

## *South and East Africa*

# Considerable shifts, but only at second glance

A virtually unchanged average score masks what are in fact widely varied developments in the 19 countries of South and East Africa. Ongoing transformation successes share the stage with record-setting setbacks in development. Only one thing is clear: The West's influence over the region's fate is shrinking.

Slight deteriorations in the state of democracy and transformation management, tenuous gains in economic development: A focus on the minimal changes in the overall average regional scores offers little insight into what are in fact real changes in the BTI's 19 countries of South and East Africa. The region is characterized by sharp contrasts. In terms of political transformation, for example, the nearly consolidated democracies of Mauritius and Botswana, which in this dimension are ranked among the BTI's top 20 overall, differ radically from the failing state of Somalia, which at 1.27 points holds the lowest score of any of the 128 states surveyed.

Compared to the BTI 2010, a larger number of countries have seen their scores

change significantly. The largest such shift was in Madagascar, whose quality of political transformation saw a dramatic decline as a result of the spring 2009 coup, resulting in a drastic drop of 1.55 points. Only two countries in the region, Kenya (+0.50) and Zimbabwe (+0.45), saw significant improvements. However, Robert Mugabe retains a strong hold on the reins of power, and while the Government of National Unity deserves credit for improvements in political transformation and management performance, it has yet to successfully puncture the influence of Mugabe and his political machinery. The country's socioeconomic situation remains disastrous, despite slight improvements. In Rwanda (-0.22), the freedoms of assembly and expression were further re-

stricted. In Eritrea (-0.55), the dictatorial regime led by Iasias Afewerki even exacerbated its already alarming levels of oppression. As before, Somalia still lacks an operable central government. The Transitional Federal Government of Somalia, functioning as an interim government, has survived only thanks to support from the European Union and the African Union, particularly Uganda, and has been unable to weaken the Islamist al-Shabaab militia in any decisive way.

Five states, however, have successfully furthered their economic transformation, reflected in score increases of at least 0.25 points. The effects of the global financial crisis on the region were relatively minimal and were reflected only moderately in the current account. For 2010, the Economic

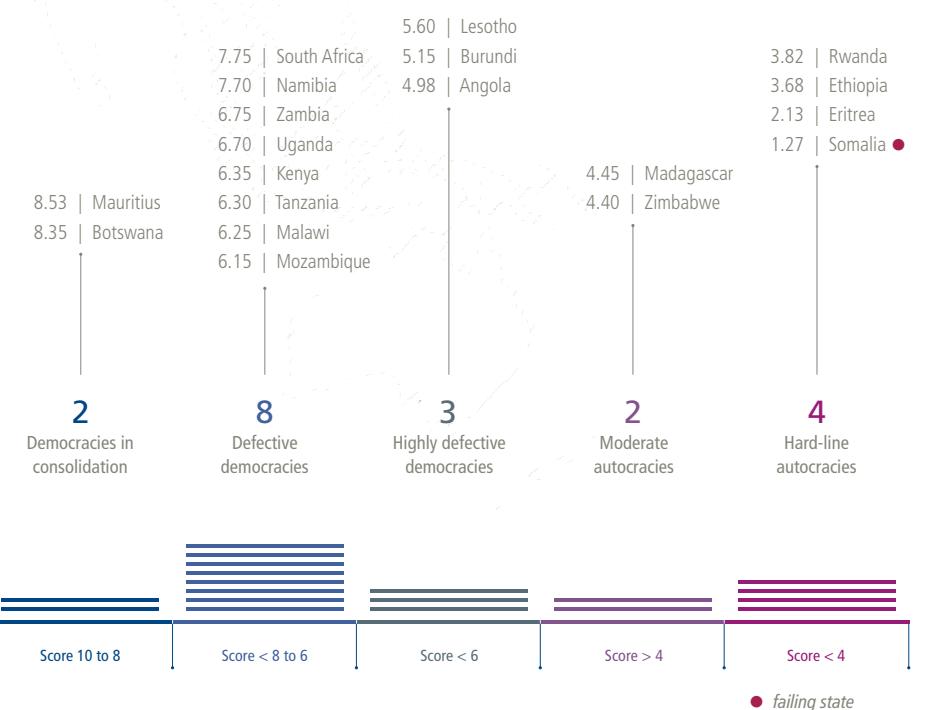
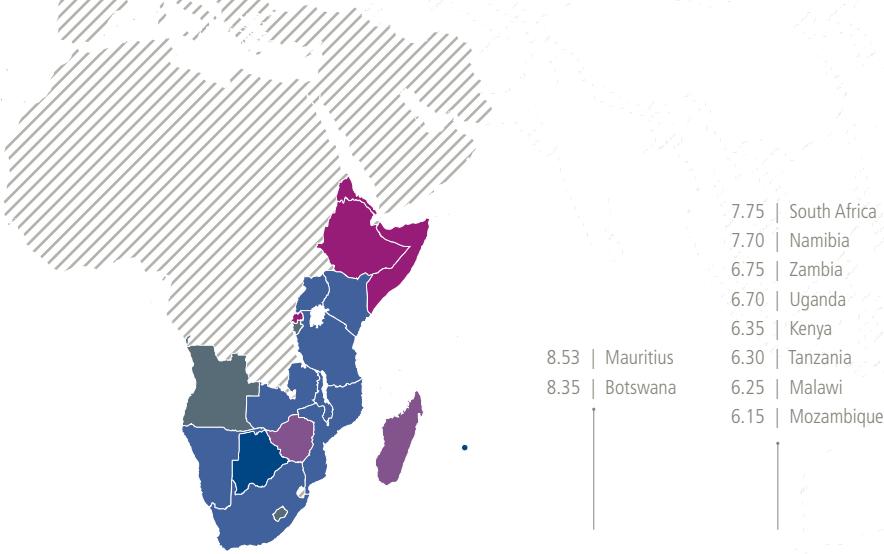
Commission for Africa again reported an average growth rate of 4.7 percent and forecast an average 5 percent rate for the year 2011.

