

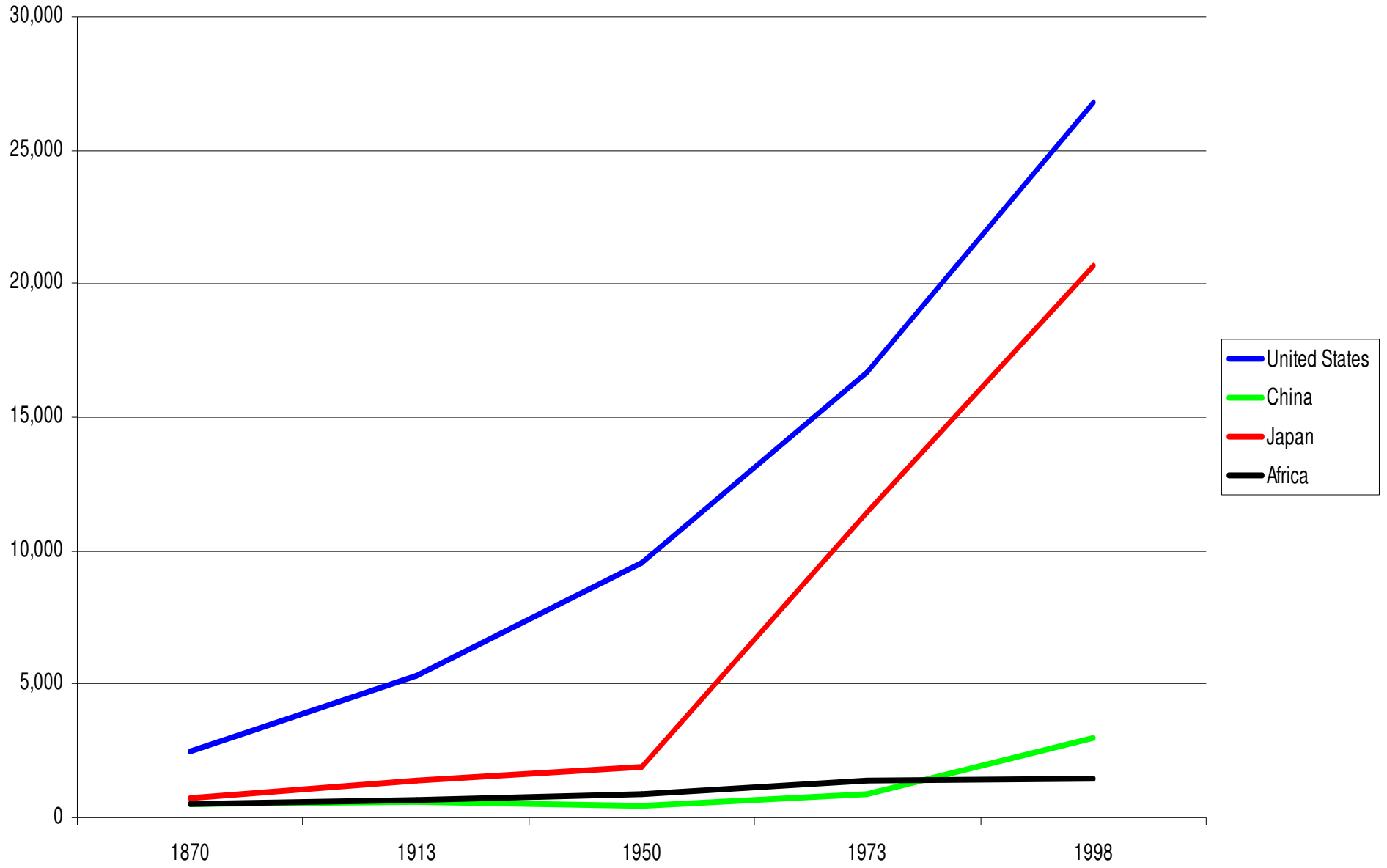
Regional Overview: Lessons for better donor practice

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GDP per capita, 1870-1998

1990 Geary-Khamis international dollars





The importance of the long view

- Sustained growth is required; booms are not
- Patience and long-term commitment
- Growth is business-led



