

ANALYSIS OF THE QUALITY OF REGIONAL GOVERNANCE: CHALLENGES AND IMPLICATIONS FOR AFRICAN DEVELOPMENT

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Abstract

Quality governance in any region or country does not just happen. It comes not by chance but by the conscious choice of the citizens governed as well as the outcome of the activities of the various significant external agencies that impact on the political entity concerned. By the same token, the measurement of quality of governance is not an easy process. It has until recently posed an elusive challenge, notwithstanding the fact that there is a link between governance and development.

A review of the various researches (Kaufmann, Kraay and Zoidabaton 1999; Acemoglu, 2003; World Bank 2004; and World bank, 2003) indicate that many of the existing measures of governance are subjective and not without errors. However, a highly objective aggregate governance index which contains six measures or indicators of government has been designed by Kaufinann, Kray and Mastruzzi (2003).

Against this background, the purpose of this paper is to analyze the performance of various regions of world in the field of political and economic governance using the said six indicators of quality governance. Specifically, the paper discusses the challenges facing Africa and also posits the implications for structuring strategies towards sustained development of Africa.

Key Words: Quality regional governance institutions, environment, performance and African development

INTRODUCTION

An important progressive element in the political and socio-economic life of any country or region is quality governance. Quality governance or a

sustainable, transparent and effective governance does not come by accident. It often results from well articulated and properly nurtured democratic and accountable government at a regional or country level. Unless there is a framework of institutions (governance structures) through which political, social and economic policies are made and implemented, there could be no quality governance (World Bank, 2003). Broadly speaking, governance structures or institutions involves the constitution, the legislature, the executive arms of government (the ministries and parastatals) the judiciary including the courts and military tribunals as well as private sector and civil society structures aimed at fostering growth and development of all the stakeholders in a political entity. Quality governance in a market economy aims at creating institutions that provide a proper environment for the promotion of good political and economic governance, both of which are required for the smooth operation of market oriented activities.

A review of regional governance across the globe (especially those of Africa, South Asia, Latin America and Carribean, East Asia, and Middle East) shows that quality governance is scarce commodity that only few regions are grappling to achieve (African Development Bank, 2009 and 2003), United Nations Economic Commission for Africa (UNECA), 2008 and 2010), and Anver Versi (2003). The African states are generally weak in their establishment and utilization of quality governance structures for their political and economic development. Consequently, the pace and quality of the governance and economic reforms that have been going on in different parts of Africa and the proximate economies leaves much to be desired.

Against this background, the purpose of this paper is to review the quality of governance across the globe using the various regions as basis for comparison. Specifically the concepts of governance, quality governance and governance indicators or measures are examined based on the initial work of Kaufmann, Kraay and Mastruzzi (2003) as commissioned by the World Bank (2003). Finally the challenges of regional governance as well as the implications for Africa regional development are discussed

Quality Governance and Indicators of Governance: A Review

The term *quality governance* contains the root words: *quality* and *governance*. *Quality* means of a higher order, having the capacity to meet needs of the stakeholders or customers.

Governance is hereby defined as *the set institutions (formal and informal) and traditions that determine how authority is exercised in a particular country or region for the common good of all* (Kaufmann, Kraay and Mastruzzi, 2003). In other words, quality governance comprises higher order institutions or governance structures and as well as traditions and practices that foster good government and the development of all those that are governed. Quality institutions are central to quality governance. But what are institutions?

The term, institutions, have been defined variously by different experts. Institutions are the rules, organizations social norms that facilitate coordination of human action (World Bank 2003). In a generic sense, institutions are intermediate structures that limit and guide the actions of people towards some social or economic ends. These intermediate structures may be a set of rules or norms that constrain the behaviour of economic agents and determine the results of their actions in terms of choices made (Hurwicz 1973). "Rules" should not be understood here as if they were mere laws or decrees promulgated by a formally constituted political authority, but as constraints accepted by the agents. Institutions act as control valve for individuals in the community and in organizations.

