Stepping up the African challenge
Towards Empowered Development

Presentation by
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Thank you all for taking the time this morning to share in a discussion on the topic I propose. All sustainable progress starts with dialogue. By starting this series, the Development Dialogue, in cooperation with leading Ghanaian institutions, and benefiting from the perspectives of leading Ghanaian minds, I hope we can deepen the discourse on the challenges facing Africa, and Ghana in particular, and relate to the global debate on interdependence and integration. By regularly contributing perspectives from the institution I work for, without presumption, prejudice or preaching, I also hope to set the tone for a renewed dialogue with the World Bank here on the Ghanaian scene.

In my presentation today, bear with me as I first reflect on the evolution of development thinking. I want to point out that we can’t just focus on ‘what’ we should be doing, but on ‘how’. That will lead to an emphasis on the fundamentals of development ethics and development partnership. I then want to focus on what empowered development can mean and what some of its practical applications are. I’ll round off with some reflections on what this could mean for Ghana.

Let me start my discourse with an image from the district health center in Amasaman, Ga District. It is led by a determined, creative and inspiring doctor. Over and above facing the ‘normal’ challenges, she has come across the little known and little understood illness of Buruli ulcer. This infection leads to deep flesh wounds that require repeated surgery. But there was no operation theatre in her health center. So she created one, pulled pieces together from here and there. “We had the idea on Thursday. On Saturday we were rebuilding.” The smiles that greet her in the wards tell the whole story. No one told her to do this. She did it.

The unrelated question she had for me was whether we could support a pilot scheme to scale up information on nutrition and hygiene. If she could reach the food vendors who sell meals in the villages and towns, improve their practices, she could
multiply the impact of her efforts. Women would learn to change habits through everyday experience, not only through advice from the health station only once so often, mostly at the time of pre-natal counseling. By changing the approach, the impact of outreach would hopefully be much greater. And children would grow up healthier, do better in school and productivity would be up.

One of the most inspiring development economists, W. Arthur Lewis, Nobel Laureate from Saint Lucia in the Caribbean, used to ask this fundamental question: how can we raise the productivity of poor people? He was actually an advisor here in the early days of Ghanaian independence. His answer focused on what ultimately would lift the income of poor farmers, step by step shifting their comparative advantage. Today, after decades of providing responses, we have to admit that the practical solutions we’ve given to his question have not been good enough.

What does it take to sustainably raise the level of economic growth? Ghana simply cannot achieve its just ambitions of becoming a middle-income country without much higher economic growth rates, year after year. What does it take to impact the capabilities of people to improve their own situation? What does it take to achieve the Millennium Development Goals, as the global community has defined its ambitions?

At one level, we know a lot about the answers. The last years’ global conferences at Monterrey on financing, at Johannesburg on social and environmental sustainability and at Doha on a new ‘Development Round’ on trade surely summarized it in a more comprehensive and coherent way than ever before. And NEPAD is raising the standards of policy to which African leaders are committing themselves. Looking back at the decades since W. Arthur Lewis asked the right question, we can see an evolution of development thinking. It began with simple growth models. We had the classic expansion of the model to the provision of basic needs, investment in human capital, to rural development. Then we had the expansion of the development paradigm into environmental issues, understanding the limits that nature poses, triggering the ideas of the sustainable use of natural resources and of inter-temporal equity, the needs of future generations. After the disappointments of state-led planning, which decreased productivity, fed corruption and increased vulnerability to the vagaries of international markets, we had the very painful phase of structural adjustment. We had to internalize better thinking on economic policy making and management. Focus moved into areas of governance. And we know it’s the private sector including farming, that will create the jobs. (In another discourse, I would have started with the question: what creates more and better paid jobs?)

The shift is delivering. Outcomes are improving. After several lost decades, a number of African countries are sustaining more than 5% growth per year – but Ghana is not quite there yet. Obviously, we need to do much better.

My purpose here is not to give a rhapsodic, simplistic history of development thinking, but to emphasize that in fact we have to change the way we work. We know a lot about the ‘what’ to do – though debates should certainly continue on many important
questions of policy choice and trade-offs. And in many ways, our focus now is implementation, not on strategic innovation. We need to move, and move faster.

