

# GERMANY AND AFRICA: PARTNERING FOR GOOD GOVERNANCE TO THE TOP

## ***Framing the Context: Germany and Africa..... Germany in the European Union and the World.***

Germany's and Africa's relationship has strong historical anchors. Germany as a key European Union member and leading country in the world has always presented itself as a partner of Africa. It has a large bilateral program in Africa. In several global interventions on Africa's Development, Germany has usually acted based on its foreign policy stance of universal values and guided by its interest. Germany has been on the continent of Africa since the colonial era when it ruled over a few places on the continent that reach from Cameroon and Togo in West Africa to Tanzania in East Africa and Namibia in Southern Africa.

From trading on the continent through its colonies to becoming Africa's trading partner. Germany not only trades with Africa but is a well-known supporter of its development process through various multilateral and bilateral contributions it makes to development assistance. As a leading G20 country, recent moves by Germany to push the agenda for Africa's development using the Compact for Africa and Marshall Plan for Africa initiatives has not gone unnoticed by opinion leaders on the continent. For the most part, Germany resonates positively as a country from which the continent can trade with and learn from especially considering its outstanding political and economic stability that have stood the rest of various times of global turbulence.

## **Current Context for Africa**

The siring season of Africa Rising has cooled somewhat as the continent's average growth rate went from more than a decade long 4-5% annually to 2-3 % in recent years. The good news is that at least a handful of small non-commodity economies like Burkina Faso, Cote d'Ivoire, Ethiopia, Ghana, Niger, Rwanda, Senegal, Tanzania, and Uganda are still growing at over 6 percent. The bigger economies of Nigeria, South Africa and Angola are bogged down with slow growth and thus struggling to remain the anchor economies for the rest of the continent.

Slow growth in Africa has dire poverty consequences at a time that estimates suggest that the continent's population will double by 2050. According to the World Bank, "from 2000 to 2013, the portion of the world's population living on less than the international poverty line of US\$1.90 a day fell from 28.5% to 10.7%. That's about one billion people lifted out of poverty. Today, extreme poverty is mostly around Africa, where 23 of the world's 28 poorest countries are found. These countries have poverty rates above 30%.

In effect, Africa remains a daunting development challenge that must be solved quickly if the world of exponential technologies is to avoid contradictions. It would be an inexplicable contradiction for hundreds of millions of people to be cobbled down in ignorance and disease in the same world where robots are being proliferated to solve the most complex of human problems.

For Africa's leadership therefore, accepting the important responsibility to lead the effort to solve the challenges is urgent.

That the German Government has decided to launch '**The Governance Fund**' at this time is auspicious because the Peer to Peer Learning approach has been proven to work effectively in promoting knowledge of "how-to". Germany is demonstrating global leadership by partnering with Africa to support the continent's owned development agenda. And that's a very good thing.

## **The Six Most Critical Manifestations of Africa's Failures:**

**1. Poverty, Joblessness and Inequality:** For Africa, it is not just poverty but joblessness especially among the youth and women accentuated by inequality that have damned the prospects of hundreds of millions of people. Lack of jobs and income have combined with entrenched gender inequality to shut

in several young people and women in Africa to a lack of opportunities needed to break out of inter-generational legacy of poverty. The few in the Top percentile that have given the widest and deepest berth to those referred to the bottom of the pyramid are so anomalous in the scale of their wealth that it creates a destabilizing driver in society.

*2. Food Insecurity and Climate Change:* Africa's contradiction is perhaps best characterized by the food insecurity on a continent that has more than 65% of the world's remaining arable land according to the FAO- Food and Agriculture Organization. For many decades, Agriculture and Agro-business were identified as potential sources of economic diversification for majority of the countries of Africa based on comparative advantage analysis. Regrettably, Africa's agriculture remains low tech, rain-fed, poorly integrated to market and now threatened by climate change and poor adoption of resilient practices.

