

Some Thoughts on “*Good Governance and Economic Performance*”

Statement to

Plenary II of the Yaounde International Conference Commemorating the 50th Anniversary of Cameroonian Independence

by

Abdoulie Janneh

UN Under-Secretary-General and

Executive Secretary of ECA

**Yaounde, Cameroon
18 May 2010**

Monsieur le Président,

Excellences,

Mesdames et Messieurs,

Au moment où nous célébrons le cinquantième anniversaire de l'indépendance de ce grand pays, le Cameroun, j'ai le plaisir de saisir l'occasion pour partager avec vous quelques réflexions sur l'important thème que constitue « Bonne gouvernance et performances économiques ».

Permettez-moi tout d'abord de saisir, une fois encore, cette illustre occasion pour exprimer mes sincères appréciations à Son Excellence Monsieur le Président Paul Biya pour son aimable invitation à la Conférence internationales de Yaoundé commémorant le jubilé de l'indépendance de la République du Cameroun.

Monsieur le Président,

Votre leadership a été l'un des plus visionnaires pour le Cameroun, qui a su se positionner aujourd'hui comme un excellent modèle de stabilité et de prospérité en Afrique. Je voudrais vous remercier également, de même que le Gouvernement et le

peuple camerounais, pour la chaleureuse hospitalité qui m'a été accordée depuis mon arrivée au Cameroun, et pour les excellentes dispositions prises afin de rendre mon séjour confortable et agréable.

À la suite de ma longue expérience en matière de développement de l'Afrique, je suis parvenu à la conclusion que la nature et la qualité de la gouvernance représentent la clef de toute amélioration des performances économiques en Afrique. Par gouvernance j'entends, bien entendu, l'accès équitable de tous les citoyens au pouvoir et aux richesses. Un pays bien gouverné se caractérise par la participation de tous, l'obligation de rendre compte, la transparence, l'État de droit et le bon fonctionnement des institutions étatiques. Le concept de gouvernance, tel que je l'utilise dans cette allocution, comporte également des dimensions politique, économique et sociale.

Il est important de dire d'emblée qu'il y a un lien étroit entre la bonne gouvernance en Afrique et la croissance économique sur le Continent. Outre les engagements pris en matière de gouvernance dans divers instruments panafricains adoptés au cours de la dernière décennie, tels que la Charte de l'Union africaine et le cadre du NEPAD, l'adhésion de quelque 30 pays du Continent au Mécanisme d'évaluation intra-africaine constitue la preuve indéniable d'un dévouement plus important en faveur de l'amélioration de la gouvernance en Afrique. De même, notre Continent a connu une amélioration notable de la croissance au cours de la dernière décennie, les taux moyens de croissance étant proches de 6%, comparativement à des taux moyens de croissance économique se situant au début des années 90 à un niveau faible de 1%.

There is a plethora of studies that have tried to show a positive link between improved governance and economic progress but this is not my purpose here. My intention in this short intervention is not to address issues of measurement or correlation but rather to highlight some key governance areas that are critical for improved economic performance and to share some ideas on how to further deepen what has been achieved so far. I start with the most obvious area which is the well-known inter-linkage between governance and conflict before going on to review its impact on investment, regional integration, public finances and state capacity.

Preventing Conflict

Clear political rules including commitment to democracy and constitutional order are fundamental to good governance. They are also essential to prevent conflict, which is often caused by unfairness, injustice and marginalization as well as perceptions of inequity in access to the benefits of public goods or commonly held resources. Indeed, there is the possibility that competition for access to increasingly scarce resources may encourage the resort to violence. In the same vein, conflicts can compound economic problems through loss of life and productive assets, wiping out of social capital and trust as well as through the displacement of people and disruption of their livelihoods. A greater commitment to good governance and properly functioning institutions for the peaceful resolution of conflicts are therefore central to improving economic performance and promoting economic progress in Africa.

Promoting Investment

Investment is central to promoting growth but it is critically affected by governance conditions. These relate in particular to institutions that influence the incentive structure of society. If the rules and norms of society provide incentives for people to invest in productive activity then the economy will benefit. These include clear property rights regimes, well-functioning judicial and regulatory systems and low transactions cost. However, if corruption is the norm, contracts are not honoured or enforced and the interpretation of rules is costly or not transparent then there is an in-built deterrent to long-term investment. Better governance would also require that business regulatory regimes are improved and streamlined to enable the private sector contribute to economic growth and development.

Underpinning Regional Integration

Regional integration is a key African objective to overcome the constraints of the small, fragmented economies of the Continent and to accelerate growth and development by reaping the gains of trade and greater economies of scale. Governance impacts on regional integration both through the functioning of the institutions of integration as well as in how relations between member States are managed after the removal of barriers or adoption of common policies. Secretariats and Commissions of Regional Economic Groupings must function effectively and transparently if they are to be entrusted with the management and implementation of common policies and programmes. Similarly, member States must also be governed well if they are to be trusted for instance with regard to statistics underpinning common financial policies. This is the minimum that other members of a REC would expect to limit their exposure to financial contagion, crime or political and social instability.

Utilizing Public Finances

Africa faces a scarcity of financial resources as evidenced by its limited fiscal space for responding to the contagion effect of the global economic and financial crisis. In such circumstances, the effective, efficient and equitable use of public finances assumes great importance. I have already mentioned that perceived mismanagement of commonly owned resources can spur conflicts just as corruption can deter investment. However, apart from preventing the loss or misuse of public finances, good economic governance would require that public finances are geared to supporting long-term productive investment or infrastructural development instead of building 'white elephant' projects or promoting current consumption.

Building State Capacity of 3

Improving economic performance also requires that African states build up the capacity to envision development strategies and influence economic and social outcomes. A state should have the capacity to successfully undertake tasks that have been identified by participatory and inclusive processes as properly belonging in the realm of public policy. Africa's limited state capacity in the immediate post-independence era has been further weakened by policy errors and omissions over the past fifty years. Also notable in this regard is the brain drain of qualified Africans to developed economies and the flight of quality from the public to the private sector. The entry of new actors in development has also made it essential for governments learn how to work well with the private sector, non-governmental organizations, civil society organizations, and philanthropic foundations that are playing an increasingly important role in shaping the world that we live in.

The commitment of African countries to improved governance is clear. To ensure that it makes a positive contribution to economic performance along the lines I have outlined here, it would be important to deepen governance processes in Africa. Fortunately there is a good basis for doing so as good governance along with democracy and human rights is one of the shared values of the African Union, whose credibility has never been higher.

Also required is continued commitment to the African Peer Review Mechanism. This would entail increasing the number of African States that have subscribed to the mechanism as well as the pace of reviews. More critical is ensuring that African countries receive the support required to address the findings and implement the recommendations made as a result of the peer review process.

We must also continue to monitor trends in the area of governance in order to be able to assess progress that has been made as well as areas continuing to require more attention. The African Governance Report published by the Economic Commission for Africa makes a key contribution in this regard and we hope that the next edition, AGR III will throw more light on the issue of elections in Africa.

Finally, I want to stress that capacity building across the board to strengthen human and institutional capacities is essential for good governance to be further entrenched in this Continent. Capacities have to be built at local, sub-national and national levels, just as they are required at sub-regional and regional level to build the institutions, articulate the rules and promote the coalitions that will sustain the good governance agenda in Africa.

I thank you for your kind attention and look forward to an interesting and engaging exchange of views on this very important topic.