



CHAPTER 3

PUBLIC ADMINISTRATION, GOVERNANCE AND NEPAD/APRM: A CRITICAL LITERATURE REVIEW

INTRODUCTION

Public administration dates from endeavours to separate public from private and to insist that public institutions should be devoted solely to advancing the general public interest. Its practice and theory have evolved through time to fit the needs and challenges of societies. From the early approach of the politics/administration dichotomy, which concerned itself with the rational implementation of legislative mandates, public administration has come to be seen as a broader domain including all those activities that deal with multiple institutions, actors and processes that characterise and affect policy formulation and implementation. Indeed, the reality is that today we are living in a highly interdependent world in which domestic affairs are continuously affected by many international cooperation agreements. The New Partnership for Africa's Development (NEPAD) and its monitoring instrument the African Peer Review Mechanism (APRM) are examples of such international endeavours.

The purpose of this chapter is to provide a theoretical background within which to explore and analyse the research case, the African Peer Review Mechanism. It comprises two major sections. The first section is an overview of the theories and approaches that have dominated the practice of public administration from the traditional managerial approach to the current governance approach. The values and principles characteristic of these approaches are highlighted. The second section reviews the literature related to the NEPAD and the APRM. NEPAD and APRM are regional programmes, the main objectives of which are to promote systems of governance that bring political stability, and economic growth and development in Africa. Thus, the concepts of governance, peer review and regionalism are central to this review. Given the various definitions and characteristic elements ascribed to



governance, the chapter concludes by providing a definitional framework within which to understand “governance” as used in this study.

THEORETICAL CONSTRUCTS IN PUBLIC ADMINISTRATION

The recognition of Public Administration as a scientific discipline has been highly contentious, as it does not have its own corpus of theories (Botes, Brynard, Fourie, and Roux, 1992:272). As Caiden (1982:205) argues, there are many theories in public administration but there are few general theories of public administration. Therefore, a common theoretical or applied meaning of public administration is difficult to come by. The following are some of the many definitions given to public administration. Public administration can be defined as the management of scarce resources to accomplish the goals of public policy. It involves the coordination of all organized activity having as its purpose the implementation of public policy. Public administration is also a cooperative effort in a public setting; it covers the executive, legislative and judicial, formulation of public policy and is thus part of the political process. It is different from private administration but works in partnership with private groups in providing services to the community (Stillman, 1984:2).

It follows, therefore, that public administration is about managing public resources, and involves some processes that are generally grouped into six functions: policy-making, organising, determining work procedures, financing, staffing, and control (Cloete, 1998). Public administration is also understood to be the key apparatus for the execution of the functions of the state. It is represented by the executive and its bureaucracy at the national, provincial and local levels together with the various statutory and parastatal bodies that perform a number of regulatory, monitoring, productive, and service delivery functions (Cloete, 1998:88-97).

Using a systems approach, Fox, Schwella and Wissink (1991:2) define public administration as “that system of structures and processes, operating within a particular society as environment, with the objective of facilitating the formulation of appropriate governmental policy, and the efficient execution of the formulated policy”. The commonalities of these definitions can be listed as

follows: public administration concerns itself with public functions as opposed to private business; it involves various processes and actors in the implementation and delivery of its constitutional mandate.

According to Rosenbloom and Kravchuk (2002:5), there are three main theoretical approaches, namely the managerial, the political and the legal, which have influenced the understanding and practice of public administration. For some people, public administration has been largely seen as a managerial endeavour; for others, primacy has been given to the publicness of public administration, thus emphasizing its political aspects; still others have seen it as a legal matter given the importance of constitutions and regulations in public administration. Below is a brief discussion of these different perspectives.

THE MANAGERIAL APPROACH

The argument for a self-conscious, professional field of study of public administration started from a managerial vantage point. It is widely acknowledged by public administration scholars that Woodrow Wilson (1887) set the tone for the study of public administration in his essay “The Study of Administration”. Wilson argued that administration should be separated from politics. It ought to be a science of the execution of public law, not the law itself, thus positing what became known as the “politics-administration dichotomy” (Caiden, 1982:33). According to Wilson, public administration ought to be a field of business, and therefore largely a managerial endeavour. Its core focus should be on what government can properly and successfully do; how it can do these proper things with maximum efficiency (Rosenbloom, 1992:510). Thus, according to the managerial approach, public administration should strive towards maximising efficiency, economy and effectiveness using practices similar to those prevalent in the private sector.

The politics-administration dichotomy resulted in the study of public administration being concerned with organisational and control issues to ensure both accountability and efficiency of the administrative apparatus (Shafritz and Hyde, 1992:40). Classical administrative theories, such as the



scientific management movement of Frederick W. Taylor (1856-1915), the administrative principles of Henry Fayol (1841-1925), and the bureaucratic model of Max Weber (1864-1920) have influenced the managerial public administration.

The scientific management movement of Taylor prescribed a set of principles to be followed for an organization to be effective and efficient. These are: (1) systematic scientific methods of measuring and managing individual work elements; (2) scientific selection of personnel; (3) financial incentives to obtain high performance of workers; and (4) specialization of function, that is establishing logical divisions within work roles and responsibilities between workers and management (Shafritz and Hyde, 1992:3).

In parallel with the work of Taylor, Henry Fayol (1841- 1925) came up with fourteen “principles of administration”, which he considered essential to improve the efficiency and effectiveness of organisations. The 14 principles of administration developed by Fayol are: division of labour, authority, discipline, unity of command, unity of direction, subordination of particular to general interests, remuneration, centralization, hierarchy, order, equity, stability of personnel, initiative, and unity of personnel or *esprit de corps* (Roux, Brynard, Botes, and Fourie, 1997:21). Later, Luther Gulick and Lyndal Urwick reformulated and simplified these principles into the most popular acronym, POSDCORB, which stands for the seven major functions of management: planning, organising, staffing, directing, coordinating, reporting, and budgeting (Botes, et al., 1992:284).

A description of classical administrative theories would be incomplete if the bureaucratic model of Max Weber (1864-1920) is not mentioned. Like his contemporary, Weber’s work emphasised formal organisational structures as a requisite for effective and efficient organisations. Weber described an ideal type of bureaucracy as characterised by a high-degree of specialisation, impersonal relations, merit system of appointment and hierarchical authority structure (Roux et al., 1997:23). The Weberian bureaucracy has had a profound impact on the science and practice of public administration.



However, the rational model ignored the importance of individuals and their environment to the overall performance of the organisation.

It is the human relations and behavioural scientists, such as Elton Mayo, Abraham Maslow, Chester Barnard, George Hommans, and Rensis Likert who showed (through experiments) that the social contexts of employees, including motivation, leadership, status, communication, conflict, and social interaction were important management factors (Roux et al., 1997:25-32). Human relations theory brought to the fore the role and influence of informal relations on the productivity and development of an organisation. The managerial approach prevailed until World War II. After this war, however, managerial administration was challenged; this brought into existence the political approach.

THE POLITICAL APPROACH

After the World War II, changes in the socio-economic, technological and political environments led to changes in the practice of public administration. It was evident that public administration was much involved in the formulation as well as the implementation of policies. Therefore, the politics administration dichotomy that had prevailed was questioned. The main argument was that the study of public administration should be concerned with the process of social change; and the means for making such changes best serve the ends of a more truly democratic society (Caiden, 1982:41).

The political approach to public administration stressed the value of representativeness, political and administrative responsiveness, and accountability to the citizenry through elected officials (Rosenbloom and Kravchuk, 2002:18). These values, which promote transparency and participation in administrative decision-making, were seen as crucial for the maintenance of constitutional democracy. Thus, it was argued that incorporating them into all aspects of government, including public management was a necessity. Accordingly, public administration as a policy-making centre of government must be structured in a way that provides political representation to a comprehensive variety of the organized political,

economic, and social interests that are found in society at large (Rosenbloom, 1992:512). Another approach that has influenced the study and practice of public administration is the legal approach. Its values and principles are discussed below.

THE LEGAL APPROACH

The legal approach is said to have originated in Europe, especially in the strong statist France and Germany. Chevallier (1996) argues that the development of the French liberal state in the 19th century led to the predominance of law and lawyers emphasizing the guarantee of citizens' rights and limits on state power. Therefore, the promotion of the legally legitimate state meant that the administrative law was considered as the exclusive tool to understand administrative realities. In line with this approach, public administration plays the role of a driving force in social life and aims at constantly improving the appropriateness of its management policies and the quality of the results-conformity with the law (Chevalier, 1996).

According to Rosenbloom and Kravchuk (2002:35), the legal approach embodies three central values. The first is procedural due process, a term which stands for the value of fundamental fairness, requiring procedures designed to protect individuals from malicious, arbitrary, capricious, or unconstitutional harm at the hands of the government. The second value concerns individual substantive rights as embodied in the constitutions of many contemporary states. Thus, the maximisation of individual rights and liberties is viewed as a necessity within the political system in general and in public administration in particular. The third value is equity, which stands for the value of fairness in the result between private parties and government. It encompasses much of the constitutional requirement of equal protection.

Until the 1980s public administration in different parts of the world was dominated and influenced by the above three theoretical approaches, the managerial, political and legal approach. In some places, such as the USA, the focus of public administration was on developing management and professional capability, and applying organisational approaches that



emphasized rationality and efficiency in management. The influence of elite bureaucrats and professionals, and the use of organisational knowledge in policy-making were high (Caiden, 1982; Rosenbloom and Kravchuk, 2002). However, with the rapid developments in information and communication technologies, globalisation of world economy, and subsequent difficulties in public service delivery during the past few decades, the traditional practices of public administration, proved to be rather outmoded, unresponsive and ineffective in resolving societal problems. The centralised system of governance has raised many questions pertaining to democratic participation, equity, efficiency and effectiveness. Government and its public institutions being the central organiser and provider of public services produced undesirable consequences, such as inefficiency, corruption, and people dissatisfaction with service delivery. The discontent with the traditional bureaucratic administration has resulted in new approaches, the “new public management” and “governance” dominating the reform debate in public administration.

THE NEW PUBLIC MANAGEMENT APPROACH (NPM)

In the early 1980s, a new managerial approach to public administration, commonly dubbed the “New Public Management (NPM)” emerged (Pollitt, 2003). It is said that this approach corresponds with the coming to power of Mrs Thatcher of Britain in 1979, and her macroeconomic policy of reducing public expenditure through a series of public sector reforms (Pollitt, 1996:82). In the United States, the movement began with President Reagan’s call for a small-sized public sector. It received greater attention with the entrepreneurial management model outlined in Osborne and Gaebler’s popular book, “*Reinventing Government*” (1992) and later in the Gore’s National Performance Review set out in 1993 to make federal organisations more performance-based and customer-oriented (Moe, 1994:111). Many countries around the world (notably the OECD countries) have tried to implement its ideas and some influential organisations, such as the World Bank, promoted it (OECD, 1991).



The NPM is a combination of ideas derived from economics (public choice theory) and managerialism (Pollitt, 2003). From the public choice theory, individuals are considered as selfish utility maximisers. As a result, performance contracts and monitoring mechanisms have to be tight. Whereas the business organisation theory (managerialism) posits that individuals can be bound into organisational purposes by vision statements, good leadership and a supportive and creative organisational culture. In this perspective, staff can be trusted and become more innovative and productive (Pollitt, 2003:32).

Thus, the NPM is a new approach to public management, which advocates the reconfiguration of existing boundaries and responsibilities of the state, through a number of initiatives. These include the restructuring of public services (for instance by disaggregating large bureaucratic structures into quasi-autonomous agencies), the application of various private sector management techniques to improve efficiency; a greater use of non-state (private and/or community) actors to discharge public services (privatization) along with the introduction of market based mechanisms (Auriacombe, 1999:125-128). As such, the direct involvement of the state in the production and delivery of public goods and services is thereby abandoned or at least lessened to give primacy to market mechanisms. The post-bureaucratic reform thesis holds that public administration must become anticipatory, flexible, results-oriented, customer-driven, values-based and entrepreneurial (Kuye, 2002:20).

As a result, from the 1980s onwards, many countries (developed and developing) around the world have started reviewing the roles and responsibilities of government institutions. Many functions previously performed by the public sector have been privatised; those remaining within the state machine have been subjected to business-type disciplines, such as competitive tendering, performance measurements, and performance-related pay. The assumption appears to be that the best way to obtain better results from public sector organisations is to adopt some sort of market-based mechanisms, introduce tight performance measurements and embark on partnerships with private organisations in the production and delivery of goods

and services.

Despite the enthusiasm it has created, the new public management paradigm has been criticized for being narrow in scope, and for losing touch with the theoretical foundation of public administration, which is the public law (Moe, 1994:111-119). The general argument is that public management is not only about increasing efficiency and effectiveness; it is also a matter of the legality and legitimacy of actions performed by the government (Moe and Gilmore, 1995:135-143). Indeed, public administration exceeds more efficiency; it is about the interplay between the state and its people. Citizens are not simply consumers, as in the NPM, but are related to the state in terms of Locke's "social contract", which gives them the right to hold their governments to account for the actions they take or fail to take.

