

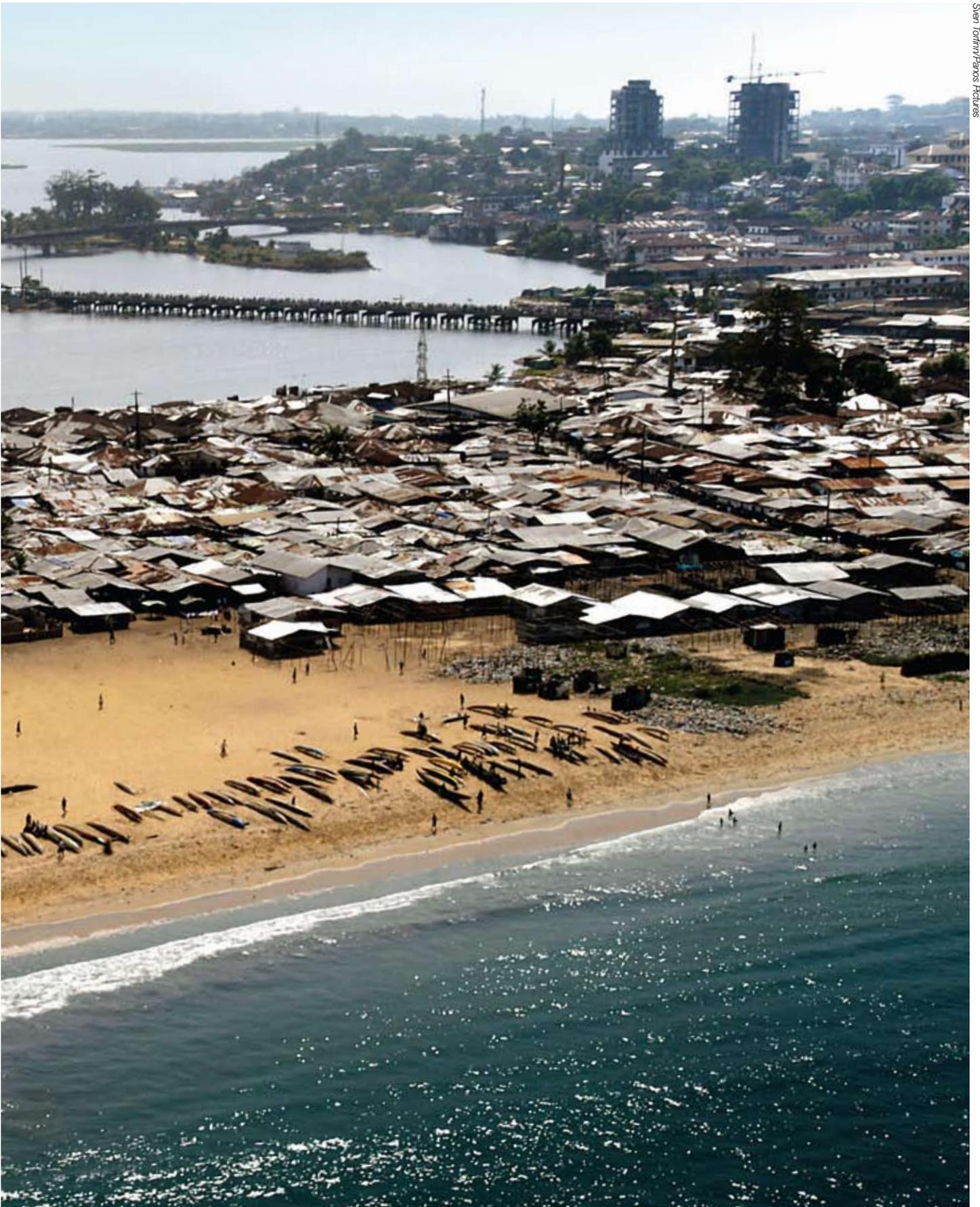


Reimagining Africa

For more than a decade, much of Africa has been moving forward in a new direction.

Economic growth is rising, poverty is falling and democratic governance is spreading. But the global financial crisis threatens to undo this progress.

