CHAPTER 5

Conclusions and policy recommendations
A. Conclusions

The African narrative remains positive, with notable improvements in economic management, which has resulted in an impressive growth trajectory. However, the continent is still plagued by high poverty rates and worsening income inequality. In addition, governance performance across the region presents a mixed picture, making it challenging for the continent to carry out its structural transformation agenda and to achieve inclusive development.

Although some progress has been made in governance, notably through public financial management and anti-corruption initiatives, a lot still remains to be done in the fight against corruption. Corruption presents a major threat to the positive progress the continent has been making towards inclusive economic growth and structural transformation. Good governance is critical for structural transformation and vice versa given the complex nexus between the two (see figure 20).

In terms of the governance landscape, corruption undermines the rule of law, respect for human rights, accountability and transparency, and weakens government institutions. This in turn erodes the public’s confidence in the legitimacy of their Governments and compromises good governance.

Corruption remains problematic in many African countries and one of the main triggers is inadequate governance. In particular, the lack of transparency and accountability, weak oversight institutions, limited enforcement mechanisms and insufficient capacity have to be addressed urgently.

The seriousness of the corruption phenomenon is fully recognized by African countries and efforts are being made to tackle it. However, corruption in Africa is not exclusively the making of Africans. The corruption indices, which continue to rank African countries poorly, are misleading policymakers and investors. This is because current perception-based indices misrepresent the contextual realities of African countries and completely ignore the escalating international dimension of corruption.

International actors continue to provide meaningful financial and technical assistance to African countries, but the results of these strategic alliances and partnerships, which date back as far as colonial times, have not always been fruitful. In fact, one of the unfortunate consequences has been foreign-driven corruption, which is more flagrant in countries endowed with natural resources. The current reality of the continent is a need for greater transparency and accountability in order to avoid the loss of revenue from corruption, both domestic and foreign.

B. Policy recommendations

It is against this backdrop that the African Governance Report IV proposes the following policy recommendations, which can strengthen the governance landscape of African countries so that they are better able to tackle domestically and internationally fuelled corruption. The policy recommendations are categorized into four interconnected themes: improving transparency and accountability; enhancing ownership and participation; building credible governance institutions; and improving the regional and global governance
architecture. In addition, the report proposes specific areas for further research:

1. **Strengthening transparency and ensuring accountability**

Transparency and accountability are essential requisites for ensuring good governance and, in turn, reducing corruption. Weak transparency and accountability in many African countries undermine the possibility of planning and executing policies, notably those relating to structural transformation, as highlighted in chapter 1.

All African States should ensure fiscal transparency and good public financial governance in order to reduce corruption risks. To that end, the Collaborative Africa Budget Reform Initiative was created in 2007. However, to date, only 13 countries have acceded to the initiative: Burkina Faso, the Central African Republic, Côte d’Ivoire, the Gambia, Ghana, Kenya, Lesotho, Liberia, Mali, Mauritius, Rwanda, Senegal and South Africa. Moreover, increased transparency in the use of ODA is of paramount importance. Projects such as the International Aid Transparency Initiative should be embraced and fully implemented by African countries. The initiative aims at enhancing aid transparency so as to improve aid effectiveness. Thirteen out of the 40 partner countries are from Africa. These are: Benin, Burkina Faso, Burundi, the Congo, the Democratic Republic of the Congo, Ghana, Liberia, Madagascar, Malawi, Nigeria, Rwanda, Sierra Leone and the United Republic of Tanzania.

Readily available information relating to the activities of public administrations would also contribute considerably to increasing transparency. This applies in particular to public procurement, which remains highly vulnerable to corruption. For instance, readily available data on public procurement would allow for the computation of standardized costs, which in turn would enable the auditing of activities in those cases that seem the most suspect.

In order to deal with information asymmetry, as highlighted in chapter 2, African countries should approve freedom of information laws and reinforce their implementation. Prior to 2011, the number of African countries with freedom of information legislation stood at 5, representing just 9 per cent of the entire continent; this number has since increased to 13, representing 24 per cent of all countries in Africa. At present, Angola, Côte d’Ivoire, Ethiopia, Guinea, Liberia, the Niger, Nigeria, Rwanda, Sierra Leone, South Africa, Tunisia, Uganda and Zimbabwe have all adopted freedom of information laws.

More transparency is required on information relating to political processes. One practical option is the introduction of Africa i-Parliaments. This Africa-wide initiative was created in 2005 to “empower African Parliaments to better fulfil their democratic functions, by supporting their efforts to become open, participatory, knowledge-based and learning organizations”. It is supported by the United Nations Department for Economic and Social Affairs and funded by the Italian Cooperation.

Transparency and accountability are necessary requisites in the fight against corruption. It is equally fundamental for African Governments to enhance the participation and ownership of the anti-corruption agenda by all stakeholders, in order to successfully carry out their structural transformation objectives. It is to be recalled that transparency is a prerequisite for enhancing participation and ownership.

