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Governance in Sub-Saharan Africa in the 21st Century

Four Trends and an Uncertain Outlook

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Abstract

What can be learned from the governance trajectory of African countries since the beginning of the 21st century? What is the quality of governance on the African continent and how does it shape development? The first decade of the millennium saw promising growth and poverty reduction in much of the continent. Yet, Sub-Saharan Africa has also been the stage of a stream of governance reform failures and policy reversals, and many countries continue to suffer from the consequences of poor governance. This paper explores the dynamics of governance reform on the continent over the past two decades and points to four key trends. First, effective state institutions, capable of maintaining peace, fostering growth, and delivering services, have developed unevenly. Second, progress has been made on enhancing the inclusiveness and accountability of institutions, but it remains constrained by the weakness of checks and balances and the persistence of patterns of centralized and exclusive power arrangements. Third, civic capacity has risen considerably, but the inability of institutions to respond to social expectations and political mobilization threatens to turn liberal civic engagement into distrust, populism, and radicalization. Fourth, the combination of these three trends contributes to the rise of political instability, which constitutes a major threat for the continent.

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Governance in Sub-Saharan Africa in the 21st Century:

Four Trends and an Uncertain Outlook

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Introduction

There is a strong academic and policy consensus that governance matters for development.[2] Empirical evidence shows that development trajectories are largely shaped by the presence – or absence – of: an effective state monopoly on the use of violence; stable and predictable rules and institutions that regulate economic relations, enforce contracts and regulations, and promote economic investments; as well as open and inclusive political institutions that ensure the representation of plural economic interests and create political incentives to level the economic playing field (North 1990, Rodrik et al. 2004, Acemoglu and Robinson 2012). Figures 1 to 3 illustrate the positive correlation between governance determinants (political stability, rule of law, and voice and accountability) and growth in Sub-Saharan Africa (SSA). They also hint, however, at the many conundrums of institutional and economic development, including the uneasy relation between natural resources, governance and growth as well as the wide variations in economic performance of countries situated in the 'messy middle' of the governance spectrum.

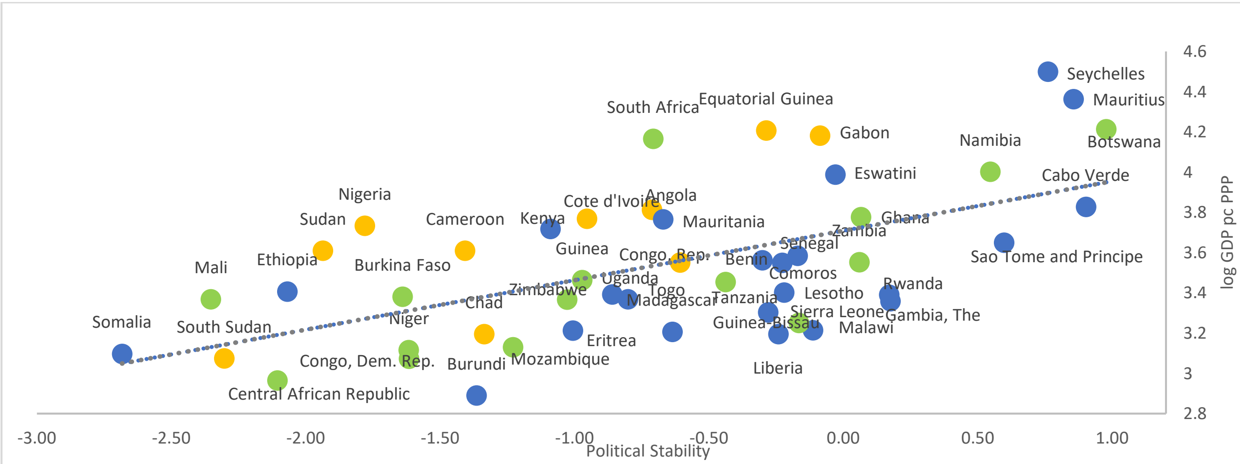
What is the quality of governance on the African continent and how does it shape development? What can be learned from the governance trajectory of African countries since the beginning of the 21st century? The first decade of the millennium saw promising growth and poverty reduction in much of the continent. Violence and fatalities dropped significantly as major conflicts in Liberia, Sierra Leone and the Great Lakes region were brought if not under full control at least to new states of stability. Anecdotal evidence and country case studies point to (sometimes unexpected) governance wins: a post-conflict country such as Rwanda has managed to reform its public administration to improve service delivery especially for health; and some countries, such as Botswana, have managed to safeguard their stability for decades and have built on this conducive environment to push forward selected financial management and regulatory reforms. In addition, the continent has witnessed a large number of peaceful electoral transitions to opposition parties, including in places such as Nigeria with legacies of authoritarian rule and civil conflict, even if the elections themselves pointed toward the existence of ballot rigging, intimidation and fraud.

Yet SSA has also been the stage of a stream of governance reform failures and policy reversals, and many countries continue to suffer from the consequences of poor governance. Since around 2015, a series of crises with mostly external origins – plunging commodity markets, the spread of insecurity and religious extremism, the COVID-19 pandemic, a rise in authoritarian forms of populism and a major shift in the geopolitical landscape – have revealed the underlying weakness of democratic institutions and state capacity in much of the continent. Based on a possible overly optimistic vision in 2000 (due to the current context at that time), many African countries, relying on the commodity super cycle between the late 1990s and 2008 have not undertaken the necessary governance reforms and have started to suffer from

[2] This paper adopts the definition of governance offered by the World Development Report 2017 (Governance and the Law): "the process through which state and nonstate actors interact to design and implement policies within a given set of formal and informal rules that shape and are shaped by power." This definition emphasizes the role that power, norms and incentives play in shaping the way formal government organizations and agencies work in practice. Although inclusive, representative institutions are an intrinsic good, governance here is also assessed with respect to the ability of institutions to make decisions and implement policies that deliver pro-poor development.

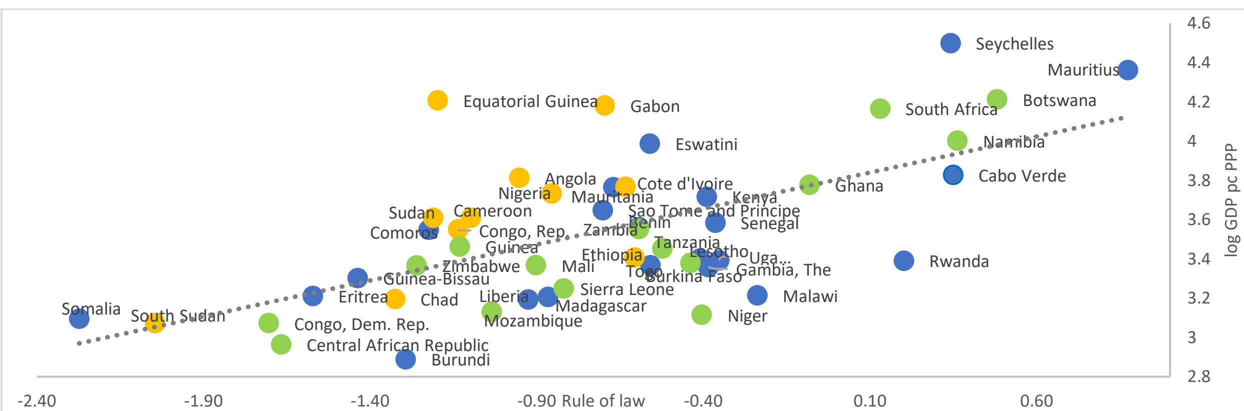
growing debt and economic imbalances, which has contributed to the state's inability to respond to growing demands and dissatisfaction from citizens (Blas 2023).

Figure 1. Political stability and economic development in Sub-Saharan Africa (2021)



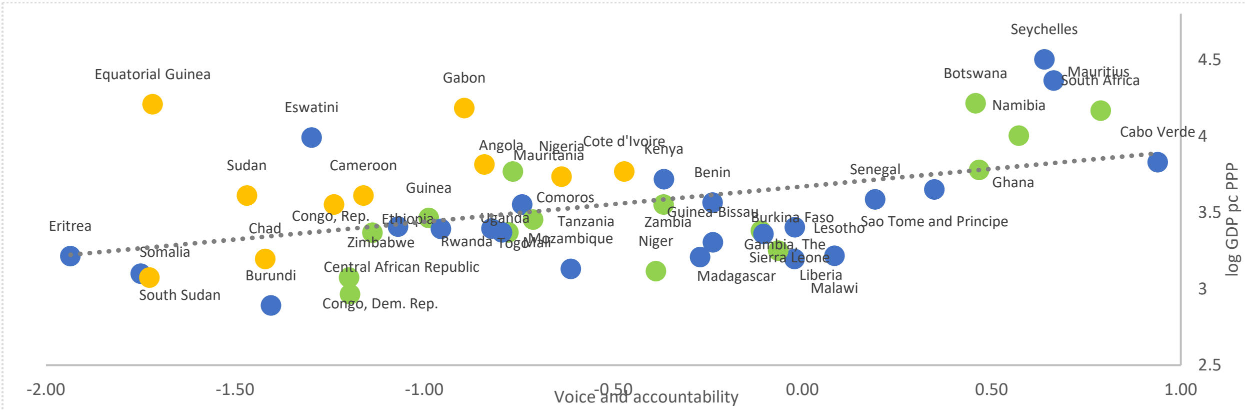
Note: The x-axis represents the World Governance Indicator on political stability. Oil rich economies are represented in yellow; non-oil but resource-rich economies in green; non-resource rich countries in blue. The data is the latest available (2021). Source: WGI database for political stability indicator and WDI database for database for GDP per capita.

Figure 2. Rule of law and economic development in Sub-Saharan Africa (2021)



Note: The x-axis represents the World Governance Indicator on rule of law. Oil rich economies are represented in yellow; non-oil but resource-rich economies in green; non-resource rich countries in blue. The data is the latest available (2021). Source: WGI database for rule of law indicator and WDI database for database for GDP per capita.

Figure 3. Political inclusion and accountability and economic development in Sub-Saharan Africa (2021)



Note: The x-axis represents the World Governance Indicator on voice and accountability. Oil rich economies are represented in yellow; non-oil but resource-rich economies in green; non-resource rich countries in blue. The data is the latest available (2021). Source: WGI database for voice and accountability indicator and WDI database for database for GDP per capita.

Governance breakdowns underlie security and service delivery challenges and weaken the social contract.[3] Despite increased military spending, national security forces tend to be in decay (Dwyer 2017 and Bagayoko 2022), and African states struggle to respond to the security demands of their citizens. Inefficient public spending and chronic poor or under-administration due to low revenue collection prevent improvements in quality service delivery. More broadly, a global backlash against liberal institutions coupled with the rise of populism, facilitated by the rise of social media and pressure on traditional media, has also contributed to the weakness of social contracts on what a social contract is). High levels of corruption including illicit financial flows are further fueling citizen distrust in political authorities and state institutions.

The continent has also witnessed a sharp increase in conflict and violence fueled by extremist groups capitalizing on locally-based grievances, such as political marginalization (Dowd 2015) across the Sahel, the Horn of Africa, Mozambique and elsewhere (Boly and Kere 2023). In a number of countries, a failing social contract and the rise of non-state armed groups have also gone hand in hand with the return of coups and the militarization of politics – further fueling political instability. While coups were a common occurrence in the post-independence era, their number substantially decreased from the 2000s; in the

[3] A 2021 World Bank report, *Social Contracts for Development: Bargaining, Contention and Social Inclusion in Sub-Saharan Africa,* built on the framework of WDR 2017 to examine how the citizen-state bargaining process shapes governance. Social contracts can be understood as "a dynamic agreement between state and society on their mutual roles and responsibilities." Social contracts can be evaluated on three "compasses": (1) process—how formal and informal bargaining mechanisms mediate civil and state interests and capabilities; (2) outcomes—the extent to which they deliver inclusive developmental policies and outcomes; and (3) resilience—the extent to which they are responsive to and aligned with citizen expectations. The report highlights the ways in which citizen collective action in SSA is hampered by low levels of trust, appeals to identity politics and layers of mediated authorities. The state, in turn, tends to invest capacity in maintaining bargains among the elite while appeasing citizens with populist policies like subsidies. Where citizen capacity and expectations outpace what the state is offering, this can result in realigning the social contract. But where the interests and capabilities of the state cannot accommodate such changes, it can result in deeper mistrust and even conflict.

decade before 2021, there was on average only one successful coup per year. Since 2020, however, the continent has seen the resurgence of military coups, in countries as varied as Burkina Faso, Sudan, Guinea, Chad, Mali, Niger and Gabon. The context of those coups varies substantially; yet several factors emerge as reliable coup predictors, including failing social contracts, insecurity and the militarization of politics. Citizen dissatisfaction with the failures of service delivery and democratic governance (including flawed elections), and the related lack of perceived legitimacy of governments, have been recurrent occurrences in pre-coup contexts; in several countries it materialized in social protests and, in the initial phases at least, in popular support for military coups and military governance, despite citizens' strong expressed preferences for democratic forms of government.[4]

This paper explores the dynamics of governance reform on the continent over the past two decades and attempts to make sense of the heterogeneity of African governance trajectories. It identifies long-term trends and tentatively lays out some of the reform wins and some of the areas that lag behind. While the analysis inevitably relies on aggregated data to make generalizations and on imperfect benchmarks for comparisons, it also, where possible, attempts to provide nuanced and fine-grained country perspectives.

