



AMERICAN INSTITUTE FOR AFRICAN DEVELOPMENT Course #  
AI274AD012

## **Course 1 : INTRODUCTION TO AFRICAN COMMUNITY DEVELOPMENT:**

### **Objective:**

The main objective of this course is to introduce the participants in understanding some of the major credible sources of development information about Africa that the American institute for African Development (AIAD) Certifies. At the end of the three chapters of the course, the participants will be required to submit a brief essay detailing their understanding of the African community development.

### **Acknowledgement:**

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# Chapter 1: Regional political and economic bodies

## 1.1 African Union (AU)

1.1.1 Africa Union was formed in 2001 by an Act of union, which aims to transform the African Economic Community and a federated commonwealth, into a single state, under established international conventions. It is structurally similar to the European union.

***Currently, each African country is a stand alone independent nation with its own constitution, government and military. The top 5 Sub- Saharan African countries in terms of Gross Domestic Product(GDP) have a combined GDP(PPP) of about US \$ 1 trillion as per the CIA world fact book 2007. These five countries include Kenya, Nigeria, South Africa, Sudan and Angola. The top ten African countries(including Saharan countries) in terms of GDP (PPP) had about US\$ 2 trillion during the same period.***

1.1.2. The government of the African Union consists of all-union (federal), regional, state, and municipal authorities, as well as hundreds of institutions, that together manage the day-to-day affairs of the institution. AU consists of all African countries with the exception of Morocco. The member countries in the union total 53 with more than 932 million people. Please explore the African Union Member countries in the link below

<http://www.africa-union.org/root/au/memberstates/map.htm>

1.1.3. The African union is the premier and most powerful organization in all African matters on the continent and has proved to be very consistent on its decisions which have tended to be a reflection of most of its member countries.

1.1.4. The links below consists of all Africa Union organs that handle various issues around the continent:

1.1.4.1 The Assembly

[http://www.africa-union.org/root/au/organs/assembly\\_en.htm](http://www.africa-union.org/root/au/organs/assembly_en.htm)

1.1.4.2 The Executive council

[http://www.africa-union.org/root/au/organs/Executive\\_Council\\_en.htm](http://www.africa-union.org/root/au/organs/Executive_Council_en.htm)

1.1.4.3 The Pan African Parliament

[http://www.africa-union.org/root/au/organs/Pan-African\\_Parliament\\_en.htm](http://www.africa-union.org/root/au/organs/Pan-African_Parliament_en.htm)

1.1.4.4 The Court of Justice

[http://www.africa-union.org/root/au/organs/Court\\_of\\_Justice\\_en.htm](http://www.africa-union.org/root/au/organs/Court_of_Justice_en.htm)

1.1.4.5 The Commission

[http://www.africa-union.org/root/au/organs/The\\_Commission\\_en.htm](http://www.africa-union.org/root/au/organs/The_Commission_en.htm)

1.1.4.6 The Permanent Representative Committee

[http://www.africaunion.org/root/au/organs/Permanent\\_Representative\\_Committee\\_en.htm](http://www.africaunion.org/root/au/organs/Permanent_Representative_Committee_en.htm)

[http://www.africaunion.org/root/au/organs/Permanent\\_Representative\\_Committee\\_en.htm](http://www.africaunion.org/root/au/organs/Permanent_Representative_Committee_en.htm)

1.1.4.7 The Specialized Technical committee

[http://www.africa-union.org/root/au/organs/Specialized\\_Technical\\_Committee\\_en.htm](http://www.africa-union.org/root/au/organs/Specialized_Technical_Committee_en.htm)

1.1.4.8 The Peace and Security Council

[http://www.africaunion.org/root/au/organs/The\\_Peace\\_and\\_Security\\_Council\\_en.htm](http://www.africaunion.org/root/au/organs/The_Peace_and_Security_Council_en.htm)

[http://www.africaunion.org/root/au/organs/The\\_Peace\\_and\\_Security\\_Council\\_en.htm](http://www.africaunion.org/root/au/organs/The_Peace_and_Security_Council_en.htm)

1.1.4.9 The Financial Institutions

[http://www.africa-union.org/root/au/organs/Financial\\_Institutions\\_en.htm](http://www.africa-union.org/root/au/organs/Financial_Institutions_en.htm)

1.1.4.10 The Economic, cultural and social council

This is the vehicle for building a strong partnership between governments and all segments of African civil society.

## 1.2 Common Markets of Eastern and Southern Africa ( COMESA)

1.2.1 COMESA is the African largest trading bloc with currently 17 member countries with a population of over 400 million Africans. It is the primary pillar of the African economic community. It is similar to the NAFTA of North America

1.2.2 The link below consists of COMESA member states and more information about its structure.

<http://about.comesa.int/>

1.2.3 Kenya and Egypt are the biggest players within this bloc with active participation of Sudan, Zimbabwe, Uganda, Zambia and Libya. Kenya is a good springboard for any organization willing to have easy access to private sector contacts in the entire region.

