

Program on Intrastate Conflict
Report Series

*Africa's Successes:
Evaluating Accomplishment*

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The Program on Intrastate Conflict and Conflict Resolution

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EVALUATING ACCOMPLISHMENT

Robert I. Rotberg

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Executive Summary

Seven of mainland sub-Saharan Africa's forty-five nation-states are widely regarded as being success stories. The mixed conclusions of this analysis are instructive in understanding the dynamics of political and economic achievement in sub-Saharan Africa as a whole.

Africa's seven successful countries are all growing reasonably rapidly. Yet, job creation still lags behind promises and expectations, underlining the persistence of poverty. Moreover, where there is growing indigenous wealth, there are also severe income inequalities. Several countries will be benefiting from new resource finds, and broad improvements in GDP could eventually flow into the seven countries from such discoveries. But the exploitation of these finds, and other commercial advances, is being deterred in every case by serious shortages of electric energy. Every country has outrun its available power supplies; several years will pass in each case before these shortages can be met. Moreover, nearly all, except Botswana and South Africa, have road and rail networks that are inadequate for the industrial and agricultural growth on which their economic advances depend. Likewise, each country in our sample is being dragged down economically by the scourges of tuberculosis, malaria, and HIV/AIDS.

Good governance is essential for economic growth and the avoidance of conflict. Among our set of seven countries—Botswana, South Africa, Zambia, Ghana, Tanzania, Mozambique, and Uganda (in order of 2006 annual GDP per capita)—we show diverse results. There are countries that demonstrate steady good governance, lapsed good governance, and questionable levels of good governance. Four are well unified, with few sectional issues. A few exhibit serious leadership deficiencies. Only in Botswana is the bureaucracy thoroughly reliable. On the Ease of Doing Business rankings, Botswana, South Africa, and Uganda rate above the others. Reasonably high levels of corruption persist in all but one nation.

Chinese influence is a new factor in the region, especially in Mozambique and Zambia. Chinese investors will be contributing significantly to the economic development of both countries, conceivably in Tanzania as well. In Mozambique and Zambia, the way in which China operates colonially, extracting and exploiting, has elicited major protests. Throughout the region, the flood of inexpensive Chinese imports has also undercut domestic industry.

Botswana has achieved a deep-rooted political culture of genuine democracy. It has institutionalized good governance. Politics is largely fair and participatory under the country's current leadership. Rule of law is observed. All of these truisms will be tested, however, when Ian Khama becomes national president in early 2008. He has authoritarian tendencies that may rile Botswana's vaunted and much deserved reputation for due process and toleration.

Very poor at birth, Botswana is one of the very few African countries that has managed its resource treasures well and to the benefit of the nation. Growing at 5 and 6 percent a year, as it has done systematically for almost two decades, Botswana nevertheless still has relatively high unemployment rates. It has also tried to diversify its economy away from diamonds and other minerals, but with little success (except for tourism). By African standards, corruption is minimal, held in check by a national framework of accountability and a persuasive national ethos of integrity.

Although HIV/AIDS is highly prevalent in Botswana, the government provides broad social and medical services and is one of the few countries in Africa that has the resources and the will to treat the disease medically, as well as seek to prevent its spread. Botswana is conscious, too, of the need to overcome the sense of stigma that most AIDS sufferers experience.

As deft as South Africa's handling of the threat of inflation has been in this century, it has been less successful in terms of job creation, small business development, and overall economic growth. It is still growing less rapidly than planned and less rapidly than it needs to do to empower all of its citizens. Its growth is uneven, too; pockets of vast new indigenous wealth exist amid wastelands of aspiration and unfulfilled opportunity.

South Africa has always enjoyed the best infrastructure in Africa—its ports, airports, and rail and road transport systems are advanced by developing world standards. But, because of poor governmental investment decisions, South Africa is as short of electric power capacity as any of the other six countries discussed in this report. Given its level of industrialization and prosperity, to be hampered by faltering electricity supply is no testament to good leadership. Indeed, during the 2007 winter, South Africa exceeded all records for power usage, bumping up against full capacity. Load-shedding was apparent, and sections of Johannesburg lost power for long periods. It will be five years, if then, before South Africa constructs the new capacity that it needs for a growing economy.

Although South Africa is one of Africa's handful of democracies, with a strong rule of law tradition and an independent judiciary, President Thabo Mbeki's government frequently seeks to exert executive prerogatives over civil society, its parliamentary opponents, the media, and—recently—judges. South Africa is much more centralized and statist than it was a decade ago. Privatization of state enterprises is going forward very slowly and, in some areas, that machinery has ground to a halt. Although Mbeki personally championed the new African Union and the New Partnership for Africa's Development—NEPAD—the latter's much touted peer review mechanism is being distorted and undermined within South Africa itself.

But the components that hinder South Africa's successful emergence as an independent, fully free nation are two: crime and corruption. With one of the highest murder and major assault records anywhere, year after year, and with

police services that are underpaid, understaffed, and inept, it is no wonder that tourists and investors cringe. President Mbeki promised this year to do something about crime, but it will doubtless be left to his successor to seek serious results in this difficult and intractable area.

If crime reflects poverty and diminished expectations, then corruption reflects greed and enhanced expectations. If everyone is doing it, underlings see taking advantage of their positions as their rightful due. Stanching this drain of public goods is impossible unless good leadership exerts itself. In South Africa, as with so many other issues of concern, too much that is shoddy has been tolerated, and—other than the former deputy president—too few individuals (and sometimes the wrong ones) have been singled out for censure and criminal investigation. Official corruption has grown significantly in the last decade, especially during Mbeki's presidency. Its scale is particularly worrisome at the provincial and municipal levels, although national parliamentarians and some ministers notoriously have equally enriched themselves as well.

Thanks to very high prices for copper, Zambia is growing rapidly. Its annual per capita GDP figures trail only Botswana and South Africa in this seven country sample. Chinese investments in mining and other sectors could help cushion the country when commodity prices fall, but Zambia has had little success so far in diversifying its economy away from copper and cobalt. It lacks electric power capacity. Agriculture and tourism could conceivably contribute significantly to national income in the future; the government is committed to spending increased sums on agricultural improvement (and on irrigation equipment), but more than half of all Zambians live in cities.

The current government of President Levy Mwanawasa has largely retrieved the political, economic, and social forward momentum that was lost in the 1990s under President Frederick Chiluba. But Mwanawasa was elected on rural votes and his chief populist opponent championed the urban poor. This split will continue to hinder nation building and unity. Any dramatic fall in copper prices could imperil Zambia's assault on HIV/AIDS, poverty, new social services, and employment creation—all necessary achievements if Zambia is to sustain its recent income and governance gains and improve its human development indicators. Doing more than at present to reduce high corruption levels would also strengthen Zambia's attempt to make progress.

Ghana is recovering from about forty years of bad governance—from the Kwame Nkrumah era through the Jerry Rawlings period of strong man rule. Its recovery is proceeding under the sensible leadership of President John Kufuor. Its GDP growth per year has been averaging close to 6 percent, and inflation has been reduced substantially. But half of all Ghanaians still subsist on less than \$1 a day. Ghana's annual per capita GDP is a tenth of Botswana's, and when the prices of gold and cocoa—the country's chief exports—fall, Kufuor's so-far-credible efforts to achieve national reconciliation and economic advance may

well falter. Already, persistent shortages of electric power have crippled the gold mining industry and hindered the opening of new mines.

Furthermore, Ghana's recovery from previous leadership abuses of power is not yet sustainable. Most of the key governance indicators are now trending upward, although corrosive corruption has not been contained and rule of law is often honored in the breach. Even more worrisome for most Ghanaians: Kufuor's steady and popular hand on the state's tiller will end at the close of 2008. His potential replacements need not articulate the same broad and statesmanlike policies; several of his possible successors could take Ghana backward, especially if world commodity prices slump. Bitter competition in the national elections could also widen Ghana's north-south divide, opening up sectional fissures in a country now united.

The last three of the African success stories discussed in greater detail below are all still poor, per head (in the \$300 range), but Mozambique is growing at more than 7 percent per year thanks to its aluminum smelter, hydropower exports, and discoveries of oil and gas; Tanzania benefits from high world prices for gold. Because Uganda is dependent on coffee and fish and has serious electricity weaknesses, its growth has slowed recently. Uganda is also still at war, in the north and west, and its efforts at national reconciliation have been faltering.

Leadership has been a reason for success, and now less success, in each of these three cases, as well as in the other four. In Uganda, the once lavishly praised leadership efforts of President Yoweri Museveni have been dissipated by his personal failures to strengthen democracy, mitigate corruption, and rule less autocratically. Uganda was once a success economically (it still welcomes investors), a victor over HIV/AIDS, and a country improving governance and building democratic institutions. Invading the Congo, running roughshod over the constitution, and repressing the political opposition all have reduced Museveni's local and international appeal and reduced the sparkle of Uganda's achievements since 1986.

Disappointment may also be growing in Mozambique, where the presidential successor to Joaquim Chissano, the gentle Marxist turned democrat, is operating in a more authoritarian manner. He has returned the ruling political party that he heads to the centerpiece of government and has become more intolerant than his predecessor of dissent and opposition. Corruption, always rife in Mozambique, is growing under President Armando Guebuza.

It is also undiminished in Tanzania, not least in nearly autonomous Zanzibar. In all three countries, anti-corruption legislation, commissions, and talk from on high achieves little by way of actual reduction. Nor are many senior officials ever caught and prosecuted.

Corruption hinders improvements in economic productivity in all three countries, as well as in the others. One estimate suggests that half of all budgeted sums in Uganda are lost to theft and fraud. When these theoretically eradicable

drags on GDP are coupled with infrastructures that are still fragile—especially in Tanzania—porous social safety nets, questionable rules of law, and weak leadership, it is no wonder that the prospects in these countries for sustainable political and economic advances are still problematic.

Success is relative. Although all of the seven countries are growing, they are each dependent on primary commodity exports, not on invisible earnings or manufactured products. Unlike the Asian tigers, and arguably Botswana, none has entered a steady state of sustainability, not even South Africa (where population growth continues to outstrip net job creation). The Asian tigers perform well for their peoples—they provide quantities and qualities of the seven essential political goods. In the seven African cases, only Botswana and South Africa begin to match such levels of performance, and South Africa's high crime rate makes it the most insecure country among the seven.

The seven African examples are successes only as compared to the rest of Africa, where good governance is rare, corruption common, and poverty endemic. However, Ghana, Mozambique, and Zambia should be rewarded particular accolades. They have made spectacular recoveries from the ravages of war and mismanagement. Uganda might have received the same praise today if it were not still mired in conflict and its blemished leadership had not slowed the pace of political and economic advances.

Looking ahead, in every country, successors to the current leadership have yet to take office or be chosen. Because leadership remains critical to the destinies of each of these countries, and of all countries in the developing world, and because either current leaders or their potential successors exhibit less-than-fully-democratic traits, the gains made for governance need not be sustained beyond the near term. The institutional strength and dominant political cultures of South Africa and Botswana should prevent too much slippage after 2008, but in the other five countries the institutionalization of good governance is still in process, with continued success unproven.

Acknowledgements and Sources

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As is clear from its contents, the Report draws on data developed by me and the staff of the 2007 Ibrahim Index of African Governance, and on publicly available World Bank data, the conclusions of the 2007 Global Integrity Index, summaries and numbers drawn from various reports of the Economist Intelligence Unit, on various issues of the weekly Southern Africa Report, and on empirical personal knowledge.

Botswana

Botswana is one of Africa's genuine success stories, and an enduring one. Unswervingly since independence in 1966, Botswana has governed itself well. It has also managed its diamond bonanza with panache, never succumbing to Dutch disease. Nor is rampant corruption a problem, as it is in so many other resource rich nation-states, especially in Africa. In 2007, Botswana was among the two or three wealthiest sub-Saharan African countries per capita. Despite a massive HIV/AIDS problem, it boasts an effective social service and health delivery system, well maintained arteries of commerce, good educational services, and a robust rule of law. Politics is largely fair and participatory, despite the predominance of the ruling Botswana Democratic Party. Although Botswana is not without its blemishes, in an African context, Botswana is a paragon of performance. Botswana is one of a handful of African countries where positive leadership has produced decisive results.

On the 2007 Index of African Governance, Botswana ranked 3 overall, with a score of 73.0. As for the 5 categories of analysis, it ranked 29 in Safety and Security, with a score of 75.0; 1 in Rule of Law, Transparency, and Corruption, with a score of 88.3; 5 in Participation and Human Rights, its score 75.5; 5 in Sustainable Economic Opportunity, its score, 58.1; and 5 in Human Development, with a score of 67.9.

