Exploring the relationship between good governance and development in Sub-Saharan Africa

Lessons from South America

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ABSTRACT

Africa remains the poorest continent in the world. Intellectuals from Africa and the broader international community have advanced many reasons for poverty and underdevelopment on the continent. Reasons provided include slavery, geography, poor health, culture, globalisation and colonialism. This article acknowledges that these reasons do, to an extent, contribute to the continent's developmental challenges. However, arguably poor governance is the main developmental obstacle in sub-Saharan Africa. As such, the authors believe that good governance is the core catalyst to facilitate development. Thanks to good governance, other parts of the world that were subjected to the same historical trajectory of slave trade and colonialism have managed to show profound growth. Notably, focus on good governance was particularly effective in developing parts of South America. The article concludes that unless sub-Saharan Africa adopts this type of good governance approach, the dream of development may continue to be elusive.

INTRODUCTION

This article is divided into six parts. Firstly, a brief description is provided on possible reasons for sub-Saharan Africa's slow growth rate, as well as how good governance can help remedy the situation. To provide a theoretical framework, both governance and development are described. Then the article looks at the intrinsic link between good governance and development, as well as the vital role good governance plays in stimulating development. To provide a contextual framework, the article provides examples where poor governance continues to hamper development in Africa. The author draws from experiences of South America, as a possible point of departure to jump-start economic growth and development. The article concludes by providing vital recommendations that could bolster economic transformation and change in sub-Saharan Africa.

CONTEXTUAL BACKGROUND

Sub-Saharan Africa is the poorest region of the world, and, according to the United Nations Conference on Trade and Development (UNCTAD 2010:16), 33 African countries are classified as Least Developed Countries (LDCs). The core features of these countries include a lack of inclusive development, poverty and underdevelopment, lack of basic necessities like water and electricity, as well as limited housing and employment opportunities (UNCTAD 2010:35). Unsurprisingly, most African countries are at the bottom of the Human Development Index (HDI) (UNDP 2012:12).

Published annually, the HDI presents a summary of all the global HDIs. Pakistani economist, Mahbub ul Haq, and Indian economist, Amartya Sen, jointly developed the index in 1990 (United Nations Development Programme (UNDP) 2012:12). The index helps countries, organisations and people understand whether a country is developed, still developing or underdeveloped. The HDI is published annually, as it is believed that capturing people's living conditions is the best way to measure development, as "people are the real wealth of a nation" (UNDP 1990). Development index data is captured by factors such as life expectancy, education, literacy and per capita gross domestic product (GDP) (UNDP 2012:12).

Despite its enormous natural resources and endowments, there is no consensus among researchers on the reasons for poverty and underdevelopment in Africa (Ukwandu 2014:127). Certain researchers are of the opinion that the continent's perilous geography is responsible for its poverty and underdevelopment (Ukwandu 2014:128 and Toynbee 1961:28). According to these narratives, sub-Saharan Africa's geography and climate lead to diseases, weak economy and a high mortality rate (Diamond 1997:43; Sachs 2001:15; Machiavelli 1987:25 and Montesquieu 1989:32).

Some other researchers in the development field blame diseases, such as HIV/AIDS, malaria and tuberculosis for poverty and underdevelopment in Africa (Bloom and Sachs 1998:211; Gallup and Sachs 2001:88). The third proposed reason for Africa's poverty and underdevelopment focuses on slavery, which derailed the continent's productive ability and potential for centuries (Gemery and Hogendorn 1979:38; Manning 1981:508 and Inikori 1992:500). This haunting legacy still remains part of post-colonial Africa's narrative.

The fourth commanding factor relates to the pernicious effect that colonialism had on sub-Saharan Africa's growth and development. Proponents of this narrative argue that colonialism led to poverty and underdevelopment in Africa (Grosfoguel 2007:218; Fall 1993:22; Northrup 1988:44; Mehmet 1999:60; Nkrumah 1965:38; Crowder 1969:42; Rugumanu 2005:80; Mamdani 2005:65; Amin 1974:50). Two of the main proponents of this narrative argued that, "We cannot hope to formulate an adequate development theory and policy for the majority of the world's population who suffer from underdevelopment without first learning how their past economies and societal history gave rise to their present underdevelopment" (Frank 1966:17). Rodney (1972:60) endorses this sentiment and advises that "in order to formulate a strategy and tactics for African emancipation and development, we have to understand how the present came into being and what trends are for the near future".