In addition to the NPM theoretical weaknesses, the results of its reforms have been mixed and, in some cases, wanting. Pollitt (2003:38) indicates how both the New Zealand and the UK stepped back from the NPM reforms in the health care sector because of their disappointing results. He also points to the fact that where evaluations of the NPM reforms have been conducted, they have not been conclusive about the efficiency gained that could be attributed to these reforms (Pollitt, 2003:38). This has led to the emergence of a new concept: "governance", which is discussed in detail in the next section. Debate about reform has been analysed beyond the new public managerialism, and has focused on the role and place of the state in the social system. The government is seen as one of the many social actors whose influence determines the means and ends of public policies.

GOVERNANCE: THEORETICAL PERSPECTIVES

The word "governance" originates from Greek, and means "steering", in other words, providing direction. Governance has become a dominant topic in development policy discourse as well as in social science scholarship. Despite the popularity of the concept among both theoreticians and practitioners, there is still a lack of conceptual consensus; hence, governance has multiple definitions. The review of the literature suggests that the concept derives its

meaning from three separate traditions, namely, the study of institutions, networks theory and corporate governance.

The perspective and tone of institutionalism were set in the 1990s after realising that the macroeconomic and fiscal policy reforms of the IMF and the World Bank as applied to poor/developing countries during the 1980s had failed to produce the anticipated economic changes. The key for the failure of free-market, the World Bank argues, is the neglected role of institutions, which form the foundation of effective private markets (World Bank, 2002:8). In the broadest sense, institutions refer to rules, which may be formal (as in constitutional rules), or informal (as in cultural norms) (Ostrom, 1999:37). Theorists argue that institutions are important for political governance, because they structure political and administrative behaviour. Institutions define who is able to participate in the particular political arena, shape the various political actors (political strategies), and influence the preferences of actors (possible and desirable actions) (Ostrom, 1999:41). Institutionalism sees governance as the exercise of authority and control. Thus, the purpose of a governance system is to regulate the exercise of authority by setting up incentive schemes and commitment mechanisms. Since a governance system is characterised by agency relationships, political actors must be given incentives to seek social welfare, as they, too, have their own objectives. For example, when government protects private property rights and enforces contracts, it achieves credible commitment among agents. On the other hand, wherever there are institutional weaknesses, there are "government failures" because incentive systems can be inappropriate (Ostrom, 1999:41-42, World Bank, 2002:6-8). Thus, the fact that institutional arrangements can create very different incentives that lead individuals to interact in either productive or non-productive ways, has put institutionalism at the centre stage of current governance debate.

A second vision of governance is that of networks theory. Governance in a network approach takes place in networks involving various actors and multiple institutions that need negotiation and cooperation for a positive outcome from the bargaining process. The network theory understands public



policy to be made and implemented in networks of interdependent actors (public agencies, individuals, private businesses, non profit organisations, etc.), often with conflicting rationalities, interests and strategies (Kickert, Klijn and Koppenjan, 1997:9). Networks include interagency cooperative ventures, intergovernmental programme management structures, complex contracts, and public-private partnerships. Formulation and implementation of policy, therefore, often require negotiation, bargaining and cooperation among various actors. Governance, according to this model takes place in networks, and consists of cooperation for successful realisation of policies. Such a perspective follows the utilitarian rationale, which places all actors around the negotiation table without establishing a hierarchy between them, without taking into account the phenomena of domination and exclusion of the weakest actors (Kickert et al., 1997:2-10). While the networks approach acknowledges the highly interactive nature of policy processes, which characterises modern governance, the theory has weaknesses that need attention. Lack of hierarchy among actors makes implementation in networks challenging. With different institutional “homes”, actors deal with each other as equals, and potential allies or adversaries, and this creates competition and bargaining, which can compromise the effectiveness of operations. Furthermore, networks theory raises the issues of public accountability as private actors are not subject to the same constitutional, statutory, and oversight controls as government actors.

The third perspective of governance is from the corporate governance point of view. Indeed, the term governance has been widely used in the corporate governance studies. The evolution of corporate governance has influenced analyses of political governance. Since the beginning of the nineties, the model of the Anglo-Saxon corporate governance, based on the rule of the shareholder, has been submitted to violent criticism. Prominent academics in the field have bolstered the notion of the stakeholder business, whereby, rather than being purely responsible to the firm's shareholders, the board of directors is responsible to all of those who have a stake in the firm, that is, employees, consumers, suppliers, and society, at large (Kay and Silberston,



1996, <http://www.johnkay.com/industries/149>). It is argued that because the firm has borrowed resources from society, it becomes immediately responsible and accountable to all the participants in its production and distribution processes. In other terms, property confers not only rights but also responsibilities. The proponents of the corporate approach to political governance emphasize this aspect of enlarging accountability and participation. The state's legitimacy through governance can only be derived from a position of responsibility to and inclusion of its "stakeholders", that is, citizens, in the decision-making process, thereby forcing the state to engage in partnership governance.

Meanings of governance

Despite the multiplicity of meanings, it is possible to define governance according to two main groups of approaches, one that sees governance as concerned with the rules of conducting public affairs, and the other, which views governance as an activity of managing and controlling public affairs (Hyden and Court, 2002:14). Academics tend to adopt the former definition, whereas practitioners (mainly the international development institutions) promote the latter.

In Europe, the concept of governance has been debated in the context of European integration and the subsequent growth of new institutions and actors who became involved in public policy processes (Hyden and Court, 2002:15). Governance emerged as a comprehensive term for dealing with multiple institutions, multiple actors and multiple processes characteristic of policy formulation and implementation of an integrated Europe (Hyden and Court, 2002:15). In this context, governance is defined as "directed influence of social processes" (Kickert, Klijn and Koppenjan, 1997:2). Accordingly, governance covers all kind of guidance mechanisms that are associated with public policy process. These guidance mechanisms are not restricted to deliberate forms of guidance, nor is governance restricted to public actors. Similarly, Kooiman (1993) argues that governance is about purposeful action, which is the outcome of the interacting efforts of all involved parties. He



argues that it is a process that takes time and that is not restricted to government but also involves other societal actors in an effort to achieve their objectives and interests (Kooiman, 1993:258). Scholars therefore view governance as a broader term than public administration that includes self-steering mechanisms and different actors other than public actors, who have a bearing on policy processes.

In the United States also, public administration scholars have spent a great deal of time debating how public sector organisations and programmes can be organised and managed to accomplish public purposes efficiently and effectively in a “disarticulated state”, that is, one with reduced capacity to resolve complex social and economic issues (Frederickson, 1999 <http://www.apsanet.org/PS/dec99/frederickson.cfm>). The impetus for governance has been the declining relationship between the conventional jurisdiction of public organisations (nation-states, provinces, municipalities, counties) and the scope of public activities. The changes in economics (increasing globalisation of investments, production, and consumption activities), the revolution in telecommunications, which have altered the importance of borders and boundaries, and the complexity of these relationships led to the conceptualisation of governance.

Thus in the US, governance is defined as the interplay between government and other societal actors in performing public duties (Heinrich and Lynn, 2000:2). The concept of governance implies a configuration of separate but interrelated elements, statutes, policy mandates, organizational, financial, and programmatic structures, administrative rules and guidelines, and institutionalized rules and norms, which in combination establish the means and ends of governmental activity (Heinrich and Lynn, 2000:4). The process of governance links the values and interests of citizens, legislative enactments, executive and organizational structures and roles, and judicial control in a manner that suggests interrelationships among them, and which have significant consequences for performance.



Therefore, the concept of governance transcends the conventional boundaries of public administration. According to Carmichael (2002:5), public administration is concerned with the formal institutions of government, whereas governance focuses upon wider processes through which public policy is effected. Governance refers to the development and implementation of public policy through a broader range of private and public agencies than those traditionally associated with government. Because government is increasingly characterized by diversity, power interdependence and policy networks, governance stresses the complexity of policy-making, implementation and accountability relationships between a variety of state and societal actors at various levels, globally and regionally, and at national government level, as well as in local administrations (Kickert et al., 1997 and Carmichael, 2002). In governance theory, the relationships between state and non-state actors become less hierarchical and more interactive. In this way, governance denotes a highly fluid institutional and policy matrix in which the powers and responsibilities of different actors and tiers of government are in flux.

Hyden and Court (2002:19) define governance as the formation and stewardship of the formal and informal rules that regulate the public realm, the arena in which state as well as economic and social actors interact to make decisions. Here, governance refers to the quality of the political system rather than technical capacities or distributive aspects, which they argue are a function of policy. In the table below, Hyden and Court (2002) propose six dimensions of the political process: the socialising, aggregating, executive, managerial, regulatory, and adjudicatory, which they argue, are important in shaping policy processes and producing desired development outcomes.



Table 3.1: Functional dimensions of governance and their institutional arenas

Functional dimensions	Institutional arenas	Purpose of rules
Socialising	Civil society	Shape the way citizens become aware and raise public issues
Aggregating	Political society	Shape the way ideas and interests are combined into policy by political institutions
Executive	Government	Shape the way policies are made
Managerial	Bureaucracy	Shape the administration and implementation of policies
Regulatory	Economic society	Shape the way state and market interact to promote development
Adjudicatory	Judicial system	Shape the setting for resolution of disputes and conflicts

Source: Hyden and Court (2002:21)

Hyden and Court (2002) argue that governance is an aggregation of the above six dimensions and the way these dimensions are articulated and function should constitute the basic measures of governance.

The concept of governance has also been discussed in the context of global governance, particularly after the collapse of communism and the emergence of a new world order dominated by liberal philosophy and principles. In international relations, global governance calls for commonly accepted norms and rules that facilitate international cooperation. Scholarly debate argues that the current system of global governance has to be reformed as it is dominated by private agendas, the main concern of which is the promotion of free

movement of commodities and trade to the disadvantage of poor nations (Dervis and Ozer, 2005:43-72).

Governance and International development institutions

Governance has also been prominent in the development policy discourse. In fact, in developing countries, governance was mainly popularised by the BWIs. In Africa, the concept of governance emerged in the 1980s as a result of various factors. The most important include poor economic performance recorded under structural adjustment reforms and the emergence of a consensus by the international lending institutions on the relative efficacy of neo-liberal development strategies; the end of the cold war and the rise of pro-democracy movements across the developing world; and the growing discomfort with clientelist practices in Africa (Leftwich, 1994:366-370).

Popularized by the World Bank' study on Sub-Saharan Africa: "Sub-Saharan Africa: From Crisis to Sustainable Growth" in 1989, governance emerged as a catch-all phrase for all the issues identified for poor economic performance in Africa, including maladministration, corruption, human rights abuses, arbitrary laws, ineffective economic policies, and unaccountable government. As Amuwo argues, governance became the cherished concept of the donor community. To qualify for aid, countries have to practise good governance, which has meant the implementation of orthodoxy economic policy reforms: trade liberalization, liberalization of inflows of foreign direct investment, a redirection of public expenditure priorities toward fields offering both high economic returns, and privatization and retreat of the state from steering the economy (Amuwo, 2002, <http://web.africa.ufl.edu/asq/v6/v6i3a4.htm>).

From various studies and publications of the World Bank, governance has been defined and analysed in three different ways: 1) the form of political regime; 2) the process by which authority is exercised in the management of a country's economic and social resources for development; and 3) the capacity of governments to design, formulate, and implement policies and discharge functions. The World Bank report (1994:vii) defines governance as the manner in which power is exercised in the management of a country's



economic and social resources. In another World Bank report (2000:48) “Can Africa claim the 21st Century?”, governance is defined as the institutional capability of public organizations to provide the public and other goods demanded by a country’s citizens or their representatives in an effective, transparent, impartial, and accountable manner, subject to resource constraints.

A number of critics have pointed to the fact that the World Bank confines itself to the last two aspects of governance, and avoids the political aspect of governance regime (Olowu, 2002:4; Hyden and Court, 2002:18). Indeed, efficient government, more than democratic governance, appears to be the central feature of the World Bank’s definitions. Governance is defined as good, because it delivers economic and social development. This approach has been heavily criticized. For instance, Leftwich argues that state capability and character, which includes the competency of the administration to discharge goods and services, cannot be detached from its political environment, that is, the nature of politics, structure and purpose of the state (Leftwich, 1994:372). Thus, a comprehensive conception of governance must take cognizance of the role of politics and the state.

In a similar manner to the World Bank, the United Nations Development Programme (UNDP) defines governance as the exercise of economic, political, and administrative authority to manage a country’s affairs at all levels. It argues that governance is the complex mechanisms, processes, relationships and institutions, through which citizens and groups articulate their interests, exercise their legal rights, meet their obligations, and mediate their differences (UNDP, 1997:9). Thus, the UNDP sees governance as composed of three dimensions: political, economic, and administrative (UNDP, 1997:10). Economic governance is about processes of decision-making, institutions and structures that directly or indirectly affect a country’s economic activities or its relationships with other economies. It is also concerned with empowering people to freely engage their initiative and energies to undertake economic activity (production, distribution, and consumption), expand their choices, and enjoy better economic livelihood.



