

White House Summit on International Development

# The Importance of Country Ownership and Good Governance

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President of the

**Secretary Rice, Congressman Payne, Administrator Fore, Mr. Danilovich, Mr. Dybul, Government Officials, Distinguished Guests, Ladies and Gentlemen:**

Good morning, and let me join Secretary Rice in welcoming you to the White House Summit on International Development. Secretary Rice, thank you for your kind introduction, and thank you even more for your strong leadership during these past eight years. Your contribution to, and leadership of, the President's Emergency Plan for AIDS Relief, the Millennium Challenge Corporation, the President's Malaria Initiative, and so many other initiatives have had a huge impact on alleviating suffering and fighting poverty in so many countries around the world. We cannot thank you enough for your efforts.

I would like to express a special thank-you to Henrietta Fore for her strong leadership in our recent Partner's Forum in Berlin, and for making the special effort to come and see us in Monrovia last month. It was a real honor for us to have you come and see for yourself both the challenges we face, and the progress we are making. We hope that the rest of you in the audience will follow her example and come and visit Liberia!

I am delighted to be here today for the Development Summit. The United States has shown tremendous leadership in development in recent years. The President, his Cabinet, leaders in the Senate and House on both sides of the aisles, church leaders, NGO leaders, foundations, and individual Americans across the country have all contributed to helping solve some of the most difficult challenges in the world. It is fitting that we meet here today, both to celebrate and learn from the achievements of the past, and to lay the foundation for continued progress in the future.

Liberians are particularly grateful for America's commitment. The United States has been our true friend and partner in the five years since our conflict ended. In 2003, the United States intervened to rid Liberia of a brutal warlord and pave the way for democratic elections. I would not be in the position I am and Liberia would not be on the move today if it were not for the willingness of President Bush to say enough is enough to a situation of national insanity.

U.S. troops came to our assistance joining with West African forces to put an end to the war. The U.S. provided major support to the United Nations operations that have been effective in keeping the peace, organizing two rounds of elections, and laying the foundation for development.

Like any relationship, it matures with time. Five years ago Liberia plead for assistance from the United States to intervene in a civil conflict. Today, Secretary Rice and distinguished guests, we are well on our way to rebuilding our institutions of government and welcoming the return of a vibrant civil society, a dynamic market-based economy and an open press. We do not need to be rescued from our own excesses, nor are we asking for a hand out. We stand before this great nation as a partner in a shared destiny. We stand before you, as testimony to the type of success that can be achieved when responsible governance is embraced and encouraged by the policies of donor nations.

America is Liberia's largest development partner, funding projects supporting health, education, infrastructure, training of security forces, fighting corruption, attacking malaria, strengthening the rule of law, and many other areas.

It is often noted that Liberia was the first domino to fall in a period of extreme violence and unrest across much of West Africa. During this period, terminology like "child soldiers," "blood diamonds," and "warlords" became part of the standard lexicon for discussing the region. But now that we have turned the corner, the same logic can be argued in the reverse—that a strong Liberia grounded in rule of

law and the respect for individual and human rights, can be the foundation of a new era of peace and prosperity not just for Liberia, but throughout the whole of West Africa.

There are significant benchmarks of achievement that mark how far Liberia has come— a new small professional army, a stand-by agreement with the IMF, nearing the HIPC completion point; an economy on the rebound with growth approaching ten percent per year; the ending of sanctions and the reactivation of our vast mineral, agricultural and forestry resources; children returning to school; medical services expanding; small beginnings in providing running water, power, basic sanitation and in repairing roads and bridges; shops and offices open and bustling with business; housing construction booming; new jobs and economic opportunities increasing every week; hope turning into opportunity, recovery, and development.

We encourage our many development partners to see Liberia as a laboratory for innovation, bringing projects to scale, and public-private partnerships. In June, we convened a meeting of our donor nations in Berlin to discuss how all these resources could be better coordinated and leveraged. Last month, in New York, we brought together the philanthropic community to discuss how projects could intersect and provide economies of scale. We are coordinating with our major investment partners to determine how commercial projects can support community development.

We have achieved these benchmarks with support from the US Administration and the US Congress; the United States government has embraced with enthusiasm the importance of Liberia moving out of the grouping of post-conflict nations, and into a strong group of emerging democracies.