Taking stock of governance in the last twenty years in Sub-Saharan Africa

The continent's track record on achieving effective and accountable governance institutions capable of managing conflict and driving inclusive growth is mixed, but overall has not matched the (arguably excessive) expectations of the early 2000s.

The analysis of the state of governance in Africa since 2000 points to four key trends, which this paper explores in depth:

1. Effective state institutions, capable of maintaining peace, fostering growth and delivering services, have developed unevenly. There has been some progress in reforming state institutions, including on fundamentals such as revenue mobilization and public financial management in some selected countries. Yet, overall progress on building strong and effective state institutions, including public administration and regulatory capacities, has stagnated and reformers have had to contend with repeated reform failures and reversals, in particular in fragile and resource-rich countries. This subpar progress on institutional development underlies the persistence of petty and grand corruption, and low performance of public service delivery.

2. Progress has been made on enhancing the inclusiveness and accountability of institutions – but it remains constrained by the weakness of checks and balances and the persistence of patterns of

[4] The majority of countries also experienced coups partially as a "by-product of the imbalanced aggrandizement of their armed forces in the face of serious security threats — whether from domestic insurgencies, organized crime, or the spread of militancy related to the global "war on terror" and/or insecurity contagion from failing neighboring states". See Opalo, Ken. "Putting the recent coups in the Sahel in broader perspective". An Africanist Perspective (blog). August 3, 2023. https://kenopalo.substack.com/p/putting-the-recent-coups-in-the-sahel#:~:text=The%20recent%20spate%20of%20coups,shaky%20sovereignty%20of%20these%20states

centralized and exclusive power arrangements. The repeated holding of multiparty elections across the continent has introduced some levels of electoral accountability, but the exercise of power and the working of institutions remain vulnerable to opacity, extractive behavior and exclusive elite pacts. Checks and balances on executive power tend to be weak, transparency limited, and access to political and economic power remains highly unequal. In that context, countries in democratic transitions have tended to struggle to deliver on their development promises – and many countries are stuck in a stable equilibrium of extractive political and economic institutions.

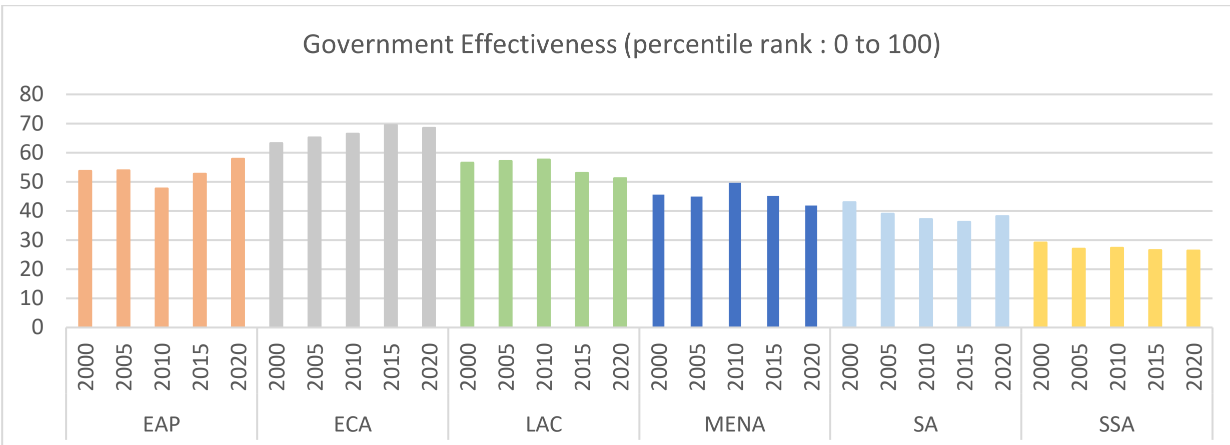
3. Civic capacity has risen considerably – but the inability of institutions to respond to social expectations and political mobilization threatens to turn liberal civic engagement into distrust, populism and radicalization. Democratic development at the turn of the century opened a window of opportunity. It created pressure for more public transparency and space for social mobilization, which culminated in the Arab and African springs in the early 2010s. Yet, civic mobilization has not been matched by complementary state responsiveness, whether in terms of service delivery, security, or public integrity. This mismatch comes with high risks of instability, as illustrated by the decline in citizens' trust in institutions and could open the door for social demands for less liberal forms of governance.

4. The combination of the above three trends contributes to the rise of political instability, which constitutes a major threat to the continent's ability to claim the 21st century. Disappointment in the ability of states to deliver basic services, weak institutional channels for accountability and high levels of distrust point to the fragility of the social contract. Interstate wars have declined since the turn of the millennium, but the region has experienced a sharp uptick in violent events since 2015, with insecurity spreading across the Sahel region to the Horn of Africa as evidenced by the recent stream of military coups – eight successful since August 2020. Such instability and violence are core binding constraints to growth on the continent: instability creates policy volatility, shortens policy horizons leading to suboptimal macroeconomic policy decisions, and decreases investors' confidence – with negative effects on economic performance. African democracies are more likely to invest in pro-poor growth: military expenditures are higher in autocratic regimes than in democratic regimes in Africa, whereas democratic regimes spend more on education and health (Ndayikeza 2021). Fang et al. (2020) estimate that in SSA annual growth in countries in conflict is about 2.5 percentage points lower on average, and that the impact on per capita GDP is cumulative and increases over time. Although transitions to democracy can be volatile, ultimately democracies tend be better governed and able to sustain inclusive growth.

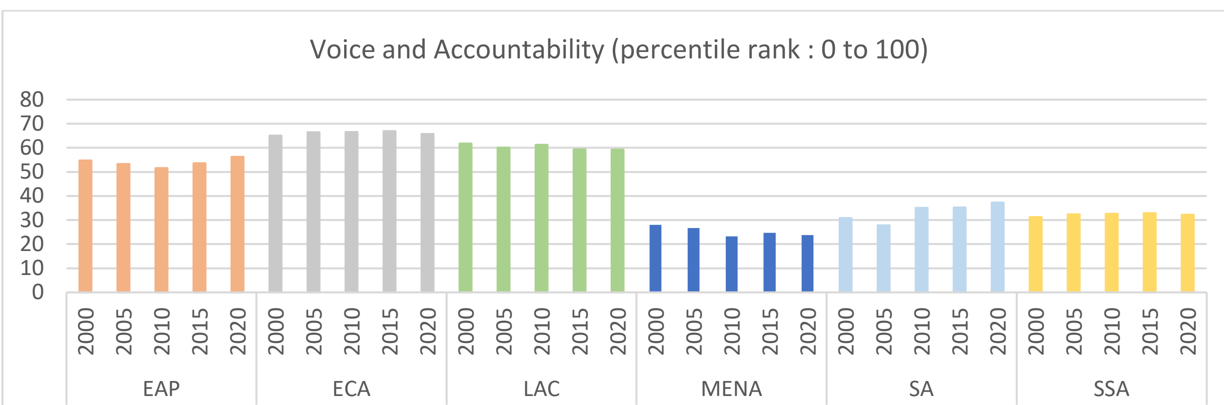
A high-level look at governance data

A high-level look at governance data suggests that change has been slow over the past 20 years in SSA and that governance in the region still tends to lag behind other world regions. Aggregate World Governance Indicators illustrate those macro-trends. The three aggregate variables presented in Figure 4 measure key dimensions of governance, namely government effectiveness, voice and accountability, and political stability. They show that SSA slightly improved its percentile rank for voice and accountability and deteriorated on government effectiveness and political stability. SSA tends to perform worse than all other world regions – with the exception of the Middle East and North Africa (MENA), which SSA outperforms on the indicators related to voice and accountability and political stability. SSA lags behind all other world regions on measures of government effectiveness and its position appears to have slightly deteriorated since the early 2000s.

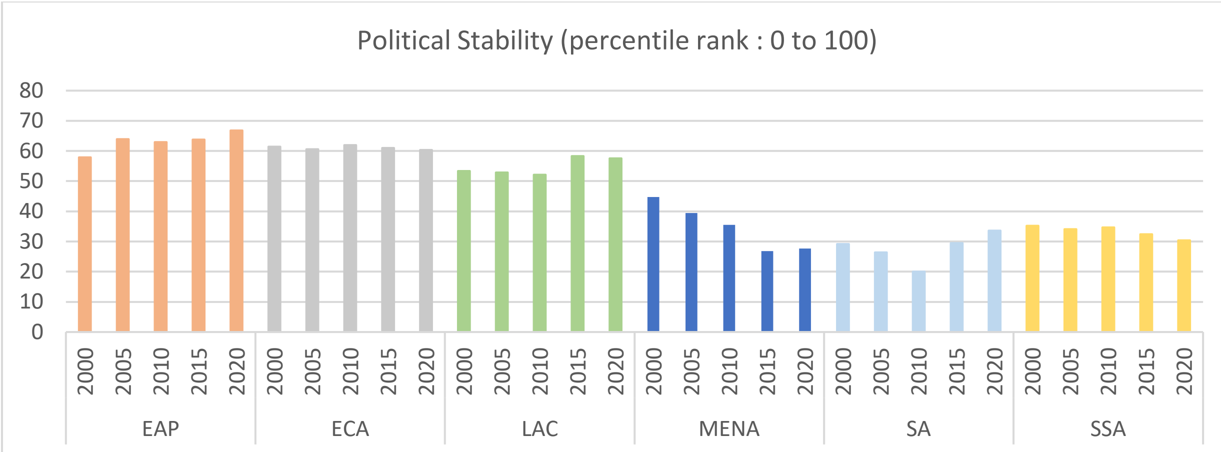
Figure 4. World Governance Indicators by region, 2000-2020



Source: Worldwide Governance Indicators (WB). *Definitions:* Percentile rank ranges from 0 (lowest) to 100 (highest). *Regions:* EAP (East Asia & Pacific); ECA (Europe & Central Asia); LAC (Latin America & Caribbean); MENA (Middle East & North Africa); SA (South Asia); SSA (Sub-Saharan Africa).



Source: Worldwide Governance Indicators (WB). *Definitions:* Percentile rank ranges from 0 (lowest) to 100 (highest). *Regions:* EAP (East Asia & Pacific); ECA (Europe & Central Asia); LAC (Latin America & Caribbean); MENA (Middle East & North Africa); SA (South Asia); SSA (Sub-Saharan Africa).



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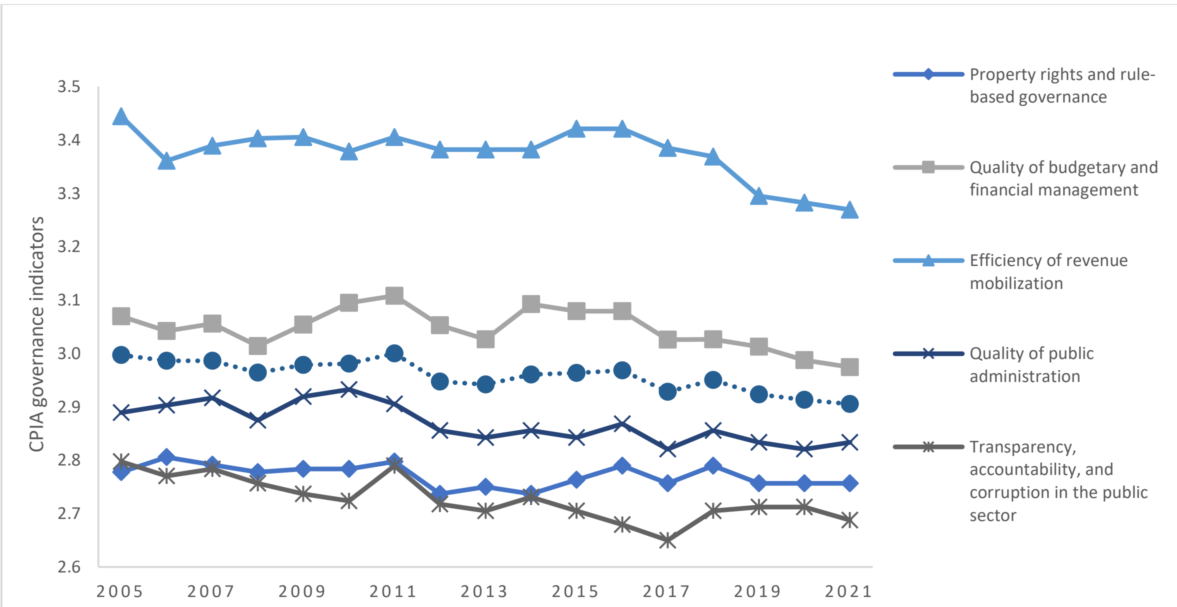
The next sections delve more deeply into the region's governance record. They look at four building blocks of inclusive and effective governance, namely: (i) state effectiveness and capability; (ii) inclusive and accountable political institutions; (iii) civic capacity; and (iv) political stability. More disaggregated data provide some nuance to the governance diagnostic. It helps identify some positive trends that are hidden by aggregate variables, such as the progress made on selected fundamentals of government effectiveness (including public financial management and revenue generation), the durability of democratic (and electoral) processes, and the decline in interstate wars. Yet, it also shows that, despite this trio of advances, progress has often been subject to reversals and stagnation, and many areas of governance continue to lag behind.