The Economy

Botswana is growing at about 5 or 6 percent per annum and has continued to be the economic tiger that it was in the 1990s. Looking forward, similar growth rates can be anticipated, with even higher levels expected after 2010.

In 2006, Botswana's annual per capita GDP was \$6,888, up significantly from \$3,750 in 2002. Botswana is now wealthier per head than South Africa. That gap should widen in the near future.

Inflation is relatively low and falling. It was down from 14 percent in 2005 to 8.6 percent in 2006 and is expected to continue to fall to 6.5 percent in 2007 (depending on South African inflation levels and world oil prices) and 4.7 percent in 2008. (Botswana is now using a re-calibrated basket of goods to calculate the consumer price index.)

Unlike so many other African governments, Botswana runs an official surplus of about 5 percent, double that of 2005, with surpluses also on the services and current accounts. Bulging payments from the Southern African Customs Union have boosted the current account surplus, but so have tourism receipts and export income from diamonds and other minerals. In 2006, the surplus on the current account was 15 percent of GDP. That number is expected to grow steadily in 2007 and 2008.

Diamonds and other exploitable minerals will continue to drive this prosperity. The existing mines continue to yield among the richest gem diamonds in the world. Another diamond property, at Martin's Drift, should come on stream at the end of this year. A shortage of fat tires that cushion the massive lorries that carry excavated gem ores from the mines to crushers and sorters, however, may well reduce Botswana's production significantly until 2011. By 2009, a new refinery, using innovative techniques, will open at the largest nickel mine in Africa, near Tati. Advanced methods will boost mine output and halve production costs. A large, relatively rich, copper property near Dukwe is being exploited this year, with the first ore scheduled to be exported in 2008. A nearby site shows positive results for copper and silver.

The manufacturing sector will continue to demonstrate little growth except for the construction of a coal-fired power plant that will export electricity to South Africa. The construction industry is expected to contract because of the lack of skilled workers and shortages of cement. South Africa will be building madly ahead of the football World Cup there in 2010, thus swallowing up materials and workers.

There is official talk of creating a state-backed innovation hub, especially to introduce new technical advances into the mining and polishing industries, to develop biotechnology, and to explore IT possibilities. The government also wants to establish an International Financial Services Centre, to create a Pan-African commodities and derivatives exchange in Gaborone, and to invite the transfer to Gaborone, from Johannesburg and Kimberley, of more of De Beers' marketing and sales activities. But the most important driver of new activity in this sector is the decision by cutting and sighting centers in Mumbai, Antwerp, Tel Aviv, and London to locate some of their beneficiation of raw diamonds in Gaborone, where large "factories" are being readied. Botswana has also persuaded South Africa to impose its new export tariffs on diamonds after stones leave Botswana, not when they cross from South Africa or Namibia mines to Botswana.

Agriculture is largely stagnant, especially given the dwindling size of the national cattle herd, once Botswana's treasure. Beef exports will certainly not expand. There is a nascent government-sponsored scheme to farm ostriches more intensively than at present. Although Botswana has the world's most numerous wild ostrich herd, commercial farming is modest and not expected to contribute significantly to the nation's exports.

Air Botswana is being privatized and sold to SA Airlink, despite populist opposition in parliament. Otherwise, the much discussed and officially favored program of privatization in the telecommunications sector is moving very slowly.

Despite all of these initiatives, unemployment remains relatively high,

approximately 25 percent (although there are lower, official, estimates). Reducing that number appreciably will be difficult, unless the rains in 2008 are as good as they were in 2006 and subsistence agriculture consequently flourishes.

Botswana has a strong economy for Africa and will continue to grow on the back of its minerals and tourism. But diversification will continue to make little progress, rural incomes will be far lower than urban ones, and jobs will not be created quickly enough to satisfy some politicians and many Batswana.

Politics

President Festus Mogae, a steady and assured hand at the tiller of the ship of state, is completing his final year as president. At the end of March 2008, he will resign in favor of Vice-President General Ian Khama. A new era will begin. Although knowledgeable observers suspect that Khama is less of a committed democrat than his father and his father's two presidential successors, Botswana's strong political culture of democracy and its well-implanted and abundant institutional constraints should curb whatever authoritarian tendencies Khama may harbor. Whereas President Mogae is a permissive democrat, Khama is expected to be a stern and demanding democrat. As vice-president, during this year's privatization debates, he made his party's own backbenchers aware of his low tolerance for obstruction and dissent. A columnist writing in the daily Mmegi called him an autocrat and accused him of using the state intelligence service to monitor rivals within the BDP.

Mogae earlier this year attempted to consolidate his own grip on the BDP and prepare for a harmonious political future for Botswana by bringing several of Khama's rivals into the national cabinet. Daniel Kwelagobe (now in charge of the public service) and Ponatshego Kedikilwe were restored to official prominence early this year, helping to minimize factionalism inside the party and to present a more united political front to the public. Charles Tibone, a banker and businessman and former senior civil servant was also moved from the Ministry of Minerals, Energy, and Water Affairs (making room for Kedikilwe) to take charge of the critical Ministry of Labour and Home Affairs, thus strengthening that portfolio and removing a potential source of future conflict. Tibone is regarded as business friendly; Mogae wanted to reassure foreign investors. Mogae has also signaled his desire through these and other changes to improve efficiency within a government that is already responsive and attentive by African standards. Among the bureaucracies of Africa, Botswana's is diligent and hard-working, with a reasonable esprit de corps.

By bringing Kedikilwe and Kwelagobe back into the cabinet, Mogae has also set the stage for the country's next major political battle—for the vice-presidency after Khama is elevated. Those two long-time politicians will compete with Mompoti Merafhe, the foreign minister, and Jacob Nkate, minister of

education. The choice will be Khama's. Presidents Sir Ketumile Masire and Mogae have established a pattern: vice-presidents automatically succeed to the presidency after two terms and then lead the ruling party into heavily contested parliamentary elections—in late 2009. (Presidents are chosen by the 63-member National Assembly, where the BDP has a solid majority.)

Botswana has always had a multi-party system despite the dominance of the BDP. At present, the collective opposition is in disarray, but that condition may not persist too far into the future. Last year, the BNF broke up a burgeoning alliance of all opposition parties. The Botswana Alliance Movement, the Botswana Congress Party, the Botswana People's Party, and the New Democratic Front are all smaller than the BNF, and only the BNF holds seats in parliament. Some of the others are strong at the local level, especially within Gaborone. It is possible that the smaller parties will now unite against the BNF, but unless they merge with the BNF, they stand no chance of reducing the national power of the BDP.

Compared to other African nations, Botswanan politics are comparatively chaste and gentle. There is every expectation that the moderate and relatively dispassionate rule of the BDP will continue well into and probably throughout the presidency of Ian Khama—until about 2018.

Leadership

Sir Seretse Khama, Botswana's first president, consciously rejected the Afrosocialism of his neighbors and peers and steered his young and very poor nation along a path of good governance. He rejected presidential pomp, flights of economic and political grandiosity, and ideological rationales for irrational action. He also refused to tolerate corruption or any of other distractions from the business of governing young and weak Botswana well. He was different from his peers, with a vision for his nation and a good sense of how that vision could be achieved by governing responsibly.

Masire and Mogae deepened the national political culture of good governance that had been implanted so carefully by the first Khama. The last accepted the natural wisdom of judicial independence and the need for a strong rule of law. He believed in financial soundness and integrity, in the meaningful autonomy of the central bank, and in an open economy and open trade. Khama's successors carried these initiatives forward; now they are implanted in the psyche of Botswana and underpin the institutional framework of the nation.

The quality of leadership in early Botswana is responsible for the country's many attainments. It enabled the nation to take advantage of wealth from diamonds starting from 1975 and to manage that bonanza for the good of the people, not for the benefit of its tight coterie of individuals. Botswana's success is real and a result of positive leadership, leading to good governance and an ability to prosper amid sudden resource abundance.

Rule of Law

In many African countries, the rule of law is largely honored in the breach. Judges are more or less responsive to the expressed needs of the executive, and decisions of lower and higher courts are capable of being influenced because government controls appointments and promotions and, in so many cases, money talks and changes hands. Not Botswana.

No stronger evidence of the independence of the judiciary in Botswana exists than the High Court's declaring unconstitutional in late 2006 the government's long criticized determination to relocate Basarwa (Bushman) from the Central Kalahari Game Reserve (where they had lived since well before independence). The government has since decided to interpret the High Court judgment narrowly, a policy stance that is being challenged and will doubtless result in a further case before the High Court.

The government's deportation of two foreign, but resident critics of BDP's rule, and its tabling of a new intelligence and security bill that would create MI5- and MI6-like directorates, raise questions about how long Botswana will continue to be an African outlier in terms of rule of law, especially under Ian Khama. Given the clear autonomy of the High Court, and the seeming probity and independence of most judges at all levels, this tension between human and civil rights and liberties and the prerogatives of the state will almost certainly be resolved in an acceptably democratic manner.

Corruption

Botswana is one of the least corrupt nations in Africa. On Transparency International's Corruption Perceptions Index, it ranked 24 of 102 countries in 2002, 31 of 145 in 2004, 37 of 163 in 2006, and 38 of 180 in 2007—roughly at the same place throughout. In terms of the raw scores used by TI, it fell slightly from 6.4 in 2002 to 5.7 in 2003, 6 in 2004, 5.9 in 2005, 5.6 in 2006, and 5.4 in 2007. (Remember that this is a perception based method, so some selection bias is inevitable.)

In 2007, the Minister of Works and Transport admitted that an Australian company had provided her with five computers (for her constituency) on the eve of the signing of a railway maintenance contract with that company. "I received those computers," she said, "but they were not a bribe." Earlier, a Zimbabwean company had given her cash for a community project within her constituency. These possibly common, possibly isolated, incidents provide an impression of the level of potential corruption in Botswana and of the ability of the local press to investigate allegations, thus strengthening accountability in the country.

Human Development

The index used by UNDP measures GDP, life expectancy, and literacy in an unweighted and combined way. Using that easily criticized method, Botswana's rank on the Human Development Index in 2006 was 131 of 171, just below South Africa and Namibia, but considerably above Lesotho, Zimbabwe, Tanzania, Zambia, Malawi, and Mozambique. The combined score for Botswana was 0.0570 (on a scale where 1 is perfect), showing a major decline from 0.660 in 1995. But that decline is largely a result of the prevalence of HIV/AIDS and its impact on life expectancy, on literacy (through decimating the teaching profession), and even on GDP per capita through reduced productivity.

Botswana's HIV prevalence rate is about 25 percent among adults. But high numbers in Botswana may as much result from honest reporting and a respect for real numbers as from more HIV than neighboring countries. Mogae's leadership in this area has, in any event, been strong. Without much opposition, he has mandated the testing of all visitors to medical facilities. His government also provides full and free antiretroviral treatments for all HIV positive persons and seeks ways to reduce the sense of stigma that may make proper treatment more difficult to achieve. Mogae and his health ministers are also cooperating with outside research institutes and pharmaceutical companies.

Infrastructure

Given its state of impoverishment and paucity of paved roads at independence in 1966, Botswana now has a superb road network of nearly 6,000 paved kms or .0096 per square km and .0034 per capita. Its total of paved and unpaved roads in early 2007 was 25,000 kms, up from 18,000 in 1992. It is even possible to drive from South Africa through the Kalahari Desert into Namibia and to the Atlantic Ocean port of Walvis Bay. Another route goes north in Zambia, across a new bridge over the Chobe River near Kasane.

The national railway runs for 900 kms along the eastern border of the nation, connecting Zimbabwe in the north to South Africa in the south.

Botswana's four international airports are well maintained and serviceable.

At the end of 2006, more than 1 million Tswana owned mobile telephones. Two competing companies offered the service.

With the completion of the Mmamabula coal-fired power station in 2011, Botswana will be able to export power to South Africa and enjoy a power surplus at home.

Zimbabwe

Botswana's major regional and foreign policy concern in 2007 and beyond is the deteriorated political and economic mess in Zimbabwe. That country's decay has cut off markets for Botswanan beef and other exports, has harmed the prosperity of the regional tourist industry, and—most of all—has led to a flood of refugees, possibly as many as 500,000 in a country of only 1.6 million. Botswana, unlike nearly all of the other members of the Southern African Development Community, seeks regime change in Zimbabwe and as a democracy, quietly supports the opposition to President Robert Mugabe. Botswana regards the attitude of President Thabo Mbeki of South Africa as a major obstacle.

South Africa

So much has gone right in South Africa since majority rule commenced in 1994 that it is conceivably churlish to suggest that at least as much remains to be done economically, socially, and politically. The record is very mixed, as any carefully composed balance sheet would suggest.

