

Regional Report Southern and Eastern Africa

**Minimal gains, minimal losses,
but mostly stagnation**

by Anja Osei

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Regional Report BTI 2024

Southern and Eastern Africa

Minimal gains, minimal losses, but mostly stagnation

by Anja Osei*

Overview of the transformation processes in Angola, Botswana, Burundi, Djibouti, Eritrea, Eswatini, Ethiopia, Kenya, Lesotho, Madagascar, Malawi, Mauritius, Mozambique, Namibia, Rwanda, Somalia, South Africa, South Sudan, Tanzania, Uganda, Zambia and Zimbabwe



This regional report analyzes the results of the Bertelsmann Stiftung's Transformation Index BTI 2022 in the re-view period from February 1, 2021, to January 31, 2023. Further information can be found at www.bti-project.org.

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Introduction

For the reporting period from February 2021 to January 2023, the region of Southern and Eastern Africa recorded both positive and negative developments. However, a large part of the region remains stagnant in terms of political and economic transformation. Notable positive developments include the successful transition of power in Zambia, which has been accompanied by a substantive improvement in the quality of democracy and Kenya's return to the realm of democracies.

We see three trends underway with regard to political transformation. The first, observed among the region's democracies, involves a slight erosion of public satisfaction while the institutions in each remain formally intact. These countries typically feature strong dominant ruling parties and weak oppositions but generally adhere to democratic principles such as the rule of law and freedom of expression. Compared to the BTI 2022, Botswana, Mauritius and South Africa have each lost a full point in the approval of democracy indicator, while Mauritius and South Africa have each lost one point in the commitment to democratic institutions indicator. The absence of power shifts in countries like Botswana, Namibia and South Africa since independence means that the boundaries between the state apparatus and parties are often porous. This facilitates corruption and intra-party patronage relationships which, in turn, has eroded public satisfaction with democracy in such countries.

In the case of emerging democracies like Kenya and Zambia, successful elections have strengthened their democracies, although the situation in both countries remains fragile and further consolidation is necessary. Key factors in both cases include strategically successful election campaign that set new accents and appealed to new voter groups, an active civil society and, ultimately, the acceptance of election outcomes. In both countries, an upward spiral was evident that was rooted not in the elections themselves but in the cohesiveness of the opposition, which was able to capitalize on dissatisfaction within the population. On a regional average, commitment to democratic institutions improved by 0.27 points, effective power to govern by 0.32 points and free and fair elections by 0.14 points.

The opposite can be seen among the region's autocracies. Here we see a decline in association/assembly rights by 0.37 points, as well as a deterioration in the independent judiciary indicator of 0.61 points. In addition, Zimbabwe has been downgraded from a moderate to a hard-line autocracy.

The level of socioeconomic development in the region has dipped by 0.14 points since the BTI 2022. Similar to developments in the dimension of political transformation, many countries are stagnating at a low level with regard to socioeconomic development. While the impact of external shocks (i.e., COVID-19 crisis, the war in Ukraine) has been less severe than anticipated, it has nevertheless contributed to a challenging overall situation, especially in terms of poverty alleviation. This relative stagnation masks various trends that are to some extent contradictory: On the one hand, many countries are now experiencing moderate growth after a sharp economic contraction. However, this growth is not strong enough to yield any major success in battling poverty. In addition, inflation has risen sharply in some areas. Overall, economies in the region have become somewhat more open, but the improvements, observed primarily in Tanzania and

Zambia, are insufficient. These gains are offset by losses in Namibia and South Africa, for example, where hardly any significant progress has been made in the area of gender equality. Overall, structural transformation has stalled. High levels of inequality – both between and within countries – continue to plague the region. The region of Southern and Eastern Africa hosts some of the continent’s most open and resilient economies like Botswana, Mauritius, or South Africa. However, it also includes some of the world’s poorest countries, including Madagascar, as well as failed states like Somalia and South Sudan.

For most countries in the region, political and economic transformation remains highly challenging. Structural problems and conflicts have made governing even more difficult in several countries across the region. The civil war in Ethiopia momentarily subsided with a ceasefire in late 2022, but the conditions for enduring peace remain precarious due to regional instability in the Horn of Africa. Conflict is growing in neighboring Somalia, and South Sudan remains in a fragile state. While many governments set ambitious targets, they often struggle with implementing the measures intended to achieve these goals. This leads to a negative trend in the governance indicators prioritization, implementation and policy learning. Namibia and South Africa in particular have shown that the close links between the state and dominant party systems can be an obstacle to good governance. Clientelism, corruption, and ad-hoc prioritization, alongside weak administration, remain the primary obstacles to implementation. This also applies to environmental and climate issues. Although many governments have increasingly prioritized climate protection in their agendas, in practice, this is often overshadowed by other goals.