State effectiveness and state capacity trends

Long-term trend 1. Effective state institutions, capable of maintaining peace, fostering growth and delivering services, have developed unevenly since 2000. There has been some progress in reforming state institutions, including on 'fundamentals' such as public financial management or revenue mobilization in selected countries. Yet, overall progress on building strong and effective state institutions, including public administration and regulatory capacity implementation has stagnated and reformers have had to contend with repeated reform failures and reversals, in particular in fragile and resource-rich countries. This subpar progress on institutional development underlies the persistence of petty and grand corruption, and the low performance of public service delivery.

Overall progress on state effectiveness and capacity has stagnated since the early 2000s. On the whole, the SSA region has performed poorly on the World Bank's Country Policy and Institutional Assessment (CPIA) cluster on public sector management and institutions (Figure 5). Data indicates that there has been marginal to no progress on critical dimensions of public sector management and institutions such as the quality of public administration as well as property rights and rule-based governance.[5] The trends on public sector management and institutions need, however, to be put in historical and comparative perspective to be better apprehended: as illustrated by Andrews et al. in their 2017 book on "Building State Capability", institutional development has historically been an extremely slow-moving process that unfolds over decades, and even centuries. Rather than being an anomaly, slow institutional development that is also subject to reversals appears to be the norm and warrants more realistic and gradual policy prescriptions for governance reform.

Figure 5. Trends in CPIA governance indicators, SSA, 2005-2021



Source: Country Policy and Institutional Assessment (CPIA), 2022, World Bank. Note: CPIA values range from 1=low to 6=high. Q12: Property rights and rule-based governance; Q13: Quality of budgetary and financial management; Q14: Efficiency of revenue mobilization; Q15: Quality of public administration; Q16: Transparency, accountability, and corruption in the public sector.

There are variations across different dimensions of state effectiveness: on average, higher scores can be observed on selected 'fundamentals' such as revenue mobilization or budget and financial management (Figures 5). This relative performance points to the power of incentives in state-building. Faced with high fiscal deficits and pressures from citizens to deliver public services (see section on 'civic capacity'), governments have strong incentives to build state capacities that allow them to raise more revenues and manage their limited resources more efficiently. Areas that are strategic for governments hence appear to see more progress. In contrast, other public sector dimensions perform less well: rule-based governance, characterized by clear contract and property rights and a strong legal and judicial system to

[5] It is noteworthy that other CPIA clusters have behaved differently. The overall CPIA score has been relatively stable over time, hiding conflicting trends across clusters: CPIA cluster scores show a clear regression on economic management but an improvement on social inclusion. Indeed, while the "Social inclusion" cluster experienced continuous improvement over the 2000-2019 period, the "Economic management" cluster's trend has had a steady decline from 2012. The "Structural policies" cluster and "Public sector management and institutions" cluster, on the other hand, have been relatively stable over the observed period, with however lower levels for the latter.

enforce them, remains low, with deleterious effects on economic activity. The quality of the public administration also remains low overall: national and subnational core administrations in African countries tend to perform poorly, including in terms of managing their own operations, or ensuring quality in policy implementation and regulatory management.

There are, however, selected examples of effective public administration reform, such as in Rwanda. Rwanda came out of the civil war with an over-bloated and under-skilled civil service, ripe with patronage. Reforms were initiated in 1998 to enhance civil service effectiveness and administrative capacity – with the aim to bolster service delivery and political legitimacy in the post-war era. Key strategies included downsizing the civil service, decentralizing personnel, and implementing transparent, merit-based recruitment processes. Between 1999 and 2009, four downsizing programs were executed, resulting in a more streamlined civil service. Selection criteria were revamped, leading to a significant increase in the proportion of civil servants holding university degrees. Additionally, management tools like imihigo, performance contracts introduced in 2006, fostered a more results-oriented culture and improved accountability from local to central government. The Rwandan experience underscores the significance of political dialogue in navigating contentious reforms, with recruitment reforms stemming from inclusive discussions during the urugwiro dialogue (1998-9). The country's context-specific solutions, such as imihigo, also highlight the value of homegrown approaches to governance. The political ingredients of reform in Rwanda have ambivalent effects, however. The government's capacity to push reforms and deliver results has been attributed to its authoritarian governance, including top-down decision-making by a presidential strongman. This, however, has been indissociable from the broader context of limited pluralism and repressive politics. In this context, transparency around results can be put in question, as well as the long-term effect on reform sustainability of the sidelining of key accountability mechanisms, including checks and balances from the judiciary or citizen participation.[6]

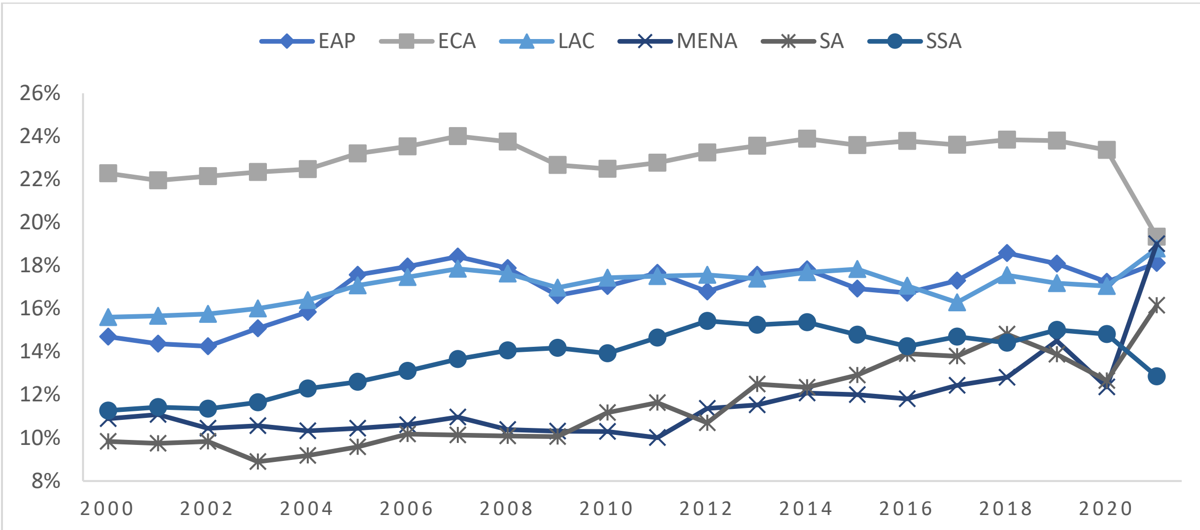
State effectiveness and capacity have been strongly tested by crisis in recent years, including by the COVID pandemic. As illustrated by Figure 5, the COVID crisis has been associated with a decline in the quality of public sector management and institutions, which suffered from the combined pressure of high debt levels, stretched fiscal resources, and increased demands for government interventions. This is true even for relatively better performing areas of the public sector, such as revenue mobilization and budget and financial management whose scores have decreased in recent years. Figure 6 further illustrates the impact of the COVID pandemic on revenue mobilization, with a drop in total taxes (as a percent of GDP) following the crisis.

Overall, efforts to build institutional capacities for revenue mobilization have translated into higher levels of taxation. Notwithstanding the negative impact of the COVID crisis, the level of taxation in SSA has slightly improved over the last twenty years, with total taxes reaching 14.8 percent of GDP in 2020 (Figure

[6] For more details on the Rwandan experience, see World Bank. 2019. "Future Drivers of Growth in Rwanda: Innovation, Integration, Agglomeration, and Competition." Conference Edition. World Bank, Washington, DC.

6). When looking at total taxes over GDP, the SSA region lags behind ECA, EAP and LAC, but it is better positioned compared to MENA and SA.

Figure 6. Trends in taxation (total taxes as % GDP) by region



Source: Government Revenue Database (GRD) – United Nations University UNU - WIDER.

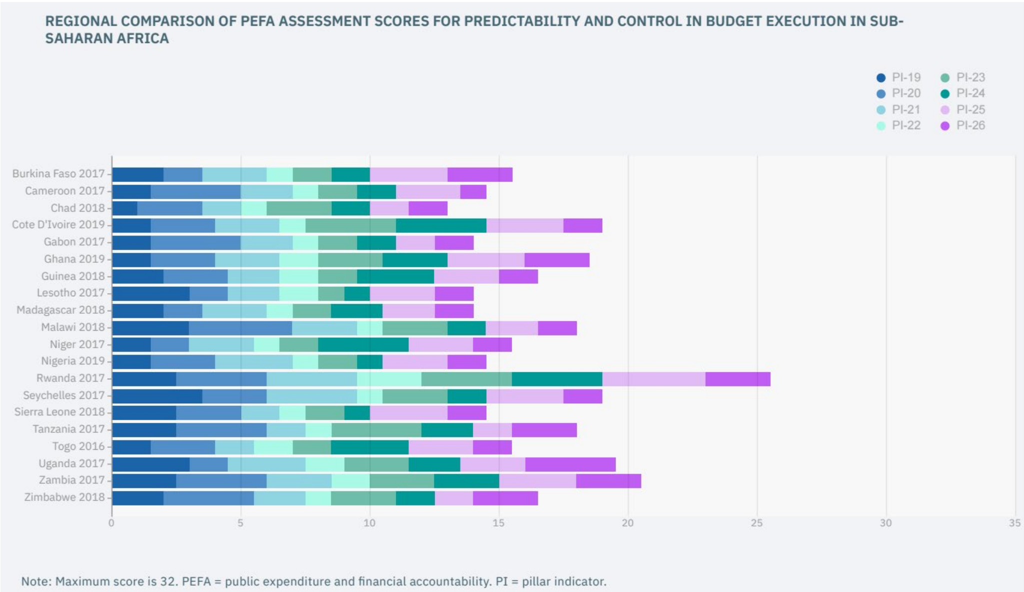
Regional-level analysis hides considerable country heterogeneity. Public sector performance indeed varies substantially across countries (Table 1). CPIA scores show that a small subset of countries stands out, such as Rwanda and Cabo Verde which have been among the better-performing countries in terms of public sector performance for more than a decade. Similar trends emerge when zooming into budget and PFM performance: Public Expenditure and Financial Accountability (PEFA) assessments of budget execution, for example, show that some countries, such as Rwanda, Ghana and Zambia, outperform their regional neighbors with regards to the level of predictability and control over budget execution (Figure 7).

Table 1. How have African countries performed from a governance perspective in the past decade?

	CPIA Public Sector Management and Institutions
Top 5 performers (2021)	Cabo Verde, Rwanda, Kenya, Senegal and Ghana
Bottom 5 performers (2021)	South Sudan, Somalia, Sudan, Guinea-Bissau, Central African Republic
Most positive trend since 2005 (>=0.5 pt)	Zimbabwe, Togo, Côte d'Ivoire, Rwanda
Most negative trend since 2005 (<=-0.5 pt)	Sudan, Tanzania, Mali, Madagascar, Guinea-Bissau, Eritrea
No change since 2005	Niger, Nigeria, Senegal

Data source: CPIA Africa Report 2022.

Figure 7. Predictability and Control in Budget Execution: variations across countries in SSA



Source: 2020 Global Report on Public Financial Management, PEFA

Note: The PEFA pillar on predictability and control in budget execution has eight indicators and covers revenue administration, cash management, expenditure control, procurement, and internal audit.

Fragility[7] tends to correlate with governance performance. This is true even for the above-mentioned 'state fundamentals'. On average, fragile and conflict-ridden countries systematically rank lower on the quality of budgetary and financial management and the efficiency of revenue mobilization (Figure 8) and appear to be stuck in a low-capability equilibrium – whereby low capacity coexists with little to no progress on capacity development. On the one hand this points to a particularly acute need for financial and technical assistance, but it also often reflects an unfavorable political economy environment for reform.

