academicresearchJournals

Vol. 12(1), pp. 16-35, May 2024
https://doi.org/10.14662/ijpsd2024040

ISSN: 2360-784X
http://www.academicresearchjournals.org/IJPSD/Index.html

International Journal of Political Science and Development

Full Length Research

The relationship between governance and Economic growth in Sub-Saharan Africa

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Accepted 29 April 2024

Numerous research studies have been conducted to explore why some countries have achieved significant economic growth and development, while others, particularly Sub-Saharan African countries, have been left behind. Different answers have been given to explain the reasons for this poor performance. This research paper aims to bridge the gap in the existing literature. This research aims to investigate the link between governance measures and economic growth indicators in 36 Sub-Saharan countries from 2007 to 2021. By using the fixed effect model and the Pool OL, I discovered that the positive but small relationship between governance measures and economic growth suggests that most Sub-Saharan African countries have not performed well in terms of better governance measures that can facilitate growth. However, the result of the robust check that has a negative relationship proves that there is a negative impact between governance and economic growth due to poor and weak governance. Furthermore, the negative impact of unemployment and financial development also indicates that leaders have not been able to improve these economic indicators in the Sub-Saharan African region, which is harmful to growth and development. This study suggests that poor economic performance can be attributed to the failure of political leaders to implement political institution measures responsible for promoting growth.

Keywords: Economic Development, Governance, Economic growth, Sub-Saharan Africa

Cite this article as: **Agbor, E.B** (2024). The relationship between governance and Economic growth in Sub-Saharan Africa. Int. J. Polit. Sci. Develop. 12(1):16-35

INTRODUCTION

The Sub-Saharan Africa region, despite being blessed with abundant natural resources, has been experiencing poor economic growth due to issues caused by human nature. Sadly, the benefits of the oil and mining trade are not reflected in the standard of living in the areas where these resources are found. For instance, while France's nuclear-powered economy is fueled by uranium sourced from the desert nation Niger, where every hundredth woman dies during childbirth, in France, only one in every hundred women faces the same fate. Meanwhile, the average person in Finland or South Korea can expect to live up to eighty years, supported by economies where some of the most valuable companies are Nokia and Samsung, the top two mobile phone manufacturers in the world. On the other hand, if you are

born in the Democratic Republic of Congo, which is home to some of the richest deposits of minerals crucial to the manufacture of mobile phone batteries, you are unlikely to live past the age of fifty.

Over the past several decades, research on African economic performance has often focused on the question of what went wrong, and many researchers and scholars have worked tirelessly with different views about the region's performances. in the year 2000, an Economist magazine described Africa as ''The hopeless continent'' since Africa became known to the world in the mid-1970s and 1990s because of its long period of stagnation with Sub-Saharan Africa as a region of economic stagnation, war, and misgovernance were average rate of economic growth decline to about 2%, and its population grew at 2% or higher which amounted to zero or negative per capita growth. Sachs and Warner (1997: 336) also note that 'as a result of slow growth, African countries today are vastly poorer than the rest of the developing world', and describe their focus as being 'sources of slow economic growth in Sub-Saharan Africa'. Collier and Gunning (1999: 64) begin a survey of this literature by observing that 'African economic performance has been markedly worse than that of other regions. During the 1980s, per capita GDP declined by 1.3 percent per annum, a full 5 percentage points below the average for all low-income developing countries. During 1990–94 the decline accelerated to 1.8 percent p.a. and the gap widened to 6.2 percentage points. Cooper (2002), describes African states as, "Gatekeeper" states which had no (or a very limited) developmental agenda, as they were designed for extraction. Basic public goods, such as education and health, were often outsourced to missionaries whereas policing was often delegated to private firms that under concessionary agreements provided law and order either employing mercenaries or empowering local chiefs with few transportation investments targeting mineral-rich regions and areas with high agricultural potential, with their objective shipping goods to the industrializing world while Elsa and Xavier (2003) While the rest of the world's economy grew at an annual rate of close to 2 percent from 1960 to 2002, growth performance in Africa has been dismal making thisundoubtedly, the worst economic disaster of the 20th century. From 1974 through the mid-1990s, growth was negative, reaching negative 1.5 percent in 1990-4. As a consequence, hundreds of millions of African citizens have become poor: one-half of the African continent lives below the poverty line. In sub-Saharan Africa, per capita GDP is now less than it was in 1974, having declined over 11 percent. In 1970, one in ten poor citizens in the world lived in Africa; by 2000, the number was closer to one in two. That trend translates into 360 million poor Africans in 2000, compared to 140 million in 1975.

Also, according to Monique Kremer et al (2009), During the 1970s and 1980s, Africa was often associated with drought, starvation, and refugee camps. In the 21st century, however, the continent has made little progress in development and international efforts to alleviate poverty have not succeeded. Sub-Saharan African (SSA) countries have experienced economic stagnation for over three decades, often due to military conflicts, economic mismanagement, and unsustainable external debt. As a result, Africa has been the topic of many academic debates seeking to understand the causes of such dire economic circumstances that have left over one billion people struggling at the bottom. When we compare the economic development of Africa and Asia, we can see a significant difference. In the 1950s, the national incomes of some countries on both continents were relatively similar. However, by the 1980s and 1990s, a vast gap had emerged between the countries in these two regions. This comparison can be likened to that of a steel factory and a cocoa farm.

What is causing Africa's current state of disappointment and frustration? Many studies have been carried out concerning this topic and There are three different schools of thought regarding the author's arguments, and they will be demonstrated subsequently to show that they are not the primary cause of the poor performance.These factors are institutions, colonialism, and geography.

First Before the Korean War in 1950, North and South Korea were united and both extremely impoverished. However, during the period between the end of the war and their separation in 1980, they were both governed by dictatorships. The South Korean dictatorship chose to embrace capitalism and protect property rights, leading to rapid economic growth. By 1980, South Korea had achieved a per capita income of US$1589 and transitioned to a democratic government. On the other hand, the North Korean dictatorship chose to implement socialism and did not prioritize property rights. As a result, the country only achieved a per capita income of US$768 by 1980 and remained under dictatorship rule. Comparing the two Koreas from 1950 to 2020, it is clear that South Korea had better institutions, as evidenced by constraints on the executive. However, these institutions were the result of economic growth after 1950, rather than the cause of it. It would be inaccurate to attribute South Korea's growth solely to these institutions, as it was ultimately the choices made by its dictators that led to its success.

Secondly, pointing to colonialism as being the cause of the performance, authors such as Daron Acemoglu, Simon Johnson, James Robinson, and others have thrown light on this criticism. According to them, the way countries develop is largely influenced by their colonial past and the institutions that were established during that time. They argue that the purpose and nature of colonial rule and settlement shaped institutions that have had long-lasting effects on a country's development. For example, countries with high levels of disease and population density, and abundant resources, were typically subject to "extractive states" that had limited property rights and minimal government checks. This allowed

colonial powers to easily transfer resources to their own countries, as was the case in the Belgium Congo. On the other hand, countries with low disease rates, low population density, and fewer easily extractable resources were seen as more desirable for settlement. In these cases, colonial powers attempted to replicate European institutions, including strong property rights and government checks to prevent abuse of power. They also made efforts to develop agriculture and industry, as seen in Canada, the United States, Australia, and New Zealand. According to this paper, the legacy of colonialism resulted in an institutional reversal that made poor countries rich, and rich countries poor.