In contrast to West Africa, where we see military coups and various internal conflicts fostering increasing instability, there have been no drastic changes in Southern and Eastern Africa during the observation period, neither in one direction nor the other

Political transformation

The region is comprised of eight democracies and 14 autocracies in total. Botswana remains the only country classified as a democracy in consolidation. Mauritius, Namibia, South Africa and Malawi remain in the category of defective democracies, with Zambia improving its standing by two categories. Kenya is once again in the category of highly defective democracies, which also includes Lesotho. Tanzania, Uganda, Madagascar, Angola, and Mozambique are categorized as moderate autocracies, while Rwanda, Ethiopia, Djibouti, Burundi, Eswatini, South Sudan, Eritrea, and Somalia fall into the category of hard-line autocracies. The state of political transformation continues to deteriorate in Zimbabwe, which now numbers among the hard-line autocracies.

Tab. 1: State of political transformation

consolidating democracies Score 10 to 8	defective democracies Score < 8 to 6	highly defective democracies Score < 6	moderate autocracies Score ≥ 4	hard-line autocracies Score < 4
Botswana	Mauritius ▼ Namibia South Africa Malawi Zambia ▲▲	Kenya ▲ Lesotho	Tanzania Uganda Madagascar Angola Mozambique	Zimbabwe ▼ Rwanda Ethiopia Djibouti Burundi Eswatini South Sudan ● Eritrea Somalia ●

The table follows the BTI 2024 index scores. Countries are ranked according to their system categorization and respective score in political transformation status assessment. Arrows mark a change of category compared with the BTI 2022, dots mark failing states.

The region's winners, Kenya and Zambia, notably improved in indicators related to free and fair elections, with Zambia also making strides in terms of assembly rights and the freedom of speech. Both examples underscore the importance of elections and voter mobilization strategies for the development of democracy. In Zambia, particularly between 2019 and 2021, there was widespread dissatisfaction with the country's political and economic trajectory. This laid the groundwork for Hakainde Hichilema and the United Party of National Development (UPND) to secure victory over incumbent Edgar Lungu and his Patriotic Front. Three other factors have played a key role in this transition. First, the country's traditionally robust civil society proved essential to promoting democracy by advocating for fairness and transparency in the electoral process. Second, the UPND managed to expand its voter base beyond its core supporters and positioned itself as an effective alternative. Third, the defeated Lungu accepted the election outcome, thereby demonstrating respect for the will of the voters. These developments should not obscure the fact that the country continues to grapple with deficits in, for example, the separation of powers or the independence of the judiciary. Nevertheless, Zambia's peaceful transfer of power sends a positive signal in the region.

In Kenya, William Ruto narrowly won the 2022 elections. What's noteworthy here is the shift in the rhetoric employed by Ruto to mobilize support: He attempted to portray himself as an outsider in a system dominated by political dynasties and ethnic loyalties. At least rhetorically, he led a campaign oriented around class-based identities and also promised economic reforms. And while the loser, Raila Odinga, attempted to challenge the results, this did not lead to violent unrest, as has been the case in some past elections. Kenya still faces many challenges, such as ethnic polarization within the party system and entrenched patronage structures. However, with the successful conduct of the elections, Kenya has improved its standing and re-entered the circle of democracies.

Negative trends are evident in South Africa and Mauritius. In both countries, public approval ratings for democracy remain high, and political institutions are largely intact, but signs of dissatisfaction and disillusionment are emerging. In South Africa, the performance of political institutions has declined somewhat. South Africa's ruling party, the African National Congress (ANC), grapples with patronage networks and factional disputes that President Cyril Ramaphosa struggles to contain. Many of the country's political institutions, especially at the local level, are underfunded, weak and prone to corruption. While many South Africans are dissatisfied with the ruling party, they do not see a viable alternative among the current variety of oppositional parties.

Similar to South Africa, Mauritius has long been considered a model of democracy. However, negative trends have become apparent during the reporting period. First, there's an issue concerning the freedom of speech, as there has been an increase in censorship and self-censorship in the media. Second, the separation of powers is worth noting, particularly the weak oversight of the executive by the parliament. The ruling party asserts its dominance, and opposition politicians are sometimes restricted in their powers, either through sanctions or by being prevented from asking questions. There have been isolated reports of police brutality, and the level of corruption has also risen. Overall, there's a trend towards the expansion of power by the ruling party, which is reflected in decreasing satisfaction levels with democracy.

In Namibia, despite increased political competition, little has changed in the political system: Since 2020, the opposition has won greater representation in parliament in terms of sheer numbers, but it has had minimal influence on policy formulation and implementation. Weaknesses in institutional capacity and a relatively high level of corruption are also evident here. Although the basic functioning of the separation of powers and democratic governance is ensured in both South Africa and Namibia, there's a decline in trust and satisfaction with democracy among their respective publics. The dominant parties, the ANC and SWAPO, which emerged from liberation movements, still hold political power without any substantial challenge. In order to retain their government mandate in the long term, they will no longer be able to rely solely on mobilizing their dwindling core voter base, but will have to offer better and less clientelistic policies to attract new voter groups. The opposition remains divided and unable to form a unified platform. Public support for democracy remains consistently high; however, civil society is relatively passive, and satisfaction with the functioning of political institutions is on the decline.

