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I The Issues

Since the end of the 1980s the issue of good governance is dominating the international discussion about development and international assistance to Africa. Most important, the discussion is still going on. Now it matters how to improve the African governance systems, and what the international community can do to promote good governance, thereby improving the overall development conditions in Africa. Whereas the discussion in the 1980s concentrated on economic reform and structural adjustment, the focus is now on the criteria for good governance as a factor being important for sustainable growth. This discussion about good governance did emanate from ambiguous experiences with structural adjustment programmes during the 1980s and the early 1990s. These programmes did follow for many years the principles of market reform but at the end of the 1980s turned also to aspects of state reform.

However, governance is a broad concept, not easily to define, and many related concepts are attached: the issues of democracy and development; popular participation and development; corruption and development; and also the issues of state capacity and development. In this context new priority issues emerged, as, for example, state and public sector reform; improving the capacity of the state to deliver public services; the definition of appropriate levels of public goods supplied by the state; and how to improve the quality and efficiency of public administration and the civil service. The discussion goes on in development economics (see Bardhan 1990, 1993, 1997 a, b; Evans 1992; Elsenhans 1996; Goldsmith 1995; Auroi 1992; IDS Bulletin 1993, 1995; Killick 1989; Leftwich 1994; Williamson 1995), in public economics (see Bardhan 1997b; Tanzi 1996; Hommes 1996), and in public administration studies (see the discussions in the journal "Public Administration And Development"); to some extent applications have been done for cases of African development and state reform (see Bratton/Van De Walle 1997; Hyden/Bratton 1992; Azam 1997; Koch 1994). Comparisons with the Asian developmental state model are often found in the literature (see Evans 1992; Ndulu/Van De Walle/Contributors 1996; and ADB 1996, specifically Chapter 9).

In Section 2 the relevance of the concept of good governance for Africa will be reviewed. It is of interest to see how relevant the concept may be for the overall African development context before looking at the African roots and interpretations of the concept. The main issue will be how good governance can contribute to a revival of African economies and to a renewal of African states.

In Section 3 the African roots and interpretations of good governance are dealt with. Good Governance is obviously not an externally imposed concept for African countries. The concept is implicit in most of the early documents published and the declarations passed by the Organisation for African Unity (OAU), the Economic Commission for Africa (ECA) and the African Development Bank (ADB), in which the concept of a developmental government for African states is presented. Since the end of the 1980s many institutions in Africa have focussed their work and their discussions on the criteria for a more developmental state, a state that is delivering more services that are considered as vital preconditions for the development of market forces; improving the quality and reconsidering the extent of public services supplied therefore became elements of a key agenda for development. This required many actors to think about an efficient civil service, an adequate public administration system, and an effective system of planning, as well as disbursing and controlling more effectively public expenditures and public investment. The link between the two spheres of market reform and state reform was seen in the context of reworking the public administration system and reforming (or even later privatising) the great number of public enterprises in the African countries.

It is interesting to note that in various African declarations the issue of good governance was elaborated in a very detailed form, and quite independent from the discussions going on in the circles of donor countries and multilateral institutions.

In Section 4 we will consider the various concepts of good governance for Africa that were developed in the context of donor institutions and its policies. Multilateral donor organisations, especially the International Finance Institutions (IFIs) as the World Bank and the IMF, but also other United Nations family institutions in the development field as ILO, UNICEF, UNDP and UNCTAD have developed their own views on governance and especially on African governance issues. They have to some extent applied these new insights, thoughts and perspectives in their practical operational activities in the context of development co-operation.

It is important enough to look at similarities and dissimilarities that exist between concepts on good governance developed in the context of international organisations and of African regional institutions. Also many bilateral donors working in Africa have reconsidered their own reference basis for development cooperation with African countries by shaping their aid policies with regard to the new concept of good governance. Most important, the belief has spread quickly in the donor community that only "good governance" will create the preconditions for a more developmental role of international assistance; it was argued that only thereby aid may become effective enough to contribute to sustainable social and economic development and to more vigorous growth in African countries.

In Section 5 the concept of "good governance" will be related to the discussion about the ways and means to improve the system of public administration in African countries. Public administration is a very broad concept that incorporates all activities of the government system that impacts on the functioning of the market economy, on the supply of public services, and on the international competitive position of the country, by generating institutions that allow for the implementation of sustainable, effective and credible economic and social policies. Many issues have been considered in recent years in more detail, especially how to reform the civil service in African countries, and how to transform the bureaucracy to become more effective and developmental; another important issue since the 1980s was the way how to privatise or commercialise the public enterprises so that they can more effectively provide services and supply goods, so that it is possible to limit the drain on public resources in order to avoid budget problems, inflation and balance of payments imbalances.

In Section 6 the concept of "good governance" is considered with regard to economic policy sustainability and credibility. Various most relevant issues will be discussed in this context. Most important is the question how "good governance" can help to improve the system of economic policy-making and its supporting institutions, so that a steady, sustainable and credible policy-making process becomes reality. This refers not only to macroeconomic stabilisation policies but also to other important policy-areas, as trade and industry, investment and technology, market development and competition, regional development, and employment and poverty alleviation.

Most important it is then to look at the ways and means of how to promote internal structural adjustment programmes (ISAPs) instead of implementing externally-imposed SAPs. An increasing effectiveness of institutions and of policies that enhance the reputation of these institutions, as for example of the central bank, is of vital importance so as to avoid that risks for domestic and foreign investors inhibit investment activity in African countries; this institutionalist type of action will also make co-ordination between public and private actors in the economy really work.

In this section the implications of long-term development planning for "good governance" in Africa will also be discussed. It is obvious that support has to be given to long-term development planning exercises, what also requires that visions of African development up to 2010 and even to 2020 are discussed, so as to give a frame for long-term and medium term-planning in the country. Such a planning process can better guide economic policy reform and the balancing of state and market reform. There are some optimistic developments in this regard in some African countries, as we see a vigorous process of revitalising long-term development planning, and also an increasing interest to work on visions so as to conceptualise the policy frameworks and the policies for the future developments.

In Section 7 some conclusions and perspectives are presented.

II Good Governance and African Development

The concept of good governance has received increasing attention at the end of the 1980s in Africa, in its regional institutions as well as at country level. We observe since then an increasing relevance of the concept for overall development policies, for strategies to speed up development processes, for measures to change development institutions, and for the quality enhancement of sectoral development interventions. Although "good governance" became a concept being increasingly important for donors in the context of their development co-operation, it is here of interest what the concept really means for development management and state reform in African countries.

According to an assessment by the African Development Bank (see ADB 1994, pp. 176-191) the importance of the concept for African development is related, first of all, to the necessity to create the basic extra-economic conditions that are important for the growth of African economies, as for example, an effective public administration, a functioning legal framework, efficient regulatory structures, and transparent systems for financial and legal accountability. In this context, it is the issue of the quality of the public goods supplied at country-level that makes good governance such an important concept (see ADB 1994, p. 176). Secondly, the concept of good governance refers to the developmental potentials of the democratic challenge in Africa as accountability, rule of law, freedom of expression and association, and public choice of government, are important elements of Africa's renewal. Thirdly, good governance refers also to the consolidation of market reforms although quite different development paths are possible within the context of market-oriented economic systems; good governance therefore requires an adaptation and continuous improvement of market-oriented systems in a specific socio-economic context, especially also in Africa.

Adequate public goods provision, the possibility of public choice in a democratic environment, and support for market-oriented socio-economic systems constitute the elements of a developmental role of "good governance".

When using the terms "governance" and "good governance", various definitions and elements of the definitions can be found in the development literature and in the literature on development co-operation. It is therefore necessary first to define "governance". "Governance" is the manner in which a government exercises political power; governance is always related to the institutions and structures that are used for exercising power; governance suggests also that all relevant public decision-making processes have to be considered; governance also implies that the implementation capacity for government action in a country is of relevance; and governance encompasses also the relation between the government and the public. Governance is, as we see, a multi-faceted concept but the levels and actors can be ascertained and evaluated.

"Good Governance", however, is a normative concept (see ADB 1994, p. 177) that refers to norms of governance as, *first*, legitimacy of the government (based on popular sovereignty and international recognition); *second*, an appropriate legal framework (to guarantee the rule of law); *third*, popular participation (to allow decision-making by the people at all levels of the state, and on the basis of political and social pluralism); *fourth*, freedom of association and expression (to allow the formation of civil society organisations, and a critical evaluation of government decisions); *fifth*, bureaucratic accountability and transparency (so that impersonality in decision-making by officials, and a uniform application of rules by them can be guaranteed); and *sixth*, rationality of the governmental organisational structures (incorporating a public administration system that is highly structured and characterised by impersonality and a predictable behaviour of officials). These six elements of "good governance" are then related to the tremendous task of socio-economic development, structural change and political reform at the level of African countries.

The quality of governance systems is then determined by the nature of the political regime and by the specific characteristics of the government system (observable as a democratic, authoritarian or totalitarian regime). Accountability, popular participation or any other characteristic of good governance are however in an ambiguous relation to the nature of the political regime. These characteristics of good governance are generally not part of totalitarian or even of authoritarian regimes, but only of democratic governments. In this context however the rather authoritarian "Asian developmental state" is sometimes considered as a reference model for African development. With regard to authoritarian political regimes, also in Africa, we can see that obviously not all elements of good governance are absent; at various government levels and institutions we can observe in African countries that some elements of good governance are there. This may be a functioning local government or a public institution that is properly managed.

It is therefore often argued that some elements of good governance can be found even in the context of undeveloped democratic structures. The examples of relatively efficient bureaucracies and public administration systems in Asian countries but also in some African cases may be cited. Otherwise, even in democratic structures of government public administration systems may show weaknesses, and therefore no strict correspondence of the nature of government and the various elements of good governance can be found (ADB 1994, p. 178). It is therefore necessary to deepen the analysis of governance in order to understand the contribution to development. In this context, a distinction is proposed between macro-, meso- and micro-governnance issues so as to sharpen the view on the various levels of social order in a country (ADB 1994, pp. 178-179). Whereas macro-governance refers to the fundamental conditions of good governance, as public choice in the selection of government, adherence to the rule of law, freedom of association and expression, and overall bureaucratic accountability, meso- and micro-governance refer to the situation at lower state levels (regional, sectoral and local), and the conditions there are associated with varying degrees of legal and popular accountability, of enforcement of legal and commercial codes, and of systems of information that may enhance public transparency. Whatever the quality and extent of macro-governance, the degree of meso- and micro-governance can vary by quality and extent.

Even in African countries unfavourable macro-governance systems may to some extent be consistent with functioning meso- and micro-governance systems, so that in some regions, some townships, and in some segments of public administration a reasonable state of governance, or even an improving governance system can be found. From the point of view of development policy, improving governance at all these levels may be growth-enhancing and developmental. State capacity in delivering services has to be related therefore to all these state levels. Many studies on governance so far are more or less exclusively concerned with macro-governance issues, and especially the issues of public choice in the selection of government (legitimacy and potentiality of change of political regimes) are referred to. This may be understandable but it is one-sided as one may overlook any improvement with regard to the state of the system at the level of meso- and micro-governance. It is obvious that some sectoral and regional institutions, some parastatals, some regional public services suppliers, or even local township development institutions may function to the benefit of the people despite of an unfavourable macro-governance system.

The issue of “good governance” is so important for African development because bad development management, institutional instabilities, and internal political shocks impede investment - domestic and foreign. It is not only the classical argument of thinking about market failures and state failures that lead us to the call for good governance. More is at stake - the pervasiveness of social, political and economic instabilities, the breakdown of public and social institutions, and the danger of a further loss of public legitimacy if economic reforms fail - reforms that are undertaken on the basis of the SAPs but that are not really "owned" by the country and its leadership. It became also quite clear in Africa that whatever the macroeconomic stabilisation, adjustment and development programmes that are tried to implement, any implementation of short-term, medium-term and long-term strategies and policies requires that an effective development management system and an effective public administration system at all state levels support this reform process. Such a system of development management has to be implemented in the context of a structured approach of decentralisation that makes government work at national, provincial and local levels.

Many analyses have been undertaken to understand the historical roots of the African governance problems, especially the marginalisation and the weakness of the African state after independence (see ADB 1994, pp. 180-183; Jackson/Rosberg 1985). Early studies have considered the various roots of the weakness of the African state. They first of all refer to the "independence gap", the fact that the African state was legitimated only by external sovereignty, not however internally by popular legitimacy and bureaucratic capability (Jackson/Rosberg 1985). The weakness of the African state after some decades of independence and after the implementation of so many development programmes is related nowadys more to the impacts of bad policies and the external factors of the economic crisis that have forced more and more countries to negotiate SAPs. The weakness of the state in Africa is considered as being aggravated by the unfavourable dynamics of the SAPs, and especially by the type and extent of conditionalities attached to external finance. Internal legitimacy of African states, of its institutions, its ideologies, its rulers, and the capability of the African states to use the apparatus of power for public policy formulation and implementation, and for enforcing national sovereignty in the international context are the two necessary ingredients so as to fill the "independence gap". To some extent legitimacy was based on traditional rule and on pan-African beliefs, or was based on a development ideology with socialist or capitalist orientation, but the apparatus of power for carrying out public policy initiatives with bureaucratic capability remained too weak.

