South and East Africa was long regarded as a region of hope, with southern Africa even appearing to many observers as a beacon for the rest of the African continent. The BTI 2018 offers little cause for such optimism. Indeed, the opposite is true: While economic transformation has shown little or no change in comparison to the BTI 2016, a clear regression is recorded in the political domain. A look at the medium term shows just how weak the empirical grounds for hope in the region have been for quite some time. The average regional scores in the BTI 2018 lie below those of the BTI 2006 for all three indices assessing political transformation, economic transformation and governance. Political transformation and governance scores have declined steadily for the last ten years, while economic transformation scores show a negative trend over the last six years.

The reasons the recent past can generally be deemed a lost decade in terms of transformation in these 20 countries are as multifarious as the region itself – reaching from Eritrea to South Africa, and from Angola to Mauritius. In the most recent review period, three primary factors can be identified. First, rapidly falling incomes due to persistently low commodity prices on the world market represent a considerable economic and social challenge – especially given the fact that the World Bank places 12 of the region’s 20 countries in its bottommost category of low-income countries, while eight are middle-income countries. Economic conditions in Eritrea and Somalia remain catastrophic. Even in economically quite successful countries, such as Angola, Mozambique and Namibia, development momentum has perceptibly weakened. Overall, economic performance in South and East Africa has fallen more than it has in any other region of the world.

Second, violent conflicts have torpedoed hopes for transformation. The civil war in South Sudan, ongoing since 2013, has brought the young country’s economy to the point of collapse and robbed the starving population of political prospects. Likewise, Somalia’s population is waiting in vain for a breakthrough after two decades of government failure and persistent violent conflicts. In Zimbabwe, a new wave of street protests broke out in 2016, but was forcibly suppressed.

Third in this series is a political climate of exclusion and repression, with the governments of individual countries bearing primary responsibility for these conditions. Governments in nearly half of the region’s countries further restricted the scope accorded for political participation and the rule of law during the review period. In many countries, heads of state are seeking to hold on to power, and in those countries in which elections were held during the review period, networks controlled by government parties generally gave incumbents even more of a “helping hand” than previously. In two cases, the restrictions applied to the electoral process (Uganda) or the elimination of political liberties due to tense security conditions (Mozambique) went so far as to have precipitated a shift from democratic to authoritarian structures during the review period. To be sure, Mozambique and Uganda have not become autocracies overnight, and redemocratization appears possible. Yet these examples do fit into a sobering overall picture of a region in which, for the first time since the beginning of the BTI surveys, democracies are no longer in the majority.
A comparison with West and Central Africa gives further indication of the depth of this crisis. The quality of democracy, a market economy and governance in the traditionally somewhat better-developed states of South and East Africa, on the one hand, and in the countries of West and Central Africa, on the other, had already converged in previous years. Now, the relative assessment of the two regions has flipped in key areas for the first time in 12 years. The BTI now finds the state of political transformation in West and Central Africa to be better than that in South and East Africa. With regard to governance, West and Central Africa has already been rated ahead of South and East Africa since the BTI 2014, but the distance between the two regions again grew significantly in the current review period. With regard to economic transformation, no trend is evident so far, and all subregions south of the Sahara have declined in quality. However, South and East Africa’s lead relative to the countries of West and Central Africa has shrunk.

Skewed competition at the ballot box

Over the last decade, South and East Africa has slipped steadily away from the transformation goal of a democracy based on the rule of law. Elections, in particular, are less free and fair. Contrary to this negative trend, democracy in Mauritius and Botswana is prospering.

Between February 2015 and January 2017, heads of government were elected in six of the 20 countries of South and East Africa. With the exception of Lesotho, governing parties emerged everywhere as clear victors. Four of these six elections – the 2015 presidential election in Burundi, along with the parliamentary and presidential elections in Tanzania in 2015 and Uganda and Zambia in 2016 – were less free and fair than their predecessors. In addition, the BTI experts judged the work of electoral commissions in Madagascar and Mozambique, even long before the next planned national elections in 2019, to be more partisan and less transparent than during the previous election cycle. The decision of the South Sudanese government to postpone the elections scheduled in the transitional constitution for July 2015 fit smoothly into a longer-persisting trend: Electoral processes in South and East Africa are clearly being carried out in a significantly less democratic way than was the case a decade ago. Moreover, not a single improvement is evident as a counterbalance to the seven declines recorded in the current review period.