In most cases, institutions are organization-based and are defined by their organizational structures (a structure aimed at aggregating or guiding behavior) or, if applicable, by a pattern of stable, regular social behavior, plus the formal rules (if any) and the social norms that determine their compulsiveness (North and Thomas 1973). Institutions define the incentive structure of societies and specifically of economies.

Governance structures or institutions are increasingly becoming one of the key factors that determine whether a country has the capacity to use resources effectively for development purposes and to reduce poverty. (Kaufmann and Kray, 2002)

Citizens of developing countries, including those in Africa are demanding better performance on the part of their governments, and they are becoming more aware of the increasing cost of governance in the face of largely unsatisfactory services. Most African countries are finding it difficult to rely on their limited domestic resources to execute their economic development policies and programmes. In order to sustain their desire, governments have resorted to international

multilateral agencies such as the World Bank and the International Monetary Fund (IMF) for financial assistance. At the World Bank and other international agencies, scarce resources must be allocated to only governments that will use them most effectively.

Consequently, African countries and other developing nations have embarked on market reforms and they often seek the help of international agencies in diagnosing governance failures and in finding solutions. These developments have led to new interest in measuring the performance of countries using indicators of governance and institutional quality (Kaufman et al, 2003). Quality governance can be determined using objective measures or aggregate governance index.

The aggregate governance index - is the average of the six measures of institutions originally developed in a 1999 study by Daniel Kaufman, Aart Kraay, and Pablo Zoido-Lobaton and later updated by Kaufmann, Kraay and Mastruzzi in 2003.

These three researchers, Kaufmann, Kraay and Mastruzzi (2003) of the World Bank, defined *governance* as the set traditions and formal and informal institutions that determine how authority is exercised in a particular country for the common good. The term, governance here encompasses: (1) the process of selecting, monitoring, and replacing governments; (2) the capacity to formulate and implement sound policies and deliver public services; and (3) the respect of citizens and the state for the institutions that govern *economic* and social interactions among them. For measurement and analysis, the three dimensions in the above governance definition are unbundled to comprise two measurable concepts per each of the dimensions above, to form a total of six governance indicators as follows:

1. *Voice and external accountability*: That is, the government's preparedness to be externally accountable through their own country's citizen feedback and democratic institutions, and a competitive press, thus including elements of restraint on the sovereign; the extent to which citizens can choose their government and have political rights, civil liberties, and an independent press.
2. *Political stability and lack of violence*: Lack of crime, and terrorism; the likelihood that the government will not be overthrown by unconstitutional or violent means.
3. *Government effectiveness*: It includes quality of policymaking,

bureaucracy, and public service delivery; predictability of its policies; and the competence and political independence of the civil service ;);

4. *Lack of regulatory burden (Regulatory Quality)* : The relative absence of government controls on goods markets, banking systems, and international trade.

5. *Rule of law*: The protection of property rights, judiciary independence, and so on, thus including elements of law and order, the protection of persons and property against violence and theft, independent and effective judges, and contract enforcement.

6. *Control of corruption (freedom from graft)* -Implies that public power is not abused for private gain or corruption.

Applying the above definition of governance and gathering data from many different sources, they analyzed hundreds of cross-country indicators as proxies for various aspects of governance.

The categorisation of the indicators were aimed at capturing how governments are selected, monitored, and replaced ; a government's capacity to formulate and implement sound policies; and the respect of citizens and the state for the institutions that govern them. This set of indicators tracking the quality of governance across the globe has been recognised as the most effective measurement tool to assess how countries perform in this critical area of development. The indicators covering 199 countries traced six areas of governance from 1996 to 2002. They have created a unique source of valuable benchmarks for policy makers , donor agencies, civil society and development experts. The indicators are based on 25 separate data sources at 18 different organisations, including commercial risk-rating agencies, multilateral organizations, think tanks, and other nongovernmental organizations. Specifically, they include amongst others, the World bank, Gallup International, the Economist Intelligence Unit, IMD, DRM/McGraw-Hill, Colombia University, Freedom House, Afrobarometer, Latino Barometro, the World Economic Forum, Transparency International and Reporters Without Borders. They are based on surveys of experts, firms, and citizens and cover a wide range of topics: perceptions of political stability and the business climate, views on the efficacy of public service provision, opinions on respect for the rule of law, and perceptions of the incidence of corruption. The U.S government has recognised this database by drawing heavily

upon the indicators for their new Millennium Challenge Account, while other governments are using these indicators for analysis, and for promoting changes within their countries.