The Lagos Plan of Action (LPA) highlighted self-reliance and collective self-reliance, but many of these ideas in fact were "borrowed" ideologies that conceptualised a vision for an independent state in the South (a revival of those ideas can be found in the works of the South Commission; see The South Commission 1990). Such concepts were borrowed from the Non-Aligned Movement in the Third World. Still these concepts and beliefs can be found in many recent OAU/ECA documents. Because of the weakness of the African states and the ethnic tensions that are present within and between African states, "national identity" was difficult to create (Easterly/Levien 1997 related the ethnic problems within Africa to Africa's growth tragedy). History shows that democratic developments are quite possible in African states, but that the weakness of the state in terms of its internal legitimacy and in terms of its capability make democratisation periods often occur as short-lived and unsuccessful events. The low level of capability obviously also has historical and colonial roots - the way public policy was managed in colonial times has some explanatory power. The low level of capability has also to do with the route of Africanisation of bureaucracies followed in African states, the public sector growth after independence, and the "self-interest" of the bureaucracy (often referred to as a rentier class), as it developed in the recent decades. All these factors that are impeding capacity are interrelated with the lack of internal legitimacy of the state.

Changes of governance systems require not only that the political base of the regime is broadened by participation at all levels, by social contracts that involve interest groups, civil society organisations and professional organisations, but also that the system of government is made more effective by decentralisation and an effective sharing of political responsibilities at all government levels. However, such a route for development requires also the development of civil society organisations (CSOs), of employers' organisations and trade unions, and of professionals' organisations as part of the envisaged African political renaissance. In more recent analyses of the weakness of African states, reference is made to the long-term consequences of this independence gap (see Mkandawire 1992, 1994a, 1994b). The extent of formation of interest groups as based on the so long prevailing import substitution industrialisation model of Africa was limited, and the emerging rent-seeking attitudes of those supporting this development model led to distorting effects at all levels, so that the state more and more acted as a rent-allocating institution. It is not only the capability gap or the legitimacy gap that made African states so weak, but the new economic policy that emerged in African states after independence and transformed governments to rent-allocating agents (with powers as producers, allocators, and distributors of the social product) added to the sequence of maldevelopment.

Instead of looking at the causes of the legitimacy gap and the capability gap, for some observers the most obvious answer is market reform and liberalisation so as to attack the rent-seeking society. However, lack of historical analysis may lead someone to overlook the internal factors that are of importance for necessary political changes to occur after the period of import-substitution industrialisation (Mkandawire stresses this important point again and again). Conditionality attached to external finance is in this context sometimes considered as a legitimate and effective vehicle of pressure for change from outside in order to speed up market and state reforms that are overdue. However, conditionality did not achieve much in terms of policy reform, especially because of the neglect of historical and internal factors, but nonetheless such views are held inside and outside of Africa.

The question then is if there is enough domestic pressure for democratic reform and good governance in Africa, and to what extent these domestic forces are becoming strong enough to create a democratic developmental state and a state that is not primarily shaped by external pressures and finance conditionalities. There is now growing optimism in Africa that the overall situation is improving in this regard, and that the situation is not so deterministic as to assume that domestic political changes, new democratic coalitions, and "own" reform perspectives may not work in Africa (Mkandawire 1992, p. 306). Domestically generated and developed political and economic ideas and ideologies still exist side by side with borrowed ideas and ideologies that grew to importance at independence times, but more and more countries like Botswana, Swaziland, Burkina Faso, Ghana, South Africa, Uganda and Tanzania, only to mention a few, show that "own" programmes have a role to play, and that "own" concepts and doctrines are now increasingly relevant for African development. Political and economic interests in Africa are becoming more diversified and are no longer so polarised between urban and rural areas as it is often assumed and predicted by some observers (see also Weiland 1994). Recent studies show that households have various sources of income, and that more and more rural and urban households show rural-urban interactions. These intensive interactions have political impact - increasing attention is given to nation-wide social and economic factors and policies. This may then lead to more "national identity" from the grassroots.

The change of popular resistance from anti-IMF riots to more broad-based protests of recently formed civil society organisations (CSOs) is another important factor in shaping the political landscape in Africa, as it highlights that the base for political change is broadening. However, the social base of the CSOs and of many popular movements is still unclear, not settled, and not always guided by programmes with a more comprehensive political and social frame. These forces are still stronger in urban areas and in formal economic sectors rather than in rural areas and in informal sectors, but we can observe in recent times that more and more associations of informal sector producers and rural peasants' organisations emerge. Some of these organisations and associations are currently moving from an anti-SAP protest attitude to a more constructive economic renewal strategy for their country. These alliances and movements have often a long history and a traditional base, because at local levels civil society organisations, co-operatives, peasant movements, village committees, township committees and church organisations have grown for long time and they give evidence of a relatively autonomous political development in their areas. These associations and groups have also transcended now the local sphere. It is fact that even remote rural areas are to some extent represented at national-policy making levels by such associations (Weiland 1994, p. 23). A new tendency of mergers of more traditional and relatively new CSOs can be observed at various places in Africa. Democratic reforms require not only the existence of strong CSOs but also the representation of all relevant ethnic minorities at central and provincial government levels, and more so the construction of a developmental state that is based on democratic control and a sufficient tax base that allows to finance growth and development.

It may be argued that an African developmental state can facilitate the transition to democracy. Developmental states are characterised by three characteristics (see Gyimah-Boadi/Van de Walle 1996). *First*, the developmental state has a professional, disciplined and skilled central administration. *Second*, the developmental state is one that does not base its rule only on coercion but has a broad degree of popular legitimacy so that the skilled bureaucracy works then for a good end. *Third*, a developmental state is characterised by a deep commitment of its leadership to economic growth, investment and international competitiveness, rather than focussing on consumption and waste of public resources. These three elements obviously have relevance for African developmental states too. Beside of Botswana and Mauritius not so many other states in Africa can fulfill these criteria, although some other countries as Burkina Faso and Ghana have considerably improved the degree of good governance in their countries, so as to approach the stage of a developmental state.

Four factors are mentioned as prerequisites for a developmental state in Africa (Gyimah-Boadi/Van de Walle 1996, pp. 220-231): *first*, political pluralism so that transparency and accountability can really work on the basis of a system of checks and balances. So far, however, we can see that this prerequisite is far from reached - too many obstacles are in place, but obviously there are chances in the long run to create a minimum of political pluralism. *Second*, a social coalition for growth must emerge. Private sector actors, as exporters, reform-minded managers of parastatals, managers of private and privatised companies, the effective leaders of rural co-operatives and crafts associations, the directors of mining works and plantations, but also relevant parts of the development bureaucracy may be sharing such a coalition. These groups still are weak as the policy credibility for investment to take place is low, as the level of institutional development of organisations is low, and as the interventionist behaviour of African government is in many places still overwhelming, but there are first signs of a new attitude of these groups towards co-operation and dynamism. However, such a coalition may have a chance in the future if proactive private sector policies continue to work. *Third*, "policy learning" is a prerequisite. Debates, dialogues, learning by reform failures and by economic policy dilemma, learning by analysing policy outcomes, by discussing the causes of weak policy performance, and asking how to cope with the emerging issues in the future may be important steps in this direction. Policy learning also means informing the people and the interest groups via CSOs, informing people and actors at all levels of the state about governmental policies, and organising a dialogue and a permanent forum between government, interest groups and CSOs so that new policies can be really rooted in the country. *Fourth*, effective political leadership in the sense of leaders and governments being deeply committed to economic reform is crucial. This requires that corruption is minimised, that reforms are made credible and irreversible, that reforms are basically oriented towards equality, and that the reforms are backed by adequate administrative and institutional capacity, and also by a sufficient mobilisation of support and of resources for the growth strategy. Effective political structures based on parties, associations and CSOs may then help people and governments to move in this direction.

It is obvious from taking all these arguments that a more developmental state in Africa needs also a new relation with donors as the conventional way of interaction may become more and more counterproductive. More institutional reforms at all levels, a social contract inside the country between all significant groups, and a concentration of state functions towards priority issues according to the capacity of the state to deliver services are other important changes required. Most important however will be the task to strengthen social movements and CSOs in the years to come. This will give the chance to speed up the direction towards democratisation of African societies.

III. The Position of African Institutions on Good Governance

Reforming the political organisation of the state, good governance, democratic development, avoiding state collapse, and improving the capacity of the state to deliver its services and to fulfill economic, social and political functions have been prominent themes in African regional organisations since the end of the 1980s. The world-wide economic trends towards globalisation and intensified global competition since have dramatically changed the attitudes of African leaders and of African regional institutions with regard to the theme of a developmental and democratic state. Internal factors, as the domestic sources of the economic and social crisis, the obvious limits of the import substitution model, and the increasing imbalances between public and private sectors in Africa, have dominated in the discussion about a more effective state and economy. External factors have also increasingly played a role, as for example, the diminished aid flows, the impacts of global political changes after the end of the Cold War, especially the belief of donor agencies that market-oriented reforms and democratic structures have to interact so as to produce growth and stability, and the greater awareness of the role of human rights for development in international policies and in aid (Wohlmuth 1997). Internal and external pressures emerged, cumulated, and shaped attitudes and beliefs in African organisations. Therefore it is not a surprise that various important documents from African institutions show that there has been for many years a fundamental change in the attitudes towards governance, human rights and democracy.

It is our argument that the African discussion preceded in many areas the global discussion on how to reform the state in Africa. Of great importance was the "Khartoum Declaration: Towards A Human-Focused Approach To Socio-Economic Recovery And Development In Africa", accepted during the International Conference On The Human Dimension Of Africa's Economic Recovery And Development, Khartoum, Sudan, 5-8 March 1988, held under the auspices of the United Nations, and in the context of the United Nations Programme of Action for African Economic Recovery and Development 1986-1990 (UN-PAAERD) and Africa's Priority Programme for Economic Recovery 1986-1990 (APPER). The Conference and the Declaration emphasised the urgent need to improve the political context of African development so as to promote human development, overcome political instability and intolerance, restore the freedom and the human rights of individuals and groups, and abolish the over-centralisation of power in African states (see ECA 1988; Wohlmuth 1990).

All these proposed changes should lead to a system allowing for popular participation in decision-making at all political levels. Otherwise, if the prevailing political and social conditions continue, the motivation of the people might erode further and the weak position of the disadvantaged groups in society might deteriorate further. Emphasising *first*, human dimensions of structural adjustment programmes; *second*, paying attention to the social sectors and to vulnerable groups; *third,* focussing on manpower development and its utilisation in the long-run; and *fourth*, discussing the ways and means of strengthening the role of regional, international and non-governmental organisations in this respect, the Khartoum Conference recommendations go as far as favouring a new style of governing in Africa. Most important was the call for a new foundation for development, and especially for more equitable policies based on democratisation and decentralisation of decision-making.

The Khartoum Declaration had some impact on donors, on African policy-makers, and on African regional organisations, but the concept of "good governance" was not elaborated further. Most important was then the "African Charter For Popular Participation In Development And Transformation", based on the International Conference On Popular Participation In The Recovery And Development Process in Africa, held in Arusha, Tanzania, 12-16 February 1990. The Charter "calls for the emergence of a new era in Africa - an Africa in which democracy, accountability, economic justice and development for transformation become internalized and the empowerment of the people, initiative and enterprise and the democratization of the development process are the order of the day in every country" (ECA 1990, p. 1). The role of popular participation for African development was highlighted, but more so, the ways of how to promote popular participation in the context of better governance were considered . It was made quite clear that a new partnership between governments and people is necessary to the effect that freedom of expression and other basic human rights are respected, and then may lead to an empowerment of the people and to political accountability of the state and of all its institutions.

A fundamental change of the society, the state and the role of the people in the political process was demanded in the Charter, relating these demands to the requirements of the development process. It was referred to more economic power for the people, to decentralisation, accountability, and to many other issues which are so popular since the concept of good governance became an important coin in the international development agenda. More so, even the issue of monitoring the progress in popular participation on the basis of mutually agreed indicators became part of the Charter. Ten indicators to monitor progress with regard to popular participation were introduced - some few were measurable indicators (for example, the literacy rate, and the number and scope of grassroots organisations) and more other indicators were not directly measurable (for example, representation of the people in national assemblies, rule of law, freedom of association, press and media freedom, political accountability of leadership, and decentralisation of decision-making). So far, we have no evidence if there was any follow-up to the demands of the Charter.

Related to this Charter was the "African Alternative Framework to Structural Adjustment Programmes for Socio-Economic Recovery and Transformation", adopted in April 1990 by the African Ministers of Planning and Development and the African Ministries of Finance (see ECA 1991; Adedeji 1990). The African Alternative Framework (AAF) should allow for a more broad-based approach towards participatory structural adjustment programmes so as to formulate an alternative adjustment framework to externally-imposed adjustment programmes which - according to African observers - are submitted by international financial organisations rather than being owned and internalised by African countries. Therefore, we see that the African Alternative Framework (AAF) was conceived at the time as an operationalisation of the African Charter to regain African ownership of development and adjustment programmes in the years to come. Besides presenting an outline of a programme of alternative adjustment for Africa that focuses on production increases, diversification of production, income redistribution, and institutional development, in the implementation part of the strategy popular participation is emphasised at all state-society levels, by giving more authority to local communities, defining a new role for popular organisations, promoting public-private sector partnerships, and supporting more community self-management. Thereby, many issues of good governance were mentioned implicitly in this context. The Institutional Support Part of the AAF Strategy is also relevant in this context, but we find there also some vague demands (as greater mass participation in decision-making, or legislation of a clear framework of ownership).