*3. Human Development:* Delivery of basic services of education, health, water and sanitation services to citizens are the sure path to transforming people to take advantage of opportunities in their societies. The majority poor among Africa's population correlate to those that lack such basic services. Of all regions, sub-Saharan Africa has the highest rates of education exclusion. According to UNESCO, one-fifth of children between the ages of about 6 and 11 are out of school, followed by one-third of youth between the ages of about 12 and 14. According to UIS data, almost 60% of youth between the ages of about 15 and 17 are not in school. Access to health, water, sanitation are dimmer in some countries. More than half of maternal deaths occur in sub-Saharan Africa according to the World Health Organization- WHO. According to UNICEF, despite the global progress in reducing child mortality over the past few decades, an estimated 5.4 million children under age 5 died in 2017—roughly half of those deaths occurred in sub-Saharan Africa. More than half of the world's population of extremely poor people, who also bear the brunt of the impacts of climate change, are in Africa. Two-thirds of the continent experience extreme heat and highly variable rainfall during much of the year.

*4. Energy Poverty and other infrastructure deficit:* Only one out of every three Africans have access to electricity and without which it is difficult to break out of poverty. Small businesses in the informal sector of Africa which represent the largest contributor to jobs remain small for decades unable to grow because of such lack of access.

*5. Low Productivity and Lack of Economic Diversification:* African economies are the least in factor productivity as a result of many issues related to the ones earlier discussed. Hence the continent is at the lowest spot of the Value-Chain in manufacturing and services. It risks falling into the same situation in ICT and adoption of technologies.

*6. Financing for Development:* It is estimated that the "investment gap for Africa to achieve the SDGs is between an incremental outlay of \$200 billion and \$1.2 trillion per annum". As established from the Sustainable Development Goals estimate, the financing options are hardest for the smallest countries which cannot mobilize sufficient domestic revenue from taxes for basic government services to the people. Currently Africa's tax revenue to GDP of 15.1% trails global average at 26%.

### **The Future of Africa Can Yet Be Great**

The raison detre of government of countries (whether rich or poor) is to coordinate or lead the affairs of their society in ways that ensure harmony, prosperity and stability so that everyone in society has the opportunity to have improvement in their quality of life. Broadly, Africa's failure is exemplified in the fact that for the larger number of its people, the quality of life has not improved over the decades but rather deteriorated further.

The progress made in the last decades in a specific sector like mobile telephony serves as a predictor that Africa's political, social, economic and cultural future can be positively transformed within a record time. A decade is all it took for Africa to make a quantum leap from just 6% of citizens with mobile phones in 2004 to becoming the fastest growing mobile market in the world. To achieve it took

a number of right actions by countries with governments leading the pack in the range of liberalization reforms and investment in backbone infrastructure.

For decades the barriers to telecom were identified but most of the African countries chose to keep the sector constrained by them. When compelled by many factors however to remove the barriers and the explosion of telecom services became the closest to a revolution that Africa had led, the lesson was clear. A transfer of such learning in all other aspects of development where Africa lags is possible.

Take Africa's Gross Domestic Product- GDP which is about two and a half trillion dollars in 2018. It is the about equivalent of the GDP of Brazil. That Africa's own GDP is the sum total of its 54 countries means that the scope for expanding and maximizing the range of opportunities on the continent to build a remarkably different— prosperous, safer and stable continent. In the last ten years at least 4-5 African countries have always made the list of 10 fastest growing economies in the world.

That however is from an extremely low base of GDP. But it is useful in the scenario one imagines that should most of African countries identify all the barriers that hold up each country's capacity to optimize the potential it has and yet again show a strong resolve to fix them, there potentially be multiples of positive revolutions in the continent's development process. Africa could have agricultural revolution, renewable energy revolution, infrastructure revolution and so forth which are similar in impact as the revolutionary transformation of its telecom sector.

Of all the constraints that have impeded Africa's development process and progress, none has been as intractable as the absence of Good Governance. *So, what is Good Governance?* Good Governance as it pertains to a country, signifies the way an administration;

- improves the standard of living of the members of its society by creating and making available the basic amenities of life; \*provides its people security,
- inspires them to aspire to build a promising future when it provides on an equal and equitable basis, access to opportunities for personal growth;
- avails them the space to participate and the capacity to help shape public policy;
- it includes the architecture of a responsive judicial system which dispenses justice on merits in a fair, unbiased and meaningful manner;
- and more fundamentally for a government it means the sum total of a Value Infrastructure that ensures transparency, accountability, probity and overriding integrity in each wing or functionary of the Government.

