

Transparency and Accountability in Africa



Introduction

How important are transparency and accountability for Africa? How do African countries perform in this area? How can transparency and accountability be strengthened in African countries? This paper attempts to address these key questions. In this paper the definition of transparency follows that used by Transparency International, which states “transparency is about shedding light on rules, plans, processes and actions. It is knowing why, how, what, and how much. Transparency ensures that public officials, civil servants, managers, board members and businessmen act visibly and understandably, and report on their activities. And it means that the general public can hold them to account. It is the surest way of guarding against corruption, and helps increase trust in the people and institutions on which our futures depend”¹. In brief, transparency is the degree of openness with which

public affairs are managed. Corruption describes “the abuse of entrusted power for private gain”. Corruption can be classified as grand, petty and political, depending on the amounts of money lost and the sector where it occurs. The related term accountability is used to refer to the extent to which it is possible to identify and hold public officials to account for their actions. In simple terms transparency and accountability are related and go together. Openness determines answerability and answerability reinforces openness. The absence of transparency and accountability provide fertile ground for corruption to thrive. If corruption is seen as a disease, then transparency and accountability are important cures.

How costly is lack of transparency and accountability in Africa?

‘A significant part of Africa’s GDP is estimated to be lost each year. Besides stunting economic growth, corruption carries devastating indirect costs: children drop out of primary school five times more in countries where high corruption is prevalent than in those with low levels of graft; infant mortality rates are twice as high. While corruption affects everyone, it hurts the poorest most by crippling the public services they so badly need’.²

Transparency determines the extent to which people have confidence and trust in public processes and institutions. This is certainly the case for a wide range of processes and institutions including elections, management of ministries, governments departments or state- run enterprises and the way public services are procured and delivered. Transparent and credible electoral processes tend to generate acceptance of outcomes, providing legitimacy to winners and support for their policies- thereby ensuing political stability.³ On the contrary lack of transparency and credibility in electoral processes often results in violently contested outcomes with negative implications for political stability.⁴

The extent to which public institutions are openly and transparently managed is important to prevent abuse of authority, theft of public resources and ensure that resources are allocated to achieve development objectives. Transparency in budget processes, matched with efficient public financial management systems is also crucial. Transparency in the public procurement systems and processes prevents corruption and abuse of these processes

for private gain by public officials. In sum, lack of transparency in political and administrative processes reduces the legitimacy of African governments, contributes to election-related violence and creates political instability with resulting negative impact on African economies.

Lack of transparency and accountability in the management of public affairs drains valuable resources meant for development and negatively impacts on the quality of public services provided by governments including in key social sectors such as health, education and water- all crucial for the achievement of the MDGs. According to a recent report by accounting firm KPMG, Africa lost at least USD 10.9 billion to corruption in 2011.⁵ Most of this money is illicitly expatriated outside the continent.⁶

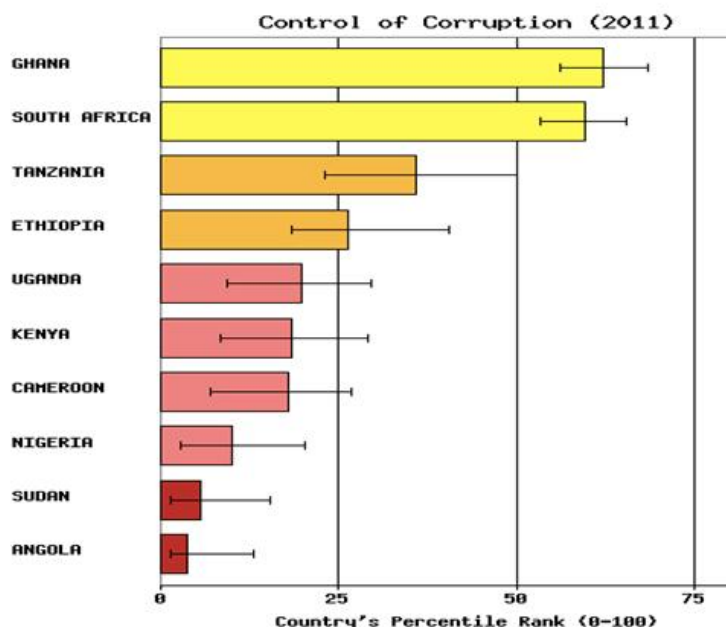


Figure 1: Control of Corruption in 10 African countries with largest GDP (Source World Bank)

How do African countries perform in terms of transparency and accountability indicators?

