

BTI 2020 | A Tale of Two Regions

Regional Report Southern and Eastern Africa

By *Nic Cheeseman**

Overview of transition 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 Transformation Index BTI 2020 in the review period from 1 February 2017 to 31 January 2019. For more information visit www.bti-project.org.

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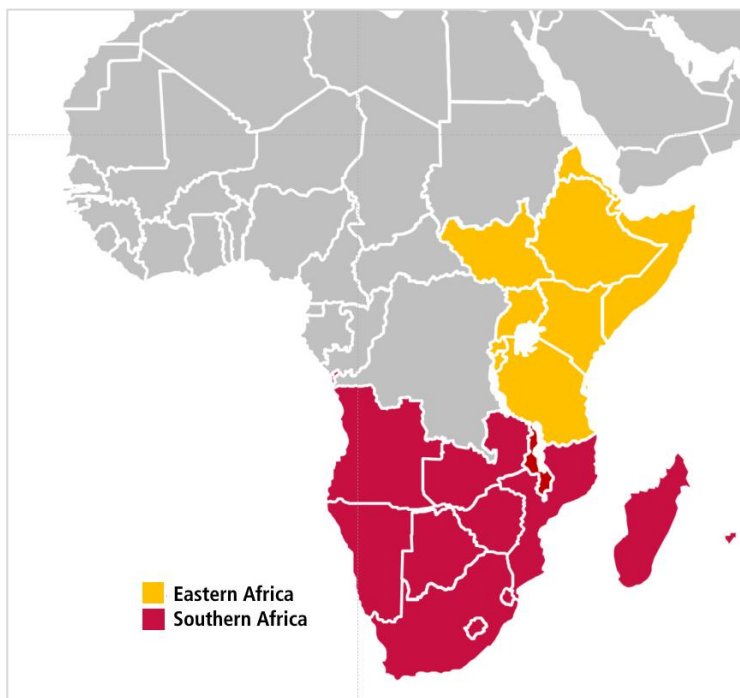
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* *Nic Cheeseman is Professor of Democracy and International Development at the University of Birmingham.*

Introduction

The region of Southern and Eastern Africa has experienced very different political and economic trajectories over the last two decades. In the early 1990s, following the reintroduction of multiparty politics in Africa, the quality of democracy in southern and eastern Africa was relatively similar. Ever since, however, southern Africa has emerged as a relatively stable democratic region, led by the democratic consolidation of Namibia and South Africa in addition to the continued strong performance of Botswana, which has held uninterrupted multi-party elections since independence. This more positive trajectory has been underpinned by the presence of influential trade unions as a result of a history of mining and urbanization, the evolution of stronger and more independent democratic institutions, and the commitment of dominant liberation movements to maintaining civil liberties, especially in Namibia and South Africa.

Figure 1: Map of Southern and Eastern Africa



By contrast, eastern Africa has struggled to establish democratic states. Instead, in the 1990s a number of competitive-authoritarian political systems emerged in which elections were held but the opposition was prevented from being able to compete on a level playing field. This was the result of a number of different factors including relatively weak civil societies, the tendency for opposition parties to fragment along ethnic lines, and the rise to power of former rebel armies with authoritarian tendencies in Burundi, Ethiopia, Uganda and Rwanda. The overall quality of democracy in eastern Africa has been further undermined by the presence of five countries in which multiparty elections have either not been held (Eritrea), been interrupted by conflict (Somalia, South Sudan), or serve as a cover for what is effectively a one-party state (Djibouti, Rwanda).

Of course, there is also considerable variation within both regions. Where eastern Africa is concerned, Kenya and Tanzania have featured considerably more open politics than Djibouti, Eritrea and Rwanda. Similarly, southern Africa features a number of more authoritarian states along with its leading democratic lights, most notably Angola, Eswatini, and Zimbabwe. But these variations notwithstanding, it is striking that when it comes to democracy eight of the nine best performing states are located in southern Africa, while nine of the thirteen worst performing states are in eastern Africa.

On average, these regions experienced relatively little overall change between the BTI 2018 and the BTI 2020. The average score for political transformation remained unchanged, while the economic transformation rating declined slightly (0.09 on a 1-10 scale) and governance performance recorded a small improvement (0.10). Taken together, these scores suggest that the overriding theme of the period 2018-2020 was one of continuity rather than change. As with any region, however, these average rankings mask very different country experiences. In general, improvements came in states that replaced long-standing autocrats with leaders who – at least rhetorically – were more committed to reform. This included Angola, Ethiopia and Zimbabwe.

A small number of countries also moved in the opposite direction, for the most part as a result of ongoing political controversies related to elections and constitutional amendments. Thus, Kenya suffered the biggest deterioration in democracy score of any country in the two regions following the controversy surrounding the 2017 presidential elections and the subsequent political impasse; Burundi experienced the largest losses when it came to economic transformation against the background of the political crisis triggered by President Pierre Nkurunziza's efforts to change the constitution to extend his stay in office; and, Zambia underwent a significant decline in the quality of governance as President Edgar Lungu fell back on repression to assert his authority following disputed elections in 2016 and a controversial Constitutional Court decision that he was eligible to contest for a third term in office.

One country to experience a significant decline in performance that had not experienced electoral or constitutional controversy was Tanzania, where President John Magufuli comfortably won the presidential election of 2015. Although Magufuli beat his nearest rival by almost 20%, his refusal to accept criticism led to a deterioration in the quality of political rights and civil liberties. At the same time, while the president initially impressed the international community with his determination to make rapid changes including an anti-corruption drive, his highly personalistic style of government undermined the independence of key democratic institutions. As a result, Tanzania suffered the largest decline in governance score of any country in the two regions between 2018 and 2020.

The picture looks somewhat different when it comes to economic transformation. Over the last two years, eastern Africa achieved higher levels of economic growth – admittedly from a lower base – as a result of rising government revenues from domestic taxation, more effective regional integration and recent discoveries of natural resources such as gas and oil. By contrast, southern African growth continues to flatline, in large part because of the stagnant growth in the regional hegemon, South Africa, and the continued negative impact of lower oil prices on Angola – the region's second largest economy. However, a number of southern African countries continue to receive higher scores for

economic transformation. This is in part because they tend to perform better when it comes to monetary stability, overall market and competition frameworks, protection of property rights, the provision of welfare and the level of socio-economic development, and in part because eastern Africa features some of the countries with the lowest levels of human development in the world, including Burundi, Eritrea, Somalia and South Sudan.

In the absence of unexpected external shocks, these political and economic trends appear likely to continue in the short to medium term.