2. **Enhancing participation and ownership**

In most African countries, there continues to be minimal participation by the population at large in development planning processes and corresponding policymaking. The lack of a participatory approach creates a significant space for corrupt practices.

Illicit financial flows are an African problem, with a global solution. There is, therefore, a need for African countries and development partners to discuss illicit financial flow issues through solution-exchange virtual platforms.

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African States should introduce and enforce processes that allow citizens, including vulnerable groups, to participate in development planning and policymaking. Citizens’ voices need to be heard, and in this regard, civic education should be fostered at all levels. African countries should really strive to foster a civil society organization-friendly environment, by encouraging civil society organizations to actively engage with legislators, auditors and other oversight institutions (see figure 21). It is to be recalled that civil society organizations have an important role in guaranteeing a country’s fight against corruption.

The media is also an essential actor in ensuring good governance. A thriving free media is a prerequisite for any country’s successful structural transformation. Such a standard is not respected in several African countries and rectifying such a situation should be a priority.

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**Figure 21**

**LINKAGE BETWEEN INSTITUTIONS AND ECONOMIC GOVERNANCE**

- **Private sector development**
  - Regulatory agencies
  - Revenue authorities
  - Customs

- **Macroeconomic management**
  - Central Bank
  - Ministry of Finance

- **Development planning**
  - In President’s Office
  - In Prime Minister’s Office
  - In Ministry of Finance
  - In Central Planning Agency

- **Domestic oversight bodies**
  - (Parliament, civil society organizations, media)

- **Law enforcement agencies / legal system**
  - (Courts, police)

Legend: Arrow shows direction of enforcement by institutions under each policy area
- → Public financial management and accountability
- → Integrity of monetary and financial system
- → Regulatory framework

*Source: Produced by ECA Staff.*
3. Improving the quality of governance institutions

Transparency and accountability, in addition to enhanced participation and ownership, are the fundamentals required to ensure the legitimacy of institutions. Such legitimacy is a necessary condition for well-functioning institutions (see figure 22).

Too often, Africa continues to replicate institutions from abroad without any domestication plan. Institutions and sometimes even constitutions have been imported, while an endemic lack of institution-building has entrapped African States with administrations that are often inefficient. Such isomorphic mimicry results in implementing reforms without their core underlying functionalities (Kararach, 2014). Correcting the endemic problems, which many African countries continue to encounter in terms of institution-building, is not easy.

Many of the recommendations relating to governance institutions have already been formulated, but implementation still remains an enormous challenge. Effective economic governance institutions are essential, not only for combating corruption, but also for implementing the continent’s structural transformation agenda.

4. Fostering international cooperation and improving regional and global governance architecture

The African Governance Report IV has highlighted that corruption in Africa has a significant international dimension. In this regard, African countries and international stakeholders should collaborate to significantly improve the global governance architecture. In recent years, various global initiatives have been established to tackle corruption. For instance, through the Organization for Economic Cooperation and Development’s Automatic Exchange of Information, financial institutions have to report to their tax agencies the accounts held by non-resident individuals and entities.\(^{32}\) Advanced economies should be fully committed to their obligations under the OECD Anti-

\(^{32}\) See http://www.oecd.org/tax/transparency/automaticexchangeofinformation.htm

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**Figure 22**

PREREQUISITES FOR GOOD GOVERNANCE INSTITUTIONS

Source: Produced by ECA Staff.
Bribery Convention and ensure rigorous enforcement. Indeed, pressure should be exercised on non-complying countries to ensure that firms fully internalize the risks of prosecution when deciding how to carry out business in African countries. Relevant international organizations should take a more proactive stance in encouraging and promoting collaboration aimed at effective forms of exchange of information on financial flows. African States should be proactive in their participation in international activities aimed at combating illicit financial flows, while fully implementing regional initiatives. To this end, the African Peer Review Mechanism should incorporate issues of illicit financial flows for country review evaluations.

Illicit financial flows are an African problem, with a global solution. There is, therefore, a need for African countries and development partners to discuss illicit financial flow issues through solution-exchange virtual platforms. To this end, Africa should work closely with its global partners (e.g. the European Union, the G20) to foster transparency and accountability in the banking and financial systems. Global anti-corruption campaigns are generally directed towards demand-side corruption, although the supply-side is equally important. The role of private sector actors in fuelling corruption (both domestically and internationally) should not be ignored. In this regard, international conventions should make provisions for punitive measures, which also target the private sector.

5. Areas for further research

Future efforts to **construct a more objective indicator** of both corruption and governance should reflect the following basic observations:

a. Know what you want to measure or benchmark, and find the appropriate measurement tool;

b. Disaggregated indicators are one of the more effective methods to operationalize corruption data;

c. Rely on using credible data sources to construct indicators;

d. Whenever possible, combine quantitative data with qualitative assessments;

e. Look for actionable data;

f. Lean toward locally generated assessments;

g. Transparency of methodology is crucial at all levels.