Remarks by Jeffrey Katz World Bank

African Governance Report
African Development Forum October 12, 2004

Thank you Mr. Chairman.

- I would also thank the ECA for organizing this Forum on a most timely and important topic.
- As was addressed so eloquently yesterday—good governance is pivotal to development, and building capable, proactive, and effective states remains a fundamental challenge in Africa today.
- The day is long past when one could say that dismantling the state is a development strategy. Rather the challenge is to develop the capacity of the state to do its job of providing basic services, promoting equity and security, and creating an enabling environment for investment and wealth creation.
- I would like to congratulate the ECA for having produced the report on political and economic governance in Africa that we have just heard summarized.
- This report is fresh, and I can only base my comments on the analyses I've seen so far. I will focus my remarks on three elements: the methodology, the findings, and the recommendations.
- On methodology, two aspects of the report are particularly impressive, and bring the work well beyond previous efforts:
  - First, the coverage is broad—based upon systematic surveys of experts and the general population in 28 African countries.
  - Second, the report covers both political and economic governance, placing its findings in the context of AU and NEPAD visions and policies on good governance. With the inclusion of—and even emphasis on—political governance, the report offers insights that goes well beyond what the Bank for example are able and mandated to explore and document.

- Two comments:
  - The assessments of governance are based on perceptions, and could usefully be compared and combined with other analyses and indicators when policies are being developed.
  - It would also be useful to disaggregate the data to see if there were divergences in perceptions—for example along gender lines—that could inform policy measures.

- On findings, what is most impressive is the report's candor. Whether touching on topics such as corruption that some years ago would not have been broached, or in its discussion of the situation in individual countries, the report is often impressively honest and direct.
in its analysis of deficiencies and its recommendations of changes—for example with respect to the financial independence of the legislature, the judiciary, election commissions and other oversight institutions.

- This candor and detail is itself an indicator of better governance.
- The surveys show that the achievements made across Africa in a number of governance dimensions—the recognition of more liberalized political space, more widely respected human rights and rule of law, and more advanced and participatory media and civil society—are being recognized in the public's mind.
- At the same time, the low scores for efficiency of government services, control of corruption, transparency and accountability, and decentralization must be taken as major challenges that need to be addressed with greater vigor.
- The Africa Region of the World Bank has put governance as one of the four key pillars of our strategy for assisting development in Africa. Governance issues also cut across the other three pillars of human development, promoting growth, and more effective partnerships. We must take the perceptions in this report as major challenges, which we need to recognize, including in our support of public sector governance reforms by African governments. The more critical perceptions of reforms in public sector management reflect the long-term nature of the challenges we all face in making states more effective managers of their economies and deliverers of critical services.
- While there are no magic bullets in public sector management capacity-building and control of corruption, deeper and sustained commitment to reform by Africa's political and administrative leaders will be an essential element in making a difference. NEPAD's African Peer Review Mechanism covers the same political, economic and institutional dimensions of governance. The leadership in making the necessary reforms in all these governance dimensions, including in the control of corruption and the enhancement of transparency and accountability, must be African.
- On recommendations, the "10 priority areas for action in building capable and accountable states" that the report identifies represent an agenda the Bank can broadly support. The areas build on the positive changes in Africa's political and economic governance over the past decade. In addition, they call necessary attention to some of the governance dimensions of the HIV/AIDS pandemic, and they raise legitimate demands on the external partners of African governments.
- One area of particular importance is to develop governance capacity in Africa, which is needed. As the report notes, previous large scale initiatives in this area were not implemented in the scope and nature originally devised. We agree that it could be useful to review the experience in this area in some detail—what has worked, what has not, what has changed—to discuss how to scale up to a holistic program to develop governance capacity.
- Capacity building for governance can also be done better. The report recommends that donors provide technical assistance funds in the form of budget support that can go towards improving pay and other incentives for public servants. We agree.
- We have learned that supply-driven capacity building doesn't work, and that capacity building needs to be shaped by national priorities and realities. A major element of the capacity problem in Africa governments is creating public sector incentives to develop, retain and utilize effectively existing technical capacity.
• The shift toward budget support and away from projects, which is proceeding quickly in the better performing countries, provides an opportunity to allow national governments to develop comprehensive plans to deal with the wide variety of issues that impinge on effective use and development of capacity-pay, incentives, training, demand for data in evidence-based policy making, etc., which can be financed by budget support, not technical assistance.
• Indeed, a major thrust of World Bank Poverty Reduction Support credits in Africa focus on improving economic governance.
• Finally, I would like to recall the commitments that Africa and its donor partners have made under the aegis of NEPAD. African states have agreed to improve their economic and political governance, and donors have agreed to increase the quantity and quality of aid, and to make progress on opening their markets and dealing with debt.
• This report, together with the work being done through the African Peer review Mechanism, provides an important basis for measuring progress that is being made in meeting Africa's commitment. Indeed, we hope, that this report will become the benchmark against which progress can be measured, and that the UNECA will be able to repeat these surveys a few years hence.
• At the same time the donors and the International Financial Institutions need to live up to their part of the bargain. We are seeing aid levels increase, although they are still below the early levels of the early 90's, and we are seeing strong efforts at increased harmonization and alignment. We hope that the revitalization of the Doha round will lead to progress on trade, and that new initiatives on debt will be fruitful.
• But Africa's partners have a long way to go to realize their end of the bargain. The ECA-OECD report on the Mutual review of Development Effectiveness will provide a clear statement of where this new partnership stands and how it needs to be strengthened. The present report will be a key input into the Mutual Review. And we are pleased to be able to collaborate in that project, along with the SPA--the Strategic Partnership with Africa.
• The World Bank is committed to be a better partner in Africa, particularly in providing whatever we support we can to improve governance on the continent. That improvement depends primarily on the will and commitment of Africa's people and their leaders, but it also depends on the good will and the commitment of Africa's partners.