Political Transformation

The average quality of political transformation in Southern and Eastern Africa remained unchanged between 2018 and 2020. However, this average standstill masks very different trajectories at the regional and country level. Although there is significant variation within both regions, southern and eastern African states have tended to follow different trajectories since the reintroduction of multi-party politics in the early 1990s. The open and competitive nature of politics in southern Africa, and the more authoritarian and confrontational politics in eastern Africa, is reflected in the BTI survey 2020.

Table 1: Status of political transformation

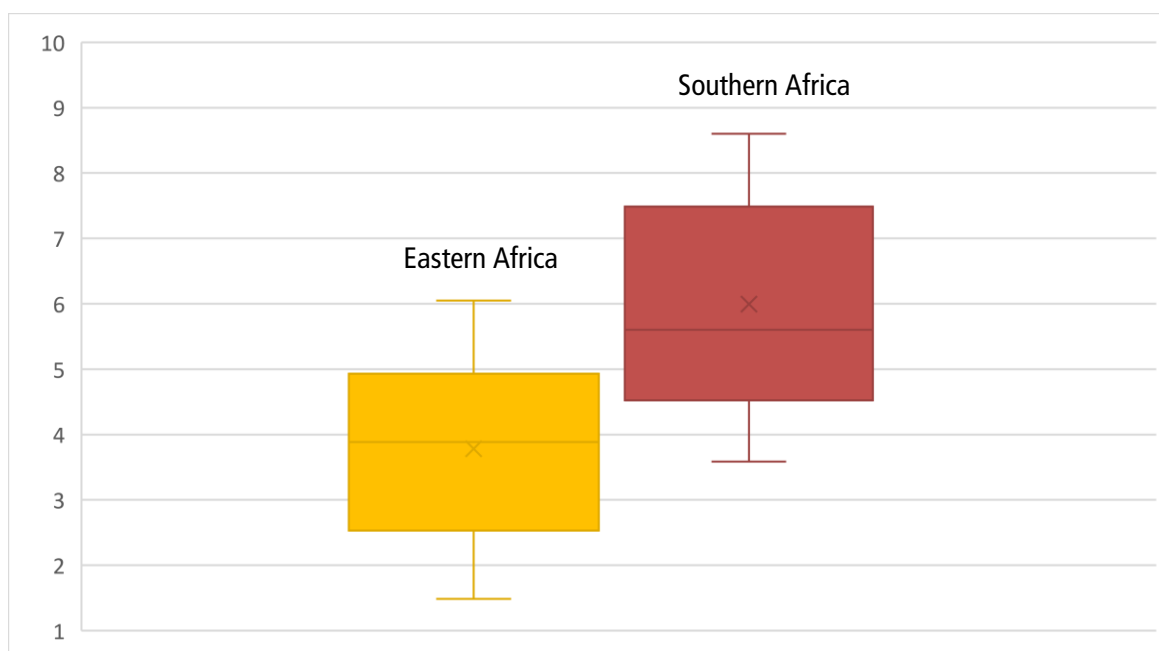
Consolidating democracies Score 10 to 8	Defective democracies Score < 8 to 6	Highly defective democracies Score < 6	Moderate autocracies Score ≥ 4	Hard-line autocracies Score < 4
Mauritius Botswana	Namibia South Africa Malawi Tanzania	Zambia ▼ Lesotho Madagascar	Uganda Kenya ▼▼ Angola Mozambique Zimbabwe ▲ Ethiopia ▲	Rwanda Djibouti* Burundi Eswatini* South Sudan ● Eritrea Somalia ●

The table follows the BTI 2020 index scores. The countries are ranked according to their respective score in the Democracy Status. Arrows mark a change of category compared with the BTI 2018, dots mark failing states.
* new in BTI country sample

The regions’ two consolidating democracies and all of the defective and highly defective democracies bar Tanzania are southern African (Table 1). At the same time, with the exception of the Kingdom of Eswatini – a small landlocked monarchy – all of the hard-line autocracies are located in eastern Africa. The average political transformation score for the two regions confirms this: southern African states average 5.99, while eastern African states average just 3.78 (Figure 2). This means that while the “typical” southern African state sits on the defective/highly defective democracy borderline, the standard eastern African state sits on the moderate/hard-line autocracy borderline.

Recent trends have done little to change his picture. For example, few of the hard-line autocracies in eastern Africa show any sign of graduating into the moderate autocracy category. It is true that Ethiopia achieved the single biggest improvement in political transformation, moving up +0.98 on a 1-10 scale, as a result of the rise to power of Prime Minister Abiy Ahmed on 2 April 2018. In office, Abiy (as he is known in Ethiopia) rapidly instigated a number of reforms including releasing political prisoners, promising better quality elections, and appointing a gender-balanced cabinet. However, these efforts have come under serious strain as a result of continued political instability in some parts of the country, reprisals against the opposition intensifying in late 2018, and a failed regional coup attempt against the regional government in the Amhara Region in June 2019. As a result, it looks like the same political turbulence that enabled Abiy to secure the premiership will also constrain his ability to transform the country.

Figure 2: Distribution of scores for political transformation by region



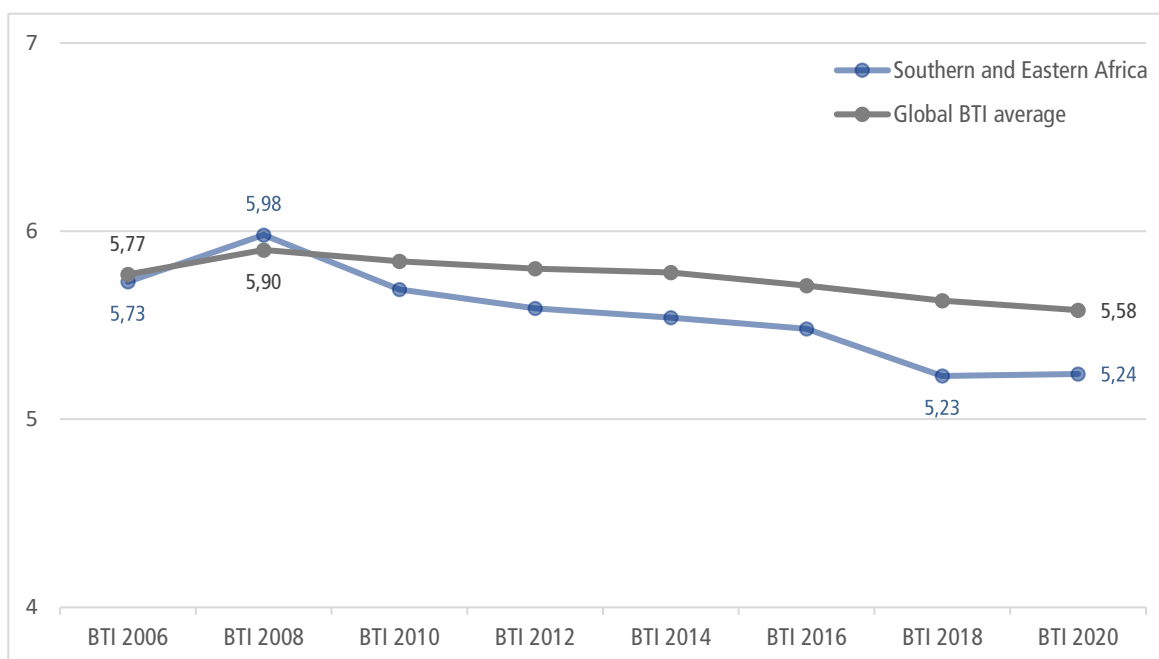
The boxes show the distribution of scores in the middle 50% of the countries in each region. The line inside the box marks the median value. “Whiskers” (the outer lines) show the lowest and highest scores within each sample.