But to sustain progress, the low performance of past decades should lead us to ask more questions of ‘how’ we work, not just about ‘what’ we want to do. We know that the ‘how’ of early phases of development didn’t work – projects were implanted and isolated; few took root. We know that the ‘how’ of government planning didn’t work in the seventies, nor that of the Bretton Woods institutions dominating in the eighties. So if we seek better outcomes and higher efficiency we need to look at the way we work differently. We need to draw lessons both from the private sector and civil society.

Perhaps the district director of medical services in Amasaman is showing the way. She did not wait. She had the willpower and leadership. She felt empowered to act. She wanted to scale up and so looked for new ways. Here was an entrepreneurial spirit in the public interest. How can we support this attitude and see it change practices in government, business and society?

Development ethics and development partnership

To see how development partnership can help, we need to go deeper, further and cross some boundaries. The recent changes help, but they don’t yet guarantee better outcomes. We’re not on safe ground. The magnitude and the urgency of the tasks are formidable and the frustrations of poor people around the world palpable. To get it right, I believe we have to go back to first principles, and ask the question what is development.

The purpose of development is to ever increase the life choices of people. This is the definition I take from years of development thinking by the best minds, today perhaps most forcefully led by Amartya Sen. I urge everyone to read his book, “Development as Freedom”.

In societies, what binds us together are our values. Every reflection on social change starts here. So when you engage in development, you have to remind yourself constantly of our core values, the purpose of change and the understanding of poverty as limiting freedom. Being free to choose the way ahead becomes the very purpose of change. People must be subjects of their own destiny, not objects of someone else’s design. That is the first principle of development ethics.

And it has practical consequences. For what this says is that we need to take the ‘what’ not only into the ‘how’ but into the ‘who’. Who makes the choices?

Today, there is a strong, reasonable and promising drive to approach development from an outcome perspective, target the Millennium Development Goals or other outcome goals, and manage inputs, measurement and evaluation to get there. But this will only work if it is based on true respect for the choices and political priorities made nationally, and built on local participation. For some time now, ‘ownership’ has been the
word used when approaching this challenge. I believe that word is far too timid, as it still evokes the image of an externally defined paradigm that somehow ‘ought’ to be adopted.

In listening to poor people defining their situation, we hear a much more challenging description. All over the world they speak to their sense of powerlessness and voicelessness in relation to the state, the markets and often other institutions in society as well – when, in fact, states, markets and institutions should be serving them. We need to understand poverty in its multi-dimensional nature and go beyond a narrow measurement approach, be it by dollar income or human development indicators, to respect what people say about dignity, security and reliance on their own strengths. We need to find ways of working which frees this potential. Therein lies a tremendous source of barely tapped power.

Following up on the path-breaking work in “Voices of the Poor” (of which I’m sure many of you are familiar), Deepa Narayan and others have been assembling experience world-wide on how this ambitious approach can be put into real practice. For it is happening. This ‘Sourcebook’ on empowerment, which is the one I want to bring to your attention today, shows that this is not jargon, but a real task with real-life pragmatic solutions.

However, before I get there, may I make two other points that flow from this understanding of development ethics, practice and partnership.

First, if development is about choice, the ability to make and stick to good policy choice is pivotal. Call that ability a critical aspect of social capital. Realize, that alongside a nation’s human, physical, financial, natural capital, this social capital is a key determinant of future growth potential.

Dani Rodrik, a prominent development economist of today, showed some years ago how countries with the highest drops in growth after 1975 were those that were socially divided as measured in income inequality, ethnic and linguistic fragmentation.

So, to have a national dialogue, be inclusive, weigh pros and cons, consider trade-offs and come to conclusions, even if difficult, is key. Sticking with the choices and implementing them might be even more difficult. This is the stuff of ‘social contracts’. That is what makes a nation. From what I know about Ghana so far, surely the level of social capital here is high, surely the focus on the need to care for these kinds of issues is here, surely this is one of Ghana’s strengths in a region that has suffered precisely by seeing such social capital eroded. The dangers of not caring enough for this aspect of development are all too visible in many places across Africa.

Second, if development is about choice, then the role of partners should be different. Far from presenting only one way to go, partners should be seeking out options, drawing on best experience from different parts of the world, and focusing on outcomes. It is then the business of Government (and I refer to it, since indeed we serve them) to listen and choose, anchor and implement.
If choice is to be real, it has to be informed. Knowledge therefore becomes critical. In fact, if there is to be some equality in the all too often unequal aid relationship, at least there should be equality in terms of appreciating the options and the capacity to make judgments and drive policy. That capacity has to be exercised broadly in society.