However, the degradation of democracy has long been attributable not only to unequal competitive conditions at the ballot box, but also to the curtailment of other essential political-participation rights and the rule of law. This aspect can be grasped more precisely only over a longer time period. Since the BTI 2008, political leaders in more than three-quarters of the region’s countries have restricted the freedoms of association and assembly, while curtailing the freedom of expression and press freedom to the same degree. In two-thirds of the countries, the judiciary has become laxer in its prosecution of office abuse, and in nearly half, civil rights are protected less strongly than was the case a decade ago. In this regard, the greatest backward steps have been taken by the three East African countries of Madagascar, Mozambique and Burundi.
The positive exceptions, Mauritius and Botswana, are thus all the more striking. These two relatively small countries are the only African democracies that are undergoing consolidation, and that have preserved their political stability for decades. The 1.3 million residents of the island state of Mauritius celebrated 50 years of independence from the United Kingdom in March 2018, looking back at a lively tradition of democracy of equal duration. The landlocked country of Botswana, with its nearly 2.3 million residents, boasts Africa’s oldest multiparty democracy, and still sets a standard with regard to democracy quality for the entire continent.

Basic freedoms under attack
The regional powerhouse, South Africa, has lost this kind of role-model function to a certain extent. The country's political climate has polarized in the past decade, and trust between the governing African National Congress and the opposition is rapidly diminishing, especially since the government has narrowed the scope for political participation. Namibia's image is also newly tarnished. Here, social protests and ethnic tensions have intensified, leading to interventions by the president and even the dismissal of a deputy minister due to differences in land resettlement policy. However, these shortcomings do not yet seem a fundamental threat to Namibia's democracy.

Mozambique represents an altogether different state of affairs. This country on the shores of the Indian Ocean showed an above-average political transformation status in the BTI 2006, but conflicts between the two large political parties, FRELIMO and RENAMO, have escalated to the point that the BTI 2018 now categorizes Mozambique as an autocracy for the first time. Since the disputed elections in 2014, violence from both sides has steadily increased, while the government has set out on a massively authoritarian course. In 2016 alone, about 40 members of RENAMO were shot and killed by government forces. Moreover, the democratic rules of the game have been increasingly abused, leaving the population in turmoil.

The situation in Uganda must also be assessed critically. The parliamentary and presidential elections in February 2016 were unfair, with structural advantages giving the opposition no chance of success against President Yoweri Museveni and his National Resistance Movement party. State and party are closely linked, and the electoral commission lopsidedly took the president's side. The fact that the day of election was largely peaceful rendered the tactics of intimidation in the run-up all the more obvious. For example, Kizza Besigye, the three-time presidential candidate for the Forum of Democratic Change, was repeatedly detained and placed under house arrest.

<table>
<thead>
<tr>
<th>Country</th>
<th>Score 2006</th>
<th>Score 2018</th>
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</tr>
<tr>
<td>Eritrea</td>
<td>2.12</td>
<td>2.12</td>
</tr>
<tr>
<td>Somalia</td>
<td>1.43</td>
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</tr>
</tbody>
</table>

Score changes in key aspects of democracy, BTI 2006-2018. (Lesotho was first reviewed in the BTI 2010, South Sudan in 2014)
International observers, such as the European Union, deemed the elections unacceptable, and donor countries are also viewing the longtime “donor darling” more and more critically given the democratic shortcomings, human rights violations and widespread corruption. Nevertheless, Uganda and its president, in particular, are still regarded as an anchor of stability in the unstable African Great Lakes region and as a key partner in addressing the humanitarian challenges in neighboring South Sudan, which – like Somalia – must be viewed as a failing state. Nearly a million South Sudanese refugees live in Uganda, where they are being treated relatively well. The country, which itself endured several instances of violent internal strife in past decades, has been home to more refugees than any other African state since 2016. Given Mozambique’s and Uganda’s drop into a lower category, the number of democratic countries in South and East African has now fallen from 12 to ten. In equal counterpoint stand ten autocratic states – an infelicitous high point for the region in the history of the BTI.