Moreover, the gains made by Ethiopia were more than offset by losses in Kenya, which recorded a decline of -1.40. This was largely the result of the 2017 elections and their aftermath. Following the Supreme Court’s nullification of President Kenyatta’s controversial victory in the general elections held on 8 August 2017, a “fresh” election was held on 26 October. This was ultimately boycotted by the main opposition candidate, Raila Odinga, who argued that there had been insufficient time to make the changes that would have been required to run a free and fair poll. Efforts by pockets of opposition supporters to disrupt the elections led to clashes with the security forces, setting the scene for a period of prolonged political confrontation. After Odinga and his allies rejected the legitimacy of Kenyatta’s victory, and his supporters held a parallel swearing in ceremony to inaugurate him as the “people’s president”, the heavy handed response of the security forces resulted in over 100 deaths.

Along with the verbal attacks on the judiciary by government leaders – including President Kenyatta himself – following the Supreme Court’s declaration that his victory on 8 August “null and void”, this helps to explain why Kenya fell two categories, from defective democracy to moderate autocracy.

The recent trend in southern Africa has also been mixed, with further democratic backsliding in Zambia balanced out by gains in Zimbabwe. Zambia’s trajectory under President Edgar Lungu has been troubling for some time, following disputed elections in 2016 and the arrest of opposition leader Hakainde Hichilema on charges of treason in 2017. The last two years have witnessed further authoritarian abuses including sustained government efforts to intimidate and marginalize critical voices and a successful bid by Lungu to have the Constitutional Court – that he appoints – deem him an eligible candidate for the 2021 presidential election, when he will compete for a third term in office. This was highly controversial, as Lungu is currently in his second presidential term and the country has a two-term limit. He argued that as his first one was short – he completed the term of President Michael Sata, who died in office in 2014 – that he should be allowed a third term. This was permitted under a new constitutional provision, but as the provision came in after Lungu took power, many critics argued that the previous constitutional arrangement should have held, in which case he would have had to step down in 2021.

Figure 3: Southern and Eastern Africa compared with the global trend in political transformation



The average of 18 Southern and Eastern African countries (excluding Lesotho, South Sudan, Djibouti and Eswatini, which have been added subsequently) compared with the global BTI average of 119 countries consistently assessed since 2006.

Zimbabwe was the one country in southern Africa to move in the opposite direction, graduating from a hard-line to a moderate autocracy. Its improved score reflects the greater political openness surrounding the country’s 2018 elections, when the main opposition candidate, Nelson Chamisa, was

allowed to campaign in rural areas in a way that his predecessor, Morgan Tsvangirai, had found impossible during the 2013 election campaign. However, hope that the country had experienced a major political turning point was subsequently undermined when the protests of opposition supporters against suspected electoral manipulation were violently repressed by the army, leading to at least six deaths.

The gradual decline in the quality of political transformation in eastern Africa over the last decade, along with the relatively stable picture in southern Africa, has led to a steady fall in the overall quality of democracy, as shown in Figure 3. The average political transformation score of the 18 countries that BTI has been tracking over this period fell from 5.73 in the BTI 2006 to 5.24 in the BTI 2020. Thus, having been very close to the global BTI average of 119 countries 14 years ago and briefly exceeding it in 2008, Southern and Eastern Africa has now fallen below the global average (5.24 as compared to 5.58). When the countries that have been included in the BTI more recently – Djibouti, Eswatini, Lesotho, and South Sudan – are taken into consideration, the score is even lower, at 4.99 (compared to 5.52 of the global 137-country sample of the BTI 2020).

However, the period 2018-2020 bucked this overall trend, registering the first two-year period in over a decade without further deterioration. This stabilization was the result of improvements in the quality of stateness, and to a lesser extent political participation and political and social integration. However, it is important to note that the regions also saw a deterioration of the rule of law and the stability of democratic institutions. Given the significance of these factors to the potential for good quality elections, the fight against corruption, and how attractive countries are to foreign investors, this is in many ways a worrying development.

Economic Transformation

The overall level of economic transformation declined slightly in Southern and Eastern Africa, but for the vast majority of countries the story was one of continuity rather than change. Two countries were reclassified, but in both cases the actual change in score was marginal. Mauritius was reclassified downwards from a highly advanced to an advanced state of economic transformation. However, this reflected a fall of just 0.07 in its economic transformation score, which took the country from 8.00 to 7.93, and therefore just below the threshold for a highly advanced economy. Similarly, Zimbabwe was upgraded from a rudimentary to a highly limited state of economic transformation as result of the reforms introduced and promised by President Mnangagwa, but this re-classification was the result of a relatively small improvement, in this case of 0.18.

Table 2: Status of economic transformation

Highly advanced Score 10 to 8	Advanced Score < 8 to 7	Limited Score < 7 to 5	Highly limited Score < 5 to 3	Rudimentary Score < 3
	Mauritius ▼	South Africa	Tanzania	South Sudan
	Botswana	Uganda	Madagascar	Eritrea
		Rwanda	Lesotho	Somalia
		Kenya	Zambia	
		Namibia	Djibouti*	
			Malawi	
			Mozambique	
			Angola	
			Ethiopia	
			Eswatini*	
			Burundi	
			Zimbabwe ▲	

The table follows the BTI 2020 index scores. The countries are ranked according to their respective score in the Economy Status. Arrows mark a change of category compared with the BTI 2018.
* new in BTI country sample

The only significant change therefore came in Burundi, which, although it remained within the “highly limited” category, experienced a fall of 0.86. The fate of the Burundian economy in recent years is a perfect illustration of the way in which political instability and a descent into authoritarian rule can undermine the potential for economic transformation. The backstory to the recent decline can be traced back to the onset of the political crisis in 2015. The political crisis began when President Pierre Nkurunziza intimidated the Constitutional Court into allowing him to stand for a third term in office, leading to opposition protests and a failed coup attempt that ultimately weighed on the economy, contributing to rising unemployment and declining purchasing power. Against an increasingly authoritarian backdrop, and in the absence of effective engagement with international donors and investors, Burundi has experienced rising debt – from general government debt comprising 33.1% of GDP in 2014 to over 50% in 2018 – at the same time as a gradual decline in the quality of life, from 0.421 in 2014 to 0.417 in 2017 on the Human Development Index.