Thirdly, Geographical factors have been cited by scholars such as Jared Diamond and Jeffrey Sachs as a reason for the differences in development outcomes between countries. They argue that even slight advantages or disadvantages in geography can lead to significant differences in long-term economic performance. They also suggest that "bad geography" can be responsible for poor economic performance. However, other experts like William Easterly, Ross Levine, and Rodrik believe that good governance and institutions can mitigate the impact of geography. They argue that efficient infrastructure, legal contracts enforcement, and corruption control can be achieved by good governments, thereby reducing uncertainty and transaction costs. Conversely, bad governance can worsen the negative effects of geography, which could be a reason for the poverty of nations, according to Easterly. Countries such as the United States, Mexico, South Korea, and North Korea provide perfect examples to demonstrate that poor economic performance is not caused by geography. Also, Daron Acemoglu's book Introduction to Modern Economic Growth argues that the economic booms of South Korea and Singapore began after World War II despite no significant change in their geographies.

This paper analyzes various arguments by studies that address the economic growth experience of Sub-Saharan African countries. After careful examination, two reasons stood out as being primarily responsible for the poor economic development performance of these countries, namely, the inherent nature of human depravity as regards institutions, colonialism, and geography that most authors debated on.

Firstly, corruption among African leaders and public officials is largely to blame for the severity of the continent's ongoing issues. Many observers see moral decay, excessively self-serving greed, and a failure to maintain good governance standards as central to Africa's inability to fulfill its economic and political potential. Secondly, it has been noticed that Western powers have received criticism for their self-centered behavior, inability to keep their promises and good intentions, and lack of sincere efforts to encourage good governance and trustworthy democracy in Africa. In some instances, they have even been accused of helping corruption to spread and aggravating its negative consequences.

Various scholars, including Acemoglu and Robinson (2013), Moore (1966), Eggerts-son and Sokoloff (1997), Jared Diamond and Jeffrey Sachs, William Easterly, Ross Levine, and Rodrik have so many arguments on the part of institutions, colonialism, and geography has played on economic development and different views concerning this issue. Though colonialism, geography, and other factors greatly impact economic development, instituting a better institution in a country will overcome poor factors that impact development. According to Acemoglu et al (2001), the success of institutional transplanting is influenced by whether the colonizers established settlements in the land they occupied, like in the U.S. or New Zealand, or created trading posts and exploited the colonies, which was the case for many African states. Acemoglu and Robinson (2013) and other new institutional economists contend that differences in institutions can explain the differences in economic performance across time and space.

Douglass North was an economic historian who focused on the study of the role of institutions in economic growth.North (1990, p. 3) defined institutions as the constraints humans create to structure political, economic, and social interactions. These constraints are of two types: informal constraints, such as sanctions, customs, traditions, and codes of conduct; and formal rules, such as constitutions, laws, and property rights. North differentiated institutions from organizations. Institutions are created and changed by individuals, and they are the rules of the game. On the other hand, organizations, along with individuals, are the players in the game. Although organizations may be regarded as institutions, it is the individual who, as a member of an organization, makes choices leading to the establishment or change of institutions. Institutions provide the incentive structure of an economy. As that structure evolves, it shapes the direction of economic change toward growth, stagnation, or decline.

In the past, many African countries had similarGross domestic product(GDP) to Asian countries because of the devastation caused by wars and exploitation by colonial powers. However, over time, Asia has developed rapidly while Africa has been left behind. Today, many African countries, particularly those in sub-Saharan Africa, remain underdeveloped in terms of economic growth and are among the poorest in the world, even though the continent is blessed with abundant natural resources. Africa is considered "rich" or "extremely rich" as it accounts for more than 30% of the world's mineral resources, such as gold, diamonds, oil, and gemstones. Some examples of countries with significant natural resources include Tanzania for gold, Congo for copper, Namibia for Uranium, and Botswana for diamonds.

Although an enormous literature points to a diverse set of potential causes of Sub-Saharan Africa’s poor economic performance ranging from bad institutions, colonialism, and bad geography, numerous authors argue that the above

causes are not the primary causes of this poor performance and that an implementation of a good institution can overshadow colonialism or bad geography.

Explaining such vast differences in economic performance in Sub-Saharan Africa to the other regions of the world is one of the fundamental challenges in economic development studies. Numerous answers have been conducted but there are a lot of doubts about the root cause of these differences. According to my understanding, Failure to implement good governance is a critical problem Sub-Saharan African countries are facing. Implementing good governance is certainly a major factor in attracting both better domestic and international institutions, which would ultimately result in increased economic growth. Good governance is central to creating and sustaining an environment complemented by sound economic policies that lead to the strong and equitable development of countries. In countries with good institutions, resource abundance attracts entrepreneurs into production while in countries with weak institutions, however, entrepreneurs are diverted away from production and into rent appropriation.

Research conducted on governance indicates that poor governance has a negative impact on economic growth and development. This implies that good governance plays a critical role in promoting growth and development. It is the reason why many developing countries, especially those in Sub-Saharan Africa, have been lagging while some countries such as those in Asia and North America have experienced growth. Mokyr (1992) explained that the differences in governance and institutions are essential in describing why innovation, the Industrial Revolution, and modern economic growth took place in the West and not in other regions of the world. In his study,Mauro (1995) demonstrated that governance can determine the success or failure of development policies.

To estimate the relationship between governance and economic growth, this paper will analyze how measures of governance affect economic growth. In Section II, I provide detailed literature reviews of some papers. Section III provides governance in Sub-Saharan Africa. Section IV provides details on the data used and the methodology adopted. Section V discusses the empirical findings and, finally, in Section VI, I present the conclusions.

Literature VIEW

Combine Review of Institutions, colonialism, and geography on economic growth

According to North's definition in 1990, institutions are the set of rules that define human interaction. He further explains that institutions evolve as a result of the interaction between organizations and institutions. North states that organizations and their entrepreneurs are the players in this game of institutional evolution (North, 1996, p.345).

Acemoglu and al (2001) argued that differences in colonial experience could be a source of exogenous differences in institutions. exploit these differences as a source of exogenous variation to estimate the impact of institutions on economic performance.

Acemoglu et al (2004) argued that Economic institutions matter for economic growth because they shape the incentives of key economic actors in society, in particular, they influence investments in physical and human capital and technology, and the organization of production. The differences in economic institutions are the major source of cross-country differences in economic growth and prosperity. They are determined as collective choices of the society by political power conflict of interest among various groups and individuals over the choice of economic institutions

In their 2003 framework, Djankov et al. describe how societies must balance between dictatorship and disorder to make efficient institutional choices. They apply this framework to the issue of social control in businesses. The authors assert that the twin dangers of dictatorship and disorder pose significant threats to any society and that institutions play a key role in mitigating these dangers. They note that each community has a unique set of institutional opportunities that are largely determined by their population's human and social capital, as well as historical and political factors. The authors conclude that while institutions do have some impact on economic performance, the primary drivers of growth are human and social capital, which shape both institutional and productive capacities.

Glaeser et al (2004) aimed to investigate the connection between institutions and economic growth. They revisited the debate regarding whether political institutions cause economic growth, or if it's growth and human capital accumulation that led to institutional improvement. Their findings revealed that political institutions did not have a causal effect on economic growth. Instead, they discovered that human capital demonstrated clear dominance in both growth and democratization. These results were consistent with the findings of Djankov et al (2003).

Sachs and Warner (1997), present econometric evidence on the sources of slow growth in Sub-Saharan Africa during the period 1965-1990, based on a cross-country regression model developed by Sachs and Warner (1995a,1995b,1997). Their findings indicate that either colonial legacy or ethnic divisions, for example, may help to explain Africa’s poor choices of economic policy, which in turn are responsible for much of the growth shortfall according to our regression estimates. They concluded their findings that poor economic policies have played an especially

important role in the slow growth, most importantly Africa's lack of openness to international markets. In addition, geographical factors such as lack of access to the sea and tropical climate have also contributed to Africa's slow growth

Bertocchi and Canova (2002) studied the impact of European colonization in the 20th century on growth. Through empirical analysis, they identified the channels through which colonialism may have affected growth. Their study focused on colonial heritage's direct and indirect impacts on growth in Africa. They found that the index for metropolitan rulers and the degree of economic penetration can explain differences in the average growth rates of African countries. Bertocchi and Canova concluded that the colonization experience in Africa had a significant impact on growth, both directly and indirectly. This was mainly due to the alteration of the accumulation process of factors of production and the production of ethnic distortions and political instabilities.