Also related to all these debates about new roles of governments and of the people in a broad-based participatory, democratic and decentralised context with increasing empowerment of the people in Africa was the 1990 Addis Ababa Declaration of the Assembly Of Heads Of State And Government Of The Organisation Of African Unity On "The Political And Socio-Economic Situation In Africa And The Fundamental Changes Taking Plance In The World". Also in this Declaration (see OAU 1990) we find a clear commitment to more democracy, popular participation, political accountability of leadership, and consolidation of democratic institutions. All these changes should be based on a development model that is owned by the people and the African governments, a development model that is self-reliant, human-centered, and sustainable, based on social justice and collective self-reliance, so as to achieve an accelerated structural transformation of the African economies. Focus is on an overall transformation of economies and societies, not only on economic reforms and structural adjustment in a narrow sense.

Many other documents from OAU, ECA, ADB and independent African development groups (as the African Leadership Forum; see ALF 1992) and institutions did follow, just to mention the ADB (African Development Bank) "Proposals for the Design of African Development Strategies for the 1990s" (published in ADB 1994) and the "Imperative Political and Economic Agenda for Africa To 2000 and Beyond", also published in 1994 (see Ndegwa/Green 1994). These two documents have in common that a new role for the state in Africa is sought, that governance matters, that private sector development is considered crucial, that people-centred development and participation matter throughout, and that the system of state interventions in Africa has to be changed completely. These are important African sources referring especially to the necessity of better governance.

The African Development Bank document of 1994 (ADB 1994, pp. 155-166) emphasised *firstly*, the role of a developmental state in Africa in guiding the market; and *secondly*, the requirement that all development strategies have to be people-centered so that equity issues are not any longer separated from economic reform and adjustment programmes. The ADB Strategy recommends a clear focus in policy-making towards production by the poor and increasing the incomes of the poor. All this should be part of an integrative development strategy encompassing poverty alleviation and the promotion of industrial, agricultural and services subsectors of informal producers and small peasants. *Thirdly*, central in the ADB strategy is the new role of private sectors and of market competition in African countries, so as to increase the role of "wealth-creating" and productive entrepreneurs (investing long-term) relative to "wealth-diverting" and unproductive (rent-seeking) economic agents. Focus is on entrepreneurial development and innovativeness by improving the market economy framework, and by keeping the economic environment neutral (non-distorted) with regard to incentives for all groups of economic agents. The concept of entrepreneurship in this context is broad enough. Managers of local and regional co-operatives, of nongovermental organisations, small entrepreneurs, managers of recently privatised or of commercialised public enterprises, the emerging class of private capitalists, and an economic-minded bureaucracy with development orientation are part of it. Also foreign entrepreneurs have to be part of this strategy for the development and strengthening of an entrepreneurial class in Africa. The ADB´s view on good governance is therefore quite dynamic and developmental.

The Imperative Political and Economic Agenda (IPEA) for Africa of 1994 was a further step, emphasising not only political changes, but also economic and social changes at national and regional levels. The IPEA consists of a Political Agenda, an Economic Agenda, and a Regional (Continental) Economic Agenda. In the *Political Agenda* good governance is related to more than democracy, respecting human rights, and suppression of corruption. Good Governance is interpreted as a broad concept of creating transparency and accountability in all public actions and programmes, and of establishing political legitimacy at all state levels. This should lead to sufficient public confidence so that private investors are reasonably certain that policies are credible and sustainable, but also savers, consumers, importers, exporters, and employees of public and private enterprises should be convinced of the credibility of economic policies. Good Governance is related in this context to the future organisation of an economy that has to be based on credibility and reputation of its public institutions so that private market development has a solid foundation.

Restructuring of governance is an important part of the IPEA, including also issues as the required civil service reform and the increasing role for governance of non-governmental organisations and of community participation. There is a warning in the IPEA not to misuse the NGOs as a means to pass over the cost of basic services from the state to the NGOs and/or the user (Ndegwa/Green 1994, p. 54). Important is the Agenda on External Governance Priorities, focussing on a more effective policy towards neighbouring African countries and a more effective representation of Africa at multilateral institutions, especially the World Bank, the IMF and the WTO. A new role has also to be found with regard to negotiating new terms in the context of the EU/ACP agreements.

The *Economic Agenda* focuses on a transformation of economic structures, a more dynamic role for export sectors, and the necessity of newly designed adjustment programmes. Most important - according to the IPEA - is the role of domestic and foreign investment for the transformation of structures. The Economic

Agenda points to very important determining factors of investment in Africa. Future SAPs should consider more than so far the important prerequisites for investment in Africa (a view expressed also by Oshikoya 1994, 1996). In this context not only good governance, credible polices and macroeconomic stabilisation matter but also the rehabilitation of infrastructural facilities and the rebuilding of institutions. It is a belief expressed in the Economic Agenda that the ongoing democratisation process may be helpful to design new poverty reduction programmes and to increase overall public awareness that poverty reduction can stimulate growth for all.

In the *Regional (or Continental) Agenda* for Africa a quite realistic approach is followed with regard to regional cooperation and integration. The Regional Agenda is based on the realities of the African nation state and its interest. The limits of the traditional African integration approach are analysed; a new integration approach which is more private sector-led is envisaged which may affect the outcome of the African Common Market (ACM) concept in a positive way.

The basic assumption of the IPEA is that Africa is today and remains also in the future very much on its own and therefore has to start a new regional programme for Africa on its own capacities and resources and with African ownership of all relevant policies, programmes, and projects. African solutions to the many problems that are there, it is argued, demand that co-ordinated action is taken on a broad front and that a political strategy is designed to co-ordinate national and regional actions for African development. Good Governance and a further democratisation in African states may help in this process of formulating a regional political strategy. A new political foundation for the ACM strategy is presented.

African Governments and African Regional Institutions made also inputs to the UN Special Initiative On Africa (UNSIA), launched in March, 1996 (see United Nations 1996). It is a programme based on so-called development clusters with lead agencies from the UN system for each cluster. It is a very ambitious concept to create synergies in development co-operation with Africa by integrating various support channels. In contrast to other initiatives for Africa the UNSIA is considered as backed by Africa's objectives and programmes as reflected in the "Cairo Plan of Action on Relaunching Africa's Economic and Social Development" (the Cairo Plan of Action was adopted at the OAU Heads of State Summit in 1995). The aim of the initiative is to make earlier decade development programmes for Africa as the UN-PAAERD and the current New Agenda for Development of Africa (UN-NADAF) more effective in addressing African problems by Africans themselves (see United Nations 1991 on UN-NADAF).

Most relevant in this initiative (United Nations 1996) are the three components Peace-building, Conflict Resolution and National Reconciliation; Capacity Building for Governance; and Strengthening Civil Society for Development. The UNDP is the lead agency for the theme Capacity Building for Governance, and the ECA is the lead agency for Strengthening the Civil Society for Development. The core projects are peace building, increasing the effectiveness of governance, and strengthening the civil society in Africa. It is hoped thereby to strengthen the capacities of governments by developing specific programmes to create transparent, accountable and efficient governance systems (see ECA 1997). Some priority programmes of Africa-wide significance are related to the governance reform part of the UNSIA, to mention only the African Leadership Forum (ALF) and the African Governance Programme (AGP). Most important are in this context the operational activities for civil service reform, for judicial reform, and for electoral assistance. Public sector performance is a central issue in the UNSIA - and related programmes are therefore an integral part; these programmes have as an objective to reverse the trend of an erosion of the effectiveness of the civil service systems in Africa.

Strengthening the capacity of civil society organisations (CSOs) in general and of CSOs in peace-building in particular are also important elements of the UNSIA. Programmes aim at enlarging the legal space of CSOs, making them competent and informed partners at national and international negotiations, strengthening their potential for action, and improving the leadership of the CSOs. Civil Society Organisations in Africa will also be better linked in their relief and rehabilitation activities to World Food Programme (WFP) and other UN system-wide Food for Work Programmes. Networking of organisations and strengthening of institutional capacity are important goals of the UNSIA. However, also other components of the UNSIA, especially on debt relief and trade promotion, are linked fundamentally to the governance issue.

To conclude this section, the African positions on good governance have increasingly improved in quality of elaboration, sophistication, and developmental relevance. Good Governance is not a concept imposed on African governments, although international funding agencies like the World Bank early responded and increasingly used the concept to capitalise on the new trend and to alter their conditionality as attached to finance agreements.

IV. Good Governance and International Development Assistance

The concept of good governance has received increasing attention in the 1990s in development co-operation, and bilateral and multilateral donors working in Africa have attached specific conditionality clauses to their aid flows. This process needs careful attention because of the complexities of the concept involved, because of the quite different interpretations of the concept by donors, and because of great difficulties to make good governance - related assistance programmes operational and to measure its effectiveness. Whereas in the 1980s the donors turned to the instrument of structural adjustment lending to make other development projects and programmes better functioning, in the 1990s good governance - related aid programmes and specific conditionality clauses were considered as useful to make other development aid programmes more effective - by supporting a better system of public administration and a reformed civil service, by assisting governments to become more rational in their development policies, and by advising how to improve local economic policy-making.

However, often a clear operational distinction was made by the donors - there was reluctance to intervene directly at the level of macro-governance so as to influence the system of public choice by favouring a specific political regime, or even to demand a change of characteristics of the political regime, but rather to intervene at the level of meso-governance and micro-governance systems. Meso- and micro-governance issues became most relevant for the aid programmes in the context of good governance by multilateral and bilateral donors. It was left to some international NGOs but also to some few bilateral donors to demand even changes of macro-governance systems (especially human-watch NGOs may be mentioned).

The African Development Bank (ADB) as an African multilateral aid institution considers relevant support at four levels (ADB 1994, pp. 185-188): *first*, advisory services so as to give policy advice on all aspects of good governance; *second*, financing programmes to improve good governance; *third*, research and training to improve governance, and *fourth*, co-ordinating foreign international assistance with regard to good governance, so as to co-ordinate these aid flows under the umbrella of ADB as an African multilateral aid agency. Although such a co-ordinating role of the ADB (and of ECA and OAU) may be good for the selection and promotion of African own programmes in this field, the reality is different. These organisations are so far not exercising any co-ordination role and are largely dominated by World Bank, IMF, UNDP, and by various bilateral donors in the context of good governance - related aid flows. The ECA is trying hard to regain some control over the process by supporting specific programmes in the context of the UNSIA.

However, there seems to be a supply and a demand problem with regard to such aid flows as governments in Africa may be preferring sector loans or infrastructural loans and the donors may also be more willing to grant more directly productive projects and programmes, say for export development or for transport development (see ADB 1994, p. 187). This may then lead to a process of rather attaching some governance - related conditionality to these conventional projects or sectoral programmes.

The necessity of an international co-ordination of multilateral and bilateral aid for governance issues is obvious, but so far the problems are not solved. There is an obvious demand for research and training components of such aid flows as the donors see the need for indigenous governance systems to emerge so as to make development projects work in Africa. The role of traditional African institutions, the functioning of prevailing systems of a dual structure of local governance in African countries based on traditional chiefs and local branches of the central government, and the assessment and utilisation of local management systems are areas where research output could help to improve governance systems in the years to come.

Research and training programmes increasingly have to be related to the issues of civil service reform, to central-provincial-local government relations, and also to state-civil society relations, but the focus should be on local adaptation and on development facilitation in these areas. Hitherto, such issues were not considered adequately by the donors. Favouring professionalism in the civil service, supporting professionals' associations, and improving management systems of large private and public companies may be other ways to help; also important areas for support are private-public ventures and partnerships for market development. However, many of these programmes are already part of conventional aid programmes.

It is obvious in the context of international development assistance that two routes can be used to promote good governance. The *first* route is the use of additional conditions attached to credits and loans, and making funds for development available if improvements with regard to the human rights, the freedom of association, and other universal rights, and with regard to public sector efficiency and elimination of corruption are probable or proven. The *second* route is more direct and uses positive steps to foster good governance at meso- and micro-levels. Good governance-related programmes then become either attached to other aid programmes or stand alone as aid programmes.

The tendency among donors has been more recently towards a shift from attaching governance-related conditions to development loans to designing more direct aid programmes. Conditions related to macro-governance issues still play a role in some cases; but direct policies and programmes for good governance at meso- and micro-levels are increasingly seen as important to overcome the limitations of the "conditionality game" - with tremendous credibility and commitment problems - in aid finance negotiations. Programmes directly related to public administration, parastatals, privatisation, local government strengthening, provincial governance systems, establishing a system of rules and regulations for sectoral market development, and for designing regulations for overall market development and institution-building are some of the more recent examples. However, the programme approach is still developing and not yet fully explored.

The World Bank approach on good governance (see Landell-Mills/Serageldin 1991, 1992) is still dominating the scene because of the World Bank's financial strength in aid flows; it rests on six pillars which guide the programmes and are related to macro-, meso- and micro-governance issues (political accountability; freedom of association and popular participation; sound judicial systems; bureaucratic accountability; freedom of information; and capacity building at all state levels). All these elements have relevance for the World Bank's development assistance programmes, and are also relevant for the various partners in development cooperation (the bilateral donors and the NGOs). According to the World Bank the respective role of multilateral, bilateral and nongovernmental organisations should be defined so as to use the specific advantages of these organisations with regard to good governance - related programmes.

A certain division of labour is highly recommended. The role of multilateral organisations is seen more in the context of technical assistance with regard to public administration, institutional development, capacity building, but also in the context of the promotion of "institutional pluralism" by supporting local governments, local NGOs, community-based organisations, civil society organisations, and especially associations of employees and entrepreneurs, so that more institutional pluralism leads to stronger local governments and to stronger economic actors and interest groups at the national level.