Africa's boom

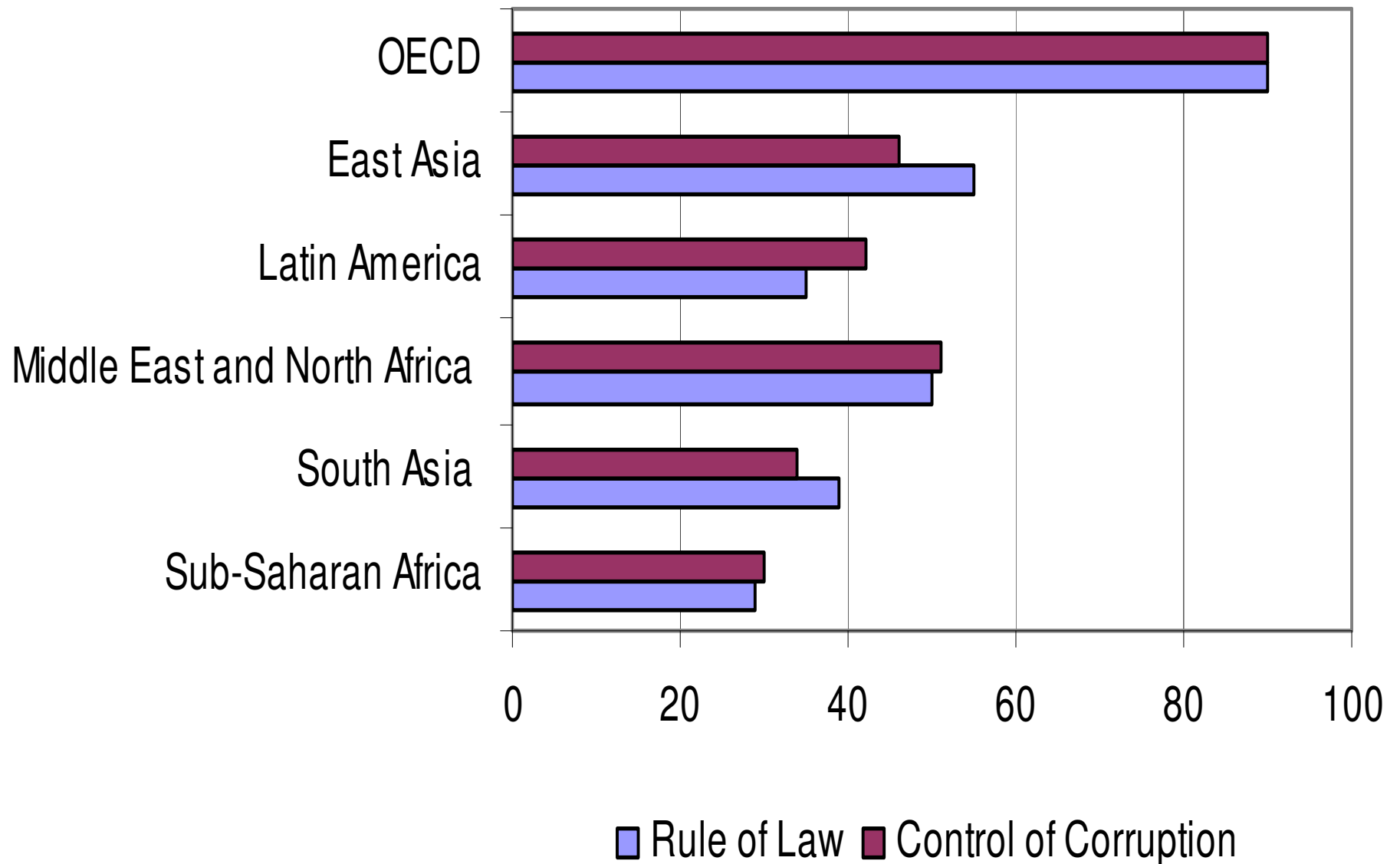
- Strong GDP growth
 - Mainly oil economies
- Opportunities
 - Openness & genuine commitment to reform
- Risks
 - Complacency
 - Rent-seeking
 - Unsustainable international debt
 - Bust follows boom



Demand for reform

- Progress and promise:
 - NEPAD/APRM
 - 2/3 of African countries made at least one regulatory reform in 2006
- Challenges:
 - Vested interests in government and established business
 - Limited public support for market-led development

Rule of Law and Control of Corruption





Better donor practice: incentives and ownership

■ Incentives

- Donor selectivity to encourage ownership
- Balance reform costs against opportunities from growth

■ Ownership

- Dialogue: listen to business and government (without capture)
- Respond to good faith (cautiously)



Better donor practice: governance

- More caution about ODA as a source of rent
- Improve consistency of donor practice
- EITI-type mechanisms
 - Donors, government and business in a single network of accountability



Better donor practice: coordination

- Poor coordination = high costs + low effectiveness
- Progress noted
- Donor staff incentives
- Country-level coordination