***President Ellen Johnson Sirleaf** of Liberia looks at the opportunities beyond the global downturn and tells Optima why African governments must respond forcefully to limit the damage and build a stronger foundation for the future.*



Most people hold a grim image of Africa, based on the dictatorships, poor governance and economic stagnation that characterised the continent through the mid-1990s. Unfortunately, these patterns continue in many countries across the region. But a large number of countries have begun to turn around, including Ghana, Mali, Mozambique, Tanzania and my own country of Liberia, among others. Economic growth rates across the continent regularly exceed five per cent, average incomes have increased by a quarter, and trade and investment have grown rapidly. Poverty rates are falling fast, from 58 per cent to 51 per cent across the continent, according to the World Bank.

The key has been stronger African leadership and more accountable governance. Today, more than 20 African countries are democracies, up from just three in the 1980s. They have competitive elections, improved human rights and much freer presses. At the same time, economic management has improved, with better business climates, lower trade barriers and stronger macro-economic management. The economic and political environment is far from perfect, but the change since the mid-1990s across many countries in Africa is unmistakable.

Unfortunately, the economic crisis threatens emerging progress across the continent. An estimated \$50 billion in income could be lost in Africa. Declining remittances, trade flows and investment will undermine new businesses, throw millions out of work and create tensions and instability. The crisis demands a strong response. African governments must seize this moment to build on their nascent success and create the basis for revitalised growth, stronger governance and sustained development in the future.

Overcoming anarchy

You could hardly find a better example of the fundamental and primary necessity of peace than my country, Liberia. Riven by civil war for so many years, it was held up by many

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Philip Mosler

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Fishing boats line the coast of Monrovia, Liberia's capital, with the city centre rising in the background

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01 A miner develops an underground section of the Prestea gold mine on the Ashanti Trend in south-western Ghana

outside observers as the symbol of the hopelessness of West Africa and the continent as a whole.

In February 1994, journalist Robert Kaplan wrote an article, *The Coming Anarchy*, in *The Atlantic Monthly* journal, in which he suggested that the civil war that spread from Liberia to Sierra Leone in 1991 was the harbinger of inevitable chaos across the entire region, the continent and indeed the developing world.

Kaplan was read, believed and admired in capitals across the world. Perhaps we owe Kaplan a debt for bringing the plight of our country and region to the attention of the powerful and, therefore, for prodding them into the interventions which helped to defeat the anarchic forces he was writing about.

But his article and other media like it also helped to imprint in the world's mind a ghastly image of my country, my region and, indeed, my continent as a hopelessly depraved and anarchic hell where warriors high on drugs and juju massacred and tortured without compassion, reason or mercy.

So we have an uphill battle to change not only international perceptions of the region and the continent, but also those of our own people, many of whom have lost faith in themselves because of the horrors of what happened to them and their loved ones in wars. The good news is there is much less conflict in Africa than there was – and Liberia is a good example. In the few short years since the war ended, the country has made impressive economic gains.

These are the dividends of peace and they are very important to cherish. But of course they are small and still reversible; so we have a long way to go, both in stabilising the country sustainably and in changing our image and that of the continent.

A return to peace?

The eminent Oxford academic Paul Collier, author of *The Bottom Billion*, has statistically demonstrated that about half of civil wars in Africa are due to post-conflict relapse. There are many economic, political and social reasons for that. Nurturing a country back to sustainable peace requires many ingredients, among them usually an external protective force and aid to boost rapid economic recovery to pacify potential putschists.

Collier has also, rather depressingly, concluded that democracy does not help to prevent lapses into conflict. In fact, it more often seems to precipitate such relapses, if we take democracy to mean just elections.

But he is much more sanguine about the benefits of what he calls the other aspect of democracy, checks and balances, or how power is used, rather than how it is acquired through elections.

In other words, if those who have won elections use power wisely and generously in the interests of their people and if the institutions are put in place to help and ensure they do so, the prospects for relapsing to conflict are significantly reduced.

So what this tells us is that, yes, elections are important, but to be sustainable, democracy requires checks and balances such as term limits for presidents; the rule of law, including – and this is very important – a genuinely independent judiciary; a free media to act as a watchdog on

the government; and, something which seems obvious but is too often neglected, a properly empowered legislature, rather than a parliament that merely rubber-stamps the government's decisions.