Not much has changed in terms of democratic transformation among the region's numerous autocracies. Elections in Angola, Djibouti and Uganda unsurprisingly confirmed their respective rulers' grip on power. Strategies for maintaining power include placing restrictions on freedom of speech and assembly, clientelism, and, in many countries, violence against opposition mem-

bers and the suppression of civil society. In Angola, the share of votes for the ruling party, Movimento Popular de Libertação de Angola (MPLA), drastically fell to only 51%, according to the official election commission, while alternative parallel counts even placed the opposition party União Nacional para a Independência Total de Angola (UNITA) ahead. Due to the lack of separation of powers, complaints filed by the opposition were dismissed by the non-independent judiciary. During the election, irregularities with regard to voter rolls and the availability of election materials, were recorded. The government utilizes state resources and media access to its advantage, and restrictions are placed on civil rights and the freedoms of expression and assembly. In Angola, where the parliament and judiciary are subordinate to the president, the separation of powers is weak. A similar situation unfolded in Uganda, where the election period saw a series of media blackouts, irregularities and efforts to intimidate members of the opposition. While opposition parties in Angola and Uganda face an unfair process that is rigged in favor of those in power, the space for opposition activity in Djibouti is even narrower. The country's incumbent president, Ismaïl Omar Guelleh, was re-elected with 97% of the votes. However, given that the opposition had declared a boycott of the elections beforehand, Guelleh faced little in the way of a challenge.

The remaining autocracies feature a typical pattern in which the ruling party, with a strong president at the helm, dominates the entire political arena. In these countries, the separation of powers, human rights, and the freedoms of speech and assembly are all stagnating at a low level. Parliaments and courts are unable to adequately perform their duties, and interest groups and civil society are also subject to repression. Minor progress has been recorded in Tanzania. The country has improved by one point in terms of the freedom of association and assembly and by two points in terms of the freedom of expression. It remains unclear whether President Samia Suluhu Hassan, the successor to the late John Magufuli, will introduce further reforms. However, given that the ruling party Chama Cha Mapinduzi has a history of authoritarian tendencies, we must caution against excessive optimism.

Zimbabwe continues to deteriorate with regard to association and assembly rights, losing a full point in its score for this indicator. A new law, the Private Voluntary Organization Amendment Bill, allows for the centralization of even more power in the hands of the Zimbabwe African National Union – Patriotic Front (ZANU-PF) and President Emmerson Mnangagwa. The country's political landscape remains highly polarized, with conditions for journalists, civil society actors, and opposition members being very challenging. Individuals critical of the regime are often subjected to political violence in a context in which the judiciary is not independent.

Few changes are evident in Burundi, Eritrea, Mozambique and Rwanda, where governing parties have managed to further consolidate their power. Despite facing structural obstacles, these authoritarian governments have largely succeeded in securing their monopoly on the use of force and, at least in Rwanda and in Mozambique, in ensuring basic administrative structures.

These examples stand in contrast to the failed states of Somalia and South Sudan, which have proved unable to establish the state's monopoly on the use of force and offer much in the way of infrastructure. Much of Somali territory is controlled by al-Shabaab and other militias, and the regions of Somaliland and Puntland are secessionist states that have yet to be recognized by the international community. Conflicts between the central government and the federal states have hindered plans for administrative and tax collection reforms that were scheduled to take hold during the review period. Efforts to transition from clan-based to universal suffrage have also

proved unsuccessful. Under the clan-based system, only 27% of the 14 million Somalis in the country were able to participate in the 2022 elections. The lack of security, particularly in areas controlled by al-Shabaab, further complicated the election process, which proved to be neither free nor fair, with those elected having no effective power to govern. Although the situation varies somewhat across areas controlled by different groups, there is essentially no freedom of expression or assembly in practice. Somaliland, where a rudimentary party system exists, represents somewhat of an exception in this regard, even though significant setbacks in the freedom of expression and of assembly were recorded.

In South Sudan, too, the central government is unable to provide either infrastructure or security. Several insurgent groups and militants pose a threat to the state's monopoly on the use of force, and throughout much of the country, the government cannot ensure the supply of water, electricity and healthcare. There have been no elections since the country gained its independence in 2010, with President Salva Kiir often ruling by decree. Political institutions such as parliament are mere façades, and the public continues to suffer under a dire civil and human rights situation. The presence of a multiparty system is merely a theoretical reality as political, social and military power are deeply interconnected. The lack of any separation of powers means that the president holds considerable power in his hands. However, the absence of a state monopoly on the use of force makes it rather difficult for him to enforce his authority. Ceasefires are often not respected. Given that almost every prerequisite for genuine political transformation is lacking in both countries, the prospects for such positive change are rather bleak.

Economic transformation

In the area of economic transformation, challenges remain enormous. The BTI data moreover reveals great inequality *between* the region's countries as well as great inequality *within* the countries. Virtually all of the region's economies contracted in 2020 due to the pandemic, but are slowly recovering. According to the World Bank, GDP growth in 2021 was strongest in Botswana (+11.4%) and Rwanda (+10.9%).

Tab. 2: State of economic transformation

highly advanced Score 10 to 8	advanced Score < 8 to 7	limited Score < 7 to 5	very limited Score < 5 to 3	rudimentary Score < 3
	Mauritius	Botswana	Angola	Zimbabwe
		Kenya	Zambia	South Sudan
		South Africa	Madagascar	Somalia
		Tanzania	Malawi	Eritrea
		Rwanda	Mozambique	
		Namibia	Djibouti	
		Lesotho ▲	Eswatini	
		Uganda	Ethiopia	
			Burundi	

The table follows the BTI 2024 index scores. Countries are ranked according to their respective score in economic transformation status assessment. Arrows mark a change of category compared with the BTI 2022.