The crisis did have at least temporary negative effects in countries heavily dependent on commodity exports and in those with relatively close ties to international capital markets. Oil exporter Angola and copper exporter Zambia showed declines in revenues, while the problems of the globally well-connected South African economy were also felt in neighbors such as Lesotho and Namibia. However, the IMF was unable to detect a decline in remittance volumes from migrant workers. Or, rather, no such decline has yet been noted: Regional crises such as that in the Côte d'Ivoire may still have an effect larger than has been recorded to date, and the

uncertain economic outlook for North Africa, parts of Europe and the United States could ultimately have a severe impact on the migrant workers' countries of origin.

Finally, a medium-term comparison with developments in the neighboring region is instructive. Between 2006 and 2012, West and Central Africa took small steps forward in terms of economic development, while gaining substantial ground in terms of democratization – and for the first time has finished just a hairbreadth ahead of South and East Africa in the Management Index.





## Where “big men” rule

Thirteen of the 19 states in the region are classified as democracies. By contrast, the consolidated autocracies show little hope of political transformation. The reduction of politics to a power struggle between a small number of “big men” remains a fundamental problem.

Mauritius and Botswana are among the BTI’s eight smallest states on the basis of population size. However, evaluated on the basis of democratic quality, they number among the most successful states. Democracy status scores, respectively of 8.53 and 8.35 points, express the fact that their 1.3 million and 2 million residents can lead politically free lives. South Africa (7.75 points) and Namibia (7.70 points) are both on the threshold of the democracies in consolidation category, with the BTI 2012 scores reflecting a slight improvement in the former and a relatively minor deterioration in the latter.

Kenya (+0.50 points), which at the beginning of 2008 was facing severe and violent political turmoil, has returned to the ranks of the defective democracies. Following an episode of clumsy electoral falsification, riots in-

cited by high-ranking politicians and marked with an ethnic character broke out. More than a thousand people were killed, and hundreds of thousands were displaced. However, steps toward a new beginning have been taken in the form of a functioning grand coalition between the Raila Odinga-led Orange Democratic Movement and the Party of National Unity, newly formed by Mwai Kibaki.

Most promisingly, there are growing signs that Kenya’s culture of impunity is drawing to a close. The International Criminal Court has issued arrest warrants for six politicians (drawing from both parties), the government has established a Truth and Reconciliation Commission, and the work of the anti-corruption authority – established largely as a result of massive pressure from donor states – has already led to the resignation of several

ministers. The most important step toward reform to date remains the August 2010 adoption of a new constitution that provides for the strengthening of an independent judiciary, decentralization, a new land law, stronger legislative oversight of the executive and the establishment of a Supreme Court. This document was approved in a referendum by 67 percent of Kenyans.

To be sure, the region is also the scene of the BTI 2012’s greatest assessed setback in the area of political transformation. This was associated with the coup in Madagascar, which led to a decline of 1.55 points in the country’s democracy status score. In March 2009, the military forced President Marc Ravalomanana to resign. He was replaced by Andry Rajoelina, the 34-year-old mayor of the country’s capital.

The rise and fall of Ravalomanana’s government demonstrates a fundamental problem, which – in a somewhat lesser form – also exists in other sub-Saharan African countries: Democratic institutions are not respected by governments and are too weak to form a counterweight to powerful political leaders. Politics – even in the mind of the public – is a struggle between “big men,” singular personalities all of whom are quite conscious that non-democratic veto powers such as the military can wield decisive influence within the political environment.

This is particularly true for states that have been subject to authoritarian leadership for some time. Thus, the elections in Rwanda in August 2010 again demonstrated the public’s powerlessness with respect to bringing about a change of government. Power rests squarely with President Paul Kagame and a small group of military officers and senior party officials, who pay increasingly little heed to democratic principles – in part because this is largely tolerated by donor countries. The same is true of Ethiopia, where Meles Zenawi has ruled since 1995. Here, the elections of May 2010 were neither free nor fair, and the government now controls 99 percent of the seats in the House of Representatives. Even after Ethiopia’s elections, violence against opposition activists persisted, and fundamental rights were restricted even more significantly than before.