Political governance refers to the decision-making and policy implementation of a legitimate and authoritative state. The state should consist of a separate legislative, executive and judicial branch, represent the interests of a pluralist polity, and allow citizens to freely elect their representatives, and to determine how they should be governed through their voices by influencing policies, decisions, and plans proposed by leaders. Administrative governance refers to the complex system of implementation of public policies, which ensures effective and efficient production and delivery of public goods and services (UNDP, 1997:10).

The African Development Bank (ADB), on the other hand, defines governance by taking globalisation into account whereby states are bound together through multilateral and bilateral agreements, which create mutual obligations that, in turn, have implications for governance. Thus, governance is defined as “a process referring to the manner in which power is exercised in the management of the affairs of a nation, and its relations with other nations” (ADB, 1999, at www.afdb.org). According to this definition, governance at the national level is also shaped by rules and norms from the international arena. Thus, national governance cannot be understood in isolation from the international rules and activities that influence it.

Characteristics of good governance

The UNDP (1997) argues that governance embraces all the methods (good and bad) that societies use to distribute power and manage public resources and problems. Sound or bad governance are therefore subsets of governance, depending on whether public resources and problems are managed effectively, efficiently, and in response to the critical needs of all members of society. For the UNDP, a system of governance is good when it satisfies these conditions. It is participatory, meaning it allows both men and women a voice in decision-making, either directly or indirectly. It is legitimate and acceptable to the people; transparent and accountable; promotes equity and equality; operates by the rule of law, which means legal frameworks are fairly and impartially enforced; responsive to the needs of the people; and



efficient and effective in the use of resources (UNDP, 1997:19).

Similarly, the World Bank contends that a system of governance is good if it displays the following essential elements: legitimacy of government; accountability of political and official elements of government (through media freedom, transparent decision-making, accountability mechanisms, and the like); competence of government to formulate policies and deliver service; and respect for human rights and the rule of law (individual and group rights and security which form the framework for economic and social activity), and participation (World Bank, 1989).

The African Development Bank (ADB) has identified five basic elements of good governance, namely, accountability, transparency, participation, fighting corruption, and effective legal and judicial framework (ADB, 1999).

Accountability is defined as the imperative to hold public officials (elected or appointed), individuals and organizations charged with a public mandate, accountable to the public for actions and decisions from which they derive their authority. Accountability also means establishing criteria to measure the performance of public officials, as well as oversight mechanisms to ensure that the standards are met.

Transparency is defined as public access to knowledge of the policies and strategies of government. It requires among other things, that public accounts are verifiable, that provision is made for public participation in government policy-making and implementation, and that contestation over decisions impacting on the lives of citizens is allowed for.

Fighting corruption is seen by the ADB as a key indicator of commitment to good governance, a critical area for managing scarce resources.

Participation is a process whereby citizens exercise influence over public decisions. It should focus on the creation of an enabling regulatory framework and economic environment in which citizens and private institutions can participate in their own governance, generate legitimate demands and monitor



government policies and actions.

Legal and judicial framework in which laws, regulations, and policies that regulate society are clear, fair and consistently applied through an objective and independent judiciary. An effective legal framework promotes the rule of law, respects human rights and protects private capital flows (ADB, 1999 at www.afdb.org accessed 14 March 2005).

Other institutions have also attempted to come up with what would constitute a system of good governance. For instance, the Millennium Challenge Account, which was announced by the US government as a new foreign aid programme to assist the so-called “relatively well governed” countries, defines good governance as based on three broad categories: ruling justly, investing in people, and sound economic policies. Ruling justly is about rooting out corruption, upholding human rights and political freedoms, voice and accountability, and adherence to the rule of law. Investing in people is measured by public spending devoted to health and education, primary completion rates, and immunisation rates. Finally, sound economic policies refer to open markets, sustainable budget policies, and strong support for individual entrepreneurship, which unleash the enterprise and creativity for lasting growth and prosperity (Millennium Challenge Account, www.mca.gov accessed on 14 March 2005).

The UN Millennium Project 2005 entitled “Investing in Development: A Practical Plan to Achieve the Millennium Development Goals”, which is said to be a comprehensive strategy put forward to achieve the MDGs by 2015 as pledged by world leaders, has strongly argued that to achieve the MDGs, commitment to good governance is imperative. The report has identified six strategic areas that are vital components of governance and require urgent attention and investment: investing in public administration, strengthening the rule of law, promoting accountability and transparency, promoting human rights, promoting sound economic policies in support of the private sector, and partnering with civil society (UNDP, 2005:112-125).

As highlighted above, for the international development institutions and donor



community, good governance is measured in terms of sound management of public affairs for economic growth and development. Such a system of governance must be characterised by notably effective and quality regulatory systems (laws are fairly and impartially enforced, civil rights and freedoms are protected, and economic regulations supportive of the private sector growth), accountability and transparency of the government apparatus (free of corruption), and efficient and effective public management.

African leaders also agree that good governance is essential to eradicate poverty and foster socio-economic development. In an effort to improve governance, African leaders adopted in 2002 in Durban, South Africa a “Declaration on Democracy, Political, Economic and Corporate Governance” and agreed on a monitoring mechanism, the “African Peer Review Mechanism (APRM)”, as already argued. The APRM is a monitoring mechanism to be voluntarily acceded to by member states of the African Union with the aim of enhancing the quality of governance through fostering the adoption of policies, standards and practices that will lead to political stability, high economic growth, and sustainable development.

The following section reviews related literature to the NEPAD and the APRM. The section discusses in detail the concept of peer review and how it is used. Theoretical models put forward for ensuring compliance in international regimes are also reviewed. Furthermore, approaches to regional cooperation and integration are reviewed as the NEPAD and APRM are regional cooperation initiatives.

REVIEW OF RELATED LITERATURE: NEPAD AND APRM

PEER REVIEW MECHANISM

The global trends for more accountable, responsive and efficient government have reinforced the appeal for monitoring and evaluation systems, which subsequently became the central focus of governments’ efforts to improve governance. The increase in inter-state cooperation, especially in the area of trade and the spread of multinational corporations as leading agencies in



investments, has placed governments under greater scrutiny. Today, governments are not only required to ensure that their policies are in the best interest of their citizens, but also that these policies are in line with the best practices used globally. Numerous international conventions codify international standards of good governance and best practice. These instruments reflect the international political consensus on the elements of good governance. As such, they provide a framework for domestic governance reform. The challenges reside in ensuring that governments apply such best practices. One of the most important mechanisms that has been used to monitor compliance with these standards of good governance is the “peer review”.

Defining peer review

The literature on peer review in the context of international organizations is very limited. Most of the information on peer review is obtained from the Organisation for Economic Cooperation and Development (OECD). OECD is an international organisation created in 1961 replacing the Organisation for European Economic Cooperation (OEEC), which was set up in 1947 to coordinate the Marshall Plan for the reconstruction of Europe after World War II. Since its inauguration, the OECD has assessed the performance of its member countries through peer review. The OECD is made up of 30 countries, of which more than half are European: Austria, Australia, Belgium, Canada, Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Japan, Korea, Luxembourg, Mexico, Netherlands, New Zealand, Norway, Poland, Portugal, Slovak Republic, Spain, Sweden, Switzerland, Turkey, United Kingdom, and United States of America (OECD, <http://www.oecd.org> accessed 10 April 2005)

Peer review is defined as the systematic examination and assessment of performance of a state by other states (referred to as peers), by designated institutions, or by a combination of both with the ultimate goal of helping the reviewed state improve its policy-making, adopt best practices, and comply with established standards, principles and other agreed commitments



(Pagani, 2002:9). A country peer review could relate to various subject areas, such as governance, economics, health, education, development assistance or environment. Within an area, the country will be assessed against a wide range of standards and criteria. The assessment of performance of a country in relation to the implementation of policy recommendations and guidelines is the most frequent form of peer review practised in the OECD. Many countries can be reviewed at the same time with respect to a particular theme. International legally binding principles and norms, such as the OECD Anti-Bribery Convention, can also form part of peer review. Peer review results in a report that spells out accomplishments, underperformance and makes recommendations for improvement (OECD, 2003).

Pagani (2002:9) distinguishes peer review from judicial proceedings, fact-finding missions, and reporting and data collection, which are other mechanisms for monitoring and ensuring compliance with internationally agreed policies. Peer review differs from judicial proceedings since the final outcome of peer review is not a binding act or a legal judgment by a supreme body. The fact-finding missions, the objective of which is to investigate specific events or establish facts, differ from peer review as the latter goes beyond fact-finding to assess the performance of a state. Finally, reporting and data collection can be useful components of a peer review, but these are not peer review per se.

In the OECD, the rationale for peer review is to ensure that the policies and practices of member states of the organization conform to the agreed values, principles and standards (OECD, 2003). Thus, peer review findings and recommendations help countries improve their policies and adopt best practices of good governance. Through research and evaluation findings countries are afforded the opportunity to compare policy experiences, and identify international best practices, which lead to the adoption of informed policies. The process allows the creation of shared knowledge base, which benefits all countries through the identification of best policies that work (Pagani, 2002:9).



Besides the OECD, peer review has also been used in many other international organisations. For instance, the International Monetary Fund (IMF) provides for what is called “country surveillance mechanism”. Article IV of the IMF's Articles of Agreement holds that: “the Fund shall oversee the international monetary system in order to ensure its effective operation, and shall oversee the compliance of each member with its obligations”. Thus, the IMF holds bilateral discussions (surveillance) with members, usually every year. A staff team visits the country, collects economic and financial information, and discusses with officials the country's economic developments and policies. On return to headquarters, the officials prepare a report that forms the basis for discussion by the Executive Board. The concluding statement of the discussion is transmitted to the country's authorities (IMF, <http://www.imf.org/external/pubs/ft/aa/index.htm>).

In contrast to the OECD peer review, the IMF's peer review is more concerned with supervision and compliance. The fund reviews do not afford national policy officials the opportunity to participate in the discussions of the Fund's Board Executive, nor to approve (or modify) the final report's conclusions, which in the case of the OECD peer review gives some ownership to the reviewed country (Thygesen, 2002).

Research shows that, in the European Union, peer review is quite different from that of OECD and IMF surveillance. The aim of the peer review within the EU is one of integrating and harmonizing policies in order to obtain convergence across countries and ultimately to have a single policy process (Visco, 2002). Thus, in the EU, the regional policy review process is intensive based on elaborate, frequent procedures, or rules, but mostly on national commitments to which it is the task of the monitoring agencies, such as the European Commission, to ensure that countries adhere (Visco, 2002).

Noaksson and Jacobsson (2003) argue that the use of the peer review in the EU, which is a “political organisation”, differs markedly from that in OECD, which is an “expert organisation”. The difference is that the EU adopts a more pragmatic use of peer review knowledge, whereby political values are



considered and policy advices negotiated among different stakeholders. The OECD, on the other hand, adopts a more dogmatic approach to knowledge in the sense of seeking and telling the truth in their evaluations by putting aside political considerations and the values of the actors (Noaksoon and Jacobsson, 2003:10). Thus, the conducting of peer reviews may vary depending on the nature of the organisation. In political organisations, such as the EU, the peer review is characterised by political bargaining and negotiations in its process of achieving harmony and unification of policies. This should inform African states in their efforts to implement the African peer review mechanism.

Peer review assessments are conducted on a non-adversarial basis (Pagani, 2002:9). They rely heavily on mutual trust and understanding between the states to be reviewed and the reviewers as well as their shared confidence in the process. In the OECD, peer review never implies a punitive decision or sanctions. Thus, the question arises of ensuring that countries comply with commitments they have made. Pagani (2002:10) notes that the effectiveness of the peer review relies on the influence and persuasion exercised by the peers during the process, which is referred to as “peer pressure”.

Pagani (2002:10) notes that public scrutiny, dialogue with peer countries, comparisons and, in some cases, even ranking of countries, all exert pressure on the domestic public opinion, national administrations and policy makers. Additionally, the literature reveals that the impact of peer pressure will be greatest when there is access to the final report by the public and that the media is actively involved. Indeed, the role of the media is critical in the sense that it raises public interest and scrutiny. Thus, peer pressure can be defined as the influence and persuasion that the process induces, which may become a driving force to stimulate the country under review to change.

Peer pressure, however, does not imply legally binding acts, such as sanctions or other enforcement mechanisms; instead, compliance is sought through soft persuasion mechanisms (OECD, 2003:10). In the OECD, the quantitative assessments, which in some cases rank countries according to



their performance (example of the OECD Jobs Strategy, 1999), constitute some of the soft measures used to put pressure on countries to adopt the strategy. It can be argued that no country would wish to be seen in a bad light among its peers. As such, the peer review may be a powerful tool for promoting good governance.

The study proposes that peer review can be subsumed as with the following elements. It can be constituted to mean:

- Assessment of a nation by other nations
- Evaluation and surveillance of operations
- Perception or reality of Heads of state vis-à-vis each other.

The process of peer review

Although procedures may vary depending on the type of review, generally, the OECD' peer review follows three stages, which involve different actors (OECD, 2003:16-17), as discussed below.