On the 2007 Index of African Governance, South Africa ranked 5 overall, its score 71.1. As for the 5 categories of analysis, it ranked 46 in Safety and Security, with a score of 61.1; 4 in Rule of Law, Transparency, and Corruption, its score 75.2; 2 in Participation and Human Rights, with a score of 81.1; 3 in Sustainable Economic Opportunity, with a score of 67.4; and 4 in Human Development, its score 70.5.

South Africa is an established democracy, for sure, but the ruling African National Congress runs roughshod over not only the opposition but its own parliamentary backbenchers, provincial legislators, and municipal officials. At the center of this authoritative political web is President Thabo Mbeki, who wields very tight control over all party and government subordinates, and most policy decisions.

South Africa's rule of law is strong. Its Constitutional Court, the appeals courts, and the rest of the court system are more independent than nearly all judicial systems in the developing world. But within the last year, the minister of legal affairs, acting under Mbeki, has begun attempting to curtail this much prized independence.

The national economy is well run, with prudent polices that have kept inflation low and have finally begun yielding strong rates of growth. Even so, unemployment levels are still staggeringly high and per capita GDP levels relatively low. The post-apartheid dividend still remains to be delivered in full.

This conclusion is especially true in the human development arena. Educational attainments lag and health outcomes are unusually poor, thanks to an HIV/AIDS epidemic that will continue out of control for many years. Productivity and GDP growth lag accordingly.

Crime is rife, so most South Africans are endemically insecure and business conditions less robust than they ought to be in a potentially middle-income African country like South Africa.

Furthermore, South Africa is far more corrupt than it should be and probably far more deeply corrupted than anyone really knows.

Nearly all of these positive developments, as well as all of the negative ones, doubtless reflect the accomplishments and failures of leadership. Mbeki is all powerful, but not omniscient and his touch has not been invariably sure. South Africa's success is still very much a work in progress. Whether it can be realized more fully under those who follow Mbeki is the critical question.

The Economy

After a decade of insignificant GDP growth per capita, and very little net job creation, South Africa has finally begun growing, if still modestly. In 2006, South Africa grew at 5 percent; it grew more strongly in the final quarter. Similar growth figures, between 5 and 6 percent, are forecast for 2007 and 2008. Admittedly, South Africa needs to grow steadily at 6 percent per annum over the next decade if it is to provide formal or informal employment opportunities sufficient to match anticipated population increases and numbers of job seekers. Halving poverty and substantially cutting unemployment by 2014—the government's stated goals—cannot be accomplished without accelerated average GDP growth rates that now look unlikely to be achieved.

In 2006, South Africa's high GDP per capita of \$5,411, up from \$2,440 in 2002, was a positive accomplishment. But that figure masked vast earning disparities between the still poor and the newly rich. South Africa's Gini coefficient ratings show that it is one of the least equal nations in the world.

Fortunately, unlike some of its neighbors, South Africa has been running, and will now doubtless continue to run, a superb macroeconomy. Inflation, down from 9 percent in 2002, was about 4.6 percent in 2006, and is expected to trend downward to 3.6 percent in 2007 and 2008. The finance ministry predicts a slight budget surplus for FY 2008, enabling South Africa to pay down some debt and provide much needed social service and infrastructural improvements. The Reserve Bank will keep the repurchase rate high (14 percent in October 2007) to dampen inflation and provide the fiscal discipline for which it has become known. Overheating the economy now and through 2010 remains a danger.

South African policy has both embraced the full market economy and, simultaneously, refused to relinquish the country's traditional partiality to public investment and public control over infrastructure and enterprise. Among the unfinished tasks of the Mbeki administration, and its successor, is strengthening the accountability and efficiency of the state-owned or state-managed conglomerates that still dominate much of the national economy. Unbundling and privatizing parts of the least effective or most confused enterprises still controlled by government will occur, but with little dispatch and much backsliding. Some privatizations are to be reversed, others slowed.

South Africa is now focused on preparations for the 2010 football World Cup competition, to be held in cities throughout the country. Massive spending is already taken place to construct or reconstruct stadia, highways, rail links, airports, hotels, and the like. Refurbishment of various municipal and tourist facilities is ongoing, too. All of this activity has led to a construction boom, and to shortages of cement, skilled workers, and electric power. But even if South Africa manages, by Herculean efforts, to meet the physical demands of the Cup, it is still questionable whether it can meet the necessary human resource demands as fully.

The South African economy in 2006 was buoyed by strong prices for its gold, platinum, iron, and coal, and for manufactured goods such as automobiles, chemical products, and mining machinery. Electrical machinery sales were up by 23 percent, while textiles, clothing, and television equipment exports diminished. Tourism was a strong contributor. Because of drought, agricultural exports declined in value. Maize yields were falling in 2007, as well, and South Africa imported white maize this year. Depending on the availability of rain and world commodity prices, South Africa should continue to derive solid income streams in 2007 and 2008 from its prime commodity exports. Gold, however, is becoming harder and harder to extract given the steady depletion of high quality reserves.

After 2008, tourism should contribute more solidly to the national income stream. Growth in tourism is coming from Africa, and Russia, Hungary, India, Japan, North America, and Central and South America. The tourism industry estimates that its numbers would swell by at least one-third if crime rates were not such a deterrent.

South Africa continues to pursue affirmative action and Black Economic Empowerment. Two Italian firms have challenged the legal basis of Empowerment, alleging illegal expropriation. But, however the case is arbitrated by the World Bank, many South African and international observers—notably President Mbeki's younger brother—aver that Empowerment has succeeded since 2000 in enriching a limited concatenation of politically well-connected and already wealthy Africans without doing much to enhance the share ownership or wealth creation opportunities of the mass of middle- and working-class South Africans. Sizable transfer of assets from white-owned enterprises to blacks has occurred, but only to a narrow and unrepresentative class. The policies of the Mbeki government continue to create a special class of what the Russians call “the oligarchs.”

The results of affirmative action are more mixed. The civil service at all levels, including the military, is in black hands. A large proportion of formal sector employment outside of the government and the military is now also filled by black South Africans. But it is not clear that these transfers of color have been accompanied by transfers of experience and technology. Mbeki has attempted with little success to meet the national skills shortage by re-employing retired white bureaucrats and wooing others home from Europe or Australia. The artisanal gap is growing larger. And the emigration of young whites and some Africans and Coloreds continues. These losses do not appear to be retrievable before 2010 at the earliest.

Infrastructure

Southern Africa and South Africa lack spare electric power capacity. Required maintenance, accidents, hydro shortfalls because of drought, and nuclear mishaps all have caused and will cause unplanned, sometimes crippling,

outages. As it prospers, South Africa becomes more vulnerable to power cuts, especially this winter. The Western Cape is adversely affected because of national transmission system deficiencies. Eskom, the nationally-owned utility, wants to build several new thermal power plants and one nuclear facility. But none of this new capacity will be available until 2011. Accordingly, Eskom will fire up four gas-fueled operations in the Western Cape, bring three de-commissioned coal-fired thermal plants back into action, resuscitate several dams, and open a wind farm. Eskom will also import more power from Cahora Bassa and try to conserve energy nationally. The government is also attempting this year to reform the chaotic, decentralized method by which electricity has been distributed. Uniform tariffs and reliable distribution might help conserve power, but it will deprive already hard-pressed municipalities of precious revenue. Reliable electric power is still questionable for South Africa in the run up to the World Cup.

By African standards, South Africa has a superb rail (31,000 kms) and road network. It has 57,568 kms of paved roads, or 0.0013 per capita and 0.0472 per sq. km. Its roads per area are the best in our sample, but on a per capita basis South Africa—unexpectedly—lags Botswana, Mozambique, and Zambia.

It has long had the best ports in Africa, substantial and well-run airports, and its flag-carrying national airline was once the strongest on the continent. No longer. The public enterprises ministry is attempting to rescue the airline with a final infusion of official funds and a massive reorganization. But no privatization is contemplated.

Despite the recent completion of submarine cables to Europe and Asia, South African telecommunication service to those areas remains slow.

Politics (and Leadership)

Helen Zille's assumption of the leadership of the opposition Democratic Alliance has strengthened her party in by-elections and will assist when South Africa next goes to the polls nationally in 2009. With her at the helm, bolstered by her successful mayoralty in Cape Town and by a personality and an anti-apartheid history to which President Mbeki will accord respect, the DA might even be able to improve on its 12 percent electoral showing in 2004. But neither her efforts nor the combined efforts of all opposition forces can expect significantly to reduce the ANC's clear electoral dominance. It won almost 70 percent of the popular vote and seats in parliament in 2004, and could easily do as well or better in 2009.

The real political battles in South Africa will continue to be carried on inside the ANC and for the soul of the party. There are many imponderables, however: Will Thabo Mbeki retain the party presidency in late 2007, thus maintaining his national political hegemony well beyond 2009? If not, who will? Will former Deputy President Jacob Zuma evade fraud and corruption charges and thus once again become a leading contender to succeed Mbeki in one or both

positions (and to give Zulu South Africans a prominence that accords with their ethnic plurality)? Will Mbeki succeed in anointing a national presidential successor of his own choice, probably Deputy President Phumzile Mlambo-Ngcuka? (Other possibilities from within the existing ANC power structure include Kgalema Motlanthe, the party's secretary-general; Trevor Manuel, minister of finance; and Tito Mboweni, governor of the Reserve Bank.) Or, more likely in many ways, will wealthy former ANC stalwarts such as Cyril Ramaphosa and Tokyo Sexwale be brought forward to give the presidential candidate more stature and more independence? Ramaphosa, a university-educated former trade union activist and secretary-general of the party, comes from an ethnic group well out of the South African mainstream, but is well respected, is a person of unquestioned stature, and is popular within the ANC. Sexwale, also an empowered business magnate like Ramaphosa, was premier of Gauteng Province and is the more impetuous personality. Of all the candidates, Ramaphosa is the least likely to embrace Mbeki's authoritarian approach to democratic politics. He also has the broadest world view and the most experience externally.

It is unlikely that any of these possible future South African presidents would emulate Mbeki's disastrous internal policies on corruption, HIV/AIDS, and governmental decentralization. They would be expected to develop better foreign policies as well, firstly, regarding Zimbabwe (if Mugabe is still in power in 2009), and secondly, regarding the UN, China, the West, and human rights abusers such as Belarus, Burma, and Zimbabwe. If the Sudan has not ceased preying on the inhabitants of Darfur, all of the anticipated successors to Mbeki would also be expected to break with his narrow approach to that crisis.

South Africa is, with Nigeria, one of the two linchpins of sub-Saharan Africa. Mbeki's successful rule in reconfiguring the African Union (from the Organization of African Unity) and in inventing NEPAD and selling it to the G8, testifies to his lofty stature in Africa. But he has been reluctant to use that stature for good, notably over Darfur and Zimbabwe. Indeed, Mbeki systematically has sought geopolitically to "protect" Africa from presumed white and European influence. Black Economic Empowerment is one of the internal manifestations of that mind-set. So was his initial, damaging, approach to the HIV/AIDS crisis. In the same vein, Mbeki's refusal to do much to curb corruption in politics in South Africa, except marginally in the Zuma case, must mean that patronage and leverage (control) have been more important to him than integrity. A few of his successors would be equally tolerant of corruption, others much less so. It is not clear that anyone other than Ramaphosa has the character to carry on as a unifying leader where Nelson Mandela broke off.

Corruption

Transparency International's Corruption Perceptions Index for 2006 places South Africa 51 of 163 countries, well below Botswana, but above the other countries in

our sample. The 2007 Corruption Perceptions Index places South Africa at 43 of 180 countries. South Africa's raw scores have decreased slightly from 4.8 in 2002 to 4.6 in 2006, implying that corruption was on the rise in South Africa, while the 2007 raw score increased to 5.1, implying that corruption has decreased slightly since 2006. The Global Integrity Index affirms this tendency, in 2006 rating South Africa 81, or strong. Of all of its categories, South Africa only falls as low as 71 (moderate) in the administration and civil service category.

Newspaper reports from within South Africa give an impression that corruption is indeed increasing. There have been few prosecutions and many exonerations. Suspicion remains rife over the details of the arms deal that has embroiled Zuma and his alleged co-conspirators. "Travel-gate," which demonstrated that ANC parliamentarians were fiddling their travel vouchers and over-claiming expenses, is still not fully resolved. The suspicious death of a big businessman who was friendly to politicians and security officials, and may have been involved with the local drugs mafia, is another indication of shady dealings. Senior judges and others have been accused of serious conflicts of interest. More than 51,000 civil servants were accused officially of failing to report their outside business interests, as required. An Auditor-General's damning report on the misuse of state finances was effectively ignored. The deputy president and other officials on several occasions traveled overseas in government aircraft at the government's expense on seemingly personal excursions, sometimes luxury ones. At the provincial level, allegations of corrupt behavior have dogged the Mbeki government almost steadily since 1999.