Good governance is about the processes for making and implementing decisions. It's not only about making 'correct' decisions, but about the best possible process for making those decisions. Good decision-making processes, and therefore good governance, share several characteristics that include; transparency, accountability, equality and equity, participation, representation, rule of law, effective and efficient and responsive.

### ***Africa's Score Card: Evidence of the Missing Link of Good Governance Through the World of Data.***

Global indicators that measure or serve as proximate indicators of quality of Governance across the countries of the world have become proliferate. However, there are a number of credible indicators that governments, citizens and businesses use in determining a country's or region's performance on levels of economic freedom, openness, transparency, accountability, business climate, competitiveness and such like.

Transparency International measures the corruption perception index of countries globally. Countries in Africa make up majority of those with scores below the average threshold of 5 out of a possible 10 and is the worst score of 3.2 out of 10. Corruption is therefore adjudged widely rampant in government, business and the wider society. Corruption manifests in grand pillage of public resources in some countries by the leaders who act with impunity, violate the public contract and public finance

rules and generally abuse public trust for their private gain. Petty corruption is the order of the day with poorly paid public servants finding creative ways of complementing their income by erecting all forms of barriers, red-tapes, delays and extortion on the public and businesses.

The World Bank produces the Ease of Doing Business Ranking which measures how easy it is for businesses to operate in countries around the world. Only 2 countries — Mauritius and Rwanda are among the top-30 countries. Often, majority of the countries of Africa score very low on the ease of access to permits that businesses require to invest, set up and provide jobs to their citizens.

The World Economic Forum produces the annual Global Competitiveness index and in the 2018 report, African countries made up 17 of the bottom 20 nations. While the global median score is 60, the median in sub-Saharan Africa (45.2) is the lowest for any region. Again, majority of the countries in Africa are found in the lowest regions of the league table showing a lack of competitiveness that determines how much the private sector will be willing to invest into an economy regardless of whether it has the natural endowment it requires.

The Fund for Peace measures annually the Fragility Index of countries. In the 2019 Fragile States Index (FSI), 21 of the 30 most fragile countries are to be found on the African continent.

The Heritage Foundation measures the scale of Economic Freedom in countries around the world in order to know which are providing the environment for economic choices, creativity, innovation and ultimately prosperity of their people. Once again, the number of the countries on the continent which make the top list are hardly up to 5% of the economically free societies.

### **The “Holy Trinity” of Growth and Development**

Our world has evolved so rapidly that knowledge of how to do anything is now more widely available and accessible. Today, although still best with uncertainty and risks of all kinds, countries are more aware of some universal framework or pathway to Development even whilst acknowledging the uniqueness of each national context within which the growth process happens;

*First, Sound Policies.* In most recent times, between the 20th Century to the last nearly two decades of the 21st, countries that were once extremely poor have deployed sound policies in the economy, education, health, infrastructure, agriculture, technology, tourism, financial services, domestic and foreign investments, bureaucracy, etc. to retrace their development trajectory. In almost all the cases, their economies grew higher and faster than in the past. So, we have established that a combination of sound macro-economic policies as well as micro-economic, sectoral and structural policies where well proven, identified and applied can definitely accelerate a country’s development process. That after all is what happened to Africa on the ICT sector.

In key countries like Singapore, China, India and Brazil, the world has observed a universal trend that sound policies are fundamental to growth and development. Evidently, economic policies that promote market or competitive principles have delivered stronger and faster growth in the last century. The incentive that drives enterprise among humans tends to be best unleashed when people know that they will be rewarded for their hard work.

*Second, Strong Institutions.* Another important component of the “Holy Trinity” of Growth is the existence of strong institutions that are anchored on the rule of law. Countries which established basic “Values Infrastructure” which helped them ensure the emergence of a known “positive ways of doing things”. A way of doing things is the simple definition of institutions. These ways of doing things either build trust or erode them in a society. The start off point is usually adherence to the basic rule of law in a democracy. As the processes, procedures, structures and systems over time evolve into strong institutions that uphold the standard of expectation, the rules of the game and conduct of everyone in the country, the development process roars off to a faster track.