The preparatory phase: this is the first phase of the review, and consists of background analysis and a self-evaluation by the country under peer review. This phase includes work on documentation and data as well as a questionnaire prepared by the OECD Secretariat.

The consultation phase: the examiners (normally officials from other countries "peers", chosen on the basis of a system of rotation among member states) and the Secretariat conduct the consultation. During this phase, the Secretariat and the examiners maintain close contact with the competent authorities of the reviewed country, and in some cases, they carry out on-site visits. When deemed necessary, the examiners and the Secretariat consult with interest groups, civil society and academics. At the end of this phase, the Secretariat prepares a draft of the final report, which analyses in details the performance of the country and provides conclusions and recommendations. Often this draft is shared with the reviewed country, which may suggest

adjustments it considers justified before the draft is submitted to the members of the body responsible for the review.

The assessment phase: this consists of the discussion of the draft report in the plenary meeting of the body responsible for the review. The examiners lead the evaluative discussion and the reviewed state representatives are also present. Following discussions and negotiations, the final report is adopted. Generally, approval of the final report is by consensus, unless the procedures of the particular peer review specify otherwise. In some cases, during this phase, non-governmental organisations have the opportunity to influence the discussion by submitting their views. The final report is then made public through a press release of the main issues of the report to the media, and other dissemination means to publicise the findings of the review.

Functions of peer review

Peer reviews in the context of international organizations can be seen to fulfil the same functions as evaluation activities at the level of national governments. Pagani (2002:17-18) identifies four functions of peer reviews: policy dialogue, transparency, capacity building, and compliance.

Policy dialogue: peer reviews allow countries to exchange information, views, and strategies on policy decisions and their implementation. It is through the interaction and exchange of ideas on policies and practices that the country under review may agree to adopt new policy guidelines, and implement recommendations.

Transparency: peer reviews enhance transparency because through the process countries are required to explain their policies and practices. At the end of the process, a report is made to which peer countries and the public have access.

Capacity building: participating in the review process, both as national delegates or expert reviewers, represents an important opportunity for learning in which skills and best practices are exchanged and learnt. The



process is therefore a learning experience, contributing to building the capacity of participants in various domains that have been reviewed.

Compliance: an important role of the peer review is to monitor the implementation of agreed commitments, be they international norms or policies of good governance. The ultimate aim of the review is to establish whether or not countries have complied with the commitments they have made, and help them to comply through “soft enforcement” measures of engagement, problem solving and persuasion.

Requirements for successful peer review

The fact that the peer review does not involve coercive measures to ensure compliance from countries makes it a contested instrument in terms of its ability to deliver on its mandate. However, the experience within the OECD suggests that a peer review can be an effective and successful mechanism of cooperation and learning among participating countries, when the following important elements are in place: value sharing, commitment, mutual trust, and credibility (Pagani, 2002: 19).

Value sharing: this means that countries participating in peer reviews must converge on values, standards and criteria that will be used to evaluate performance. This prevents conflicts that may arise during the process and increases the commitment of countries to the process.

Adequate level of commitment: evaluation is a costly exercise. Participating countries must be ready to commit sufficient human and financial resources for the peer review to be conducted in a professional and credible manner. In addition to material, financial and human resources, countries must be fully engaged in the process either as reviewers, or as subjects of evaluation or active members of the collective body.

Mutual trust: a peer review is by nature a cooperative, non-adversarial process, in which trust among participants is crucial for its success. From the beginning, a high degree of trust and value sharing must exist for a country to



be part of the peer review process. It is this trust that allows a country to disclose information, to ease access to documents and other relevant information, and importantly not to manipulate the process, all of which are essential for credible reviews.

Credibility: a credible review is decisive for effective peer review. To ensure credible and professional peer review, evaluators must be qualified, objective, fair and consistent. Incompetent examiners, bias stemming from national interests, or inadequate standards or criteria for performance evaluation may undermine the credibility of the process. Similarly, the Secretariat must guarantee independence, transparency and quality of work. But, most importantly, any attempt by a state to influence the outcome of the process will render the idea and objective of review futile.

Despite its claims for cooperation between countries, the peer review has been an issue of scholarly dispute, in particular in terms of the strategies that should be used to ensure compliance in the context of international regimes. Some analysts argue for management strategies while others think enforcement through sanctions is necessary to obtain compliance in international regimes (Chayes and Chayes, 1995; Downs, Rocke and Barsoom, 1996). Below the two proposed models for resolving compliance problems are now briefly discussed.

Two models for compliance in international regimes

In an increasingly interdependent world, a wide variety of instruments (conventions, treaties, and declarations) is negotiated and signed between countries to address complex economic, social, environmental, and political issues that require cooperative effort. These cooperative efforts take place within a frame of norms, rules and practices, referred to as “soft law” (Chayes and Chayes, 1995:2) to regulate and ensure the implementation of commitments made by countries. Although the signing of treaties or conventions reflects the international consensus and commitment on the issues of the treaty, this does not necessarily bring about their implementation. The challenge has been always to ensure that these

international norms and conventions are applied in practice. Thus, the scholarly debate in the domain of international regimes has focused on which approach to use to get compliance, some arguing for the management approach and others calling for coercive enforcement measures.

The managerial school contends that coercive power is not appropriate in today's international systems. Enforcement is costly (military sanctions often cost lives, and economic sanctions essentially affect the weakest and most vulnerable in the state sanctioned) and largely deficient in legitimacy (Chayes and Chayes, 1995:3). Retaliation for non-compliance often proves unlikely, because the costs of any individual violation may not warrant a response, in the sense that it cannot be targeted enough to change the behavior of the violator. Furthermore, enforcement (sanctions) is contested, because sanctions seem to work against economically vulnerable and political weak countries, whereas strong countries may easily get away with non-compliance. The unilateral decision of the United States and its allies to use military force in Iraq (2003) and the persistent refusal of the US to sign the Kyoto Protocol are informative of abuse of power by the strongest states. In addition, the fact that sanctions can only be imposed by major powers in the system to be effective, indicates that enforcement as a tool of compliance raises the issue of legitimacy (Chayes and Chayes, 1995:3-5).

To counter this situation, a managerial model for compliance, which relies on a cooperative and problem-solving approach, is instead proposed (Chayes and Chayes, 1995:3). It argues that high levels of compliance can be achieved with little attention to enforcement; and, where there are problems of compliance, these can be solved through management and cooperative efforts. This is based on the assumption that when a state enters into an international agreement, it does so knowing the constraints brought by the agreement and thus being committed to abide by them. Therefore, the problems of non-compliance that arise are issues to be solved not violations to be punished. Abram Chayes and Antonia Chayes (1995:9-16) argue that the sources of non-compliance are to be found in the ambiguity or indeterminacy of international agreements (treaties), capacity limitations of



states, and uncontrollable social, political or economic changes. If a country fails to comply, because of some financial constraints or political difficulties, sanctions are unlikely to change the situation. It follows, therefore, that managerial strategies are appropriate to solve these problems and to ensure compliance.

Chayes and Chayes (1995:9) argue that what ensures compliance is not the threat of punishment but “a plastic process of interaction among the parties concerned in which the effort is to re-establish, in the micro context of the particular dispute, the balance of advantage that brought the agreement into existence”. Among the strategies necessary to induce compliance and maintain cooperation, they cite: improving dispute resolution procedures, technical and financial assistance and increasing transparency.

In contrast, other scholars have argued for the necessity of “enforcement” in international regimes to obtain compliance, in particular in regimes where substantial incentive to defect exists. Downs, Rocke and Barsoom (1996:379-399) use various examples from international arms, trade and environmental regimes when non-compliance problems have occurred. Noting the relevance of ambiguity, a state’s capacity limitations and social/economic changes as sources of non-compliance, Downs and his colleagues argue that these are not in most of the cases the major determinants of non-compliance. Instead, as it is often in the case of violations of GATT’s rules and norms (e.g. agricultural subsidies and other protectionism measures), developed states are the major violators. This argues both against the proposal that capacity of the state is a source of non-compliance and the strategy therefore of increasing technical and financial assistance to get compliance. In fact, the most conspicuous cause of GATT violation is the demands/forces of domestic interest groups and the significant political benefits often associated with non-compliance (Downs et al., 1996:394). Indeed, political leaders are likely to breach international agreements when the pressure from interest groups (especially from which their political survival depends) is high. Therefore, the strategies for compliance proposed by the managerial school are not relevant



in this case.

The enforcement model contends that enforcement plays a greater role in successes and its absence is conspicuous in some notable failures. Enforcement measures have been credited as being an important element in the process of GATT legal reforms. Another strategy to ensure compliance is to restrict regime membership to states that will not have to defect often (Downs, et al., 1996:399).

What emerges from the above debate, is that both enforcement and management models seek strategies of ensuring that countries comply with international agreements. In some cases, dialogue, persuasion and engagements may be appropriate to bring countries to comply with the principles and norms of treaties and other agreements. However, sanctions may be necessary, especially when incentives to breach the rules are high. On the other hand, the value of sanctions remains superficial in the sense that sanctions themselves do not guarantee compliance.

Implications of peer review mechanism

Undoubtedly, the peer review mechanism is an important tool for cooperation between countries. It allows participating countries to become aware of the performance of their policies and strategies in relation to best practice or accepted regional and international standards. As such, peer reviews can contribute to good governance, cooperation and development. However, this exercise, where it has been practised, has proven to be costly, requiring enormous financial input and highly competent evaluators. Furthermore, peer review, although based on the concept of “soft-law” or soft persuasion, implies some form of intrusion on the internal affairs of states, and therefore on their sovereignty. This makes it political and inherently conflictual; success hinges upon the political will of involved states. This implies that countries must be politically committed to the vision, purpose, and objectives of the peer review, and be willing to cede some form of sovereignty to the collective body which evaluates and recommends policy options to be implemented. Furthermore, it can be argued that the returns from peer reviews must offset the costs,



otherwise the sustainability of the peer review process may be in jeopardy; in other words, there must be some incentives, short or long term, for countries to be truly committed to the peer review principle. A detailed analysis of the peer review process in Africa is provided in Chapter Five. The next section reviews approaches of regional cooperation and integration, which further clarify the regional cooperation aspect of the APRM.

THEORIES OF REGIONALISM AND REGIONAL INTEGRATION

One of the most significant features of the world economy and politics from the second half of the 20th century has been the widespread creation of regional groupings. Regional integration has taken various forms from the more formal and deep integration that covers a wide range of policies, such as the European Union, to purely trade driven cooperation as it is for instance in the Asia-Pacific Economic Cooperation (APEC). Thus, the literature on regionalism uses many terms, such as regional cooperation, market integration, development integration, or regional integration depending on the form and depth of regional integration. This section provides in brief the theoretical perspectives on regionalism and regional integration and the principal varieties of regional integration. As will be indicated, the new trend in regionalism is driven by globalisation; and this has made regional integration to be seen as the most effective method for individual countries to increase their economic strength and preparing to the requirements of the global economy.

Defining regionalism and regional integration

The literature on regionalism is vast and, as Hurrell (1995:38) argues, the concept is ambiguous and debate as to what precisely regionalism means has produced little consensus. This confusion applies also to related concepts of regionalism, such as regional integration and regional cooperation. In some studies, they are even used interchangeably, to refer to regional integration agreements whether these are purely economic or political in nature. Thus, definitions range from strictly economic perspectives to any project that groups countries in a given region. Wyatt-Walter (1995:78) defines



regionalism as a process consisting of a group of countries that implement a set of preferential policies designed to enhance the exchange of goods and/or factors among themselves.

Bach (1999:152) identifies two types of regionalism. The first is formal regionalism, which is represented by institutional forms of cooperation or integration, and is defined as the aggregation and fusion into broader units of existing territories or fields of intervention. The second is network regionalism, which is represented by trans-state actors and results in the exploitation of dysfunctions and disparities generated by existing boundaries, with debilitating effects on state territorial control. Therefore, regionalism may be formal, adopted and driven by formal institutions of states, or informal resulting from a spontaneous process led by non-state actors, such as trans-frontier traders. Lee (2003:8) espouses the formal approach and defines regionalism as the adoption of a regional project by a formal regional economic organisation designed to enhance the political, economic, social, cultural, and security integration and/or cooperation of member states.

Regional integration refers to the process through which a group of nation states voluntarily in various degrees share each other's markets and establish mechanisms and techniques that minimize conflicts and maximize internal and external economic, political, social and cultural benefits of their interaction (Harloov, 1997:15). Similarly, Asante (1997:20) defines regional integration as a process whereby two or more countries in a particular area join together to pursue common policies and objectives in matters of general economic development or in a particular economic field of common interest to the mutual advantage of all the participating states. It follows from the definitions that any regional integration scheme must be voluntary with individual countries committing to pursue policies or projects in line with regional agreements. Furthermore, the pooling of resources and efforts to implement projects of common interest implies that countries must cede some level of their sovereignty to regional institutions that must be established to manage the integration process.