Finally, commentators point to the debilitating effects of globalisation in Africa. In essence globalisation plays a dual role, as it could lead to economic fragmentation and inclusiveness. In this instance, globalisation is blamed for the dismal growth and development on the continent (Wallerstein 1974:68; Gutall 2007:528; Aksu and Camilleri 2002:29; Diehl 2001:41; Held and McGrew 2002:50; Iriye 2002:55; Keohane 2002:39 and Krasner 2001:23).Those who hold this view argue that globalisation has not benefitted most poor communities in sub-Saharan Africa, as it has led to job losses and higher poverty levels (Ukwandu 2014:109).

CONCEPTUAL CLARIFICATIONS

Development

There are a plethora of interpretations and descriptions for the concept of development. It is vital to clarify the concept of development as it relates to people living in poor and developing parts of the world, such as sub-Saharan Africa (Ukwandu 2014:41). For a person living in the leafy suburbs of Sydney, Australia, development could mean protecting animal rights and climate change. Conversely, a person living in a poor informal settlement such as Alexandra, South Africa, could view development as the struggle for survival. It could mean a struggle for the basic necessities of life like food, shelter, a job, water, etc. (Ukwandu 2014:45).

This article seeks to apply the concept of development as it relates to the average person living in poverty and underdevelopment in sub-Saharan Africa. As such, it is vital to identify the key cornerstones of development as it relates to the majority of the region. Rondinelli and Ruddle (in Rondinelli 1993:8) provide the best description of what development means to the majority of Africans. While this definition is a bit dated, its main tenets constitute the essence of development for an ordinary African. The authors defined development as follows: "The essence of development is the expansion of participation in economic activities through the creation of social and economic systems that draw larger numbers of people into processes of production, exchange and consumption, that involve greater numbers in entrepreneurship and employment, that increases levels of income for the poorest groups and reduce disparities between rich and poor so that a larger majority of people can obtain basic goods, save and invest and gain access to services necessary to enrich the quality of their lives. Development is a process of expanding the productive capacity of public and private organisations, large and small firms, rural and urban regions of a country at a steady pace. It involves stimulating the use of potentially productive resources, adapting appropriate technologies and institutions to traditional as well as modern communities, transforming subsistence agricultural and rural sectors into employment- and income generating elements of the national economy and providing social services and facilities that allow people not only to satisfy basic needs but also to develop their productive capacity and human potential" (Rondinelli and Ruddle in Rondinelli 1993:8).

According to the definition, the central thrust of development in the region is making provision for basic human needs (Sen 1999:41). This means that any relevant development in the region should focus on enhancing opportunities for the poor, alleviating poverty, creating better health services, improving the quality of education, reducing infant mortality etc. The fact remains that despite all the GDP figures being published by the World Bank, true development that encompasses the goals enunciated by Seers (1969:12) still eludes many people in Africa. Despite huge improvements in the continent's economic growth figures during the past decade, there have been limited employment opportunities in the region. This is due to the fact that a handful of politicians in power reap all the benefits of economic growth, without making any real difference in citizens' lives (Mills and Herbst 2012:65).

To further corroborate these perspectives, the World Bank (1991b) formulated a much broader definition of development to incorporate other aspects such as education, health, environment and the social benefits of development. According to the Apex Bank (1991b), economic development focuses on a sustainable increase in living standards. This encompasses material consumption, education, health and environmental protection (World Bank 1991). However, the Bank was of the opinion that this narrow focus was insufficient. The Apex Bank offered a more comprehensive, inclusive definition of development that includes all segments of the population, as stated below: "Development in a broader sense is understood to include other important and related attributes as well, notably more equality of opportunity and political freedom and civil liberties. The overall goal of development is therefore to increase the economic, political and civil rights of all people across gender, ethnic groups, religion, races, regions and countries" (World Bank 1991a:31).

This brief overview of what development means to the average person living in sub-Saharan Africa is to offer sufficient clarity on development in the region.

Governance

The notion of good governance is similar to what Weber (1964:156) defines as "a modern state with a compulsory association with a territorial base claiming the monopoly of the legitimate use of physical force" (Weber 1964:156). Albrow (1970:45–9) adds: "Such a state and its instruments of governance must be run by an impersonal bureaucratic staff, in the context of a legal-administrative order, regulated and limited by legislation and representative government" (Albrow 1970:45). In terms of origin and structure, most states in sub-Saharan Africa are not similar to the Weberian ideal. However, developed countries share these common characteristics. It is vital that states in the region emulate policies and systems that have worked in other parts of the world, while adjusting them to suit their countries' unique socio-economic and political milieus.