*Third, Effective and Efficient Investment in the Provision of Basic Public Goods and Services.* The number three right mix that supports sound policies and strong institutions to position a country for

growth and development, is effective and efficient investment in the priority public goods and services required by citizens and businesses to thrive. Such Countries prioritize providing key basic services for entire populations -- but especially the poor while ensuring that the critical infrastructure and world class talents and skills that business requires for their investments are available.

Hardly any country that went from third world to first in the development process, sidestepped this framework of sound policies, strong institutions and effective/efficient investment in public goods and services. So, although the Development process is nuanced for each specific country - nay region- reflecting their individual peculiarities, a certain universalism of fundamentals of growth exists. If that is so, what then prevents countries of Africa from following suit through adopting and adapting solutions that are proven to tackle developmental challenges? Research evidence differs but increasingly the role of Leadership in Good Governance can make or mar a country's Development journey and outcome in terms of capacity and or willingness to adopt and adapt.

### **Future Africa: An Ambitious Agenda of Reform of The Nation-States.**

*1. Economic Philosophy and Structural Economic Transformation:* The economic philosophy of several governments - being the beliefs, principles and applications that guide their approaches to economic governance and policies are for the most part unclear. There is still profound confusion regarding what roles the government and the private sector play better in many countries. Clarifying a strong belief in the dominant economic role of the private sector and a commitment of governments to act as chief enabler of Growth by launching vigorous market economy reforms in key sectors can be the sharpest signal to the private sector both at home and abroad. There is a myriad of sources of growth potentially available to the continent and which could become attractive to the private sector to develop. Through sound policies, effective regulation and catalytic public investment in the provision of basic services for people and businesses, deep attention to addressing inequality and upholding inclusive growth strategies, the economic philosophy of a market-oriented economy will more likely deliver stronger and faster growth to the continent. When growth becomes diversified, accelerates, increases and expands an economy, more citizens are positively affected.

*2. Build Capable States and Institutions Founded on the Rule of Law:* this refers to the existence of capable public sector administration at every level and f government. No country was able to tackle poverty without strong and capable systems of public administration. Unfortunately, African states tend to lack adequate institutional capability to carry out policies that deliver benefits and services to citizens. This has to do with the quality and focus of the public sector personnel that run the activities of government. Building state capacity depends on many variables. It is greater when ruling elites are subject to effective limits on the exercise of their power through institutionalized checks and balances. It's also greater in countries with a longer history of statehood. For example, China, is said to have had an experienced statehood and built a disciplined bureaucracy over that time period.

*3. Knowledge and Skills Build Up:* Africa has the world's youngest population with youths accounting for more than 60-70% of people in some of its countries. Human development - health and education should therefore be the number one priority of the countries if they wish to transit from natural resources reliant economies to human capital driven ones. As Bill Gates, the founder of one of the most innovative companies in the world- Microsoft, said, "Education is like a master switch that opens up all sorts of opportunities for individuals and societies." Africa is the world's 'youngest' continent. Around 70 per cent of the population of sub-Saharan Africa is under the age of 30 and the demographic dividend possible to harness can happen best through providing them the young ones knowledge and skills.

Considering how Education has proven to help speed up economic and social mobility of those that access it, our continent should be committed to Girls education and access to trainings and opportunities that enhance productivity of women in society. African governments should also in the era of exponential technologies, ensure that the unequal opportunities between male and female members of society do not continue into the 21st century. Governments and private sector should

promote Science, Technology, Engineering and Mathematics Education for both boys and girls, men and women as equally as possible.

The troika of burgeoning youth population, their unemployability due to lack of relevant skills and the persistent problem of limited economic opportunities in the economy are lethal to the peace and stability of the continent. This serious challenge of poor learning outcomes, relevance of schools and universities curriculum and acute mismatch of skills and job opportunities instructs a complete overhaul of Africa's education systems across most of its countries.

