

International Conference On A Development Strategy For The Horn Of Africa
Arlington Texas, 20-22 October 2006
Key Note Address
by Mulu Ketsela
Alternate Executive Director, the World Bank Group

"Strengthening Economic Partnership And Creating A Common Vision For
Sustainable Development In The Horn Of Africa"

*Distinguished Guests, and
Ladies and Gentlemen,*

Let me start by saying how pleased I am to be here and for the opportunity to address the International Conference on "A Development Strategy for the Horn of Africa." This Conference is being held at a critical juncture—marked by chains of events—where countries in the Horn of Africa are confronted with many challenges in their quest to build a stable and prosperous society. Given the multidimensional nature of today's topic, I am confident that the move of the conference organizers to bring academics, and representatives of the public and private sectors from the region will help facilitate the articulation of a common vision on the development strategy of the Horn of Africa.

As you are well aware Ladies and Gentlemen, the people of the Horn have yearned for years for lives that are more predictable, prosperous and without conflict, so they could live in a peaceful and stable environment. Notwithstanding the sporadic political setbacks facing countries in the Horn, I will only focus on the conference agenda, i.e., "Strengthening economic partnership and creating a common vision for sustainable development in the horn of Africa."

With your indulgence Ladies and Gentlemen, I will be using the term Horn and the Greater Horn interchangeably to advance the view that the Horn of African countries, as customarily defined by many, need to strive towards integrating their

economies not only within their boundaries, but also with the Greater Horn and beyond, if they want to succeed in the continuous creation of wealth and poverty eradication.

Most countries in the Greater Horn have made tremendous efforts to rise out of conflict and pursue sustained growth and poverty reduction over the past decade. Some advances have been made in the rehabilitation and reconstruction of roads and air transport to facilitate the movement of goods and services within the sub-region. The economic reforms being implemented since the mid-1990s are now bearing fruits in economic growth and development in countries such as Ethiopia, Uganda, Kenya, Tanzania and Rwanda. Success in these countries was a result of broad political interest and commitments by Governments in implementing wide ranging reform programs. The progress achieved in these countries is encouraging; however, countries need to continue making unrelenting efforts to ensure the sustainability of reforms.

It is also important to recognize the efforts of countries such as Tanzania, Ethiopia, Kenya, and Rwanda to join the international community in adopting the goals of good governance. Like many countries, members of the Greater Horn have sought to achieve participatory, transparent and accountable governments. It is also clear that although the goals are shared, the means of achieving them have been adapted to national conditions and contemporary political realities.

Still, significant challenges lie ahead for the development of the Horn of Africa as a sub-region. Forward movement remains essential in resolving instability, food insecurity, and healthcare problems, as well as in improving infrastructure networks and services to support growth, rural development and poverty reduction.

Distinguished Delegates,

To overcome these challenges, we should all seek to attain the peace and growth commitments pursued by the African continent through the African Union, and its economic arm NEPAD. We should also pursue the commitments of the Inter-Governmental Authority for Development (IGAD)—a promising vehicle, whose primary mission is to achieve sub-regional economic cooperation and integration through the promotion of food security, sustainable environmental management, peace and stability, intra-regional trade, and the development of improved infrastructure.

Against this backdrop, I would like to outline specific areas in which stakeholders here can pursue research and provide expertise to help the sub-region achieve its goals.

First, we should give priority to infrastructure development as a sub-region. Without improved transport and telecommunications links, and without better water resource management and energy sufficiency, business expansion and economic growth will remain constrained. We should also give priority to agriculture and rural development as a means of reducing poverty in a substantive manner.

Second, we should establish a sustainable and safe business environment by promoting health, business-relevant education and skills development, a swift response to disaster, and efforts to enhance technology transfer and combat corruption.

In this regard, specific sector issues must be addressed:

Despite periodic droughts, the potential for hydro power in Africa, both in central and eastern regions is remarkable. Recent research has found that renewable energy can become an important energy source, resulting in a wide range of socio-economic benefits to the population in the sub-region. For instance, for just two technologies explored: biomass-based cogeneration and geothermal energy, the research finds that, if exploited, these two methods could meet as much as 10% of electricity supply in East Africa. And if these technologies are found to be affordable, there could be opportunities for the Horn of African countries to tap into the new global resources for renewable energy investment. In pursuit of improved access to energy, these countries could take advantage of the World Bank's Energy Program.

Other critical areas for the sub-region include improving market and trade infrastructure; and the building of private sector trade capacity and the improvement of the financial sector infrastructure needed to support access to micro-finance and rural credit. These are areas in which the region could work with the World Bank to increase the number of activities under the Infrastructure Action Plan and the Public-Private Infrastructure Advisory Facility.