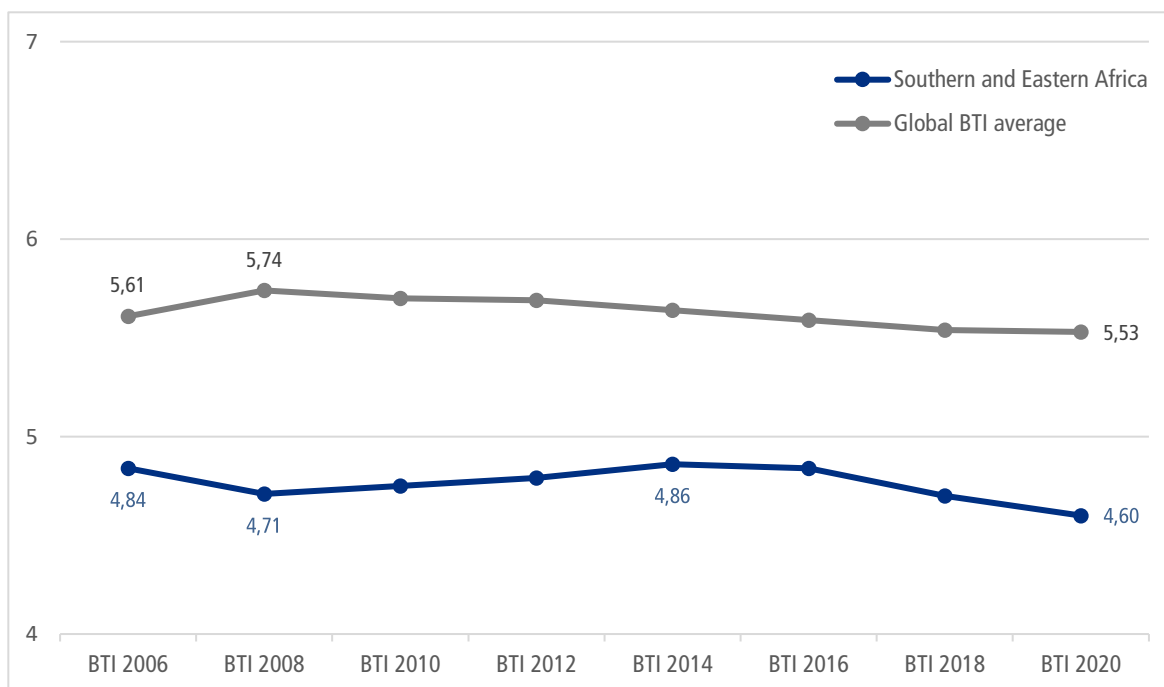
The government’s own actions in the economic sphere have contributed significantly to the worsening situation. The imposition of new taxes – justified on the basis of the need to finance elections – increased the burden on citizens and businesses that were already struggling, at a time when inflation has increased from just 4.4% in 2014 to 16.1% in 2017. Meanwhile, a shortage of credit and funds has led to growing government interference in the banking sector. According to the International Crisis Group, the finance minister required a number of banks – including the Burundi Commercial Bank, the Burundi Bank of Commerce and Investment, the Bujumbura Credit Bank, the National Bank of Economic Development, and the Urban Habitat Fund – to pay their end-of-year dividends to the state rather than to their staff. At the same time, some banks got into trouble after being forced to grant further loans under pressure from the government.

Taken together with the gradual deterioration of a number of economic indicators, this led to the downgrading of Burundi’s score for economic performance from 4 to 3, and a fall in the score for

socio-economic development from 2 to 1 – the lowest possible rating. The failure of the government to respond effectively to increasing soil degradation, air pollution and freshwater contamination, in addition to the looming threat posed by climate change – by 2050 average annual temperatures will increase by up to three degrees, leading to a greater risk of flooding, land degradation and extreme weather events – also led to a deterioration in the rating of its environmental policy, from 4 to 3, and hence on the country’s overall score for sustainability. Consequently, as economic growth underperformed population growth for the fourth year in a row in 2018 the country’s rating for economic transformation worsened considerably.

The trend over time in the 18 countries that have been tracked since the BTI 2006 edition reveals a gradual increase from 4.71 (BTI 2008) to 4.86 (BTI 2014), followed a gradual decline thereafter to 4.70 in the BTI 2018. This trend accelerated further, with the average score for the two regions dropping by another 0.10 points in the period leading up to the current edition. Again, the average is lower when the four newer entries to the BTI – Djibouti, Eswatini, Lesotho, and South Sudan – are taken into account, at 4.42. The deterioration between BTI 2018 and 2020 is partly driven by the case of Burundi, already discussed, but it also reflects a worrying regional trend that saw a decline in economic performance (-0.30), socioeconomic development (-0.20) and monetary and fiscal stability (-0.23). There was also a smaller decrease in respect for private property (-0.13). The two regions combined recorded an improvement only in the area of sustainability (+0.10). The combined impact of these trends means that Southern and Eastern Africa now sits well below the global BTI average.

