



Governance

Conclusion

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It is concerning that the average quality of governance in Africa, as measured by the World Bank through its government effectiveness index, has remained unchanged for more than a decade. This reflects slow economic growth, modest improvements in average incomes, the impact of various global shocks, and poor leadership. African leaders need to think much more creatively about governance.

The nature and the distorted process of state formation in Africa remains at the heart of many of its development challenges today, more than half a century after the end of colonialism. Generally, states in sub-Saharan Africa are younger and poorer than most international peers. Colonialism and its legacies have severely disrupted their natural evolution, and political violence has been a central feature of the region's recent history. Because of the marginal position that the continent occupies politically and economically and because of the potential multiplier effect of limited and poor governance in many African countries, levels of armed conflict in Africa remain sensitive to global developments such as the impact of populism and geopolitical competition between the US and China, which are examined and modelled in a separate [theme](#). The effect of the COVID-19 pandemic, the global resurgence of autocracy, the increase in tensions between the West and China, Russia's invasion of Ukraine and events in Gaza all detract from global growth and hence impact Africa's stability.

Given the limited progress towards consolidating security and increased capacity, democratisation in Africa rests on weak foundations, opening the possibility of a regression to lower or more 'appropriate' levels. At the same time, a façade of regular elections hides the reality of no or little change in the balance of political, economic and social [power](#). The actual situation is often reflected in the growth of powerful networks of unelected individuals that use their access to the government to pursue their own interest at the expense of the public - the growth of the [shadow state](#) and democratic capture.

If better governance is a prerequisite for growth, Africa is in trouble. Yet, if better governance (like democracy) accompanies development, the prospects may be more positive. An [influential school of thought](#) argues that 'the development agenda should not be overloaded with governance reform.' This approach implies that slow improvements in measures such as government effectiveness in Africa have tracked mediocre economic trends and that rapid economic growth will translate into better governance. A major challenge would be for Africa to find ways of dealing with neopatrimonialism and accountability, with decentralisation and proportional representation having some potential.

The most widely used proportional electoral systems use party-list systems. Still, the associated challenge is that elected representatives tend to prioritise loyalty to the party and have no direct link to a particular geographic constituency. That lacuna effectively negates accountability. Various efforts have been made to move towards a system combining proportionality advantages with a constituency (or first past the post) system, such as the recommendations of the 2003 [Van Zyl Slabbert Commission](#) in South Africa. The challenge is that mixed-proportional systems require a complex system of voting and ballot papers. A pure proportional system also allows smaller parties to act as kingmakers requiring appropriate thresholds though, eventually, proportional systems favours the formation of coalition governments (as illustrated in South Africa with the 2024 elections) which (as European examples illustrate) promote centralist politics, which is essential to many African countries given ethnic and other diversities.

The appetite for decentralisation has led to the devolution of more authority in many African countries of which the county system in Kenya is perhaps best known. The need and potential is particularly pressing in Africa's growing number of metropolitan areas, such as Luanda, Lagos and Cairo. Even the AU placed decentralisation on [the agenda in 2014](#), with some countries adopting federal systems.

Technically, poor African countries do not necessarily need a democratic state but a developmental condition where the 'political and bureaucratic elite has the genuine developmental determination and autonomous capacity to define, pursue

and implement developmental goals.^[1] The challenge requires a developmentally oriented governing elite or a democratic system where accountability translates into impact at the ballot box. Democracy is clearly a more desirable path, but it takes long and is costly. Democratic accountability is typically more likely in a constituency-based system, complicating the call for proportional systems based on a party-list system. Democracy takes time, and although the general trend is towards free and fair elections, African politicians have learnt to game the system and subvert the democratic process.

The issue, for Western donors, is that of balance — finding the ‘appropriate’ level and content relating to [democracy and human rights](#) at different development levels. The distinction between first-, second- and third-generation human rights as applied to low-, middle- and high-income countries could provide a starting point for countries willing to assist but are sensitive to the importance of human rights and democracy domestically and internationally.^[2] Even then, assistance is likely best provided if it is conditional on clear outcomes.

This theme started with a brief reference to the importance of leadership in guiding development and then moved on to describe the structural transitions that enable a capable developmental state. In the 21st century, a successful government ensures stable macroeconomic policies, allows businesses and enterprises to flourish, establishes and follows the rule of law, and invests in human capital development. The institutional context matters, and it is concerning that many African countries still apply the government systems established during colonialism.

The legacy of the past is, for example, evident in the unquestioned adoption by Africans of the security architecture of their former colonial masters with armed forces orientated towards external defence whilst its security challenges are almost entirely internal, dealing with so-called ungoverned spaces and the need to assist neighbours. The result is that African governments invest in conventional defence systems such as fighter planes, tanks and naval combat aircraft that are often superfluous to their requirements instead of responding and optimising their limited means for the challenges they face, such as internal and border security, peacekeeping and emergency response. A similar tale can be told about systems for education and health where modern technology, AI in particular, opens up new ways of service delivery that are cheaper and more effective.

Against this background, the Tony Blair Institute for Global Change initiative on [Reimagining Government for the 21st Century](#) notes the importance of harnessing technology's power to revolutionise how government serves its citizens to make it more effective and efficient. It posits three fundamentals of a 21st Century "Strategic State," namely

- A government that is open to deep partnerships with the private sector, boosting innovation
- Improved service delivery, with more direct citizen engagement
- More data-driven and efficient decision-making, with reduced bureaucracy and cost.

Like democracy, the Strategic State requires appropriate institutions and lots of resources.