This harsh repression against a generally weak opposition reflects rulers’ anxiety about losing power. It can also be interpreted as an overanxious reaction to the events in the Arab world. This is particularly the case in Angola, where there is in general a pronounced aversion to broad political reforms, and where the government immediately responded to weak protests on the Internet with organized rallies and other countermeasures. The 0.12 point increase in Ango-

## Madagascar’s shattered hopes

As a candidate in Madagascar’s 2002 presidential race, Marc Ravalomanana cast himself as a non-ideological, imaginative self-made businessman. He won the elections, and thanks to skillfully stage-managed appearances, he also won the support of donor countries. After his re-election in 2006, however, many supporters saw their hopes dashed. Reform projects such as the Madagascar Action Plan proved overambitious, the living conditions of much of the population remained miserable, and the president meanwhile expanded his private business empire.

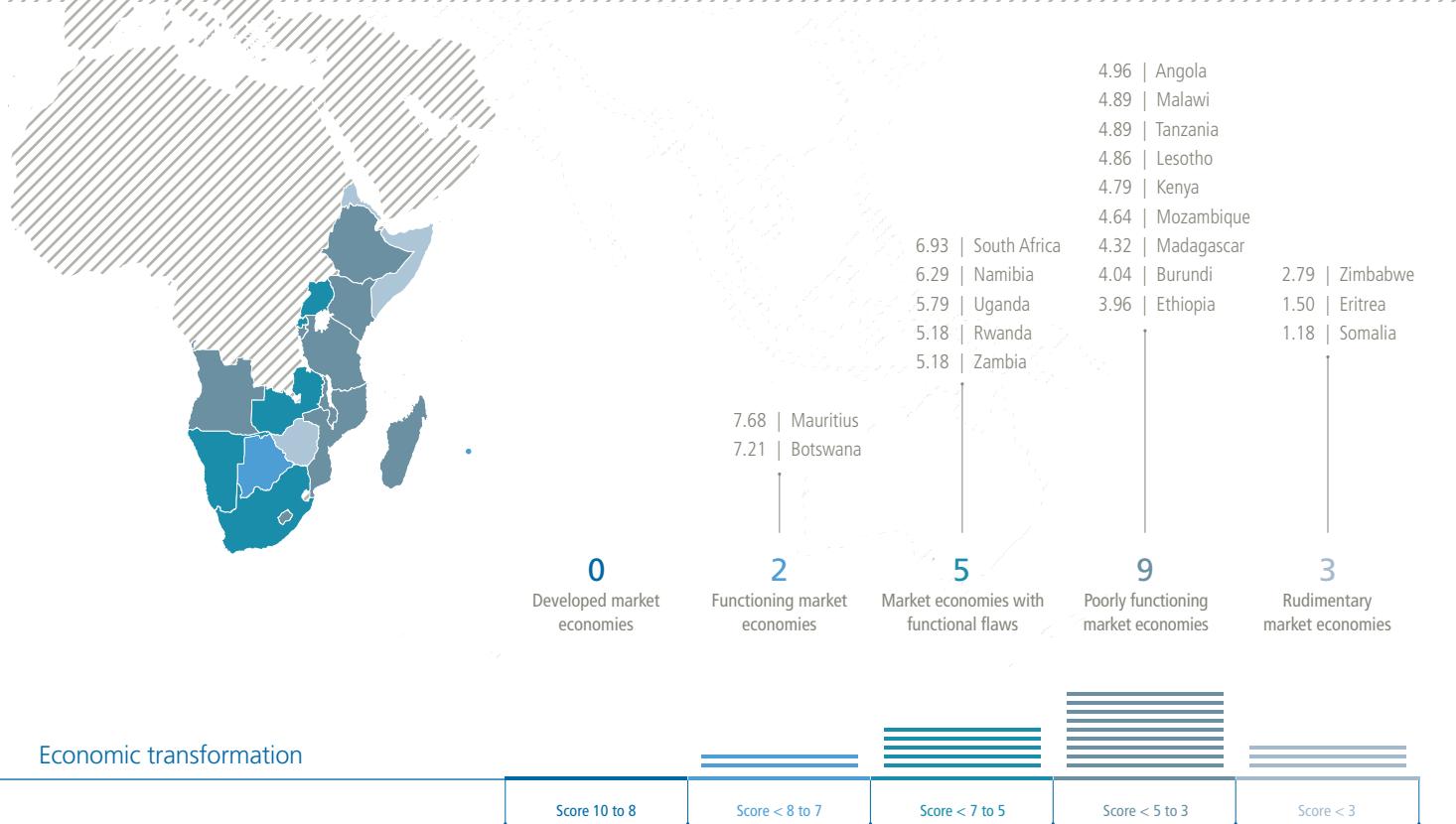
Ravalomanana’s precipitous decline began in 2008, when the government declared its intention to lease a third of the country’s usable land to South Korea’s Daewoo Group. The final break with the elites came in January 2009, after security forces shot and killed about 40 demonstrators. Leading the protest was Andry Rajoelina, who was mayor of the capital city, Antananarivo. He won the support of the military, which in March 2009 forced Ravalomanana to resign and installed Rajoelina as head of government.