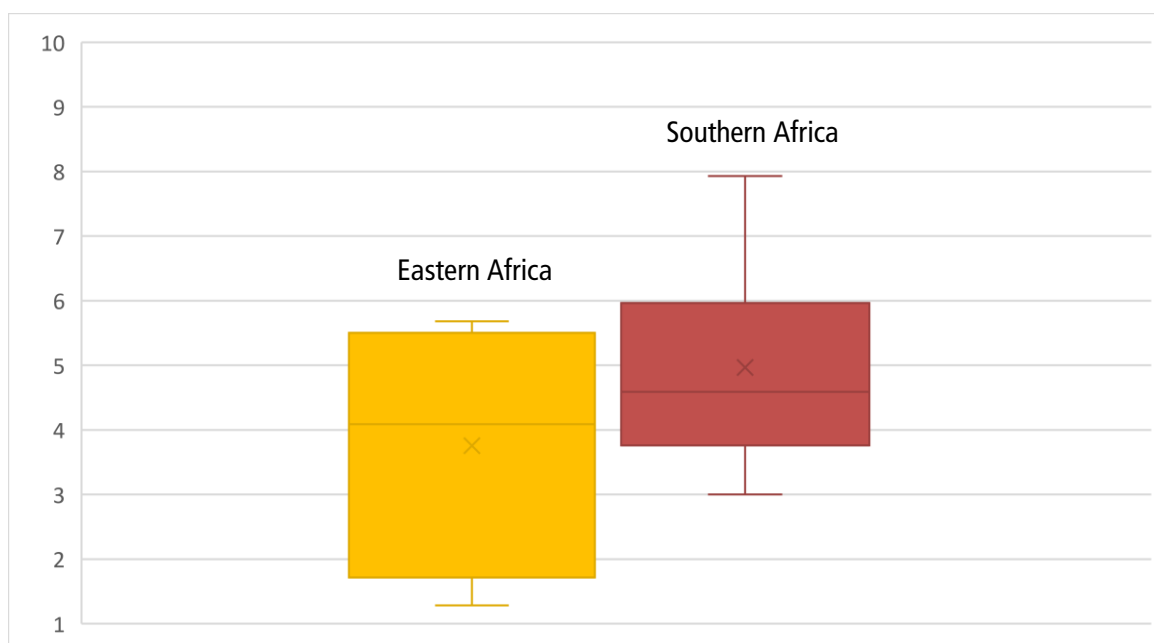
Figure 4: Southern and Eastern Africa compared with the global trend in economic transformation



The average of 18 Southern and Eastern African countries (excluding Lesotho, South Sudan, Djibouti and Eswatini, which have been added subsequently) compared with the global BTI average of 119 countries consistently assessed since 2006.

The gradual deterioration in economic performance has been driven by a number of factors, but again these differ in the two regions. In southern Africa, the most important drivers include the poor performance of regional hegemony, growing budget deficits, and a rising debt burden. Most notably, the South African economy, which is important for the southern African region as both a key source of investment and an export market, has struggled, growing at just 1.3% per capita in 2017, followed by a contraction of 0.7% in 2018. Partly as a result of South Africa's economic slowdown, Lesotho and Namibia both suffered negative economic growth in the two-year period covering 2017 and 2018. Elsewhere in southern Africa, the region's second largest economy, Angola, also came under great pressure due to the continuation of low oil prices. Having enjoyed growth of 6.5% between 2008 and 2010 when prices were higher, the petro-state saw negative growth in both 2017 and 2018. According to the African Development Bank, this contributed to a slowdown in regional growth from a recent high of 3.9% in 2011-2013 to 1.6% in 2017 and just 1.2% in 2018. In turn, this has negatively impacted on scores for economic performance and socioeconomic development.

Figure 5: Distribution of scores for economic transformation by region



The boxes show the distribution of scores in the middle 50% of the countries in each region. The line inside the box marks the median value. “Whiskers” (the outer lines) show the lowest and highest scores within each sample.

The situation is somewhat different in eastern Africa, where the largest economies – Ethiopia, Kenya and Tanzania – have consistently grown by more than 5% year on year – at or above the regional average. At the same time, only South Sudan has suffered negative economic growth as a result of the disruption caused by civil war. Consequently, according to the African Development Bank, eastern Africa's GDP held steady from 2016 onwards at just under 6%. The challenge facing the region therefore came from other sources, including a deteriorating fiscal balance. In Burundi, the deficit has grown from 6.5% of GDP in 2017 to 8.8% in 2018. Djibouti and Eritrea have experienced consistent double-digit deficits over the last few years. Consequently, the overall fiscal deficit in the region increased to 3.8% of GDP in 2017 and then again to 4.1% in 2018. Growing debt burdens that

have in part resulted from growing borrowing from China may also threaten long-term economic sustainability. Thus while growth has been relatively positive, this negatively impacted on the region's scores for monetary stability and economic performance.

Governance

The overall governance picture bears many similarities to the performance of countries in terms of political transformation, as one would expect. However, there are also a number of notable differences, which cumulatively help to explain why the average governance score of the two regions improved by 0.10 between the BTI 2018 and BTI 2020. Most significantly, the performance of southern and eastern African states is considerably stronger when it comes to governance, reflecting the fact that a number of authoritarian governments have performed relatively well. This is most obviously the case in Djibouti and Rwanda, where hard-line authoritarian regimes have managed to record some impressive development achievements, including high economic growth. A number of other countries also perform better than their political transformation score where governance is concerned, including Burundi and Eswatini (hard-line autocracies that feature weak rather than failed governance) and Ethiopia, Kenya, Mozambique and Uganda (moderate autocracies that are seen to have moderate governance – right in the middle of the scale).

This serves as an important reminder that democratic states do not have a monopoly over either sound economic management or forward thinking development strategies. However, it is also important to stress that the BTI data for Southern and Eastern Africa provides strong evidence that, on balance, authoritarian rule is not good for governance. While a number of countries outperform their political transformation score when it comes to this measure, Table 3 demonstrates that all four best performing states – Botswana, Malawi, Mauritius and South Africa – are either consolidating or defective democracies. By contrast, all three states seen to be failing on the quality of governance – Eritrea, Somalia, and South Sudan – are categorized as hard-line autocracies. This pattern suggests that while some authoritarian regimes perform reasonably well when it comes to the quality of governance, on average it pays to be a democracy.