It is, eventually, easy to underestimate the challenges and the time horizon required to improve development outcomes, although determined leadership can change things much more rapidly. At low levels of development, these changes are more easily achievable in an autocratic than a democratic context, but it is critically dependent on appropriate leadership. Factor endowments such as ethnic fragmentation, geography and history are significant, but what the leadership of a country *does* is more important than successively pointing to the legacies of the past. In this context, electoral contestation can be disruptive but serves as an essential vehicle towards the legitimacy of government. If a government delivers on its development mandate, it is inevitably rewarded at the polls.

One area amenable to reform that would directly impact security, capacity and inclusion would be for leadership to pay

particular attention to improving government revenues. Tax revenues as measured by the ratio of tax to GDP have improved in most African countries. Still, most remain below their tax potential, the maximum tax a country can collect given its economic structure and institutions. A [recent IMF study](#) suggests a significant unmet tax potential, especially in low-income countries, illustrates the potential for an increase in domestic revenue with appropriate policies. Implementation is complex, however. In 2024, efforts by newly elected governments in Kenya and Nigeria to remove subsidies and increase revenue flows were met by large-scale violent protests from a public abused by poor governance over many years, illustrating the associated challenges.

However, the need remains. Higher domestic revenue will improve public finances, help reduce new borrowing, and provide fiscal space for well-targeted spending to alleviate poverty and pursue growth. It can be pursued through greater efficiencies, such as adopting a robust digitalised tax system rather than increased tax rates. E-filing, e-invoicing, and e-accounting can streamline tax collection and minimise corruption. With one of the most advanced digital tax administration systems among emerging economies, Mexico^[3] reduced total tax evasion from 35.7% in 2012 to 16.1% in 2016, while the tax base has grown by around 150% since 2010.

Furthermore, introducing targeted taxes, such as those on carbon and sugary products, can increase revenue and reduce health and climate-related expenditures. Additionally, non-tax revenue sources, such as rents and royalties from sectors like oil and mining, can be optimised through improved contractual arrangements with multinational corporations. Combatting illicit financial flows, including tariff evasion and misreporting transactions, is also essential. An example is the plans by the Kenya Revenue Authority to accurately determine the value of [imports from China](#). It is also imperative for countries to periodically review and renegotiate their bilateral tax treaties to ensure fairness and prevent revenue loss. Recently, Burkina Faso's finance minister, Abubakar Nacanabo, stressed that the country is deprived of 40 to 50 billion CFA (about 80 to US\$100 million) annually owing to ['unbalanced' bilateral tax treaties](#) with France.

Efforts to improve domestic revenue should go hand in hand with efficient spending. A comprehensive assessment of public investment programs ensures that limited resources genuinely reduce poverty and serve economic growth. To this end spending on social protection (as included in our scenario) is emerging as an important vehicle given their impact on alleviating poverty, positive impact on growth and ability to reduce inequality. A 2024 study by [Cardosa et al.](#) that measured social protection multipliers for 42 developed and developing countries suggest that the fiscal multipliers over three years are higher than those for total government spending given the targeting of poorer groups which have a higher propensity to consume. Social protection multipliers are also significantly higher in more unequal countries, pointing to its potential in Southern Africa in particular.

African countries must redouble their efforts to advance growth-enhancing reforms. Reforms that improve governance and the business environment reduce business costs and strengthen institutions and regulatory quality are crucial to attracting more foreign and domestic investment to boost growth. Higher growth rates lower the debt-to-GDP ratio through the denominator effect, strengthen government revenue, and help reduce new borrowing and stabilise public debt.

Recommendations

- Governments have to increase stability, capacity (particularly in Sub-Saharan Africa) and inclusion (particularly in North Africa).
- Appropriate spending and interventions are needed to counteract a rise in riots and protests.
- Decentralise authority to combat neopatrimonialism.
- Connect foreign aid to clear outcomes to reduce adverse effects.
- Improve good governance and fair elections, not currently unattainable human rights standards.
- Promote global tax reform and reduce illicit outflows.
- Improve government revenues through tax reform and reductions in wasteful spending.

Endnotes

1. A Leftwich, Governance, democracy and development in the third world, *Third World Quarterly*, 14:3, 1993, 620.
2. First generation rights are fundamentally civil and political in nature such as the right to life, equality before the law, freedom of speech, freedom of religion, property rights, the right to a fair trial, and voting rights. Second generation rights are economic, social, and cultural in nature that guarantee different members of the citizenry equal conditions and treatment. Examples include a right to be employed in just and favourable conditions, rights to food, housing and healthcare, as well as social security and unemployment benefits. Finally, third generation rights focus on collective concepts, such as community or people. Examples would be the right to self-determination, to natural resources, and a healthy environment.
3. J Rosengard, Tax Digitalization in Mexico: Success Factors and Pathways Forward, Better than Cash Alliance, 2020

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Dr Jakkie Cilliers is the ISS's founder and former executive director. He currently serves as chair of the ISS Board of Trustees, head of the African Futures and Innovation (AFI) programme at the Pretoria office of the Institute, and is an extraordinary professor at the University of Pretoria. His 2017 best-seller *Fate of the Nation* addresses South Africa's futures from political, economic and social perspectives. His three most recent books, *Africa First! Igniting a Growth Revolution* (March 2020), *The Future of Africa: Challenges and Opportunities* (April 2021), and *Africa Tomorrow: Pathways to Prosperity* (June 2022) take a rigorous look at the continent as a whole.

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