

# Will Money Solve Africa's Development Problems?

## Yes.

If it is invested in enhancing African capabilities to integrate the continent into global networks of knowledge and creating prosperity and stability. This will mean confronting and overcoming a triple failure: corruption and abuse of power by African governments, predatory practices by extractive industries, and the waste of resources by an uncoordinated and ineffective aid system.

Africa will acquire a strong voice when it is represented by credible leaders and managers. Such people cannot be produced without investment in the appropriate institutions. Currently, about \$5 billion per annum is provided in the form of technical assistance to meet donor requirements. Directing a significant portion of this money toward investment in institutions will produce stakeholders focused on creating a positive change.

New ground has been broken with the Extractive Industries Transparency Initiative (EITI). Since rule of law is critical to accountability and transparency, short-, medium-, and long-term mechanisms for insuring proper use of natural resources in Africa are required. To create a level legal playing field, Africa's interests must be represented by the best legal minds in the world, and the proceeds from extractive industries must be publicly disclosed.

African entrepreneurs encounter significant national and international constraints to business development. While there is favorable legislation in Europe and North America for African exports, access to information that allows Africa to benefit from these laws is limited. The necessary knowledge for taking advantage of legislation exists within corporations that are leading the global effort in corporate social responsibility and social entrepreneurship. These organizations could partner with African businessmen to ensure exports meet the standards necessary for developed countries.

Infrastructure planning in Africa has not allowed for sub-regional and regional integration, or improved Africa's access to global markets. As reliable infrastructure is a prerequisite for participation in the global economy, the strategic horizon for Africa's infrastructure needs to be between ten and twenty years. Such a strategy requires moving from the current one

to three-year budget cycles of the aid system to predictable, long-term financing mechanisms (such as trust funds) that will guarantee the effective use of resources.

There is sufficient evidence that poor people are able to both prioritize and manage the use of limited resources. A programmatic approach, along the lines of the successful rural development programs in Afghanistan and Indonesia, would enable the most excluded segments of the African population to become stakeholders in systems of good governance and carry-out development themselves.



After many decades, some African leaders are setting an example for others by leaving office voluntarily. However, governance in Africa is still not utilizing a state-building approach that emphasizes the fact that states have both rights and obligations to their people and other countries. African

states must enter into a double compact: with their citizens, on measurable criteria for the performance of state functions; and with the international community, on systems of accountability and transparency. Only then can we judge state effectiveness and ensure long-term state-building strategies are in place for sustained investment over the minimum of twenty years necessary for lasting change.

It is time to address the needs of Africa seriously and harness the potential it has through a commitment by the international community—a commitment similar to that made to decimated nations after World War II. The circumstances may be different in Africa, but the imagination and resources necessary are the same and the costs of failure would be equally as devastating.

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