The same holds for resource-rich countries. Among others, resource-rich countries in SSA tend to have poorer fiscal and financial management performance: their capacities for budget and financial management and their ability to raise revenues appear to be systematically lower than other SSA countries (Figures 8). This illustrates the persistent 'natural resource curse' – including the fiscal resource curse whereby governments benefiting from resource rents have less incentives to develop fiscal capacities and a fiscal contract with their citizens.[8]

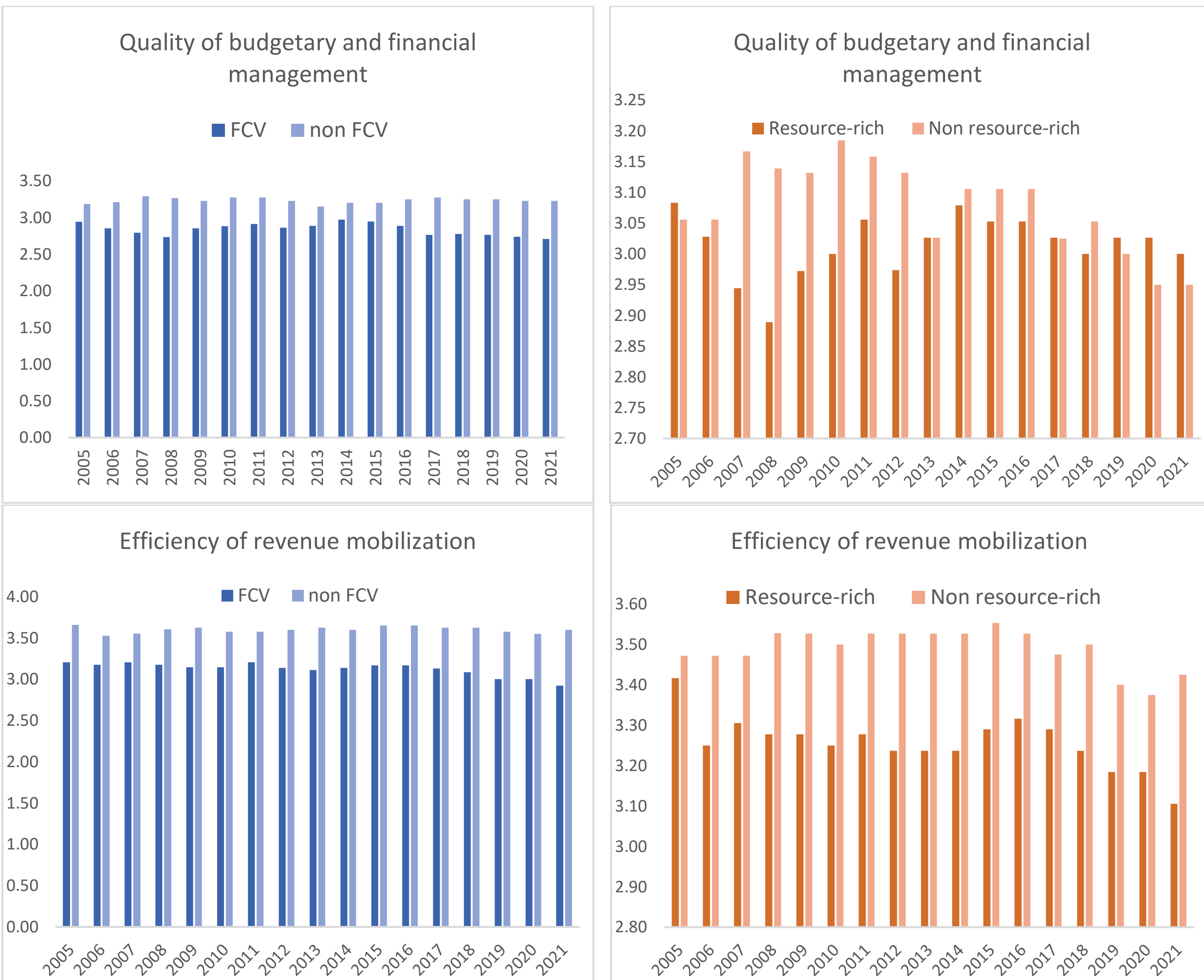
Resources need not be a curse, however. Cross-country research shows that countries with political arrangements that limit rulers' discretion over the management of natural resource revenues are able to mitigate the negative effect of natural resources on fiscal and institutional capacities (Masi et al. 2020). Botswana is case in point: a country rich in diamonds, it has managed to escape the resource curse thanks

[7] The definition of fragility lacks consensus. In most cases, this term describes a fundamental failure of the state to perform functions necessary to meet citizens' basic needs and expectations.

[8] See Isham, J., L. Pritchett, M. Woolcock, and G. Busby. 2003. "The Varieties of the Resource Experience: How Natural Resource Export Structures Affect the Political Economy of Economic Growth," mimeo, World Bank, Washington D.C. Subramanian, Arvind and Xavier Sala-i-Martin. 2003. Addressing the Natural Resource Curse: An Illustration From Nigeria. IMF Working Paper No. 2003/139.

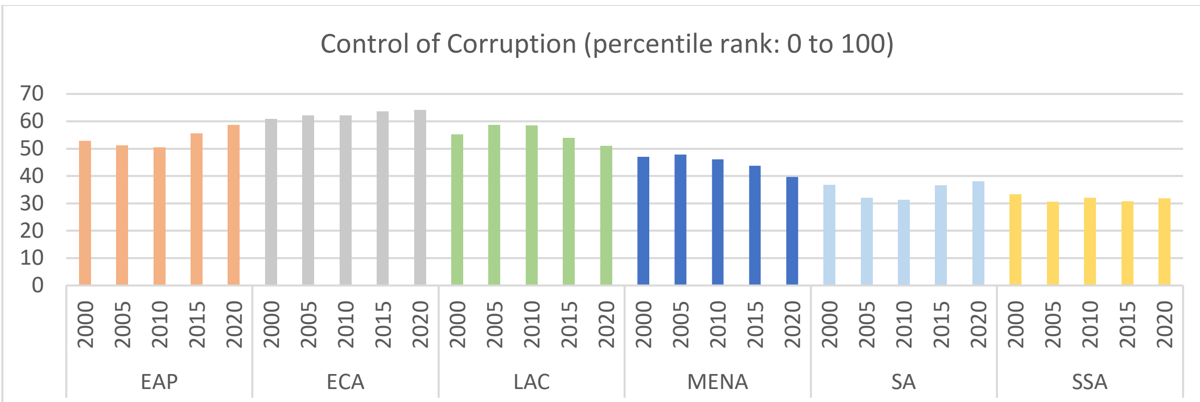
to a political economy environment conducive to elite cooperation around resource management and accountable relations between political elites and citizens. In addition, even within states that are marked as fragile or resource cursed, there are conditions that can produce pockets of state capacity. These capacities may inhere in particular institutions or sectors. In Nigeria for example – a country rich in natural resources and with a complex federal system - the public sector is constituted, especially at the federal level, by a vast array of institutions of quite different calibers and exhibiting markedly different standards of efficiency. Some Nigerian institutions in particular sectors, states, or organizations work much better than others. Over the last two decades, at various times the Supreme Court and the Economic and Financial Crimes Commission have exhibited (if not consistently) some important examples of independence and autonomy.

Figure 8. Budget, PFM and revenue mobilization reforms: the role of fragility and natural resources



In this overall context of poor governance, corruption remains high in SSA, with little improvement in the last twenty years. Since 2000, the SSA region has consistently ranked at the bottom of world regions on the Worldwide Governance Indicator on Control of Corruption, a composite indicator that captures perceptions of the extent to which public power is exercised for private gain, including both petty and grand forms of corruption, as well as state capture[9] by elites and private interests (see Figure 9). The indicator appears to have stabilized at low levels – in contrast with other regions such as EAP or ECA, which have witnessed improvements. Recent survey data on citizens' corruption perceptions also point to the resilience of corruption in SSA: more than half of respondents reported a perception that corruption was on the rise in the 2019 Transparency International Global Corruption Barometer for Africa (GCB), which covers 35 African countries, and 59% of respondents believed that their government was "doing a bad job at tackling corruption".

Figure 9. Trends in control of corruption



Source: Worldwide Governance Indicators (WB). *Definitions:* Percentile rank ranges from 0 (lowest) to 100 (highest). *Regions:* EAP (East Asia & Pacific); ECA (Europe & Central Asia); LAC (Latin America & Caribbean); MENA (Middle East & North Africa); SA (South Asia); SSA (Sub-Saharan Africa). *Note:* All three variables from Worldwide Governance Indicators, scores between [-2.5, 2.5].

Petty corruption is quite prevalent in public administration and services, and negatively affects the quality of and access to public services. According to the 2019 GCB, one in four individuals surveyed had paid a bribe in the previous year for access to public services, such as health care or education; in practice, this means that about 130 million people were likely to have paid money or done favors in exchange for access to services.[10] Petty corruption skews politicians' and bureaucrats' incentives to deliver public services: it is indeed associated to poorer management and lower quality of public services (World Bank 2004).[11] Petty corruption also has regressive effects, as poor users pay a larger share of their incomes on bribes and are also more likely to be discouraged from seeking public services.[12] De facto in SSA, the 2019 GCB survey data indicates that the poorest are twice as likely to pay a bribe as the richest individuals. This is particularly delegitimizing when such corruption is embedded in security agencies such as the police and military as it represents a failure of the very basis of any social contract, which is basic security.

[9] State capture is perpetrated by interconnected corrupt economic and political actors targeting state assets and (ab)using weak institutions for their private benefit. Raballand et al. 2022.

[10] Transparency International, 2019, *Global Corruption Barometer: Africa 2019*. Berlin: Transparency International.

[11] In a similar vein, vote-buying tends to be associated with lower levels of investments in public services. Khemani, Stuti. 2015. "Buying votes versus supplying public services: Political incentives to under-invest in pro-poor policies". *Journal of Development Economics*, n°117, pp. 84-93.

[12] See for example Kaufmann, Daniel, et al. 2008. *How Does Bribery Affect Public Service Delivery? Micro-Evidence from Service Users and Public Officials in Peru*. World Bank Policy Research Working Paper.

While state capture in SSA remains difficult to measure, corruption scandals, selected audits and investigations, and anecdotal evidence provide basic empirics on its scope and patterns. State capture takes different forms, ranging from embezzlement to rent-seeking and patronage. It plays out through the privileged access of politically connected elites to state resources, public employment as well as policy decisions, including privileged access to permits and licenses, land, public contracts, grants/subsidies or tax breaks (Fiebelkorn 2019). For example, external audits and investigations during the 2014 Ebola Crisis revealed the misuse of large sums of Red Cross funds in Sierra Leone and Liberia, which amounted to up to 2.7 million dollars in the latter case. A stark example was the relationship between South Africa's former President and leader of the African National Congress, Jacob Zuma and the Gupta brothers. Over several years, the parasitic relationship between the President and donors resulted in widespread looting and state capture, which the country is still coming to grips with.[13]

Perhaps one of the most daunting challenges faced by SSA countries is capital flight, a large share of which is estimated to be illicit financial flows – this is financial flows that are either illegally earned or used (e.g. embezzlement, inflated payments through fraudulent invoices), and/or illegally moved or diverted (e.g. to evade taxes),[14] Empirical evidence about the relations between offshore centers, African elites and capital flow remains limited, but the release of the Pandora Papers, among others, showed the African connection to be robust.[15,16] Ndikumana and Boyce (2021) provide estimates of capital flight from 30 African countries over the period 1970-2018 and show that these countries lost a combined $2 trillion (in 2018 dollars), representing 94 percent of their total combined GDP in 2018. More worryingly, they show that capital flight from African countries has been steadily increasing since the turn of the century. Aid is at risk of being diverted by such forms of corruption. As documented by Andersen et al. (2020), aid disbursements to highly aid-dependent countries coincide with sharp increases in bank deposits in offshore financial centers, but not in other financial centers.

Grand corruption has dramatic fiscal and macroeconomic implications. State capture, whereby for example politically connected firms are granted preferential access to land, subsidies, public contracts or tax exemptions, has a demonstrated negative impact on productivity, job creation and growth in developing countries (see for example Diwan et al. 2019). Grand corruption also has distortive redistributive effects: patronage dynamics translate, for example, into the misallocation of public funds and inefficient public investments that benefit narrow political constituencies over general public welfare (Canen and Wantchekon 2022). In addition, the flow of corruption proceeds toward offshore centers represents a substantial loss in revenues from African treasuries, at a time when the burdens of debt and

[13] Chipkin, Ivor, et al. *Shadow state: The politics of state capture*. NYU Press, 2018.; Budhram, Trevor. "Political corruption and state capture in South Africa." *Political Corruption in Africa: Extraction and Power Preservation* (2019): 155-74.

[14] Note that IFFs do not all proceed from corruption; some may proceed from criminal activity (e.g. mafia extortions).

[15] See OECD (2023), Governing through transparency: Corruption, accountability and illicit financial flows in oil trading, Development Co-operation Directorate, OECD Publishing, Paris.

[16] Soares de Oliveira (2021) has identified a number of key themes, about which we know very little: the politics of finance and banking; the extractive industries and commodity trading; the political economy of metropolitan service providers; the engagement of African elites with the offshore world; and the increased salience of Asian financial centers in Africa's global offshore linkages. See also Oppong et al. (2020).

debt service in the wake of COVID are especially debilitating,[17] and arguably hampers the development of a fiscal contract between states and citizens.