According to the World Bank (2003) the set of measures provided by Kaufmann et al, 2003. Offering six aggregate indicators of the quality of governance has an advantage. The advantage is that it is based on a systematic aggregation of governance indicators from different sources. Whereas, previous studies on the importance of the institutional environment may have been driven by the selection of a particular source, this aggregate data reflects consensus view shared by diverse institutions and enterprises in various regions of the world.

Table 1 below, provides the regional averages for each governance component from 1996 until 2002, and suggests the extent to which governance remains a major challenge in a number of regions in the world. The extent of the challenge varies across different components of governance within each region.

Table 1: Indicators of Quality Governance

Region	Year	Voice & Account-Ability	Political Stability and lack of violence	Governance Effectiveness	Regulatory Quality	Rule of Law	Control of Corruption
Sub Sahara Africa (SSA)	2002	31	35	29	31	31	32
	2000	33	33	32	35	33	34
	1998	34	33	35	33	32	32
	1996	34	35	30	22	32	32
Middle East North Africa (MENA)	2002	29	40	50	45	54	55
	2000	30	50	56	50	59	54
	1998	29	49	53	45	62	56
	1996	29	40	53	47	55	52
South Asia (SA)	2002	30	32	48	35	42	42
	2000	27	26	45	38	37	41
	1998	32	27	44	46	40	46
	1996	33	31	50	45	36	39
East Asia (EA)	2002	50	55	51	43	48	44
	2000	49	55	51	42	45	47
	1998	50	56	50	41	46	48
	1996	52	55	57	49	54	52
OECD	2002	91	87	92	92	92	91
	2000	91	90	92	91	92	92
	1998	91	88	92	90	92	93
	1996	91	89	92	90	91	90
Latin America And Caribbean	2002	61	51	53	58	53	55
	2000	60	51	50	59	51	51
	1998	61	45	50	65	50	51
	1996	60	48	46	58	47	46
Eastern Europe	2002	65	61	58	63	57	55
	2000	63	54	56	59	57	57
	1998	56	57	52	58	55	56
	1996	55	58	59	56	54	53

Note: Data is shown in percentile rank (0 is the worst-ranked country, 100 is the best), regional averages. Country coverage: 199 countries, comprising the following number of countries in each region: Sub-Saharan Africa, 47; Middle East & North Africa, 20; South Asia, 8; East Asia, 29; OECD, 29; Latin America and the Caribbean, 38; Eastern Europe, 16. Presented regional average point estimates are subject to margins of error (see website for details). Figures are rounded to their closest integer.

Source: Kaufmann, Kraay, and Mastruzzi (2003). Governance indicators.

3.1 Voice and accountability

The key variables used by Kaufmann et al (2003) to measure voice and accountability include change in government, orderly transfer legal system, transparency, fairness, civil liberties: freedom of speech, of assembly and demonstration of religion, political rights: free and fair elections, representative legislative, free vote, political parties. Others are free press: laws and democratic accountability and responsiveness of the government to its people. Free and fair elections, important developments in rules and policies, and business has a voice to express its and wice to express its concerns over changes in Laws/policies and media independence.

The data presented in Table 1 reveals that indicators of voice and accountability were relatively low for SSA (31-34%), MENA (29-30%), SA (27-33%) and EA (49-52) over the period considered (1996-2002). The OECD countries registered the highest level of voice and accountability (91% throughout). Latin America and Caribbean (LAC) and Eastern Europe (EE) registered moderate levels (60-61%) and (55 to 65%) respectively.