The coup was condemned by the African Union and the international community, and the majority of the country’s development aid, which had accounted for 40 percent of the national budget, was frozen. Through the end of the BTI 2012 review period, the opposition, the African Union, the United Nations and donors fruitlessly demanded a timetable for re-democratization and fair elections. Consequently, the BTI drastically reduced Madagascar’s score for free and fair elections by four points. However, in September 2011, following mediation by the Southern African Development Community (SADC), the main political parties did finally agree on a roadmap, under which presidential elections in the spring of 2012 would bring the authoritarian interim to a close.



Political transformation Madagascar





State of economic transformation 2006–2012

dress the extreme social inequalities but did show a clear increase in investment in the education and health sectors during the period under review. Substantial investments were also made in the war-torn country's infrastructure, with China serving as the main partner. This contributed significantly to the country's decline in unemployment.

Burundi's moderate improvement (+0.29 points) during the BTI 2012 review period is attributable to improved scores on the questions dealing with equal opportunity, education policy and macrostability. These represent the peace dividend following the end of the civil war. Unambiguously positive developments can also be noted in Mauritius, the former and present regional leader, which has improved its score to 7.68. However, the country's score was even higher in the BTI 2006.

As in early reports, the most profound economic distress can be found in Somalia, whose score of 1.18 in the area of economic transformation puts it once again in last place among all 128 states. The socioeconomic situation in Eritrea also borders on the catastrophic, driven in no small part by the intensification of a program of indefinite popular conscription into the army and labor services. In addition, the ruling military exerts a near-total control over the country's economy. Hundreds of thousands of people, especially the young, see flight as the only feasible option for bettering their lives. As a consequence, Eritrea's market economy status score fell by 1.18 points, a more significant decline than seen in any of the other 128 BTI-assessed economies in past surveys. Thanks to continuing sanctions against its coup government, Madagascar (-0.29 points) faces an uncertain future, while in Mozambique (-0.43 points), the distribution of wealth remains extremely unequal, even after the bread riots.

## Powerful meddlers in the market

Twelve of the region's 19 market economies either function poorly or have only rudimentary market economic structures. Fundamental structural problems can be observed in many countries, and state encroachments within the economic sphere are an everyday feature throughout the region. Thus, any newly proclaimed "economic miracle" must be considered with skepticism.

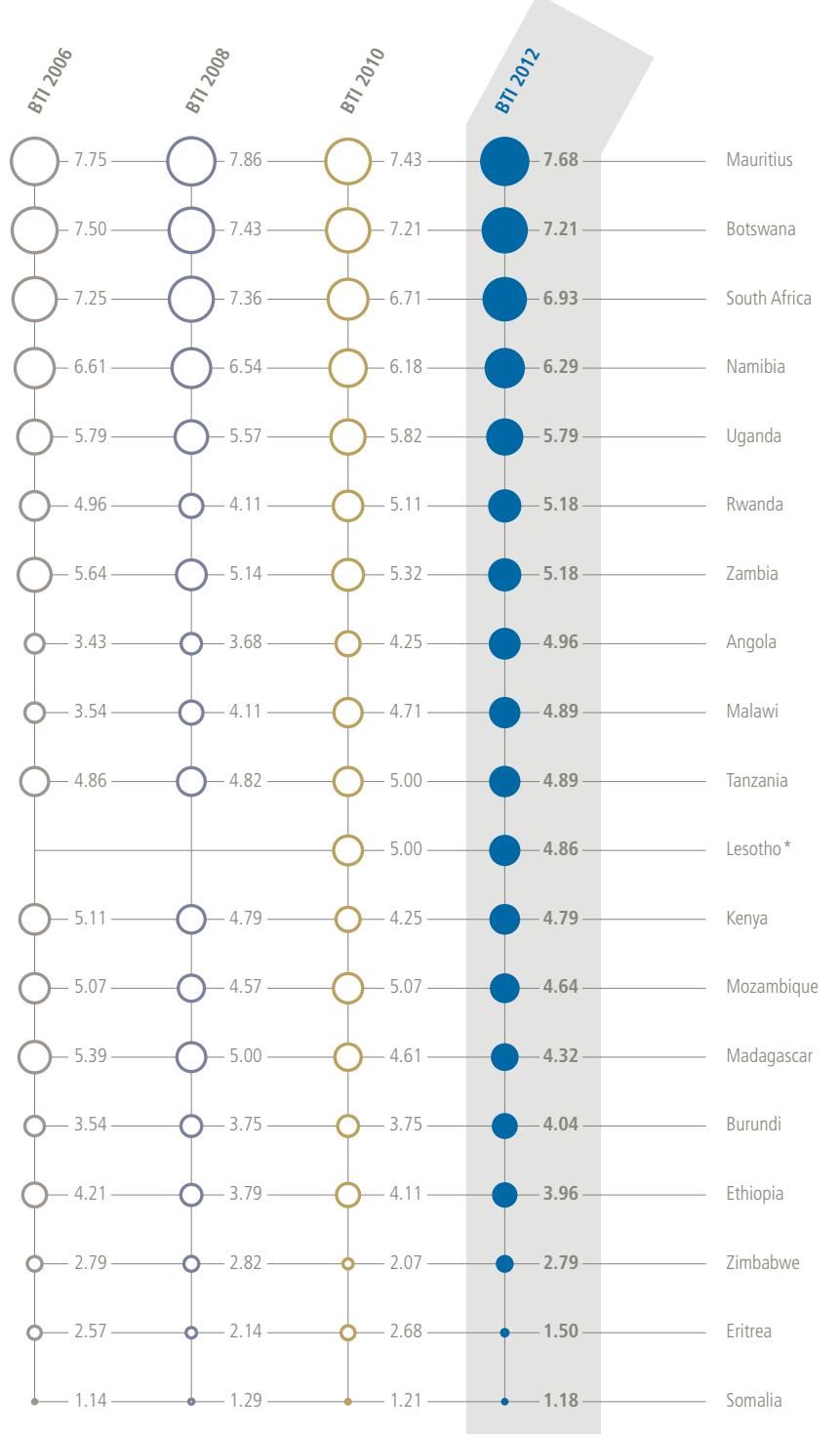
The market as the plaything of the powerful – this fundamental problem underlies many of the economic systems in South and East Africa. State intervention is commonplace, often favoring the interests of political elites who, in turn, must provide support to their patronage networks. Policies that do successfully result in growth thus do little to benefit the broad mass of the population. Foreign investments are directed primarily toward raw materials that are the subject of strong international demand.