Another important concept is regional cooperation. Asante (1997:20) argues that regional cooperation is a vague term that is used to define any interstate activity designed to meet some common needs. What is distinctive is the flexibility of regional cooperation, allowing countries to cooperate in areas of particular interest without being forced to liberalise their trade regimes as happens in regional integration. Some regional integration scholars see regional cooperation as a process that could lead to regional integration (Ravenhill, 1985:210; McCarthy, 1996:229; Lee 2003:22).

From these definitions, it can be argued that regional cooperation and regional integration are forms of regionalism. Regionalism is the umbrella concept referring to all efforts by a group of countries to advance their political, economic, social or cultural cooperation and/or integration to solve or respond to common problems and interests. It should therefore be emphasized that the ultimate aim of regionalism is not integration itself but the serving of higher goals, which may be economic or political.

Approaches of regional integration

A survey of the literature on regionalism and regional integration suggests three main approaches of regional integration. These are economic or market integration, regional cooperation, and development integration.

Economic or market integration

It is generally accepted that the work of Jacob Viner “*The Customs Union Issue*” in 1950 set the tone for regional integration scholarship and debate (Harloov 1997: 23). According to Viner (1950:5), a customs union must meet three conditions: (1) complete elimination of tariffs between member countries; (2) the establishment of a common tariff on imports from outside the union; and (3) the distribution of customs benefits between members according to an agreed formula. Thus, initially, regional integration was understood in economic perspectives using economic theories.

Later in the 1960s, Balassa devised the concept of economic integration,



which he defined as “a process and a state of affairs” (Balassa, 1961:1). As a process, economic integration encompasses measures designed to abolish discrimination between economic units belonging to different national states; and viewed as a state of affairs, it can be represented by the absence of various forms of discrimination between national economies (Balassa, 1961:1). According to Balassa (1961:2), the market integration approach follows different degrees or stages of integration. These stages are: free trade area, customs union, common markets, economic union, and total economic integration.

The first stage of integration is a free trade area (FTA). At this stage, tariffs and quantitative restrictions to trade are removed among member countries, but countries maintain their own tariffs against non-member countries. The second stage is a customs union, which operates like a free trade area, but in which trade with non-members is governed by a common external tariff. From successful customs union, the region develops into a common market, which allows not only free movement of products (goods and services) but also a free movement of factors of production (capital and labour). The final stage of economic integration would be the formation of an economic union, in which there is a high degree of coordination and unification of monetary, fiscal, and countercyclical policies along with the creation of a supranational authority that has the power to enforce decisions, which are binding for member states (Balassa, 1961:2). The case illustrating this higher degree of integration is the European Union (EU), in which policies related to trade and economy, such as market regulation, competition, monetary policies, are coordinated and administered at the EU level. The table below presents the stages of the market integration approach.



Table 3.2: Stages of the market integration approach

	Free movement of goods	Common external tariffs	Free flow of capital and labour	Harmonisation of macro economic policies	Supranational institutions
Free trade area	implemented	N/A*	N/A	N/A	N/A
Customs union	implemented	implemented	N/A	N/A	N/A
Common Market	implemented	implemented	implemented	N/A	N/A
Economic Union	implemented	implemented	implemented	implemented	N/A
Total economic integration	implemented	implemented	implemented	implemented	implemented

* N/A means not applicable

Adapted from Balassa (1961:2)

Economic integration theory as outlined by Balassa emphasizes the fusion of national markets without directly addressing issues of sovereignty. In accordance with this, the union of national markets may function satisfactorily with policy integration but without necessarily a unification of the institutional structure that requires political unification (Balassa 1961:272), which was thought difficult to achieve. Today, integration theorists present the formation of a political union (where all aspects of economic and political policy are jointly managed by the supranational authority) as the last stage of market integration (Harloov, 1997:25).



The literature on market/economic integration indicates that there are some prerequisites that need to be in place for a viable economic integration. Viner, whose seminal work led to the development of regional integration, put a note of caution about the use of customs union, in these terms: “customs unions... are unlikely to yield more economic benefit than harm, unless they are between sizeable countries which practise substantial protection of substantially similar industries” (Viner, 1950:135). Thus, competition among similar industries in different countries of the customs union is essential for successful market integration.

In addition to the condition of similar levels of industrial development among member countries, other elements have been added on the list of requisites for successful market integration. These include,

- Harmonisation of national macro economic policies;
- Regional macroeconomic stability;
- High levels of intra-regional trade;
- Competitive and complementary industrial development;
- Effective mechanisms for distribution of integration benefits;
- Willingness to cede some level of state’s sovereignty to a supra national body that has enforcement authority; and
- Economic and political stability of the region. (Collier and Gunning, 1999:94; Mwase and Maasdorp, 1999:200)

In the light of these requirements, several scholars and experts have warned about the application of this model in developing nations. For instance, analysts, such as Ravenhill (1985), McCarty (1996) and Lee (2003), argue that the above conditions do not exist in Africa, and that is why market integration efforts have so far failed on the continent. They present different obstacles for African countries to pursue a market integration approach. These include different levels of industrial development, a small percentage of



intra-regional trade in comparison to total trade, and macroeconomic instability. Furthermore, most countries have similar factor endowments, member countries are not willing to cede some level of sovereignty to a supra national body and most regions are not politically stable (Lee, 2003:21).

On a similar note, Asante (1997:64) argues that, in Africa, the market integration approach is not appropriate at present because of lack of its requirements, such as economic homogeneity, sustained sound economic performance, and political commitment that is legally binding. He, therefore, suggests that regional integration must start, first, by creating the conditions for integration. Thus, the theoretical precepts of market integration seem difficult to apply in the context of developing countries, simply because the realities of developing economies and the nature of the socio-political problems differ markedly from those of the developed world, in particular Western Europe, from which this model was developed.

Regional cooperation

Regional cooperation has been seen as a sub-category of regional integration and a process that may lead to regional integration (Asante, 1997:20; Lee, 2003:22). Regional cooperation has been defined as a process whereby countries with common or comparable problems solve these and create improved conditions in order to maximise economic, political, social, and cultural benefits for each participating country (Harloov, 1997:16). Such cooperative efforts can take various forms, ranging from a systematic framework of cooperation on a continuous basis to deal with problems of common concern, to a sporadic kind of cooperation. Regional cooperation may involve such aspects as the execution of joint projects; technical sector cooperation; common running of services and policy harmonisation; joint development of common natural resources; a joint stance towards the rest of the world; and joint promotion of production.

Some analysts suggest that regional cooperation is a more realistic approach to be pursued by African countries than market integration (Ravenhill,



1985:213; McCarty, 1996:229; Lee, 2003:27). The argument is that regional cooperation allows countries the flexibility to simultaneously develop the region and enhance economic interaction without being forced to liberalise individual trade regimes at a pace that will be counterproductive to enhanced economic growth and development. As McCarthy notes:

Regional cooperation broadly defined as cooperation between independent countries on identified projects or schemes could be a more appropriate means to address Africa's problems....The advantages of this approach are in its flexibility and pragmatism in circumventing the problems posed by nationalism and equity in the distribution of costs and benefits. (McCarthy, 1996:229)

Ravenhill has made similar comments.

An incremental approach to regionalism in Africa based on the identification and implementation of limited functional projects appears to avoid many of the problems that have beset the more grandiose schemes based on an integration of markets. (Ravenhill, 1985:213)

However, this narrow prescription to cooperative arrangements is hardly convincing as several schemes based on projects cooperation introduced since the time of independence have failed to produce concrete results. By 1977, there were over 100 intergovernmental multisectoral organisations that were meant to promote technical and economic cooperation. However, their performance has in most of cases been disappointing (Asante, 1997:35). The problem with regional cooperation is that it takes key issues of regional integration such as policy coordination and harmonisation lightly. The fact that trade issues are not central to regional cooperation makes it a weak approach to achieve the objectives sought by African states of enhancing their trade and economic situation.

Development integration

Development integration theory was developed as a response to the problems and dysfunctions of the market integration approach. The approach seeks to address the problems in three areas: the objective of integration, the timing and level of binding interstate commitments, and the distribution of costs and benefits of cooperation (Haarlov, 1997:30).



According to this approach, the objective of integration is to accelerate the economic and social development of member countries. State intervention in the market mechanisms is imperative, and is contingent upon how the state perceives that its social and economic objectives would be best served.

With regard to timing and political commitment, the development approach places emphasis on state intervention at the beginning of the integration venture. It assumes that a high degree of political commitment will facilitate the implementation of the integration process. While in the market integration approach, political commitment comes at a later stage of the integration process, in the development integration approach political commitment is seen as the backbone since countries need first to coordinate their policies to avoid, among other things, the unequal inter-country distribution of costs and benefits of the integration process.

The third key characteristic element of development integration is the distribution of costs and benefits resulting from integration. The development integration approach promotes the implementation of redistributive mechanisms that are compensatory and corrective in nature. Harloov (1997:32) groups these mechanisms into four categories:

- Pure fiscal compensation, such as financial transfer mechanisms from the countries that gain from the integration to the member states that bear the costs;
- Improvement of conditions for development, such as roads, railways, telecommunications, human capital development, which give the poor areas the competitive edge and increase opportunities for investments;
- Incentives to motivate economic agents to locate economic activities in lesser developed areas (e.g. loans with favourable conditions, favourable investment incentives, slower pace of tariff reduction, and use of certain internal tariffs favouring industry in lesser developed countries); and



- Planning of new industries and agreements on distribution of production.

Although designed to correct the problems of market integration in developing countries, development integration has also proven more difficult to implement because of the difficulties in implementing compensatory and corrective measures to adequately solve the problem of distribution of costs and benefits. The Southern African Customs Union (SACU), which is composed of Botswana, Lesotho, Namibia, South Africa, and Swaziland, often serves as example to analysts. It is said that compensation measures such as financial transfers that are used by South Africa (the regional economic powerhouse), to compensate members of SACU still do not adequately address inequity created by trade diversion and investment polarization (Ostergaard, 1993:335). The other problem is that such compensatory measures have not received domestic political support in privileged countries (Lee, 2003:24).

In addition to compensatory and distributive mechanisms that are difficult to implement, the following obstacles and challenges have been identified to obstruct the regional integration agenda:

- Often politicians negotiate for national interests overlooking regional interests;
- Institutions responsible for implementing plans are not geared toward regional goals;
- Lack of technical capacity to implement regional plans;
- Red tape and inefficiency;
- Internal resistance from powerful economies of the region to regional plans; and
- Strategies of multinationals that may not support development integration strategies (e.g. industrial planning) when they have no profits from it. (Ostergaard, 1993:37-38)



While the road to regional integration has been difficult to travel, Africa is still optimistic about the approach in order to lift its people out of poverty and achieve the socio-economic development objectives. Indeed, given the small size of African economies, and the current bargaining strengths of the more powerful economic and trading blocs, such as the European Union (EU), the North American Free Trade Agreement (NAFTA), and the Asia-Pacific Economic Cooperation (APEC), regional integration remains the only viable strategy for African countries to participate meaningfully in the global economy. It is important, though, that the approach to integration in Africa takes into account the particularities and the various limitations to regional integration for African states. This means recognizing that in Africa the issues of welfare benefits and development are the goals of regional integration, instead of being the means of cooperation as is the case in developed countries. To understand this would lead to the design of an appropriate regional integration strategy.

Regionalism in the globalisation era

Since the mid-1980s, a new form of regionalism has emerged. The new regionalism is defined as the multidimensional form of integration, which includes economic, political, social and cultural aspects (Lee, 2003:28). It goes far beyond the goal of creating regional free-trade regimes or security alliances, which were characteristic of the first wave of regionalism (Hettne et al., 2000: xix). The first wave of regional integration that spread across the world in the 1960s was boosted by the creation of the European Economic Community (EEC) in 1947. In Europe, the process was largely motivated by intra-European security, political stability, and economic reconstruction concerns after World War II (Wallace, 1995:201). In Africa, regional cooperation appealed as an instrument for safeguarding the acquired political freedom and a strategy for economic independence (Mazzeo, 1984:2). The new regionalism emerged owing to a number of factors. These include the end of the cold war; the shifting balance of world economic power with the decline of unilateral US economic hegemony relative to the East Asia technological ascent; and major transformations in the world economy

resulting in enhanced globalisation (Wyatt-Walter, 1995:83-96; Lee: 2003:28-30).

The end of the cold war is a major factor behind the shifting patterns of the global political economy (Wyatt-Walter, 1995:92). In fact, during the cold war the world was divided according to two contending ideological politico-economic systems, namely, capitalism supported by the United States of America and its allies, mainly the Western Europe and Japan; and socialism championed by the former Soviet Union. With the end of the cold war, several issues, such as differences in the forms of capitalism, security threats arising from political and economic instability within regions, mass migration, and increasing poverty resurfaced on the agenda. This led to renewed interest in regionalism.

Furthermore, the rise of Japan and East Asia in gaining the leading edge in certain chip technologies in the 1980s became a major economic threat for both North America and Europe. This competitive threat was one of the main reasons for European IT (information technology) firms to push governments to create the Single Market and put in place policies and measures to increase their competitiveness and market access. Thus, with the passing of the Single European Act in 1986, the USA, which has so far been the champion of multilateralism and trade liberalisation under the General Agreements on Tariffs and Trade (GATT), began to shift strategies. Americans realised that competitive regional blocs were necessary as countervailing blocs to the single EU market (Lee, 2003:30). In addition, regionalism could be a more useful framework within which to achieve common positions on trade terms, investment norms, environmental and other issues than those in multilateral negotiations. As a result, Americans pushed for the creation of the NAFTA (between the USA, Canada and Mexico), which came into force in 1994. Similar renewed interest in market integration in Asia, Latin America and Africa gradually set in.