Heldring and Robinson (2012) to assess the effect of European colonialism on the development of Sub-Saharan Africa, argued that the extent of the differences in the colonial experience in Africa is much less than in the entire colonial world. They emphasized that the impact of colonialism on development is not enough to prove that development outcomes improved during the colonial period since it is uncertain what would have happened in the absence of colonialism. Additionally, the impact of colonialism must take into account how development outcomes after independence were shaped by the way colonialism structured society. Although European colonialism did bring some immediate benefits such as technology, peace, and access to modern institutions, it also brought racism, discrimination, and inequality, which seriously damaged many African political and economic institutions. They concluded that pessimists about the impact of colonialism on development are far stronger than optimists. Although colonialism was indeed varied, the average effect of colonialism on development in Africa would be negative.

Review of Governance on Economic Growth

Huang and Yuan-Hong (2017) conducted a study to explore the effect of good governance on economic growth in twelve Asian countries. The countries were classified into three categories: "Free", "Partly Free", and "Not Free". The study used a frequency domain approach to investigate whether there is a Granger causality running from governance to economic growth throughout the period 1996-2014. The results of the study indicate that, except for South Korea, there is no significant causality running from most dimensions of governance to economic growth in the "Free" countries. In the "Partly Free" countries, the rule of law Granger causes economic growth, except for Indonesia and Thailand. Conversely, in the "Not Free" countries, there is a significant causality running from most dimensions of governance, particularly for government effectiveness and rule of law, to economic growth.

To understand how developing countries can increase their economic growth rates, Goldsmith (2007) analyzed specific governance reforms and economic turning points in the United States, Argentina, Mauritius, and Jamaica from the perspective of international development agencies. Contrary to optimistic claims about the importance of institutions, Goldsmith's analysis suggests that greater transparency, accountability, and participation are often a result of faster development, rather than a direct cause. He concluded that good governance reforms are more effective in sustaining development over time, rather than being the primary cause of accelerated development.

Ardielli, E. (2019) focused on evaluating the development of Good Governance in European Union countries over a decade-long period from 2007 to 2017. The study utilized multiple criteria decision-making methods, specifically the Technique for Order Preference by Similarity to Ideal Solution, to evaluate the countries. The study concluded that the Nordic countries, namely Finland, Sweden, and Denmark, achieved success in the long term, while some countries, such as Romania, Bulgaria, and Greece, exhibited significant shortcomings in terms of Good Governance.

In their study, Noja et al. (2019) examined the connection between good public governance and environmental support for sustainable economic development. They provided an overview of the impact of public administration on economic and social development in the European Union (EU), using several macroeconomic indicators and worldwide governance indicators (WGIs) to measure public governance in EU countries between 1995 and 2017. The study employed three econometric techniques, including macro-econometric models, structural equation modeling, and Gaussian graphical models, to determine the direct joint effects of each public administration dimension on economic development, research and development support, and socio-economic credentials, particularly in reducing poverty. The results of the study showed that public administration has significant implications for economic and social development and that improving public governance can contribute to sustainable economic growth. poverty reduction.

In another study, Bichaka and Christian (2013) conducted a study on the impact of governance on economic growth in Africa. This paper used fixed and random effects, as well as the Arellano-Bond models, to investigate the role of governance in explaining the suboptimal economic growth performance of African economies. The study found that good governance, or the lack thereof, contributes to the differences in the growth of African countries. Additionally, the results indicate that the role of governance in economic growth depends on the level of income.

Governance and Implications for Economic Outcomes in Sub-Saharan Africa

Since the 1990s, the concept of 'governance' has become central in the discussion of development. This shift reflects the change from a primarily pro-market perspective in mainstream development policy to one that acknowledges the importance of the state and the role of politics in influencing development processes and outcomes.

There are many definitions of governance. According to the World Bank, governance is the process in which power is exercised in the management of a country's economic and social resources for development. Kaufman and Zoido-Lobat´on (1999, p. 1) define governance as the traditions and institutions by which authority in a country is exercised. This includes (1) the process by which governments are selected, monitored, and replaced, (2) the capacity of the government to effectively formulate and implement sound policies, and (3) the respect of citizens and the state for the institutions that govern economic and social interactions amongst them.

In the governance of a society, two things are involved; the nexus of political institutions in society and the implementation of such collective choices once made. Development is caused by a society adopting institutions and policies that create incentives for its citizens to save, invest, and innovate. Institutions such as secure property rights create huge potential improvements in society. This aspect is what causes the variation in the development path of countries. The insecurity of human and property rights in many Sub-Saharan African countries is a massive blow to economic incentives. However, it is in the interests of the current government in many Sub-Saharan countries. These interests may not be only economic, but can also be political. The governing elite is more focused on maintaining power than on promoting the rule of law. This is unfortunate because the rule of law is essential for growth, but the current political leaders are better off without it. To achieve good governance in Sub-Saharan African countries, there are a few key elements that must be in place. These include a high level of political commitment to good governance and transparency, respect for the rule of law and property rights, ensuring efficiency, transparency, and public oversight of investments in infrastructure, access to information, and finally, innovation and technology.

Economic institutions and policies are endogenous and are determined as collective choices of the society. Governance refers both to these choices, such as whether to build an effective bureaucracy or establish the rule of law, and also refers to parts of the institutional nexus which lead to these choices by influencing who has power and how it can be exercised. Not all individuals and groups will prefer the same set of economic institutions because different economic institutions and policies lead to different distributions of incomes and power. Consequently, there will be a conflict of interest over the choice of economic institutions and the inherited distribution of political power in a society determines what institutions are chosen. The group with more political power will tend to secure the set of economic institutions and policies that it prefers.

World Development Report under the World Bank states the rule of law was understood to exist where: (1) the government itself is bound by the law; (2) every person in society is treated equally under the law; (3) the human dignity of each individual is recognized and protected by law; and (4) justice is accessible to all. The rule of law requires transparent legislation, fair laws, predictable enforcement, and accountable governments to maintain order, promote private sector growth, fight poverty, and have legitimacy. Krever, T. (2011, P. 311)

The World Bank claims that where private property rights are not protected, where contracts are not enforced predictably, or where judicial enforcement is unreliable, “the private sector does not believe that the state will enforce the rules of the game” and investment suffers because entrepreneurs choose not to commit resources in highly uncertain and volatile environments.” Growth and investment suffer as a consequence, the Bank concludes. The rule of law is essential insofar as it creates “the incentive structure to which economic agents respond” and facilitates “the private sector’s ability to function.” Krever, T. (2011, P. 312)

The quality of the judiciary, regarding both its technical capacity and its independence from private influence and public interference, is the rule of law element that is an important determinant of a strong protection of economic rights. To promote investment, strengthen credit availability, and facilitate debt restructuring, property and contractual rights need to be well protected and enforced and the predictability and timeliness of enforcement of these rights are also critical (IMF 2018).

In Sub-Saharan Africa (SSA), the issue of poor governance has been a major concern for all citizens of the region. There has been a strong call for change in the socio-economic and developmental path of the region. This has been a subject of much debate and discussion to find a proper way to help SSA achieve growth and development. Theoretical and empirical studies have focused on the success or failure of development policies in developing countries and the relationship between governance and economic growth. Several studies have been carried out using the World Bank's (WB) World Governance Indicators. Olson et al (2000) demonstrated that governance effectiveness had a significant positive influence on economic growth. D. Kaufmann and A. Kraay (2002) revealed a strong positive relationship between good governance and higher income per capita. W. Easterly and R. Levine (2003) also recognized that enhancing governance could help reduce the gap in GDP per capita between developing and developed nations.