In the past 20 years, Africa has registered significant progress in the area of open and competitive political processes. More countries than ever in Africa's history now conduct elections on a regular basis and between cycles.⁷ However, the growing numbers mask a significant challenge towards Africa's democratic consolidation. There is still much to be said about the quality of elections in Africa. Concerns regarding transparency and credibility of elections often relate to perceptions of partisanship and lack of independence of election management bodies, manipulation of voter registers, intimidation of opposition parties and supporters and the manner in which voting processes including counting and results transmission are conducted.

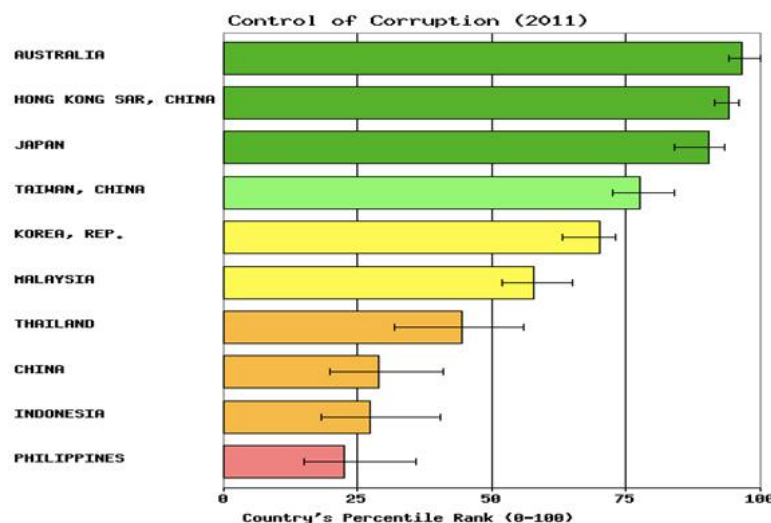


Figure 2: Control of Corruption in 10 Asian countries with largest GDP (Source World Bank)

The Corruption Perception Index (CPI), published annually since 1995 by Transparency International, ranks countries according to the degree to which corruption is perceived to exist among public officials and political actors. An analysis of the CPI for 2011⁸ shows varying results for African countries. Lying at the bottom half are Nigeria (#143) and Uganda (#143). DRC sits at (#168) and Angola at (#168). Only two resource rich countries: South Africa (#64) and Ghana (#69) lie at the top half of the rankings. The poor showing of many resource-rich African countries (including Nigeria, Sudan, Angola and Uganda) demonstrates a direct correlation between resource endowment and poor transparency and accountability. In essence, more resource rich countries in Africa tend to be the least transparent and accountable. Figure 1 above shows the example of how 10 sub-Saharan countries selected by GDP rank in the control of corruption.

By comparison the 10 largest GDP countries in Asia show a contrasting picture (see Figure 2). Top performing countries are not necessarily resource endowed- most are manufacturing based economies. In addition the top percentile countries rank extremely high (above 90) compared to the top percentile African countries (which rank a mere 50-60) while on aggregate most of the Asian countries perform well in controlling corruption. It is noteworthy that several bottom ranking Asian countries actually rank lower than some African countries highlighting potential for improvement in Africa.

What can be done to improve transparency in African countries?

Prevention is often better than cure. Evidence shows that efforts at preventing loss of public funds and resources tend to be more successful than efforts aimed at recovering lost or stolen public assets. Strengthening transparency, efficiency and effectiveness of national systems for public financial management (generation, allocation and utilization) is

important. The diagram below shows measures to counter illicit financial flows.

With regards to revenue generation side, optimizing the ability of the government to collect revenue and preventing losses in the revenue collection chain is key. Effective and efficient tax policies are essential in this regard.

Regarding *allocation*, it is important that allocations of public resources to sector ministries and public investment programmes are done in a transparent and efficient manner. Systems that ensure scrutiny and enable internal and external audit are necessary to prevent downstream loss of public funds. In addition, allocations must be policy-based to avoid arbitrariness. Treasury systems that enable government to track allocations including through sound cash management and single accounts play an important role. Public procurement systems should be transparent and efficient to prevent abuse.

Utilization of public resources should be optimal and monitored to prevent losses. Systems for monitoring and reporting utilization and compliance play an important role in improving transparency in the management of public resources and ensuring that resources are used to deliver public services.⁹ In this regard, apart from strengthening capacities of central agencies to monitor utilization, it is necessary to enhance capacities of supreme audit institutions as well as other oversight bodies such as anti-corruption agencies, legislatures¹⁰ and civil society¹¹.

Strengthening public service delivery capacities: In addition, it is important to improve capacities of downstream (sector) ministries to transparently deliver services (including those aimed at helping achieve key MDGs) with minimal loss of public resources in the process.¹² This entails several aspects including the ability to develop effective policies, effective and responsive institutions and inclusive processes.