It is plausible to suggest that in the rich countries (e.g. OECD) the national leadership as well as public servants and private sector practitioners are relatively more disciplined and therefore are more accountable to the citizens than those in the poorer SSA and MENA that had poor indicators of accountability and voice. What is called for is more democratic and accountable governments all over the world.

3.2 Stability of the political system (Political Stability)

A review of Kauffmann et al (2003) and Gold smith (1998) reveals that the key concepts used to measure political stability and lack of violence include the degree in the reduction of armed conflict, social unrest terrorist threat, political violence, internal conflicts as political violence and governance with no tolerance of violence or civil war.

On Table 1, we find that the indicators of political stability and lack of violence were equally low for SSA (33-35%) and SA(26-32%). The rich OECD states had very high quality indicators (87-90%) again reinforcing the view of Kaufman et al (2003) that there is a correlation between income and political stability. There is no doubt that armed conflict, social unrest, political violence, civil war and other forms of political

instability and violence are rife in SSA (as exemplified in Democratic Republic of Congo, Angola and Somalia.). (World Bank 1997)

Sudden changes in government sometimes brings serious operational disruptions. In the CIS, Africa, and the Middle East over 60 percent of entrepreneurs said that they constantly feared government changes and the painful policy surprises that tended to go with them.

(a) Government Effectiveness.

The key concepts measured in the process of ascertaining the status of government effectiveness include: government policy (pro-business), government/institutional efficacy, reduction in red tape bureaucracy, institutional efficiency and flexibility which foster bureaucratic efficiency, government stability and its ability to carry out programmes. bureaucratic quality by which civil services institutional strength is free from political influences and likelihood that when a government official acts against the rules one can go to another official or a superior and get correct treatment.

Others measures are management time spent with bureaucrats, the efficiency of customs, the general condition of roads, and the efficiency of government in delivering services.

The data presented in Table 1 reveals that indicators of government effectiveness were relatively low for SSA (29-35%), SA (44-50) and EA (50-57%) over the period considered (1996-2002). The OECD countries registered the highest level of voice and accountability (92% throughout). Latin America and Caribbean (LAC), MENA, Eastern Europe (EE) registered moderate levels (46-53%), (51-56%), and (52-59%) respectively.

Economies that are open to trade, investment and skill flows are generally more competitive and effective than those that pursue inward-oriented economic growth. The openness of some African economies was assessed by means of criteria such as average tariff rates, exchange rate policy, real exchange rates and foreign investment protection. The SADC countries rank near the bottom of any openness index, except Botswana, Mauritius, the Seychelles and Swaziland.

(b) *Government Predictability*

The survey showed that entrepreneurs in some parts of the world live in constant fear of policy surprises. In the Commonwealth of Independent States (CIS) almost 80 percent of entrepreneurs reported that unpredictable changes in rules and policies seriously affected their business. In Central and Eastern Europe (CEE) Latin America, and sub-Saharan Africa around 60 percent of entrepreneurs voiced the same complaint. By contrast, in the industrial countries: and in South and Southeast Asia, only about 30 percent of respondents considered this a problem for their business. A large part of the unpredictability of rule changes came from companies' having little or no role in the state's decision-making process.

3.3 Government Effectiveness and Predictability of Policies

An important measure of government effectiveness is the level of predictability of its policies. A review of World Bank Development Report, 1997 indicates that not all countries have predictable policies. Predictable policies implies that government has credible policies that are capable of being predicted. Government policies are predictable when and if government is sufficiently effective and able to carry out its policies with reasonable commitment. It implies predictability of changes in rules and laws and credibility of governments commitment to policies. Predictable polices are those that are sufficiently credible that citizens know that they cannot be changed arbitrarily. The mark of a capable state besides its ability to facilitate collective actions is its ability to set the predictable rules and policies that underpin markets and permit them to function properly.