The motivating factors for developing countries to shift trade and regional integration strategies relate to the bargaining strengths of the EU and the



NAFTA, the failure of import-substitution policies and the success of outward-oriented policies of East Asia (Wyatt-Walter, 1995:94). The growing pressure for protectionist measures in the West and the competition for market access for Eastern European countries have also pushed developing countries for increased regional integration, which is seen as the only effective way to enhance their bargaining power. In Africa, interest in regional integration has taken centre stage. As the African Union has noted, the process of globalisation and intense regionalisation in the North (EU) and in the South (such as the Association of South East Asian Nations “ASEAN”) dictates that “regional integration should be elevated to the level of strategic model for the transformation and modernisation of African economies” (AU Commission, 2004:17).

The new regionalism is viewed as a strategy to position oneself within global markets, improve competitiveness and increase negotiating capacities so that, as a regional collective, countries can participate effectively in the world economy and politics. The new regionalism is seen as a conduit to globalisation or multilateralism, which is often referred to as “open regionalism” (van Klaveren, 2000:145; Lee, 2003:31). The proponents of globalisation argue that regional groupings should only entail short-term measures to create intermediate free trade areas as stepping-stones to allow member countries to liberalize their trade regimes. In this context, the EU, NAFTA and the United States have pursued negotiating FTAs with other regional economic groupings from the South, such as the Common Market of the Southern Cone (MERCOSUR) and ASEAN.

The motivation for the EU and the US in pursuing these free trade arrangements has been described as predatory and pre-emptive strategies (Keet, 1999). Any possibility of groupings, such as MERCOSUR and ASEAN becoming protective bases for their own emerging companies or, in worst-case scenarios, ‘closed blocks’ against US and EU multinational companies (MNCs), has to be prevented. The US hostility to the idea of establishing the East Asian Economic Caucus (EAEC) into a formalized regionalism that would include Japan but not the USA, Canada, Australia or New Zealand is a case in



point. The EAEC concept was initiated by Prime Minister, Dr Mahathir Mohamad of Malaysia in 1990, with the objective of increasing economic cooperation between only East Asian nations (Wyatt-Walter, 1995:91; Leong, 2000:75).

Similarly, the EU has been negotiating economic partnership agreements with its 77 African, Caribbean and Pacific (ACP) partners, within the Cotonou Partnership Agreement signed on 23 June of 2000. According to articles One and Two of the Cotonou Agreement, “regional and sub-regional processes which foster the integration of the ACP countries into the world economy in terms of trade and private investment shall be encouraged and supported (The Cotonou Agreement of 2000, <http://europa.eu.int/scadplus/leg/en/lvb/r12101.htm>). Thus, the EU support for regional integration amongst ACP countries is premised upon the proviso that such groupings be rapidly translated into free trade regions, in order to preserve the trade and development relationship between the EU and the ACP countries.

Implications of regionalism on governance

As has emerged from the preceding literature review, regionalism and regional integration are topical issues worldwide. Countries around the world are involved in regional arrangements to better deal with the challenges of the global economy and enhance their trading and negotiation capacities. This may involve cooperation in projects of infrastructure development (such as railways, roads, telecommunication systems etc), harmonisation of macro economic policies, and even devise some political strategies. A logical question that comes to mind is to ask what implications regionalism has on governance. This question has attracted the attention of many scholars, who often discuss the matter in the context of the European integration (Kooiman, 1993; Carmichael, 2002, Demmke, 2002).

Scholars who study European integration argue that the EU policy is produced by a complex web of interconnected institutions at the supranational, national, and sub-national levels of government. The locus of political control within states has shifted with no clear-cut separation of domestic and international



policies (Kickert, et al., 1997:1-5; Carmichael, 2002: i). The complexity and multiplicity of actors in policy formulation and implementation in member states of the EU led to the emergence of the concept “multi-level governance” (Carmichael, 2002). Multi-level governance stresses the complexity of policy-making, implementation and accountability relationships between a variety of state and societal actors at the levels of supranational activity (EU), central government, devolved administration and local authorities (Carmichael, 2002:6). Governance therefore becomes the art of governing multiple and complex institutions and systems which are both operationally autonomous in relation to each other and structurally connected through different forms of mutual dependence.

In the context of regionalism, governance is an interactive, cooperative decision-making process that opens up a wide space of autonomous action to other actors than the state. Indeed, the increase of inter-states’ cooperation, especially in the area of trade and the spread of multinational corporations as leading agencies in investments, has led to profound structural and functional changes to the traditional organisation of the state. This has led some analysts to argue that under the new regionalism and globalisation, the sovereignty of the nation-state is crumbling (Veggeland, 2000:4).

Sovereignty is an ancient concept built upon an idea of how political power can and should be connected to delimited territories to protect the inhabitants of the area. Sovereignty means the independence of a state and total control over its own territory (Veggeland, 2000:4). It is the principle of sovereignty that has organized the world into a fixed pattern of nation states, which were fragmented into tribes, clans, and cities. Today, however, growing regionalism and global economic interdependence appear to be threatening the principle of national sovereignty in decision-making. In the context of the EU, Carmichael (2002:8) argues that the sovereignty of member States has been diluted by both collective decision-making in the EU as well as the autonomous decisions of supranational EU institutions.

It is argued that the level of delegation of sovereignty to regional institutions



depends on how deep the regional integration is (Asante, 1997:21). However, one could argue that any level of regional arrangement implies giving up some level of state sovereignty in those areas of cooperative endeavour. Thus, regionalism implies a change in the concept of governance, which implies the surrender of some degree of national sovereignty or decision-making powers to supra-national or regional institutions. After a detailed review of the main concepts related to the APRM, the next section critically examines some of the elements, which are often cited by scholars as essential and determinants for good governance and economic development.

DETERMINANTS OF GOVERNANCE, LEADERSHIP AND ECONOMIC DEVELOPMENT

Scholars, practitioners and international development institutions concur that good governance is central to creating and sustaining an environment that fosters strong economic growth and development. However, a universally agreed position on what constitutes good governance has been hard to come by. The literature is replete with elements identified as essential for good governance. As already noted, these include the rule of law, legitimacy of the government, human and property rights, equity and equality, accountable and transparent government, public participation, effective and efficient public service, democratic decision-making, combating corruption, and responsive government (World Bank, 1991; UNDP, 1997; ADB, 2001; Kauzya, 2003). Some of these are selected for elaboration.

THE RULE OF LAW

The Rule of Law is an ancient ideal. Early philosophers, such as Aristotle saw the law as essential to constrain the powers of the ruler; and good leaders were those that upheld the law. As an ideal of governance, the “rule of law” has recently become prominent in the development discourse, identified as an important element of good governance. Jurists and philosophers define the rule of law according to two main theoretical formulations: the “formal” or “procedural”, which defines the formal institutional elements required for a system of law, and the “substantive”. The latter is defined as rule according to



some particular set of laws that are valued for their content, such as guarantees of basic human rights (Craig, 1997:1).

Formal definitions of the rule of law look to the presence or absence of specific, observable criteria of the law or the legal system. Common criteria include: a formally independent and impartial judiciary; the clarity of laws; the absence of laws that apply only to particular individuals or classes; and provisions for judicial review of government action. There is no definitive list of formal criteria, and different formal definitions may use different standards. What formal definitions have in common, is that the rule of law is measured by the conformity of the legal system to these explicit standards (Craig, 1997).

An alternative to the formal approach to the rule of law is one that looks to substantive outcomes such as "justice" or "fairness" (Craig, 1997:2). This approach is not concerned with the formal rules, except inasmuch as they contribute to the achievement of a particular substantive goal of the legal system. Unlike the formal approach, which avoids value judgements, the substantive approach is driven by a moral vision of a good legal system. The substantive approach measures the rule of law in terms of how well the system being assessed approximates this ideal by incorporating such elements as rules securing minimum welfare, rules protecting at least some basic human rights, rules securing some variety of the market economy, and rules institutionalizing democratic governance. Thus, formal theories focus exclusively on the form of legality, while substantive theories also include requirements that the content of the law be just in certain fundamental respects.

Such a complex concept therefore always requires careful definition. For example, Raz (1979:212) argues that a non-democratic legal system, based on the denial of human rights, on racial segregation, and sexual inequalities may in principle, conform to the requirements of the rule of law, if it is understood in the context of the state rules through law. Raz recalled the fact that South Africa abided by the rule of law even when the majority of its citizens had no right to vote. This is to say that the formal version of the rule of

law does not incorporate any separate criteria of the good or the just.

The rule of law could also produce some undesirable outcomes, such as economic inequality. Raz (1979:212) contends that to produce the same result for different people, "it is necessary to treat them differently". Therefore, the application of affirmative action policies, which generally aim at uplifting the marginalised or previously disadvantaged (such as in South Africa), may appear to be a breach to the rule of law. These are some of the examples of tension that may arise from the rule of law, and which should be handled carefully when countries, in this case developing countries, devise strategies of change towards greater political and economic liberalisation.

Despite its controversial conceptions, there is general agreement that the rule of law is an important element of good governance and a requirement for economic growth and development (UNDP, 1997; World Bank, 2000; NEPAD, 2001). The rule of law provides the minimum basis for creating rule-bound states, governments, private sectors, and civil societies. It is therefore essential for reducing official arbitrariness, uncertainty in transactions with governments and individuals. Economists and development scholars also concur that the free market and economic benefits, including growth, depend on certain institutions and the enforcement of certain rules, such as the freedom to contract, contract enforcement, property rights, and investor protection (Levchenko, 2004 www.imf.org/external/pubs/ft/wp/2004/wp04231.pdf).

Where legal systems are weak and the application of law is uncertain and/or enforcement is arbitrary, they tend to distort economic transactions, foster rent-seeking activities, and discourage private capital flows, all of which undermine national development. Where adherence to the rule of law is weak, security of private property is also weak, and investment prospects are low. The 1996 World Development Report supports this assertion and identifies the institution of a system of law and policies as an important first step for a dynamic economy and sound investment climate. Good laws and effective means for enforcement, the report notes, are critical because these establish



and apply the rules of the game, lower transaction costs, increase commercial certainty, create incentives for efficiency, and control crime and corruption so that business can focus on productive activities (WDR, 2005:36-54).

Effective legal and regulatory frameworks are crucial for additional reasons. They underpin the creation, empowerment and sustenance of “agencies of restraint” or agencies of “horizontal accountability” (O’Donnell 1999:38). Such agencies: independent central banks, audit agencies, ombudsman’s offices, parliaments, and anticorruption agencies are essential for protecting public assets from depletion and mismanagement, and socially vulnerable groups from exploitation. Therefore, the rule of law, which refers to the system of laws and legal structures, as well as to their quality, is an important element of good governance and an important factor for economic development.

ACCOUNTABILITY AND TRANSPARENCY

The concepts of accountability and transparency can be traced back to ancient times, when philosophers theorized about the relationship between government and the governed, arguing for procedures, mechanisms that would keep power under control, and protect the treasury from depletion (Aristotle in Everson, 1988). Today, accountability and transparency are fashionable words, which express the continuing concern for checks and balances on the exercise of power by government. All over the world, democracy activists, international financial institutions, academics, and grassroots movements, call for accountability and transparency in the management of public affairs. Increased transparency and accountability are seen as much-needed antidotes to the corruption that otherwise undermines governance and management.

Transparency is broadly defined as making available to the public accurate, relevant, and timely information on issues impacting on the lives of citizens. The Second African Governance Forum (AGF II) held in Accra in Ghana (1998) defined transparency in two ways. First, transparency refers to the ready, unobstructed access to, and availability of data and information from public as well as private sources, that is accurate, timely, relevant and



comprehensive. Second, transparency is defined as tolerance for public debate, public scrutiny and public questioning of political, economic and social policy choices. Accordingly, transparency means the provision to the public of accurate and timely information as well as the possibility for public scrutiny of policy choices.

Transparency refers to openness in the process of governance, in the election process, policy and decision-making, implementation and evaluation, at all levels of government (central and local) and in all branches of government (executive, legislature and judiciary). To be more transparent in this manner requires a radical change of work culture for many. Almost everywhere in government service there has been a preoccupation with confidentiality, and the private sector is no exception. The traditional confidentiality work culture requires public servants to tell nothing to anybody except what is absolutely necessary and what they are authorized to tell. Today, faced with the common threat of corruption, governments and private businesses are required to implement transparency policies.

Transparency is important because it strengthens the legitimacy of government, public officials and their policies and decisions in the eyes of the people (Fagence, 1977:340). Furthermore, transparency helps to counteract the tendency for public agencies and officials to trespass, violate and bend the rules. Without information about the rights, entitlements and responsibilities, the relationships between rulers and the ruled as well as between providers of services and the consumers would be conflictual.