Investigation, Prosecution and Recovery of Stolen Public Assets: Whilst prevention tends to be the most effective way to improve transparency, it is not always successful.¹³ To complement preventive efforts it is therefore important to strengthen national capacities for investigation, prosecution and recovery of stolen public assets in cases where preventive efforts don't exist or have failed. There are three aspects to doing so. First, ensuring that anti-corruption agencies, law enforcement and prosecution bodies are able to effectively detect, investigate and prosecute corrupt practices and recover stolen public assets is key. Second, it is important to strengthen capacities of judicial bodies to independently adjudicate and decide grand-corruption cases, including those of related to high-ranking public officials- without fear or favour. Third, as is often the case with grand corruption cases, the proceeds of corruption are spirited away to safe haven countries beyond the reach of national authorities in intricate schemes that are often impossible to appreciate for national authorities with meager resources and technical capacities.

Cooperation with foreign law enforcement agencies through mutual legal assistance programmes is therefore crucial and has proved to be useful.¹⁴

Conclusion

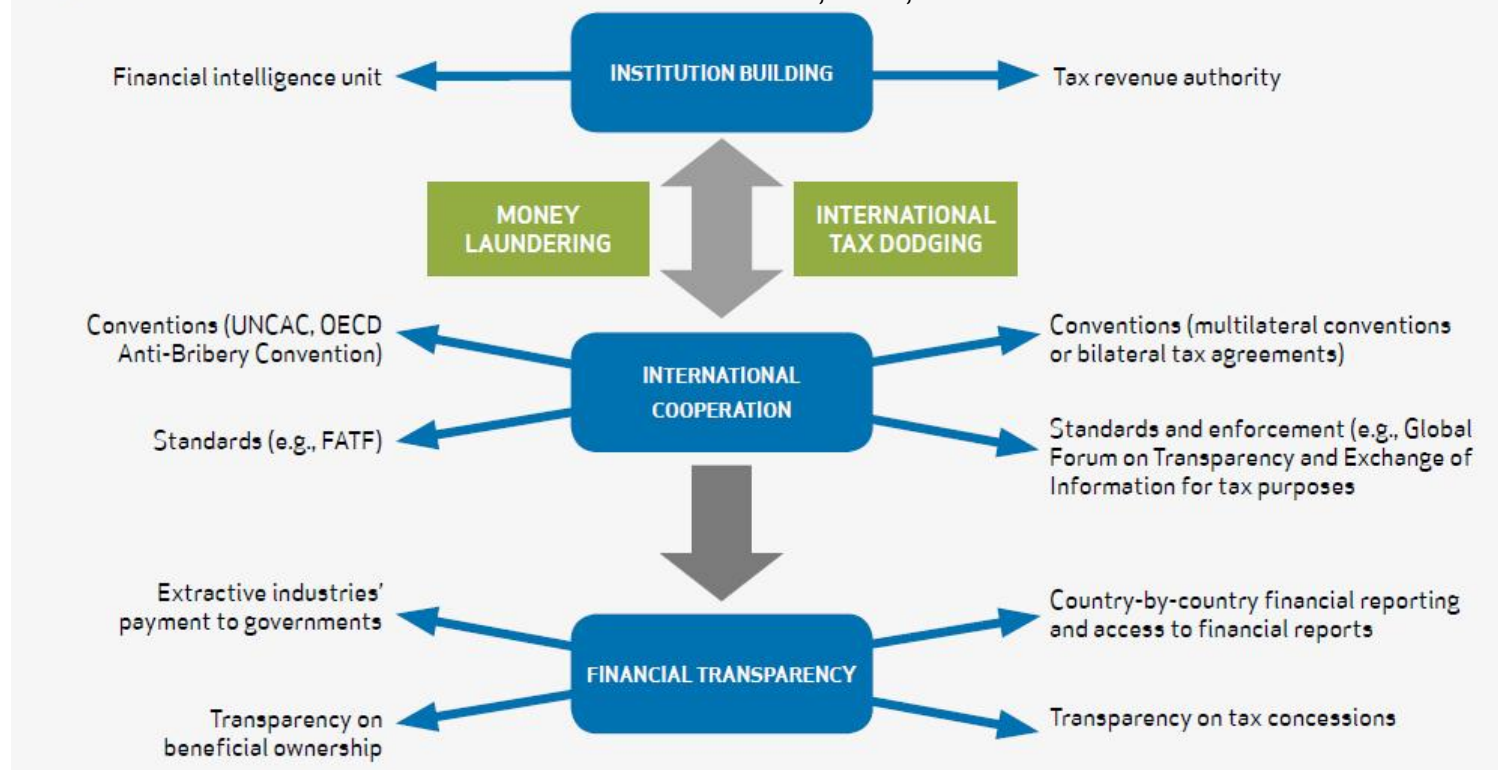
Transparency and accountability are both essential for development in Africa. Hundreds of millions of dollars that could be used for development are lost every year to corruption. Transparency and accountability are also critical for government effectiveness. Transparent governments are better positioned to effectively efficiently mobilize, allocate and utilize public revenues to deliver essential public services to their citizens. It is possible to improve transparency and accountability of African governments through targeted and preventive interventions aimed at strengthening national capacities for preventing the loss of public revenues and effective utilization of public assets. It is also possible to enhance national capacities to investigate, prosecute and adjudicate corruption. Finally, where prevention of grand - corruption fail, although usually not successful- efforts to recover stolen public assets provide yet another opportunity to promote and enhance transparency and accountability.