But nothing reveals the progress in Liberian society more than the completion of our Poverty Reduction and Growth Strategy and the process that led to setting

these goals. Our PRS which we call "Lift Liberia" was shaped by the Liberian people themselves, in a participatory and inclusive process that started at the grassroots.

We undertook an extensive process of consultation across the country to hear directly from the Liberian people about their aspirations, expectations, and priorities. We held two-day meetings in each of our 15 counties, which in turn built on earlier district-level consultations. We encouraged each county to develop its own County Development Agenda. We included members of the legislature, traditional leaders, farmers, business people, women, youth, persons with disabilities, NGOs, our partners from the international community, and anyone else that wanted to come and contribute.

We did this because we wanted to hear, and we wanted to know what the Liberian people really want us to do. It was not easy. I don't have to tell those of you that live in Washington that democracy can be a very messy process. But it was deeply satisfying and very helpful in allowing us to gain perspective and formulate our strategies. The PRS is our roadmap for development for the next three years.

When I received the invitation to participate in today's summit, I was delighted to see the four main topics of discussion. They coincide with four of the key principles upon which we based the development of our Poverty Reduction Strategy: local participation and ownership, good governance, poverty reduction through economic growth, and results. While all four of these are critical, I would like to make a few remarks on the first two: ownership and good governance.

The starting point for designing any development strategy is participation and ownership. For too long, Governments in developing countries and major donor agencies started with top-down approaches with well-meaning experts telling local communities what to do. This approach – which unfortunately is still common today – leads to a range of problems.

First, the diagnosis of the problem is often incorrect. Second, even if the diagnosis is correct, without local participation the design of the intervention may be flawed. And third, and perhaps most important, if local people don't participate in the process of decision-making, they don't own the project. They will watch from the sidelines, wondering why certain decisions were made, and assuming that if the whole thing breaks down someone else will come and fix it. Instead, what we need is for people to own the decisions, and be deeply involved in determining the success or failure of the outcome.

Both Governments and donors are slowly moving in this direction, but too slowly. With Governments, this process is supported by the steady shift towards democracy. Slowly but surely, more low-income countries in Africa and beyond are becoming democracies.

Among many other things, for both us in Government and for the international community it means this: the people are in charge. We must ask their opinions, get them involved in the processes, let them know what we are doing, and hold ourselves accountable to them for results. Anything less is short-changing the basic tenets of democracy.

America's commitment to democracy and development and to supporting low income countries around the world has been a signature foreign policy achievement for President Bush, Secretary Rice, the bipartisan support of the U.S. Congress, and the American people. The President's Emergency Plan for AIDS Relief (PEPFAR) has contributed to putting over 1.7 million people on life-saving anti-retroviral treatment, and prevented nearly 200,000 infant infections. The President's Malaria Initiative has already reached over 25 million people with prevention or treatment services in its first two years. USAID continues its strong work – sometimes underappreciated in Washington – in fighting poverty. USAID programs help

immunize over 3 million children every year. Oral rehydration programs have saved tens of millions of lives around the world. And USAID provides strong support to microfinance, education, energy, and other programs around the world.

These traditional forms of assistance will be needed in Liberia and in Africa for the foreseeable future and Liberians commend the leadership of the U.S. for this. We applaud support for accountable and responsible governance, the development of human capital, support for free markets and sound fiscal policies. However, such assistance, though gravely needed, cannot have a transformative impact. Transformation comes, by definition, when policies are implemented that change the terms of the debate; that create a new way of thinking about problems and challenges.

Through many of its new partnership programs in Africa, the United States has acknowledged that these values must be nurtured, that ownership is crucial to the success; but nowhere is this accomplished in such an innovative manner as with the Millennium Challenge Corporation.

The MCC has had a transformative effect across the developing world. Responsible, reform-minded governments have set their sights on the MCC benchmarks, and this has accelerated the pace of reform while empowering governments to make decisions on their own path of development and the direction of their future. This stands in stark contrast with a half-century of development policy that saw trillions of dollars invested into Africa, and elsewhere, with shockingly limited returns.