Perhaps, then, we can move in a direction where mutual respect, shared values, and transparency in interests takes us into a new contractual relationship, far from the conditionality relationship that proved of such limited value in development cooperation over the past decades. For several years now, this stated ambition is being put to the test. I will not oversell the extent to which we have delivered. Just as much as it is the responsibility of my institution and other development partners to walk the talk, it is also the responsibility of the Government of a country to define its interests, agree only to what it agrees with and make sure the job gets done. Of course, it is here that the central role of the poverty reduction strategies come into play. And in Ghana we are just now embarking on that journey. More on this later.

Practical approaches to empowerment

“Empowerment is the expansion of assets and capabilities of poor people to participate in, negotiate with, influence, control, and hold accountable institutions that affect their lives.” Such is the definition applied in this ‘Sourcebook’. A ‘Sourcebook’ allows those who are interested in this approach to seek out experience, learn from what works and what may not, and be inspired to apply these ideas.

At the core of such an approach is the respect of poor people, women and men, understanding that they are the sources of solutions rather than problems, assets rather than liabilities, partners and initiators rather than recipients and beneficiaries, ultimately subjects rather than objects. You may need no more convincing, but if we look at the collective effort we are making in development cooperation, there is too little practical recognition of this approach.

Still there is too much of a top-down approach. Instead, we need to seek out the barriers of formal or informal institutions that constrain people from acting more purposefully to improve their livelihoods. These barriers can be formal laws, rules and regulations, ultimately set by states, but played out through markets or many other institutions, state or non-state. They can also be informal, and include norms of social behaviour. Gender discrimination is a particular case in point. As so often in society, these constraints may not be easily separated from the enabling aspects of the very same institutions. Nevertheless, that is what we have to attempt. There will be no single model. Solutions will be context-specific.

One way of expressing this shift is to emphasize the demand side of governance for greater public responsibility.
I am convinced that the market offers more freedom, opportunity and capacity for people to improve their well-being, create wealth and contribute to their communities and countries than any other economic institution. It is in the private sector that jobs are created – and nothing empower people more than a good job. But a market economy doesn’t work in a vacuum. It requires institutions, is even itself an institution. We need to understand its institutional settings and needs, if we are going to make it work for poor people.

So the choice appears, that either we make the market economy stable and sustainable by meeting structural, social and environmental needs, or we will see its fruits, as long as they last, appropriated by the few, by elites or by certain groups. And once that happens, as has happened in so many countries across the world – witness the many market reform failures across the world in the 1990’s – the step to domination not only over the market, but over the political institutions is all too short. Captured markets and captured states go together. So what makes the difference for a functioning market is the exercise of good, decent public responsibility. And that responsibility will be exercised only if there is a strong demand for it. Strengthening it is one way of defining empowered development.

I am happy to emphasize this in the Ghanaian context, as the openness that has characterized Ghanaian society for the past decade has led to continuous progress in improved governance. It seems to me the situation here is among the best in Africa. This is one of the greatest assets you have acquired. You need to further build on it, be it through continued decentralization, inclusion of all parts of the country, freeing entrepreneurship and improving the investment climate, enhancing the transparency and centrality of the budget, or in building capacity at national or local levels, so that the market can flourish and jobs and wealth be created.

In a practical approach, the Sourcebook looks at this challenge to strengthen the demand side of better and more effective governance through four elements:

- **Access to information and knowledge**: To tap the power of information the first thing to do, obviously, is to remove constraints to access and achieve high standards of disclosure and freedom of information. But empowerment will not come automatically. There needs to be an active dissemination of the very best knowledge, also local knowledge, using whatever technology is the most suitable, from word of mouth to modern ICT. Informed citizens will make better choices – such as the women using better knowledge of nutrition, I mentioned earlier.

- **Inclusion and participation**: Informed women and men can participate in meaningful consultation – setting priorities, understanding trade-offs and making informed decisions. Collective action can then be taken, whether it is based on official public structures, community cooperation or by market choice. There are techniques of consultation and communication, space for dialogue and debate:
from meeting under the tree – the symbol of the democratic roots everywhere – to modern virtual networks.