***Kenya and Egypt had a total combined GDP of US\$ 467 billion, which was equal to South Africa's GDP of US \$ 467 billion as per the World Fact book. Intra-COMESA trade in 2007 was US \$ 8.8 billion.***

### 1.3 Economic Community of West African States ( ECOWAS)

1.3.1 Operating officially in three coequal languages (French, English, and Portuguese), in Francophone nations it is called Communauté économique des Etats de l'Afrique de l'ouest or (CEDEAO). It consists of 15 West African countries and just like COMESA it is a pillar of the African economic community .

1.3.2 Nigeria by far is the dominant player in this group followed by Ghana, Ivory coast and Senegal. The community has a combined population of over 250 million with Nigerians comprising more than half of the population. Any organization doing business or work in this region should seriously consider having Nigeria in their overall plan.

***In 2007 the GDP (PPP) of Nigeria, Sudan and Angola combined were greater than South Africa's GDP as per the world fact book.***

1.3.3 The link below consists of ECOWAS member states and more information about its structure.

<http://www.ecowas.int/>

## 1.4 The East African Community (EAC)

1.4.1 EAC is an intergovernmental organization comprising the five east African countries Burundi, Kenya, Rwanda, Tanzania, and Uganda and has a total population of over 124 million as of 2008.<sup>[</sup>

1.4.2 Kenya is by far the most dominant trading partner with exports to Uganda and Rwanda alone exceeding US \$ 1 billion in 2007 as per the World fact book. The EAC organs can be found on the link below.

<http://www.eac.int/index.php/organs.html>

1.4.3 It is important for organizations willing to begin their operations in this region to strike close relationships with some organs of this community. It is important to attend meetings (or be around for networking) for East African **coordinating committee** organ that has a strong bond with the private sector in the region.

*According to the CIA World Fact book 2007, The GDP (Real GDP) of Kenya was slightly bigger than the total GDPs (Real) of Tanzania, Uganda, Rwanda and Burundi Combined.*



## **1.5 Southern African Development Community (SADC)**

1.5.1 SADC's main objective is to further socio-economic cooperation and integration as well as political and security cooperation among 15 southern African states. South Africa is by far the most dominant country in this community. The community has a population of more than 233 million people.

1.5.2 The link below consists of the SADC organs, member states and structure.

<http://www.sadc.int/index/browse/page/62>

***Port Louis , Mauritius enjoys a strong financial hub stature in the region after Johannesburg. South Africa, Botswana, Namibia, Zambia, DR Congo and Zimbabwe have vast mineral resources whereas Angola is one of the world's leading oil exporters***

1.5.3 SADC and COMESA maintain very close ties as most of their members belong to both organizations. The two organizations are moving towards forming a single trading bloc.

## **1.6 Economic Community of Central African States ( ECCAS)**

1.6.1 ECCAS aims to achieve collective autonomy, raise the standard of living of its population and maintain economic stability through harmonious cooperation. In French it is Communauté Économique des États d'Afrique Centrale; and in Spanish: Comunidad Económica de Estados de África Central, (CEEAC). It is comprised of 11 member states with a combined population of more than 121 million people.

1.6.2 Its dominant members include Angola, Cameroon and Rwanda. Other member countries include; Gabon, Central African Republic, Burundi, Democratic republic of Congo, Chad, Congo, Equatorial Guinea and Sao Tome and Principe. Rwanda is a preferable launch country for English speaking organizations.

*This community comprises Africa's wealthiest countries that are blessed with numerous minerals including Oil in Congo, Equatorial Guinea, Angola, Cameroon, Gabon and Chad. In 2007 CIA World fact book Equatorial Guinea GDP per capita was US\$ 28,200 compared with Israel's US\$ 26,600*

## **1.7 Inter-Governmental Authority on Development ( IGAD)**

1.7.1 This organization comprises of Kenya, Uganda, Ethiopia, Somalia, Eritrea, Sudan Djibouti and it comprises countries in the 'Horn of Africa'. The organization focus is on cooperation in Agriculture and environment, gender affairs, economic cooperation and Peace & Security. It has a population of more than 187 million.