Inflation is a problem that has affected many countries in the region. This has mainly been driven by high food and energy prices. Conditions were particularly dramatic in Zimbabwe, where the inflation rate fell compared to 2020, but was still 104.7% in 2022. This was the world's highest inflation rate for the year, according to the International Monetary Fund (IMF). Burundi, Rwanda, Botswana, Zambia and Mauritius all experienced double-digit inflation rates. On average, monetary and fiscal stability are on the decline across the region.

Botswana, which is both one of most democratic countries in the region and one of the fastest growing economies, has shown itself to be relatively stable economically, but remains strongly dependent on the diamond trade. Although the government has demonstrated good macroeconomic management skills over the years, it is clear that Botswana's economy is vulnerable to external shocks. COVID-19 and the rise in fuel prices had a major impact on the country's GDP, leading to significant budget deficits estimated at around \$2 billion in both the 2020/21 and 2021/22 fiscal years. Similar dependencies are also evident in other countries with comparatively undiversified economies. In 2021, Angola recorded moderate GDP growth for the first time in five years, with a rise of 1.1% mainly due to increased oil exports. This illustrates the country's great dependence on the oil sector, which still accounts for 70% of government revenue and 90% of exports.

South Africa's economic performance remained disappointing. The country's GDP growth rate of 4.9% in 2021 largely reflected a correction after 2020's decline of 6.3%. In 2022, the growth rate fell to 2.1%. This has resulted in turn in slower revenue growth and therefore higher levels of government debt. The government has imposed spending caps on all government agencies. However, this makes it more difficult to carry out the infrastructure-improvement measures that are urgently needed to attract foreign direct investment, particularly with regard to ailing state-owned companies.

Slight improvements are evident in the area of market organization and competition policy. Botswana and Mauritius are the most market-oriented countries in the region. Compared to the BTI 2022, there was a slight improvement of 0.21 points in the regional average for the private property criterion, and a gain of 0.11 points in the criterion assessing organization of the market and competition. Within sub-Saharan Africa, Mozambique received the most foreign direct investment in 2022 in relation to GDP.

In three countries, Kenya, Zambia and Tanzania, the political landscape has become more conducive to economic transformation. In all three cases, however, initial confidence in the new governments must still be justified by tangible reforms. Kenya achieved middle-income status in 2014, and registered stable annual growth rates between 2015 and 2019. The country has shown a strong recovery after the economic shock of the pandemic, with a growth rate of 7.5% since 2021. In this regard, the peaceful elections in 2022 laid political foundations for achieving the new government's long-term goals, which include debt reduction, fortification of the private sector and addressing the impacts of climate change. Kenya has also gained one point with respect to protecting private property rights. Zambia, whose economy was already growing very slowly or hardly at all before the pandemic, slipped into recession in 2020 with a 2.8% decline in output. The country returned to positive figures in 2021 with GDP growth of 4.6%. Overall, national and international observers hope that the new president, Hakainde Hichilema, will provide new economic impetus and better management. Zambia showed improvements in six indicators compared to the BTI 2022, including in those assessing private enterprise efforts and the banking system. The region's upward trend in the private sector was most pronounced in Tanzania. In that country, President Samia Suluhu Hassan is pursuing a more market-oriented course than her predecessor. In July 2020, the World Bank granted Tanzania middle-income country status. Although the economy is growing consistently, the rate of population growth also remains high, at 3% per year. In fact, Tanzania made strides in all indicators related to market organization, competition policy and private enterprise. However, as the pace of implementation of the planned reforms has been rather sluggish, they have as yet had little effect on the country's overall socioeconomic development. The unemployment rate remains very high, and the informal sector continues to account for a very large proportion of economic activity. In addition, rising inflation rates have generated new challenges.

Namibia has lost one point each in the indicators assessing market organization and private enterprise as compared to the BTI 2022. One reason for this is the legal and regulatory uncertainty that surrounds private investment. The New Equitable Economic Empowerment Framework (NEEEF) initially included a mandatory equity participation clause requiring that 25% of business property was to be owned locally by members of formerly disadvantaged population groups. As this was seen as an obstacle to investment, this clause was removed from the draft law ultimately adopted by the cabinet in February 2020. However, regulations to be formalized under laws that have yet to be enacted could enable the reintroduction of similar measures. Other reforms, including to the tax code, are progressing slowly or inconsistently. A certain degree of

uncertainty therefore remains, which has increasingly led many potential domestic and foreign investors to adopt a wait-and-see approach.