Although the findings of the study conducted by J. Sachs et al (2004) are in line with Rodrik's research, which indicates a weak association between growth and progress in good governance, Rodrik, D. (2006) results do not provide conclusive evidence of a strong causal relationship between robust governance and economic development.

Acemoğlu and Robinson (2005) provide compelling evidence that highlights the significant impact that institutional differences across countries have on their economic development. The evidence suggests that understanding why some countries are poor requires a deeper comprehension of why their institutions are dysfunctional. The authors connect the effect of institutional structure on the economy to three institutional characteristics: economic institutions, political power, and political institutions, as illustrated in the figure below.

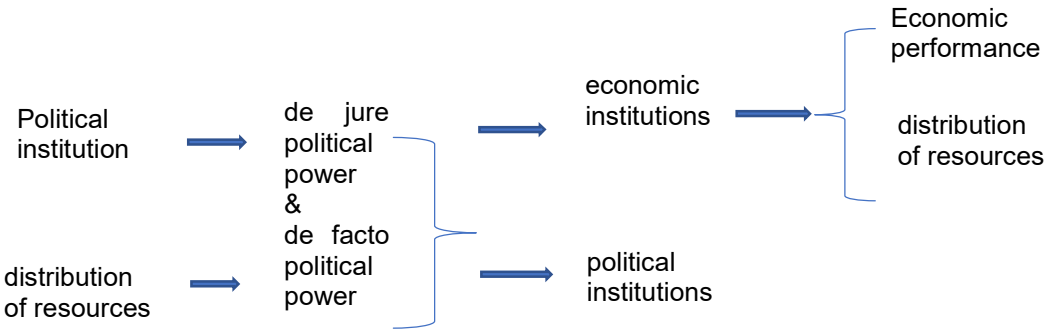

Figure 1: framework of the relationship between institution and economy (Acemoglu et al 2005b)

They also explain why political power is often used to alter political institutions. In a constantly changing world, people are concerned not only about current economic outcomes but also about future ones. For instance, many Sub-Saharan African countries choose to change their political institutions to shape future political power and, in turn, influence both present and future economic institutions and outcomes.

Sachs et al. (2004) conducted an econometric analysis to standardize the measurement of governance by the level of income. Their study found that several African countries are well governed when compared to their level of income. However, the study also found a weak relationship between improvements in good governance and economic growth when all countries are taken into consideration.

In sub-Saharan Africa, some countries have emerged as top performers in governance and have achieved relatively strong economic growth. Botswana, Rwanda, and Seychelles are among such countries. All three countries are strong performers not only in sub-Saharan Africa but in some cases, they perform better than some advanced countries. Even though these countries share common characteristics, such as relatively strong economic performance comparable to or higher than the median emerging sub-Saharan African countries, they differ from each other. Botswana is landlocked and resource-rich, Seychelles is a small island at a higher level of development, and Rwanda shows that it is possible to improve governance over time in countries emerging from conflict and fragility with limited resources. These structural features highlight the importance of institutional factors in explaining strong governance performance. The differences between these countries indicate that good governance can be achieved in a variety of circumstances. That is why it is imperative to understand the relationship between governance and economic growth.

Leaders play a crucial role in ensuring economic growth, as capable leaders tend to implement better policies for growth. The impact of leaders on economic growth is influenced by the political regimes and transitions they are a part of. Therefore, there is a general agreement in the literature on public policy that changes in political regimes are likely to affect economic growth. (Jones and Olken (2005); Jong-A-Pin and Mierau (2011); Collier (2009); Sachs (2005).

A vision for improved and accelerated growth is always present in a country's policies and programs, whether it is explicit or implicit. These policies and programs are largely influenced by the leader's interests, initiatives, and commitments. In post-independent sub-Saharan Africa, the leaders often determine and influence the rules of the game, and their abilities and choices have a significant impact on how resources are distributed. Therefore, it is argued that the influence of leaders in sub-Saharan Africa can play a crucial role in promoting economic growth and development.

Political leadership is a major challenge in sub-Saharan Africa. Developing the region requires strong and transformative leadership that is focused on growth. Leaders must be able to efficiently mobilize resources and have long-term visions for building institutions. They must also have a strong political will and be committed to the aspirations of their citizens. Unfortunately, the lack of quality leadership has hindered the region's growth and development. It is argued that development can be viewed as a process of increasing people's real freedoms. For development to happen,

major sources of unfreedom such as poverty and tyranny, limited economic opportunities, systematic social deprivation, neglect of public facilities, and repressive states must be removed (Sen, A.,1999).

On average toTable 7 of mean per country in the appendix below, the sub-Saharan African countries analyzed in this report scored below zero in governance. To better understand the relationship between governance quality and economic growth, it is important to take a closer look at the countries with high and low governance scores. Congo, Dem. Rep., Chad, and Guinea-Bissau had the lowest scores on control of corruption, with scores of -1.41, -1.40, and -1.32 respectively, while Cabo Verde, Botswana, and Seychelles had the highest scores with respective scores of 0.89, 0.85, and 0.85.

In terms of political stability, Congo, Dem. Rep, Central African Republic, and Nigeria were the most unstable countries during the period covered by the report, with respective scores of -2.05, -2.03, and -1.98, while Botswana, Mauritius, and Namibia were the most politically stable countries, with respective scores of 1.03, 0.87, and 0.79.

A closer look at the rule of law, Congo, Dem. Rep, Central African Republic, and Chad/Guinea-Bissau had no rule of law, with respective scores of -1.66, -1.60, and -0.98. However, Mauritius, Botswana, and Cabo Verde displayed the presence of the rule of law, with respective scores of 0.87, 0.51, and 0.49.

Finally, in terms of voice and accountability, Chad, Congo, Dem. Rep and Ethiopia had the lowest scores, with respective scores of -1.39, -1.37, and -1.26, while Cabo Verde, Mauritius, and South Africa performed the best, with respective scores of 0.93, 0.81, and 0.63.

Overall, the best governance scores were assigned to Cabo Verde, Botswana, and Mauritius, while the Democratic Republic of Congo, Chad, and Central African Republic were found to have been governed poorly.

Leadership and the Cause of Economic Development in Sub-Saharan Africa

The roots of Africa's problems can be traced back to the 1400s when European merchants and crusaders began trading goods from Africa, the Middle East, and Asia. This increased demand for trade and sparked the Age of Exploration, which saw expeditions sent throughout the 15th to 17th centuries to explore the African coast. The late 18th century marked the beginning of modern economic growth, which spread globally during the 19th century and fueled the industrial revolution. Politics played a key role in this period, with countries striving for independence and sovereignty to implement modern economic growth. Those who succeeded experienced a breakthrough, while those who fell under imperial rule were hindered by the lack of education and infrastructure development by European powers, who viewed their colonies as sources of primary commodities for their industries.

Europe was the first to experience modern economic growth, which later spread to new settlement areas such as the United States, Canada, Australia, and New Zealand. This growth also reached temperate zones such as Argentina, Uruguay, and Chile. Unfortunately, regions under European imperial rule, such as Africa and Asia, did not experience this type of growth. The 20th century brought about globalization, which was a miraculous age of technological change that led to unprecedented breakthroughs in meeting material needs, extending life, solving public health issues, improving transportation, and mass industrial production. This period has been credited with boosting economic growth and bringing hundreds of millions of people out of poverty, but it is also charged with increasing inequality and destroying jobs and communities, especially in developing countries. Only about two dozen nations have truly opened up over the past four decades, with trade to GDP doubling or more. Since the 1980s, globalization has helped raise incomes almost everywhere, with many middle-income countries unlocking higher growth rates and lower-income economies following suit. However, some regions like Sub-Saharan Africa have yet to feel the effects of globalization, with nearly all countries in this area being less globalized.