Too much of this "evidence" is circumstantial or, at least, "unproven." Yet, the striking fact of contemporary South Africa under current leadership is that there are damaging new allegations almost every day. Mbeki and others promise to investigate, but very little that is reported in the press or by the Auditor-General ever seems to result in legal action or recovery.

Crime

Eight of ten medium- to large-sized businesses in South Africa said in early 2007 that they, their employees, and their families had been adversely affected in the past year by violent crime—hijacking, housebreaking, assaults, and road rage. More than 88 percent of the businesses reported increased costs for security, 65 percent said that staff productivity and motivation had fallen, and 41 percent indicated a decrease in creativity. Because of crime, business optimism was lower than in 2005 and 2006. Crime rates in South Africa are perceived to be much higher and crime more vicious than in the other six countries of our sample. In the Index of African Governance, South Africa was the third worst performer (of forty-eight) for public safety.

The release of the results of the corporate survey coincided with several prominent, unprovoked murders (some on farms and at tourist attractions) and a

massive public protest. (A prominent African musician was murdered during a robbery in late 2007.) At least 400,000 South Africans answered a television and telephone survey with an agreement that crime was “out of control.” The official murder rate per 100,000 people in South Africa declined between 1994/5 and 2005/6, but the total official number for 2005/6—18,500—is still among the very highest in the world. Moreover, violent crimes in general have been increasing in recent years, according to official statistics. South Africa has the third worst crime rate in the world after Colombia and Brazil, fifty times worse than Britain and thirteen times worse than the United States. Mbeki, in a public address, said that his government would make crime prevention a priority. He said that he was “stung by criticism” that he had not been taking crime prevention seriously.

Human Development

According to the UNDP’s Human Development Index, South Africa in 2006 (based on 2004 data) ranked 121 of 177 countries, above the other countries in our sample. Its raw score was 31, reflecting a life expectancy of 47, an infant mortality rate per 1,000 live births of 54 and an under 5 mortality rate per 1,000 of 67, a high adult literacy rate of 82, and a low percentage of the population (11 percent) living on less than \$1 a day. South Africa’s Healthy Life Expectancy rating was 44 in 2004, marginally above all of the others, bar Ghana.

The prevalence of HIV/AIDS, South Africa’s major medical and social scourge, presumably explains nearly all of the difference. Despite last year’s reluctant acceptance by the South African government that HIV/AIDS in South Africa was a dangerous variant of a global epidemic, and that prevalence rates were at least 20 percent of adults, if not higher, the spread of the disease has not slowed. Along with India, South Africa has the highest absolute numbers of HIV/AIDS affected people in the world, with death and debility rates to match. South Africa is finally dispensing antiretroviral drugs to stem the spread of the disease, but its coverage thus far is only about 20 percent of the total number affected. HIV/AIDS will continue at least for another decade, and probably longer, to maim South Africa in innumerable ways.

South Africa’s educational system, despite two or more superb universities and many good secondary schools, still suffers from a massive failing at the matriculation examination—at the end of secondary school. Nearly half of all South Africans fail this examination and can neither go on to the job market nor go to university. Elite black South Africans claim that real literacy levels have fallen. South Africa has not yet delivered a full post-apartheid dividend in the educational field.

Zambia

Zambia has recovered magnificently from the very corrupt and economically disastrous decade of Frederick Chiluba's presidency (1991-2001). Indeed, in 2007 a British judge ordered Chiluba and nineteen other Zambian associates to return \$49 million that they stole from Zambians. But the successful advance of Zambia during the presidency of Levy Mwanawasa since 2001 has not yet been consolidated. Thanks to abundant rural support, Mwanawasa easily won the presidency in late 2006 against the more populist-inclined Michael Sata, who was backed by urban voters. (A third candidate also drew votes; thus, more Zambians voted in total against Mwanawasa than for him.)

The Zambian rural-urban split will remain, and grow, unless Mwanawasa's administration can achieve positive economic gains for all Zambians, including urban dwellers. Doing so will be difficult given Mwanawasa's commitment to fiscal prudence (and his promises to the IMF). Even so, since copper prices are expected to remain strong this year, Zambia will continue to grow briskly on the back of the metal's production. Zambia's success, going forward, is thus apt to be mixed and dependent on problematical continued improvements in governance and questionable continued rewarding prices for copper.

On the 2007 Index of African Governance, Zambia ranked 19 overall, with a score of 57.5. As for the 5 categories of analysis, it ranked 21 in Safety and Security, its score 77.8; 12 in Rule of Law, Transparency, and Corruption with a score of 61.3; 26 in Participation and Human Rights, with a score of 54.9; 13 in Sustainable Economic Opportunity, its score 47.8; and 34 in Human Development, with a score of 45.8.

The Economy

Fortunately, Zambia is now growing economically at close to 6 percent per year. It has also benefited from massive debt relief. Since 2002, Zambia's per capita annual GDP has increased from \$350 to \$1,019, in 2006. Mwanawasa's government has brought inflation down from 22 percent in 2002 to 8.2 percent in 2006. The fiscal deficit, as a percentage of GDP, is expected to be 3.7 percent in 2007. Zambia also posted a large trade surplus in 2006. All of these are good results, but continued prosperity depends entirely on the prices of copper and cobalt, now 80 percent of Zambia's foreign exchange earnings. In 2006, Zambia exported nearly 500,000 tons of copper, 7.9 percent more than the previous year. But cobalt exports fell to under 5,000 tons. Over the horizon, Zambia will be unable to compete strongly on the international copper market if prices fall; new deposits are coming on stream in Mongolia and other countries, and Zambia is a comparatively high cost producer (much higher than Chile, for example).

Fortunately, Zambia depends somewhat less on copper than it once did (once 96 percent of all foreign exchange earnings). Especially with Zimbabwe wounded, maize, sugar, soybeans, and tobacco are increasingly important contributors to exports, GDP, and employment, and tourism's role in the economy is also becoming more central. In the FY 2008 budget, the government increased the percentage devoted to farming and promised to spend huge sums on irrigation equipment, mechanization, and advisory services. In 2006, Zambia welcomed only 3 percent more tourists than in 2005, but receipts from tourism trebled.

The government is also creating multi-facility economic zones to continue the nation's economic diversification away from copper. These zones—the first will be established in Chambishi on the Copperbelt—are meant to attract foreign investment by offering generous tax exemptions, holidays, and tariff relief. Chinese firms are expected to be the first to benefit.

The IMF wants Zambia to demonstrate tighter fiscal discipline and better overall management. It also urges Zambia to complete its much-stalled privatization program. (Controlling interest in the Zambia National Commercial Bank was sold to a Dutch bank in 2007, but the opposition continued its battle against the sale in parliament.) Donors have largely echoed the remonstrations of the IMF, and Zambia has both paid close attention and, under Mwanawasa, will continue to be responsive to calls for fiscal prudence. However, growing ties to China provide alternative sources of support; the danger is that lavish Chinese projects and general financing—\$300 million in 2006 and 2007—will erode the Zambian government's close adherence to fiscal restraint.

If copper prices fall appreciably, or large-scale strikes curb production, government revenues will suffer. Any slump in external revenues, however, will probably be matched by a depreciating kwacha. Thus the kwacha value of returns from copper, donor assistance, and VAT should remain strong. Because taxes on mining will rise, the government should improve its resource flow in 2008 and 2009. But even with steady improvements in income, the government will be hard pressed to meet urban (and rural) social service expectations. And it may need to spend more to ensure increased supplies of the-already-short electrical power.

Long term, the government has adopted Vision 2030, an ambitious, if laudable, planning exercise intended to transform a poor, still struggling, land-locked African country dependent on a single raw material into a middle-income nation by 2030. Sixty-seven percent of all Zambians (78 percent in the rural areas) live below the local poverty line, and 50 percent are endemically undernourished. The Vision is based on an optimistic scenario that envisages Zambia growing rapidly up to as much as 14 percent per year and on reduced population growth. A second path, a less optimistic and preferred scenario, assumes that population growth will slow and the economy will grow as much as 10 percent. Vision 2030 also admits that if neither scenario prevails, Zambia will not become

a middle-income country. Indeed, Zambia may find it difficult for exogenous as well as local reasons to grow quickly beyond 2010. Oil prices could remain high, diversification efforts may falter, and drought could decimate rain-fed agriculture. Reducing real population growth will also be hard, despite the swinging scythe of HIV/AIDS. Additionally, if growth rates do not exceed about 6 percent for the next decade, Zambia will not top its 1981 per capita GDP income levels until at least 2022.

Infrastructure

Zambia in 2007-2010 may finally resuscitate a rail link from the Copperbelt to the old Benguela Railway in Angola. It has become a NEPAD project, and has therefore attracted South African Development Bank funding. The first phase would be from Chingola to Solwezi, with additional stages taking the line across the border into Angola. The Angolan section of the Benguela Railway is also being reconstructed. If and when this reconfigured rail route is usable (2010-2020?), copper would reach European and American markets much more rapidly than they now do, and at reduced expense. Importantly, royalties are not payable until refined copper ingots are on the high seas.

Electric power demand in Zambia, as in all of southern Africa, is expected fully to outstrip supply as early as 2008. Zambia is therefore struggling to increase its generating capacity from coal-fired plants as well as to draw more hydroelectric power from its share of Kariba power, the Kafue dams, and a new Indian-financed hydropower complex at Itezhi-Tezhi.

Zambia is attempting to refurbish the existing oil refinery at Indeni, and to create a strategic reserve of oil.

Zambia is well served by paved roads, having 20,177 kms, or 0.0018 per capita or 0.0272 per square km—the best in our seven country sample.

Internet usage has increased exponentially in recent years, from 1.9 users per 1,000 in 2000 to 21.1 in 2004.

Politics

Sata and Mwanawasa continue to feud. Mwanawasa continues to try to embarrass Sata and/or to press several judicial complaints against him. In many ways, Sata's ability to mobilize urban masses as well as to guide his fellow Patriotic Front parliamentarians against the government still threatens the president, even after a victory at the polls. At the same time, Sata does not lead a united party. Many politicians from his party, especially those who won control of municipalities like Lusaka, prefer an approach to party governance rather different from that espoused by Sata. Indeed, on the vexed Chinese question, Sata attempted unsuccessfully to "discipline" his party's mayor of Lusaka for attending functions for President Hu Jintao.

Zambia's third political party, the United Party for National Development, the rump of President Kenneth Kaunda's old ruling party, has been positioning itself for a merger with Mwanawasa's Movement for Multiparty Democracy. Some in the United Party oppose such "job-seeking," so a battle will continue between Hakainde Hichilema, its leader, and other party operatives.

Assuming that Mwanawasa does not try, as his predecessor did, to amend the constitution to permit a third term of office, various members of the ruling party are already jockeying to succeed him. Mwanawasa has anointed no one and has asked the party to seek a person of "integrity" to succeed him. He has also pleaded for candidates who could rise above ethnic or sectional considerations. Among those who might emerge as serious contenders is Finance and National Planning Minister Ng'andu Magande, a Tonga, who is widely respected and experienced and not tainted by rumors of corruption. But he lacks a popular following. Kalombo Mwansa, minister of mines and minerals, is a Bemba, not corrupt, but a technocrat without constituency backing. General Ronnie Shikapwasha is close to Mwanawasa and minister of home affairs. He is a Lenje and a committed Christian. Katele Kalumba currently is not a minister, but he is intensely popular and a Chibemba speaker from the Luapula Province. But he is intermittently on trial for graft. Other possibilities may emerge closer to the 2011 election.

Corruption

In 2002, TI ranked Zambia 77 of 102. In 2006, it ranked Zambia 111 of 163. In 2007, Zambia ranked 123 out of 180. Its raw score of 2.6 never varied from 2002 to 2007, with the exception of 2003, when its raw score was 2.5. In other words, corruption is alive and well in Zambia.

Being corrupt obviously makes a country less efficient. The World Bank's Ease of Doing Business indicator also ranked Zambia in 2005 as 67 of 155 countries, a little better than Uganda, but far worse than Botswana. According to the Bank, contract enforcement was good.

China

President Hu Jintao visited in 2007, pledging new investments of about \$800 million. He also signed a clutch of trade and cooperation agreements. China's biggest role for Zambia is as a major purchaser of copper. State-owned Chinese companies also own several Copperbelt mines. Their compatriots will benefit from the Chambishi export processing zone.