South Africa has also lost ground in these areas, even shedding two points in the private enterprise indicator. Some sectors of the country's economy remain controlled by state-owned companies, which are often poorly managed and therefore place a burden on the government's budget. This includes companies such as Eskom, the national energy supplier, and Transnet, the national freight rail company. Despite the influence of the Broad-Based Black Economic Empowerment Act (B-BBEE for short), inequality remains a concern within the economy: 29% of companies on the Johannesburg Stock Exchange (JSE) are majority Black-owned, and 39% are led by Black executives, but only 2% of companies are fully Black-owned. The high bureaucratic hurdles imposed by the B-BBEE, as well as the fact that the circle of beneficiaries from the law remains small, have also been the subject of considerable criticism.

One striking feature of Southern and Eastern Africa is the extreme levels of inequality both between countries and within countries in the region. Incomes are particularly unevenly distributed in Namibia and South Africa. In the inequality-weighted Human Development Index 2021/22, Namibia fell by 10 places compared to its base HDI ranking. The share of employment in the private sector is declining, while more than a third of the working population is employed in the public sector or in state-owned companies. Incomes are also very unevenly distributed in Botswana, Mozambique, Zambia and South Africa.

However, disparities between individual countries across the region are equally pronounced. Despite a slight general recovery in the region's overall economies, there have as yet been hardly any positive effects in the area of poverty reduction. In many countries, a large percentage of the population still relies on agriculture, making residents vulnerable to fluctuating prices for agricultural products. The informal sector remains substantial, accounting for over 90% of employment in Burundi, Madagascar, Mozambique, Tanzania and Uganda, according to recent estimates by the International Labour Organization. In Madagascar, one of the world's poorest countries, the poverty rate increased from 77.4% in 2020 to 81% in 2022. Poverty is also extreme and widespread in Malawi. The government there is the largest formal-sector employer, as the private sector remains small. The country suffers from serious infrastructure deficiencies, a fact that is particularly evident in the poor state of the road network. This increases transportation costs, complicating the sale of agricultural products and raising barriers to basic food access.

Significant differences between countries can also be seen with regard to the provision of social safety nets. While Mauritius is continuing to expand its pension system, for example, social security systems in many other countries remain rudimentary or limited to family networks. Countries that are experiencing simultaneous political and economic crises, such as Zimbabwe, Somalia and South Sudan, face the greatest challenges. Somalia has been without a functioning state apparatus for more than 30 years. The Somali economy is dependent on imported goods, and is mainly driven by private consumption, which in turn is largely made possible by remittances from the diaspora. Exports amount to less than 20% of GDP. Eritrea has a command economy for which reliable statistical data is scarce. Due to the ongoing militarization of the society, the majority of the adult population is forced to work for trifling wages in the national service or fight as soldiers. This distorts the labor market and continues to encourage a mass exodus of youth and educated people, further increasing the fragility of state institutions.

There have been very few improvements in the region in terms of education policy or equality of opportunity. In Somalia, primarily within the Somaliland region, the number of private education providers has increased. This has produced an improvement in the country’s education policy indicator score, albeit from an extremely low level. Equality of opportunity has stagnated across the region. Although all ethnic groups are formally treated equally, ethnicity often plays a de facto role in access to resources, sometimes via ruling party connections or involvement in patronage networks. Ethiopia represents a special case in this regard, as ethnic identities remain relevant at the political level, and are even reinforced by the system of ethnic federalism. Mauritius, Namibia, Rwanda and South Africa are the countries with the greatest levels of gender equality. On the other hand, the situation with regard to LGBTQ+ rights remains problematic in many cases. Here too, Somalia brings up the rear, as women experience severe disadvantages in all areas of public life due to the patriarchal clan-based system.

Governance

The region is facing a series of significant structural problems. These include poverty and high levels of social inequality, an underdiversified economy that is dependent on external conditions, unfavorable or deteriorating climatic conditions, and the absence of a well-trained labor. Each of these problems are further exacerbated by climate change, conflicts and weak civil societies. And while little has changed in terms of these structural challenges, the intensity of conflicts has increased somewhat.

Table 3: Quality of governance

very good	good	moderate	weak	failed
Score 10 to 7	Score < 7 to 5.6	Score < 5.6 to 4.3	Score < 4.3 to 3	Score < 3
	Botswana	South Africa ▼	Mozambique	Zimbabwe
	Mauritius	Tanzania	Uganda ▼	Eswatini ▼
		Rwanda	Ethiopia	Somalia
		Djibouti	Burundi	South Sudan
		Zambia ▲		Eritrea
		Malawi ▼		
		Kenya		
		Namibia		
		Madagascar		
		Angola		
		Lesotho ▲		

The table follows the BTI 2024 index scores. Countries are ranked according to their respective score in the Governance Index. Arrows mark a change of category compared with the BTI 2022.

Many countries across the region are affected by the impacts of climate change. While most of the region’s governments set climate protection targets, these are often overshadowed by other political priorities, particularly with regard to economic growth. Kenya is taking a leading role in climate policy. In his inaugural speech in 2022, President Ruto reaffirmed the commitment to 100% clean energy by 2030, a goal the country is likely to achieve. More than 90% of generated electricity in the country comes from green initiatives in the areas of geothermal, solar energy,

biogas, and electricity from sugar processing. Kenya has also been recognized by the United Nations Environment Programme (UNEP) as a leader in combating plastic pollution, having taken early measures and enacted laws against single-use plastics.