According to Weber (1965a:155), states that desire to reduce poverty, unemployment and underdevelopment should focus on activities that promote economic growth and development. Weber (1965a:155) explains that: "Principally there are no mysterious incalculable forces that come into play, but rather one can, in principle, master all things by calculation. This means that the world is disenchanted. One need no longer have recourse to magical means in order to master or implore the spirits, as did the savage, for whom mysterious powers existed, technical means and calculations perform the service" (Weber1965a:155).

In Weber's view, states in sub-Saharan Africa should enact and implement policies that would stimulate commerce and industry. In turn, this will bolster economic growth and development. Weber emphasises the key role of governance in development. According to the Asian Development Bank (ADB 1999), "Governance means the manner in which power is exercised in the management of a country's economic and social resources for development" (ADB 1999). This definition highlights the role the state plays in mobilising both the private and public sectors in the quest for development. This is the only way poverty has been reduced in many parts of the world.

Canada Corps (2006:25) defines governance "as the way that decisions are made in towns, cities, provinces and countries". Governance denotes how government, civil society and the private sector work together. Furthermore, it sheds light on how a specific government functions, who is involved in the policy process and how the positive and negative effects of political activity are distributed within a society. The World Bank (1992:70) defines governance "as the exercise of political power to manage a nation's affairs". In line with this, Dwivedi (2001:36) defines governance as a "system of values, policies and institutions by which a society manages its economic, political and social interaction within and among the state, civil society and private sector" (Dwivedi 2001:36).

In turn, the UNDP (1997:21) defines governance as "the exercise of economic and administrative authority to manage a country's affairs at all levels. It comprises the mechanisms, processes and institutions through which citizens and groups articulate their interests, exercise their legal rights, meet their obligations and mediate their differences" (UNDP 1997:21). The International Monetary Fund (IMF 2005:4) highlights the economic dimensions of governance by arguing that "governance is in two spheres: improving the management of public resources; and supporting the development and maintenance of a transparent and stable economic and regulatory environment conducive to efficient private sector activities" (IMF 2005:4).

The Department for International Development (DFID 2001:11) highlights that "governance has to do with how the institutions, rules and systems of the state – the executive, legislature, judiciary and military – operate at central and local level and how the state relates to individual citizens, civil society and the private sector" (DFID 2001:11). The United States Agency for International Development (USAID 2005:1) reiterates this sentiment by stating that "governance relates to the ability of government to develop an efficient, effective and accountable public management process that is open to citizen participation and that strengthens rather than weakens a democratic system of government" (USAID 2005:1).

Hyden, Court and Mearse (2004:16) regard governance as the formation and stewardship of formal and informal rules that regulate the public realm. Importantly, this is the arena where states, as well as economic and societal actors, interact to make decisions. Kaufmann (2003:5) is of the opinion that, "Governance is the exercise of authority through formal and informal traditions and institutions for the common good, thus encompassing:

- the process of selecting, monitoring and replacing governments;
- the capacity to formulate and implement sound policies; and
- the respect of citizens and the state for the institutions that govern economic and social interactions among them" (Kaufmann 2003:5).

Hewitt de Alcantra (1998:105) defines governance as "the exercise of authority within a given sphere...efficient management of a broad range of organisations and activities... (and) involves building consensus or obtaining the consent or acquiescence necessary to carry out a programme, in an arena where many interests play". Rhodes (1995:2–10) suggests five areas in which the concept of governance can be used and understood:

- As an efficient state: It could be a blanket term that refers to reducing public intervention in the economy and using markets or quasi-markets to deliver public services.
- Corporate governance: This has less to do with the formal institutions and structures and more to do with the overall system whereby public and private organisations are directed and controlled. This often includes principles of openness, integrity and accountability. Simply stated, it refers to the principles and philosophy of control.
- New Public Management: This term is used to distinguish it from the old public administration (Dunleavy and Hood 1994:10), and is understood to include applying private sector management principles to the public sector. More recently, incentive structures, such as internal markets and competition, have been introduced to the public provision arena.
- Socio-cybernetic system: This refers to the overall pattern of intent in a given society. Importantly, it refers to negotiation and cooperation between central and local governments, as well as private sector organisations.
- Governance as a self-organising network: This refers to new structures that focus on widespread social coordination and interaction between both public and private institutions and organisations. With a focus on service delivery, state institutions and agencies' responsibilities are transferred to private, non-state or quasi-state institutions (hollowing out of the state) (Rhodes 1995:2–10).