3.4 Regulatory Quality

In measuring the regulatory quality of institutions, the key concepts used were the adoption of rules and regulations and procedures that guarantee competition and good governance in the economy. Others include regulation and its effect on business, government intervention in economy, export regulations import regulations and legal regulations on ownership of equity, regulations of starting new business as a means towards business development ,regulations of foreign trade, general certainty about the of costs of regulations, trade regulations, banking extensiveness of legal rules banking effectiveness of legal regulations, securities, effectiveness of legal regulations, participation of private sector in infrastructure projects, and extent of market competition,

competitiveness.

The data presented in Table 1 reveals that indicators of regulatory quality were relatively low for SSA (22-35%), SA (35-46%) and EA (41-49%) over the period considered (1996-2002). The OECD countries registered the highest level of regulatory quality (90 - 92% throughout). Latin America and Caribbean (LAC), Eastern Europe (EE), and MENA registered moderate levels (58-65%), (56 to 63%) and (54-62%), respectively. In most African countries, there is inadequate legal, financial and social frameworks to guarantee the efficient operation of market structures and process.

A well functioning financial sector is the linchpin of a market economy. As such, an important role of the state is the effective regulation and supervision of the financial sector to preserve the safety and soundness of the financial system. Different countries have different institutional devices for accomplishing this task. Some use their Central Bank to perform the task of regulation and supervision; others create financial supervisory authority or financial services commission to regulate the banks, insurance and securities. Others have separate regulatory bodies for the banks, insurance and securities.

3.5 Rule of law: The concepts measured in the process of aggregating the various dimensions of rule of law include: Confidence in the judicial and legal system to guarantee property rights and enforceability of private contracts, enforceability of government contracts, crime prevention, property rights, law and order, enforceability of contracts, policy effectiveness in safeguarding personal security intellectual property protection, compliance with court ruling. Independence of the judiciary from interference by the government and/or parties to the dispute, likelihood of winning a court case filed against the government and legal system effectiveness at enforcing commercial contracts, independent and impartial courts against government and ,citizens willingness to accept legal means to adjudicate disputes rather than depending on physical force or illegal means.

The data presented in Table 1 reveals that indicators of rule of law were relatively low for SSA (31-33%), MENA (54-62%), SA (36-42%) and EA (45-54%) over the period considered. The OECD countries registered the highest level of rule of law (91-92%). Latin America and

Caribbean (LAC) and Eastern Europe (EE) registered moderate levels (47-53%) and (54-57%) respectively.

.It shows that SSA, LAC and CIS have poor rule of law and therefore unreliable judiciary. A well-functioning judiciary is a central pillar of the rule of law. Unfortunately, in many countries it seems to be the exception rather than the rule.

3.6 Control of corruption : The key concept used to measure corruption control by Kaufmann et al (2003) include issues such as, effectiveness of anticorruption initiatives, corruption among public officials, corruption in the political system as a "threat to foreign investment", frequency of "additional payments" to "get things done", corruption as "obstacle to business", and mentality regarding corruption, others concepts include perceptions of corruption in civil service , business interests of policy makers, control of corruption in business development, parities adopted towards reduction, of corruption the business environment for foreign companies, and proper practices in the public sphere.

The data presented in Table 1 reveals that indicators of corruption control were relatively low for SSA (32-34%), SA (39-46%) and EA (44-52%) over the period considered (1996-2002). The OECD countries registered the highest level of corruption control (90-93%).Latin America and Caribbean (LAC) and Eastern Europe (EE) and MENA registered moderate levels(46-55%), MENA (52-56%) and (53-57%)respectively. Research data depict the very close link between control of corruption and national income per capita.

Challenges of Governance

The following constraints constitute the main challenges of governance. They include amongst others, **government regulatory role**, property rights, corporate governance, legal and judicial frameworks, enforcement capacity, unattractive investment environment and, the problem of corruption.