Resource-rich SSA countries are disproportionately vulnerable to grand corruption and progress on the transparency agenda in the extractives sector remains limited. Resource-rich countries are more likely to be prone to elite rent-seeking and corruption, with negative effects on institutional development (Masi et al. 2020, Sala-i-Marti and Subramanian 2003). In SSA, as illustrated in Figure 1 at the beginning of this paper, the rule of law tends to be below average in resource-rich countries, especially for countries endowed with oil resources. Countries endowed with natural resources also appear to be substantially more exposed to capital flight than others: Ndikumana and Boyce (2021) shows that six of the top ten African countries with the highest amount of capital flight are oil exporters, and that the problem of capital flight also afflicts countries rich in primary commodities such as minerals and agricultural commodities (e.g. Côte d'Ivoire and Zambia). Existing assessments of the transparency and accountability instruments in the extractives sector in African resource-dependent states show that they have had relatively limited effects; among other things, disclosure and transparency pertaining to state-owned and public energy and mining enterprises has left relatively untouched the connections between political elites, transnational corporations and global trading houses and offshore financial centers.[18]

While anti-corruption reform remains challenging, some SSA countries have successfully experimented with localized, sector-based approaches. Experience in SSA and other world regions has shown that, while much-needed, the development of an anti-corruption ecosystem comprising of anti-corruption legislation, anti-corruption agencies as well as strong audit and justice institutions, is a protracted and challenging process, especially in low-governance environments (World Bank 2020). The nature of corruption flows, and the role of offshore centers in sustaining corruption, also point to the need to take the linkages between local and global governance seriously, and to tackle the role of offshore centers including through more transparent beneficial ownership – a complex enterprise.[19] In contrast, more targeted sector-based approaches addressing the institutional and political factors enabling corruption appear to have delivered more tangible results. For example, in Madagascar, in a context of customs malpractice and fraud which had led to considerable losses in revenue generation, performance contracts

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[17] This point is also made by Signée et al. (2020) who estimate that between 1980 and 2018, Sub-Saharan Africa emitted over $1 trillion in IFFs; and compare it with the levels of foreign direct investment (FDI) and official development assistance (ODA), which stood at about $2 trillion. See Signé, Landry, Mariama Sow, and Payce Madden. 2020. Illicit financial flows in Africa Drivers, destinations, and policy options. Brookings Institute. Africa Growth Initiative.

[18] OECD (2022) and OECD (2016).

[19] IFFs, in particular, clearly illustrate the globalized nature of corruption, and in particular the interconnections between the national and global scales, including the role of the offshore world and intermediaries in developed countries. Offshore centers originated in the strategies of some OECD states, corporations, wealthy individuals and financial sectors. In absolute terms, the offshore centers' flow of capital and business continues to emanate disproportionately from developed and middle-income economies. Africa is affected to an unusual extent by the strategies of tax avoidance/evasion, outward financial flows and corruption enabled by the offshore world (Soares de Oliveira 2022). According to UNCTAD (2020), In Africa, on average, extractive export under-invoicing was equivalent to 16 percent of merchandise exports of the commodities from 2000-2015. The regulation and curtailment of offshore world practices, a complex and frustrating enterprise even for large and powerful states, is extremely challenging for African states to enact, despite some stirrings of collective action through organizations such as the African Union (see https://www.oecd.org/dac/corruption-accountability-illicit-financial-flows-oil-countries.pdf).

were introduced in the country's main port, Toamasina, starting in 2016, to incentivize customs inspectors to prevent tariff evasion; incentives were coupled with better monitoring through the introduction of IT systems to monitor inspectors' performance. This helped increase fraud detection, decrease processing times and increase customs revenue. In a similar vein, the reform of land mapping and titling in Rwanda, including through the digitization of records, contributed to enhancing transparency and thus increasing the cost of malfeasance and reducing corrupt incentives in service delivery.

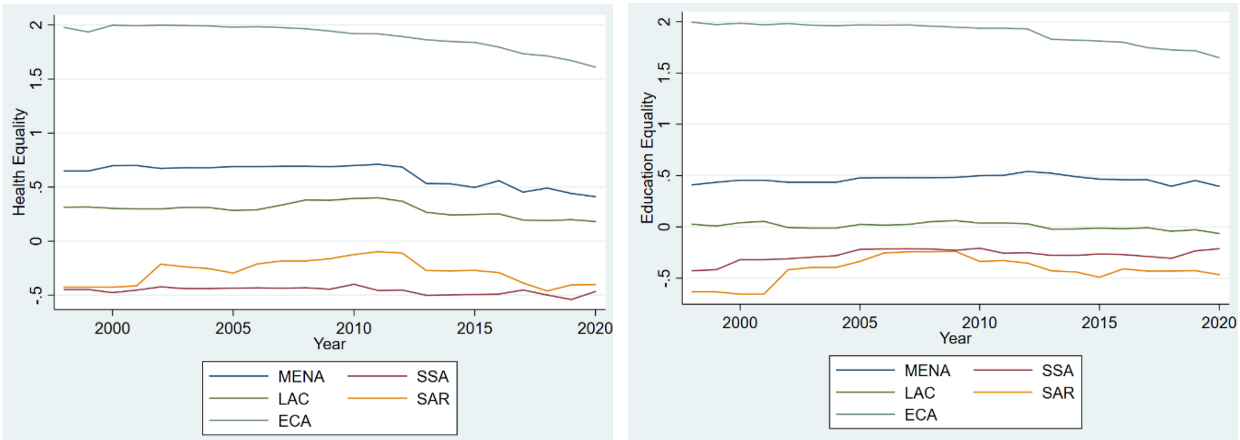
Access to health and education services and sometimes quality has overall improved in Africa over the past 20 years, arguably due to the fact that improved access is less demanding on institutions and has largely relied on large investments. De facto, the average literacy rate in SSA improved from 56 to 68 percent of the adult population and life expectancy at birth rose from 51 to 60 years between 2000 and 2020.[20] In the education sector, countries have made substantial strides towards achieving universal primary education. In 2000, about a third of primary school age children and two-fifths of lower secondary school age children were out of school, compared to 17 and 33 percent respectively by the end of the 2010s (UNICEF 2021). This progress has been made possible by African countries' policy commitment, reflected in the creation of enabling legal frameworks for free and compulsory education in over half of African countries (UNICEF 2021), support from the international community, including through global multi-stakeholder partnerships and funding such as the Global Partnership for Education, as well as an increase in public spending on education (the average education expenditure in Africa has risen in the first two decades of the 2000s, both in absolute terms and as a percentage of GDP (UNICEF 2022)).

Yet, trends in service *equality* lag behind. Regional average measures of education and health equality[21] presented in Figure 10 show that SSA remains the lagging region on health equality and only above SAR in terms of education equality. These relatively stable averages hide high levels of variations at the country level. Some countries such as Burundi, Eritrea, and Namibia have seen large decreases in their scores, while others such as Gabon, Liberia, Republic of Congo, and Tanzania have seen sustained increases in their scores. To some extent, these subpar outcomes can be traced back to financing challenges. First, while spending on social services has increased, it remains close to the lower end of international benchmarks: for example, African countries spend on average 4.1 percent of their GDP on education, compared to a global average of 4.3 percent. There are wide variations in the levels of government education expenditure across countries, which range from about 1 percent of GDP in the Central African Republic to 8 percent in Sierra Leone (UNICEF 2021). This challenge is compounded by a bias toward recurrent expenditure, to finance salaries, versus capital expenditure to which countries devote on average 13 percent of total education expenditures only. Beyond financing, improvements in health and education hinge on governance challenges, including poor teacher and health worker management and the lack of autonomy and accountability of education and health organizations and workers - which negatively affect the quality of service delivery.

[20] Data available at https://data.worldbank.org/.

[21] Public service equality as defined by V-DEM refers to the extent that high quality service is guaranteed to all, sufficient to enable them to exercise their basic political rights as adult citizens.

Figure 10. Trends in overall service delivery equality scores



Source: V-DEM data, Coppedge et al, 2022. "V-Dem Codebook v12" Varieties of Democracy (V-Dem) Project.

Some African countries have experimented with reforms to civil service management to improve service delivery, including in health and education, in the past two decades. In particular, reforms to increase the autonomy of public workers and introduce performance-based pay have been tested in a variety of African contexts – with varying levels of success. Rasul and Rogger (2016, 2018) show that in Nigeria and Ghana reforms to management practices correlate with project completion rates – though not necessarily as predicted. Indeed, increases in autonomy for bureaucrats enhance project completion rates, but – contrary to expectations - the use of incentive and performance monitoring systems decreases project completion rates, suggesting that management reforms in service delivery need to be properly calibrated to the context. In the education sector, pay for performance has been further tested in different African countries, and existing studies call for nuanced assessments of their impact on the quality of education. For example, in Rwanda, pay for performance does not appear to affect the quality of recruited teachers, but did contribute positively to the performance of teachers as measured by the quality of pupil learning (Leaver et al. 2020). In Tanzania, there is some evidence of the positive effect of performance-based incentive schemes for teachers, though the effect is larger when additional incentives are coupled with the allocation of additional financial resources to schools (Mbiti et al. 2019). Additional evidence from Tanzania confirms that performance incentives for teachers can lead to modest average improvements in student learning, and that this effect can be sustained once incentives are withdrawn but highlight that incentives may have exacerbated learning inequality within and across schools, as increases in learning were concentrated among initially better-performing schools and students (Filmer et al. 2020).

Reforms to decentralize public services and increase the autonomy of schools or health facilities have also received substantial attention in the past two decades. Here again, the evidence is mixed and largely contingent on other country characteristics (Channa and Faguet 2016). In the case of school based management and autonomy, while Duflo et al. (2007) provide evidence of a positive impact of increased school autonomy and resources to hire teachers and monitor their performance on student learning in Kenya, Glewwe and Maiga (2011) have found that experimentation with increased resources and autonomy at the district and school levels in Madagascar did not have a discernible effect on test scores, possibly because of the short-lived nature of the intervention. Experiments in The Gambia also point to the importance of reform timing and sustainability: the evaluation of a four-year large-scale experiment to provide a grant and training to principals, teachers and community representatives shows that taken together, grants and training led to substantial reduction in student and teacher absenteeism three to four years into the program. It also highlights that the effect of decentralization reforms is highly context-dependent: while on average the program had no effect on learning outcomes, villages with high levels of baseline local capacity (e.g. high literacy) showed positive impact on learning outcomes, pointing to potential trade-offs between decentralization and equality in public service provision (Blimpo et al. 2020).

New digital technologies have generated considerable optimism – in and outside the governance sector. E-governance is seen, for example, to be a relatively cheap and easy way to improve revenue generation, enhance public financial management in the public sector or improve public service delivery.[22] A wide range of technological solutions have been introduced across African countries since the 2000s such as e-procurement platforms, financial management information systems (FMIS), digital registries, e-filing or digital public services. Yet, their effectiveness and impact on the quality of institutional processes and service delivery have been uneven. In Africa and elsewhere, the evidence shows that there remains a large digital divide, that the impact of digital technologies does not suggest an easy path to leapfrogging in governance, and more generally that the task of building robust governance institutions is a long and arduous slog that is different in character from digital reforms in other sectors such as providing high-yielding varieties to farmers or cell phones to slum dwellers. In governance there are no easy shortcuts – technological or otherwise – to robust, capable and democratic 'rules of the game'; digital solutions are only as good as the analog systems they complement (World Bank 2016). In their review of customs reform, for example, Arvanitis and Raballand (2023) argue that "It is rather easy to fall into the trap of unwarranted modernization and equipment. Countries often seek systems upgrades, for example, from Sydonia++ to Sydonia World. Advances seen in neighboring places and "computerization often become an end instead of a tool in many tax [and customs] administrations" (Barbone and others 1999, quoted in Cantens and Raballand 2010). The first question to ask is whether the current system is used effectively, and, if not, why not. In Cameroon's experience, for instance, automation-related gains could not be sustained as stakeholders learned the system's loopholes (Cantens, Raballand, and Bilangna 2010). A similar experience is drawn from Ghanaian Customs, where IT configurations in the early stages and related organizational processes can be co-opted by vested interests (Chalendard and others 2023), thus leading to new forms of corruption, as well as limited effects on petty corruption (Addo and Avgerou, forthcoming). Ultimately, capacity and incentives are the two core parameters to take into consideration before engaging with new ICT.

Climate change is creating new challenges as well as pressure for public sector reform. Climate-related increases in food insecurity, diminishing livelihoods in rural areas, and increases in droughts and floods, among others, create pressures on public finances and open debates on the information, capacity, and institutional arrangements required to manage climate and disaster risks. A number of African countries are undertaking governance reforms to respond to these new challenges. One area that has received

[22] One of the areas where technology has had a significant impact on the lives of the poor is in mobile banking. Innovations have made it possible for millions of poor Africans to have access to financial services through their mobile phones.

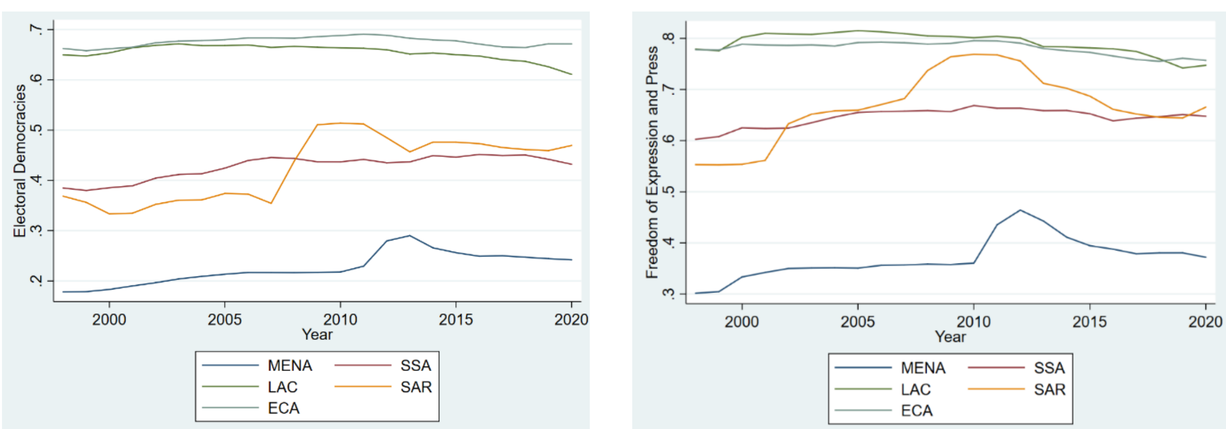
attention is climate-smart public investment management (PIM), which provides an opportunity for public investment to facilitate the transition to a green economy: a recent World Bank study (2022) showed that out of 12 African countries surveyed, half had conducted country-wide vulnerability studies and established dedicated agencies to collect data and information to forecast the strengths and frequencies of disasters and hazards. Yet, the impact of these studies and agencies is constrained by the weakness of effective cross-agency collaboration and the effective disconnect between the hazard data collected and the key stages of PIM (e.g. design, appraisal and financing of resilient infrastructure projects).[23]

The Quality of Political Institutions

Long-term trend 2. Progress has been made on enhancing the inclusiveness and accountability of institutions – but it remains constrained by the weakness of checks and balances and the persistence of patterns of centralized and exclusive power arrangements.