As explained earlier in the article, governance refers to state administration. The aforementioned implies that good governance refers to the efficient use of the state's resources and power. Conversely, poor governance would then refer to the state's inefficient use of power and resources. Since the article focuses on good governance, it is important to clarify what the term good governance in fact means. The UNDP (1997:21) defines good governance as "participatory, transparent, accountable, effective and equitable". Furthermore, the UNDP (1997) states that good governance promotes the rule of law and "ensures that political, social and economic priorities are based on broad consensus in society and the most vulnerable are heard in decision-making over the allocation of development resources" (UNDP 1997:21). The IMF (2005:1) views good governance as "ensuring the rule of law, improving the efficiency and accountability of the public sector and tackling corruption" (IMF 2005:1).

The DFID (2001:9) highlights seven key capabilities relating to good governance. This includes to:

- operate political systems which provide opportunities for all people;
- influence government policy and practice;
- provide macro-economic stability;
- promote growth necessary to reduce poverty;
- implement pro-poor policy;

- guarantee the equitable and universal provision of effective basic services;
- ensure personal safety and security;
- manage national security arrangements accountably; and
- develop an honest and accountable government (DFID 2001:9).

USAID (2005:1) associates good governance with democratic governance. This includes "transparency, pluralism, citizen involvement in decision-making, representation and accountability". Here, the focus is on five areas, namely 'legislative strengthening, decentralisation and democratic local governance, anti-corruption, civil-military relations and improving policy implementation'. In turn Hyden, Court and Measerse (2004:14) define the concept of good governance as "that which can be measured along five dimensions – participation fairness, decency, efficiency, accountability and transparency". According to the authors, this relates to the civil, political and economic, as well as government, bureaucracy and the judiciary.

EXPLORING THE LINK BETWEEN GOOD GOVERNANCE AND DEVELOPMENT

The spirit, value and ethos of capitalism are entrenched in the mutual exchange of goods and services in a free-market economy. This has led to the unparalleled wealth and prosperity in developed countries (Orkasson, Obed and Svensoon 2009:175). For the majority of people within a state to reap the benefits of capitalism and development, good governance must create an enabling environment. It must also lead to a spike in entrepreneurial and creative energy in both the public and private spheres (North 1990:65). As such, strong government policies and programmes help stimulate economic growth and development (Ukwandu 2014:50).

With reference to producing or exchanging goods and services, transaction costs (the cost of doing business in a country) need to be minimised (North 1990:65). Transaction costs include the cost of electricity and labour, as well as security permits etc. (North 1990:65). Collectively, these costs would either hamper or improve economic growth and development in a country (Ukwandu 2014:50). North stresses the key role that good institutions or good governance plays in stimulating a country's growth and development. Importantly, the aforementioned creates efficient and cheap transaction costs to bolster economic growth and development (North 1990:65). North (1990:65) adds: "We have only to contrast the organisation of production in a Third World economy with that of an advanced industrial economy to be impressed by the consequences of poorly defined and ineffective property rights. Not only will the institutional framework result in high costs of transacting in the former, but also insecure property rights will result in using technologies that employ little capital and do not entail long-term agreements... Moreover, such mundane problems as the inability to get spare parts or a two year wait to get a telephone installed will necessitate a different organisation of production that an advanced country requires. A bribe sufficient to get quick delivery through the maze of import controls or get rapid telephone installation may exist, but the resultant shadow transactions costs significantly alter relative prices and consequently the technology employed" (North 1990:65).

Many academics have investigated the intrinsic link between good governance and development, and more specifically the correlation between transaction costs in a country and its economic growth and development (Martinez and Dacin 1999:80). Martinez and Dacin (1999:80) stated that transaction costs play a significant role in a country's productivity, economic growth and overall development. In cases where countries focus on stimulating economic growth and development, the transaction costs should ideally set out the terms of operation, rules and regulations, as well agreements between individuals and firms. The aforementioned is of importance, as consistency and transparency help entrepreneurs and companies to plan accordingly.

The high transaction cost of doing business in Africa is detrimental to business and companies and hampers the flow of commerce, as well as economic growth and development. Good governance entails setting up mutually beneficial terms of doing business and creating efficient regulatory bodies that protect entrepreneurs' intellectual property which acts as a catalyst for capitalism and growth (North 1990:25). The uncertainty that stems from insufficient information or unwieldy bureaucratic bottlenecks is regarded as poor governance. This is the main impediment to growth and development in Africa.