Government Regulatory Role

The government regulatory role cannot be overemphasized in the process of economic and social transformation. Well designed regulatory system can help societies influence market outcomes for public ends. Regulation can

help protect investors, consumers and the environment from degradation. It can foster competition while constraining the abuse of monopoly power, be it public or private monopoly. Every successful market economy is overseen by a number of government regulatory institutions (agents) which regulate goods, services, labour, asset and financial markets. In fact, the freer the market, the greater is the burden on the regulatory institutions (Rodrick 2000). In Africa where government and market failures are common, the challenge of government and its agents of regulation is to make regulations more extensive and firm.

Protection of Investors and Consumers

A major challenge facing most African countries is the inability to protect investors and consumers assets. Most countries have weak and unpredictable institutions as a result of inadequate state control.

No wise investor would like to put his money into an investment that will not yield him or her good profit or some other benefits. Investors normally prefer to invest their money in a country where the laws and regulations affecting business investment does offer some protection to investors.

Consumers in market economy are getting more demanding as they are more discerning of what a good products or service is like. They can no longer accept products or service of low quality. Not only do they ask for good quality product; they also ask of competitive prices.

Property and land rights

Property rights including land right and contracts, determine who gets what and when. Knowing one's rights to assets and income and being able to protect those rights are critical for markets development. Governments have an important role in providing laws that delineate property rights and the judicial institutions that enforce these rights and establish the rule of law (Eggertson, 1990). But governments have been known to impede the development of markets through arbitrary exercise of state power, over taxation, corruption, short time horizons, cronyism, and the inability to uphold public order. For example, governments may establish restrictive trading rules in response to lobbying by business monopolies intent on safeguarding their monopoly interests.

Poor Legal and Judicial Framework

Markets rest on a foundation of institutions rules, and regulations of the same. Markets can only develop where effective legal and judicial frameworks are established to protect property rights and contracts. Property rights are only effective when three conditions are fulfilled. The first is protection from theft, violence and other acts of predation. The second is protection from arbitrary government actions- ranging from unpredictable regulations to outright competition-which disrupt business activity. The third condition is a reasonably fair judiciary. All these three conditions constitute a tall order for many developing countries (World Bank, 1997). The absence of these initial legal and judicial framework that support property rights and contracts gives rise to lawlessness and market inefficiency and effectiveness. So the challenge remains for African countries to establish appropriate mechanisms for not only writing the laws but also enforcing the rule of law.

Corporate Governance

One of the challenges facing African economies is that of good corporate governance. As a result of inefficiency in the management of public organizations, most African states have embarked upon privatization of public organizations in order to rationalize the corporate organizations and make them more results oriented.

Low Confidence In The Security Of Investments

Perhaps with the exception of a few African countries, there is generally a low level of confidence in the security of investments in Africa. According to World Bank survey (1997), entrepreneurs in many regions felt that the sudden changes in government sometimes brings serious operational disruptions. In the CIS, Africa, and the Middle East, over 60 percent of entrepreneurs said that they constantly feared government changes and the painful policy surprises that tended to go with them.

The truth is that Africa suffers from poor perception throughout the world. The perception of Africa especially in the west is that of a continent that us backward, unstable, poverty stricken and very risky for any useful investment(Anver Versi, 2003). To some extent this is true bearing in mind the recurrent civil wars and related insecurity. Consequently, Africa has not attracted sufficient private investment from foreign investors.

Poor Enforcement Capacity

Poor enforcement is rife in most African and poor nations of various regions of the world.

Enforcement capacity in richer countries of Africa (e.g. Botswana and Republic of South Africa) is stronger than in poor countries. (Somalia, Liberia, Cameroon, Niger, Zambia, Sudan, and others).

The problem of corruption: Market reforms in developing and transition economies have sometime failed to deliver the desired welfare effects. Corruption constitutes an important reason for the inefficiency of market reforms, and privatisation campaigns (Amoako, 1997). Market reform in highly corrupt societies is likely to result in less competition and less economic efficiency than reform in less corrupt societies. Corruption is one reason for failure of privatization and deregulation to improve economic efficiency in Africa. Through the corrupting influence of money, the shares of Government enterprises are sold below market price, thereby enabling government officials to get a significant chunk of the asset value for themselves.