*5. Regional Integration and Trade:* Trade is imperative for economic growth and development, but Africa has only been on the margins of global trade at less than 4 % and regional trade at just about 14%. Size and scale matters and so the more Africa acts as a market of one billion people, the better the growth process can accelerate. Progress was made with the recent coming into effect of African Continental Free Trade Agreement (AfCFTA) a trade agreement between 49 African Union member states, with the goal of creating a single market followed by free movement and a single-currency union.

This latest development on regional trade arrangement should potentially raise Africa's current low level of 14% of intra Africa regional African trade which compares badly with 35% in Latin America, 45% in Asia, 55% in North America and 70% in Europe. Hopefully by further integrating trade policies and linking the continent by infrastructure and logistics connectivity, Africa's 1.5% contribution to global GDP will increase.

*6. Prioritizing Fiscal Decentralization and Public Financial Management:* Public Financial Management-PFM refers to the set of laws, rules, systems and processes used by sovereign nations (and sub-national governments), to mobilise revenue, allocate public funds, undertake public spending, account for funds and audit results. It encompasses a broader set of functions than financial management and is commonly conceived as a cycle of six phases, beginning with policy design and ending with external audit and evaluation. It is at the core of the institutions building process in any capable state. When countries have sound public financial management systems, public accountability is guaranteed. With sound PFM, countries can more easily mobilize available domestic revenues from relevant sources through strong tax administration system. With the financing needs of the continent running into at least a trillion dollars annually, it becomes imperative that African countries can rapidly improve capacity to collect domestic revenues.

Fiscal decentralization is essentially the transfer of expenditure responsibilities and revenue assignments to lower levels of government.

There is no more effective path to bringing government closer to the people than Fiscal decentralization. It makes delivery of basic services to the people more efficient.

A sub-national government, being closer to the people, is, in theory, more capable compared to central governments to meet citizen's preferences and demands in public goods and services. The key constraint to Fiscal decentralization after all the political hindrances have been overcome is often the dearth of technical Capacity at the local levels to discharge the mandate of governance given over to it. Research has shown the following as basic drawbacks to Fiscal Decentralization;

- Expenditure responsibilities devolved seem to exceed revenue potential of sub-national governments, particularly at the local level.
- There are overlapping expenditure responsibilities.
- The transfer system has many weaknesses in design and not been guided by clear objectives.
- Local governments lack revenue raising power.
- Local governments show high dependence on transfers from higher levels of government.

*7. Effective Execution of Plans and Budgets:* The execution record of most countries in Africa according to various reports within the Development community is an average of 40-45%. Such poor

performance is a reflection of the gaps in the public sector which often lacks the skill to optimally link problems to policies to resources and ultimately to successful implementation. Whether looked at structurally or institutionally, a sound problem identification process anchored on analytical and empirical data, a sound policy formulation process, budgetary and other resources allocation processes and sound public financial management system operated by competent and capable public servants is a fundamental for successful execution and impact. The ultimate goal of every governance action should after all be for the good results that improve the standard of living of society.

### **Fixing the Supply and Demand Side Disconnect in the Governance of Countries in Africa.**

Accountability is the most integrative feature of good governance as it holds within itself a fulfillment of several of the other outlined features. Traditionally, efforts to address accountability issues have focused on improving the “supply- side” of governance such as public financial management, civil service reform, political checks and balances, administrative rules and procedures, formal auditing systems, and formal law enforcement agencies like courts and the police. These “top-down” accountability mechanisms have met with only limited success in many countries.

As a result of the failure of the top-down approach to accountability, newer measures such as the setting up of independent pro-accountability agencies like vigilance commissions and ombudsman have been tried, and in other cases, public institutions have been privatized or services contracted to the private sector in an attempt to bring market-based accountability into the public sector. Yet this still did not satisfy the necessity for accountability of government to citizens and business as it only represented a one- legged attempt by government.

Given the shortcomings of these supply-side measures alone to hold public officials accountable for their actions, there has been an increasing emphasis on “social accountability” as a complementary approach to supply-side measures. Social accountability refers to strengthening the voice and capacity of citizens (especially poor citizens) to directly demand greater accountability and responsiveness from public officials and service providers.