Good governance and subsequent viable transaction costs invigorate economic growth and development globally. This is well documented in the works of Milgrom and Roberts (in Oskarsson, Svensson and Oberg 2009:175). The authors explain this key relationship as follows: "The cost of deciding, planning, arranging and negotiating the actions to be taken and the terms of exchange when two or more parties do business; the costs of changing plans, renegotiating terms and resolving disputes as changing circumstances may require; and the costs of ensuring that parties perform as agreed. Transaction costs also include any losses resulting from inefficient group decisions, plans, arrangements or agreements; inefficient responses to changing circumstances; and imperfect enforcement of agreements" (in Oskarsson *et al.* 2009:175).

As Milgrom and Roberts (in Oskarsson *et al*. 2009:175) point out, the pace of economic growth and development, a subsequent reduction in poverty, as well as overall economic growth and development depend on the smooth functioning of, and trust in, the regulations that govern business activities in a country (Ukwandu 2014:50). Various authors cited in this article point to the fact that transaction costs should be transparent to bolster economic growth and development (Oskarsson *et al.* 2009:175 and North 1990:65). Adam Smith, an economist who supports the classical school of thought, highlights certain rules that favour commerce and industry. He is of the opinion that governments that seek to alleviate poverty and bolster economic growth and development should regard these rules as top priority (in Rodrick *et al*. 2003). Smith further explains: "Commerce and manufacturing can seldom flourish in any state which does not enjoy a regular administration of justice in which the people do not feel themselves secure in their possession of their property, in which the faith of contracts are not supported by law, and in which the authority of the state is not supposed to be regularly enforced in the payment of debts from all those who are able to pay. Commerce and manufacturing cannot flourish in any state in which there is not a certain degree of confidence in the justice of government" (in Rodrick *et al.* 2003).

Many experts in the development field argue that having clear economic and political guidelines and policies in place remains the best way to stimulate growth and development (Oskarsson *et al.* 2009:175; North 1990:65 and Svensson and Oberg 2005). These experts argue that good governance entails having clear, coherent, transparent and effective guidelines whereby businesses operate (Hall and Soskice 2001; Pontusson 2005; Svensson and Oberg 2005:1078). Notably, an independent, efficient judiciary and well-functioning government institutions should be responsible for good governance (Hall and Soskice 2001:77). A country's government is responsible for good governance. Notably, this includes an efficient bureaucracy that regulates companies and secures individuals' property rights. In addition, there should be a guarantee that politically connected individuals will not sabotage the system (North 1990 and Svensson and Oberg 2005:1078).

Importantly, there is a nexus between the political and economic institutions in a country. In this article, the aforementioned is referred to as governance and the smooth functioning of capitalism, economic growth and development. North (2005:25) notes that, "Good institutions beget good governance". Furthermore, North emphasises that the quality of a country's governance structure determines its long-term economic growth or stagnation (North 2005:42). Sharma (2007:34) elaborates that good governance consists of all the formal rules and regulations that guide a country (the constitutions, laws and regulations). It also includes the informal rules and regulations of governance (traditional beliefs, social customs, norms, morals and values). All these attributes regulate and influence human behaviour. Most importantly, they also influence economic transactions between people who function within the economy (Sharma 2007:35).

North (1990:80) highlights the difference between good and poor governance. He explains that when a society's governance structures act as an incentive (good governance) for individuals, firms and organisations to be productive, it leads to economic growth and development (North 1990:80 and North 2005:34). Conversely, poor governance is regarded as a discourse where governance institutions are predatory towards individuals. This is the case in many African countries, where the police extorts money from private businesses, municipal councils implement unjustifiable levies and taxes, and national governments spend too much time registering companies, economic growth stagnates and poverty and underdevelopment become the order of the day (North 1990:80 and North 2005:43). This distinction is of importance, as it highlights the central role good governance plays in stimulating development in a country.

Sharma (2007:35) reiterates the important role of good governance in development. The author describes poor governance as a state of uncertainty, while good governance is characterised by certainty and clarity. Informal methods of conducting interpersonal exchanges or business, which are common among people in traditional societies, are unsuitable for complex, modern societies. Given the complex division of labour and specialised skills needed for economic growth and development within a globalisation-focused paradigm, good governance takes centre stage in any development policy.

Modern society is characterised by unparalleled globalisation. Most development experts agree that good governance plays an inextricable role in stimulating and solidifying any development initiative (Kaufman, Kraai and Zoido-Lobaton 2000; Knack 2003:32; Hall and Jones 1999:20 Henisz 2000:15; Bockestette, Chanda and Putterman 2002:352; Rodrick, Subramaninan and Trebbi 2004:135; Dreher and Herzfeld 2005:15 and Persoon and Tabellini 2006:12175).