Dominant Public Sector: A review of African economies reveal that for a long time, African economies were dominated by the public sector. Under this situation the private entrepreneurs are not economically and politically empowered to compete with public enterprises, some of whom are monopolies. But thanks that the picture is changing, though at a rather slow pace towards the involvement of the private sector in wide ranging national development planning.

Poor Infrastructures: Many countries in Africa lack proper functioning socio-economic infrastructures such as electricity, pipe-borne water, good roads, railways, airways, waterways and telecommunications eg Nigeria, Somalia, Cameroon, Chad, Central African Republic and Niger Republic.. Consequently the level of industrialization and quality of life of the citizens leaves much to be desired.

Poor Leadership: Good governance is lacking in the African region due to corrupt leadership. Majority of our leaders divert the scarce public funds into their private pockets leaving the masses to wallow in abject poverty.

Implications for Development in Africa

The following are the implications that the present governance situations,



has for African development.

1. Public-Private Dialogue

Private sector input into the governance process represents the most effective means of ensuring that government policy will be favourable for private sector growth and development. For this point to take place, mechanisms that afford private sector access to policy makers and that strengthen dialogue between the public and private sectors must be established. The complementary relationship should be forged between the public and private sector in such a way that the private sector would assume the lead role in development while the public sector provides the enabling environment for the private sector to grow (Otobo, 1997).

2. Modernization of the State and the strengthening of democratic institutions

Sustainable and equitable market requires a democratic, modern and efficient State, which promotes economic growth, providing a regulatory and legal institutional framework appropriate for the operation of the markets, which is capable of adopting economic and social policies to reduce poverty and inequality, which is able to implement policies in an efficient, transparent and responsible manner, and protecting private property rights and other fundamental citizen rights.

A modern state, within the context of a deepening of democracy, strengthening institutions and civil society participation, is essential to guarantee an efficient relationship between the State and the market. (Bratten, and Mattes 2001)

3. Regional Integration

The economic liberalisation that underpins the regional integration process will help stimulate economic growth. The combined regional markets of West, Central, North, Eastern, and Southern Africa will result in more cost-effective and efficient distribution mechanism, lowering cost for producers and prices for consumers. The greater size of the combined market and its abundant natural and mineral resources will attract more foreign investment.

4. Economic Liberalisation and Privatisation

Economic liberalisation is critical to strengthening development in the

African region. In the past state involvement was seen as the most effective way to develop an indigenous base for the economy, either through parastatal enterprises or through ownership of joint ventures in firms. State enterprises were recognised to perform specific functions in the economy, such as the diversification of economic activities. Nationalised banking systems assisted in allocating credit to the highest priority sectors. By the 1980's, however, it became clear that parastatals were not achieving desired results. Unable to sustain such policies, the governments moved toward privatising these state enterprises at the urgings of the IMF and World Bank (Kohler Horst, 2003). Economic liberalisation through the entry of new private businesses and through privatization could booster African economics.

5. Good Infrastructures

Infrastructure services that help the poor also contribute to environmental sustainability, clean water and sanitation, non-polluting sources of power, safe disposal of solid waste, and better management of traffic in urban areas provide environmental benefits for all income groups. The urban poor often benefit most directly from good infrastructure services because the poor are concentrated in settlements subject to unsanitary conditions, hazardous emissions, and accident risks. Infrastructure expansion should match population and market growth.

6. Strengthening the Private Entrepreneurship

Private entrepreneurship is absolutely essential for economic development which is nothing but the discovery of new resources, wants, knowledge and means of production to merit what the people want. Bureaucrats lack the knowledge and incentives to discover the right knowledge. Instead of meeting the demand of the people and informing them what is possible, they tend to employ their energies to find opportunities to personally enrich themselves. By contrast, profit-chasing competing private entrepreneurs tend to do what the market demands and adjust to evolving circumstances in the course of economic change.