Accountability is a concept that is often associated with transparency. Schedler (1999:14) holds that the concept of accountability carries two basic connotations: answerability, the obligation of public officials to inform about and to explain what they are doing; and enforcement, the capacity of accounting agencies to impose sanctions on power-holders who violate the law. In terms of answerability, accountability implies the obligation from public officials to provide information about their actions and performance. However, it also involves the rationale for this: the duty to provide justifications and



explanations to overseeing bodies (Brinkerhoff, 2001:294).

The second dimension of accountability refers to enforcement, thus encompassing the entire field of institutional design, which would apply sanctions (Schedler, 1999). Building appropriate structures of accountability implies building institutions and mechanisms that will effectively control the use of public resources. O'Donnell (1999:38) introduces "horizontal accountability" and "vertical accountability" agencies. Horizontal accountability agencies are the state institutions that are legally empowered, and factually willing to take action that ranges from routine monitoring to criminal sanctions or impeachment in relation to actions or omissions by other agents or agencies of the state that may qualify as unlawful. In this context, institutions of accountability include all state institutions that aim at controlling government power and authority, such as the legislature, the judiciary, electoral commissions, and statutory bodies, such as the ombudsman, the auditor office, and administrative tribunals.

Vertical accountability refers to structures situated outside the state and in an unequal relationship with regard to state power (Peters, 1995:300-302). These include civil society groups (interest and pressure groups, mass media, competitive markets, women and youth movements), which constitute another countervailing force to the power of the state, and consequently contribute to the nexus of checks and balances that is important to the functioning of accountability.

IMPORTANCE OF ACCOUNTABILITY AND TRANSPARENCY

The benefits of accountability and transparency in governance cannot be overemphasised. They reinforce the trust and confidence of citizens. Accountability and transparency are not just about making administrative agencies efficient and effective; but also about establishing and sustaining a genuine democratic and rule-bound society that is conducive to business development and attractive to investments. Accountability and transparency help to counteract corruption. In Africa, many people see corruption as a grave problem involving bribery, embezzlement or other appropriation of



state property, nepotism and the granting of favours to personal acquaintances, as well as the abuse of public authority and position to obtain payments and privileges (Harsch, 1993:33).

Corruption leads to economic inefficiencies; distorts development; inhibits long-term foreign and domestic investments; and weakens the state as bureaucrats and politicians are involved in rent-seeking activities. It also undermines state effectiveness in the delivery of services, and the protection of the vulnerable. Corruption promotes economic decay and social and political instability, perverts the ability of the state to foster the rule of law, and eventually erodes trust and undermines legitimacy (Mbaku, 1996). Given the cost of corruption, there are now, numerous national anti-corruption strategies, and international conventions, such as the OECD Anti-Bribery Convention and the Inter-American Convention against Corruption. An effective institutional framework to counter corruption must be all-inclusive involving all societal actors: government, the private sector, civil society and international community. Addressing corruption means increasing accountability in government and having a responsive citizenry. Placing a high premium on the rule of law, which is equally applicable to citizens, business people and government officials, and strengthening the role of the media can significantly minimize opportunities for corruption.

PUBLIC PARTICIPATION

Traditionally, public participation has been related to political participation, through which citizens engage in forms of political involvement, such as voting, political parties and lobbying. Such participation has been regarded as crucial for the well functioning of democracy. De Tocqueville in his essay "Democracy in America"(1835) indicates how the involvement of various interest groups and associations to deliberate among themselves, discover their common needs, and resolve their differences without relying on some central authority was important for the consolidation of democracy. Thus, Citizen participation in political life has been seen as necessary for curbing



unbridled political power, in that it provides checks and balances for state political machinery (Keanne, 1988:50). Public participation is also said to contribute to developing better citizens who are more aware of the preferences of others, more-self confident in their actions, and more civic-minded in resolving problems for the common good (Schmitter and Karl, 1993).

In recent years, public participation has emerged as a mechanism for promoting good governance in developing nations. It is now being related to the rights of citizens in democratic governance and to best practices of governance. The Manila Declaration on Peoples' Participation and Sustainable Development (1989) states that citizen participation is a tool to promote democracy; it empowers citizens and builds citizenship, balances the power of the elites and the poor, and facilitates local, regional, national, continental and global dialogue on issues of concern. Thus, governments particularly those of poor countries have made participatory governance, one of their priorities. In public administration, public participation has been seen as an effective tool to ensure responsiveness of government policies and programmes to the needs of the citizens. In this context, participation is defined as the involvement of citizens, to a greater or lesser degree, in the making, implementation, monitoring, review and termination of policies and decisions that affect their lives (Masango, 2002:53).

Within development discourse, the dominant concern with participation has been related to community or social actors, whose involvement has been seen as a means of strengthening the relevance, quality and sustainability of development projects. Participation, in this context, is defined as a process through which stakeholders influence and share control over development initiatives and the decisions and resources, which affect them (World Bank, 1995). The international development agencies claim that participation in development projects and programmes contributes to greater efficiency and effectiveness of development projects, enhances processes of democratisation, empowers the marginalised groups and the poor who are involved, and ensures the sustainability of development interventions. For

instance, the 2004 Human Development Report strongly argues that in order to reach the Millennium Development Goals, and ultimately eradicate poverty, people, especially those who are poor and marginalised, should be allowed the opportunity to influence political action at local and national levels (UNDP, 2004:49). Governments are required to identify mechanisms and opportunities to allowing people to participate in political decision-making.

The 1990 Arusha International Conference on Popular Participation in the Recovery and Development Process in Africa marked the beginning of a concerted effort among all Africa's development actors (African governments, African people's organisations, NGOs and United Nations agencies) to understand the role of people's participation in Africa's development and to identify mechanisms for its implementation. The conference defined the process of participation as one that empowers people to involve themselves effectively in creating the structures and in designing policies and programmes that serve the interests of all. Participatory governance enables people to contribute effectively to the development process and to share equitably in nation-building and crisis resolution. The process of public participation includes the opening up of political space for consensus-building, and creating the necessary conditions for the empowerment of people.

The emphasis on participatory governance has brought one of the most popular state reforms in developing countries, the decentralisation of decision-making. Decentralisation seeks to open space for a wider and deeper participation of citizens at local levels. Paralleling decentralisation are various legal frameworks and institutional channels for citizen participation that have been developed in many of these countries (Kauzya, 2003:3-4). There has also been an unprecedented growth of civil society organisations including NGOs, trade unions, cultural and religious groups, charities, professional associations, social and sports groups, and community groups covering cooperatives and community development organizations, around which society voluntarily organizes to participate in the political and socio-economic development process.



Despite significant claims for participation, criticism has been levelled at participation, the most significant of which is limited capacity of participants, and political manipulation of participation. First, it is argued that participation is unrealistic about the capacity, and even the interest of citizens to participate in public affairs (Schmitter, 1995:20; Brynard, 1998:7). According to Schmitter (1995:20), while individuals have preferences and are aware of the need for collective action to defend them, they also have a restricted capacity to explore their interest situation and a strong temptation to free ride on the actions of others.

The experience in several developing nations has shown that the low level of education hampers the ability of citizens to articulate their needs or to challenge government policies. The study on the role of civil society in policy-making in Rwanda found that civil society actors tend to be reactive rather than proactive when dealing with state action. One of the reasons is their limited capacity to critique policy issues (Mukamunana, 2002:50). Furthermore, the voluntary nature and absence of incentives/remuneration for councillors who organise public meetings is another factor hampering public participation (Golooba-Mutebi, 2004:295). Therefore, without the appropriate skills, knowledge, experience, leadership or managerial capabilities, participation may be reduced to mere public gatherings without meaningful contributions from those for whom participation is intended. In this context, public participation may be a time-consuming and ineffective tool for both the government and local people to achieve local development goals.

Secondly, public participation has been attacked on the grounds of its tendency to depoliticize the participation process by the way it treats individuals and communities as singular and apolitical in their spatial boundaries (Cleaver, 1999; Gaventa and Valderrama, 1999). Critics contend that public participation is about the exercise of power (Gaventa and Valderrama, 1999:7). The fact that communities are multiple, socially diverse in terms of language, culture, gender, ethnicity, religion, profession, and political preferences, means that issues, such as who determines who

participates, who sets the agenda, what kind of people are most influential in decision-making, are important in order to understand what kind of participation is taking place.

Empirical studies suggest that in most of the cases the state manipulates the process of participation. As Gaventa and Valderrama (1999:7) argue the control of the structures and processes (defining spaces, actors, agendas, and procedures) for participation is usually in the hands of governmental institutions. Although traditional structures and authority still exist, in many African countries, decentralisation statutes ignore them or subordinate their authority to government control (Golooba-Mutebi, 2004:296). This raises conflicts and undermines effective participation and local governance. This view is supported by the UNDP, which argues that for many years states have used policies of assimilation and integration, which try to erode cultural differences between groups to enhance the political legitimacy of governments (UNDP, 2004:48). The UNDP further notes that failure to provide avenues for various social and cultural groups to articulate their needs and interests has led to social tensions and conflicts, especially in multicultural societies, such as Africa. The 2004 Human Development Report calls for a more inclusive governance, which recognizes socio-cultural diversity (UNDP, 2004:47-72).

Despite its flaws, public participation is claimed to be an important feature of democratic states, because it provides people with the opportunity to contribute to the progress and wellbeing of their communities. The current global democratisation has made people more conscious of their cultural identity, and they want to participate in making decisions that affect their lives. Thus, the great challenge for the leaders is to ensure inclusive, participative governance, which recognizes cultural diversities without jeopardizing state cohesion. Furthermore, while taking on board diverse societal values and needs, the government must also balance with the requirements of efficiency and effectiveness in the policy-making process.

EFFECTIVE AND EFFICIENT PUBLIC SECTOR

Globalisation and the information age have markedly transformed the way government does business and, in particular, the way it delivers services to the public. Additionally, the collapse of planning economies in the former Soviet Union and Central and Eastern Europe, the important role of the State in the 'miracle' economies of East Asia, and the weakening of the State in many developing countries have given a particular impetus to the role of government and its administration.

There is a widely accepted view among scholars, government officials and multilateral institutions that an effective State, which is central to economic and social development, is not the one acting as the exclusive and direct provider of growth but as a partner, catalyst, and facilitator (Kickert, et al. 1997:3; World Bank, 1997:1; Jun, 2002:5). This has meant a move away from traditional central planning methodologies to the introduction of strategic planning, which is more proactive. It has also called for a paradigm shift from the historically dominant Weberian model of bureaucracy to the New Public Management (NPM), which advocates more flexible, dynamic, and responsive public sector organisations. Thus, many public sector management interventions have been directed at civil service reforms through programmes of privatisation, downsizing, performance management and appraisals, restructuring of government departments, and improvements in management skills and knowledge through training (Nunberg, 1990:3).

In developing countries, weak and ineffective public sector institutions have been seen to be the major constraints of economic growth and sustainable development (World Bank, 1997; World Bank, 2000; Olowu and Saka, 2002; Sachs, 2005). It follows, therefore, that building effective, efficient and accountable public institutions is essential for developing countries to meet the challenges of poverty reduction and to adapt to the demands of today's globalised economy.

The 1997 World Development Report sees the role of the State in a rapidly



changing environment as a vital necessity for development (World Bank, 1997:15). Although there is no one-size-fits-all formula for an effective State, the report argues that in a modern world the role and functions of the State must be redefined and its capabilities strengthened by reinvigorating public institutions. The report suggests a two-part strategy. First, the primary role of the State should be that of laying down the following fundamentals, without which durable development is impossible:

- establishing a foundation of law,
- maintaining a non-distortionary policy environment including macro economic stability,
- investing in basic social service and infrastructure,
- protecting the vulnerable, and
- protecting the environment (World Bank, 1997:4).

The second part of the strategy for building effective states consists of strengthening the institutional capacity by providing incentives for better performance while maintaining mechanisms of checks and restraint. These are believed to counteract the numerous problems, such as corruption, and other political interests that hinder the development of a competent and effective public sector. According to the World Bank (1997), effective rules, partnerships and competition can provide adequate incentives for a better government.

Effective rules and restraints: these are formal mechanisms of control that provide checks and balances of government institutions and ensure effective performance and accountability. They include rules, separation of powers that ensure the independence of the judiciary, rules governing the ombudsman and other watchdog bodies that report to parliament, accounting and auditing systems, independence of the central bank, civil service rules and budgeting rules.

Voice and partnership: This means allowing the voice of the people, and especially the most vulnerable, to be heard and their opinions and needs reflected in the policy. Decentralisation of decision-making to local communities not only empowers communities but also facilitates the implementation of effective and responsive policies. Through partnerships with business and communities, governments become effective and efficient in discharging their functions.

Competition: a competitive, merit-based system of recruitment and promotion, competitive social service delivery, private participation in infrastructure, and privatization of certain market-driven activities are effective to counter bureaucratic malpractices, such as political appointments and bribes in procurements allocations. Subjecting the State to competition can therefore improve its capability and effectiveness in the delivery of goods and services to the people (World Bank, 1997:4-11).