With this in mind, it is difficult to view Zimbabwe and Angola as "economic miracles." To be sure, the countries each show an impressive improvement of 0.71 points in their market economy status score. However, closer analysis puts this into perspec-

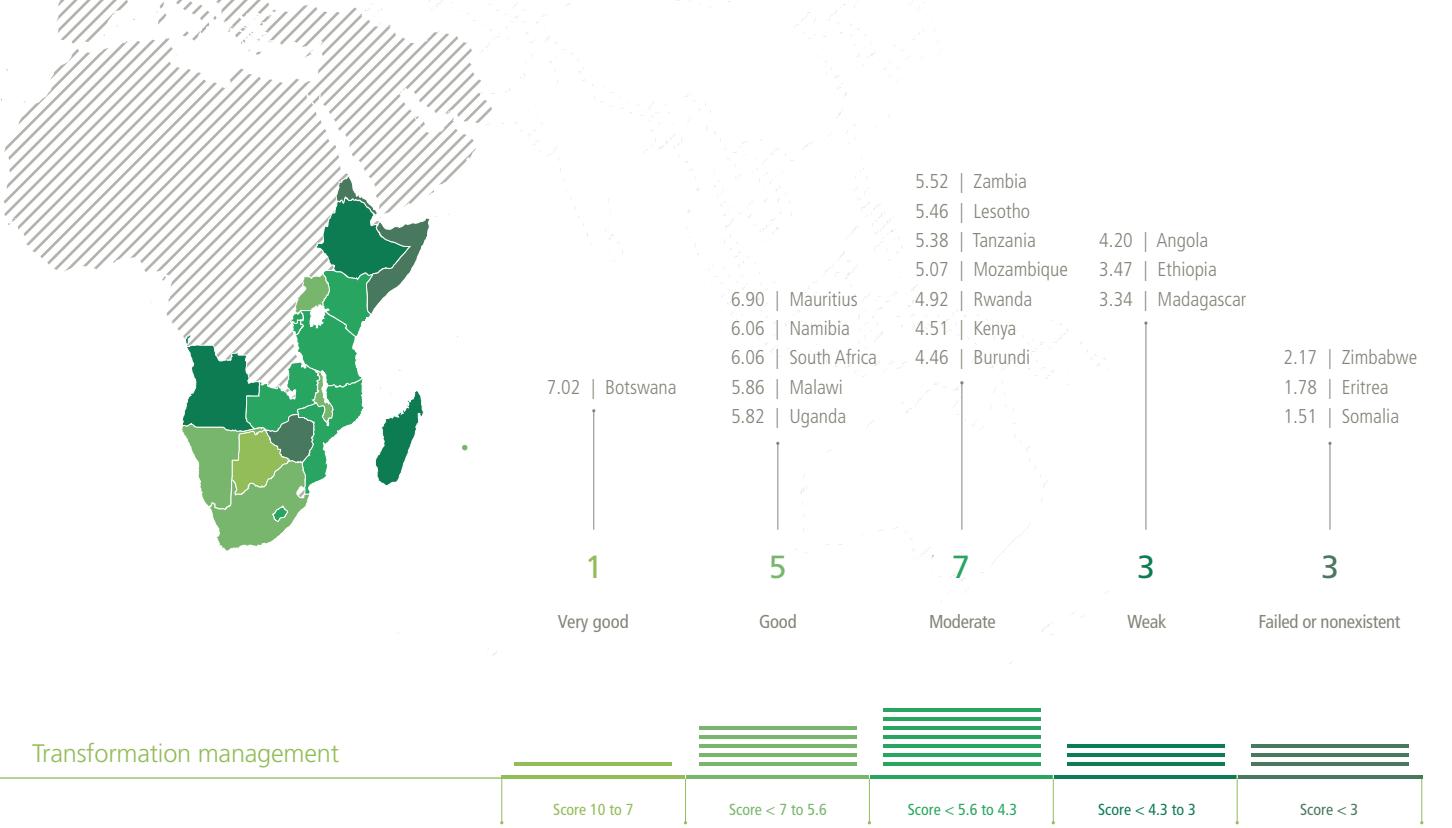
tive. After a decade of catastrophic economic deterioration, with a 40 percent decline in GDP between 1998 and 2009, Zimbabwe's economy has begun to grow once again by 4.1 percent in 2010, with some sources even estimating per capita income growth as high as 7 percent. The containment of inflation and the economic growth seen in 2010 were largely attributable to Zimbabwean Finance Minister Tendai Biti of the Movement for Democratic Change. The economy benefited from the lifting of price controls and the effective abandonment of the national currency, the Zimbabwean dollar. However, it will be some time before the economy returns to the level of the 1980s. Moreover, social indicators paint a gloomy picture. Average life expectancy fell by 12 years be-