The beginning of the 21st century saw an opening of the political space in African countries. The electoral democracies that emerged during the Third Wave of Democratization in the 1990s have, to some extent, demonstrated their relative durability: elections are regularly contested, peaceful turnovers are becoming common, including in large democracies such as Nigeria, and there has been progress (though uneven and fragile) on freedom of expression and of the press. Overall, the region has seen improvement in democracy scores over 2000-2023 (Figure 11) – though democratic development has been more volatile in countries affected by fragility and conflict, even experiencing a decline starting in 2015.

Figure 11. Enduring electoral democracies



Source: V-DEM data, Coppedge et al, 2022. "V-Dem Codebook v12" Varieties of Democracy (V-Dem) Project.

[23] Kim,Jay-Hyung, Tuan Minh Le and Graham Glenday. 2022. *Stocktaking Survey on Climate-Smart Public Investment Management in Africa: What did We Learn.* Equitable Growth, Finance & Institutions Note. Washington, D.C.: World Bank Group.

African electoral democracies show signs of durability, but elections remain vulnerable to manipulation.[24] Since the mid-2010s a number of countries have reached the significant milestone of peaceful regime change through elections, including Ghana, Sierra Leone, Liberia, and Nigeria. Malawi and Kenya have weathered successful constitutional challenges to fraudulent elections. Yet, many African states remain trapped in a state of "competitive authoritarianism",[25] whereby elections are regularly held but are often marked by political thuggery and intimidation.[26]

Constitutional provisions protecting electoral democracy are threatened by autocratic reversals, as evidenced by modifications to term limits and the recent return of military coups. Term limits were institutionalized in the 1990s to counter the legacy of executive power concentration. According to Siegle and Cook (2021), as of May 2021, only six out of forty-nine SSA countries had never instituted a two-term constitutional limit for presidents.[27] Yet, in SSA countries that do have them, term limits have been regularly threatened: nineteen countries have witnessed attempts to modify or eliminate presidential term limits since 2000, and these attempts have been successful in fourteen countries. In addition, in recent years, a number of African countries have witnessed attempted or successful coups, in particular in the Sahel region. Where successful, these coups have brought the military back to power, such as in Mali, Burkina Faso, Guinea, Niger and Gabon, fueling a renewed trend of militarization, a specter that dominated African politics in the 1970s (we come back to recent trends in coups and instability below, in the section on 'Political stability').

The exercise of power remains largely unchecked, making political accountability a major issue across the continent. After an initial improvement in checks in balances in the 1990s, the level of constraints of judicial, legislative and constitutional counterpowers has stagnated (see Figure 12). In that context, the exercise of power and the working of institutions remains vulnerable to opacity and extractive behavior.

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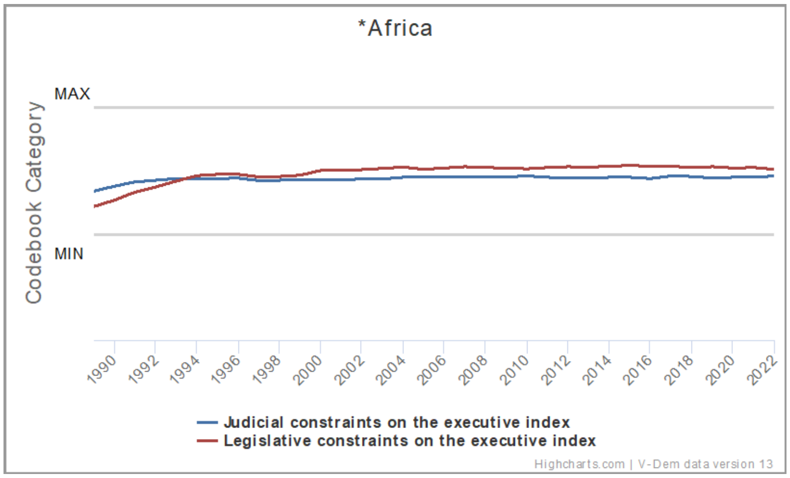
[24] The V-Dem Institute at the University of Gothenburg identified Benin, Mauritius and Ethiopia as African instances of a wider global trend toward autocracy (the percentage of the world's population living in 'autocratizing' countries increased sixfold between 2010 and 2020. See V-Dem Institute, *Democracy report 2021: Autocratization turns, V*iral. Gothenburg: V-Dem Institute.

[25] See also Riedl, Rachel Beatty. 2014 *Authoritarian origins of democratic party systems in Africa*. London: Cambridge University Press, 2014; Posner, Daniel N., and Daniel J. Young. 2007 The institutionalization of political power in Africa. *Journal of democracy* 18.3: 126-140.

[26] Cheeseman, Nic, ed. 2018. *Institutions and democracy in Africa*. Cambridge University Press.

[27] Eritrea, Ethiopia, The Gambia, Lesotho, Somalia and Eswatini.

Figure 12. Unaccountable institutions: stagnating levels of checks and balances



Source: V-DEM data. The index on legislative constraints on the executive measures on a 0-1 scale the extent to which the legislature and government agencies such as the controller general, the ombudsman or the general prosecutor, are capable of questioning, investigating and exercising oversight over the executive. The index on judicial constraints on the executive measures the extent to which the executive respect the constitution and comply with court rulings and the extent to which the judiciary is able to act in an independent fashion.

Non-electoral forms of participation have a mixed record. African countries continue to display low scores on freedom of expression and belief (see Figure 11). FCS countries display the lowest levels of freedom of expression. On the other hand, civil society mobilization has been increasing in Africa. Yet, across the continent, laws and regulations are manipulated to curtail civil liberties; cybersecurity legislation has been introduced that violates privacy; antiterrorism laws are used to limit free association; and laws curtailing civil society participation have been passed such as in Eswatini, Uganda and Zimbabwe.[28] Over half of African countries have legislation on access to information. Yet, the quality of these laws and their level of enforcement vary considerably, and Afrobarometer survey data indicates that about two-thirds of African citizens think that it is not at all or not very likely that they will be able to access information from their governments on local development plans and budgets or procedures to register a new business for instance (Asunka and Logan 2021).

Authoritarian politics weigh heavily on the quality of growth. The economic successes of *some* African closed political regimes have fed the myth of autocratic stability and growth. Some of these systems have indeed delivered *short-term* stability and growth, and even growth acceleration episodes, in part helped by a centralized and top-down governance, which can facilitate innovation shocks through a capacity to impose contentious reforms in the short run (e.g. Mugabe in Zimbabwe in the early years of his rule). Yet, empirical evidence has shown that, in the long run, democratic systems are better able to sustain growth (Persson and Tabellini 2009). De facto, in African countries, while authoritarian regimes are behind *some* of the successes in developing countries, they are also behind *many* of the biggest failures and, in the mid- to long-term carry risks to political stability and are less able to sustain growth. Ethiopia is a case in point in that regard: autocratic governance backfired into civil conflict, ultimately undermining reform progress

[28] https://freedomhouse.org/article/how-african-democracies-can-rise-and-thrive-amid-instability

and the country's development. These detrimental dynamics play out through different channels. State capture and resistance to competition in authoritarian systems nurture the exclusion of large market segments generating instability, which harms growth.[29] Captured states are also costly and characterized by high debt levels, misappropriation, and inefficient public investment – which play against the fiscal health of governments and their ability to invest in and implement productivity- or innovation-related policies. These considerations remind us that stability on its own is not enough for economic growth in developing countries, and that it needs to rest on healthy governance foundations.

While democracy provides incentives for inclusive development, democratic *transitions* in SSA have not yet fully delivered on their development promises. The governance and development payoffs of democratic transitions can be slow to materialize. First, many transition countries tend to be highly unstable in the short-term, in part due to conflicts around the renegotiation of access to economic resources and opportunities between the ruling coalition and excluded segments of the population. Such political instability negatively correlates with growth, as it tends to create policy volatility, shorten policy horizons and decrease investors' confidence. Second, electoral competition during times of transition can create perverse incentives for economic performance, whereby officials are better off concentrating on easy, visible tasks with clientelist payoffs (e.g. building roads with a ribbon-cutting effect for popularity[30]) rather than engaging in more complex and challenging economic reforms. Third, the introduction of electoral politics in SSA has tended to breed clientelism and patronage, including the strategic allocation of public positions to key political supporters (van de Walle 2012; Cheeseman 2015, 2018), resulting in the bloating of executive cabinets which tend to be associated with higher public expenditures and lower quality of public governance (Wehner and Mills 2020, Canen and Wantchekon 2022).

Access to political and economic power tends to remain highly unequal in transition countries. In semi-democratic countries, levels of political inclusion tend to remain suboptimal as politics continue to play out along identity lines and some social groups have limited access to power. These patterns of power distribution have developmental correlates: political institutions with limited levels of inclusion tend to go hand in hand with inequitable or exclusive economic institutions that benefit a narrow elite, rather than generating shared prosperity (Acemoglu and Robinson 2012).

In practice, this sustains the persistence of crony forms of capitalism. While the private sector is still developing in most African countries, it tends to feature private enterprises with substantial economic and political power that are able to influence economic and tax policy in ways that serve corporate interests, arguably to the detriment of economic regulation and competition. A close analysis of private sectors in African countries shows that they tend to be highly non-competitive, with a few large businesses controlling large market segments. Those dominant market players also tend to be well connected with political decision-makers, enabling them to leverage their influence to shape regulation in their favor,

[29] This echoes a point made by Smith and de Mequita who argue that the elite pact needs to grow and for dictators it has a tendency to shrink and become increasingly exclusive. Smith, Alastair and de Mesquita, Bruce, 2012, *The Dictator's Handbook. Public Affairs.*

[30] Tanzi, Vito and Davoodi, Hamid, 1998, "Roads to Nowhere: How Corruption in Public Investment Hurts Growth", *Economic Issues 12,* Washington: IMF.

avoid accountability when they violate market rules (including integrity or competition rules), access public contracts, or evade taxes (Canen and Wantchekon 2022).

Electoral politics are expensive and party financing creates important risks of policy distortions and corruption (Canen and Wantchekon 2022) – which some countries have started to address through the provision of public funding to political parties. In an attempt to curb reliance on opportunistic private donations and illicit sources, 71% of African countries provide direct public funding to parties (Achu Check *et al.*, 2019). However, this funding is not commensurate with the rise in electoral competition and costs, leading political parties to source funding from public, private and illicit sources with risks of collusion between political parties and opportunistic campaign donors (through the exchange of campaign finance and post-election favors, including for example preferential access to public contracts). African parties are under pressure during campaigns to provide material inducements to voters due to the clientelist structures of parties (Sigman 2023).

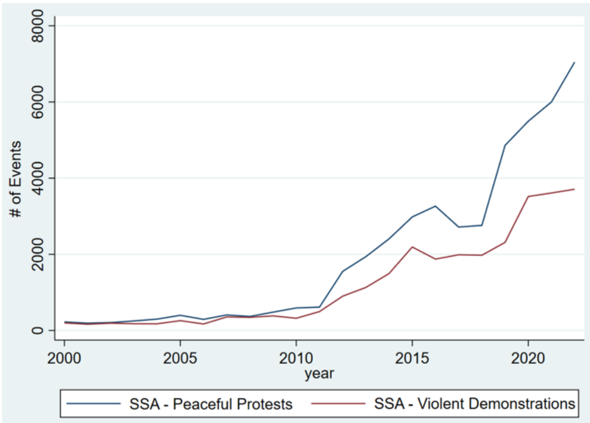
Patterns of Contestation and Resilience

Long-term trend 3. Civic capacity has considerably risen: the opening of politics since the 2000s has led to a surge in collective action, with positive spillovers for development. Yet, the inability of institutions to respond to social expectations and political mobilization threatens to turn liberal civic engagement into distrust, populism and radicalization.