Islands in a sea of disappointment

Many of the region’s 20 countries have also run into turbulence on their path to a market economy. One handicap for the region’s southern area is the continued weakness of South Africa, which is also the most inequitable national economy in the entire BTI. Mauritius is a bright spot. As the continent’s leading country, the island nation has successfully managed the leap into the top group of developed market economies. Though the backward steps in South and East Africa are less significant with regard to economic transformation than in the political realm, we can also see two things here: unmistakable qualitative declines and a tangle of essentially short-term influences and long-term impediments to development. Macroeconomic indicators, such as low GDP growth and high unemployment rates, signal that conditions have grown worse in many locations during the current review period than they were two years ago. The BTI reveals nine economies in the region with performances below those of 2016. In addition, the degree to which rules of market-based competition are observed has diminished in eight countries. In fact, not a single country has made progress in this area.

Little in this record holds out hope for swift and comprehensive improvement. Across the index as a whole, only Mauritius shows significant progress – and this at a high level – while six countries have declined by at least 0.25 points. Namibia has suffered the clearest losses, though it nevertheless remains categorized as a market economy with functional flaws. By contrast, Tanzania, Zambia and Lesotho have fallen out of this group, although the pattern of flaws varies substantially between the three. In Tanzania, welfare-state declines deriving from an austerity program produced a slight deterioration in the overall result. In Zambia, the steady decline in the price of copper, the country’s most important commodity, has led in past years to economic problems, including a high rate of unemployment. Substantial market volatility followed the peak of the currency crisis in 2015, further damaging the investment climate. However, the government has taken some steps to counteract these effects by seeking to reduce costs for businesses. Finally, Lesotho was characterized by low levels of economic growth without an increase in employment, declining reserves, and one of the largest public procurement scandals since the turn of the millennium.

An additional drag on the future, at least for southern Africa, is the persistent weakness of South Africa, the continent’s only G-20 member. Once again, the country has failed to realize its structurally comparatively good potential. The growth rate of 5.4% envisioned in the national development plan – a value researchers have unanimously deemed reasonable – has proved to be entirely unrealizable. Indeed, South Africa’s economy grew by just 0.3% in 2016. The unemployment rate remains at about 25%, and is even considerably higher among youth. As measured by the Gini index, South Africa currently has the highest level of social inequality of any of the 129 countries surveyed by the BTI. Although this inequity, like the low education level, must in part be regarded as a continuing legacy of apartheid, this is not true of the corruption that has proved increasingly rampant during President Jacob Zuma’s second term in office. Dissatisfaction within the population is growing, particularly because Zuma’s cabinet has thus far remained short on new ideas. This economic-policy apathy is acting as a drag on other countries, too. Botswana, Lesotho, Namibia and Swaziland, in particular – which, along with South Africa, make up the Southern African Customs Union – are suffering from the weaknesses of the BRICS state.
The fact that the majority of the countries of South and East Africa show a middling to below-average level of economic transformation should not serve to obscure the enormous range of regional difference. In the east, Mauritius and Somalia mark the extremes. In Mauritius, policymakers have succeeded in reducing average inflation to a healthy level of between 1% and 3%, while also further reducing hurdles to the creation of new businesses, improving the country’s business climate and drawing closer to the ideal of an inclusive market economy. As the top-performing African country overall, Mauritius has reached the status of a developed market economy. By contrast, Somalia takes the very bottom spot in the overall BTI rankings. A similar picture can be seen in southern Africa. Here, Botswana, a market economy at a level similar to that of Bulgaria or Hungary, is a direct neighbor of Zimbabwe, which is on a path toward economic self-destruction.