The "Great Divergence" in the world occurred around 1800 when productivity growth rapidly increased in European countries and their offshoots (such as the US, Canada, Australia, and New Zealand). However, towards the end of the 20th century, a "Great Convergence" began as growth in industrialized nations slowed and countries like China and India started to rise due to globalization. In 1956, Robert Solow, the Nobel Prize winner in economics, proposed an argument. He suggested that when technologies from developed nations spread to poor countries through channels such as learning, international trade, foreign direct investment, and student exchange programs, income levels in poor economies would grow relatively faster than in developed nations. Eventually, through capital accumulation, the income levels in poor economies would converge with those of developed nations. While some developing countries have also followed this trend, most countries in Sub-Saharan Africa are still experiencing stagnation similar to the 18th century or even in a declining state. For example, In the 1980s, the performance of the Sub-Saharan African countries significantly worsened, declining to only 0.4 percent per year. By the end of the decade, they had regressed to the same level as they were in 1970. As a result, by the turn of the millennium, they were in a worse financial state compared to what it was in 1970 (William Easterly and Ross Levine, 1997). Understanding the problems that are a big obstacle to the growth

of Sub-Saharan Africa will be of great importance to other developing countries that are facing the same condition of economic development.

Africa is home to some 30 percent of the world's mineral reserves, eight percent of the world's natural Gas, and 12 percent of the world's oil reserves. The continent has 40 percent of the world's gold and up to 90 percent of its chromium and platinum. The largest reserves of cobalt, diamonds, platinum, and uranium in the world are in Africa. It holds 65 percent of the world's arable land and 10 percent of the planet's internal renewable freshwater source.

Sub-Saharan Africa, home to more than 1 billion people, half of whom will be under 25 years old by 2050, is a diverse continent offering human and natural resources that have the potential to yield inclusive growth and eradicate poverty in the region. This region is composed of low, lower-middle, upper-middle, and high-income 49 countries, 22 of which are fragile or conflict-affected, and 13 small states characterized by a small population, limited human capital, and a confined land area. Boasting rich natural resources, the world's largest free trade area, and a 1.2-billion-person market, the continent has the potential to forge a new development path, harnessing the potential of its resources and people. Sub-Saharan Africa in the mid-1980s had closed political systems. The region has adopted principles of democratic governance, many of the countries are still governed by authoritarian and semi-authoritarian regimes, and political space has opened, Sub-Saharan Africa remains a region of stark political and socio-economic contrasts, and many longstanding challenges, including debt, ethnic divisions, environmental disasters, poverty

Carbone and Pellegata (2020) demonstrate that Sub-Saharan Africa has undergone a significant shift in its political leadership over the years. In the early postcolonial period, the region was largely ruled by autocratic leaders who often came to power through coups or independence. However, since the 1990s, there has been a prevalence of elected leaders, whether in genuinely democratic or competitive authoritarian regimes. The characteristics and strategies of these leaders have had a significant impact on the region's peaceful transitions of power, economic growth, social welfare, and state capacity.

Sub-Saharan Africa is known for having numerous heads of state who have remained in power for extended periods. In the past, some leaders attempted to become "president for life", and a few of them were successful in serving for three or more terms. However, this trend of entrenched leadership has caused several problems in the region including corruption, instability, societal divides, and economic stagnation. By the start of the twenty-first century, this issue had become widespread and was affecting many countries in the area. Its impact on growth and stability has shown Strong correlations exist between sub-Saharan Africa's entrenched leadership and its developmental and security challenges, including conflict or instability, stagnant or declining economies, and democratic backsliding. nearly two dozen countries in sub-Saharan Africa have authoritarian governments. Human Rights abuses in the countries with the longest-serving leaders have included secret or arbitrary arrests and detentions, tight restrictions on freedom of expression, and police brutality, according to monitoring groups.

The most important part that is affecting governance in Africa especially Sub-Saharan Africa is the institutionalization of term limits in Africa which is part of a reform effort started in the 1990s to address the legacy of overconcentrated power in the executive. Term limits are seen as an especially important element of checks and balances in Africa given the relative weakness of independent democratic institutions such as the legislature, judiciary, civil service, security forces, media, public protector, and central bank. According to The Africa Center for Strategic Studies, A growing pattern of evading term limits in Africa carries far-reaching consequences for the continent's governance, security, and development. The lack of effective term limits has resulted in Africa having leaders who have held office for a much longer period than the other regions of the world which is a setback for good governance in Africa. Nine of the 10 African countries facing civil conflicts (excluding insurgencies by militant Islamist groups) are those without term limits. Also, Of the 10 African countries that are the largest source of Africa's 29 million refugees and internally displaced populations, 8 are countries lacking term limits and finally, Corruption is a challenge in many African countries, though it is particularly pernicious in countries without term limits. For countries that have modified or eliminated term limits, the median ranking on Transparency International's annual Corruption Perceptions Index is 145 out of 180 countries. This is 57 places lower than the average ranking for African countries that have adhered to term limits. European powers have contributed to political conflicts, instability, and dictatorship in Africa through the arbitrary state system created and defended (Engelbert, 2000).

Table 1. List of leaders who have held power for over 20 years and above in Sub-Saharan Africa

County	Leader	Period in office	Years in Office
Gabon	Bongo Dynasty	56	56
Togo	Gnassingbé Dynasty	56	56
Equatorial Guinea	Teodoro Obiang Nguema Mbasogo	1979-present	44
Republic of Congo	Denis Sassou Nguese	1979-1992 1992-present	40
Cameroon	Paul Biya	1982-present	41
Angola	Jose Eduardo dos Santos	1979-2017	38
Uganda	Yoweri Museveni	1986-present	37
Chad	Idriss Deby Dynasty	1990-present	33
Eswatini	King Mswati III	1986-present	37
Eritrea	Isaias Afwerki	1991-present	32
Zimbabwe	Robert Mugabe	1987-2017	31
Rwanda	Paul Kagame	2000-present	23

Author's own Tabulation

As long as Leaders are increasingly securing longer terms through "constitutional coups," proposing amendments for approval by the legislature or judiciary, or in national referenda, that allow for additional terms in office, the problem will persist and the hope for Sub-Saharan Africa development is far from reality. The form of weak political institutions and decades-long leaders that are seen as incompetent and self-serving in Sub-Saharan Africa have resulted in rampant military coups. Though the frequency of coups had declined over the past two decades, they are again on the rise, with ten attempted takeovers on the continent since 2020 that include successful coups in Chad, Guinea, Burkina Faso, Mali, Niger, and Gabon.

According to Jones and Olken (2005), and Jong-A-Pin and Mierau (2011), leaders matter in ensuring growth since more competent leaders are more likely to enact better policies for increased growth. Not only do leaders impact growth but also the regimes and regime transitions in which they find themselves contribute to it.

Empirical Analysis

The empirical analysis of long-run economic growth has been based on a cross-section regression framework using average data for long periods. There is a big limitation to this cross-section regression as it suffers from the problem of endogeneity. A panel data approach addresses these limitations. This thesis investigates the relationship between governance and economic growth in explaining Sub-Saharan Africa's slow economic growth using four dimensions of governance indicators as a proxy of political institutions. This section will present the model and then describe the source of data and the variables used in the model.