GOOD GOVERNANCE AND DEVELOPMENT: LESSONS FROM SOUTH AMERICA

Modern literature highlights key elements that led to the development of formerly poor countries in Asia and South America. There is a general consensus that development will take place once a developed or developing country adheres to the minimum requirements of good governance (Ukwandu 2014:128). There is a plethora of evidence on how good governance bolstered development in South American countries. Thanks to positive effects of good governance, poverty was reduced considerably: from 55% to 18% in Costa Rica; 65% to 34% in El Salvador; and 57% to 44% in Colombia (Mills 2010:58). Despite the legacy of Spanish colonial rule, these countries have implemented good governance practices in many public service sectors. As a result, poverty and underdevelopment have been reduced considerably (Ukwandu 2014:128).

Alvaro Uribe's transformation of Colombia is remarkable. Since coming to power in 2002, Uribe committed to the principles of good governance. This helped reduce the country's poverty rate by 20% (Mills 2010:60). During his presidency, the country's unemployment rate fell by 25%; and the number of citizens who receive public health care rose from less than 400 000 in 2002 to just below 8-million in 2007 (Mills 2010). In addition, primary school enrolment increased from 7.8-million to 9.3-million during the same period (Mills 2010:60).

With regard to the registration and legalisation of property rights, De Soto (2000:80) estimates that the economic cost of inefficient bureaucracy and poor governance in the developing countries amounts to billions of US Dollars. Furthermore, De Soto observes that, without these title deeds, collateral value cannot be realised by borrowing against those lands; legal action needs to be taken to sustain livelihoods; talents are wasted (De Soto 2000:80). Undeniably, poor governance hampers true growth and development in most of the developing world. Based on his study in his native Peru and much of Latin America, De Soto states that good governance is a key denominator in development.

With a focus on good governance, a series of reforms laid the foundation for the economic transformation of Brazil under Henrique Cardoso. These reforms set the country on a path of economic growth and development (Goertzel 2003:4). Cardoso ushered in political pluralism and deepened representative democracy and culture in the country (Goertzel 2003:3). In his address to the Brazilian national assembly, Cardoso explained the essential role of good governance and a strong democratic culture as the cornerstone of development: "Liberty is fundamental, but democracy is not limited to party or electoral institutions–it is extended to society. It requires a more agile and competent state. It is possible within the limits of democracy, to carry out social policies that lessen the amount of poverty" (in Goertzel 2003:4).

During his presidency from 1995 to 2002, Cardoso implemented many vital reforms, such as stopping hyperinflation and stabilising the value of the Real (Goertzel 2003:3). Based on data from the Centre for Economic and Business Research (CEBR) (cited in Dauvergne and Farias 2012:906), in 2011, the Brazilian economy overtook the British economy to become the world's sixth largest economy (Dauvergne and Farias 2012:906). To illustrate the pace of the country's transformation over the decades, it now ranks as the world's second largest food exporter; fourth largest food producer; and ninth largest oil producer (Dauvergne and Farias 2012:906; Goertzel 2003:6).

Dauvergne and Farias (2012) highlight the scope of Brazil's economic transformation and development over two decades. The authors stated that between 2002 and 2010, the number of Brazilian citizens classified as poor decreased by 51% under the leadership of former president, Luiz Inácio Lula da Silva. In their study, the authors specified that Lula da Silva's administration also reduced inequality. Although the per capita income of the richest 10% of the Brazilian population rose by only 10%, the poorest 50% of the population increased by 68%. Most importantly, the income of women rose by 38% (Dauvergne and Farias 2012:218).

Thanks to Lula da Silva's focus on good governance and comprehensive development, Brazil's multi-cultural, multi-ethnic and multi-racial society has become more united and stable (Ukwandu 2014). On a visit to South Africa, Lula da Silva stated: "The biggest legacy of my presidency is not the programmes that took 30-million Brazilians out of absolute poverty and created 15-million jobs. It is the accountability of the public institutions and the real partnership with business, labour and civil society that brought hope to the people. We put the needs of the people first, not ours" (in Naidoo 2012:15).

Kaufman (2003:5) is of the opinion that, "Governance can be measured along six dimensions (voice and external accountability; political accountability and lack of violence, crime and terrorism; government effectiveness; lack of regulatory burden; rule of law; control of corruption". In line with this, Lula da Silva highlighted good governance as one of the main legacies he hoped to instil in Brazil. As such, poor governance and the endemic corruption in public institutions is one of the greatest catalysts for sub-Saharan Africa's poverty and underdevelopment. Therefore, geography, slavery, culture and globalisation are of less consequence than many may argue.

