

Will Money Solve Africa's Development Problems?

No.

Not as long as there are issues such as prolonged violent conflict, bad governance, excessive external interference, and lack of an autonomous policy space. Alone, money cannot solve Africa's development problems. Proof, if any was needed, is the fact that many of Africa's natural resource-rich countries score very low on human development indicators.

Africa's development challenges are multifaceted. Colonial history still looms large. Money cannot undo that history. Five decades after independence we are still grappling with building the nation-state. On the one hand, whole nations were split up by artificial boundaries to form separate independent countries, while on the other hand, several nation-states were lumped together within these same artificially delineated borders. To this already complex picture was added the impact of Cold War rivalries among major powers, which extended to the African theatre.



No amount of money can build the damaged trust between a government and its citizens. Decades of defective political and economic governance, and the failure by early post-independence governments to deliver on the promises of independence spun disillusionment and led to unfulfilled expectations paving the way to undemocratic dictatorial rule, the demise of the rule of law, ethnic strife, and economic and social chaos. In extreme cases these conditions led to a string of very weak or failed states.

This said, we must realize money is still needed and Africa will, for a while, require external support by way of concessional finance, given its limited domestic savings. Remember, 40% of Africans live in landlocked states, often as far away as 2,000 kilometers from a maritime port. Building infrastructure that links countries and expanding market size and diversity requires significant resources; so do fighting HIV/AIDS and educating Africa's children.

The good news is that a new generation of African leaders is determined to make a difference. In the last two years, Africa has made substantial progress on the economic and governance fronts. We are encouraged by the sustained strong macroeconomic and structural reforms on one hand, and improved governance on the other. These will go a long way toward reducing the risks and costs of doing business—prerequisites for stimulating both domestic and foreign investment, the only means to create wealth.

Lastly, Africa must be given a chance to meaningfully integrate into the global trading environment in order to sustain growth performance. It will not happen if international commitments such as those made at the Gleneagles G 8 Summit are not met. The Doha Trade Round negotiations need to succeed. These negotiations have been called a Development Round because they frontload the interests of developing countries such as those in Africa. At the end of the day, we are all God's children and he gave us one world in which we are interdependent.

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