The role of bilateral donors is then more related to the political (or macro) part of the good governance agenda, especially in supporting the rule of law, political competition, the organisation of elections, anti-corruption campaigns, or social concerns. In reality we can observe such a division of labour in aid on governance as, among others, Scandinavian bilateral aid is concentrating more on programmes related to macro-governance issues with regard to political development, poverty alleviation and social policy programmes, and initiatives in the context of the UNSIA on peacekeeping and rehabilitation after disasters. Other donors like USAID are more oriented towards the political agenda of private sector development and promoting political pluralism, so as to emphasise in these areas macro-governance issues. However, so far a clear-cut division of labour between multilateral and bilateral donors on governance is neither observable in Africa nor imaginable for Africa.

The role of the NGOs, according to the World Bank approach, is twofold: first, to strengthen local NGOs so as to empower local people and local CSOs, and to promote political and institutional competition and pluralism, and second, to campaign against human rights abuses in all forms by informing the public in the country and all over the world. Network activities are seen as another important activity within and between African countries, so that networks are created at all levels so as to strengthen the CSOs and local organisations with political, social and economic tasks.

Although this division of labour sounds rational, so far there is no UN-wide co-ordinated approach on good governance-related aid flows towards Africa. Recent initiatives for Africa, like the United Nations Special Initiative for Africa (UNSIA) and the Structural Adjustment Programmes Review Initiative (SAPRI), however give the impression that an involvement of multilateral and bilateral donors and of NGOs is sought in a co-ordinated manner, especially with regard to governance programmes. The Special Initiative for Africa is led by various multilateral organisations, but bilateral donors, among them the USAID and some Scandinavian donor agencies, and various NGOs are also connected to this programme. The programme has important components in the fields of promoting governance and strengthening CSOs.

The SAPRI is a project intended to review structural adjustment programmes with regard to political, economic and social impacts on the people, and it is explicitly involving multilateral, bilateral and non-governmental organisations but also local civil society organisations so as to look at the effects of structural adjustment programmes on the local development level in the respective country. However, although some African countries are part of the initiative, it is a global comparative project, not a programme explicitly designed for Africa. The outcomes may be helpful to strengthen the local input to the SAPs and the local control of SAP impacts, and may lead in the future to better programmes with regard to design, implementation and monitoring.

Therefore the trend towards more comprehensive and better coordinated programmes with regard to good governance is obvious. More actors are involved and the programme work covers macro-, meso- and microgovernance issues. The role of the ECA, of the OAU and of the ADB is thereby strengthened and inputs from these institutions are increasingly sought.

However, the different views, interpretations and concepts of these various institutions on governance should not be overlooked. The World Bank position on governance is still different from IMF, UNICEF or UNDP views. There are also quite different interpretations from bilateral and non-governmental organisations working in Africa. We may distinguish at least three positions:

- the *state reform perspective* of the World Bank;
- the *development management perspective* of IMF and UNDP; and
- the *prevention of state collapse perspective* of bilateral donors, NGOs, of UNICEF, UNCTAD and others.

The World Bank is credited by some observers as having emphasised most early as a donor the necessity of political reforms, of political renewal and of good governance in its 1989 report on "Sub-Saharan Africa From Crisis to Sustainable Development" (see World Bank 1989). Political renewal and good governance are brought in as themes because of the belief that unpredictability of policies discourages investment, that uncertainty of the political and economic environment, and arbitrariness of the behaviour of government officials with regard to the interpretation and application of laws and regulations too often discourage investors, and that the lack of a reliable legal framework make it difficult to negotiate and to make contracts (World Bank 1989, p. 192). The Strategic Agenda in the 1989 Report (World Bank 1989, pp. 189-194) is still relevant, and the seven strategic issues mentioned there are considered widely as part of a development consensus for Africa (adjustment for growth; developing people; building capacity; resuming growth and creating jobs; preserving Africa's environment; accelerating regional integration and cooperation; and political renewal). Political renewal is treated as one of the major issues interrelated with other strategic elements which are part of an agenda for a more developmental state.

The World Bank also refers in the 1989 report to the widespread perception that the machinery of government in Africa is appropriated by elites to serve their own interests so that the crisis of governance follows as a consequence. Many reports by the World Bank on governance issues and the role of aid have followed since (see World Bank 1992, 1994b, 1994c), and the most recent and up to date version is the 1997 World Development Report on the changing role of the state (World Bank 1997). In this report the concept of an effective state is developed - a state capable of supplying public goods and using its capability for satisfying society's demands. Fundamentals are addressed in the report, as establishing a foundation of law, maintaining a non-distortionary policy environment and macroeconomic stability, investing in basic social services and infrastructure, protecting the vulnerable, and protecting the environment. The issue of complementarity between markets and governments, and the issue of credibility of policies of governments are also emphasised. "Good governance" then refers to the tremendous task of creating the fundamentals for an effective state in appropriate steps. The failure to meet these fundamentals then will be associated with an unfavourable response by investors - a low "credibility index" based on assessments of the specific situation by investors will indicate such a situation; low growth or even stagnation and an unsatisfactory investment performance will be the result.

Besides emphasising these fundamentals which are central to good governance, the 1997 report also refers to the necessity of supporting innovative systems to cope with household insecurity, to provide for an effective regulation of social and economic sectors, to establish appropriate designs for industrial policy, and to manage privatisation. The adjustment of the state functions to the required fundamentals, and changing the role of the state with regard to the new functions may then be on the agenda of governance reform. The report looks at newly defined roles, functions, and competencies of the state so as to regain developmental capacity for the state and its institutions. This agenda has important implications for the African state, but the recommendations in the report are more general.

Besides defining a new role for the state, the building of effective state institutions is most central to the World Bank's governance agenda as emphasised in the 1997 report. Three basic incentive mechanisms are proposed to strengthen state capability; first, establishing rules and restraints on behaviour; second, building competitive pressure on institutions; and third, giving citizens a voice (empowerment) and creating new partnerships between public and private actors. Concerning the role of restraints for good governance it is argued that international restraints, like membership in currency areas, membership in integration areas, international (multilateral) arbitration mechanisms, or even the use of contractual restraints by attaching conditions to loans from multilateral and bilateral donor organisations, can only be short-term and medium-term substitutes for effective domestic rules and restraints; these international restraints can not be a long-term solution to the inherent problem of weak domestic regulations, rules and restraints.

It is important - for the World Bank - that public institutions are based not only on control, on supervision and on institutional autonomy, but also on institutional competition, on adequate checks with regard to relevance and efficiency, as well as on clear rules which are specifically set for them and which are also enforceable. All these complex requirements for effective public institutions, as autonomy, accountability, supervision, competition, control, rules, and regulations, make the task of state reform so complicated. Anti-corruption campaigns by CSOs are helpful as many examples in the developing world show, but they may be especially useful in defining and revising rules and sanctions with regard to public institutions.

Competitive recruitment, competitive promotions, competition for public contracts, competition of public institutions with private companies for state-administered contracts, and many other forms of competition may be helpful in the context of state reform. However, there may be limits to such action in Africa. Competition within the civil service, and between public and private institutions in the provision of public goods are often cited as important avenues for change, but the relevance for Africa may be very limited. Contracting out public service delivery to NGOs and private companies and setting up of performance-based public agencies are new tendencies for reforming public institutions that may work in countries with a higher level of institutional development. The problem is also how to move on from isolated pilot projects to a whole system reform of the state machinery.

Intermediary organisations as NGOs, CBOs and CSOs play an increasing role according to the World Bank in giving vulnerable groups of the poor and ethnic minorities a voice in the political process. Even in Africa, however, such organisations can not be a substitute for effective local state organisations. New partnerships, especially between private and public institutions, are another important route to be followed, especially when it is for building infrastructure, promoting local investment, planning for regional development etc. The potential of such partnerships may be huge, although in Africa such partnerships to be established first of all require the emergence of strong partners. Devolution of power by decentralisation is also a popular concept in development policy and in development cooperation but has to be balanced for the risks of rising regional inequality, macroeconomic instability, and the danger that local government is "captured" by special interest groups. It may be extremely difficult to balance potentials and dangers in Africa. Therefore, a cautious attitude is recommended also by the World Bank (World Bank 1997, pp. 10-11).

Many of these elements of the agenda for state reform proposed by the World Bank in its 1997 World Development Report are relevant also for African countries, but there are obviously many limitations too. It is obvious that in Africa the weaknesses at all state levels are severe, and that the degree of development of efficient public institutions, of competitive pressures, of a rule-based work of public institutions, of clearly defined functions of the state, and of the capacity for building partnerships with the private sector is far lower. Reform of the state in the 1997 agenda of the World Bank implies also the task to strengthen the state and its institutions in coping with pressures from external competition by enhancing international competitiveness, and in contributing to global collective goods provision in international environment and security concerns.

Although the 1997 World Bank report presents an overall agenda for reform, it is not an agenda for action. The actions have to come from the governments and the people themselves. It may be concluded that donors can only marginally contribute to lay the foundations for a capable state in African countries. The governance agenda by the World Bank had been evaluated quite critically in various studies (see for example IDS Bulletin 1993, 1995; Moore 1996; Mkandawire 1994a), but obviously during the years from 1989 to 1997 the positions of the World Bank have changed from short-term policy actions (to shrink the role of the inefficient and bureaucratic state) to a more long-term agenda for state reform (oriented towards institutional development by redefining the role of the state and by developing public institutions). The agenda also has considerably widened, from focussing on specific issues of public sector efficiency promotion, and changes of the macro-governance system and democracy promotion, to a more broad-based agenda including all relevant meso- and micro-governance issues. The proposed package of state reform covers all areas and sectors, incorporates all state levels, the public and the private sector, and includes also the NGOs and the CSOs. It is obvious that the World Bank in all its programmes and projects became much more pragmatic - the “ shrinking the state” doctrine has been largely abandoned. A new Post-Washington Consensus is often referred to in this context. It is not so clear what this will mean for development co-operation with Africa.

Most relevant is now a critical evaluation of the role of political conditionalities that were supplementing economic conditionalities in development co-operation with Africa. More and more the different concepts and attitudes of donors on governance issues become obvious. The fact that over the years the governance concepts of the various international donors were showing contradictory elements has led to new conflicts in development co-operation. African organisations and governments, and also African popular movements and civil society organisations were confronted with conflicting donor expectations, and had increasing difficulties to present their own views and experiences on good governance (Ndegwa/Green 1994). Conditionalities in this area as attached to foreign loans and credits became more and more unconvincing and irrelevant for development action. African positions on good governance and appropriate conditionality too often were put aside (Mkandawire 1994a; Rasheed 1995; Sandbrook 1993).

The IMF agenda on good governance is more directly related to macroeconomic stabilisation and development management rather than to state reform. The IMF guidelines on governance are limited to economic aspects of good governance, especially the issues of improving the management of public resources, and supporting the development and maintenance of a transparent and stable economic and regulatory environment that is conducive to efficient private sector activities (see IMF 1997). The distinction between political and economic issues as related to governance is however quite arbitrary. The view of the IMF is functional as it does not address the issue of the quality of the political regime and of the governance system in general but only the ability of the IMF member to formulate and implement appropriate economic policies. Corruption and unsound economic management in a country become issues for the IMF only if severe macroeconomic imbalances arise. The problem is then the identification of relevant governance problems and how to react if such problems are identified. IMF funds at this point can be used as a powerful instrument. It may be that governance-related conditions attached to fund programmes with regard to these "economic governance issues" are then more effective than implementing a direct political conditionality agenda.

The cases of Malawi and Kenya with some of their aid flows suspended in the 1990s because of unfavourable political developments show that there are limits to use in a direct manner the instrument of political conditionality (see Robinson in: IDS Bulletin 1993, pp. 58-66). However, also the alternative route of choosing direct promotion measures to enhance governance rather than applying political conditions, for example by rechannelling funds of donors to social sectors and to NGOs and CSOs, may be limited in effect especially in the context of African countries. Examples show that the African regimes can and do flexibly react to these diversions of funds by the donors. Therefore, the strict IMF position on good governance has a considerable weight because of the leverage effect of the financial commitments. Other donors have to take into consideration this strong role of the IMF.

Also the position of the UNDP is more directly related to development management rather than to a comprehensive state reform agenda (see UNDP 1997a, b). Most relevant is the objective of a direct and quick improvement of macroeconomic and overall development management. The issues of development management and governance are closely related. For the UNDP, governance is the "exercise of political, economic and administrative authority to manage a nation's affairs" (UNDP 1997a). Good governance is characterised as a form of governance that is "inter alia, participatory, transparent, accountable, effective, equitable and promotes the rule of law" (UNDP 1997a). These working definitions guide the operational work of the UNDP´s Management Development And Governance Division. The work of this division is related to five areas in the governance branch of the division: Institutions of Governance; Decentralisation and Local Governance; Public Sector Management and Accountability; Urban Management; and Capacity Development. UNDP development assistance should accordingly be related to five core areas: Governing institutions; public and private sector management; decentralisation and support to local governance; strengthening Civil Society Organisations; and Help to Countries in Crisis, which have unique governance problems.

The UNDP - based on its human development approach - intends to co-ordinate programmes on good governance with programmes that are directly related to sustainable human development. Development Management and Long-term Planning for Sustainable Development are interrelated parts of the UNDP agenda. Based on core criteria of sustainable human development, as empowerment, co-operation, equity, sustainability, and security of livelihood, the practical UNDP work on good governance should be related to these criteria by involving not only governments, but also the private sector and the civil society. UNDP assumes that it has a comparative advantage in governance-related issues in assisting and co-ordinating functions over other multilateral and bilateral donors or NGOs.