Reinert (2008:90) stresses the predominant role of good governance in Costa Rica's economic transformation and development. He explains that Costa Rica's political elite used good governance to steer the country towards a much more prosperous path (Reinert 2008:90). In this instance, a series of good policies and a special brand of Costa Rican coffee that was rebrewed and remarketed. This subsequently quadrupled the country's export earnings (Reinert 2008:90). Green (unroasted) coffee sold for around US$3.50 per kilogram in the international market, while wholesale roasted coffee sold for around US$12 per kilogram and retailed at between US$15–20 per kilogram (Mills 2010:70). Thanks to honesty and transparency, farmers received proper value for their products. These attributes are among the objectives of good governance.

Through transparency and creativity, the farmers were able to get 120 cups of espresso out of a kilogram of coffee. At US$3.00 per cup, it amounts to US$360.00 per kilogram (Mills 2010:73). This good governance practice of adding value to a natural resource has created an additional 800 jobs, in addition to the original 100 people who were employed in the green bean industry (Mills 2010:70; Reinert 2008). This creative business approach has created higher incomes and more jobs in the country (Mills 2010:72). This crucial principle of adding value to raw materials is only effective where good governance principles are in place.

The job creation rate in sub-Saharan Africa can grow exponentially if the region's political elite follow the same roadmap as Costa Rica. Undeniably, turn-around strategies should focus on good economic policies, with a specific focus on job creation and alleviating poverty (Ukwandu 2014). Issues of Africa's poor are usually ignored or relegated to the periphery of economic growth and prosperity. This is a direct opposite to what happened in South America. The concerns of the poor are neglected due to poor governance, power hungry captains of industry and political leaders who live in the lap of luxury.

CONCLUSIONS AND RECOMMENDATIONS

This article has highlighted the detrimental effects of poor governance, which include the investment climate, economic growth and overall development in the sub-Saharan region (Ukwandu 2014:300). Without good governance, it would be difficult for the region to move beyond poverty and underdevelopment. The article highlighted that good governance helps create jobs and spurs economic growth and development. Examples were used of South American countries that managed to bridge the poverty gap. This raises the following question: Why do coffee-producing countries in Africa, such as Ethiopia, the Ivory Coast, Uganda and Kenya, fail to follow suit and replicate the examples of South Americans? The answer is simple. Inveterate interests (political, economic, cultural, religious etc.) of the ruling elite and poor governance are sabotaging development efforts in the region. As poor governance is widespread throughout sub-Saharan Africa, it has imperilled development efforts in the region.

It is important to investigate how poor governance has hampered economic growth, job creation, poverty alleviation and overall development in the region. Mozambique serves as an example of a sub-Saharan African country that is subject to poor governance. International financial institutions often refer to Mozambique as the beacon of hope and reform. However, in reality, it takes six months to register a company in the country (Emery and Spence 1999:9). During this six-month-period, various government departments will demand permits, licences and mandatory fees that amount to almost 10% of the company's budgeted cost (Emery and Spence 1999:9). This attitude represents the behaviour of most government officials and institutions in the region. As such, it is almost impossible for small-scale business owners to obtain permits and start their businesses. With improved governance practices in the region, the private sector could help reduce poverty and create jobs (Ukwandu 2014:300).

High transaction costs in the region are yet another example of poor governance. Undeniably, it has impeded economic growth and development in the region. High transaction costs hamper business and economic growth and development. It takes 153 days to register a company in Mozambique and 14 steps to complete the registration process. It takes three months and 16 processes to register a company in the Democratic Republic of Congo (in Ukwandu 2014:300).

In Nigeria, there are 15 different types of taxes paid to the local governments, state and federal governments to register and start a company. Starting a brand new business in Nigeria is bedevilled with the dual problem of inadequate infrastructure and electricity. In addition, business owners have to provide their own security, water and electricity (Ukwandu 2014:218). It takes almost a year for an office telephone line to be installed in Ghana, Nigeria, Cameroon, the Democratic Republic of Congo (DRC), Sierra Leone and Liberia. Layers of different taxes and sometimes-deliberate double taxation by the local and national government discourage people from starting small-scale businesses in Cameroon. In

Malawi, it is far better to operate without registering a company, as the government charges all business owners prohibitive fees and taxes (**http://news.bbc.co.uk/2/hi/africa/4678380.stm**).