tween 1980 and 2010, and the Ndebele ethnic group in particular has been subject to systematic discrimination because its members are suspected of supporting the political opposition. Badly needed fundamental reforms remain out of reach, at least as long as 87-year-old President Robert Mugabe puts a higher priority on the retention of his own power than on the country's welfare.

Like Libya, Angola holds nearly 2 percent of the world's oil reserves, producing approximately 1.8 million barrels daily; this accounts for more than 80 percent of government revenues. However, this oil wealth does little to benefit the majority of the population. Vast numbers of the country's residents live in absolute poverty, mostly in rural areas. The government has been slow to ad-



\* New to the BTI survey as of 2010



## Four success stories offer hope

As in previous BTI surveys, in 2012, Botswana, Mauritius, Namibia and South Africa prove once again to be regional drivers of transformation. Even some autocracies were able to take successful steps toward modernization. However, their goal is limited solely to economic liberalization.

As in the previous BTI survey, Botswana and Mauritius head the region's rankings in terms of transformation management. Botswana (7.02) just reached the highest category of very good transformation management, a status that Mauritius (6.90) again narrowly missed. These two countries, along with Namibia and South Africa, have for years exhibited the region's most capable transformation management. Indeed, Mauritius ranks among the global top performers in terms of steering capability, and political actors in Botswana made particularly good use of the resources at hand. On the heels of a divisive electoral battle in 2009, South African President Jacob Zuma proved considerably more successful than his predecessor, Mbeki, at

mediating long-term social conflicts. In addition, the management of the 2010 World Cup, the first on African soil, was outstanding, although potential long-term gains remain a subject of considerable debate among South Africans. In Namibia, it is the high degree of consensus among political actors and society alike that impresses: There is widespread agreement about how best to ensure sound democratic and economic structures. The distance between this quartet of countries and the rest of the region is large. However, even these top four, with the exception of Namibia, have lost transformation momentum between the BTI 2006 and the BTI 2012.

This said, the region's slightly lower overall management performance score in the

Index. Popular discontent broke out into bread riots in September 2010, in the course of which at least a dozen demonstrators were killed. Although the government rescinded price increases for basic food items and electricity, its international credibility was significantly diminished – a major problem, considering that donor countries provide an estimated 45 percent of the country's budget.

Zambia's level of transformation management as assessed by the BTI 2012 has fallen to the category of "moderate." The vigor of the reforms offered by President Rupiah Banda's government has waned, and priorities and goals were pursued somewhat halfheartedly. Transformation management in Uganda was rated 0.25 points lower than previously due to strongly increased budget deficits and still-rampant corruption that affects the distribution of donor contributions, among other areas. Indeed, the two problems are linked; budget deficits are in part the result of the misuse

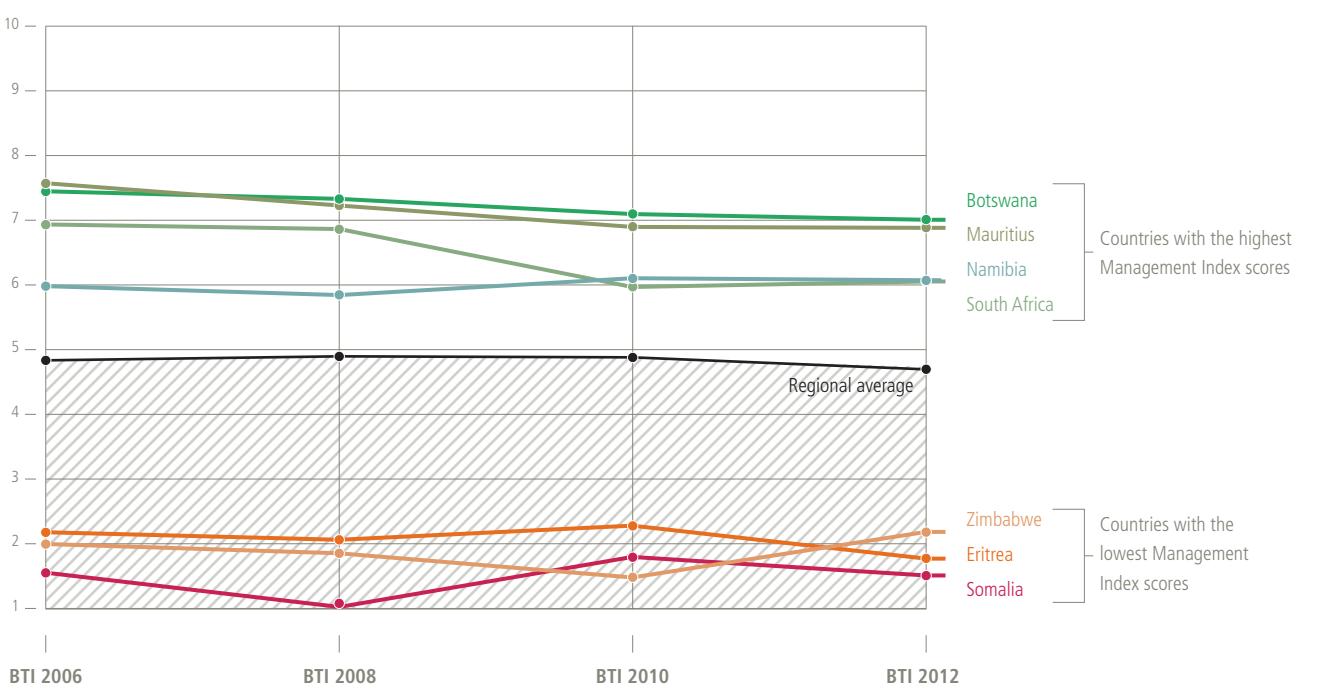
of state resources for campaign gifts and for the financing of the expensive electoral campaigns of the governing party and president.