It is also imperative that we give priority to agriculture and rural development as a means to reducing poverty in the sub-region. There is consensus amongst many that agricultural growth focusing on small farmers is a central dynamic force to achieving sustained growth and development in the Horn of Africa. Notwithstanding the efforts of countries in the Horn to improve agricultural outputs, regrettably droughts occurring with increasing frequency are reversing the modest gains made by agriculture. For the most part, this is the result of low investment in irrigation, water harvesting, and in technologies that reduce the risk of rainfall variability. Furthermore, lack of adequate infrastructure in the region has created unfeasible marketing institutions. Therefore, investment in

infrastructure, particularly rural infrastructure, is indispensable, if countries in the Horn were to attain the requisite transformation of their economies.

The World Bank has various agricultural and rural development support activities, under its rural development strategy (Reaching the Rural Poor). The Institution could be approached for collaboration in various core areas of agricultural productivity that increases yields, secure land tenure, enhance the functioning of markets, and promote the effective management of natural resources.

Also, the dissemination of appropriate agricultural technology remains important as does the identification of local needs, knowledge bottlenecks, and trade capacity gaps. In the past, various initiatives on staple food crops such as the Pan Africa Cassava Initiative, the Global Cassava Partnership, and the Pan Africa Nerica Initiative have proved promising. The Horn of Africa region could also develop its own region-specific strategies—building on these experiences.

Human resource is potentially one of the region's most valuable assets. If the means can be found to tap this potential by developing skilled and economically productive human resource—specifically suited to the economic needs of the region—this would indeed be a breakthrough. The dividend that can be gained by productively tapping the human capital in the Horn of Africa is enormous. Appropriate investment in education and skills development to suit the particulars of the economy of the Horn is necessary, if this potential is to be tapped.

Countries of this sub-region have over the past decade accorded priority to increasing enrolments in primary schools. However, countries have to also give more attention to improving the quality of education at the primary, secondary and tertiary levels so school graduates could attain the required learning standards. Still, many children have yet to gain access to meaningful education, especially in

rural areas. Thus, the building and operation of more rural schools remains an important strategy, as does the access of students in these schools to computer technology. In this regard, a push could be made to scale up the Horn of Africa's engagement in the World Bank's Education For All Fast Track Initiative.

At the tertiary level, it is now evident that a work force with predominantly academic qualifications will be ill-equipped to promote business development and private sector-led growth. The countries in the Horn could benefit from a successful Institute of Advanced Technology—servicing the whole sub-region with research capabilities and facilities that play an important role in the evolution of their business sector. Such an institute could conduct state-of-the-art research and activities in selected areas that are important for the development of the private sector.

As you are well aware, Ladies and Gentlemen, poor nutrition, a rising number of people living with HIV/AIDS, and increased trends of other communicable and infectious diseases contribute to high levels of morbidity and mortality in the Horn of African countries. To address this, the strengthening of health systems and services is critical. The effective provision of essential drugs and the establishment of workable structures for the prevention and control of communicable diseases are important to enhancing the health status of the population in the sub-region. The improvement of the public health systems through interventions in the areas of nutrition and reproductive health should also be considered a priority. Countries in the sub-region could collaborate in their fight against HIV/AIDS, since they share comparable value systems. The World Bank's Health and the Global HIV/AIDS Strategies could provide an important framework for enhanced collaboration in this area.

Last, but not least, although countries in the Horn uphold common culture and traditions, they still possess a large and complex society made up of highly diverse local communities. Democracy in this region, like in many other regions, can only make sense if development projects are implemented through means that involve local communities to control their destiny and make governments accountable to their citizens. Decentralization of responsibilities is therefore critical to ensuring that local communities are truly empowered. In implementing decentralized development, we need to be persistent to overcome difficulties; and we also need to be patient in learning from experience as well as from the knowledge of local people.

As you know Ladies and Gentlemen, the process of devolving power and responsibilities to local communities have been underway in some countries in the sub-region. Sharing experiences in this area, and forming partnership with the aim of refining and enhancing the implementation of decentralization is vital to ensuring that the objectives of empowerment would be sufficiently met. For instance, I think countries in the sub-region could learn a great deal from Ethiopia's experience in this area, since it has embarked upon a far reaching decentralization program throughout its territory.

I am confident that all those gathered here will find ways and means in dealing with these challenges so the goals towards a common end could be attained. I wish you all every success.

I thank you.