- **Social accountability**: Dialogue is not enough. As decisions are taken and arrangements made, chains of accountability must be observed. Accountability applies as much to public leaders, officials and employees as it does to anyone who has entered a contractual relationship to provide a service, private or public. Accountability can be achieved through political means, democracy, through legal and administrative means, or, importantly in this context, through various ways of allowing communities to decide, track and evaluate expenditure on public services. There’s a whole new tool box at our disposal.

- **Local organizational capacity**: Communities need to be able to organize, to set priorities and also to co-produce outcomes. Community-based organizations are coming together to express interests in new sorts of networks, acquiring voice also at aggregate, even national, levels. As capacity grows, informal micro-enterprises will form, grow and take the step to participate in the formal economy. Building from below, local organizational capacity will impact higher levels of government. From this will naturally follow a debate about the degree of empowerment at different levels – subsidiary, to use a word from the European political traditions. Seen from this perspective, the debates about governance, local, national and global, will seem quite different.

So there are at least these four perspectives to enlighten us on the potential of empowered development. Any development actor, including ourselves in the World Bank, needs to develop its research, its methods of consultation and participation, its accountability checks as well as its systems of evaluation and learning. We need to internalize these perspectives within our country strategy planning, in our knowledge tools, in our capacity building and in our credits and grants.

The Sourcebook lays out a number of different applications across the Bank’s work. It focuses on five areas:

- **Provision of basic services**: If we really want to scale up people’s access to health, education, water and roads, we need to complement our support to government’s efforts with a variety of co-production strategies engaging communities and independent providers. There’s no other way to reach our ambitious targets.

- **Improved local governance**: Let’s see how we can link evolving decentralization of public authority to the demand side of engaged communities. It may be through participatory budgeting, expenditure tracking or citizens’ score cards, i.e. different methods to enhance transparency, participation and accountability.
• **Improved national governance**: Parliamentary oversight is critical. How can citizen feedback be a complement? How can participatory processes be incorporated when macro-economic policy choices are made and programmatic lending grows in importance? The critical nature of the new PRSP processes becomes apparent.

• **Pro-poor market development**: How can the assets and capabilities of poor people be secured and enhanced? With greater security of land tenure, housing and savings, even poor people can save and invest. Given the human, social and political capabilities of today, let alone taking into account how they could grow, poor people have capacity to use the market, if its institutions of micro-enterprises, credit and marketing etc. were to adapt to their needs. Certainly, poor people would be better protected from the shocks and risks they face, if their livelihoods were based on a more varied set of employment opportunities.

• **Access by poor people to justice**: Such access sounds obvious, but seldom is. People around the world get a rough treatment from legal systems. Be it promoting judicial independence, improving legal education or improving people’s access and ability to afford legal services, justice for the poor is not something to take lightly, if accountability and the rule of law is valued.

Many possibilities are open to structure an approach to empowered development. The way the Sourcebook does it with its four elements and five areas of application is certainly not the only one. But I can guarantee that anyone who has traveled through this pragmatic approach will no longer look at ‘empowerment’ as just another turn in the history of development jargon. It not only responds to the first principle of development ethics, it will help productivity.

And where does Ghana stand on empowerment?

I won’t attempt to answer that question. I want to listen to many others speak to that issue. But I must say I’m positively surprised by the growing amount of analysis that is being produced in this area. I am even more encouraged by statements by Ghanaian leaders as to how they want to bring the country forward. I note a healthy dialogue in the Ghanaian society, a vibrant debate – no one should expect that choices on such fundamental matters would come in full unity. What matters is a constant strengthening of an inclusive society determined to use its social capital to make and implement choices of development policy, even if they involve difficult trade offs. Increasingly, that is what your partners in development, trade and other areas of global integration will be looking for.

What I will say to round off are a few pointers as to where we might take the development partnership in Ghana. What is new is the Ghana Poverty Reduction Strategy, fresh from the printer’s. I congratulate the Government for its participatory and
comprehensive approach. Now, the critical challenge is implementation, through the budget, through the medium term economic framework and through many other policy measures at central and local level – and, it must be re-emphasized, Government is not the only actor to make this real. The private sector, civil society and many institutions joint efforts are needed.