Sata's campaign for president last year was as much anti-China as it was anti-Mwanawasa. He and many other Zambians have opposed the issuing of work permits for Chinese laborers (to work on Chinese-owned mines). There have been protest riots on the Copperbelt against job losses and against the flood

of inexpensive Chinese-made goods. Sata has accused China of acting colonially, and being greedy and exploitative.

Human Development

Life expectancies are low, even by African standards, at 36.5 years. HIV/AIDS is prevalent, at about 20 percent, and, given a large youth bulge in the population, apt to continue for at least a decade. Maternal mortality rates are very high at 729 per 100,000 births, and child malnutrition is common. The WHO Healthy Life Expectancy score for 2002 (the last available) was 35, the lowest in our sample. Youth literacy, at 70 percent, is a serious concern even though adult literacy is high at 80 percent.

Only ten percent of the workforce has a paid job in the formal sector, although the official unemployment rate is 21 percent.

According to the UNDP's Human Poverty Index (which measures life expectancy, access to safe water, the availability of health services, literacy, and nutrition), Zambia had a score of 46.4 in 2005, or 90 of 103 developing countries. Seventy-six percent of the population lives on less than \$1 a day.

Zambia's population is growing at 2.2 percent a year.

Ghana

Ghana is fifty years old. Ravaged by the excesses of its early rulers, political and military, and tightly controlled and economically deprived by its last military ruler, the corrupt General Jerry Rawlings (1982-2000), Ghana has had a remarkable recovery under President John Kufuor, whose second term concludes at the end of 2008. Ghana is democratic, energetic, and economically growing. It is still corrupt, however. From 2009 onwards, under a new president and possibly a new ruling party, the key question is whether Ghana can continue to make progress as one of Africa's most successful turnaround tales. Can it continue to reduce poverty, improve standards of living of ordinary Ghanaians, and maintain its democratic momentum while also curbing corruption?

On the 2007 Index of African Governance, Ghana ranked 8 overall, with a score of 66.8. As for the 5 categories of analysis, it ranked 8 in Safety and Security, its score 85.9; 7 in Rule of Law, Transparency, and Corruption with a score of 70.1; 15 in Participation and Human Rights, with a score of 67.7; 17 in Sustainable Economic Opportunity, its score 46.5; and 6 in Human Development, with a score of 63.8.

The Economy

Ghana is growing at 6 percent per year, up from 5.8 percent in 2004 and 2005. On a per capita basis, its annual GDP is \$527, up from \$320 in 2002. Inflation was under 11 percent in 2006, down from 15 percent in 2005 and 26 percent in 2003. The budget deficit has fallen from 9.7 percent of GDP in 2000 to 2.3 percent of GDP in 2005. These results are evidence of Ghana's prudently managed economy, especially after the profligacy of the Rawlings' years. But, with critical elections due to be held at the end of 2008, the government is under pressure from its own leaders and the ruling New Patriotic Party to boost public sector wages and devote greater percentages of the national budget to social services. It has already offered substantial tax cuts to individuals and small businesses.

The cedi has remained strong, with stable rates against most currencies. But that could change during the run up to the elections in 2008, when the revalued cedi will be vulnerable anyway to external shocks. (On July 1, 2007 one new cedi became worth 10,000 old cedi.) Sharp collapses in the value of the new cedi could occur after 2008, particularly since Ghana has limited foreign exchange reserves and is highly dependent upon a narrow range of commodity exports. The government is committed to meet the criteria necessary to join the West African Monetary Zone and embrace the Zone's single currency, by 2009. But to do so, Ghana will have to reduce its fiscal deficit substantially and trim inflation. The former will be harder to accomplish. The Zone's customs union is supposed to come into effect by late 2008, but Ghana may be unable to join that early.

The ability of the government to sustain prosperity and limit poverty

depends on gold and cocoa. Both commodities earned about \$1 billion each for Ghana on the world market in 2005. But gold prices could fall and cocoa prices always fluctuate. Timber and timber products contributed only \$200 million. Ghana enjoyed a bumper harvest of cocoa in 2006, but other crops were disappointing. Gold production was hindered because of power shortages, both Newmont and AngloGold reporting gains foregone (i.e., the world price gains minus production lost). The three main mining companies are building their own joint thermal plant to reduce power shortages. The plant will also supply the national grid.

The contribution of mining to GDP should grow in 2008 and 2009 with the fully coming on stream of the Ahafo gold mine. However, the existing conflict between companies and small-scale, unlicensed, artisanal miners will grow. Unregulated mining by individuals remains, however, a major source of employment in western Ghana. And the miners vote. So the government is caught between maximizing revenue from companies and possibly jeopardizing support for the party in 2008.

Diamonds contribute far less to Ghana's revenues and exports (\$30 million a year) than gold, but the diamond enterprise is a great source of employment. Unlicensed small-scale miners clash with the government in that sector, too. This informal mining, especially in and around the Akwatia mine in the east, is a source of unrest. It has also made it hard for the government to become fully compliant with the Kimberley Process—the voluntary code that certifies that the diamonds in question derive from non-conflict zones. This year, Ghana intends to join the Process if it can crack down on its own informal and thus potential “blood” diamonds and prevent the transit of illicit diamonds from Côte d'Ivoire.

Ghana's domestic manufacturing sector is struggling because of import competition and a strong exchange rate against the cedi. Power shortages and costs also hurt. Increasing inflation after 2008 should also hinder manufacturing. The service sector is growing, driven by tourism, transport, and telecommunications. Tourism in recent years has been contributing sizable returns to GDP, after gold and cocoa. In 2007, it is expected that tourism will earn about \$1 billion, up from \$836 million in 2005. Construction is flourishing, driven by donor and government-funded projects.

In a new initiative, the government wants, sometime this year or next, to create an International Financial Services Center in Accra. It would first become a West African hub, attracting foreign investment, but whether it could compete successfully with Nigeria for regional supremacy is difficult to forecast.

The government, if parliament cooperates, also plans this year to introduce an ambitious scheme to provide reliable data for national planning and poverty reduction, combat fraud, and strengthen the educational system. It is called the National Identification Project, and additionally it will help to issue driver's licenses and passports in a more orderly manner and provide secure identities for banks, disaster management, and elections. The Project will not,

however, address the national absence of a land tenure registration method, thus doing nothing to reduce endless litigation over land transfers and acquisitions.

Infrastructure

Ghana has a very good infrastructure for Africa including a major international airport and three good domestic ones; two working harbors at Takoradi in the southwest and Tema, east of Accra; a rail network of 953 kms, connecting Sekondi-Takoradi with Kumasi and Accra; and 8,496 kms of paved roads, or 0.0034 per capita and 0.0368 per sq. km. But as in so many “successful” African nations, electrical power poses a growing problem. For too long Ghana has depended upon hydroelectricity from the Akosombo Dam, completed in 1964. With the drought of recent years, however, water levels at the dam have fallen substantially, causing power outages throughout the country. Nigeria is helping with supplies of electricity (but Nigeria is also short), and Ghana is additionally being tied to and drawing upon the West African Power Pool. A long-dormant barge-based power platform is being moved to Tema and into action, but it is dependent upon expensive natural gas supplies. The mining companies’ thermal plant will help, too, but not right away. Long term, the solution to Ghana’s power shortage may be a new hydroelectric dam at Bui, the construction of which China has promised to fund—about \$600 million. The government is also constructing fifteen smaller dams around the country for power generation. The IFC is supporting the expansion of the Takoradi thermal plant. Ghana will be unlikely to begin to meet its power needs until 2010 or 2011.

The Ghana Ports and Harbors Authority seeks to become the most efficient one-stop service center in West Africa. It is dredging Tema to permit the berthing of larger ships and constructing a dedicated container terminal. Inland, it is building a port at Boankra, near Kumasi, to facilitate trade. It hopes to improve the rail and road links from Takoradi to draw some transit trade from as far away as Niger and Mali, as well as from Burkina Faso, Benin, and Togo. From Tema the main road north is being asphalted and upgraded to funnel more trade to Tema from Burkina Faso. Likewise, the river route from Tema to Akosombo is being dredged and otherwise modernized.

MTN’s Areeba mobile phone facilities are being upgraded and expanded this year. Its subscriber base is already above 2 million.

Politics

The late 2008 elections for president and parliament dominate politics, as they will throughout the rest of this year and next. The National Democratic Congress, still to some extent manipulated by former President Rawlings, late last year chose its candidate for president—John Evans Atta Mills, vice-president under Rawlings. Mills lost to Kufuor in 2000 and 2004. Although, unusually for Ghana, he is unblemished by allegations of corruption, he is 62, and in rumored

ill-health. He has never inspired the electorate or been blessed with charisma. Yet his party is very strong in Ghana's north and it will attempt to make inroads into the New Patriotic Party's popularity in the south by complaining about fuel prices, official corruption, and the government's failure to deliver rapidly rising standards of living. They might also suggest that Kufuor's increasingly active role on the continental and regional stages—he is now chairman of the African Union and busy in NEPAD—means that he and his government have neglected Ghana. Kufuor recently has been more critical than other African leaders regarding Zimbabwe.

The main presidential contenders from the ruling party are Nana Addo Danquah Akufo-Addo, minister of foreign affairs; Hackman Owusu Agyemang, minister of water resources, works and housing; Yaw Osafo-Mafo, recent minister of education; Kwame Addo-Kufuor, minister of defense; and Vice President Alhaji Aliu Mahama. Kufuor is very much in charge of the selection process, having publicly doubted the validity of Osafo-Mafo's candidacy and also having suggested that the ruling party would draw more voters if it chose a candidate who was not Ashanti (the core of the party's backing). None of the above aspirants is Ashanti, yet the important youth wing of the party favors a younger candidate and an Ashanti.

Ghana produced the most effective of the early internal peer review assessments sponsored by NEPAD. It testified appropriately to Ghana's thriving free media and a return nationally to an effective rule of law. The judiciary is less corrupt than it was, and the nation, despite clashes between contending groups in the north, is largely peaceful and secure.

Corruption

Ghana ranked 50 of 103 countries on TI's Corruption Perceptions Index in 2002; 70 of 163 in 2006; and 69 of 180 in 2007. Its raw scores sloped downward from 3.9 in 2002 to 3.3 in 2006, indicating that the country is perceived as more corrupt than Botswana and South Africa, but less corrupt than the other nations in our current sample. The 2007 raw score, however, increased from the 2006 score to 3.7. Ghanaians generally assume that corruption is omnipresent. It grew sharply in the latter years of Kwame Nkrumah's presidency and intensified under Rawlings. Kufuor has been trying to reduce corruption, seemingly with some effect despite the modest TI numbers.

The Global Integrity Index for 2006 gives Ghana an overall score of 78, indicating that corruption is regarded as moderate. It received very strong ratings for "oversight and regulation," having good laws and institutions; strong (non-corrupt) grades for elections; but weak marks for "administration and civil service." The head of Ghana's official Anti-Corruption Committee believes that Ghana is reducing corruption. Nevertheless, Global Integrity commented

adversely on a major Ghana Police scandal, involving bribery and drug trafficking. Immigration officials were also implicated. In a series of other scandals in 2006, nearly every ministry was accused. The tax officials were paid not to collect VAT and other taxes. The Customs Service looked the other way instead of collecting duties on containers and warehouse renewal fees.

Human Development

On the UNDP's Human Development Index for 2004 (the last year available), Ghana ranked 136 of 177, with a combined raw score of 33. South Africa and Botswana received better marks, the others in our sample poorer ratings. Although its life expectancy at birth was higher than the others, at 57 years, its adult literacy rates were low (58 percent), and 25 percent of the population had no access to potable water. Nearly half of the population was living on under \$1 a day. In 2002, the last figures available, Ghana's Healthy Life Expectancy Rating was scored 50 by the WHO, the highest in our sample of seven countries. That measure captures the multi-dimensionality of the health status of populations, being based on life expectancy at birth, time spent in poor health, and various disabilities from disease. Fortunately, these comparatively high numbers reflect the low spread of HIV/AIDS.

Ghana has for the most part avoided the high HIV/AIDS prevalence rates that are so common for adults in southern Africa. Much of Ghana's HIV, until now, has predominantly stemmed from the HIV-2 strain, which is less virulent than HIV-1c, the variety in southern Africa. However, HIV-1c cases were once rare in Nigeria, too; now Nigeria is afflicted with HIV-1c, and, as a consequence, Nigeria's absolute number of patients is among the highest in Africa. Ghana may well be next in line.