*Sudan will soon be partitioned into two countries as early as 2011 after a referendum on the self-autonomous Southern Sudanese region's independence. The Darfur region is to the west of Sudan. The country is very wealthy with enormous oil wealth. Geographically the country is one-fourth the size of the entire United States including Alaska. Ethiopia has a population of more than 70 million with vast agricultural wealth. Politically, Somalia has been a point of conflict between Ethiopia and Eritrea.*

1.7.2 <http://www.igad.org/>

## **1.8 Arab Maghreb Union ( UMA)**

1.8.1 UMA is a trade agreement aiming for economic and political unity in North Africa. Members include Morocco, Libya, Tunisia, Algeria and Mauritania. It has a total population of over 84 million with Morocco and Algeria being the dominant members economically.

*Morocco does not belong to African Union because the African Union recognizes Western Sahara as an Independent state. Morocco claims that Western Sahara is still under its control.*

## **1.9 The Community of Sahel-Saharan States (CEN-SAD)**

1.9.1 This community was created in 1998 and has 28 member countries. Its aim is to open a free trade area between its countries. Morocco, Kenya, Nigeria, Sudan, Ghana, Egypt and Libya are part of this bloc.

1.9.2 Politically, this community has proved very influential of leading peace efforts among some of its members notably Sudan, Chad and Somalia. Its organs and member countries can be found on the links below:

[http://www.censad.org/new/index.php?option=com\\_content&task=view&id=173&Itemid=181](http://www.censad.org/new/index.php?option=com_content&task=view&id=173&Itemid=181)

[http://www.censad.org/new/index.php?option=com\\_content&task=view&id=126&Itemid=167](http://www.censad.org/new/index.php?option=com_content&task=view&id=126&Itemid=167)

## Chapter 2: Size of Private Sector and Middle Class

2.1 The private sector and middle class will be covered in detail in a webinar presented on AIAD's Website every February 26<sup>th</sup> to 28<sup>th</sup> and November 15<sup>th</sup> to 17<sup>th</sup> of every year . In this chapter, we will introduce some countries in Africa that have significant percentages of middle class.

2.2. Countries with a vibrant private sector that is supported by public equity markets . Organizations willing to partner with corporate companies in these countries can easily access all company information on the listed stock exchanges below

2.2.1 Countries with stock market listings of more than 40 companies:

- Botswana : <http://www.bse.co.bw/>
- Egypt : <http://www.egyptse.com/>
- Kenya : <http://www.nse.co.ke/newsite/>
- Mauritius : <http://www.stockexchangeofmauritius.com/>
- Morocco : <http://www.stockexchangeofmauritius.com/>
- South Africa: <http://www.jse.co.za/>
- Nigeria : <http://www.nigerianstockexchange.com/index.jsp>
- Tunisia : <http://www.bvmt.com.tn/>
- Zimbabwe: <http://www.zse.co.zw/>

2.2.2 Countries with Stock market listings of between 1 and 39

- Ghana : <http://www.gse.com.gh/>
- Zambia : <http://www.luse.co.zm/>
- Uganda : <http://www.use.or.ug/home.asp>
- Tanzania : <http://www.darstockexchange.com/>
- Swaziland: <http://www.ssx.org.sz/>
- Malawi : <http://www.mse.co.mw/>
- Cape Verde: <http://www.bvc.cv/>
- Cameroon : [http://www.douala-stock-exchange.com/index\\_fr.php](http://www.douala-stock-exchange.com/index_fr.php)
- Ivory Coast : <http://www.brvm.org/fr/index.htm>
- Algeria: <http://www.sgbv.dz/>
- Namibia: <http://www.nsx.com.na>
- Mozambique: <http://www.mbendi.com/exch/29/p0005.htm>
- Libya: <http://www.lsm.gov.ly/>
- Sudan : <http://www.kse.com.sd/>
- Rwanda

2.2.3 Africa is estimated to have up to 50 million people connected on internet via the computer and many millions more currently accessing internet via cell phones.

***The number of internet users is highest in Nigeria with over 10 million internet users. Egypt and Morocco are second and third at 8.6 million and 7.3 million respectively. South Africa is in the 4<sup>th</sup> position with 5.1 million users and the rest of top 10 are Algeria in 5<sup>th</sup> position followed by Kenya, Uganda, Tunisia, Sudan and Zimbabwe according to Internet world stats 2008.***

2.2.4. More on Chapter 2 at the Webinar link to be emailed on February 26<sup>th</sup> 2008

## 3.0 Chapter 3: Governance Overview

3.1.1 AIAD recommends strongly for the consideration of the African peer review mechanism in measuring the extent of corruption in almost all African countries. Africa peer review mechanism of the African Union has so far been the most thorough and transparent measure of African countries transparency and governance. Otherwise it has proved very difficult to obtain direct measures of some governance issues such as corruption. AIAD also recommends the average data collected by the Mo Ibrahim foundation on their index of governance. Mo Ibrahim corruption measurement is illustrated below. AIAD covers transparency and governance in the 3<sup>rd</sup> course of this program.