We development partners also need to walk our talk. We will hold a meeting of the so called mini-Consultative Group with Government on March 24. We are seeking to develop an innovative multi-donor budget support approach, cutting transaction costs and harmonizing procedures. The World Bank’s contribution will be in the form of a Poverty Reduction Support Credit, hopefully in place by June. Together with other donors, we have already contributed serious funding to the health sector. A major road program is delivering. We are also this year preparing new funding for the education sector, for rural development and for capacity building.

But let’s focus on strategy in the light of this discourse on empowerment. Last week a good group of us from the World Bank gathered at Akosombo to start preparing the strategy we should use to support the GPRS, the Bank’s so called Country Assistance Strategy. We want to have this business plan in place by November, and will seek broad consultation on what it should look like. We were very fortunate to have the Minister of Finance, H.E. Yaw Osafo-Maafo, address us and several of the Economic Management Team’s closest advisors present during our deliberations.

To start with, we asked ourselves, what has been keeping us from scaling up, speeding up impact? I expected a focus on technical, bureaucratic constraints. In fact, what I took away from the discussions was three messages:

First, deepen the dialogue. Make sure that we fully understand our motivations and the expectations on each other. I see this clearly as a demand to better live up to the demands of development ethics.

Secondly, try to strengthen the chains of accountability. There is today, certainly in the GPRS and among development partners, a strong desire to focus more on monitoring and evaluation. A major workshop on that subject and on poverty and social impact analysis was held here in Accra just a few weeks ago. There is also a long-standing commitment to improve the capacity to manage for results, linking the strategy with implementation. Can we bring these two strands together, monitoring and management, into a new approach to accountability? For example, what can be done to build systems of results-monitoring, using the budget to its full potential, using local government and communities, strengthening financial management and improving capacity through public sector reform?

Thirdly, and closely related to the former, could we not make a major push on reform and capacity building for stronger governance, decentralization and, well, with the language of this discourse, empowerment?
I started out with the emphasis on productivity and economic growth, complemented by the empowered approach of a local development leader, the director of a district health center. Based on improvements in governance, decentralization and empowerment, are we then seeing the contours of a strategy for development responding to the GPRS: enhancing growth, investment and jobs, and producing better services for people?

- Look at **growth, investment and jobs** first.

Let’s shore up the gains to be won through macro-economic stability, secure the financing of the budget, reduce domestic debt and free up resources for development. With stability, inflation will fall further, the exchange rate stabilize and, critically, real interest rates fall. Certainly, more and better paid jobs won’t come if potential investors can’t find access to finance on more reasonable terms than today.

Let’s improve the investment climate by having rules and regulations that actually does favour a golden age of business. In Ghana today, I’m told it still takes 126 days to formally pass through all the hoops to create a company. There’s a lot to do to facilitate the rapid movement of goods through harbours and airports, cut red tape and improve the overall environment that rewards entrepreneurship. Again, this is where the jobs will come from.

Let’s make a major push on the infrastructure side, improving access and quality and reducing the costs to business, so investment can rise. We have an ambitious agenda on roads, on water, on energy and on communications ahead of us.

And let’s use Ghana’s huge potential in agriculture and agro-business. Ghana may well have an edge in other industries as well. Let’s then look upstream and slash the constraints, but Ghana will never prosper unless her agriculture does.

Let’s then also make sure that nature’s gifts are protected through a strong and modern approach to natural resource management and sustainable development.

- And **produce better services** for people.

In health, we have moved a long way to a sector-wide approach. Can we do something similar in education? Ghana actually has a chance, among few countries in Africa, to make the ambitious Millennium Development Goals. Ghana has a chance to contain the spread of HIV/AIDS. Now is time to ensure that the scale of catastrophe seen elsewhere does not happen here, not when the rates creep above five percent.

How can we deliver on our ambitions, year after year, continuously improving the services? Should we not think out of the box, rely more on the inventiveness of people, seek their co-production of services, not just focus on delivery within the status quo? Can’t we think of ways to unleash the potential that stems from people’s desire to live healthier, see their kids educated, have fresh water and open up and maintain roads to the
market and communicate with the nation as a whole? How do we improve public services and make better use of community, private and other independent service producers?

These are questions that need constant asking, constant response in a dialogue on development. The perspectives of empowerment can inform that dialogue. That’s why the idea of empowered development is powerful. That’s why I hope we can have a good discussion.

Thank you.