Mozambique

The Renamo-Frelimo war of the late 1980s and early 1990s devastated Mozambique. Following a very successful internationally managed conflict resolution exercise, a cease fire, and the re-building of Mozambique almost from the ground up, starting about 1997, Mozambique has been an unquestioned success story on several levels—economically, politically, and to some extent, socially and developmentally. For much of this century, Mozambique was among the two or three fastest growing economies in Africa, admittedly from a low base. At the same time, President Joaquim Chissano and other leaders of the ruling Frelimo party managed the transition from Marxist autocracy to modern democracy well. Elections ratified this national transformation from state centralism and top-down personal rule to market economy and broad popular participation. Mozambique further reduced the Portuguese colonial era and single party dominant restrictions on economic and political freedom, loosened all kinds of regulations and control, began to welcome foreign direct investment and advice, deservedly accepted massive debt relief and, by about 2002, was fully engaged in a medium-term exercise of sensible modernization.

Since 2005, however, when Chissano's forward-looking, moderate approach to governance gave way to the administration of President Armando Guebuza, who had been Frelimo's secretary general, Mozambique's patina of success has begun (but only begun) to tarnish. Corruption, once diminishing, has become more evident. A political atmosphere of toleration, with an emphasis on efficiency more than cronyism, has been replaced by the assertion of renewed authoritarianism. The détente between the leading political parties has been sullied. Only the economy continues to grow strongly. New mineral finds should add significantly to the country's growth trajectory. How its leaders choose to take advantage of their riches, and how they rebuild after recent natural disasters, are the key questions as Mozambique contemplates 2008 and beyond.

On the 2007 Index of African Governance, Mozambique ranked 23 overall, with a score of 55.8. As for the 5 categories of analysis, it ranked 5 in Safety and Security, with a score of 86.1; 37 in Rule of Law, Transparency, and Corruption, its score 43.8; 9 in Participation and Human Rights, with a score of 71.0; 39 in Sustainable Economic Opportunity, with a score of 35.8; and 36 in Human Development, its score 42.4.

The Economy

Mozambique is growing steadily at more than 7 percent a year. For 2007, the expectation is that real GDP growth will be 7.5 percent, moderating to 7.2 percent in 2008. The annual GDP per capita was \$338 in 2006, up from \$222 in 2002 and \$309 in 2004. Two-thirds of the population lives on less than 40 cents per day, and most of the population somehow subsists on less than \$1 a day. Inflation, about 13 percent in 2006, should ease to 9 percent in 2007. (Mozambique is using

a new method of calculating the CPI. Prices of goods purchased outside Maputo are being included for the first time.) Over this period, the metical is expected to depreciate moderately over 2007 and 2008. Meanwhile, the government has accepted the need for full currency convertibility.

Those are the indicators of positive improvement in the national economy. On the negative side of the ledger, the government's fiscal deficit was 4.6 percent of GDP in 2006 and will moderate only slightly in 2007. The current account deficit will grow over the next two years from 3.3 percent of GDP in 2006 to 3.8 percent in 2008. Donors will presumably cover the deficit; Mozambique, even following debt relief, is dependent on foreign assistance.

A continuing problem, too, is that Mozambique bans private land ownership, thus preventing collateralized loans for farmers and small businessmen. In terms of the Ease of Doing Business, an evaluation index prepared by the World Bank, Mozambique ranks 157 of 175 countries. One clear impediment is a legal requirement compelling businesses to make inordinately large payments to dismissed workers. These kinds of impositions provide a major disincentive for investors and employers. Parliament has also trimmed a draft new labor law that was intended to enhance flexibility in the labor market by authorizing the hiring of foreign workers in controlled circumstances (Mozambique suffers from an acute shortage of skilled labor) and by curtailing existing workers' rights.

Nevertheless, because of the availability of natural resources, Mozambique is growing rapidly. It has signed major exploration agreements with foreign companies seeking oil and gas in the Rovuma River basin between the Tanzanian border and the port city of Nacala. The Moma titanium sands mine is supposed to come on stream later this year, adding to Mozambique's export revenues. Natural gas exports to South Africa are expected to double by 2008. South Africa and Mozambique are also building a liquid petroleum pipeline from Maputo to near Johannesburg, via Nelspruit, to supply 25 percent of the anticipated petroleum demand in Gauteng, South Africa's most industrialized province.

But the big earner and the major driver of Mozambique's economic renaissance will continue to be the Mozal aluminum smelter, offshore natural gas, and hydroelectric power—a combined total of 70 percent of all exports by value. Using inexpensive hydroelectric power, Mozal produces 551,000 tones of aluminum a year for export. An expansion of the smelter complex could add 300,000 tones but that project is on hold until southern Africa's dramatic shortage of total electrical generating capacity is remedied (well after 2010, if then).

Tobacco, sugar, and cashews all contribute significantly to Mozambique's export earnings, as does cotton. Thanks to sustained investments since 2001, in 2006 tobacco's value grew by 725 percent over the previous years, sugar by 188 percent, and cashews by 42 percent. Mozambique expects to double sugar production by 2012. South African- and Mauritian-owned corporations are building massive new mills. The results will feed into an expanded sugar terminal in

the port of Maputo. New investments are also being made in forestry and in the resuscitation of the country's cashew production facilities.

Tourism is an economic sector ripe for expansion and investment.

Infrastructure

Mozambique is upgrading the country's three major harbors, intending, for example, to turn Nacala into southern Africa's largest container transshipment port. Chinese and Indian imports for all of southern Africa will flow theoretically through Nacala. From the interior, thanks to funds devoted to strengthening and upgrading the railway from Malawi, Nacala is confidently expected to become a major hub of transportation. It will facilitate the export of sugar and tobacco from Malawi. Ships as large as 200,000 tons will be able to dock there. In Maputo, the coal terminal is being expanded along with the sugar terminal. In Beira, dredging and other necessary improvements will enable that port to handle larger ships than present. If and when Zimbabwe recovers, Beira will be ready. Much of this reconstruction and refurbishment of the three ports and facilities will occur from 2008 to 2011.

Twenty-two of the existing airports within the country have paved runways, but only the ones serving Maputo and Beira are truly outfitted to international standards.

Mozambique has this year added a third mobile phone provider and network, thus broadening competition in this growing sector.

A new dam is being planned on the Zambezi to boost Mozambique's already strong flows of hydroelectricity (mostly to the southern African grid). Mozambique has also repatriated control over the Cahora Bassa dam and its power from Portugal. An expansion of Cahora Bassa's capacity is planned after 2010.

Mozambique has 5,685 kms of paved roads, or 0.0029 per capita and 0.0072 per square km., the second lowest level per km in our sample. Mozambique also has more than 25,000 kms of unpaved roads.

China

China is becoming a major player in the national economy. President Hu Jintao visited in 2007 and signed a series of agreements. He gained a petroleum prospecting license for a state-owned Chinese concern. China wrote off Mozambique's relatively modest debt, granted loans for infrastructural, agricultural, educational, and health projects, and promised to build a new national stadium, a new home for the National Assembly, and two technical schools. China is also modernizing the international airport at Maputo at a cost of about \$75 million. China is exempting Mozambique from a number of commodity import tariffs. In late 2006, President Guebuza visited Beijing for the China-Africa Cooperation

Forum. Within Mozambique, China is criticized for intensive logging techniques and for using mostly Chinese labor on construction projects. Cheap Chinese imports are undermining local domestic industries, too, as they are throughout Africa.

Politics

President Guebuza has strengthened his control of Frelimo and raised the profile of the party's hard-line socialist wing. Newly reelected, unopposed in 2006 as the party's president, as well as remaining the national president, he demonstrates an increasingly centralized approach to party and government and implies that party decisions are governmental decisions as well. Both need to be obeyed, he says. Unlike his more nuanced and democratic-leaning predecessor as president, Guebuza seems intent on ruling autocratically, micromanaging, and controlling patronage directly.

Under Guebuza, the newly expanded Political Commission of seventeen members orchestrates day-to-day party and government policy and the 180 member Central Committee meets twice yearly to discuss less immediate political concerns. The Commission has more authority than the cabinet, even though nearly all ministers are members. Notable in his election to the Commission for the first time was Aiuba Cuereneia, minister of planning and development. His rise mirrors the fall in power of Prime Minister Luisa Diogo, whose influence has waned along with other technocrats favored by Chissano. Guebuza backs and rewards politically powerful operatives. The overall result, demonstrated by the membership in 2006 and onward of the Commission, is the influence in party and national affairs of political loyalists over pragmatists and modernizers.

Provincial elections, scheduled for January 2008, and municipal polls in late 2008, will presumably ratify the shift in Mozambique away from economic and political progressivism back toward state centrism. Representatives to the ten new provincial assemblies will be directly elected and will be charged with monitoring the work of the provincial governors, but the governors, appointed by the president, will retain nearly all the power. Since relations between Renamo and Frelimo have deteriorated markedly since Chissano left office, and since the provincial elections may give control in several or more provinces to Renamo (which already controls Beira and other municipalities), further political battles between Mozambique's two strong parties seem likely.

Leadership

President Guebuza has adopted a traditional big man style of leadership, thus distancing himself in method from his predecessor. He has also succeeded in marginalizing Chissano's influence, especially within the Commission and the party. By undermining Prime Minister Diogo and favoring less pragmatic, less

well-trained party persons, Guebuza is putting his own stamp on the party and the government, but also reducing or slowing down Mozambique's modernization. Guebuza has demonstrated little appetite for the finer elements of good governance by aggregating as much power as possible in his own hands.

Corruption

According to Transparency International, Mozambique was just as corrupt in 2006 as it was in 2003, 99 of 163 versus 83 of 133. In 2007, Mozambique ranked 111 of 180. Its raw scores of 2.7 in 2003 and 2.8 for every year thereafter on a scale of 10 show no real improvement in its reputation for corrupt practice. Global Integrity, another index, gives Mozambique a score of 60 (very weak) on a scale of 100. Corrupt practices continue with impunity. There is a glaring lack of accountability. Corruption, Global Integrity concludes, is made possible by the intermingling of the dominant party with the official state. Despite massive allegations of fraud, especially during recent privatization exercises, no senior government figure has ever been convicted of peculation. Approvals have been given to various license applications in exchange for shares and partnerships in the enterprises being licensed.

Reports in the local and overseas press suggest that the Frelimo leadership has remained closely engaged in private sector business. Frelimo ensures that it dominates the country's emerging business sector, as ruling parties do in other African countries. Starting from the top, President Guebuza has acquired an extensive network of private interests in every sector of the economy. Additionally, the son of prime minister Diogo has founded three companies, some with the son of former President Chissano, and a clutch of former ministers have also started business concerns, usually with foreign investors.

A local anti-corruption watchdog—Etica Mozambique—surveyed 1,200 persons in three major provinces throughout the country. One in five residents reported that they had paid between 20 and 100 percent of GDP per capita equivalent in bribes. A 2005 study of corruption with an even larger sample by another local NGO discovered that 28 percent of public workers considered corruption in Mozambique to be "very high." Judges are paid to fix sentences; prosecutors are paid to alter the thrust of their investigations.

Human Development

On the latest UNDP Human Development Index, Mozambique ranked 168 of 177, below the Democratic Republic of the Congo and Malawi despite its greater wealth per head than the Congo and Malawi. Low literacy levels and life expectancies drag Mozambique down in the HDI rankings, indicating how much remains to be done to uplift the people of one of Africa's most neglected and

abused countries. Under age five child mortality rates are high—fully 246 per 1,000.

Only 57 percent of Mozambicans have access to clean water. The percentage having access in rural areas is far lower, only 25 percent. Partially as a result, cholera is endemic.

An outside study suggests that the health sector needs major attention, donor coordination, and amelioration. Mozambique's Healthy Life Expectancy score is 37, essentially the same as Botswana and Zambia because of equally high HIV/AIDS prevalence and mortality rates.

Educational deficiencies are just as noticeable. Whether Guebuza and his associates will spend appropriate funds in these areas, and alter the lives of Mozambicans for the better, is as yet unknown.

Tanzania

Although Tanzania is finally growing economically after decades of stagnation, this welcome growth has not provided large numbers of new jobs or delivered more than modest social improvements. Moreover, this growth surge has been accompanied by a strikingly low level of gross fixed investment (only 17.4 percent of GDP from 1999). Tanzania's success as a nation is therefore relative; starting from a base of modest expectations, Tanzania is finally beginning to deliver better levels of governance to its citizens than ever before. But there is much more to be done to close the gap among the countries in our seven country sample, or even for Tanzania to keep up with advances in Kenya and Rwanda. President Jakaya Kikwete's assumption of office in early 2006 was widely welcomed as a potential improvement on his predecessor's mixed performance as a leader and community builder. But corruption levels are still high, the bureaucracy weak, and Zanzibar out of control. As a whole, the nation remains mired in unfulfilled promise.