Popular mobilization from below and pressures exerted by street protests have become a recurrent feature of the political landscape in SSA. Over the past twenty years, there has been an exponential increase in mass demonstrations and protests as a means of contesting failing social contracts, with a considerable acceleration since the early 2010s (Figure 13). In 2022, there were a total of 7,697 manifestations (4,612 protests and 3,085 riots) in SSA according to the Armed Conflict Location & Event Data Project (ACLED), compared with 2,188 a decade earlier and 359 two decades earlier. SSA witnessed the largest increases in anti-government protests in the world over the last decade increasing by 23.8% each year (more than twice the global average).[31] Since 2000 most demonstrations and protests have been unarmed and peaceful – even if they can turn violent often in response to state crackdowns.

[31] ACLED data confirms that the general trend of falling fatality rates also holds for all forms of political activity including armed rebellion and insurgency. When total fatalities are adjusted for Africa's rapid population growth to represent the ratio of fatalities per million people in the population, it is clear that fatality rate has slowly come down over long-time horizons.

Figure 13. Protests and demonstrations in Africa



Source: Armed Conflict Location & Event Data Project (ACLED).

Particularly large and enduring mobilizations have occurred since 2019 across the continent. Mobilizations have rocked countries at different levels of economic development and with different political regime types, including Sudan, Burkina Faso, Ethiopia, Kenya, the Democratic Republic of Congo (DRC), South Africa, Cameroon and Nigeria. In previous decades, demonstrations typically endured for days or weeks, but in recent cases – Malawi, Sudan, Togo and Guinea for example – they have proven to be durable, continuing for many months. Election times tend to be propitious for social mobilization. Highly contested elections saw widespread protests erupting in the DRC, Gabon and Uganda and even in countries – Chad, Angola and Zimbabwe – where the public and political spheres are tightly regulated. Protests in Malawi against the reelection of the incumbent President in May 2019 led to the Constitutional Court ordering a rerun, only the second time judges have done so in African history following Kenya's example in 2017.

The growth of information and communication technologies (ICT), including mobile phones and social media, can facilitate collective action – but manipulations and restrictions can also backfire against civic protests. In many instances across the continent, social media has played a role in facilitating the organization and amplifying the impact of social protests; as illustrated by the #EndSARS protest in Nigeria, calling for the dissolution of the Special Anti-Robbery Squad notorious for police brutality or the #StopGBV campaign against gender-based violence in South Africa. Recent research provides empirical evidence on mobile phones and civic participation: using data from African countries over the span of 15 years, Manacorda and Tesei (2020) find that in period of economic downturns, when grievances surge and the cost of participation falls, "mobile phones are instrumental to mass mobilization", as they increase individuals' access to information about economic conditions and about their neighbor's participation in protests. Yet, in a number of countries, the role of social media remains largely constrained by restrictive regulations and outright repression. In addition, the visibility of social media campaigns should not obscure the important inter- and intra-country digital divides: an average of 36% of individuals use the internet, with a variation from 2% in Somalia to 82% in the Seychelles (WDI data – 2021) and important gaps between rural and urban areas.

Dramatic improvements in data availability and transparency, made possible largely by pressure from civil society and the international community, have transformed the political landscape in the past two decades, opening opportunities for civil society to engage in evidence-based policy debates and hold governments to account. Transparency and accountability instruments (TAPS) and multi-stakeholder initiatives were central to the good governance agenda and were widely adopted in Africa especially in extractive and financial management (Watts and Porter 2023). But, as the case of EITI reveals, the theory of change in transparency policies – that information disclosure can trigger reforms and enhance state capacity - often turns out to be shallow and performative[32] even though some successes have been recorded.[33]

While protests tend be highly localized events, they share common driving forces. Underlying different movements lies the larger question of what full citizenship should entail, and the validity of the prevailing social contract.[34] Protests question the contract's tacit and common agreements – its legitimacy and authority in short – on what citizens expect from the state and the state's capacity and willingness to deliver on these expectations. De facto, mobilization has tended to emerge from citizens' deep dissatisfaction with their livelihoods, including living costs and access to public services, which protesters have regularly attributed to their country's poor governance – including their government's corruption and inability to deliver on their distributive mandates. South Africa, for example, has been the site of repeated episodes of social mobilization: in 2019 large-scale and persistent student unrest at virtually all of the campuses over fees, hiring and curriculum significantly disrupted the academic year; more recently, in 2023, the country witnessed protests against the electricity crisis and repeated power cuts. In Sudan, demonstrations in 2019, here again youth-led, resulted in the removal of Omar al-Bashir.

Protests reflect the broader attachment of African citizens to democratic values. Many protests have in common the defense of existing forms of democracy, however flawed, and a strong commitment to democratic norms and forms, and in particular the right of expression. The analysis of Afrobarometer survey data across 37 countries surveyed in 2021/2023 shows that over two-thirds (68%) of African citizens expressed a preference for democracy over any other form of government. The figure is higher when respondents are presented with specific alternatives; 83% reject one-man rule, 79% reject one-party rule and 68% reject military rule.[35] As stated by Afrobarometer (2023), "Africans want more democracy, but their leaders are still not listening". In this regard many protests turn on the legitimacy of public authority; but by the same token such dissent and perceived illegitimacy can also propel popular support for the military, and even for coups. It is noteworthy that the extent of citizens' opposition to military rule has declined by 10 percentage points over the past decade and that over half (53%) of respondents report being willing to endorse military interventions if elected leaders abuse their power.

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[32] Brockmeyer, M. Fox, J. 2015, *Assessing the Evidence: the effectiveness and impact of public governance oriented multi-stakeholder initiatives,* London: Transparency and Accountability Initiative.

[33] Kinda, Harouna and Thiombiano, Noel. 2024. "Does transparency matter? Evaluating the Impacts of the Extractive Industries Transparency Initiative (EITI) on Deforestation in Resource-rich Developing Countries", *World Development 173* (forthcoming).

[34] See IEG (2019), Manyika et al., (2020), Bussolo (2018).

[35] https://www.afrobarometer.org/online-data-analysis/. See also Gyimah-Boadi, Emmanuel, Carolyn Logan, and Josephine Sanny. "Africans' Durable Demand for Democracy." *Journal of Democracy* 32, no. 3 (2021): 136-151.

African citizens' dissatisfaction with the 'supply' of democracy arguably explains the steady decline in African citizens' trust in representative institutions, in particular for the executive (Figure 14).[36] A healthy dose of critical, rather than blind, trust is needed to generate positive spillovers for development.[37] Such critical trust requires public transparency and access to information to critically evaluate policies, and institutional channels to contest them and hold government accountable. When transparency and institutionalized accountability are perceived as limited, mistrust can turn into distrust. This crisis of trust can have deleterious effects: it could first radicalize social protests – and harm socio-political stability.[38] It is indicative, in that regard, that the rise of peaceful protests across SSA since 2019 has been paralleled by a heavy increase in violent demonstrations. Declining trust could also harm development prospects. An extensive literature shows that economic growth, social cohesion and well-being are indeed highly contingent on citizens' trust in political institutions (Fukuyama 1995, Knack and Zac 2001, Algan & Cahuc 2013, Algan 2018, IADB 2022).

The gap between civic demands/mobilization and state response has likely contributed to fuel distrust between citizens and states.[39] Many protest movements have had to contend with strong repression and political backlashes. In a number of countries, social protests were initially successful in making their demands heard and toppling autocratic rulers. Yet, the lack of institutionalized opposition has complicated the task of alternance and the legacy of military involvement in politics has, in places such as Burkina Faso and Sudan, opened space for military coups and civil conflict.

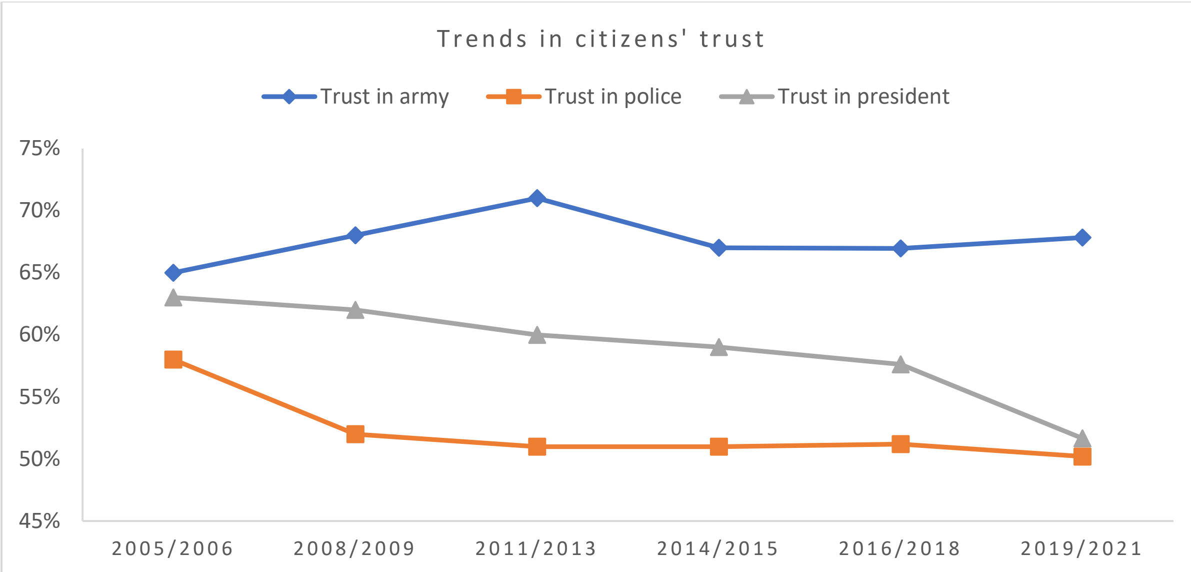
Figure 14. A decline in trust in executive institutions? African countries (2005-2021)

[36] Gyimah Boadi 2019.

[37] Zmerli, Sonja and Tom W.G. Van Der Meer. 2017. Handbook of Political Trust. Cheltenham: Edward Elgar Publishing. Norris, P., et al. 2019. "Trust but Verify". Trustgov Working Paper Series, no. 2 (September) OCDE. 2017.

[38] Cheeseman et al. (2023) showed, in this regard, in Nigeria, that anti-corruption messages raise awareness of corruption risks, and lead to reduced tax collection due to concerns that taxes will be wasted. This demonstrates the unintended consequences of interventions aimed at increased transparency of governments failures.

[39] Börzel, Tanja A., and Thomas Risse. "Dysfunctional state institutions, trust, and governance in areas of limited statehood." *Regulation & Governance* 10.2 (2016): 149-160.



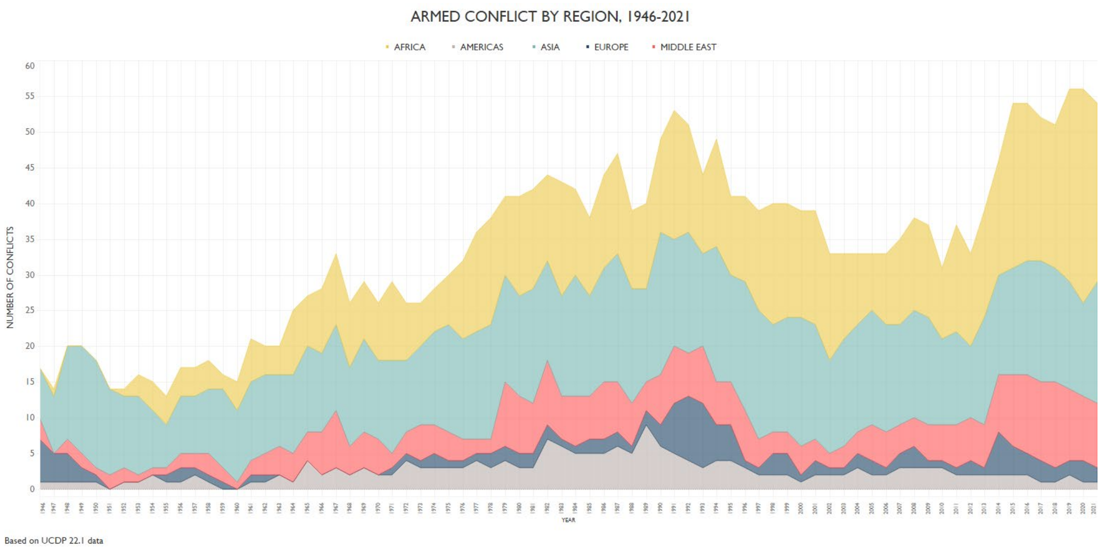
Note: Sample of 16 countries: Benin, Botswana, Cape Verde, Ghana, Kenya, Lesotho, Madagascar (except missing data in 2019/21), Malawi, Mali, Namibia, Nigeria, Senegal, Tanzania, Uganda, Zambia, and Zimbabwe
Source: Afrobarometer database available at https://www.afrobarometer.org/online-data-analysis/

Political stability

Long-term trend 4. Political instability is on the rise in Africa and constitutes a major threat to the continent's ability to claim the 21st century.