In contrast, Tanzania and Uganda are prioritizing economic considerations over environmental protection with their plans to construct a pipeline from western Uganda's oil fields to the port of Tanga. Fearing that this project will lead to high CO₂ emissions, environmental activists have been protesting against the construction. Thus far, however, their protests have been ignored by the Ugandan government in particular. Namibia's granting of licenses for oil and gas field exploration and uranium mining between 2020 and 2022 has led to jurisdictional conflicts between the ministries responsible for each area, thus indicating a weak commitment to climate-friendly policies.

In addition to complex structural problems, the countries in the Horn of Africa suffer the impact of violent conflicts. In Somalia, the most significant challenges include combating the al-Shabaab insurgency, recurring environmental disasters (especially droughts) and humanitarian crises. The governance capacity of the ruling elites is weak. During the reporting period, the region also saw an increase in conflict intensity, particularly through al-Shabaab attacks on civilians, government facilities, as well as international and national security forces. Violence between rival clans also remains a problem. In South Sudan, numerous inter-communal conflicts have the potential to escalate into larger conflicts. The intertwined nature of power struggles between political elites, ethnic tensions and conflicts between sedentary farmers and nomads fosters insecurity across the country, which has no adequate conflict resolution mechanisms in place. Moreover, there is a lack of essential infrastructure, especially roads, access to electricity and basic government services. During the rainy season, large parts of the country become inaccessible. Public services such as education, healthcare, wastewater disposal, and access to clean water are mainly financed by the donor community and implemented by NGOs.

Ethiopia has suffered from a civil war during the reporting period, which had a negative impact on all political and economic indicators. Heavily politicized ethnicities within a system of "ethnic federalism" underlies the country's extreme polarization. In 2021, more than 5.1 million people were displaced due to violent conflicts within the country, mainly in the Afar, Amhara and Tigray regions. In addition to the main conflict between the central government and Tigrayan insurgents, other parts of the country were impacted by identity-based acts of violence.

In other countries, highly authoritarian structures hinder improvements in governance. In Eritrea, for example, a combination of misguided economic policies, lack of democratic change, and militarization of society has led to a mass exodus, resulting in a severe shortage of skilled labor and thus a crucial weakening of state institutions and public services. Although former conflicts in countries like Burundi, Rwanda, or Mozambique are officially resolved, the ruling parties continue to act in an authoritarian manner, leaving little room for dissent. Zimbabwe witnesses increased repression against the opposition. The arbitrary arrests of parliamentarians and other politicians in 2022 indicate growing polarization. An increase in political violence is therefore feared in the run-up to the 2023 elections. Also, tensions between the monarchy and the democracy movement in Eswatini increased during the reporting period.

Amid the region's enormous structural challenges, we see a worrying trend with regard to the indicators assessing a government's ability to set priorities, implement policies and learn from its experience with formulating and implementing policies. The regional average for implementation showed the most significant decline, falling by 0.23 points since the BTI 2022. Positive

developments can be seen, for example, in Zambia and Tanzania, while Mauritius and South Africa are losing ground in this area. In terms of prioritization and implementation, we see a gap between governments' ambitious goals and their weak implementation. The disconnect between ambitious goals and often ineffective execution can be attributed to various factors. These encompass an underpaid, unmotivated or unprofessional administrative staff, which is particularly prevalent at lower levels of government. Additionally, a top-down management culture within state administration structures, characterized by extensive centralized decision-making, exacerbates the issue. Other contributing elements involve unclear role delineation for specific tasks, insufficient resources for implementation, and challenges related to corruption and nepotism.

Not all governments are capable of formulating coherent policies. Especially in authoritarian regimes, long-term objectives are often subordinate to the short-term requirements of regime stability. Rwanda, which has traditionally proved efficient in its policy execution, released during the review period a new strategy document, the Vision 2035, that outlines the country's efforts to achieve the status of a middle-income country by 2035. Many of the cited instruments, though inspired by traditional Rwandan practices, have been reinterpreted for the benefit of the government. Decentralization has increased the presence of the state and the accountability of local administrations. However, this also entails a dirigiste enforcement style, which has a positive macrolevel effect on the country's economic performance and governance capacity, but also benefits political elites. This top-down approach to setting priorities is also reflected in the fact that some goals not achieved in the previous development plan, Vision 2020, have been reintroduced in Vision 2035 without undergoing an error analysis.

Similarly, Mauritius has adopted an executive top-down style that leaves little room for consensus building. In Ethiopia, Prime Minister Abiy Ahmed prioritized the implementation of democratic and liberal reforms upon assuming office. However, his government proved incapable of solving the country's problems. The outbreak of violent conflicts in the Tigray and Oromia regions is partly a direct consequence of this policy failure. Comprehensive reforms in Ethiopia – including efforts to open up the political space and improve freedom of the press – have since failed. Government activity is increasingly repressive and subordinates reform orientation to the overriding goal of political survival. This problem of ad hoc orientation can also be observed in several other countries. In Eritrea, Eswatini and Uganda, policies are implemented that help foster regime stabilization. The overwhelming nature of Zimbabwe's political and economic crisis makes the execution of any policies whatsoever unlikely. In the region's failed states, governments are unable to effectively implement formulated goals.