7. Enforcement of Property Rights and Rule of Law

The rules of the game for sustainable growth is the institution of private property rights and rule of law. More than any other, they have enabled people to escape from the mire of poverty. Property rights are a form of capital. They give people incentives to invest in their land and

these constitutes assets against which business people can obtain capital required for success in becoming entrepreneurs. They also include intellectual property for those products and processes that require large investment in research, development and marketing but for which the cost of copying is relatively low. It is impossible to create wealth if property rights and contracts are not enforceable. Enforcement is only possible if they are efficient courts' systems to adjudicate and uphold the rule of law.

8. Making Africa Investment Friendly

Any attempt to make Africa investment friendly in ways that will attract foreign (and even domestic) investors, must begin with selling the best image of Africa as a continent that is safe to do business in and one that is not as risky as it was reputed to be. We should follow the example of western developed countries and start to sell the best image of Africa. To challenge people's perceptions is a difficult process that requires the ability to change how people feel. So Africa has to begin to change the way people, including Africans themselves, feel about it. Since advertising may be very expensive, it may be proper to suggest in line with Anver Versi (2003), that one of the issues on NEPAD's agenda should be to invite Africa's professional persuaders, including the media, to work on a blue print on how Africa's image can be burnished to shine.

9. Decentralisation and Accountability.

Political decentralisation and accountability for agency economic activities both at the central and in the regional and local government levels must be seen as a means of creating opportunities for greater participation in market functions. Depending in the degree of decentralisation - deconcentration, delegation and devolution - and its implementation, decentralisation offers opportunities for strengthening different parts of the service delivery chain (World Bank, 2004). While deconcentration affects primarily the compact relationship between the central policy makers and their local frontline providers, devolution implies the handing over of greater power and resources to local people thereby strengthening voice and local client power.

10. Combating Corruption

Corruption is a hydra-headed monster that has dealt a great blow to the African economies especially the relatively poorer ones or less democratically developed ones. Many studies (World bank 2000a) and Anderson, Kaufmann and Reccatini, (2003) present empirical evidence on the costs of corruption. Corruption is a regressive tax penalising poor people more than others. For instance, many people pay bribes to receive basic public services in education and health whereas richer households tend to pay bribes to receive special treatment in courts, customs and tax settlement. In order to curtail or eradicate corruption, a multipronged strategy that address a number of concerns - political accountability, institutional restraints, citizens voice, effective media, public disclosure laws, competition and good, public sector performance is imperative..

11. Participation in Global Value Chains

Global Value Chains (GVCs) are an important feature in today's global economy. African countries show high participation in them, though at the very low rungs of the ladder, that is, participation does not guarantee structural transformation (UNECA, 2015). Africa needs to focus on improving backward integration - share the value added embedded in its country's exports - expanding GVCs to other areas of the economy. Trade integrated regions are more attractive to lead firms in GVCs and hence Intra - regional trade in processed goods via regional value chains (RVCs) is the first opportunity for African firms to seize. -

12. Transformational and Transparent Leadership

What African countries need at a time like this is transformational and transparent leadership. With the exception of few leaders including those of Botswana, Tunisia, Namibia, South Africa, Mauritius Rwanda and Ghana, African leaders are non-patriotic and corrupt. At the moment we need leaders that will transform Africa into a developed region.



Conclusion

In the foregoing sections of this paper we examined the quality of governance as well as the forces that impact on different regions of the world. We observed that there are many challenges facing good governance not only in Africa but in other proximate economics.

Endowments and innovations should be encouraged and accepted. Finally, providing opportunities for trade will develop regional markets. Open information sharing will do the same. Competition among regions and among firms will help identify new and better ways of efficient and effective governance.

Learning useful lessons from the success and failure of other countries experiences in governance and nation building can provide valuable guidance. But copying other regional models without considering whether they are needed by those they are supposed to serve, and that they suit the capabilities of governments and citizens, can waste scarce resources.

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