The model Specification

This research aims to analyze the relationship between governance and economic growth considering a sample of 36 SSA in an interval period from 2007 to 2021.Panel data is the most appropriate method that can be used in this model. Panel data refers to a time series of cross-sectional data obtained by assembling cross-sections over several periods, with the same cross-section units appearing in all periods. A balanced panel data set will be used because the same periods are available for all cross-section units that include observations from all possible combinations of the cross-sectional dimension (i =1, …, n) and the time dimension (t =1, …, T) so that the total number of observations is N=n X T10

According to Torres-Reyna (2007), the advantages of panel data are that; the data allows you to control for variables you cannot observe or measure like cultural factors or differences in business practices across companies; or variables that change over time but not across entities like; national policies, federal regulations, international agreements, etc. that account for individual heterogeneity. Also, with panel data, you can include variables at different levels of analysis (i.e., students, schools, districts, states) suitable for multilevel or hierarchical modeling. Three possible models can be employed for panel data fixed effects (FEM), random effect (REM), and pooled OLS estimators. (Johnston & DiNardo, 1997) shows that pooled OLS is just a simple linear regression that considers panel data, and OLS is commonly considered not an adequate technique to deal with panel data while the FEM and REM models are the best suggestion

by many authors when dealing with the panel data model. To analyze the relationship between governance and economic growth and development, the following estimation model equation below is proposed.

Model 1: $GDP\ Growth_{it} = \beta_0 + \beta_1 FD_{it} + \beta_2 Unemp_{it} + \beta_3 P.S \propto AV_{it} + \beta_4 RL_{it} + \beta_5 VA_{it} + \beta_6 CC_{it} + \alpha_i + \varepsilon_{it}$
- $\alpha_i$is an error term that represents the effects of all the time-invariant effects that have not been included in the model;
- ε_{it} is an error term that is different for each individual at each point in time.

Data and variables

Data is gathered from different sources for this study. The sources of economic data (GDP growth and Unemployment Rate) are collected from the World BankWorld Development Indicators, Financial development data is extracted from the International Monetary Fund's International Financial Statistics (IFS), while data of governance (Political Stability and Absence of Violence terrorism, Rule of Law, Voice, and Accountability, and Control of Corruption) come from Worldwide Governance Indicators (WGI) data extracted from the World Bank,

The WGI consists of six composite indicators of broad dimensions of governance covering over 200 countries since 1996: Voice and Accountability, Political Stability and Absence of Violence/Terrorism, Government Effectiveness, Regulatory Quality, Rule of Law, and Control of Corruption

Aart Kraay and Massimo Mastruzzi define governance as "the traditions and institutions by which authority in a country is exercised. This includes (a) the process by which governments are selected, monitored, and replaced; (b) the capacity of the government to effectively formulate and implement sound policies; and (c) the respect of citizens and the state for the institutions that govern economic and social interactions among them. But in this thesis paper (a) and (c) will be the indicators included and a detailed explanation of the institution variables will be in the appendix section.

According to the Worldwide Governance Indicators (WGI), countries with higher scores experience better economic growth. A positive relationship is expected between the WGI variables and economic growth.

A positive coefficient is expected for financial development as a well-developed financial system will increase the economic growth of a country. Conversely, a negative coefficient is expected for the Unemployment Rate, indicating that a higher level of unemployment will be associated with a decrease in economic growth.

Table 2: Showing name, measurement, and abbreviation of variables

Variable Name	Measurement	Abbreviation
Economic Growth	GDP growth (annual %)	GDPGrowth
Financial development Index	Measures the access, size, stability, and efficiency of the financial system on a score of 0 to 1 where 1 = strong and 0 = weak	FDI
Unemployment Rate	(% of total labor force)	UnEp
Political Stability and Absence of Violence/Terrorism	measuring the likelihood of violent threats to, or changes in, government, including terrorism	PV
Rule of Law	measuring the quality of contract enforcement, the police, and the courts, as well as the likelihood of crime and violence	RL
Voice and Accountability	measuring political, civil, and human rights	VA
Control of Corruption	measuring the exercise of public power for private gain, including both petty and grand corruption and state capture.	CC

Descriptive Statistics

Presented in Table 3 are summary statistics on various variables included in the model, namely: GDP growth, financial development, Unemployment, Political Stability and Absence of Violence/Terrorism, Rule of Law, Voice and Accountability, Control of Corruption

It is worth noting that the standard deviations of the different series are generally low. This observation can be attributed to the logarithmic transformation of the series which helps in minimizing the variances among the different values of the variables. For the other variables, a lower score indicates poor performance while a higher score represents better performance.

Table 3. Summary of Descriptive Statistics

Variable	Mean	Max	Min	Std Dev	Sum	Observ.
Financial Development	0.16	0.59	0.03	0.12	85.11	540
Unemployment	7.05	28.77	0.32	6.35	3700.71	525
Control of Corruption	-0.57	1.63	-1.58	0.67	-308.75	540
Po. Sta& Ab of Vi/Ter	-0.53	1.20	-2.70	0.88	-285.12	540
Rule of Law	-0.60	1.02	-1.84	0.62	-325.89	540
VA	-0.45	0.97	-1.72	0.67	-244.08	540
GDP	4.05	21.08	-36.39	4.46	2186.13	540

Correlation Coefficient

ExPanD is used as a tool built on the R package Shiny, to present the correlation coefficients in the figure below. This helps me identify a possible relationship between the variables. Generally, a correlation coefficient value greater than 0.50 indicates that the variables are strongly positively correlated, while a value less than -0.50 indicates that the variables are negatively correlated. The actual correlation also depends on the effect of the variable under consideration on the other.

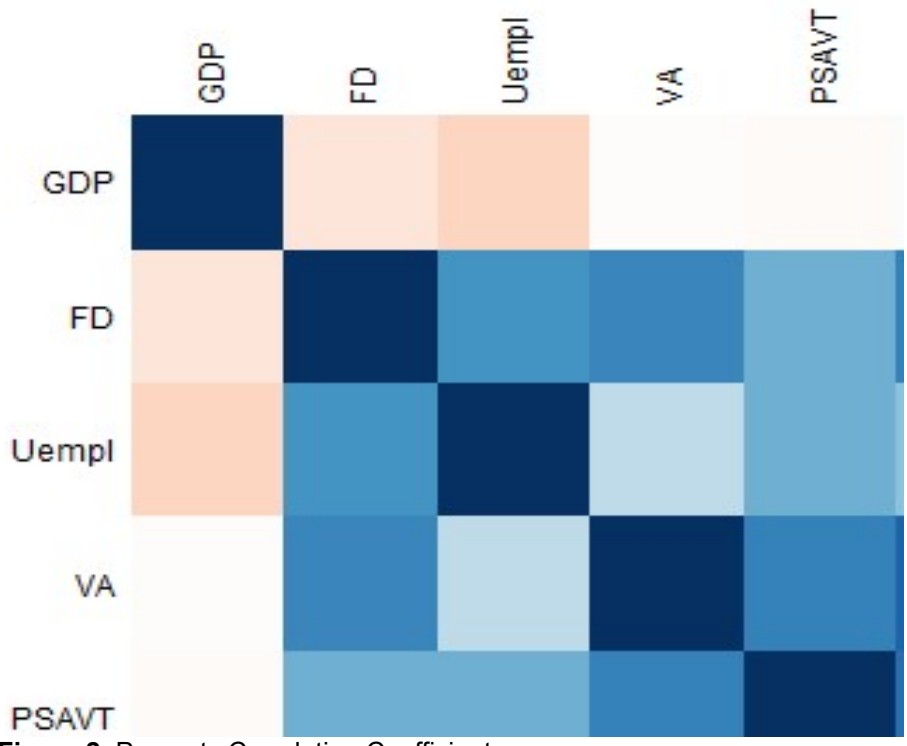

Figure 2. Presents Correlation Coefficient
Source: Authors Computation from R

Based on the correlation figure above, there appears to be a negative correlation between financial development and unemployment variables on economic growth, but the unemployment variable is more strongly correlated than the financial development variable. Meanwhile, all Worldwide Governance Indicators (WGI) variables in the estimation do not correlate with economic growth,

Model Validation

The analysis was performed using the PLM package on the R studio platform. To ensure that R recognizes the data as panel data, the pdata.frame() function was applied. The estimation models discussed in the methodology were then run on the data. To evaluate each model, pFtest() and plmtest() functions were used to conduct the F test for FE and theLagrange Multiplier Test - (Honda) test for RE. Both models were found to be appropriate for these tests, so the Pooled OLS model was discarded. The Hausman test was then conducted to determine the better model between FE and RE. Finally, the phtest() function was used, with the FE and RE models developed as arguments in the function.