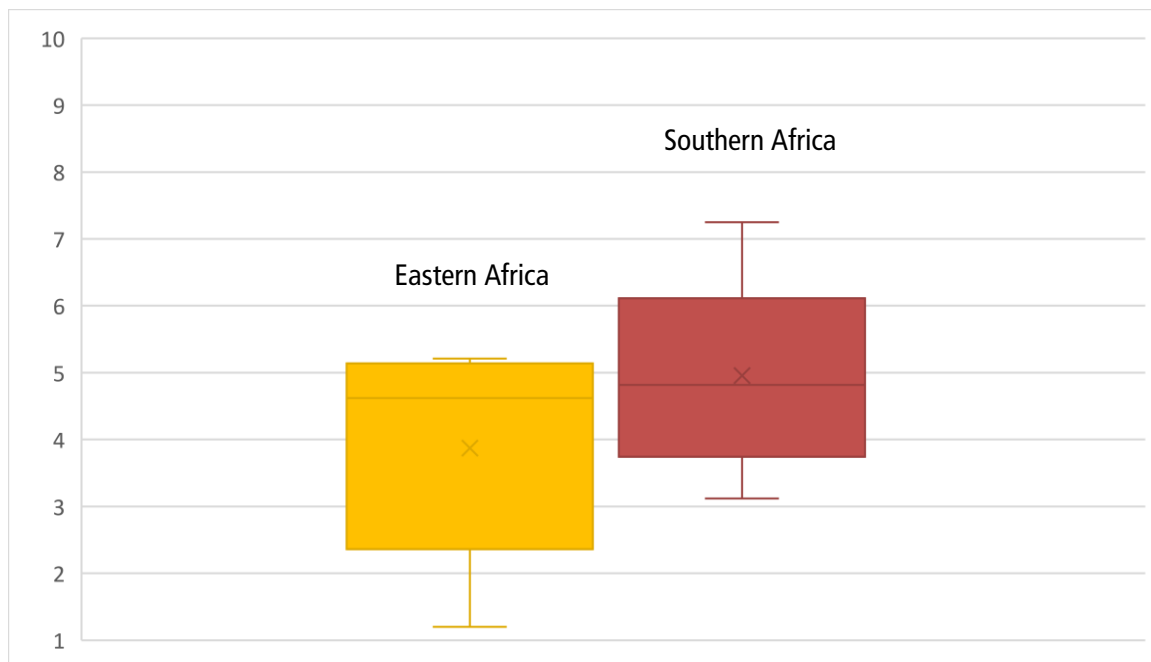
Table 3: Quality of Governance

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	Mauritius	Madagascar	Angola	Somalia
	South Africa	Rwanda	Lesotho	South Sudan
	Malawi	Namibia	Burundi	Eritrea
		Djibouti*	Zimbabwe ▲	
		Uganda	Eswatini*	
		Ethiopia ▲		
		Kenya		
		Zambia		
		Tanzania		
		Mozambique ▲		

The table follows the BTI 2020 index scores. The countries are ranked according to their respective score in the Governance Index. Arrows mark a change of category compared with the BTI 2018.
* new in BTI country sample

Significantly, no country saw a significant deterioration in performance large enough to merit reclassification. At the same time, three countries – Ethiopia, Mozambique and Zimbabwe – had their classifications upgraded to reflect recent reform attempts. In Ethiopia and Zimbabwe, this followed the emergence of leaders who were rhetorically committed to reform and who reached out to international partners. In Zimbabwe, for example, President Mnangagwa reversed his predecessor’s notorious hostility towards Western states by adopting a more constructive tone towards the United States and the United Kingdom, hinting that the country might rejoin the Commonwealth and promising to open the country up to foreign investors. Mnangagwa also travelled to Davos for the World Economic Forum to give a speech in which he promised, “economics and trade cooperation would be my priority”. Although economic difficulties and popular frustration later saw Mnangagwa’s government change course, moving away from the reform agenda and accusing Western governments of seeking to orchestrate “regime change” – reverting to a Mugabe-era strategy – the initial openings were reflected in an improved governance score from 2.37 to 3.19, a total increase of 0.82.

Prime Minister Abiy also sought to strike a different note when he took over the premiership in Ethiopia, promising to open up the country’s previously tightly guarded banks and finance sector to investors. He also surprised many commentators – and many Ethiopians – by moving to arrest a number of high-ranking military officers who stood accused of corruption and human rights abuses. Like Mnangagwa, he also announced a more general crackdown on corruption. At the same time, Abiy’s willingness to free political detainees including opposition leader Andargachew Tsege, to accept the ruling of a 2002 border commission and give disputed territory to Eritrea, and subsequently to bring the conflict with Eritrea to a close, demonstrated a newfound determination to build consensus both domestically and internationally. While the pace of change slowed towards the end of his first year in power, Abiy’s actions led to an improvement in Ethiopia’s quality of governance score from 3.65 to 4.96, a sizeable increase of 1.31.

Figure 6: Distribution of scores for governance by region

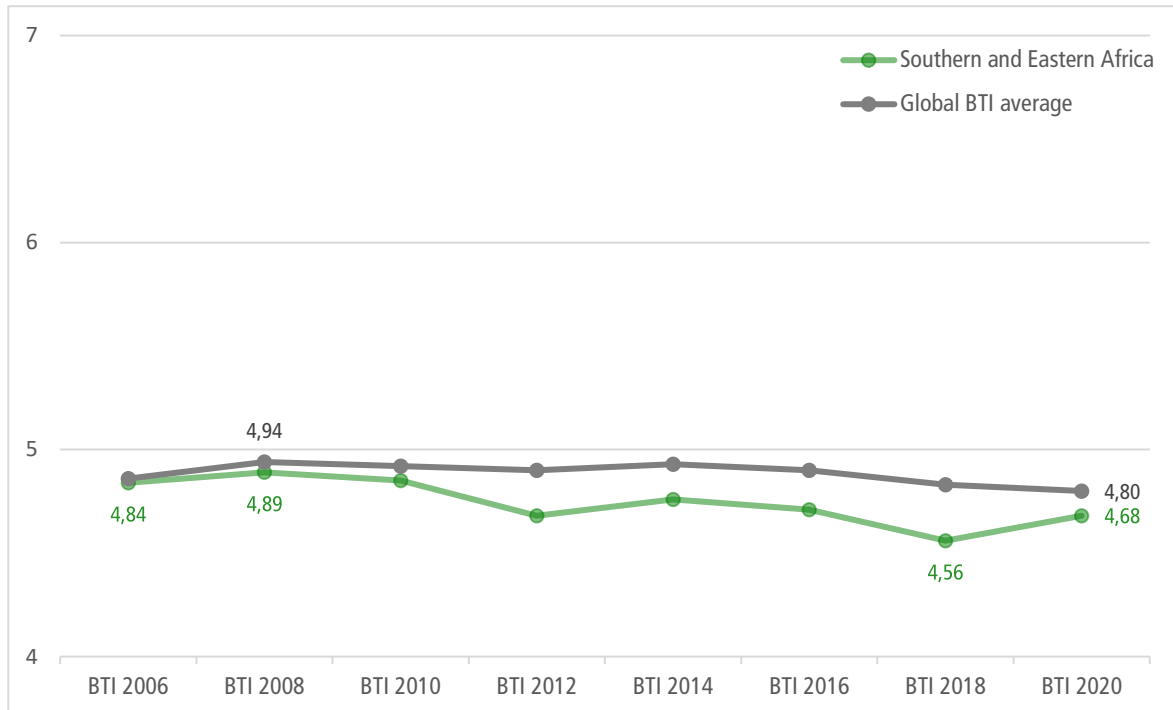
The boxes show the distribution of scores in the middle 50% of the countries in each region. The line inside the box marks the median value. “Whiskers” (the outer lines) show the lowest and highest scores within each sample.

Mozambique followed a similar pathway, in that the changes described here followed the accession of Filipe Jacinto Nyusi to the presidency in 2015. Although the country experienced a relatively small improvement overall (0.16), this was sufficient for it to be reclassified as having moderate rather than weak governance. This reclassification reflected improvements in five of the seven governance criteria. Key changes included evidence of greater commitment to move against corruption at all levels of the political system through the Gabinete Central de Combate à Corrupção (GCCC) since the end of 2018. There has also been valuable progress in terms of the ability of civil society groups to participate in economic and political decisions, and greater efforts to build consensus following a period of deteriorating relationship between the Mozambique Liberation Front (FRELIMO) government and the Mozambican National Resistance (RENAMO) opposition – which had led to growing fears that the country might be heading for a return to all out civil war.