The UNDP list of priorities for action is long and it may be doubted that a coordination role by UNDP with regard to so many other donor institutions working on governance issues might really work. Already around 40 per cent of UNDP funds are devoted to governance-related work (Posner 1998, p. 24), but other organisations also claim to spend a considerable share in this field. Main problem of the donor countries and organisations' activities is that all experiences with governance-related reforms show that home grown reforms are of decisive importance, and that other reforms will not work (Posner 1998). Even UNDP can not really make clear how home grown governance reforms might result or benefit from these aid programmes, even when they are co-ordinated with the ECA in the context of the UNSIA.

UNDP seems now more and more inclined to work towards specific training programmes for good governance issues. An example is the training of mayors in developing country cities so that they get enabled to promote in their cities public-private partnerships in services supply, in financing projects, in development planning, in land use development programmes, and in many other management areas (Posner 1998). The urban poor can be brought in as partners of newly designed local governance programmes by sharing the cost of basic services in an appropriate way between users, the local government and the private sector (Posner 1998). Development Management with regard to poverty alleviation in the cities and in rural communities is becoming an important segment of training assistance by donors for local governments.

Most important is the approach by UNCTAD, by UNICEF, by various bilateral donors and by NGOs to prevent a state collapse in Africa. According to a 1997 UNCTAD report (UNCTAD 1997, pp. 123-148), new international assistance strategies have to address the three broad areas of “regression” (defined as a marked deterioration of major economic or social indicators in a country), ”state failure” (defined as a condition in which the state no longer can provide a minimum of necessary public goods), and “complex emergencies” (defined as humanitarian crises that are caused by serious internal conflicts). The increasing number of countries with internal conflicts, border conflicts, and natural disasters in Africa leads to a specific demand for such governance-related assistance programmes. State collapse as in Somalia and state failure as in so many African countries demand a new international assistance strategy. Regression, state failure and complex emergencies interact, condition each other and demand a new form of international assistance that is immediately stabilising with regard to development management and governance. Regressed economies and societies need a form of assistance that is directly related to rebuilding social, economic and state institutions.

An assistance strategy then has to distinguish at least two situations, first the situation of states that still have some state capacity but are weak and need an immediate strengthening of state and civil institutions, and second the situation of states after a state collapse or after a process of a severe deterioration of state and social institutions (UNCTAD 1997, pp. 139-145). Some specific support programmes to improve the state capacity may work in the first case, but in the second case only programmes that involve conflict settlement, peace-keeping and reconstruction of economic and social institutions will work. Governance-related assistance strategies have so far not made quite clear in the operational work this important distinction.

However, the international assistance community is not that well equipped to deal with such complex issues as we know from assessments of foreign aid and the work of foreign advisors towards rebuilding and strengthening state capacity (see Cohen 1992). Beside of the UNCTAD (arguing on behalf of LLDCs), UNICEF, other UN organisations, also bilateral donors (especially from Scandinavia) and international relief NGOs work directly towards preventing a state collapse. Preventing state collapse in Africa is becoming a major issue of many governance-related assistance programmes. The more far-reaching agenda of state reform and development management is becoming a more remote issue for an increasing member of African countries.

Aid agencies over decades have worked towards improving state capacities in Africa - by three main routes: *first*, training and education assistance; *second*, technical co-operation; and *third*, pay and employment reforms for the civil service and the parastatal sector (see Brautigam 1996). The results so far are disappointing with regard to sustainable effects on state capacity in general, and with regard to the capacity of the state to deliver specific services. There is a lot of evidence of failure with regard to assistance for capacity building in Africa (Brautigam 1996, pp. 91-100). More than revealing a failure of such assistance, aid may even have further undermined the state capacity in Africa. Bypassing state agencies, reforming away established state institutions, following unsound privatisation policies, overemphasising policy reforms relative to institutional development, and designing various other inappropriate public sector "assistance projects" - all this may have worked in a negative direction. Salaries offered by donor agencies working in Africa have drawn away scarce staff from government service towards donor institutions and NGOs (Brautigam 1996, pp. 97-98). Staffing of donors' project offices may thereby have disrupted units of civil services in Africa and made more difficult a reorganisation of the government institutions. Institutional aspects are therefore increasingly relevant in rebuilding state capacity in Africa (see Handoussa 1995; Stein 1995; Hirschmann 1993; and with a more general focus Baltensweiler/Stöckli 1996).

There are various channels how donors may have affected negatively the working of government institutions and the overall state capacity in Africa. Donor and project proliferation may have led to large-scale institutional destruction. The effects of aid on saving, on savings institutions and on the tax administration are other channels for the transmission of negative consequences. Long-term impacts of aid projects on the state capacity were not always considered. The basic failure seems however to be the widespread illusion that state capacity and public organisations can be built by policy prescription from outside or by policy dialogue between African countries and their donors, although state institutions in reality develop on the basis of pressures to respond to demand for governance, of pressures from below as well as from above (Brautigam 1996, p. 99). Aid in order to be effective has to give space for the actors in the countries and the governments at all state levels so as to work out their own paths in capacity-building, and to determine their own demand and speed in reforming institutions. What is needed is own capacity building, what is important are own public sector reforms. The African Capacity Building Initiative (ACBI) may then be good for governance-related programmes only if it reacts to proposals developed and submitted for funding by African countries themselves, instead of designing for them the programmes and then funding the imported solution for the reform of African governments. However, the experience shows that even in such a case of African regional funding - as the ACBI is -, the donors tend to present their own designs and blueprints for reform.

In conclusion, it can be argued that international assistance strategies with the theme of good governance have to evaluated critically by African countries whatever the source and intent of the aid.

V. Good Governance and Public Administration

Acceleration of development in Africa requires a renewal of the public administration system. Public administration is necessary for managing development, for stimulating development, for improving economic policy formation, for managing sectoral development and structural change, and for sustaining structural adjustment policies. We can observe that any type of economic and social policy to be pursued by the government requires a functioning system of public administration. The system of public administration is the link between political decision-makers and the people governed. It is therefore important to focus on public administration in the context of good governance. There can not be good governance without a functioning system of public administration. Governance as the way a government manages the country's affairs requires that a system of public administration is in place to manage the national resources, to distribute the national output, to supply the necessary public goods which any state has to deliver, to enhance international competitiveness, and to ensure national, social and political integration.

However, the problem so far in Africa is that local and provincial systems of public administration are highly inadequate and can not get the necessary support from the central public administration system (see the case studies by Crook 1994; Davis/Hulme/Woodhouse 1994; Gilson/Kilima/Tanner 1994; Akpan 1990; Mutizwa-Mangiza 1990; Olowu/Smoke 1992; Pycroft 1996; Stren 1991; Vengroff/Ben Salem 1992; Wallis 1990). National public administration systems in Africa were expanding after independence very fast, but local and regional public administration systems remained too weak. This caused a serious implementation gap in African countries as local and provincial public administration is indispensable for the implementation of nation-wide policies (on promotional policies see Adamolekun 1991b). National (central) public administration systems are by the way more policy-oriented and less implementation-oriented.

Public administration has to be related to the "state capacity". State capacity "is a measure of the ability of a government to implement its policies and accomplish its goals" (Brautigam 1996, p. 83). The minimum requirement for the state capacity is that it allows administrative control of a given territory, and obviously this minimum is contested in many African states. States with insufficient state capacity have weak public administration systems - either too centralised, or inadequately staffed or not related enough to the private sector.

State capacity can not be exercised without an effective bureaucracy, skilled manpower, committed leaders and officials, but other resources, especially financial resources, communication and transport facilities, are also required for the effective administration of a territory. More than mentioning the resources needed for state capacity, a functional definition of the state capacity highlights the roles and tasks. Four dimensions are relevant: *first*; regulatory; *second*, administrative; *third*, technical, and *fourth*, extractive (revenue) dimensions of the concept of state capacity (see Brautigam 1996, pp. 83-85).

First, the regulatory capacity involves the establishment and the enforcement of the rules that guide the economy and society, and that lead economic and societal behaviour. All this means that regulatory capacity involves the rule of law, integration of traditional and modern law, enforcing laws at all state levels, and organising the legal framework for a functioning market economy. Many examples show that regulatory state capacity is weak in Africa; laws are not enforced or are contradictory, and the ability to respond to new legal and regulatory requirements is limited. Many examples may be cited. Schooling in rural areas is often low although there is a universal schooling requirement throughout Africa. Black markets are widespread although markets are still highly regulated; and investment is low although it is often facilitated by specific laws and investment incentives, but investment is not undertaken because of legal insecurity and contradictory economic policies.

Second, administrative capacity is "the routine ability to manage the personnel and resources of the state and to ensure accountability and efficiency in service delivery" (Brautigam 1996, p. 83). This definition implies that at all levels service delivery should be ensured. The public goods and services to be supplied by the state should be produced and distributed in an effective and accountable way, using the national resources in the most appropriate manner. Coherence of the administrative system, accountability and efficiency are elements of a functioning governance system. Training and leadership in public administration are important elements, and most of the work of international organisations towards the public sectors in Africa has been related to better pay systems, qualification structures, and improving the accountability in the administrative machinery (see on the role of the World Bank Adamolekun 1991a; Bruton/Hill 1996) . Nonetheless the results of this assistance are unsatisfactory. Administrative capacity remains too weak.

Third, technical capacity "includes the expertise and knowledge required to make and implement technical decisions - whether in science and engineering or in macroeconomics - as well as the policy tools and instruments necessary to implement those decisions effectively" (Brautigam 1996, p. 83). This concept involves generating appropriate technical and health standards, getting engineering projects properly evaluated, or solving the technical issues of functioning currency systems - to mention only few examples. Technical expertise has to be mobilised by the public administration system to upgrade the technical capacity.

It is obvious that these three dimensions of state capacity are highly interrelated. Administrative capacity requires that technical capacity and regulatory capacity are enhanced. Technical capacity has to be organised around a functioning public administration system and under the umbrella of a sufficient regulatory capacity so that technical standards really matter in the country. Weaknesses with regard to these three dimensions of state capacity are obvious in African countries, but most important, the fourth dimension of state capacity, the limited extractive (fiscal) capacity in African countries has to be considered as a decisive constraint.

Fourth, the extractive capacity is the "ability of the state to raise the revenues it needs to pay for the expenses of implementing its policies and goals" (Brautigam 1996, p. 83). It is more than obvious that the extractive state capacity in Africa is weak when looking at the saving-investment gap, the development of public saving, the tax administration problems, the lack of efficient and equitable taxation systems, and the lack of control of public expenditures and revenues . Good governance is therefore often related to the important issues of enhancing the extractive capacity of the state. Many assistance programmes have been worked out towards improving the extractive capacity. In order to increase the extractive capacity, the administrative, the technical, and the regulatory capacity of the state have to be strengthened. On the other hand, these three dimensions depend on an adequate extractive state capacity.

With regard to the overall state capacity in African countries, a decline paralleled the economic and social crisis in the 1980s, to the point that a governance crisis is ascertained. Most important, it was largely not the case that the state capacity in Africa was adequate to implement the comprehensive structural adjustments programmes, or any other complex economic renewal programme (see ADB 1994, pp. 183-184; ADB 1995). Far from supporting the implementation of SAPs, the capacity to make long-run development planning work in African countries so as to build a more developmental state is extremely weak. The cumulative weakness matters - low technical capacity (in terms of data collection and planning systems, and with regard to the management of institutions), low regulatory capacity (in terms of insufficient and contradictory laws and regulations - so as to cope now with issues of deregulated and liberalised markets), and an inadequate extractive capacity (in terms of a low and uneven tax base, over-dependence on foreign funding, and high budget deficits) add to the administrative capacity weakness (in terms of an underpaid, understaffed and badly organised administrative machinery). This cumulative weakness which is relating to all dimensions of the state capacity makes it necessary to think about the implementation requirements for more rational and well designed economic reform programmes in Africa (see on such attempts the case studies by Garnett/Koenen-Grant/Rielly 1997; Graham 1994; Hirschmann 1993, 1995; Hope 1995; Hutchful 1997; Wuyts 1996). The issue is how to strengthen the state capacity so as to work towards better social and economic reform programmes.

Asking about the roots of the weakness of Africa's state capacity, we come again to the issues of internal legitimacy and external sovereignty, to issues of commitment of leadership, and to the role of political leadership as contested by people and their civil society organisations, and by elites and professionals` organisations that all may opt for political changes. Regime transition and enhancement of state capacity are highly interrelated issues, and the historical context of regime transitions and the evolution of state capacity has to be clarified for African countries (see Brautigam 1996; Bratton/Van De Walle 1997). The transition to democratic political regimes depends also to a large extent on a strengthening of the state capacity. State capacity formation however depends on a long-term learning process (Brautigam 1996, p. 90), and on a process of increasing networking with the private sector (with domestic as well as foreign investors), in a development path that is based on increasing competition and openness of the economies.

Therefore, we can conclude that the state capacity is not only a requirement for reform and structural adjustment, but also the consequence of economic reform and political change. Aid towards good governance and public administration systems can only be effective if the internal process of political change and of strengthening the public administration system has already started. Aid can not itself induce such a change. This is a lesson to be learned by donors.