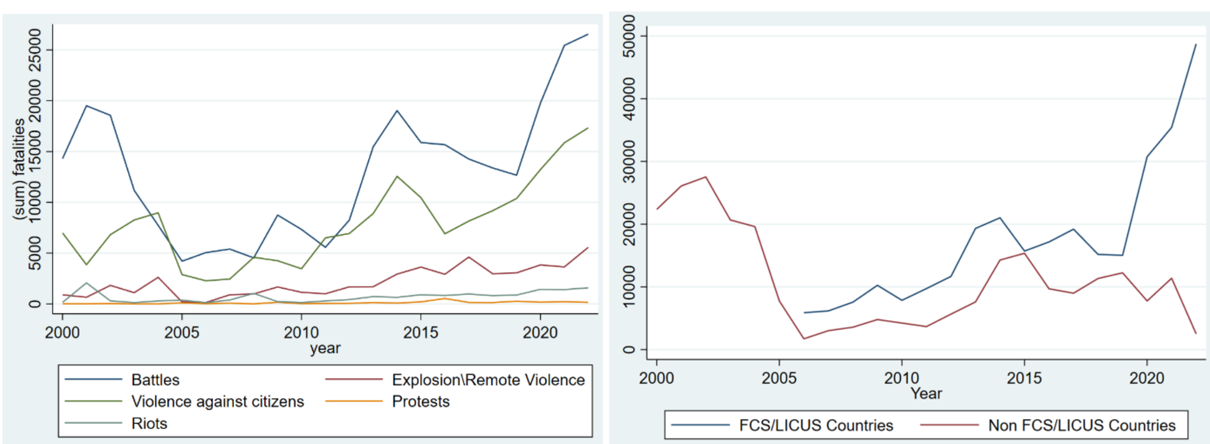
Political violence is at a historical high in Africa – and the continent fares poorly in regional comparative perspective. As illustrated in Figure 15, after a short-lived decrease in the early 2000s, violence has reached new highs in the last decade. This violence is likely the product of the long-term trends identified above, and reflects the fractured nature of the social contract, and the challenge of ensuring state control over the territory, in particular in fragile states with weak institutions. It remains a core binding constraint to growth on the continent: instability creates policy volatility, shortens policy horizons leading to suboptimal macroeconomic policy decisions, and decreases investors' confidence. Estimates of the cost of conflict in Nigeria alone in 2021 was $15 billion, and total costs between 2008 and 2021 were $113 billion. Fang et al. (2020) estimates that in SSA annual growth in countries in conflict is about 2.5 percentage points lower on average, and that the impact on per capita GDP is cumulative and increases over time. They also show that conflict negatively impacts public finances, including by lowering revenue and raising military spending, and incentivizes a shift in resources away from social spending.

Figure 15. A historically and comparatively high level of armed violence



Violence since the 2000s has shifted in important ways: while inter-state violence has decreased, there has been a rise in intra-state violence associated with the presence of non-state armed groups and transnational terror groups. The region has experienced a sharp increase in violent events since 2015 with insecurity spreading across the Sahel region to the Horn of Africa; and the recent stream of coups pointing to the fragility of political settlements. Trends in fatalities are largely driven by violence against civilians, battles as well as forms of remote violence. Most of these fatalities occur in countries classified by the World Bank as fragile and conflict states (FCS); it is noteworthy that the number of fatalities in FCS has drastically increased since 2020, in large part driven by the bloody conflict in Ethiopia and multiple forms of conflict in Nigeria (Figure 16).

Figure 16. Total number of fatalities in SSA by type of events and type of countries

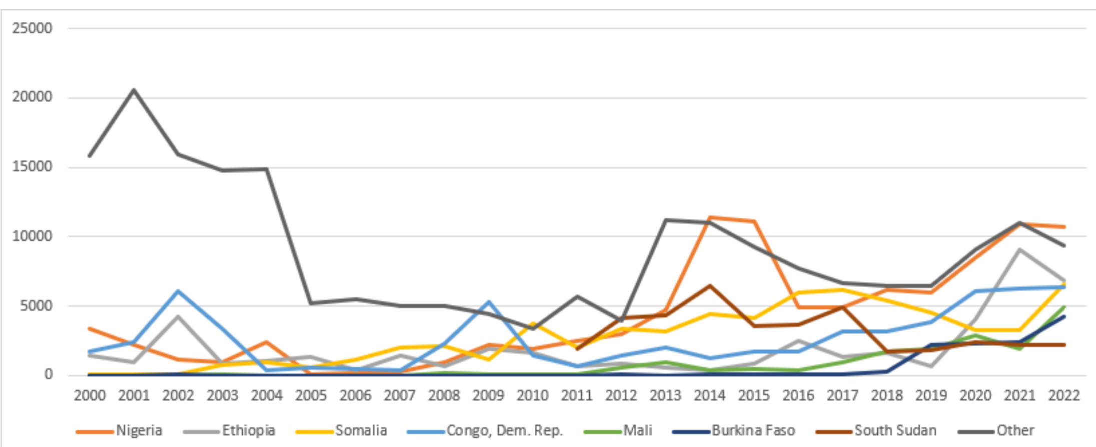


Source: Armed Conflict Location & Event Data Project (ACLED).

The 2011 World Development Report on *Conflict, Security and Development* pointed to a new and worrisome landscape of violence and fragility involving terrorist groups, criminal networks, vigilantism, ethnic militias and insurgency.[40] In the last two decades, interstate and civil wars have continued to decrease worldwide, including in Africa (Uppsala Conflict Data Program[41]). African conflicts today are more localized but with a transnational feature. As illustrated in OECD (2020), the number of regions experiencing a local intensification of political violence has increased significantly faster than other types of conflicts. Ethiopia, Burkina Faso, Mali, Nigeria[42] and DRC are examples of rapidly increasing conflict and violence in sub-regions with cross border spillovers (Figure 17). In the Sahel, political violence is highly concentrated in bordering regions with more than 40% of the violent events and fatalities occurring within 100 kilometers of a land border. Conflicts are largely localized, and violent events are more likely to occur near one another.[43]

In striking contrast to 2000, some parts of the continent are now in the midst of encompassing regional instabilities driven by transnational networks. ISIS linked militants particularly the Islamic State West Africa Province (ISWAP) have made headway across much of the Sahel, and its Central African counterpart – ISIS Central Africa Province (ISCAP) – has joined hands with militants in the DRC. The black flag of ISIS now flies over the Mozambique province of Cabo Delgado. The Sahel is an especially troubling case.[44] The crisis that enveloped Mali in 2012 has since escalated into a protracted and widespread crisis across the Sahel now extending from Senegal to the Horn.

Figure 17. Patterns of Conflict Fatalities 2000-2020



Source: Armed Conflict Location & Event Data Project (ACLED).

[40] A recent report - Escola de Cultura de Pau. *Alert 2021! Report on conflicts, human rights and peacebuilding.* Barcelona: Icaria, 2021, p.21 – summarized the Africa situation as follows: Almost half of the world's 34 armed conflicts in Africa were exhibiting a significant increase in high-intensity armed conflicts.

[41] Available at UCDP - Uppsala Conflict Data Program (uu.se).

[42] Curiel et al. demonstrated that Boko Haram is highly fragmented with between 50-60 operating cells operating over a large part of the territory. See Curiel, Rafael, Walther, Olivier and O'Cleary, Neave. (2020), "Uncovering the internal structure of Boko Haram through its mobility patterns", *Applied Network Science*, 5:28.

[43] OECD/SWAC (2020), The Geography of Conflict in North and West Africa, West African Studies, OECD Publishing, Paris, https://doi.org/10.1787/02181039-en

[44] See Raleigh, Clionadh, Héni Nsaibia, and Caitriona Dowd. 2020 The Sahel crisis since 2012." *African Affairs* 120/478, pp.123-143; Devermont, Judd. 2020 *Politics at the Heart of the Crisis in the Sahel*. Center for Strategic and International Studies, Washington DC; Kathryn Pye 2021, *The Sahel; Europe's forever war*, London: Center for European Reform; Alex Thurston, 2020, *Jihadists of North Africa and the Sahel*. London: Cambridge University Press.

Conclusion: Some lessons learned from African countries' governance trajectory

While the aspirations set out in 2000 are still highly relevant – inclusive, representative, and accountable governance remains a prerequisite to sustainable and equitable growth – there is no linear pathway to achieving these goals. This paper's journey through two decades of governance development offers several insights in that regard – which taken together call for more careful and nuanced thinking around governance reform in Africa.

First, the governance trajectories of African countries show that institution-building is a slow, protracted and deeply political process. As Andrews et al. (2017) demonstrate, if history is any indication, it takes decades or even centuries for developing countries to develop strong state capabilities. The 2017 World Development Report *Law and Governance* explains why this is the case: the interests and incentives of key players shape their political commitment to the adoption and implementation of critical governance reforms. Several factors can come into play in that regard including economic rents and interests, electoral and other political incentives, or popular pressure. Thus, institutions are shaped by the distribution of power and tend to replicate the interests of those making the decisions. These strong feedback loops favor the persistence of power asymmetries and path dependencies.[45] Step changes in the quality of institutions require more than reforming rules and forms on paper; they require real shifts in the relative power and/or interests of those in a position to make, implement and enforce policy.

Second, the vast heterogeneity of African experiences shows that the 'factors' of success and failure are highly context-dependent and conjunctural. The aggregate picture of the state of governance belies the considerable heterogeneity and dynamism across the continent and even within states (across subnational entities or across institutions). Because institutions are embedded in and the product of the local political economy, they are responsive to context. Institutional shifts may develop over time from incremental change, may come in response to a major shock or crisis, or may emerge in particular spaces and moments of time as a result of the confluence of contextual factors. There are discernible patterns in countries that share certain characteristics, such as natural resource endowments. Oil, minerals and other extractives are indeed associated with higher levels of corruption; lower incentives to develop robust tax systems; and overall lower institutional quality.[46] The challenge is acute in SSA where the contribution of

[45] For a theoretical discussion on path dependence in politics, understood as the conception that 'preceding steps in a particular direction induce further movement in the same direction' see Pierson, Paul. 2000. "Increasing Returns, Path Dependence, and the Study of Politics". *The American Political Science Review*. Vol. 94, No. 2, pp. 251-267. In African countries, it can be argued that historical legacies include the long-term impact of decisions related to sectoral policies, public investments and organizational capabilities taken in the colonial and immediate post-independence period, or during other critical historical junctures. These policy, budget and organizational decisions taken in the past put countries in a path-dependent policy process, whereby the range of policy options available in the present is constrained by historical decisions and their outcomes (rather than current conditions).

[46] For an overview of the resource curse literature see Ross, Michael L. (May 2015). "What Have We Learned about the Resource Curse?". *Annual Review of Political Science*. 18: 239–259.

natural resource rents,[47] especially oil and mineral rents, to GDP is much higher on average than in the rest of the world, lagging only the MENA region – as exemplified by the poor governance track-record of resource-rich African countries such as the Democratic Republic of Congo, Angola or Nigeria. But even these countries experience areas of progress and 'pockets of effectiveness'. Even though the public sector can be dysfunctional in those countries, some parts of the state usually manage to be more effective with better results (Hickey 2023). A great deal of contextual knowledge, as well as strategic opportunism, is therefore needed to craft effective governance reforms.

Third, not all good things go together. Among other things, the widely held assumption in the early 2000s that democratic transition on the continent would go hand in hand with better governance has not systematically passed empirical tests. While democracy tends to be good for governance, the *transition* toward a democratic system is a time of high institutional vulnerability. Country experience shows, for example, that both grand and petty corruption can increase during transition times, and that the introduction of elections can initially reinforce clientelist behavior among electoral competitors or shorten policy makers' policy horizons and decrease incentives for long-term public investments. These considerations should not be understood as a call to reconsider support to democratic transition or promote autocratic governance. Indeed, while countries with top-down, authoritarian models of governance, such as Rwanda and Ethiopia, have at different points in time managed to successfully introduce select governance reforms, this has happened at the cost of limited political opening and accountability, which creates mid- to long-term risks to political stability and development. Ethiopia is a case in point: autocratic governance backfired into civil conflict, ultimately undermining reform progress and the country's development.

Finally, and related to all of the above, reformers must confront politics. This holds true for governments and donors alike. Reform success has hinged on the ability of policy makers to harness politics in their favor. Many of the failures of the good governance agenda, which has been promoted by international development agencies since the 1990s, can be traced back to an attempt to replicate 'best practices', which have tended to ignore, bracket, or underplay the social and political context in which institutions are located, rather than develop 'best fit', cognizant of the country's context and of the power struggles at play in governance reforms (Grindle 2004, World Bank 2017[48]). The uneven impact of donor support for governance reforms results to a large extent from the inadequate consideration of local politics and power relations. In recent years, recognition of the limits of donor support has pushed development practice further toward confronting power and politics, as evidenced by the analyses offered in the 2017 WDR that saw the gap between policy adoption and implementation (and its resolution) in relation to "power asymmetries" and "political settlements". Such an approach calls for unpacking policy makers'

[47] Total natural resources rents are the sum of oil rents, natural gas rents, coal rents (hard and soft), mineral rents, and forest rents (World Development Indicators, World Bank).

[48] See also Andrews, M., Pritchett, L. & Woolcock, M. 2012. "Escaping capability traps through problem-driven iterative adaptation (PDIA)". *CGD Working Paper* No. 299. Washington, DC, Center for Global Development. Grindle, M.S. 2004. "Good enough governance: poverty reduction and reform in developing countries". *Governance: An International Journal of Policy, Administration, and Institutions*, 17(4): 525–548.

interests, incentives and influence, and the process through which they contest, negotiate or coordinate policy decisions, to understand how ‘political will’ for reform can emerge - or break.

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