3.1.2 Three types of corruption measures have been adopted for the Mo Ibrahim index of governance.

3.1.2.1 The first is based on indicators of corruption assembled by private risk assessment firms. For instance, the initial index adopted by Mauro working on behalf of the Mo Ibrahim foundation was based on the Business International (BI) index of corruption. That index was based on standard questionnaires completed by BI correspondents in about seventy countries.

3.1.2.2 The second type of measure uses averages of ratings reported by a number of perception-based sources, with Transparency International's Corruption Perceptions Index (CPI) being the most widely disseminated. The CPI thus represents an improvement over the first type of measure because rather than relying on a single data source with the possibility of a large margin of error, it is a poll of polls on indices of bureaucratic honesty. It thereby pays better attention to ensuring accuracy and consistency. That scores on the CPI may still contain huge standard errors as a result of polling from various sources is mitigated by emphasis on an ordinal ranking of countries. The worldwide coverage of the CPI also affords data for nearly all of sub-Saharan Africa although the information has many weaknesses.



3.1.2.3 The third type of measure, unlike the previous two that give ordinal scores for corruption, provides cardinal scores of corruption based on survey data. Two good examples are the EBRD-World Bank Business Environment and Enterprise Performance Survey; and the International Crime Victim Surveys (ICVS). The first of these compiles the experiences of more than 10,000 firm managers in 1999 and 2002. Firm managers were asked to estimate the share of annual sales that “firms like yours” typically pay in unofficial payments to public officials.

The ICVS has been published since 2003 and was designed to produce comparable data on crime and victimization across countries, using a combination of computer-assisted telephone interviewing in developed countries and face-to-face surveys in developing countries.

Measures of this third type are especially promising as a means of producing data that rely not on expert opinion about the level of corruption in a country, but on disaggregated individual or firm experiences with corruption. However, there are several disadvantages associated with these measures. For the Index of African Governance, the key disadvantage is that data are only available for a small sample of countries. For example, the EBRD Survey is only available for twenty-six transitional countries.

In addition, collecting reliable data on corruption through traditional survey techniques is problematic given that respondents may choose to misreport or not report at all for many reasons, both of which may be systematically related to country characteristics, such as culture or institutions. Furthermore, the information gathered from such surveys generally provides a measure of only how corruption affects particular groups. For instance, the ICVS provides information on the incidence of corruption from the point of view of the household only, while the EBRD Survey assesses corruption that affects firms.

3. 2. 1 There are a number of strengths to the CPI approach. First, it is a composite index, making use of surveys of businesspeople and assessments completed by country analysts. The expertise reflected in the CPI scores draws on an understanding of corrupt practices held by those based in both the industrialized and developing world.

The surveys used in the CPI employ two types of samples, both non-resident and resident. (It is important to note that residents' viewpoints correlate well with those of non-resident experts.) In order to qualify for inclusion in the construction of the CPI, a source needs to meet two criteria, namely:

- it must provide a ranking of nations using a consistent methodology; and
- it must measure the overall extent of corruption (rather than mixing corruption with other issues, such as political instability or nationalism, or measuring changes instead of the extent of corruption).

Although often used to compare corruption from year to year, the authors of the CPI caution against its use in this way because the underlying surveys included in the index vary from year to year. (This weakness of the CPI is noted elsewhere in the Index of African Governance.) Furthermore, although a lot of care is taken in the development of the CPI, its reliance on the measurement of beliefs about corruption implies a number of weaknesses:

- it is not a direct measure of corruption;
- it raises the question of how those being surveyed form their beliefs and
- it raises questions about how accurate beliefs about corruption are.

Consequently, a positive correlation between beliefs about corruption and direct measures of corruption is insufficient to show that the two can be used interchangeably as measures of corruption. Indeed, there is evidence of a very weak correlation between beliefs about corruption and direct measures of corruption—suggesting a divergence between corruption perception and corruption reality.

In addition, there are difficulties in learning how to interpret some of the underlying surveys used to construct the CPI. For instance, some surveys include questions concerning the overall business environment (questions about red tape, the quality of the courts, etc), while others, for instance, do not pose questions directly about “corruption,” but rather ask related questions. Thus, when a country’s score differs from survey to survey, one cannot tell if this is because of the use of different sources focused on different areas, changes in underlying conditions, or shifts in perceptions. Therefore, some consider this index to be a rough measure of the difficulties of doing business across countries, and caution against the use of its scores to make precise comparisons between closely ranked countries.

In the second course AIAD will further compare various data about African governance from different sources to give a broader understanding on why the African peer review mechanism stands as the best source yet for governance data on the African countries.

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