On the 2007 Index of African Governance, Tanzania ranked 14 overall, with a score of 60.7. As for the 5 categories of analysis, it ranked 13 in Safety and Security, its score 83.3; 15 in Rule of Law, Transparency, and Corruption with a score of 58.4; 20 in Participation and Human Rights, with a score of 61.0; 10 in Sustainable Economic Opportunity, its score 48.6; and 22 in Human Development, with a score of 52.1.

The Economy

In this decade real GDP growth has been averaging annually about 6-7 percent, although growth slipped according to the Bank of Tanzania estimates to only 5.8 percent in 2006. In 2006, that growth translated into a per capita GDP per year of \$339, up steadily each year from \$278 in 2002. In those terms, Tanzania, one of Africa's more populous countries, is wealthier per head than Uganda and, barely, Mozambique, but only a third as wealthy as neighboring Zambia. Inflation has been low in this decade, too, but in 2006 crept up from 4 percent to 6 percent. Budget deficits are running about 4 percent of GDP and are largely met through external assistance.

The fixed investment issue is complicated because in the four years from 1999, Tanzania drew more gross investment than South Africa or Kenya, but less than the average (20 percent) of low-income countries in Africa. When countries are attracting less than 20 percent of fixed investment, they are unlikely to sustain fast economic growth. Additionally, much of Tanzania's fixed investment is supplied by donors, through the state. The amount of fixed private investment has been very low and has been declining. It amounted to 11 percent in 2003. In other words, Tanzania's business-enabling environment needs strengthening.

Gold is Tanzania's largest foreign exchange earner, accounting for 65 percent or so of net returns. Cotton is next, at about 10 percent, followed by

coffee, cashews, and tea. Manufacturing is limited (under 9 percent of GDP), dwarfed by services (40 percent) and agriculture (45 percent). Fortunately, the tourism sector is growing, new gold mines are opening, construction of donor-financed roads and power generating facilities should continue, and manufacturing should recover in 2007-2008 from a recent slump. A Canadian and Swiss partnership is developing a rich nickel prospect in western Tanzania. If that project matures, mining could commence in 2011. A French company has confirmed a good natural gas find off the southern coast of Tanzania.

Strengthening Tanzania's economic performance and reducing poverty significantly depends on overcoming a structural electric power deficit and on much better returns from agriculture, which supplies the bulk of the nation's employment. Drought limited crop yields in much of the country in 2006. Progress in other sectors was hindered by growing shortages of power. Additionally, there are longer term concerns, together with climate change and rainfall levels, that could restrict growth in the agricultural sector. Despite much talk, the government has not yet found it possible to modernize the way in which farming lands are owned; individual tenure is rare, thanks to legal as well as traditional obstacles. Most of Tanzania's land cannot now be capitalized, as in so much of Africa, and productivity and rural job creation suffer accordingly.

Another opening to sustained growth will come, as it has in other African countries, by unleashing the entrepreneurial talents of the nation's nascent private sector. But to empower the private sector in this way depends upon buttressing the country's weak rule of law, upgrading the national transportation and communications infrastructure, motivating civil servants, and reducing corruption—all works very much in progress. Tanzania also has licensing issues, heavy taxes and numerous fees, and limited access to credit. Job creation will come speedily only when some of these questions are answered affirmatively and the energies of the domestic private sector are unleashed. That has not yet happened. Kikwete knows what is needed (as evinced by his performance in an investor seminar in February 2007 in Dar es Salaam). So do nearly all legislators. The IMF is engaged. But overcoming vested interests and the ruling party's long acceptance of the prevailing status quo will depend on strong, as yet unrealized, leadership and donor pressure.

Tanzania's impediments to private sector commerce are not the worst in Africa, but the country still suffers from the Afro-socialist overhang of the 1980s and early 1990s. The business environment remains unfriendly, discouraging investment. According to the WB Doing Business index, Tanzania scores lower than the low-income African average, at 56, and significantly below Kenya and South Africa. When starting a new business, the average cost is a whopping 187 percent of personal per capita income. The World Economic Forum also rates Tanzania low in regulatory quality, well below Kenya and South Africa.

The government's current budget, thanks to abundant infusions of donor cash, promises higher spending on some of these areas of concern, and on educa-

tion and health. There are allocations that are meant to increase civil service take home pay and, presumably, productivity. Well into the current budget cycle, however, only a proportion of the amounts earmarked have in fact been obligated, and there is little to show except unfulfilled ambitions.

Infrastructure

The government has effectively re-acquired the electricity and telecommunications parastatals, removing them from private ownership, but giving management of the Tanzania Telecommunications Company to a new non-governmental, for-profit, team. The latter is tasked with recruiting and training local managers and with upgrading overall performance. The government itself is charged with enhancing productivity and building domestic capacity in the electric power utility. However, given that Tanesco, the utility, is precarious financially, it may be years before it can improve its human resource attainments. A recent tariff increase will help, but only the infusion of donor funds will enable Tanesco to pay for new thermally-generated power and to modernize and grow more efficient generally. (The United States is among the donors expected to provide funds through the Millennium Challenge Account, for which Tanzania qualified last year.) Strong rains this year have also begun to replenish six of the country's eight major dams, and thus improve hydroelectric capacity. Secure power supplies for the entire nation remain an aspiration, not a given.

Refined petroleum products have always been in short supply, and expensive, in much of Tanzania. A consortium of private investors is building a new refinery in Dar es Salaam. Attached to it will be a pipeline from Dar es Salaam up-country to Mwanza, and on to Rwanda. Russian and German companies will be involved.

The port at Dar es Salaam has a narrow mouth and has always been congested. That congestion has worsened, with ships waiting a week or more to be unloaded. Dar es Salaam has consequently lost business to Mombasa. No immediate solution is in sight. Nor will the announced expansion of Zanzibar's port help very much. Another six coastal and inland ports are also being developed.

Tanzania has the fewest paved roads per capita and per square km. in our sample. Its 3704 kms of paved roads equals 0.0001 per capita and 0.0042 per square km. The main road from Dar es Salaam to Mwanza is being refurbished. Together with Burundi and the Congo, Tanzania promises to improve the ports on Lake Tanganyika and the roads around the lake. A bridge across the Rovuma River into Mozambique is being built. Without better roads nationally, more tarred roads, and much better road maintenance, commercial growth and agricultural productivity are both bound to be compromised. Tanzania's intrinsic impoverishment per capita is reflected in those numbers.

So are its numbers of fixed telephone lines per 1000 people—much lower than Kenya. Internet usage lags its peers, too.

Politics

Kikwete has largely become his own foreign minister, sidelining a new appointment to that post. He has negotiated himself about international matters in Britain. He is also taking more direct control of economic policy, having recruited as state house advisors economists who had been working with the World Bank, teaching at the University of Dar es Salaam, and laboring in the ministry of finance. All are experienced and respected; but whether their appointments translate into forward-looking policy remains to be seen.

Kikwete's style is hands on, and more open than his predecessors. He is comfortable talking to the press. However, there are mixed official messages: Prime Minister Edward Lowassa (more authoritarian than Frederick Sumaye, his predecessor) has prohibited a pro-democracy, pro-education local NGO from advertising in the press or over the airways. Lowassa also threatened additional unspecified legal action against the NGO, presumably because HakiElimu (the NGO) has strongly criticized governmental failures in the educational field. It claims that teachers are underpaid and that corruption is rife, especially in education. Lowassa declared that HakiElimu was behaving contrary to "the national interest." Kikwete agreed, saying that HakiElimu had insufficiently stressed positive development in schooling. The Lawyer's Environmental Action Team, another NGO, has also been treated roughly by the government.

These issues will presumably be aired when Tanzania self-assesses according to the NEPAD peer review protocols. An independent university professor will chair the local team, on the successful Ghanaian model. Having a government minister run the exercise, as in the flawed South African version of peer review, was rejected.

Zanzibar

What to do with this autonomous and troubled part of Tanzania is always on the agenda. Previous presidents have tried to avoid decisions which could dissolve the union. But Kikwete and his team seem more willing to examine the pluses and minuses of Zanzibar's contribution to the overall integrity and political and economic performance of Tanzania. The intra-national issue contains two other emotive concerns: 1) Whether the existing political differences between Unguja (the main Zanzibari island) and Pemba can be resolved, and 2) whether the ruling Zanzibari branch of the dominant national Chama Cha Mapinduzi party and leadership (more corrupt and autocratic on the island than on the mainland) will share power with the opposition Civic United Front, strong on Pemba. The

fact that CCM's Zanzibari President Amani Abeid Karume is in the midst of his second and final term is accelerating these discussions and motivating party operatives to jockey for attention as his replacement.

Corruption

According to TI, Tanzania ranked 93 of 163 countries in 2006 on the Corruption Perceptions Index, slipping from 88 in 155 countries in 2005. In 2002, Tanzania was 71 of 102 countries. In 2007, it was 94 of 180 countries. Its raw scores are essentially unchanged, from 2.7 in 2002 to 2.9 in 2006 and 3.2 in 2007. In other words, Tanzania remains seriously corrupt. The Global Integrity Index for 2006 confirms that assessment, with an overall score of 59—"very weak." According to the categories of the Index, Tanzania scored as low as 48 in "government accountability" and 55 in "administration and civil service."

Tanzania's own Prevention of Corruption Bureau in 2005 complained that the Ministry of Lands, Housing, and Human Settlements Development was particularly unprincipled. There were dubious deals everywhere, regarding commercial plots, residential places, and open spaces. Petrol stations had multiplied, despite the rules. Appraisers had helped to falsify title deeds. Building permits were issued only after the payment of bribes. In 2006, the Minister of Lands himself told parliament that his officials were "dirty." He said that his deputy minister at the time was suspect. In 2006, the official Controller and Auditor-General publicly suggested that 20 percent of the national budget was lost to theft, fraud, and improper tenders. The port of Dar es Salaam's container terminal lease was extended recently by the former finance minister without following proper procedures. Motor vehicles have been purchased by tender without the vehicles ever being supplied or the local vendors prosecuted. Counterfeit drugs abound, thanks to a scandal in the local Food and Drugs Agency. There are questions, too, about the way in which Tanzania purchased an air traffic control radar system from Britain.

Redress is hard. Knowledgeable local observers testify to rampant payoffs to poorly paid judges and magistrates and to their clerks for places in trial queues, for procedural advances, and for verdicts. The new minister of finance, backed by the IMF, has, however, announced an investigation of alleged irregularities in the Bank of Tanzania. There are questions about the way in which external commercial debt accounts have been managed.

Even elections have been marred regularly by corruption. The ruling CCM party distributes cash, mobile phones, and other rewards to voters in every election. The legal framework even contains a loophole that permits such gifts and favors—called "takrima." The old Prevention of Corruption law was poorly designed and prevents very little. (A replacement law was enacted in April.) Whether or not Kikwete can bring about reforms in this area, and whether he really chooses to (as pledged in 2006) has yet to be seen.

Leadership

Kikwete gained the presidential nomination from within the CCM narrowly, and as a result of deals and compromises between various factions of the party. Money may have changed hands. He now has to win legitimacy within the party and the country in order to accomplish his foremost goals. So far, given national economic weaknesses, electricity shortages, the Zanzibari imbroglio, and continued corruption, it is not yet evident that he has persuaded Tanzanians, or members of the CCM, that he is a determined agent of change. Nor is it clear that he is fully in charge, despite the cabinet reshuffle this year and his seeming command of the foreign policy agenda. On Zimbabwe, too, he seems to be overshadowed by the efforts of former president Benjamin Mkapa.

Human Development

According to the UNDP's Human Poverty Index, Tanzania scored 36, slightly better than Kenya. Tanzania's number supports other data that suggest that only 36 percent of Tanzanians lived below the national poverty line. However, that modestly high score contradicts another indicator: the percentage of Tanzanians who go hungry each day is 43, ten points more than the low-income African average. Childhood malnutrition is common. Poverty, in other words, has hardly been eradicated in Tanzania.

With an HIV/AIDS prevalence rate of 9 percent, higher than Kenya, Tanzania has a serious and growing health problem, which adversely affects productivity. Life expectancy is a low 43, reflecting HIV/AIDS numbers. Maternal mortality rates are also very high. Tanzania's Healthy Life Expectancy score was 40.

A lack of piped potable water adds to these poor health outcomes. Only 40 percent of rural and 70 percent of urban people have access to water. As a result, cholera is common. The national water utility is short of cash, inhibiting improvements.