Table 4. shows the methods applied to choose the appropriate model.

Fixed Effect		**Random Effects**	
Method	p.value	Method	p.value
F test for individual effects	F =0.000006	Lagrange Multiplier Test - (Honda)	F = = 0.004

Fixed effects models are used to control for the effects of time-invariant variables that have time-invariant effects. In the context of the FE evaluation, a small p-value indicates the rejection of the null hypothesis of no fixed effect. This means that there are significant time-invariant effects, which further suggests that the fixed effects model is appropriate.

The Lagrange Multiplier Test - (Honda) is a statistical test that can be used to compare the pooled OLS estimator and the random effects estimator for panel data models. The test's null hypothesis is that the pooled OLS estimator is consistent and efficient, which means there is no unobserved individual heterogeneity in the data set. The alternative hypothesis is that the random effects estimator is consistent and efficient, which means that there is some unobserved individual heterogeneity in the data set.

The results of the RE evaluation indicate a small p-value, which suggests that the null hypothesis of zero variance in individual-specific errors should be rejected. This implies heterogeneity among individuals, meaning there is a significant difference across cross-sectional units. Therefore, the RE model is appropriate. According to the model specification for the panel analysis study, since both the FE and RE are appropriate models, pooled OLS is discarded, and proceed to choose between the fixed-effects model and random-effects model. To decide between fixed or random effects, the Hausman test is run where the null hypothesis is that the preferred model is random effects and the alternative fixed effects, and if the probability of the test for our models is less than 10% the fixed-effect model is most appropriate but if the probability of the test for our models, is more than 10%, the Random effects model is most appropriate.

the Hausman test

Method	pvalue
Hausman Test to choose between FE and RE	F = 0.0004

The p-value less than 0.05 suggests rejecting null hypotheses of random effects. Hence, the fixed effect method is better for our model.

Estimation Results

Main Results

The study uses different techniques of fixed and random effects, as well as pooled OLS, to estimate the relationship between governance (such as political stability and absence of violence and terrorism, rule of law, voice, and accountability, and control of corruption) and some economic indicators (such as financial development, and unemployment rate) on economic growth. Table 5 summarizes the results for the selected African countries in the regions of Sub-Saharan Africa based on the two models. The random effect model is discarded from the regression table.

Table 5. Summary Results of Pooled OLS and Fixed Effect Model

	Dependent variable:	
	GDP growth	
	POOLED OLS	FIXED EFFECT
Financial. development	-0.116	-0.496
	(0.075)	(0.236)**
	t = -1.543	t = -2.108
Unemployment	-0.250	-0.642
	(0.062)***	(0.218)***
	t = -4.034	t = -2.945
Voice Accountability	-0.116	0.355
	(0.081)	(0.192)*
	t = -1.428	t = 1.849
Pol Sta and Absence Viol/Terrorism	0.015	0.233
	(0.074)	(0.134)*
	t = 0.195	t = 1.735
Rule of Law	0.165	-0.140
	(0.122)	(0.243)
	t = 1.348	t = -0.574
Control of Corruption	0.149	0.046
	(0.104)	(0.215)
	t = 1.427	t = 0.214
Constant	0.015	
	(0.042)	
	t = 0.365	
N of Countries	36	36
Observations	525	525
R^2	0.080	0.059
F Statistic	7.498*** (df = 6; 518) (p = 0.00000)	5.018*** (df = 6; 484) (p = 0.0001)
Note:	Significance codes: ***0.1%, **1%, *5%, '10%	

Results obtained from the POOLED OLS indicate that the financial development index, unemployment rate, and voice and accountability all have negative relationships with economic growth of which, it is the unemployment rate that is statistically significant at 0.1 percent. Also, the other variables have a positive relationship which is statistically insignificant.

Concerning the result of the fixed effect model, both the financial development and unemployment rate have a negative relationship with economic growth all of which are statistically significant at 1% and 0.1% respectively. Rule of law also has a negative relationship but is statistically insignificant with economic growth. Meanwhile, political stability and absence of violence and terrorism, voice, and accountability, all have a positive relationship with statistical significance at a 5% level each. even though control of corruption shows a positive relationship, the result lacks statistical significance.

The focus of this study is not on the standard determinants of growth. Instead, it aims to present the possible relationship between poor political institutions of governance in government and the slow economic growth of Sub-Saharan African countries. As previously mentioned, Sub-Saharan African countries have scored negative on average in

terms of Kaufman et al.'s indicators of governance quality. These indicators run from about -2.5 to 2.5, with higher values representing better institutional quality.

The regression results demonstrate how governance affects growth in Sub-Saharan Africa. The coefficients of the governance quality indicators, specifically voice and accountability and political stability, are all positive and significant under different specifications. However, corruption is insignificant despite having a positive coefficient. In contrast, the rule of law is insignificant with a negative coefficient. This finding supports the hypothesis that Sub-Saharan Africa's slow economic growth can be partially attributed to bad governance.

Countries with better-developed financial systems tend to grow faster over long periods, and a large body of evidence suggests that this effect is causal: financial development is not simply an outcome of economic growth; it contributes to this growth. Financial development having a negative coefficient shows how underdeveloped Sub-Saharan countries' financial systems are. This result can be attributed to the weak financial sector in most developing nations. Also, unemployment having a negative coefficient that is significant shows that it has a negative impact on economic growth and development.

Robustness Checks

The focus of the paper is to present the possible relationship between poor political institutions of governance in government in explaining the slow economic growth of Sub-Saharan African countries and the four dimensions of governance indicators as a proxy of political institutions such as political stability and absence of violence and terrorism, rule of law, voice, and accountability, and control of corruption. These indicators are for good governance where nearly all the SSA country's mean scores are below zero with indicators of governance quality, which run from about -2.5 to 2.5 with higher values representing better institutional quality. Multiplying the respective scores of all the governance indicators by -1 will inverse the sign in which the best performers will be least on the table and the worst performers will be above reversing the proxy of political institution of governance to political instability and the presence of violence and terrorism, absence of the rule of law, absence voice and accountability and absence of control of corruption.

A robustness check is conducted to ensure that the main regression result is reliable. The independent variables considered in this analysis are financial development, unemployment, political instability, the presence of violence and terrorism, the absence of the rule of law, the absence of voice and accountability, and the absence of control of corruption. The dependent variable in this analysis is GDP growth. The robustness results are presented in Table 6 below

Table 6. Summary Results of Pooled OLS and FE

	Dependent variable:	
	GDP growth	
	POOLED OLS	FIXED EFFECT
Financial development	-0.116	-0.496
	(0.075)	(0.236)**
	t = -1.543	t = -2.108
Unemployment	-0.250	-0.642
	(0.062)***	(0.218)***
	t = -4.034	t = -2.945
Political Instability	-0.015	-0.233
	(0.074)	(0.134)*
	t = -0.195	t = -1.735
No VA	0.116	-0.355
	(0.081)	(0.192)*
	t = 1.428	t = -1.849

Table 6. continuation

No RL	0.165	-0.140
	(0.122)	(0.243)
	t = 1.348	t = -0.574
No CC	-0.149	-0.046
	(0.104)	(0.215)
	t = -1.427	t = -0.214
Constant	0.015	
	(0.042)	
	t = 0.365	
N of Countries	36	36
R^2	0.080	0.059
F Statistic	7.498^{***} (df = 6; 518) (p = 0.00000)	5.018^{***} (df = 6; 484) (p = 0.0001)
Note:	Significance codes: ***0.1%, **1%, *5%, '10%	

The robust results presented in Table 6 revealed that, above the threshold levels from the fixed effect model, all the other aspects of governance have a negative coefficient in which political instability and voice and accountability are statistically significant at 5% each while the absence of the rule of law and absence of control of corruption, are statistically insignificant correlated with economic growth, which is implicative of the fact that improving these aspects of governance would block economic growth in these developing countries.