DEMOCRACY: THE CONTROVERSY

Democracy is widely advocated and sought, but its meaning is widely contested. Originating from the Greek concept of “demos”, or - the many -, democracy means the “rule by the people” (Crick, 1998: 255). Ancient Athens, the world's first democracy, practised direct democracy in which all citizens, without the intermediary of elected or appointed officials participated in decision-making. Then, western societies (Western Europe and North America) took the concept and moulded it into their cultures and aspirations. Democracy in these societies has been, ideally, a fusion of the idea of power by the people and the idea of legally guaranteed individual rights (Crick, 1998:256).

Today, the most common form of democracy is representative democracy, in which citizens elect officials to make political decisions, formulate laws, and administer programmes for the public good. Different polities, however, have applied representative democracy, differently. Thus, the literature distinguishes two major forms of democracy: liberal democracy and social



democracy (Diamond and Plattner, 1993; Mengisteab, 1999). The liberal democracy is predominant in the industrialised world. Following the collapse of socialist regimes in the late 1980s, liberal democracy became the only viable form. The following comment of Sartori (1991:437) highlights this point:

As we enter the last decade of our century liberal democracy suddenly finds itself without an enemy. Whatever else had laid claim on the word democracy, or had been acclaimed as 'real democracy' has fizzled out almost overnight.

Liberal democracy advocates a narrow public realm, which encompasses the making of collective norms and choices that are binding on the society and backed by state coercion. According to the liberal view, democracy has the function of bundling together and bringing to bear private social interests against a state apparatus that specializes in the administrative employment of political power for collective goals (Diamond and Plattner, 1993). One of the most important and contested characteristics of liberal democracy is the principle of "limited government and a separation between the public and private sectors" (Mengisteab, 1999:24). The supporters of limited government (also called minimalists) argue that only market economies create conditions for sustainable democracy and economic development. Thus, according to this view, state intervention in the economic sphere should be limited.

There are three main reasons for restricting the role of the state. First, private property is viewed as embodied in the individuals' rights and freedoms that cannot be infringed upon by the State. Secondly, proponents of liberalism argue that the private sector is more efficient than the public sector. Thirdly, liberals view market allocation of resources as non-coercive, which can offset the state's coercive allocation (Sartori, 1991:437-448). The view of a laissez-faire market system has been criticised as being incompatible with democracy, particularly in poor countries of the developing world with deep societal divisions and less diversified economies. The major concern is how can the state correct massive poverty of its people when deprived of its resource-distributive power. Thus, at the other extreme, social democracy promotes state intervention in economic activity and the welfare state (Mengisteab, 1999:24). This form of democracy, which is prevalent in



Scandinavian countries, seeks to extend the public realm through regulation, subsidization, and in some cases collective ownership of property (Mengisteab, 1999).

Despite its different forms, modern democracy is defined as a system of governance in which rulers are held accountable for their actions in the public realm by citizens, acting indirectly through the competition and cooperation of their elected representatives (Schmitter and Karl, 1993:40). Modern democracy is increasingly measured in terms of the respect and protection of freedoms and human rights (political, civil, as well as economic and cultural), accountability of public officials (elected as well as appointed), transparency in governance, the rule of law, and the promotion of a market economy. Thus, the modern democracy that is promoted around the world bends nicely with liberal democracy principles.

As already highlighted, in Africa, democracy emerged in a series of reforms for good governance pushed by the BWIs and donors. By pushing for democracy, the reformers hoped that free political competition would reduce many problems of governance and that incompetent and corrupt public office bearers would be expelled even prosecuted. Further, it was expected that free political debate through independent national parliaments would help to evolve policies, notably economic policies that would promote the growth of market economies. The political democratisation was thus one element of the structural adjustment programmes the overall aim of which was, arguably, to boost economic growth and produce an efficient public administration, which would, therefore, attract private investment, reduce aid dependency, and bolster economic development (Williamson, 2000:251).

However, the substantial economic turnaround that was expected of these reforms did not materialize; neither did democratic governance. Instead, many African countries experienced severe economic setbacks, with intensified social conflicts (Ake, 1996; Uvin, 1998; Cheru, 2002). Indeed, the 1990s became the bloodiest decade in Africa: from civil wars in Burundi, Democratic Republic of Congo, Ivory Coast, Sierra Leone, and Liberia, to genocide in



Rwanda. The failure of democracy to deliver on its expectations has led many scholars to question and revisit the assumption that links democracy to economic development.

The early study linking democracy to development is Lipset's essay: "*Some Social Requisites of Democracy: Economic Development and Political Legitimacy*" (1959). Lipset used a quantitative cross-national study to test the relationship between democracy and the economic prosperity of a country. His hypothesis was that: "The more well-to-do a nation, the greater the chances that it will sustain democracy" (Lipset, 1959:69). He compared European and Latin American countries using four indicators of economic development: wealth, industrialization, education, and urbanization. The study concluded that European stable democracies scored higher in these dimensions than Latin America, thus confirming his hypothesis.

Lipset explains that education broadens one's outlook, increases tolerant attitudes, restrains people from adopting extremist doctrines, and increases their capacity for rational electoral choice. This is made possible by industrialisation, which leads to increases in wealth (a larger middle class), education, communication and equality, which in turn increase the probability of stable democratic forms of politics (Lipset, 1959). Although the study did not specify the form of relationship between variables, that is, democracy and economic development, his findings led to the conclusion that economic development led to democratic governance in western democracies, and not vice versa (French, 2004:2).

In view of this, some scholars have argued that full democracy must wait until considerable economic development has taken place and that premature democracy is dangerous to economic growth (Marsh, Blondel, and Inogushi, 1999:2). One could argue that the spectacular economic development of East Asian countries (including China, Singapore, Indonesia, Thailand, Hong Kong, and Malaysia) mostly under authoritarian rule has reinforced this view.



Quibria's (2002: 62-3) argument is a case in point:

The one characteristic common to the political regimes of the miracle economies was their authoritarian nature. When this experience is juxtaposed against that of India, it appears that whereas democracies have been slow in grappling with poverty the authoritarian regimes in the miracle economies achieved spectacular success.

The experience of the rapid economic growth of East Asian countries tends to support authoritarian rule as the form of leadership most conducive to economic development. However, empirical studies dealing with Latin America have come to contradictory conclusions that authoritarianism did not contribute to economic growth (Feng, 1997:395). In Africa also, it is during decades of authoritarian rule (circa the 1980s and 1990s) that indicators of development fell steadily, and its share of world trade and industrial output declined (van de Walle, 2001:1-14). The explanation to this conundrum might be found in the following.

A number of studies that have attempted to understand the rapid economic development of East Asian countries point specifically to the nature and character of the state. Myrdal's (1970) work on South Asia drew attention to the concepts of "soft" and "strong" states in the third world. He argued that the Indian state was weak, paralysed by the grip of special interests. Thus, for India to overcome poverty, a strong state that could control the influence of special interests was essential (in Leftwich, 1994:375). By contrast, the strong authoritarian regimes, such as the Indonesian State under General Suharto were seen as successful in achieving their development agenda (Leftwich, 1994:375). Former Prime Minister of Malaysia, Dr Mahathir bin Mohamad argued for what he called good authoritarianism.

Developing countries cannot function without strong authority on the part of government. Unstable and weak governments will result in chaos, and chaos cannot contribute to the development and wellbeing of developing countries. Divisive politics will occupy the time and minds of everyone, as we can witness in many developing countries today. (http://en.wikipedia.org/wiki/Mahathir_bin_Mohamad)

Yet, the neo-liberal proponents do not clearly indicate the role of the state when explaining the so-called "Asian economic miracle". The World Bank in



its 1993 report “*The East Asian Miracle: Economic Growth and Public Policy*” argues that the rapid growth in East Asia reflects the prudent policy choices by governments that have been in line with sound macro economic management. Some scholars find this view too simplistic to explain the East Asian growth. Unlike the neoliberal approach, which advocates a minimal State role and reliance upon the market to lead the economic growth, it is argued that the State in East Asia has played a prominent role through extensive interventions in the economy (Christensen and Siamwala, 1994:1). Rapid economic growth in Asia has been achieved because governments have prudently applied the market policies advocated by the BWIs and intervened in the economy in order to channel resources into targeted sectors, industries, and firms and to ensure compliance with national development policy objectives (Christensen and Siamwalla, 1994:1). Two key concepts from this analysis require special attention: “prudence” in the application of neo-liberal policies and “state intervention” in the economy.

Central to the debate of the East Asian economic miracle is therefore the role of the State in the economy. Some scholars refer to these states as “developmental states”, which means the State plays the major role in directing and promoting development (Leftwich, 1994:373). The driving principles of developmental states differ markedly from the current norms and standards set up by the BWIs and donors for good governance. The following are some of the key common features that have characterised developmental states:

- A concentration of political power at the top, which has resulted in enhanced political stability and continuity in policy.
- Domination by purposeful and determined developmental elites, which have also been relatively uncorrupt.
- Relative autonomy of developmental elites and state institutions with real power, technical competence, and insulation in shaping development policy.



- Very powerful, highly competent and insulated economic bureaucratic units in key ministries with authority in directing and managing economic and social development. Examples are the Ministry of International Trade and Industry in Japan, Economic Planning Board in Korea, and Economic Development Board in Singapore.
- The weakness of civil society. The institutions of civil society in developmental states have been smashed, penetrated, dominated or financed by the state. The state has used various security measures to suppress or eliminate the opposition. This has enabled the state to plan for long term in pursuing development goals.
- The power and autonomy of these states were established at an early stage of their developmental history before national interests or foreign capital became significantly influential. This has allowed the state the time to strengthen its capacities vis-à-vis private economic interests. (Leftwich, 1994:378-381)

The above characteristics indicate that developmental states are led by an authoritarian, but visionary and purposeful developmental leadership, which is supported by a competent bureaucracy with real power in shaping development policy. This significantly contributed to their development successes. Thus, authoritarianism in a weak state or what Hyden and Bratton (1992) calls the “soft state” in Africa, where client politics rule explains, at least in part, why the African state has been unable to get out of the grip of poverty and underdevelopment.

The conclusion is that liberal democracy, while essential for market development, is not at present an appropriate model to overcome the development predicament of Africa. The creation of a market-friendly environment is paramount for economic growth, but the African state still needs to be at the top of the development agenda. For that, it needs control of its allocative powers to correct economic distortions, direct resources in targeted economic sectors, and implement policies that uplift the majority of its



poor population. At the same time, this requires the process of state building and of democratisation as development cannot happen under autocratic and corrupt leadership. Hence, some form of democracy is necessary. Democratic governance in Africa is challenging, as it requires striking a balance between the imperatives of economic development and attending to the needs and interests of different groups. After this analysis, a working definition of governance and its essential elements within the boundaries of this study are provided.

GOVERNANCE – A DEFINITIONAL FRAMEWORK

This thesis is interested in governance as it applies more specifically to the African context. This study espouses the view that governance is an action and a process. Governance is the exercise of state authority and the provision of leadership in the process of achieving common societal objectives and interests. A system of governance is good when it assists members of society to achieve what they consider the common purpose (generally a secure, peaceful, and prosperous society). In this process, the role of the state and other supportive systems and structures is pivotal. The factors below are considered the most essential for good governance in Africa:

Effective leadership is the most critical element of good governance. In all human undertakings, leadership provides enlightenment, insight and vision. It is the vehicle to bring about social and economic development. To face the challenges of the African continent, including political insecurity, diseases such as the HIV and AIDS, massive poverty, and globalisation, there is a need for visionary leadership, leadership that is proactive, accountable, capable of anticipating changes in the global environment and responding timeously and effectively.

Effective regulatory framework refers to laws, regulations, and policies to regulate relationships between the state, market and society. African states need rational regulatory systems, which bolster public sector performance and promote private sector enterprises under an effective system of transparency



and accountability.

Competent and professional public service refers to a competent public service, which is up to the challenges of the new millennium. The public service must be a strategically proactive, innovative, and performance-based institution.

Participatory governance, in the context of African diversity, should mean inclusive governance. To overcome conflicts, governance must be inclusive of all national socio-cultural and ethnic diversities. Furthermore, given malfunctioning economies and the limited capacity of the state to discharge development functions, the active partnership of non-state actors (private sector and civil society) in the economy is imperative. This implies empowering citizens, who should be seen as the means and ends of development. Participatory governance also requires a state supported by competent institutions, capable of providing the right direction to the society.

CONCLUSION

To conclude, public administration, as a field of study and practice, has been influenced by many approaches, all of them with the aim of improving the functioning of public institutions and increasing their efficiency and effectiveness. The challenges of the modern state and complexity of policy-making processes have necessitated administrative reforms and behavioural change from the government to embrace cooperative governance. Governance is a process, which is highly interactive involving all societal stakeholders in order to achieve common objectives and interests. Various mechanisms have emerged to assist states to achieve their development goals, and these include peer review mechanisms and regional cooperation strategies. This chapter has provided a detailed analysis of these mechanisms. Finally, the chapter ends with a working definition of governance for this study.