In this context, the main argument of the World Bank in the 1980s that the SAPs should lead to a redefinition of the role of the state towards a configuration that the state is not at the same time producer, allocator and distributor of goods and services, but only a provider of necessary public goods and services, misses the very point that the state in Africa has grown up with all these functions in a long historical process. The new role of the state (as discussed in World Bank 1997) to follow a more facilitating role rather than an interventionist route has to be accepted by the political leadership and adapted by the prevailing administrative system. The recommendation of the World Bank to move from an interventionist to a facilitating role so as to redefine the functions of the state respectively did in the first years of reform overemphasise the aspect of "trimming" and "shrinking", and did not consider the very importance of strengthening the state capacity. The state was doing "too much"; this was the main argument of the World Bank (see IDS Bulletin 1993; Green/Faber 1994). But the simple conclusion from this observation was a rather naive recommendation for a shrinking state, not a dynamic move towards a strengthening of the overall state capacity.

The results of these reforms were not satisfactory according to the World Bank - they have been rather insufficient with regard to two important policy areas: public enterprises restructuring and financial sector reforms. However, it is not argued in the evaluation reports that the reforms failed completely to strengthen the state capacity (see World Bank 1994a; Bruton/Hill 1996). The type and the speed of privatisation policies and the still unsatisfactory level of fiscal deficits (and the way of financing them) are mentioned as severe problems, but there is lack of awareness that progress with regard to the strengthening of the overall state capacity did not take place. The state capacity was not strengthened by these reforms so as to allow human capital formation, private sector and market development, increasing the competitiveness of local companies in international markets, and creating a sustainable macroeconomic environment.

Adjustment programmes so far have failed to solve the serious public sector management problems, especially with regard to public enterprises and financial reforms, but more so they have failed to strengthen the state capacity of African countries (see Cornia/Helleiner 1994; Cornia/van der Hoeven/Mkandawire 1992a). Obviously the regulatory capacity, the technical capacity and the administrative capacity were too weak to sustain such reforms. This has negatively affected the extractive (fiscal) capacity with resulting huge fiscal deficits, and further increasing losses of public enterprises.

Recently the World Bank has changed its position towards a comprehensive state reform. Obviously adjustment programmes are now more related to strengthen the regulatory, the technical, the extractive and the administrative capacity of the state (World Bank 1992, 1997). However, so far the public administration reforms did not show great successes. Programmes to improve public sector management and civil service reform programmes had at best mixed results, as all the reforms supported from donors were not homegrown in African countries and were not part of overall reforms with regard to the state capacity and economic renewal (see the case studies by Adamolekun/Kulemeka/Laleye 1997; Chiwele/Colclough 1996; Langseth 1995). Some objectives of the intended public sector reforms were partially achieved, especially in the area of civil service pay and employment reform, but it is not clear to what extent these civil service reforms so far have really strengthened any of the above mentioned four dimensions of the state capacity. New political, administrative and organisational structures beside of pay and employment reforms are necessary to streamline public administration towards the new state functions that matter in the context of private sector development, human capital formation, enhancing international competitiveness, opening the economy for trade, investment and technology flows, integrating so far neglected regions and sectors, and increasing the social policy capacity of the state to care for the poor, poorest and vulnerable groups. All this requires that also the provincial and local levels of the public administration system are strengthened.

Concerning the extractive (fiscal) capacity of the state, the reforms with regard to public expenditures, public investment and taxes are crucial. Some progress towards public expenditure programming may be cited (Bruton/Hill 1996). There are "best practice" experiences in African countries in this regard which give hope for other country cases. There remains however some concern with regard to the capacity of the state to control public expenditures. Off-budget accounts, military and security spending, financial budgets of public enterprises, and specific donor funding accounts and counterpart funding make an overall public expenditure programming and control in African countries difficult (World Bank 1994a, p. 125).

Rolling investment plans that really work are needed to improve the public investment system so that high priority projects can be brought forward at any time, but still some countries fail to take account of planned and ongoing investment projects, and are far away from designing overall public investment programmes. Beside of including all projects into rolling investment programmes the quality of investment projects itself has to be increased, by better management, networking, maintaining the projects, and by undertaking necessary follow-up investments. There seems to be a specific deficiency of the state capacity in this regard.

Revitalisation of public investment to the benefit of growth is another urgent issue after years of SAPs which have seen sharply reduced levels of public spending in Africa (see ADB 1995, 1996, 1998). Public expenditure control so as to avoid an under-spending in core social and economic sectors is also an important factor to be considered. Core budgets have yet to be conceptualised and implemented (World Bank 1994a, p. 126).

Many warnings come now from international organisations, also from the World Bank, not to overlook the important developmental dimension of public spending in Africa. "Common problems include under-spending in the sectors most vital for development, funding of investment projects without allocation of sufficient resources to meet future recurrent charges, poor maintenance of existing capital stock, overspending on wages, and high levels of military spending" (World Bank 1994a, p. 126). Only two of the twenty-one countries covered by a 1991 survey for the SPA (the Special Programme of Assistance for Africa) had a reasonable degree of efficiency in public spending (World Bank 1994a, p. 126). Some tax system and tax administration reforms had been undertaken with the objectives of tax neutrality, equity, and generating a developmental impact, but the overall extractive (fiscal) capacity of the African state still remains weak. This means that public administration in Africa can only work to the extent that the other dimensions of the state capacity are also improving.

Rebuilding state capacity in Africa remains therefore on the agenda, but any simplifying of this huge task when focussing only or mainly on civil service trimming and/or rapid privatisation of public enterprises will retard the whole process of reforms (see on the privatisation dilemma Knight 1992; Mkandawire 1994b). State capacity strengthening is obviously a more appropriate agenda than the agenda based on earlier recommendations of the World Bank; more relevant is it now to apply some of the generalisations of the World Bank in its 1997 report on a) redefining the roles of the state, and b) designing policies for a reconstruction of public institutions.

A deeper understanding of the necessary reforms is required (as presented by Killick 1995; Cornia/Helleiner 1994; Stewart/Lall/Wangwe 1992a, b). This implies also that the country-specific role of reforms for public sector management and development has to be understood. It is also necessary to outline a reform programme that is concentrating on the context of strategic choices and socio-economic changes that matter in African countries, as the realities of African leadership, bureaucracy and government determine the implementation chances of any programme. Such a programme has various important components that have to be considered in its interrelation (see the outline by Brautigam 1996, pp. 100-104):

First, getting the fundamentals right is important in the sense of establishing rule-based and effective bureaucracies that have to work on the basis of incentives and sanctions, with adequate compensation and effective procedures, that aim for stability and continuity, and that are able to be involved in a process of learning from other bureaucracies how to handle a state-led and effective development process. East Asian bureaucracies are obviously of interest in this context.

Second, developing the extractive (fiscal) state capacity is very urgent beyond what is done in structural adjustment and public sector programmes so far. Extractive capacity formation is so crucial for development because otherwise the foreign aid dependence can not be overcome, and the small and uneven tax base will perpetuate highly inadequate and anti-developmental policies. The small and uneven tax base is then affecting negatively the whole system of production because of the resulting insufficiency of public investments, negative incentives to produce, and the side-effect of leading the system to corruption (inadequate reforms will even lead to new corruption; see IDS Bulletin 1996). A strengthening of the extractive capacity is important for making progress with regard to national macroeconomic stability and international competitiveness to become a sustainable prospect.

Third, working on a core agenda of strategic reforms for state capacity building is important. Formation of key agencies, of key institutions for development, as MITI-like institutions with professionalism and competence, is the requirement in this context. Institutions with strong regulatory, technical, and administrative capacity have to be part of a new public administration system; necessary are especially also the skills and competencies to develop a base for the extractive capacity. The core ministries of Finance and Planning, and the sectoral ministries as Industry, Technology and Trade; Agriculture; and Local Government should be part of a new system of public administration that is based on strategic functions, on institution-building, and on inter-organisational networking. Strategic agencies with core competencies and sufficient executive powers should advance in the reform process so that the state capacity can be increased quickly. The National Revenue and Customs Service, and the policy management teams of the Planning ministry, the Finance ministry, the Agriculture ministry or the Industry and Trade ministry to mention only a few examples, may be such core institutions (such teams may be very effective in transition periods; see Hutchful 1997).

Competent strategic agencies need however a committed leadership to work properly; only by appropriate horizonal and vertical linkages in the public administration system can the developmental impact of such agencies be maximised. Local governments and all other relevant public institutions and branches of sectoral ministries should be effectively reached by the decisions (and visions) of the strategic agencies. Implications for the donors are especially that governance-related assistance programmes should not contradict the process of formation of strategic agencies and the rapid diffusion of their guidelines and decisions to the regions and to other important agencies. Donor agencies have also to accept that relevant initiatives and proposals come from the country itself. Otherwise donor-funded public institutions and programmes will soon become irrelevant as they are not considered as own institutions and programmes of strategic importance for the country.

Fourth, a priority is it also to build sufficient state capacity outside of central government, in local and provincial governments and also in the non-statal sectors where NGOs and CBOs work. These institutions and organisations should be related in a better way to the process of state capacity formation. Also in the context of developing and strengthening private sector institutions, as chambers, unions, and organisations of professionals, a new approach towards public-private ventures is needed, as all these actors are important for a concerted development management strategy. New relationships of subcontracting, consulting and networking between private business and interest groups, and associations of employers and employees on the one side, and central and local government institutions on the other side may be important for capacity-building (see also Demongeot 1994). Professionals' organisations can do a lot to improve regulatory capacity, by propagating norms, values and standards, and they also can improve the administrative capacity of the country by organising their own affairs, and by mobilising support for professional standards and the overall enforcement of (technical and quality) standards. Professionals and professionals' organisations may link up not only with government but also with donors in a way that enhances good governance (on the role of professionalism in Africa see Leonard in: IDS Bulletin 1993, pp. 74-70).

These four elements of a reform package are interrelated and go far beyond the traditional approach towards a reform of public administration.

VI. Good Governance and Economic Policy Reform

Good Governance has also to be related to new foundations, instruments and mechanisms of economic policy reform. In order to develop and sustain a more rational economic policy process, various important requirements have to be created in Africa:

First, without a functioning public administration system and an economic-minded bureaucracy rational economic policy decisions cannot be designed, formulated or executed. This issue was considered in the last section, but with regard to economic policy formation the relevant policy units matter. Policy units in institutions like the ministries of Finance and Planning, the central bank, but also the policy units in many other development agencies and institutions (investment agencies, supervisory agencies) matter. In the context of improving the capacity of key agencies (or strategic agencies) it matters which organisation has the lead in implementing a more comprehensive economic policy and in sustaining new economic policies.

Conflicts between parts of the public administration system are harmful. Exclusion of parts of the system may lead to inappropriate adjustment policies and inadequate overall economic policies. Exclusion of the labour administration system of African countries and especially of the Ministry of Labour may lead to unsustainable policies with regard to stabilisation, devaluation, employment and wage, price and taxation issues (see Wohlmuth 1996). Exclusion of institutions from the economic policy process was a cause of failure in Africa's policy formation (and has led to inappropriate adjustment programmes; see Bangura 1994; Gibbon 1993). Inappropriate division of labour between Finance and Planning ministries on the one side and Agriculture and Industry and Trade ministries on the other side has often been a reason for policy failure. Cooperation is important in order to define the necessary policy steps as otherwise neither stabilisation nor structural adjustment policies can really work (in this context a structural adjustment of structural adjustment policies is propagated; see Green 1994). In this context the ministries as public administration agencies matter - key policy units of the ministries have to co-operate to guarantee a success of reform.

On the other hand, and this is another important point, the central government parts of the public administration system can only sustain economic policies and economic reform strategies if provincial and local governments add to its strength by monitoring expenditures, by generating taxes, by supporting rolling investment plans, and by spreading required information from and to central government offices. In this context good governance matters for all elements of the national public administration system - only such a system can sustain structural adjustment and economic reform. "Structural adjustment programmes while seeking to alter and realign the role of the state in the economy, still require an efficient and development-oriented state for their effective implementation" (ADB 1994, p. 183). This constraint on the implementation of SAPs was not always considered in economic policy reform. Any serious economic reform requires an efficient and effective public administration system at all government levels, and this system has to be open with regard to the contacts that are to be held with the private sector and the civil society.

Second, co-ordination of institutions and institutional development are important for economic policy formation. Coordination is a concept that refers to specific interactions of institutions, of how to bring together institutions that work on different economic policy areas - for example on monetary, fiscal, exchange rate and various structural policy issues -, so as to coordinate the respective policies by definition of goals, use of appropriate instruments, and by monitoring the impact of the policies. Coordination refers also to the time frame, the interaction of short-, medium- and long-term policies. Good long-term policies may be difficult to implement in the short-term, so that too often rational long-term policies can not be pursued in the short-term unless interest groups and the potential losers of economic reform measures are early involved in the process of policy reform. The compensation of losers requires that a clear understanding of the benefits of reform is widespread. This requires more information to be spread about the expected final outcome of reform.

Co-ordination refers to all relevant levels of action - government, non-governmental social institutions, the civil society organisations, and all interest groups that matter, as for example associations of labour and employers, of peasants and tenants, of professionals, of crafts and trades, and of service sector workers. To co-ordinate all these actors, associations and institutions is a complex task as they have their own agenda, their ideology and their interest group identity. However, co-ordination implies first of all that these actors and institutions learn to communicate, to exchange ideas, and are early in the process involved by participating in policy formation, policy targeting, policy implementation and policy monitoring. Co-ordination therefore also refers to the task of bridging the gap between the leadership, the economic bureaucracy and all other institutions that are relevant for the implementation of economic reforms (this is now the subject of institutional development in development economics; see Harriss/Hunter/Lewis 1995). Co-ordination between political leaders and the parliament, between the provincial political leaders and the central government, and between the government and the civil society is facilitated by democratic reforms, but new co-ordination mechanisms are necessary to speed up the decision-making process and to sustain the implementation of coherent economic reform packages.