NOTES AND REFERENCES

1. See http://www.transparency.org/whoweare/organisation/faqs_on_corruption#transparency
2. Integrity and Anti-Corruption Progress Report, 2009-2010, African Development Bank.
3. The 2008 election in Ghana demonstrates the point. In spite of the closeness of the election, the transparency of the election and the perceived credibility with which the Electoral Commission conducted it, contributed to the losing party NDC acceptance of the result. In Sierra Leone, the perceived independence of the Election Commission led by Christiana Thorpe and the transparency with which it ran the election was instrumental in facilitating a transfer of power from SLPP to APC in very closely run elections.
4. The case of Zimbabwe and Kenya provide good examples of this. In Kenya lack of transparency in the management of the election by the electoral commission and in particular the management of transmission of results led to serious violence with over a 1000 people killed and hundreds of thousands displaced. In Zimbabwe, poorly managed elections and non-transparent management of the results (it took weeks for the election commission to release the results of the presidential election) led to prolonged political and economic crises.
5. Africa Fraud Barometer, 2011, KPMG
6. Joseph Stiglitz: West 'facilitates corruption in Africa', Interview with CNN at Global Poverty Summit, Johannesburg, South Africa, 2011.
7. The evaluation of UNDP Support to Elections, 2011 notes that in the past 2 decades, Africa has held over 200 elections.
8. Transparency International: Corruption Perception Index,

Figure 2: Measures to combat illicit financial flows

Source: Fontana Alessandra; Hearson Martin: CMI/U4 Brief, September 2012: *Illicit financial flows and measures to counter them: An introduction*



2011: <http://cpi.transparency.org/cpi2011/results/>

9. Programmes such as the Publish What You Pay (PWYP), which is a global network of civil society organisations that undertake public campaigns and advocacy in order to achieve disclosure of information about extractive industries and contracts. Increasingly however, African governments participating in the EITI initiative are publicly declaring their revenues. See: Zambia To Declare Mineral Revenues In Push for Transparency:

<http://www.foxbusiness.com/news/2012/09/20/zambia-to-declare-mineral-revenues-in-push-for-transparency/#ixzz272YKpjrc>

10. Bryan Shari, Hofmann Barrie; 'Transparency and Accountability in Africa's Extractive Industries: The Role of the Legislature, 2007.

11. "Disempowered Voices: The Status of Civil Society in Equatorial Guinea"- Revenue Watch Institute: http://www.revenuwatch.org/training/resource_center/disempowered-voices-status-civil-society-equatorial-guinea

12. See: Fighting Corruption in the Water Sector: <http://www.undp.org.tt/news/UNODC/Anticorruption%20Methods%20and%20Tools%20in%20Water%20Lo%20Res.pdf> ; Fighting Corruption in the education Sector: Methods, Tools and Good Practices: <http://www.undp.org.tt/news/UNODC/Anticorruption%20Methods%20and%20Tools%20in%20Education%20Lo%20Res.pdf>

; Fighting Corruption in the Health Sector:

<http://www.undp.org.tt/news/UNODC/Anticorruption%20Methods%20and%20Tools%20in%20Health%20Lo%20Res%20final.pdf>

13. The high profile investigation and/or prosecutions of high level political figures in Africa have failed to yield the full recovery of assets e.g. Former President Chiluba (Zambia) James Onanefe Ibori, former Governor of Niger Delta State (who was convicted and sentenced but only several millions recovered out of over USD 260 million, former president Sani Abacha (Nigeria), Theodore Nguema, son of Equatorial Guinea President has resulted in the seizure of assets in France). None of the assets allegedly stolen by Presidents Omar Bongo (Gabon) and Mobutu Sese Seko were recovered (DRC)

14. An example is the Stolen Asset Recovery Initiative (established by UNODC and the World Bank in 2007), which provides developing country governments with advice, knowledge and technical assistance on how to effectively recover stolen assets.

The findings, interpretations and conclusions are strictly those of the authors and do not necessarily represent the views of UNDP or United Nations Member States. November 2012