Some of the commonly cited social accountability mechanisms include citizen participation in public policy making, participatory budgeting, public expenditure tracking, citizen monitoring of public service delivery, citizen advisory boards, lobbying and advocacy campaigns. Mechanisms of social accountability can be initiated and supported by the state, citizens or both, but very often they are demand-driven and operate from the bottom-up.

Hence, the more the existence of both Supply Side and Demand Side measures in a society, the more likelihood of such a country achieving development. It is the Demand Side that exerts pressure and shapes the behavior of the Supply Side. The reaction of the Demand Side to the actions of the other side can determine what society rewards or punishes. The norms, values and ethos of society can be determined by the Demand Side and used as the defining criteria for the quality of thoughts and actions that the Supply Side is expected to offer to the people.

The pathway to building a dynamic Demand Side structure and process is through citizens’ participation in the political process of their countries. Participation advocates for the broad inclusion of constituents in the direction and operation of political systems beyond the basic premise that Democracy offers the citizens the opportunity to be in power by determining who governs them. Participatory democracy tends to advocate more involved forms of citizen participation than the basics. Participatory democracy strives to create opportunities for all members of a population to make meaningful contributions to decision-making and seeks to broaden the range of people who have access to such opportunities. A governance culture that nourishes and encourages the voice of citizens in public debate of policies, priorities and legislation while being accommodating of dissension goes a long way in ensuring continuous increase in the scale of participation. Governments that encourage participation usually respect citizens’ right to associate freely and to express themselves without fear of repression.

## **A New World of Collaboration: Why Africa Needs Germany and the Rest of the World and Why Germany and the World Needs Africa**

Africa represents the last economic development frontier for the world. Global economy need not look for a better growth to spur economic activation than Africa where opportunities abound. Now that Africa has formalized its continental market through AfCTA, the market of 1.3 billion people presents one of world's largest trading blocks. Germany, the European Union members and the rest of the world should have no excuse for not learning from the the bullishness of the over 10,000 Chinese businesses that operate on the continent now. Unlike China, Germany and Europe represent Africa's proximate neighbor with which trade has gone on for centuries. Leverage of neighborhoods is still below par by Germany and the European Union. It is time to escalate the partnership for economic growth for the mutual benefits of both sides.

The migration and refugee crisis which besets Germany and the rest of the European Union countries can best be solved through helping ensure more economic opportunities and stability for countries in Africa. The domestic pressures that chaotic migration puts upon Germany can be addressed through private sector investments into Africa by German countries to provide jobs for the youth who take all manner of risks to arrive Germany.

Germany's performance economically and politically hold a lot of lessons for Africa. This is especially because it has itself experienced and built back itself regardless of some of the failures which could have permanently defined the country.

First is the experience in state capacity building ranging from political distribution of mandates between the center and the other levels of government. Research shows how Fiscal independence and yet cooperation with the federal level as practiced by provinces in Germany can be adapted by some countries in Africa. The effectiveness of Germany's domestic resource mobilization is explained by the twin existence of capable bureaucracy and bureaucrats as well as the instituting and the practice of sound public finance systems. The private sector development strategies of Germany represent a good model for African countries. Germany's business community is strong and independent of overbearing governments, thereby enabling innovations. The technical and vocational education system which has been identified as one of the key drivers of German economy's resilience is worth the serious study by African governments. Germany's strides in the world of technology today also should inspire countries of Africa especially considering how a strong linkage between the country and the continent is already burgeoning in the number of innovative young Africans in German technology space.

Germany has made incredible strides in developing sustainable sources of renewable energy and Africa needs to do same if it will achieve wide scale access to electricity for its two-thirds of people that currently lack.

### **Conclusion:**

I am of the strong belief that Africa will lay claim to the 21st Century. I believe that the Fourth Industrial Revolution will both be a catalyst for a positive disruption of Africa's development journey as its young people and women take on the driver's seat pressing for radical and urgent improvement in governance. Their Demand Side pressure on governments across the continent will generate a demand for effective leadership that in turn changes the political landscape of the continent. The strong quest for better economic prospects will be expressed in depths and quality of political participation and leadership in Africa. As this happens, Germany's well-regarded capacity to ride turbulence and remain an example of political and economic stability will keep it riding high as Africa's strong ally for its race to the top of Good Governance.