Across much of the region, civil society is not able to participate in shaping policy. In the extreme case of Eritrea, independent interest groups are fully banned, while in other countries such as Madagascar or Uganda, civil society remains fragmented and weakened by a lack of resources. However, stronger civil societies exist in Kenya, South Africa and Zambia. In Kenya, civil society, especially during the most recent term of former President Uhuru Kenyatta, played a crucial role in building a democratic public sphere by demanding transparency in elections and governance. There is also hope in Tanzania that under the new president, Samia Suluhu Hassan, NGO will flourish.

South Africa is the clear loser in the area of governance, having registered losses in terms of prioritization, implementation and policy learning during the review period. The country had set ambitious targets for 2030 with the National Development Plan (NDP) formulated in 2012. However, instead of approaching the targeted eradication of poverty, the country saw poverty levels

increase during the review period. Unemployment, which was supposed to be reduced to 6%, continued to rise and stood at 29.8% in 2022. The fact that the ruling ANC and the state apparatus are heavily intertwined with each other is a key factor behind the difficulties observed with policy execution. Corruption and mismanagement are pervasive, and state institutions have become arenas for intraparty power struggles. As a result, the government will fail to achieve most, if not all, of the NDP's key goals regarding the fight against poverty, inequality and unemployment.

In Namibia, too, political affinities play an important – if not more important – role than competence in the appointment of higher government and administrative positions (e.g., in the cabinet, on the electoral list for parliamentary elections, or in state-owned enterprises). This limits coherent goal-setting and the efficient implementation of programmatic and strategic political goals. Credibility is also undermined by internal differences in priorities between the ministries of mining, fisheries, agriculture, conservation, and the environment. This has led to confrontations in the past, resulting in contradictory policies and necessary measures being blocked in the legislature. Under the constraints of a dire financial situation, environmental concerns, for example, regarding the exploration of natural resources, are sacrificed for economic considerations. Tendering regulations are also sometimes bypassed to give bidders with political connections an advantage.

In terms of policy learning, Botswana offers a positive example. In 2022, the government adopted monitoring and evaluation measures to assess the extent to which all government policies, programs and projects had proven efficient and effective. In Zambia and Tanzania, the new governments have announced improved flexibility and openness to critique of policies. Both promised to learn from the mistakes of their predecessors. To what extent this is possible given the still tense economic situation remains to be seen.

No progress was recorded in the fight against corruption. Efforts to combat graft have worsened in several countries such as Botswana, Kenya, Madagascar and South Africa.

In the area of foreign policy, the countries of Southern and Eastern Africa are continuing to diversify their contacts both within and outside the region. International cooperation improved by 0.23 points compared to the BTI 2022. However, there are some contradictory trends underlying this score. Some countries such as Burundi and Lesotho have recorded modest gains. Botswana and Mauritius remain the most credible partners in the region, while Namibia and South Africa have each lost one point in this regard. For many years, South Africa was considered a normative power in the international community. This status was mainly due to the global example the country set with its peaceful transition out of apartheid. Already tarnished in other respects, this reputation has now been further damaged as South Africa refused to vote for UN resolutions condemning the Russian invasion in Ukraine. This is also true of Namibia, which continues to deepen its ties to China and Russia.

Outlook

In terms of the level of political and economic development, Southern and Eastern Africa improved in the Status Index, recording a slight increase of 0.25 points. However, structural conditions in the region are expected to remain challenging in the future. Much will depend on how the global political and economic situation evolves, for example, regarding the economic effects of the Ukraine war, but also the increasing instability in West Africa and the role of Russia. Environmental events such as droughts and resulting food security problems will continue to pose challenges for the governments of many countries in the region.