In recent years, the international community has begun to take governance seriously and the MCC is now in the forefront of putting good governance at the center of their programs. We in Liberia are big fans of the MCC, since its focus on good governance, local participation, and results is so consistent with our approach.

Our Government is aggressively striving to meet the benchmarks set by the MCC and other donor agencies. We try to meet the various thresholds because it means more assistance for development; but more so, we strive to meet these benchmarks because it is what our people deserve. These are our own priorities because if we cannot achieve them, stability and prosperity will remain fleeting dreams.

We have made significant progress in recent years, and we are hoping that we will soon be selected to join the MCC family for a threshold program. We are definitely ready for the MCC challenge in Liberia, and we hope the MCC is ready for us! We need the dividend that comes from effort; the incentive provided through threshold status.

Local participation and democracy is also at the core of the second major principal underlying our approach: good governance. The steady shift towards democracy in Africa has been accompanied by measurable improvements in governance in these countries: greater stability, improved human rights and civil liberties, a strengthening of the rule of law, greater accountability to the people, and lower rates of corruption.

The numbers back it up. In 1989, in the last days of the cold war and the apartheid regime, there were just three African democracies. Today, using independent academic measures, there are at least 20 democracies in sub-Saharan Africa, and we in Liberia are just the latest to join the ranks. To be sure, some are strong, and some others are still fragile. This change, this deliberate choice engendered by an empowered citizenry, has huge implications for Africa, but it is rarely noticed around the world.

Let us, for example, look at the World Bank Institute's Worldwide Governance Indicators. On every one of the six indicators, the average score for African democracies has improved over the last decade. Unfortunately, for the non-

democracies, the scores have deteriorated. That, in a nutshell, tells a lot about the relationship between democracy, local ownership, and good governance.

For Liberia, our scores on the World Bank Governance Indicators have improved every year since 2003. We recently registered the largest improvement of any country in the Mo Ibrahim Index of African Governance. We are proud of our progress in fighting corruption. According to the World Bank's Control of Corruption Index, two years ago we were ranked 185<sup>th</sup> in the world – a terrible ranking. But this year, we are ranked 112<sup>th</sup>. We have moved up 73 places in just two years. We are proud of our progress, but we are not satisfied for we still have a long way to go. We are continuing every day to take the difficult steps necessary to build strong institutions, local accountability, and systems of good governance.

We recognize that through support of the U.S. worldwide, achievements are tremendous, but the U.S. as a great power is capable of even more. It can streamline its bureaucracies and shorten the time between commitment and cash. It can rely more on country ownership and local participation as the cornerstone of more of its programs. It can begin to provide budget support to a small number of selected countries on a pilot basis to help strengthen local systems of financial management, rather than imposing new and complicated parallel systems. And yes, it can commit greater financial resources to fighting poverty and supporting stable democracies in Africa.

This last point may seem far-fetched in these turbulent financial times when countries around the world are facing difficult fiscal situations. There has been much talk in recent weeks about whether increases in foreign assistance will have to be trimmed or delayed as a result of the crisis. Many wonder whether donor countries will keep the commitment made at Gleneagles to double foreign assistance to sub-Saharan Africa by 2010. Many wonder if individual and institutional philanthropists will stop their support. We wonder if risk capital for frontier risk areas like Liberia will diminish.

But this would be exactly the wrong reaction. The global financial crisis is likely to create significant difficulties and hardships for the world's poorest countries. We live in a tumultuous world, with many different groups and countries vying to win the battle for ideas, vision, and leadership. Regional leaders will quickly try to take advantage of any void in leadership, and will step in to provide assistance if global leaders do not. While some people claim that the industrialized countries cannot afford support for the world's poorest countries at this time, I believe you cannot afford NOT to.

Developing countries will be looking to the United States to step up during these turbulent times and emerge as the true global leader for democracy, stability, and expanding economic opportunities for the poor. Strong global leadership and vision, alongside local country commitment, is needed now, more than ever. Thank you, President Bush, for rising to that challenge.

We in Liberia are ready to do our part. The emerging democracies in Africa are ready to do their part. And I am confident that with the progress and results achieved in recent years that America will continue to do its part. Together, as partners, we can continue to build a better, safer world.

Thank you for your kind attention.