A look at the transformation records of the regimes in Angola, Rwanda and Ethiopia is also revealing. In Ethiopia, repression has intensified, and the political elite's fear of losing economic control has led to contradictory courses of action; however, Angola and Rwanda have made notable improvements in the area of economic governance.

The fact that Rwanda under President Kagame, the officeholder since 1994, has made serious efforts to improve the country's well-being can be attested to by sources beyond the World Bank alone. For example, child mortality rates have decreased, and the fight against disease has been successfully intensified. To this end, Rwanda has sensibly used support from international public and private donors, which has often reached very substantial levels.

However, though this modernization effort has been at least partly successful, it has taken place under authoritarian auspices, and the BTI's evaluation is accordingly ambivalent. In the cases of Angola and Rwanda, the BTI 2012 acknowledges that governments have made progress along the path of economic liberalization as well as in the areas of effective prioritization and policy implementation. However, given the simultaneous deterioration in democracy scores, the countries are given overall improvements of "only" 0.17 and 0.16 points, respectively.

The region's best and worst management performance, 2006–2012





# Who provides the impetus for reform?

The zeal for reform in South and East Africa has waned. For many heads of government and state, retaining power is the highest priority. Who is left to provide the impetus for new reforms? Western donor countries have seen their position weakened, in part because of political and social changes, and in part because of the emergence of new actors that provide assistance without political conditions.

Recent years have shown troubling tendencies throughout the region: fraying democratic institutions, reform-weary governments whose transformation management is becoming less capable and many economic question marks. In theory, it would seem a natural time for external actors to take the lead in South and East Africa. And, indeed, new reform impetus seems most likely to originate from the outside. But which actors would this in fact involve?

The position of western donors has weakened in recent years. This is particularly true with respect to those African countries able to act relatively independently of development aid, generally thanks to raw materials that are in demand worldwide. In Angola, for example, the country's substantial oil wealth is controlled by a small group of advisers and dignitaries from the ruling party and the military. President José Eduardo dos Santos, who has held office for 32 years, announced that he would not run for office in the 2012 elections. Would this lift the broad-ranging obstacles to transformation? This is not a safe bet. More likely, Angola's elite

will try to continue the improvements in the education sector and in economic macrostability noted in the BTI 2012 without making significant democratic concessions. Likewise, the price of oil is difficult to foresee – a risk for those in power.

However, even those states that are deeply dependent on the inflow of foreign aid – which includes most of the region's countries – do not automatically opt for democratization. On occasion, as in Rwanda, Ethiopia and Madagascar, they even place further restrictions on fundamental participatory rights.

This rarely has serious consequences.

For most of those in power, violations of democratic norms lack consequences for four reasons. First, a certain donor fatigue and a growing disinterest in Africa cannot be denied. This fatigue has been accompanied by a growing and fundamental questioning of development assistance and democracy promotion in general. Second, donor countries often pursue competing goals and priorities; particularly in countries such as Rwanda with a recent history of civil war, the interest in real or putative stability outweighs demands that human rights be respected. Moreover, a country such as Ethiopia is seen – at least by the United States and a handful of other donors – as an anchor of stability in a fragile region and an ally in the fight against terrorism. Criticism of the authoritarian regime is accordingly restrained.

A third factor has come increasingly into play in recent years: Since China, India

and Brazil have engaged themselves more actively in Africa, new trade and export markets have developed. This has also widened the scope of political action afforded to African states. Some African leaders, such as those in Rwanda and Ethiopia, now consider the modernization successes of East Asian countries and China as a model for their own development. This is reflected, for example, in the South African debate over the goal of the “developmental state,” following the example of Malaysia.