This article has shown that poor governance is the most profound impediment to development efforts in sub-Saharan Africa, as it affects all facets of the region's economy. Poor governance stunts agricultural growth and production, as well as hampers job creation and poverty alleviation (Ayittey 2005:133; Ukwandu 2014:220). For example, poor governance has led to widespread exploitation and manipulation of peasant farmers. National governments, not market forces, determine prices farmers in Africa receive for their produce. This creates a space for corruption and exploitation. According to the *West African Journal* (in Ayittey 2005:133): "On average, between 1964/65 and 1984/85, the peasants of Gambia were robbed of 60 percent of the international price of their groundnuts. For 20 years the Jawara government 'officially' took, free of charge, 3 out of every 5 bags, leaving the peasants with a gross of 2. With deductions for subsistence credit fertilizer, seeds, etc., the peasant would end up with a net 1 bag out of five" (Ayittey 2005:133).

As mentioned earlier in the article, it is easy to blame external factors such as slavery, geography, colonialism for the region's poverty and underdevelopment. National governments that practice poor governance are characterised by corruption. Notably, these governments are responsible for declining food production on the continent. They have exploited rural and subsistence farmers, which is why Africans are reluctant to return to farming.

Despite sub-Saharan Africa's vast tracts of arable land and natural resources, the Food and Agricultural Organisation (FAO) (2008:30) states that 35 out of 48 countries in the region are net importers of food from Europe and North America. In fact, sub-Saharan African food production is 66% lower than the global average. Conversely, food production in South American countries has doubled over the years (FAO 2008:30). As a developing region, agriculture is an easy way to provide food and financial security to millions of poor people in the region. If energy, resources and land are properly channeled into agriculture, it can play a profound role in alleviating poverty and supporting overall growth and development in the region.

The example of Zimbabwe offers a better illustration of how poor governance hampers development. Before Robert Mugabe came into power, the former British colony was the continent's bread basket; a net exporter of food produce. The country produced one-third of its grain needs, while tobacco was its main export crop. The percentage fell to around one-sixth of the 1999 peak of 250 000 tonnes (in Ukwandu 2014:226). According to Smit (in Mills 2008:75) Zimbabwean maize production amounted to 521 000 tonnes in 1998. By 2005, it had declined to 180 000 tonnes; cotton went from 77 000 to 0.5 tonnes; wheat production fell from 270 000 to 125 000 tonnes; soya went from 113 000 to 48 000 tonnes; and dairy production from 270 000 to 93 000 tonnes (Mills 2008:76). Zimbabwe was once the second largest economy in Southern Africa, after South Africa. Its per capita income halved between 1997 and 2009, as its economy shrank to the size of Swaziland and Lesotho as a result of President Mugabe's land policy and his bid to hold onto power at all costs (Ukwandu 2014:226).

Many academics who have researched the field of African development agree with Weber (1968ZZ:1028) that, it is the failure of "the patrimonial logic of the state". As such, they blame poor governance, which contributes to economic failure and a lack of growth and development in post-colonial Africa (Bates 1981:42; Sandbrook 1985:23; Joseph 1989:33; Barkan 1992:56;

Widner 1992:80). Many researchers have characterised African states as 'prebendal', 'parasitic', 'predatory', 'crony', 'soft', 'weak', 'lame', 'rentier', and 'sultanist' (Olukoshi 1998:26; Landell-Mills 1992:5; Hyden and Bratton 1992:80; Joseph 1989:33; Bates 1981:42). Weber (1968:1029) encapsulated the essence of the African bureaucracy as follows: "Instead of bureaucratic impartiality and the ideal... of administering without respect to persons, the opposite principle prevails. Practically everything depends explicitly upon the personal considerations: upon the attitude towards the concrete applicant and his concrete request and upon purely personal connections, favours, promises and privileges" (Weber 1968:1028–1029).

This Weberian (1968:1028) narrative is emblematic of the characteristics of poor governance, which has assailed growth and development in sub-Saharan Africa. It unfolds the predominance of policies designed to enrich the few politically connected elite in the region, while impoverishing the majority of the population (Ukwandu 2014:226). It explains the rationale behind the land invasions in Zimbabwe, despite the disastrous impact of food security on the country (Ukwandu 2014:226). It also explains the poor performance of resource-rich African countries such as Angola, DRC, Nigeria, Cameroon, Ivory Coast and Mali. North (1990) argues that the governance institutions in those countries hamper economic growth and development. If improvements in these institutions were to take place, development and growth would ultimately flourish.

In conclusion, it is clear that most countries in sub-Saharan Africa are poor and underdeveloped because of poor governance. These practices have hampered true and meaningful economic growth and development efforts in the region. This article argues that good governance is the key to improving living conditions, alleviating poverty, creating jobs and supporting economic growth.

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