The other country to see a significant improvement in its governance score was Angola. The replacement of José Eduardo dos Santos as president by João Lourenço in 2017 did not initially lead to great optimism, as Lourenço was both a former army general and a handpicked loyalist. However, within weeks of his inauguration, Lourenço used the vast powers given to under the 2010 constitution to denounce corruption and remove some of dos Santos’ allies from their positions. In turn, this has led to stronger relations with international financial institutions and an improvement in the country’s governance rating from 3.60 to 4.23, an increase of 0.63.

While no country was reclassified downwards, two states did see a significant deterioration in the quality of governance: Tanzania and Zambia. In both cases, this reflected the uncompromising strategy adopted by an intransigent president, but the context in which this occurred was very different. As noted above, in Zambia, President Lungu has been struggling to assert his legitimacy and authority since he became the presidential candidate of the Patriotic Front ruling party in controversial circumstances in November 2014. Anticipating an uphill battle to retain power in 2021 – given how close previous elections have been and the country’s economic difficulties – Lungu has set about retaining control through a combination of marginalizing opposition, eroding the independence of key governance institutions, and unsustainable public spending. In turn, the failure to agree a much needed \$1.2 billion recovery package with the International Monetary Fund has undermined the prospects of effectively managing the country’s growing debt burden. As a result of declining scores for international cooperation and consensus-building, Zambia’s overall governance rating fell from 5.06 to 4.48, a decline of 0.58.

The trend in Tanzania has been similar, although the drivers are very different. President John Magufuli was elected in 2015 as the leader of Chama Cha Mapinduzi (CCM), the ruling party since independence. He was initially lauded for his direct and down-to-earth style, sweeping the streets and promising to wide out corruption. But as time has gone on, concerns have grown about the way in which the new president’s populist stylings and determination to force through change have undermined consensus-building. While opposition parties have been intimidated – with public rallies banned – and in some cases arrested, his aggressive stance towards international donors and investors has led to a significant drop in Foreign Direct Investment. Avoiding many of the international meetings attended by his predecessors – ostensibly on the basis he wanted to cut down on government spending – has also led some critics to describe his foreign policy as isolationist. Taken together, these developments have hurt the country’s score on both resource efficiency and consensus-building, resulting in an overall decline in quality of governance from 5.07 to 4.47, a fall of 0.60. This was the biggest loss in the last round of the BTI in Southern and Eastern Africa.

Figure 7: Southern and Eastern Africa compared with the global trend in governance

The average of 18 Southern and Eastern African countries (excluding Lesotho, South Sudan, Djibouti and Eswatini, which have been added subsequently) compared with the global BTI average of 119 countries consistently assessed since 2006.

The stronger performance of the two regions when it comes to governance is reflected in the overall trend since 2006 (Figure 7). While the regions have also fallen below the BTI average on this measure, having been level with it 14 years ago, the difference is relatively small – 4.68 as compared to 4.80. Again, though, the average is considerably lower when the more recent additions are included, at 4.46, which highlights the weak and ineffective governance in most of these states – Djibouti being the obvious exception. As with political transformation, the last two rounds of the BTI have recorded an improvement, but in these cases the increase has been more substantial, from 4.56 to 4.68. This has been driven by more effective use of international partners and opportunities, the more efficient use of resources and, to a lesser extent, stronger efforts to build consensus. Indeed, the only two components in which the BTI recorded a decline during this period were in the level of difficulty and steering capability. It is worth noting that the level of difficulty is effectively a measure that compensates states that face a particularly difficult environment. A lower rating on this measure therefore indicates that a country is operating in a better context, and does not imply that government performance has deteriorated.

Outlook

The outlook for the next two years suggests that both regions will continue to face significant challenges in the political, economic and governance spheres.

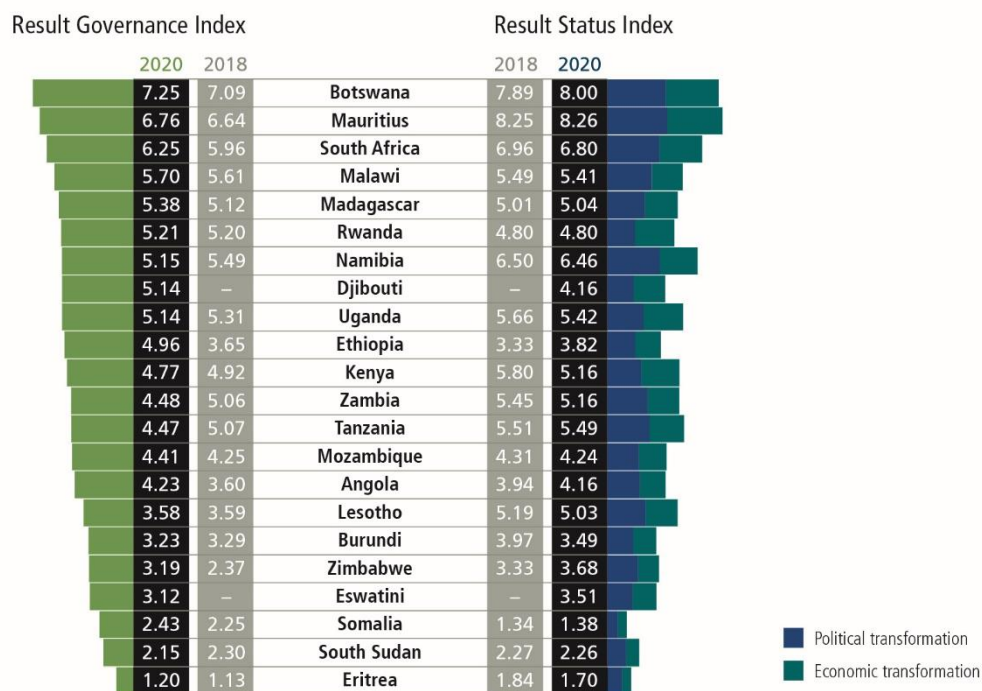
In eastern Africa, the political outlook suggests there will be further threats to political rights and civil liberties. Eritrea, Somalia and South Sudan are likely to remain either too closed or too unstable for significant democratic gains to be realized. At the same time, authoritarian leaders in Burundi, Djibouti, Rwanda and Uganda have established themselves as presidents for life and can be expected to respond to any challenge to their authority with repression, resulting in either continuity or, where strong opposition challenges emerge – as in Uganda – a further deterioration in political transformation. Tanzania remains considerably more politically competitive than this set of states, but President Magufuli has already established a track record of being unwilling to accept criticism and intimidating opposition parties and civil society groups. It therefore seems likely that the build-up to the 2022 elections will see further infringements on civil liberties, undermining consensus and increasing the potential for high profile criticism from the international community.