Fourth, non-Western partners’ renunciation of political conditionality requirements

makes cooperation simpler and more attractive, and creates the impression that recipients are operating on an equal footing with donors. Nor should one underestimate the symbolic significance of the fact that some of these new donors were themselves “victims” of colonization and, thus, eschew former colonial powers’ tendency to issue both advice and admonishments.

The current economic and debt crisis in Europe and the United States has strengthened Africa’s tendency to reorient itself toward non-Western partners. The environment for external support provided by the West is thus substantially less favorable than it was 20 years ago. China has already begun to participate more directly in development financing and the provision of credit. If more new donors follow this example, it will further diminish Western influence and, with it, the opportunity to support democratic reforms.

This summary is based on the South and East Africa regional report by Siegmar Schmidt, available at [www.bti-project.org/esa](http://www.bti-project.org/esa)

Full reports for each country in the region available at [www.bti-project.org/countryreports/esa](http://www.bti-project.org/countryreports/esa)

**Njoki S. Ndungu**, 46, is a Judge at the Supreme Court of Kenya. From 2003 to 2007, she was a Member of the National Assembly of Kenya as well as the Pan African Parliament. In 2009/10 she was a Commissioner of the National Committee of Experts for the drafting of Kenya's new constitution. Ms. Ndungu holds law degrees from Kenya as well as an LL.M. in Human Rights and Civil Liberties from the University of Leicester. She has been a member of the Transformation Thinkers network since 2005.



Interview

## *“The constitution has reconfigured the country’s political DNA”*

Njoki Ndungu about Kenya's turbulent past and its potential as a regional role model

*When Kenya's new constitution was approved in August 2010, some media called it “the rebirth of a nation.” Were you that enthusiastic?*

Enthusiastic is an understatement! I had been involved in the constitution-making process in Kenya for over 20 years. It has been a journey with many missed opportunities, political hiccups and personal tears. The failed 2005 referendum, in particular, was a depressing time for me; I thought the door had been closed on much-needed reforms and a framework for human rights. Indeed, the failure to adopt a new constitution in 2005 would result in the process that led to a flawed election process and the unprecedented post-election violence that eventually led to the formation of the coalition government and, amongst other things, the setting of the committee of experts that drafted the 2010 constitution, which I had the privilege to be a member of.

*Which improvements of the new constitution are the most important? Which have been implemented so far?*

In a nutshell, the key pillars of the new constitutional order are decentralization of power through devolution, a clear system of checks and balances, independence of a strong judiciary, prudent public financial management and an inclusive and fair electoral system. The progressive Bill of Rights and the National Values are the centerpiece of the constitution. Implementation is slow, but this is to be expected given the additional enabling legislation and number of institutions that need to be set up. This is why a period of transition has been provided for.

*With these essential changes, could Kenya become something of a role model in South and East Africa?*

There are many lessons to be learned from the Kenyan experience. The entire constitutional process, including political negotiations, public participation and the popular referendum, could be viewed as examples of best practice in constitution-making. Many countries on the African continent are particularly vulnerable and easily exposed to conflict situations because of the lack of a strong nation-state ideology, archaic and despotic constitutional frameworks, and weak institutions of government. These characteristics defined the Kenyan state for decades, eventually imploding in an extremely violent outcome in 2008. I am glad that we were able to pick up the pieces and put our country back together. However, there is so much more to be done in terms of national cohesion. Erasing the pain of violent conflict requires a process of forgiveness and healing that cannot be provided by a good constitutional framework alone.

*What is necessary and what has proven successful in bringing about national cohesion in Kenya? How was this turnaround possible after such a high-intensity conflict?*

Although Kenya is currently undertaking a truth, justice and reconciliation process, more needs to be done for a continuing dialogue between members of the political class, communities and individual citizens. Civil society can play a critical role, not only by facilitating forums for dialogue, but also by providing civic education on the constitution and the rights provided to Kenyans therein. It is through knowledge and information that possible triggers of conflict are avoided.

*The new constitution also provided for the creation of a Supreme Court. As a member of this court, what do you consider its biggest challenges to be?*

The opportunity to be a part of developing new and pace-setting jurisprudence far outweighs the initial enormity of starting a new court. Public expectations of the Supreme Court are exceedingly high, given the history of an emasculated and weak judicial system. However, the court's key role is not necessarily to be popular, but to establish its credibility through unwavering fidelity to the rule of law and protecting the constitution. The Supreme Court is the ultimate guardian of the constitution and must ensure that the other arms of government abide by its provisions as it maintains the separation of powers, which is critical to any democracy.

*You have fought for civil rights for nearly two decades. Are you confident that Kenya will experience peace and stability in the years to come?*

I am confident that Kenya will remain a stable and peaceful democracy. The constitution has reconfigured the country's political, social and economic DNA; it now has great potential for rapid growth in an open and transparent space. However, it is important to remain vigilant as there are still forces of social change that could impact negatively if not handled properly. Issues such as discrimination of marginalized and minority groups, rapid youth bulge and intergenerational succession and emerging masculinity in crises are just a few examples of what needs prudent management if Kenya is to remain a strong nation-state. I do believe, however, that, over the next decade, Kenya will emerge and remain one of the most progressive and politically, economically and socially stable countries on the continent.