CONCLUSION

The overall objective of this study was to determine the relationship between governance on economic growth in the Sub-Saharan Africa region. The results of the alternative estimated models indicate that two of the four governance measures voice and accountability and political stability and absence of violence determine the performance of the economy through the political institution implemented.

The reasons for poor economic growth and development in Sub-Saharan Africa have long been debated. Some argue that institutions, colonization, or geography are to blame. However, most research suggests that institutions are the primary factor, and their effectiveness can overcome other obstacles. I believe that the responsibility for creating either strong or weak institutions lies with political leaders and elites, and they are the key determinants of economic growth and development.

The historical example of how institutions can affect the success of an economy can be seen in South and North Korea. Good institutions have facilitated economic growth in the South, while bad institutions have prevented it in the North. Despite both countries starting with similar colonization and geography, the South's economic success is due to its leaders' ability to transform its institutions. This has resulted in an economy that benefits the entire country.

Many Developing countries that transformed to better economic performance because of their strong institutions and government policies installed by their leaders and policymakers that want to give their populations a better life. According to (Robert E. Hall and Charles I. Jones 1999), a country's long-run economic performance is determined primarily by the institutions and government policies that make up the economic environment within which individuals and firms make investments, create and transfer ideas, and produce goods and services. Considering that strong institutions and good government policies can hold leaders accountable.

The evidence strongly supports the idea that poor governance is one of the factors behind the slow economic growth in Sub-Saharan African countries. The continent seems to lack the necessary institutions that promote growth, which has led to a significant decline in economic growth rates. This conclusion is consistent with previous studies. While achieving good governance in every aspect may be costly for Sub-Saharan African countries, they could prioritize some institutional qualities that are crucial for economic growth and development.

Governments can enhance their governance by focusing on certain aspects, such as upholding the rule of law and improving regulatory qualities. These aspects are particularly crucial for the economic growth of sub-Saharan African countries located below the Sahara Desert. Therefore, African governments should invest in upgrading the quality of

bureaucracy and the competence of civil servants. They should ensure the independence of the civil service from political pressure, and guarantee the credibility of the government's commitment to policies. Additionally, governments should improve the effectiveness and predictability of the judiciary, and enforceability of contracts.

To provide baseline support for the results obtained from the regression analysis, we can compare the impact of scholar debts on economic growth and development in two Sub-Saharan countries; the Democratic Republic of Congo and Botswana. By examining the resource endowments, political systems, and economic growth of these countries, we can better understand how governance affects economic prosperity.

The Democratic Republic of Congo is home to almost half of Africa's forests and has abundant mineral wealth that could make it the most prosperous country on the continent. However, despite its enormous potential, the country has faced significant development challenges due to long periods of misrule and two devastating civil wars. These events have disrupted the country's social, economic, and governance structures, resulting in a lower per capita income and negative economic growth rate, despite its vast resources.

In contrast, Botswana is also rich in mineral and animal resources, but it is a politically stable country with a multiparty democracy. Internationally recognized institutions such as Transparency International, the World Bank, and the Mo-Ibrahim Foundation, rate Botswana as one of the best-governed countries in Africa. Despite being landlocked, Botswana has managed to achieve a high level of economic growth and development, indicating that good governance practices can significantly impact a country's prosperity.

Both countries were colonized by different colonial powers and are located in the same geographic region. By comparing their experiences, we can gain valuable insights into the relationship between governance and economic growth in Sub-Saharan Africa.

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Appendix

Table 7: Mean Per Country of Variable

Country Name	FD	Unempl	CC	PSAVT	RL	VA	GDP
Angola	0.14	8.21	-1.27	-0.41	-1.14	-1.05	2.93
Benin	0.11	1.68	-0.51	0.08	-0.61	0.21	4.80
Botswana	0.34	18.81	0.85	1.03	0.51	0.46	3.02
Burkina Faso	0.10	4.19	-0.28	-0.69	-0.41	-0.19	5.45
Burundi	0.12	1.44	-1.32	-1.57	-1.22	-1.17	2.52
Cabo Verde	0.25	11.80	0.89	0.80	0.49	0.93	2.50
Cameroon	0.09	3.69	-1.13	-0.93	-1.07	-1.07	3.76
Central African Rep.	0.05	5.65	-1.15	-2.03	-1.60	-1.18	1.01
Chad	0.07	1.11	-1.40	-1.41	-1.39	-1.39	2.80
Congo, Dem. Rep.	0.04	4.32	-1.41	-2.05	-1.66	-1.37	5.70
Congo, Rep.	0.09	20.58	-1.26	-0.53	-1.16	-1.16	0.49
Cote d'Ivoire	0.15	4.44	-0.73	-1.20	-0.91	-0.67	5.37
Ethiopia	0.12	2.76	-0.53	-1.59	-0.59	-1.26	9.37
Gabon	0.11	20.44	-0.86	0.10	-0.58	-0.92	2.87
Gambia, The	0.09	7.20	-0.60	0.01	-0.53	-0.87	3.31
Ghana	0.15	4.30	-0.10	0.03	0.03	0.50	6.13
Guinea	0.08	4.99	-1.06	-1.20	-1.34	-0.97	5.30
Guinea-Bissau	0.07	3.20	-1.36	-0.64	-1.39	-0.77	3.37
Kenya	0.17	3.50	-0.94	-1.23	-0.66	-0.26	4.54
Madagascar	0.09	2.29	-0.72	-0.51	-0.79	-0.49	2.44
Mali	0.11	1.62	-0.69	-1.33	-0.64	-0.20	3.92
Mauritania	0.11	10.24	-0.77	-0.76	-0.81	-0.86	2.80
Mauritius	0.43	7.35	0.33	0.87	0.87	0.81	2.72
Mozambique	0.12	3.40	-0.66	-0.31	-0.82	-0.31	5.21
Namibia	0.48	20.73	0.32	0.79	0.30	0.47	2.34
Niger	0.10	0.96	-0.64	-1.16	-0.58	-0.42	5.30
Nigeria	0.22	4.39	-1.09	-1.98	-1.02	-0.60	3.98
Rwanda	0.12	11.72	0.47	-0.12	-0.11	-1.19	6.94
Senegal	0.10	7.02	-0.20	-0.16	-0.25	0.07	4.37
Seychelles	0.34	NA	0.85	0.73	0.23	0.15	2.90
Sierra Leone	0.06	3.96	-0.75	-0.16	-0.86	-0.20	4.71
South Africa	0.54	22.96	-0.01	-0.14	0.02	0.63	1.54
Tanzania	0.10	2.63	-0.52	-0.30	-0.47	-0.29	5.81
Togo	0.14	3.02	-0.86	-0.45	-0.79	-0.83	4.88
Uganda	0.09	3.32	-1.00	-0.84	-0.35	-0.59	5.59
Zambia	0.19	8.79	-0.48	0.27	-0.41	-0.24	5.07

List of Sub-Saharan African countries used in the study.

Angola, Burundi, Benin, Burkina Faso, Botswana, Central African Republic, Cote d'Ivoire, Cameroon, Congo, Dem. Rep., Congo, Rep., Cabo Verde, Ethiopia, Gabon, Ghana, Guinea, Gambia, The, Guinea-Bissau, Kenya, Madagascar, Mali, Mozambique, Mauritania, Mauritius, Namibia, Niger, Nigeria, Senegal, Sierra Leone, Chad, Togo, Tanzania, Uganda, Zambia, Rwanda, South Africa, Seychelles