Tanzania lags educationally behind its peers. Its net primary enrollment is low, but persistence rates are high. Pupil-teacher ratios are well above the African average, making learning difficult. However, adult literacy is more than 77 percent, better than the low-income African average of 60. Child labor is common. Overall, according to the UNDP Human Development Index, Tanzania ranked 162 of 177 countries, with a raw score of 36, above both Uganda and Ghana.

Uganda

Much of Uganda's vaunted "success" is old news. Uganda in the post-Amin and post-Obote years badly needed the decisive leadership and economic bootstrapping that President Yoweri Museveni provided. Ugandans gained a welcome sense of security, stability, and renewed prosperity under Museveni. Uganda has grown economically, in some years dramatically, since he became president in 1986. But corruption is once again as all-embracing as ever, electric power is very short, full participatory democracy is still an aspiration, the inexplicable northern war is not yet fully resolved, and there is new unrest in Kampala over Museveni's latest failure to consult his colleagues, much less the people. Further, Uganda is as divided by region and ethnic group as it was decades ago. Many of the gains made for Uganda and Ugandans under the early Museveni—the Museveni lauded by Prime Minister Blair and President Clinton—have more recently been dissipated by actions of the later, all-powerful, Museveni.

On the 2007 Index of African Governance, Uganda ranked 25 overall, with a score of 55.4. As for the 5 categories of analysis, it ranked 36 in Safety and Security, with a score of 70.5; 19 in Rule of Law, Transparency, and Corruption, with a score of 55.7; 13 in Participation and Human Rights, its score 50.7; 9 in Sustainable Economic Opportunity, with a score of 50.0; and 26 in Human Development, its score 50.3.

The Economy

Uganda is growing more slowly than it was at the beginning of this century, at 5.3 percent per annum in 2006, as compared to 6.8 percent in 2002 and some earlier years. On a per capita basis, a Ugandan's average GDP in 2006 was \$314, up from \$222 in 2002. Inflation has moderated from 8 percent in 2005 to 6.6 percent in 2006.

Donors are unhappy with Uganda's recent diminished economic performance. But they are particularly displeased with a widening fiscal deficit, to an estimated 9.2 percent of GDP in 2007 without foreign aid and 2.7 percent including external assistance. Because governmental revenue collections are less than they might be, because the parliamentary opposition has been opposing proposed tax and fee increases, and especially because public sector expenditures are much higher than anticipated and electricity rates are heavily subsidized by the government, this deficit might well grow and be a drag on economic performance if donors refuse to support the regime lavishly.

Not all of the economic news from Uganda is disheartening, however. A World Bank survey carried out by the Multilateral Investment Guarantee Agency praised the country for its pro-business attitude. The government has eased many of the barriers to foreign investment and, more than nearly all of our seven countries, Uganda is known as welcoming to investors. Land is available and

inexpensive, construction costs are lower than in some of its neighbors, and opening a business can be accomplished relatively expeditiously.

Brazil and Vietnam now supply world coffee markets that might in earlier years have depended upon Uganda. Their major contributions to world supply may reduce prices received in 2007 and 2008 for Uganda's robusta. Further out, the sustainability of Uganda's main export crop looks dubious. But in 2006/07, it did well, earning \$58 million over the second quarter despite reduced production, compared to \$51 million in the second quarter of the prior year.

Fish is another major export, from Lake Victoria and from farms, earning about \$49 million in the second quarter of 2006/07. Gold exports grew, wherever the gold for sale originated. Horticulture is becoming more important, worth \$5 million on the export market. But tea, once a staple export, added little (\$12 million) to export earnings. Cotton and tobacco also performed poorly.

A Canadian company in 2007 confirmed additional successful oil wells in western Uganda, adding to existing producing ventures. Within a few years, Uganda could become another significant African petroleum producer and earner of revenue.

Infrastructure

Nearly all of our target nation-states have been experiencing and will continue for some years to suffer from shortages of electric power. Because of persistent drought, water levels behind dams are low, capacity has receded, and brownouts and blackouts have occurred frequently. Uganda is no exception to these generalizations. Indeed, in Uganda already inadequate generating capacity has been reduced by lack of water. At least one-half of existing demand (and more of future demand) cannot now be met. Demand at present is about 340 mw. By 2010, that figure will increase to 375 mw and grow to 789 mw in 2020. Cuts in power have affected manufacturing productivity, inhibited high-value agriculture (flower growing for the European market), deterred the processing of fish from farms and Lake Victoria, and squeezed profits all around. Higher energy costs have also raised inflation rates and increased the trade deficit on the back of fuel imports.

Uganda, supported by the World Bank and other donors, is attempting to cope in the short- and medium-term with 100 mw of power shortfall by constructing new diesel-fueled thermal power generating stations, constructing an additional thermal plant powered by heavy oil, and completing two stalled hydroelectric power stations at the Bujagali and Karuma dams on the Nile River near Jinja—by the end of 2011. But one of the thermal plants near Kampala has been delayed by a court case. Kampala and other parts of the country should experience load-shedding and persistent outages at least until the end of this year.

Once the country with the densest road network per capita in Africa, Uganda now has a mere 1809 kms of paved roadway or 0.0007 per capita and 0.0091 per square km. That translates into one of the worst road networks in Africa. With EU funds, however, the main road from the Kenya border to Jinja is being upgraded; other projects are in preparation. The rail situation is just as bad. A poorly maintained rail system of 1,350 kms has been allowed to deteriorate. Many of its lines are no longer in use.

In terms of both road and rail connectivity and cost, Uganda has long suffered because of its distance from the port of Mombasa, on the coast of Kenya. It takes at least four days for goods to be transported to and from Mombasa from Kampala by road. The cost is a high \$40-50 per ton by road and \$75 to \$92 per ton by rail.

The main international airport at Entebbe is receiving a massive upgrade.

Politics

Museveni won an easy victory in the 2006 presidential election, but he and his rule are still unpopular in northern Uganda, and in the Bugandan heartland near Kampala. Indeed, contesting a third presidential term was controversial in the first place. Now, with the war in the north not fully resolved and his approval ratings diminished, Museveni's authoritarian style will be tasked with delivering economic advances to the poorest parts of the country (the north and northeast) and with attempting to reconcile and unify the fractured sections of the putative nation. These pose both major challenges and major opportunities to a leader and ruling party that may choose to focus more on internal party rivalries than on real nation building.

The government has also targeted the Forum for Democratic Change, the party of Kizza Besigye, Museveni's main presidential challenger and critic, by associating it and him with the treasonable activities of the supposed People's Redemption Army, a shadowy rebel force. Opposition parliamentarians from the Forum and the Democratic Party are not persuaded that the PRA actually exists, so relations between the ruling and opposition parties remain poisonous. The Democratic Party claims that the government is harassing and denying human rights to its members.

President Museveni's decision to de-gazette more than 7000 hectares of the protected Mabira forest near Kampala so that the Sugar Corporation of Uganda could have more land on which to grow sugar cane confirmed his autocratic tendencies and elicited massive protests and five deaths. Last year, Museveni backed the sugar scheme and told his prime minister that Uganda was "too poor to care about protecting the environment." (Uganda is losing more than 2 percent of its existing forest cover every year; at that rate, 90 percent of all forest cover will be gone in 30 years.)

Rule of Law

Museveni's government has been interfering with judicial processes more blatantly than before. The trial of People's Redemption Army figures has made the lack of judicial independence obvious. Particularly troubling was the government's refusal to release the suspects after they had been granted bail by the Constitutional Court, subsequently confirmed by the High Court. The police also beat back, rather brutally, opposition protests supporting the courts.

Corruption

Transparency International's 2006 Corruption Perceptions Index rated Uganda 105 of 163 countries, improved (but still very corrupt) from 93 of 102 countries in 2002 and 117 of 158 in 2005. Its 2007 Corruption Perceptions Index ranking was 111 of 180. Its very low raw scores have gone up, too, from 2.1 in 2002 to 2.7 in 2006 and 2.8 in 2007. The Global Integrity Index for 2006, however, regards Uganda's corruption levels as moderate, with an overall score of 76. According to Global Integrity, Uganda has strong oversight and regulation, good laws, and strong civil society and public information.

Global Integrity's qualitative report on Uganda for 2006 accords more with TI's numbers and with other impressionistic views: "Corruption remains rampant in each and every sector of Uganda." In 2005, members of parliament were openly bribed by the president's men to alter the constitution so that he could contest a third term. A national integrity survey by the Uganda Inspectorate of Government suggests that the police are especially tainted, followed by the Revenue Authority and the courts. Work permits, visas, and passports for political dissidents and fake investors are easily obtained for cash from the Immigration Department. The Global Fund to fight HIV/AIDS, Malaria, and Tuberculosis first suspended and then cancelled two large grants to Uganda because of gross mismanagement. The Anti-Corruption Coalition says that corruption has increased appreciably in Uganda in this century, but is made worse because the public largely tolerates and expects corruption. The Public Procurement and Disposal of Public Assets Authority estimates that over \$184 million—70 percent of the government's procurement budget—is lost each year to corruption in procurement. TI thinks that half of government funds—\$950 million—vanish corruptly. Since half of the country's budget is typically funded by donors, no outside aid would be needed if corruption were not so common.

Although Museveni has often spoken against corruption and has occasionally sacked corrupt ministers, he has also appointed persons, like his wealthy brother, to senior positions despite allegations against them. There is much distrust in Uganda of Museveni's real attitude toward corrupt practices.

Security

Although peace talks between the government and the Lord's Resistance Army seemed close to success earlier in 2007, they have faltered and now appear unlikely to succeed soon. Although Museveni has tried to shield Joseph Kony and other LRA leaders from the International Criminal Court, which has indicted them for war crimes, Kony and company do not accept his reassurances. He and his associates have moved deeper into the Congo from southern Sudan.

As a military threat to Uganda, or even to the beleaguered people of northern Uganda, however, the LRA is a spent force. Uganda has begun resettling refugees displaced by the conflict and started rebuilding. Museveni has also acquiesced in an Acholi determination to deal with at least some LRA malefactors using traditional methods of judgment, punishment, and forgiveness. Resuscitating the institutions of the north will take time, however. In that respect a cease-fire agreement with the LRA is less calming than a thoroughgoing negotiated peace agreement would be.

Uganda has also reduced the threat of violence on its border with the Congo, where two small anti-Ugandan groups continue to operate and from which occasional forays take place into Uganda proper. Any threats from Rwanda have been largely eliminated, as well, thanks to a rapprochement between Museveni and President Paul Kagame of Rwanda.

Now that the LRA is largely vanquished, the Ugandan army is in the vanguard of peace enforcement in Somalia, under African Union auspices. More than 1,400 Ugandan soldiers are hunkered down in Mogadishu, the supposed vanguard of a much larger, 8,000 person AU force. The Ugandans come under attack regularly from local irregular militias loyal to warlords and/or to the Islamist movement. So long as Ethiopian troops remain in and around Mogadishu, the Uganda army will be able to counter the Islamists. But once the Ethiopians leave, and if no other African contingents join the Ugandans, their position will be untenable and dangerous. Museveni would then face major internal pressure to bring the troops home, leaving Somali to their own devices.

Human Development

Uganda's HDI index rank is 145 of 177, with a raw score of 36, the second lowest in our sample. Its raw score has decreased appreciably since 2002. These results represent a compromise between comparatively robust health outcomes and surprisingly low schooling numbers.

Uganda's Healthy Life Expectancy score is comparatively high, in our sample, at 43, just one notch below South Africa and seven below Ghana, the best performer. Uganda's life expectancy at birth, for example is 48, much higher than all of the southern African cases because of differential outcomes from HIV/AIDS. But its infant mortality rate is very high, at 106 per 1,000 live births. The latest maternal mortality adjusted ratio for 100,000 live births is a high 880.

These numbers reflect an HIV prevalence rate of about 6 percent, lower than all but Ghana in our sample. In the 1990s, HIV rates in Uganda were as high as 28 percent. However, in this century, HIV levels have stagnated or slightly increased. Thus the successful campaign to prevent HIV/AIDS in the 1990s appears to have reached a plateau. The Uganda Aids Commission suggests that renewed efforts are essential. It believes that there is still too much risky sexual behavior. Women are also being infected at a higher rate than men, especially at younger ages. Further, prevalence rates in the urban areas of Uganda are double those in the rural areas, and prevalence is higher in the south than in the north. More than 1 million Ugandans still live with the disease, a danger to their lives and a drag on development. Further, Uganda has the highest AIDS orphan rate in the world.

Adult literacy is about 67 percent, and youth literacy levels are ten points higher. The gross enrollment ratio for primary through tertiary education in 2004 was 66. Uganda, thus, was given a rating of 0.67 on the UNDP's education index for 2006.

Program on Intrastate Conflict Publications

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