Finally, a look at Rwanda, a special case with regard to transformation, is also of use. Although the authoritarian-led country did not fully achieve its economic goals during the review period, its record of economic transformation is impressive in retrospect. Under the leadership of President Paul Kagame (since 2000), this country marked by civil war (1990 – 1994) and genocide has successfully modernized. No other sub-Saharan country has seen as much improvement in the last decade. With regard to economic transformation status, Rwanda continues to receive the fifth-highest score within sub-Saharan Africa. That said, this developmental dictatorship represents a notable exception to the often-noted correlation between economic development and democratization. The moderate autocracy of Uganda also numbers among the continent’s most-developed countries.

Kleptocracy corrodes countries from within

In the area of transformation management, progress is evident in only a few countries. In the last two years, the majority of states in South and East Africa have stagnated or deteriorated in the Governance Index. The region’s average governance score has fallen to 4.40, the worst value in the seventh successive BTI survey. The only country in Africa with very good governance is Botswana, which has been democratic for more than half a century. This exceptional performance can only be fully appreciated through a global comparison, in which this landlocked, middle-income country is ranked between the EU member countries of Lithuania and the Czech Republic. Botswana receives particularly high scores in the areas of policy coordination, consensus on the transformation goals of democracy and the market economy, the limitation of the influence of antidemocratic actors, and international cooperation. The consistently positive result in the BTI is also echoed in other governance indexes. For example, Botswana took Africa’s highest place in Transparency International’s 2016 Corruption Perceptions Index, where it has already ranked higher than Italy and Spain for years.

However, beyond this paragon of transformation management, there is little in the way of good news here. In only three of the region’s countries – Mauritius, South Africa and Malawi – does the BTI categorize governance quality as good. And despite all positive aspects, it is symptomatic of the entire region that even these well-governed countries show significant shortcomings with regard to policy coordination, anti-corruption policy and the efficient use of resources. Indeed, no region is as weak as South and East Africa in these three indicators of resource efficiency.

South Africa’s lack of resource efficiency has even worsened significantly in the last 12 years. Between the BTI 2006 and the BTI 2018, the region’s leading power has deteriorated in all three indicators. High levels of corruption are depriving the state of ever more resources badly needed for the country’s development. For its part, Malawi is already teetering on the threshold of moderate governance quality. Here, too, the BTI has for years identified the inadequate fight against corruption as a weak point. During the review period, the so-called Cashgate scandal was paradigmatic of the transgression of high officials who have plundered state resources on a massive scale. Support for anti-corruption forces has come from donor countries, which – not for the first time – have linked the disbursement of credit to conditions, such as the prosecution or arrest of corrupt officials. But even if civil society is active, it remains relatively weak, and a genuinely democratic political culture has yet to emerge.

Widespread efficiency deficits
In many countries, the fundamental governance problem is inextricably linked to the figures in power. Far too many rulers refuse to accept the constitutional institutions. Their policies are violent rather than civil – particularly in areas where the struggle for power has an all-or-nothing character for the elites. Those holding power cooperate with international donors and neighboring countries in order to obtain resources, but do so without setting real reforms into action. Moreover, opposition leaders are often no better. The most striking illustrations of this constellation of problems are naturally to be found in the bottom area of the rankings. For example, Lesotho has suffered further from unstable conditions since the August 2014 coup attempt. The election in 2017 was its third in five years. The military remains the most important antidemocratic veto actor, and democratic institutions remain weak. The rivalry between political camps weakens implementation capacities and policy learning, which in turn has particularly negative impacts on the agriculture and tourism sectors.

Burundi’s governance must be regarded as having nearly reached the point of failure. The country is on the verge of a massive civil war. The crisis began when President Pierre Nkurunziza, with the help of his CNDD-FDD party, laid claim to a third and therefore unconstitutional term. In 2015, there was a failed coup, and although the parliament rejected a constitutional amendment that would have allowed Nkurunziza to run for a third term, the president still managed to cling to power, as the Constitutional Court – under enormous pressure – declared his candidature legal. The consequences included attacks and brutal police violence against dissidents, opposition members and civil society, resulting in around 100 deaths. Nearly all opposition members went into exile. Overall, up to 250,000 people have fled Burundi. However, neither sanctions by donor countries – including China – nor a mediation attempt by the African Union (AU) have yet borne fruit. Thus, it appears that President Nkurunziza intends to wait the situation out.