In the long run rational economic policy-making can definitely be facilitated by democratic reforms and by institutional development, but in the short run populist tendencies may sometimes impede economic reform (see Wolgin 1997). Also relevant is the linkage between ethnic tensions and economic reform, so that democratisation and adjustment can be affected negatively at some stage (see Adekanye 1995). Extremely difficult is therefore the co-ordination of policies that lead to stabilisation in the short run and to structural diversification and economic flexibility in the long-run (see Helleiner 1992, 1994; Stewart 1994). Only a specific mix of policies and a strong institutional support will work in this direction.

There are however most important co-ordination problems with regard to three issues in economic policy formation (see Elbadawi 1996). Co-ordination problems *firstly* arise with regard to the comprehensive character of structural adjustment policies so as to correct all the policies that are discriminatory - by measures to create appropriate incentives and to use optimally supply-side policies such as trade reform, financial reform and public-sector reform. Co-ordination problems *secondly* arise with regard to the speed of physical and human capital formation so as to sustain macroeconomic reforms on this basis in the medium and long run (a new aid policy can be helpful in this regard; see Mosley 1990). This also requires institutional learning and a policy-making process that is adjusted to these medium- and long-term tasks. Co-ordination problems *thirdly* arise with regard to poverty alleviation and growth-enhancing policies as growth in per capita incomes is imperative in any political system and especially so in Africa to be able to sustain a reduction in poverty.

However, it is quite clear that these three elements of a new strategy to consolidate economic reform by a better coordination establish only the necessary, but not the sufficient conditions for the success of economic policy reforms (Elbadawi 1996, p. 51). Sufficiency conditions relate first of all to the elaboration of a development vision and to the creation of a long-run planning capacity in the country, and secondly to the speed of increasing the managerial capacity of the country so as to respond to external shocks, to avoid /or react to internal shocks, and to adapt flexibly the management capacity and the governing institutions in the country to the adjustment and development tasks ahead (this was emphasised in detail by Killick 1995). The insufficiency of the management capacity in the context of widespread economic insecurity and global structural changes is a severe bottleneck to be overcome, and only a sufficient management capacity can contribute to such a degree of economic flexibility in Africa that in the long-run timely adjustments to global economic, social, and technological changes can be made.

At least four policy areas have to be co-ordinated to consolidate macroeconomic reforms towards sustained growth in Africa (see Elbadawi 1996, pp. 61-73): *firstly*, the debt overhang has to be reduced quickly, by concerted international debt reduction policies so that investment and growth can be resumed in Africa. *Secondly*, human capital formation is crucial for domestic policy management and for regaining international competitiveness, and debt stock reduction policies then can directly aid these human capacity-building sectors; *thirdly*, the transition to democratic and participatory regimes has to be assisted in the context of sustaining important short-term stabilisation policies so as to avoid a proliferation of populist government policies in a crucial period that may then impede the economic and political turnaround; and *fourthly*, regional integration and other forms of economic integration can help in the difficult process of regaining policy credibility, so that external institutions may function transitionally as “agents of restraint”. Institutions like a monetary union, a customs union, the Lomé Convention, or a membership in regional and international trade organisations may help to enforce rules of predictable behaviour on government policies of African nations.

In the context of African policy reform, these programme elements, as far as they are implemented at all, are not integrated, mainly because international policies are not co-ordinated with national reform policies. The international debt reduction policies are an example of being inappropriate, late and leading to non-synchronised policies at the national and the international level. But lack of co-ordination is also a problem at the national policy level. It is necessary to organise interest groups in African countries in a political process in such a way that effective support for reform can be initiated, maintained and strengthened (this is discussed in Haggard/Webb 1994; Haggard/Kaufman 1992a, b). The democratic reforms may help to establish and strengthen interest groups in crucial areas - labour, finance, entrepreneurship, education and training, and management. Case studies show how important interest groups are in shaping socio-economic reform (see Haggard/Kaufman 1992a). Therefore, a coordination of these interest groups with government actors and CSOs is highly necessary.

It is obvious that a sound fiscal policy can only be formulated in the context of core fiscal budgets, in the context of sustainable fiscal deficits, and considering the fact that fiscal monitoring has also to be related to medium- and long-term planning. A coordination between fiscal adjustment and long-term development planning is necessary for any policy of stabilisation and growth. More investment, less allocative distortions, and less instability in the macroeconomy will result from sound and active fiscal policies. Active fiscal policies imply first of all a turnaround in public investment. Public capital expenditures have to increase in many cases in Africa so as to give a stimulus to private investment and to foreign investment (Elbadawi 1996, p. 63). Debt stock reduction initiatives from the side of the international creditors may help to sustain fiscal reforms in a situation where the risk is great that potential loosers of reform in the public sector may otherwise block reforms (see Helleiner 1994a, b). But also in the case of a more positive attitude of the international community towards international debt reduction for Africa, the loosers of economic reform programmes inside and outside of the public sector will have be compensated and/or controlled effectively by democratic processes so as not to frustrate the content and the speed of economic reforms.

Third, reform credibility and political commitment matter in economic policy reform. The fundamental issue of credibility of reforms and how to avoid policy reversals has to be considered in the context of good governance, and it is an important question how to cope with this problem in the process of economic policy reforms. Various models of economic policy formation in developing countries show that even the best intentioned reform programmes can ultimately lead to unfavourable results - either if not implemented or if the credibility of programmes is not strong enough, by not convincing the savers, the consumers, the importers, the exporters, and especially the investors (see Rodrik 1992, 1996). A programme that changes economic incentives towards export promotion and so towards the production of tradeable goods may nonetheless risk failure if the actors in the economy which affect the macroeconomic variables most - the savers, the consumers, and the investors - do not believe that the programme is sustainable, and if they expect a delay of reforms or even deeper changes and ultimately a reversal of the whole programme. This is the most important coordination failure that can occur as investors that do not believe in the reforms towards export promotion may not be willing to take the high risks and costs of shifting resources from import substitution to export promotion activities. The result then is that in the context of a high probability that the investors may have to reshift the resources again towards import substitution activities the policy change never will occur (Rodrik 1992). If a reform measure - say trade liberalisation - is considered as only of short-term relevance, then the consumer might react by much more consumption and less saving in the short-term, with severe consequences for saving and imports, and with impacts that are greater than in a situation without any trade reform having taken place in the country. Reforms are good if credibility can be enhanced and assured; otherwise reforms may even work to the detriment of the intentions of the reformers. The group of reformers may even become discredited. This is exactly what has happened in so many instances in African countries. The belief of investors (domestic and foreign) in the sustainability of reforms was often minimal and still is so in many African countries.

How to convince investors that the reform programmes will be sustained, that they are broadly based in the political context, that they are consistent and implementable, and that they can be financed by domestic and external sources at reasonable terms? All this change has to happen in the context of political and economic uncertainties in African countries that have so many sources (for example, unfavourable external economic developments, as price and terms of trade changes; changes of tax systems and investment incentives; civil strife or natural disasters in the country or in neighbouring countries that may lead to unpredictable refugee movements).

There are so many reasons why a reversal of rational economic policies can be expected in any of the African countries. How to react? In this context good governance means that a strong public sector role and a strong political commitment of the leadership matter. Public institutions have to be strengthened and public investment policies have to be improved; these are ingredients of success as we know from East Asian development. It is not enough to follow privatisation policies without assuring the private companies and the private investors with regard to the institutional basis for the credibility of policies they need for their investment. Public investors and international creditors play a key role in this process. A core group of public investors remains important in any African country. The failure of many SAPs has also been a failure of preserving and stimulating necessary public investment. Public investment often encourages private investment, especially in Africa. Important is a co-ordination of private and public sector activities so as to identify complementarities in areas of investments. Such a co-ordination is also important for the implementation of investments, for investment planning and projections, and for defining appropriate investment regulations and rules that permit more investment to take place from both public and private sources and also from foreign investors. Financial sector development is an important prerequisite, and adequate market rules and regulations that are transparent and effective play a central role so as to enable investment to occur in a stable macroeconomic environment. The often highly speculative and/or short-term capital flows towards Africa can only be turned into more long-term investment capital if economic and legal security can be assured for investors. A new role has to be found for the banking system, and especially for foreign banks in African countries because of their higher reputation.

Reputation-enhancing mechanisms are crucial for Africa, on the side of government institutions and also on the side of the central banks and the commercial banks. The banking system must have the right to act more autonomous and so may become more crisis-resilient. Increasing the potential economic returns and decreasing the repatriation of capital risks in Africa are the two paths to increase certainty for investors. Repatriation risks can be reduced if the debt relief mechanisms work more flexibly in favour of a reforming country. However, only the reformers should be supported by such improved debt relief measures so as to contribute not only to the own growth potential of the reforming country but also to stimulate positive economic effects for neighbouring African countries.

Despite so many conditions attached to adjustment lending the credibility of reforms in Africa did not increase in general what is also caused by the debt overhang. Credibility-enhancing measures are obviously more important than strengthening further the conditionality attached to SAP lending. The impact of conditionality on policy reform and credibility may be too indirect and too long-term to create a strong economic response. Credibility can be enhanced more directly and quicker by involving “agents of restraint” that guarantee a certain behaviour by African policymakers; agents of restraint may then help to control the policy orientation of its African members, as for example the membership in the WTO, African customs and monetary unions, the African Common Market, or the membership in the Lomé Convention. Such a membership may guarantee access to markets, and access to finance, if on the other side the African member guarantees free repatriation of capital and follows a more stable economic policy. The macroeconomic environment for the investor will improve so that he is less reluctant to do business in this country. But as the example of the Franczone countries has shown stable nominal exchange rates are not enough - embeddedness of the country into a system of rules and regulations that gives credibility in a broad sense is the point for the investor. The Franczone countries in Africa lacked too often credibility - because of real exchange rate appreciation, political instability, lack of rule of law, corruption, and a widespread governance crisis. Balance of payments support as attached to conditional adjustment lending could not fulfil such fundamental roles - credibility could not be enhanced, and adjustment finance even was substituting for exports and domestic saving (see Van der Hoeven/van der Kraaij 1994).

The new role of foreign institutions and multilateral agreements has to be seen as an important element of policy reforms. Instead of relying on adjustment finance and related conditions now international commitments from both sides matter. Access to markets will be guaranteed in exchange for policy commitments in African countries that lead to sustainable and credible policies. Credibility will be mutually strengthened by the international commitments and by the African policy reform. The implications for investors are significant. They will have guaranteed access to foreign markets and the countries where investment takes place will extend guarantees to the investors with regard to the repatriation of capital and profits, and their policy reforms will in the longer run provide for an economic return at a lower risk premium for invested capital. Investors will use the chances in a dynamic export sector if policy consistency and sustainability of policies are expected to reduce the risk of policy reversals. In the longer run such external agents of restraint may have to be replaced in this function by domestic agents, as for example the central bank. This could further reduce the risk premium attached to investments. Such domestic agents of restraint may improve in their respective role over time - as some developing countries already show.

Relevant part of such a policy for enhancing policy credibility in Africa is an active policy on the debt overhang. Instead of relying on highly conditional and ex post debt relief measures it is now proposed for Africa to have more flexible solutions based on ex ante and unconditional debt relief measures so as to be more quickly credibility-enhancing (Elbadawi 1996, pp. 64-67). Ex post and conditional debt relief expects far too much - that export capacity is rebuilt quickly by a package of sound traditional macroeconomic policies. Investment may be speeded up by immediate debt relief measures because of quickly reducing economic and political uncertainties that are related to the often huge debt overhang; the ownership of economic programmes can be strengthened by ex ante and unconditional debt relief measures while the donor countries and the multilateral institutions nonetheless keep key influence in the reforming countries by their project lending and other assistance relations.

A solution may be based on a contract between creditors that agree to ex ante and unconditional debt relief measures and African countries that propose their own programmes for stabilisation, export diversification and long run development; the contract will still be based on a sound programme of regaining macroeconomic balance. Any such debt relief programme may be related to a proposed medium- to long-term public investment/human capital formation/export diversification programme that pays off in the future by making the African countries internationally competitive (see Elbadawi 1996). IMF and World Bank as external agencies of restraint may have yet to go a long way to support in the future such debt relief and (internal) structural adjustment programmes. Instead of designing conditional adjustment programmes they may then systematically organise for debt relief programmes on the basis of own programmes of African countries towards structural adjustment and socio-economic transformation. Debt relief is then directly related to development programmes that are owned by the African countries, by their government and by the civil society organisations in these countries. The debt relief programmes by now for highly indebted programme countries (HIPC) do not fulfil these requirements of enhancing credibility. These programmes expect too much from African governments as well as from investors, and they need too much time.

