

**Africa Consultative Conference, Accra, Ghana**  
**Tuesday 6<sup>th</sup> November, Day 2, Conference Debate**

**"Business Environment reforms have little impact on poverty reduction in Africa"**

**Team Affirmative**

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**Team Negative**

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**Arguments for the Affirmative**

- o The idea of poverty reduction through business environment reform is simplistic and based on unrealistic assumptions; it is resonant of previous strategies sold to us such as Structural Adjustment, which did not work.
- o There is no empirical evidence that Business Environment Reform (BER) is good for GDP growth.
- o The idea of BER overshadows the need for a more inclusive story, incorporating for example a skills constraint.
- o Government intervention is crucial and successful examples do not happen without it.
- o What drives successful reforms is passion which can only be created at the local level where present impacts are least felt.
- o The lack of passion for BER is due to a lack of clarity over whose agenda it is that is being pursued - reforms have not been communicated in a way local people can understand.
- o Perhaps efforts at BER to date have been mere experiments, and this is why Africans have been mere observers?
- o BER risks treating the symptoms rather than the disease, and as such there is little hope that it will achieve much. "Doing Business" indicators are a mere symptom, and by treating them we are unlikely to move forwards. Changes that are due to changes in mentality are far more exciting.
- o There is evidence that reforms are not working, for example in Senegal where tropical diseases and other indicators of poverty are on the increase, and there is therefore a need to adopt another approach that recognises the potential of those who may not have succeeded at school or been trained professionally.
- o Business Environment reform is only the way forward in 1/3 of African countries; those that are resource poor and on the coast. Resource rich countries and landlocked resource poor countries should put their emphasis on good governance and access to markets through regional integration respectively.

**Arguments for the Negative**

- o Whilst Doing Business is one method of checking and does not claim to cover everything, it is a rich measure and it does matter.

- o If we were to wait for the evidence of economists before proceeding, poverty would be with us for ever.
- o Peace, macroeconomic stability, and a stable business environment are all important for Africa's development.
- o Competition, generated by BER, is the best way of making managers take notice of best practice.
- o To consider business environment reform in its narrowest sense is to miss the point - BER must be defined beyond regulatory change, and understood to include institutional transformation.
- o Private sector reform has only been on the African agenda for 10-12 years, so it is still relatively young.
- o Reforms in BE are critical in stimulating the growth Africa needs and bringing the employment which is critical in addressing poverty.
- o Indicators such as "Doing Business" are one way of ensuring that reforms are embedded, and that governments are more accountable. However, reforms do need to be much deeper than indicators may suggest.
- o When assessing the effects of BER it is important to remember the time factor - the link between BER and poverty reduction is not immediately clear, but it may take time to emerge.
- o The voices of the poor overwhelmingly indicate that what the poor want is jobs in the private sector, and that informal operators would like to join the formal sector if the business environment allowed them. The best way to achieve this is BER.
- o Sometimes it is better to look at individuals rather than systems. Without a good enabling environment, there is no incentive for an individual to invest.
- o BER is to do with attacking vested interest – as such the main beneficiaries will be the small players and poor people. If BER is well pointed it will contribute to poverty reduction.

## **Conclusions**

It was generally agreed that business environment reforms are not sufficient unless accompanied by other factors such as good governance and macroeconomic equilibrium, and that reforms themselves can not succeed unless they are implemented. Whilst we are still waiting on the empirical evidence, advocacy of business environment reforms was still high, and support for both teams was approximately equal.