Still, as Zimbabwe shows, things can be even worse. Here, the governing ZANU-PF party has managed to stay in power through a mixture of carrots and sticks – in this case, benefits for its own political clients paired with violence against the opposition. The government is looting state coffers on a grand scale; in 2016, the wage bill consumed 97% of the budget. In Somalia, only rudimentary market economic structures are in place, and the situation remains delicate. Particularly damaging is the continued activity of the al-Shabab terrorist group. In South Sudan, as in Somalia, civil war reigns. And the engagement of European countries and the United States leaves much to be desired.

Overall, it is worrisome that the violent conflicts in sub-Saharan Africa are not currently at the top of the international agenda, even given other trouble spots. However, neither this nor the allusion to massive structural obstacles to development should in any way excuse the failures – at times deliberate – of many regimes. Therefore, governance in the BTI’s South and East African states is for the third consecutive time rated worse as an overall average than that in West and Central Africa.

No time for Africa?
Why are democracy, the market economy and governance in retreat in South and East Africa? Why have so many countries here suffered such significant setbacks in only a few years? And how can it be that even a country like Namibia, which for many observers in the West was a kind of model of a functioning democracy and market economy, has lost so much ground? Part of the answer is to be found in the holes that sharp declines in commodities prices on the global market have ripped in the budgets of commodity exporters. This collapse in prices has exacerbated political and social tensions. In the future, too, developing countries with weak industrial structures will remain strongly tied to world economic trends.

Population growth represents an additional catalyst of instability. In Uganda and Mozambique, the two countries that became autocracies during the review period, the population is growing by an annual rate of about 3%. The average age of Uganda's population is around 15, and more than half of the population is younger than 18. In both countries, this factor is producing pressure on the governments that is overwhelming — and that will become critical if employment opportunities and the provision of adequate education institutions and social services are unable to keep pace with population growth. In Mozambique, nearly 15 million of the country's 28 million residents are living in extreme poverty, and the country has already suffered from repeated famines.

A third reason for the poor performance of the South and East African countries is the tendency of autocrats to hold on to their power. Antidemocratic veto actors, such as military bodies, are an additional problem in Angola, Burundi, Eritrea, Ethiopia, Lesotho, Madagascar, South Sudan, Uganda and Zimbabwe. Aside from Lesotho and Madagascar, the countries are more or less facade democracies, with democratic institutions possessing no real power. In this regard, countries with weak civil societies particularly have problems in the area of consensus-building. Even in the better-governed counties, this is currently shown in the behavior of the elites, which display a dubious understanding of human rights.
The current showdown with the West must also be understood against this backdrop. In autumn 2016, Burundi, Gambia and South Africa submitted written requests to the United Nations to withdraw from the International Criminal Court (ICC). At the 28th African Union Summit, in January 2017, Kenyan President Uhuru Kenyatta also convinced other heads of state and government to withdraw. These events have given rise to the threat of a massive conflict between the European Union and African countries. Many African politicians criticize the fact that the ICC has exclusively prosecuted Africans so far, while major powers – such as China, Russia and the United States – have either not signed the statute or have withdrawn their signatures. There is even a plausible fear that the African countries will leave the ICC en masse. For its part, the European Union is the primary funder of the ICC, and sees its diplomatic prestige in danger. It remains unclear whether Europe’s Africa policy may entail the imposition of sanctions against African countries or “only” a reduction in the amount of credit and aid provided. China may also step in as a provider of credit, although this is likewise only a theoretical scenario. The fact that rapprochement on the ICC issue is still possible is shown by Gambia’s newly elected government, which has submitted a request to the United Nations to rejoin the ICC.

The case of the ICC is only one example of how the European Union is completely bereft of a policy agenda for Africa at present. As European Commission President Jean-Claude Juncker aptly noted in 2016, the EU finds itself in a “polycrisis.” Time, energy and ideas for the poorest continent appear to be lacking. In this regard, what is now more than ever necessary is a policy that positions itself against China’s consistently stronger Africa policy, which has used exports and credits in recent years to move ahead at full speed.