Better donor practice: regional integration

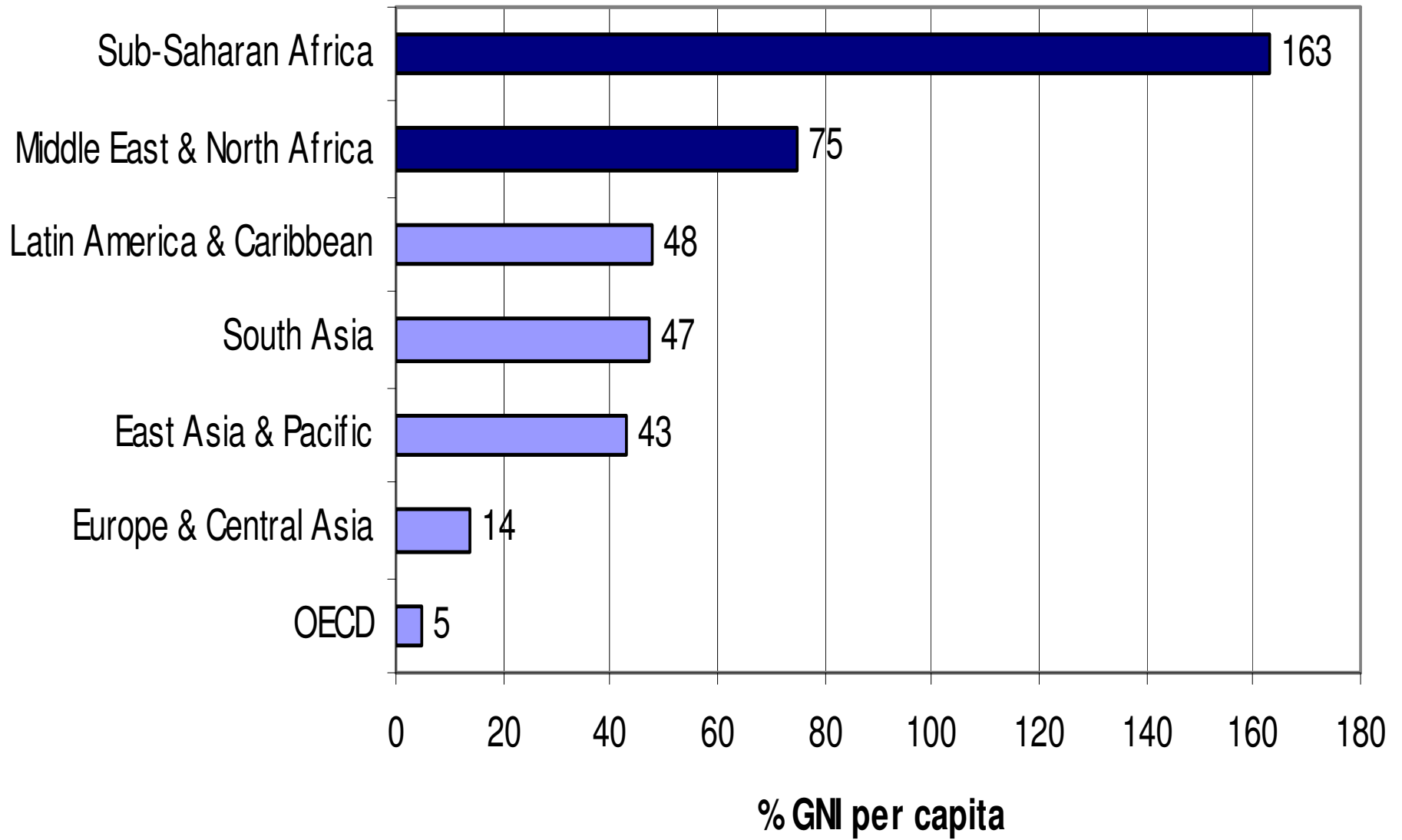
- Benefits for market size, infrastructure, trade
- Focus on trade not political integration
- Realism on sovereignty
- Work with business




Regulatory reform before active enterprise development?

- Case for active enterprise development not established
 - Huge informal sector in Africa
 - State capacity limited
- Case for regulatory reform stronger
 - Better indicators needed
 - Cooperative engagement with business
 - RIA

Starting a Business






Better donor practice: rigorous evaluation

- Technical difficulties - but far from impossible
- Reduce political and reputational risk
 - Frankness
 - Anonymisation
 - Risk pooling



Conclusion

- Institutions and instruments to enable governments, the private sector and development agencies to work together
- Principled, evidence-led approach



Is this project going to make
it easier for a business to
start and flourish?