PROJECT on Middle East Democracy

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Center for Global Development

Governance Matters: Debunking the Afro-pessimism Myth

Wednesday, November 28th 2007

This event featured **Daniel Kaufmann**, Director of Global Programs at the World Bank Institute, **Obiageli Ezekwesili,** Vice President of the Africa Region at the World Bank, **Morton H. Halperin,** Director of US Advocacy at the Open Society Institute and Senior Fellow at the Center for American Progress, and **Aart Kraay,** Lead Economist at the Development Research Group in the World Bank.

In the opening statement Daniel Kaufmann defined governance as the traditions and institutions by which authority in a country is exercised, including the process by which governments are selected and replaced. He also highlighted six key dimensions of governance: **(1) government effectiveness, (2) controlling corruption, (3) voice and accountability, (4) political stability, (5) rule of law, and (6) regulatory quality.** Kaufmann also posed the question "Why does governance matter?"

According to research and quantitative analysis, governance matters because improving governance and having an effective rule of law raises incomes per capita in a country. Kaufmann stressed that often it is the case that people believe that higher incomes or wealthier countries will be better at having good and effective governance practices, but in actuality it is the reverse. Good governance practices yield higher incomes. As such, he says this data debunks the myth that good governance is a "luxury good" only capable of being achieved by wealthy countries. He offered the example of oil rich countries to make this point. According to the results of research, oil rich countries do far worse measuring up to the six key dimensions of good governance than non-oil rich countries. In reference to this argument about oil rich countries failing at good governance, Morton Halperin said this is why it is often the case that resources are a curse and not necessarily the key to development. Another myth that Kaufmann suggested people move away from is "afro-pessimism," which is the notion that African nations as a whole are poor performers at good governance.

When speaking about curbing corruption, Kaufmann stressed the need for "incentive-driven reforms" because he argued anti-corruption laws are completely ineffective and superficial. He argued that if one wants to change and alter corrupt behavior incentive-driven reforms must be established. He also suggested curbing corruption by going "back to basics," such as competition, transparency, "voice" and free press, judiciary reforms, contestable politics.

Morton Halperin suggested that the way to improve quality of life for people is to improve better quality of government. He said it was important to care just as much about political freedom as economic development when trying to improve the quality of life for people.

Furthermore, Daniel Kaufmann suggested that we need to think of costs and benefits when trying to curb corruption. He said we should raise the costs to governments and multi-national companies that participate in corrupt activity and raise the benefits for those entities that practice good governance.

Obiageli Ezekwesili emphasized this point about costs and said, “If people believe bad behavior will not cost them anything then they will behave worst.” She suggested that there needs to be rule of law in which people are held accountable. She also emphasized the need to fix political systems so that citizens can determine the character of their leadership, and so they can hold the power to tell a corrupt government that this is not what they want. According to Ezekwesili, the right political framework paves the way for good governance. She also stressed the importance of building a judicial system that is strong enough to enforce the rule of law, which will also serve as a cost or disincentive that will deter people from participating in corrupt activities.