not undermine democracy and good governance.	The role of the military must be defined with its societal responsibilities and limits clearly demarcated	The legislative body and other government oversight bodies; civil society and advocacy groups.	
	Freedom of the press and other communication media must be guaranteed and the training of journalists promoted.	The State should support the private media through these and other incentives. Watchdog institutions must maintain their vigilance.	Multi-sectoral approach	
	Decentralization, de-concentration and devolution must be implemented.	The approach should take into consideration community development and local government needs at urban and rural levels	Multi-sectoral approach	
Institutional effectiveness	Effective representation in Parliament requires "capable" parties as well as adequate human and infrastructural capacities.	This is achievable through literacy, education, guarantee and respect of civic rights, immunities of members of legislative bodies as well as adequate support services to people's representatives.	Multi-sectoral approach	
	The training of judges and lawyers; and the adoption of measures to shield the judiciary from corruption	Through incentives including rewarding remuneration packages.	Multi-sectoral approach	
Economic and corporate governance	Public finance management, including expenditure targeting and budget control, must be ensured.	Through appropriate mechanisms. Capacity must be developed to this end.	Multi-sectoral approach	

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	Measures must be taken to promote entrepreneurship including infrastructure development, fiscal incentives, training as well as access to credit for entrepreneurs.	Through effective banking systems, investment and export promotion.	Multi-sectoral approach	
	Participants called on governments to emphasize regional integration as an element of good governance.	Conflict prevention; Peace building and security; Trade and other economic relations; and Joint development and utilization of natural resources	Multi-sectoral approach	
Governance and information and communication technology (ICT)	Participants called on member States to pursue the objectives of the African Information Society Initiative (AISI) adopted at ADF 1999 and those of NEPAD.	Promote national information and communication plans with special focus on e-government and widely disseminate, including at community level, the use of ICTs to bridge the digital divide among citizens and communities and ensure the effective participation of all.	Multi-sectoral approach	