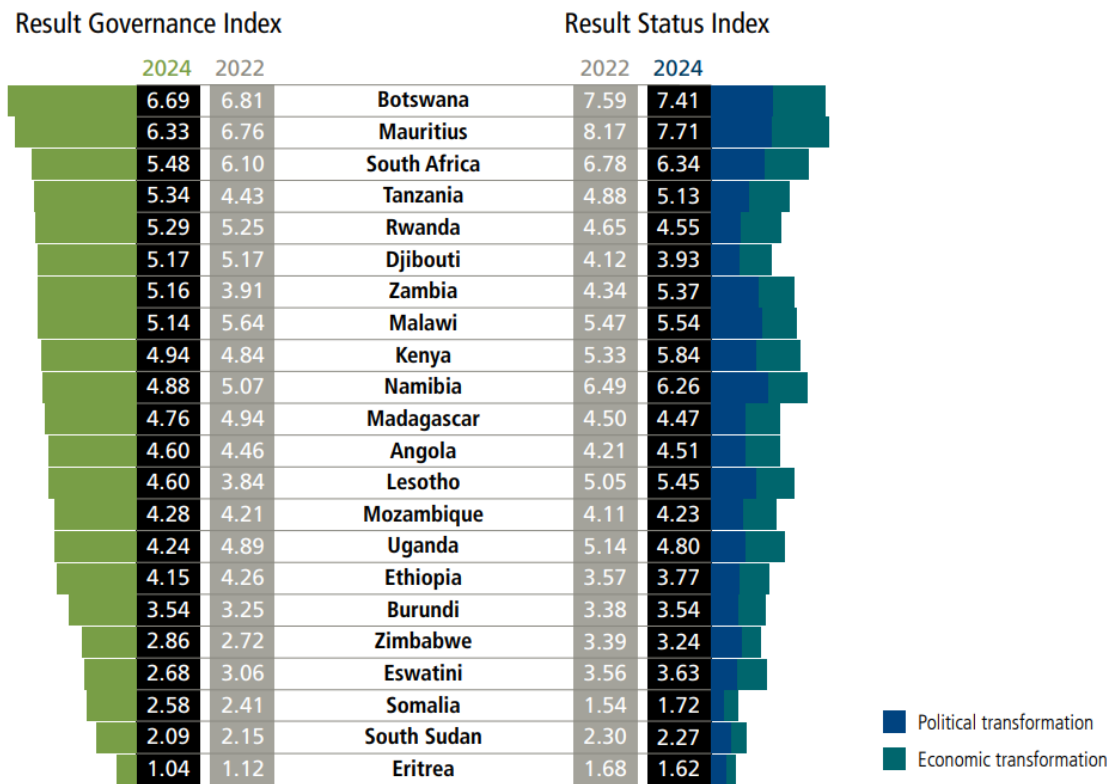
Governments in Southern and Eastern Africa have limited influence on all these framework conditions. Political transformation, in particular the legitimacy of governments, remains a key factor in addressing these complex tasks. Some countries are facing a growing dissatisfaction among their populations. This is fueled by two interconnected dynamics: the unfulfilled promises of economic prosperity and the often poor quality of political institutions. The examples of Kenya and Zambia underscore the close relationship between political and economic transformations. Successful elections imbue government activity with a renewed legitimacy while increasing the confidence of donors as well as national and international investors. They thus provide a good basis for sustained economic growth. Both countries would be well advised to harness the positive momentum they have built and sustain it through prudent policy planning. Unfortunately, African governments have often disappointed in the implementation of comprehensive reforms, even after a change of power. Therefore, it remains to be seen whether the positive momentum can be translated into long-term improvements.

Developments in both countries also illustrate the strong demand for a strategically positioned opposition. Both Hichilema in Zambia and Ruto in Kenya were able to attract new voter groups and score with convincing election campaigns. The credibility of political actors is critical to reform efforts. In Southern and Eastern Africa in particular, there are several examples of dominant parties that are able to operate with little resistance in part because they are thoroughly intertwined with the state apparatus but also because of a weak opposition. Of course, the scope of action for opposition parties differs in democratic states with functioning separation of powers such as Botswana or South Africa from those in closed autocracies. However, even in those countries once held up as models of development, we see tendencies toward disillusionment not being channeled into attractive political offers by opposition parties. There's a risk of declining political participation and waning support for democracy – not because democracy as a form of government is undesirable, but because doubts about democracy's ability to solve problems persist. Consequently, not only should there be stronger collaboration among opposition groups, but all parties must engage in more coherent policy formulation. There are several different paths that can be taken to achieve a sustainable democracy. In some of the region's autocracies, a change of power is currently not foreseeable, although smaller reforms are possible. In Tanzania, for example, although the regime type remains the same, the new President Hassan is cautiously introducing positive change.

In terms of economic transformation, much more must be done to increase private sector investment in the region. Conditions for businesses across the region need improvement. In particular, we need to see greater transparency in policymaking and stepped up efforts to battle corruption. However, inflation and rising national debt levels are complicating some urgently needed reform projects, such as investments in infrastructure. Many countries are facing a shortage of qualified labor, necessitating an expansion of the education system. A priority should be placed on diversifying the economy, as many countries still export only a few goods, making them vulnerable to economic shocks. In addition, some projects in the region involving the extraction of resources stand in conflict with climate protection goals.

In the region’s weakest states, ensuring security remains paramount. The intertwined nature of conflicts in the Horn of Africa in particular pose challenges to the region as a whole. The ceasefire in Ethiopia marks a crucial first step toward resolving the country’s violent conflict. In Somalia and South Sudan, building peace and security will undoubtedly require a much longer investment.

In the area of governance, the picture is mixed, but the observation holds that successful elections and, as in the case of Tanzania, even minor reforms can set an upward spiral in motion. At the same time, those countries once viewed as models of development are showing a downward trajectory.



The outlook for the region remains mixed. Given the fact that the conditions needed for successful transformation efforts are increasingly elusive, the widely observed stagnation does not bode well.

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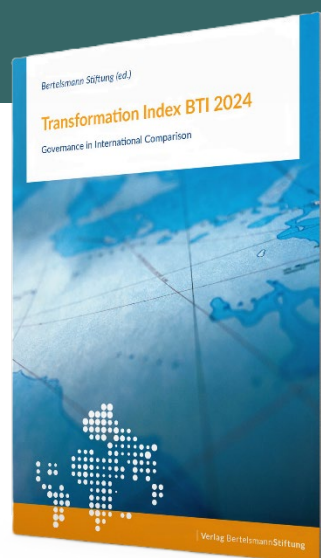
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