Fourth, long-run development planning and guiding the economy based on a development vision are becoming important imperatives. A development vision is necessary to guide the process of long-term planning and then also the short- and medium-term policies. This may be conducive to credible economic policies and may also lead to more investment. Long-run planning is becoming a cornerstone of both, good governance and economic policy reform in African countries (see Cornia/van der Hoeven/Mkandawire 1992b; Degefe 1994; Helleiner 1992). Some countries are already working with these instruments, as for example Swaziland, Burkina Faso, Ghana, Mauritius, and Botswana. Others are joining. It is high time to revitalise long-term planning but quite differently from the way it was done in the 1960s and 1970s when the plans were not flexible enough, not participatory enough, not involving the civil society, and not accepting the truth that external and internal shocks may change rapidly and drastically the basic assumptions of planning and then also the policy implications. Most important, earlier planning in Africa did not consider the fact that for successful planning a qualified and economic-minded bureaucracy, a committed political leadership, and as well functioning public institutions are needed. Guiding principles for development strategies and related development programmes have to be derived from development visions; these are needed to have a frame for long-run planning, and then also for the short- to medium-term policies of the country. Still, there is not in all quarters a consensus that African economies should move away from traditional import substitution policies towards a more neutral (less distortionary) trade and industry regime, and that a quite different role of the state as a facilitator of economic activities is necessary. The majority view in Africa is however that a more open trade and industry regime and a facilitating/promoting role of the state matter more and more.

Policies of the African state towards investment promotion, industry and agricultural sector reforms, and private sector development are not considered as contradictory but rather as complementary to market-oriented reforms. Also state interventions in strategic fields such as human capital formation and technology development are increasingly accepted as priority issues in African countries. Also these decisions need a long-term policy framework.

Short- and medium-term policies towards macroeconomic balance and structural reform and long-term planning based on development visions should be mutually supportive and may be promoting the depth and speed of the necessary structural changes. It was a long way to go from one-sided and limited interpretations of the Lagos Plan of Action (LPA) programmes to reach a more open process of long-term planning, private sector development, and a more facilitating type of state intervention in Africa (see Stewart/Lall/ Wangwe 1992a, b). The Economic Commission for Africa of the United Nations (UNECA) is now supporting the National Long Term Perspectives (NLTP) process in African countries, and the impact of these efforts on governance may be quite positive. Learning from the past, and understanding the high cost of the inappropriate policies of import substitution - that led to overprotection of domestic consumer goods production, and had negative implications for the domestic supplies of capital goods for agricultural and manufacturing sectors - is now an important new direction for policies to update the Lagos Plan of Action in the years to come. On the other hand, short-term policies of stabilisation should not be designed in such a way that long-term policy objectives are compromised, may it be by reducing public expenditures on health and education, or even the curtailing of important public investments (see Stewart 1994).

There are many indications that short-term programmes in the past have impeded long-term development policies although this course was not always necessary for the sake of macroeconomic balance. Targeting of public expenditures for social concerns and for essential public investment, and core fiscal programming in the budget would have provided for the quality and volume of expenditures required to realise long-term development goals.

Better designed fiscal programmes as part of structural adjustment programmes could have been more expansionary, more developmental and more equitable than this was the case in many African countries. This lack of fiscal programming also affected negatively the stabilisation goals of economic policy. Although the structural adjustment programmes were not the cause of Africa's increasing poverty, better designs could have improved the situation a lot (see Sahn 1994, 1996; Sahn/Dorosh/Younger 1997; Pio 1994; and Psacharopoulos/Nguyen 1997).

Taking the African development objectives as formulated by the African Heads of State as a frame for strategy formulation and evaluation, it is possible to design a concept comprising seven important elements of a long-term strategy for Africa: *first*, an agrarian-focused strategy; *second*, support for rural non-agricultural production; *third*, industrial development, regional trade and regional import substitution; *fourth*, diversification of exports; *fifth,* development of human capabilities; *sixth*, participation; and *seventh*, institution-building (see on the objectives and the strategic implications Stewart 1994; Cornia/van der Hoeven/Mkandawire 1992b; Stewart/Lall/Wangwe 1992b). The 1980s, the adjustment years, were not that favourable for the realisation of these African development objectives. Neither did broad-based smallholder agriculture benefit from the reforms, nor could deindustrialisation be stopped; major initiatives were not undertaken to promote non-agricultural production in rural areas; regional trade and regional import substitution look so far rather disappointing (it was not possible to co-ordinate regional integration and structural adjustment policies; see ADB 1993); export diversification did not gain on a broad front during the years of structural adjustment; and the erosion of domestic human capabilities did take place in these years when we could observe a trend of accelerated brain drain. Participation and institution-building were discovered late in the process of structural adjustment.

Therefore, long-term development objectives have to be taken now more serious for the years toward 2000 and beyond, but also the impact of short-term policies on these long-term objectives has to be assessed critically. It is obvious that an active and effective state has to take on new important functions (selective protection, structuring markets, adapting and establishing property rights, defining core fiscal budgets, encouraging export diversification, organising social contracts, developing human capital, and securing labour rights). A vision of a developmental state is part of the new programmes for Africa (see Cornia/van der Hoeven/Mkandawire 1992b; Stewart/ Lall/Wangwe 1992b) , and this vision is relevant for an African interpretation of "good governance". The transition to an effective and active state in Africa will create not only chances but also many problems that will have to be solved; the evidence is however firm that present policies of short-termism are not adequate to bring the countries back to former growth rates and to reach sustainable human development. There are chances to move to new policies that may help to bridge the gap between short-term necessities and long-term requirements of the African economies (as outlined by Elbadawi 1996; Stewart 1994; and early by Harvey 1991; and by Pickett/Singer 1990, Ch. 1), if international actions (on debt relief, aid, trade, integration) and national and regional actions in Africa (based on long-termism and credibility - enhancing policies) interact.

VII. Conclusions and Perspectives

In this paper we have investigated in various steps the new foundations of growth emerging in Africa, based on the concept of good governance. We have done this by analysing in section 2 the relevance of the concept of good government for African development. We have looked at the meaning of this very concept for the development and growth process in Africa, reflecting on the view that the decline of production or the slow growth for decades can be related, first of all, to mismanagement and bad governance. It is now often tried to relate the experiences of Asian growth to Africa's development problems, and to ask why it was not possible to learn from the growth experiences of Asian countries, and the role of a more effective government in the development process. However, the difficulties of transferring the experiences of the Asian developmental state to Africa are considered as well.

We have identified in Section 2 the various levels of governance, especially macro-, meso- and micro-governance, to understand the relation of good governance to growth. Especially important is the historical assessment of the governance gap that has emerged since times of independence. It comes to the point to argue that it is an obvious priority to put enough pressure for closing this gap, by laying the foundations for a democratic and effective government. There are now optimistic scenarios and expectations around with regard to this task, and some factors lead to new hope - the new organisations at the grassroots level may be mentioned that are pressuring for change, for democratic development and for new initiatives to lay the foundations for a new framework for development and growth. Although the essential factors for a developmental state as discussed in this section seem not yet to be firmly established in Africa, some indications of change towards a greater role for democracy-oriented and growth-supporting alliances and interest groups are to be found now in Africa.

In Section 3 we have shown that Africa, very early, took up the issue of good governance, and that it is not so that this concept became imposed on Africa, so as to improve the position of donors or to make aid more effective. Various declarations at the level of the OAU, the ECA and the ADB have already in the1980s emphasised this very concept. The Khartoum Declaration of 1988 is an outstanding example in this context, as it is a complete strategy of structural adjustment with a human face by a responsible government that was outlined (long before international observers took up the issue). Also the Alternative Framework to Structural Adjustment Programmes initiated by the ECA at the end of the 1980s was an attempt to refocus on growth in Africa by new government policies and an effective government machinery.

In the 1990s various other attempts were made to continue with the intra-African discussion on good governance, and it became obvious that specific aspects of importance for Africa as a region were taken up. An example is the Imperative Political and Economic Agenda that emphasised a new approach towards national, sub-regional and region-wide African good governance. Inputs to United Nations initiatives by Africans for African development were increasingly becoming relevant, as the Cairo Plan of Action on Relaunching Africa`s Economic and Social Development at the Cairo Summit in 1995 shows, or the African Governance Forum as launched after the start of the UNSIA in 1996 demonstrates. Most of these documents and declarations were related to the task of finding new avenues for growth that is sustainable in Africa.

In section 4 good governance was related to international development assistance. This was done so as to understand the different positions of international donors in this regard as they affect the development process in Africa - it can be observed that most of the projects and programmes of the donors are based on implicit or explicit governance conceptions. The ADB as a multilateral agency for development cooperation in Africa became soon directly involved in governance-related lending, but this institution was overshadowed by other donor`s activities that took up the agenda of good governance more rigorously by modifying their conditionalities attached to lending operations, as the World Bank, and the IMF. But also other international agencies as UNDP and UNCTAD, and an increasing number of bilateral donors, played a role in this regard. The great number of actors in international development assistance working then with governance-related programmes have had an impact on the development work and also on the growth process in Africa. Increasingly it became obvious that the coordination of all these programmes did not really work, not to speak about the conceptual differences in programmes that have affected the design of projects and programmes more and more, thereby weakening the state and the public administration system further. Conditionalities and cross-conditionalities with regard to human rights, public administration systems and governance affected more and more the orientation and the quality of the programmes in development cooperation. The division of labour envisaged between multilateral, bilateral and non-governmental organisations with regard to the agenda of good governance did not always work properly.

We have identified even large conceptual differences at the level of international organisations in this regard, when analysing the state reform approach of the World Bank, the development management approach of the UNDP, and the prevention of state collapse approach by UNCTAD, UNICEF, the NGOs and some bilateral donors .The dominating role of the World Bank and also the strong position of the IMF relative to other actors as UNDP, UNCTAD or UNICEF, has not always contributed to successful interventions. Various studies come to the conclusion that the international aid towards improving the state capacity in Africa largely has failed, and that any governance-related agenda that is not owned by the Africans will not really work.

In Section 5 the relation of good governance to the public administration system was analysed. This was done so by commenting on the various functions an effective bureaucracy should perform in the development and growth process in Africa.

The very fact that central public administration systems were not matched by effective provincial and local systems - this factor is more and more considered as retarding growth in Africa. The role of the central public administration system in planning and in guiding the economy is not matched at the provincial and local levels with regard to the implementation tasks that have to be performed. Especially weak are - in the context of the overall state capacity in Africa - the fiscal capacity and the public administration capacity, as both elements decide about the ability to finance and implement programmes of relevance for the development process on the basis of own resources. It is also made clear in this study that many reform proposals to change the role of the state in the context of structural adjustment programmes did not really get off in Africa, because of not considering the role of effective public administration systems as prerequisites for effective state reform. During the many years of structural adjustment in Africa the capacity of public administration to deliver was not seen as a core factor for sustainable change and growth. Therefore, market reform policies, privatisation policies, and steps to create a viable economic policy infrastructure could not be handled properly. New modalities of focussing on an effective public administration system were not considered as part of enlightened structural adjustment programmes, and so far the core institutions and strategic units in the state system were not improved in most of the African countries.

Ownership of reforms becomes an imperative as the systems of public administration have a long tradition in African countries, and can not be reformed from an outside perspective. It became now clear that good governance means that public administration reforms are becoming an integral part of more comprehensive governance programmes.

In the last section 6 we have identified the main aspects of laying the foundations for a rational economic policy-making process, and we have discussed the role of appropriate institutions in this field. Economic policy reform was considered as an area affected by four elements: the quality of the system of public administration, at all levels where guidance and implementation are asked for; the effective co-ordination of institutions that matter in economic policy formation, and the continual institutional development of these organisations; the emphasis on mechanisms that strengthen overall policy credibility and preclude policy reversals, and the role of international support schemes and agreements that help to sustain policy reforms, and of all the reputation-enhancing activities that may help to stick to the route chosen in economic policy reforms; and the revival of development planning and of guiding the economy more by visions for the use of long-term planning.

These are the most important factors to make economic policy reforms sustainable and operational, and to improve the overall effectiveness of the policy processes.

These core elements of a developmental public administration system, a better co-ordination of important institutions and their institutional development, a set of measures to make the system resistant against policy reversals, and the increasing relevance of long-term planning and development visions for guiding the economy and society, these are the economic contexts of good governance, and these are the means to enhance growth in Africa. We have shown that none of these four factors has worked in the past in most of the African countries, and that some elements even got lost since the first period of independence in Africa. An example is the system of planning that was put in place in the 1960s, or an effective public administration system that existed in some African countries but got trimmed in the 1980s and 1990s. Growth in Africa depends on an interaction of these four elements in the economic policy reform process.

Now the reforms in Africa based on governance programmes show that again planning based on visions matters, and that public administration systems matter especially also with regard to provinces and local levels. We also see that institutional development and co-ordination of institutions are becoming a priority, and that new forms of international co-operation are sought to avoid policy reversals in monetary, trade or fiscal fields. Although the African Common Market is looked at as a future oriented institution to do the job for the African nations so as to force on them some discipline in economic policy-formation, there is awareness that for years to come the WTO, the EU, and various international organisations or "hard currency centres" will have an impact and will play a leading role.

In this paper we have argued that revival and stabilisation of growth in Africa is now related to new foundations that became increasingly relevant with the failures of the structural adjustment programmes, and with the deformations that are the result of the over-dependence on aid - both factors that have brought Africa to a situation where own programmes did not matter at all anymore, however good or bad they may have been. New foundations for growth in Africa are therefore related to a governance programme that emphases the necessity of own programming for growth as based on indigenous institutions and policies.

In this regard the discussion on good governance has important repercussions on development thinking in Africa. It will also be necessary to broaden the outlook on sustainable growth in Africa by referring to new interventions for growth–oriented strategies that are based on human capital accumulation, technological accumulation, international technological learning, and on a new generation of market development and private sector support policies. It is obvious that a future generation of structural adjustment policies will be part of a long-term programme that is based on visions for the years to 2O2O. Such development visions can be discussed fruitfully in the context of organised civil society organisations, a dynamic private sector, a functioning system of professional organisations, and an enlightened public administration system.

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