There is also a significant risk of democratic backsliding in other states. While Kenya is currently politically stable as a result of the “handshake” between President Uhuru Kenyatta and long-time opposition leader Raila Odinga – which ended the political impasse following the 2017 elections crisis – political tensions will rise ahead of the 2022 elections. In particular, competition to succeed Kenyatta when he stands down having served two terms in office threatens to split the government in two. If Deputy President William Ruto is not selected as the ruling party’s presidential candidate, something which Kenyatta initially promised but which his allies are seeking to block, he will leave the party to form a rival alliance. This would represent a significant risk to national unity, as the coalition between Kenyatta, a Kikuyu, and Ruto, a Kalenjin, has helped to maintain an uneasy peace between two of the communities that experienced the worst violence during the post-election crisis of 2007/8. The country therefore faces a growing risk of both inter-ethnic tension and the heavy-handed use of the security forces as the government seeks to maintain control.

Against this gloomy backdrop, Ethiopia offers a ray of hope following recent political openings. However, continued instability in parts of the country, and the threat of localized coups and insurrections, mean that Prime Minister Abiy faces a major challenge to simultaneously maintain political stability and push his reform agenda forwards. General elections scheduled for May 2020 will present a major test of the government’s new direction, especially given the compressed timeframe to deliver more credible polls. In the absence of the necessary time to make wholesale institutional changes, much will depend on Abiy’s charisma and nous, and his capacity to retain the confidence of both the opposition and the different factions of the ruling Ethiopian People's Revolutionary Democratic Front (EPRDF).

The situation is considerably more promising in southern Africa, in part because the region already boasts a number of relatively stable democratic states. We are unlikely to see significant change in Mauritius and Namibia, while South Africa has the potential for democratic renewal now that Jacob Zuma has been replaced as president by Cyril Ramaphosa. However, the next two years will witness

a significant test of the region’s democratic credentials where other countries are concerned. Malawi has spent much of 2019 recovering from controversial presidential elections in May, which opposition parties claim was rigged in favor of President Peter Arthur Mutharika and his Democratic People’s Party (DPP). Ongoing street protests have turned the spotlight on to the country’s fragile democratic gains, and will continue to exacerbate political tensions unless a petition against Mutharika’s victory is successful.



In Botswana, one of the continent’s oldest democracies, the continued dominance of the Botswana Democratic Party (BDP) – which has ruled the country since independence – is less certain. The general elections in October 2019, which were among the most fiercely contested in the country’s history, provided a foretaste of future political contests. The former BDP leader and President Ian Khama had quit the party in May 2019 and pledged that he would use all of his resources to ensure that the BDP loses elections. Khama was angered that his handpicked successor, President Mokgweetsi Masisi, had refused to comply with his wishes. After all, the fragmented opposition had no chance against President Masisi, whose populist promises of salary increases for civil servants and job creation in the electric car industry caught people’s attention and handed his BDP an even higher vote share than in 2014. Nevertheless, the events of 2019 raise the question of how the ruling party would respond to the prospect of losing power.

Elections are also likely to generate fresh tensions in Zambia as the country prepares for polls in 2021. The presidential race is set to be extremely close, as it was in 2016, especially given the poor state of the economy and mounting public dissatisfaction with the Patriotic Front (PF) government. As in Tanzania, President Lungu has demonstrated a growing intolerance of dissent and is likely to

resort to greater use of repression if it looks like he is heading for defeat. Moreover, his government's determination to force through controversial constitutional amendments – which critics allege would undermine the independence and impartiality of the judiciary – will further erode democratic checks and balances.

Improvements in government performance are more likely to occur in countries that have recently experienced leadership changes, but even in these cases there are good reasons to be cautious. In both Angola and Zimbabwe, we are still waiting to see exactly how much economic and political reform will result from the recent political changes. Although hopes were initially higher in Zimbabwe following the overthrow of Robert Mugabe, it was in Angola that President Lourenço's anti-corruption drive had the biggest impact on governance scores. However, there are significant causes for concern in both countries. In Angola, it is unclear whether Lourenço is genuinely committed to reform or is simply determined to replace the corrupt personalist networks that underpinned the dos Santos regime with those of his own. In Zimbabwe, the government has consistently repressed popular protests while failing to effectively address alleged human rights violations by members of the security forces, suggesting that Mnangagwa's regime rests on very similar foundations to Mugabe's. All told, these different trajectories suggest that, as in 2018-20, democratic gains and losses in the two regions are likely to balance out.

As in the past, these political conditions will shape economic developments in the region. Continued political instability in countries such as Somalia and South Sudan will undermine the potential for economic recovery. Escalating political tension in states such as Kenya, Tanzania and Zambia is unlikely to be conducive to high economic growth. And authoritarian and corrupt administrations in the likes of Burundi, Eswatini and Lesotho are likely to deter foreign investment.

Of course, economic trends will also shape political developments. Over the next two years, eastern Africa will continue its transformation from a predominantly agricultural region to an increasingly resource rich one. In addition to oil in Kenya, South Sudan and Uganda, Tanzania is leading the region in terms of the discovery of natural gas. While the exploitation of these resources promises to bring in new streams of government revenue, supporting new infrastructure projects, it may also empower ruling parties to ignore the advice of international financial institutions and the demands of civil society groups. With the notable exception of Ghana, oil and gas have tended to encourage the emergence of more authoritarian systems of government.

The economic outlook in southern Africa will be strongly shaped by whether Angola can continue to recover from the impact of lower oil prices and South Africa's President Cyril Ramaphosa can curb corruption, reform the bureaucracy and re-energize the economy. The African Development Bank projects that economic growth in Angola will rebound to 1.2% in 2019 and then increase to 3.2% in 2020, while South African growth will rise to 1.7% in 2019 and 2.0% in 2020. Such an expansion of the region's two largest economies would drive regional growth to 2.2% in 2019 and then 2.8% in 2020. However, both countries face significant challenges. While Angola's economic performance will depend on President Lourenço establishing a less corrupt state than his predecessor – in addition to the price of oil – South African growth is likely to remain sluggish as a result of

limited expansion in key sectors such as industry, which remains hampered by an unreliable and expensive supply of energy.

It is therefore very feasible that, as in the past, southern African countries will outperform their eastern African counterparts when it comes to political transformation and governance, but that despite this it will be eastern African economies that grow at the faster rate.