These are the foundations for good governance and prosperity. And many African countries have begun to move in this direction, with free and fair elections, better checks on power, and stronger governance. But, in Africa, with our severe ethnic and socio-economic divisions, democracy requires a little more of us. It requires a greater inclusivity, not only institutionally – for example by conferring special privileges on leaders of the opposition, to make it an honourable profession and not a disgrace or second-prize – but also by adopting a style of greater consultation of all interests in important decision-making, from traditional leaders, through clerics to business people and so on.

Sound economic policy

This brings us to the economy. To continue my theme of normality, the challenge of conceiving the right macro-economic policy is not rocket science. The road has been hewn by many before us, not least the economists of the World Bank and the IMF, and many African governments have introduced much better economic policies in recent years.

In an influential 1997 Development Report, the bank acknowledged that the success of the Asian tigers required some adaptation of its own philosophy that governments should stand right back and leave business to business people.

But it also added an important rider: governments should not try to do more than they were capable of doing; sophisticated Asian governments might well succeed in

02 President Johnson Sirleaf and Hillary Clinton during the US Secretary of State's visit to Liberia in August 2009

03 Modern buildings dominate the skyline of the capital city of Gaborone in Botswana, a country which has used its diamond revenues wisely and is one of the continent's most successful democracies

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Reuters/POOL New



Philip Mester/De Beers

directing economies, but less sophisticated governments should tread more warily.

And so our challenge in Africa is to adapt the conventional wisdom a little to local conditions, but, above all, to follow it doggedly; to stick to spending limits and inflation targets; to keep opening markets, resisting the entreaties and pressures of particular interest groups for special protection; and to be clear-eyed and rational about policies. Where we have begun to do this in Africa, the benefits have been significant.

What this implies, again, is good governance. If trade is to be the salvation of Africa, particularly trade in minerals, agricultural products and a range of downstream processed products, as most of us believe, then Africa must have a greater voice in the World Trade Organisation and other international decision-making bodies.

And we must sharpen our negotiation skills to help ensure that the sophisticated and, some would argue, hypocritical western protectionism of trade subsidies and tariff peaks is brought down. But we cannot afford to wait until the Doha Development Round is concluded. In the meantime, we must take our destiny in our own hands and continue to reduce

trade barriers among our own countries and the restrictions in our business climates.

That not only means lowering tariffs, but also addressing the informal and, often illegal, trade barriers of officious and corrupt customs officials. Also poor roads, railways and ports and other infrastructure bottlenecks have infamously made it faster to get products from the Far East to an African port than from that African port to the hinterland.

Managing aid

Aid is controversial and opinions on it range widely, from that of the Zambian economist Dambisa Moyo, who argues in her book, *Dead Aid*, that it is actually a negative, to Tony Blair's Africa Commission that persuaded the G8 countries that what Africa needed was, in fact, a massive and sudden infusion of aid to kick-start development.

The truth surely lies somewhere in between. The thrust of the argument against aid is that it is abused by governments. So, it is logical to conclude it also helps countries – especially those like mine which are struggling to recover from conflict – if it is properly managed. That means, at the least, ensuring that it is not diverted by corruption and that it is used to supplement our own spending towards proper national goals, rather than on projects conceived by donor countries.

But aid can have more subtle negative effects. It can contribute to, for example, the so-called 'Dutch Disease', where high revenues from commodity exports push up exchange rates and stifle other exports, and so it must be managed carefully.

Above all, recipients of foreign aid must have clear and measurable programmes to grow their economies over time, replacing aid with local saving, with capital generated through stock exchanges and of course through foreign direct investment.

The global recession

Africa has been hit as hard as any region and perhaps harder than most, by the global recession that brought the commodity boom of the past few years to a brutal halt. Where is the way out? I doubt there is a genie out there to provide a magical solution. The answer is surely just doing more of the right things and less of the wrong ones.

Take those commodities, for example, which have been and will remain so central to Africa's economic and even political fortunes. Africans have been a greater victim than most of the 'resource curse': the grim irony that nature's bounty, in oil and minerals particularly, has mostly brought

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Philip Moseley/De Beers

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Mohamed Nureldin Abdallah/Reuters



us greater suffering, through resource wars, gross corruption, environmental degradation and even Dutch Disease.

The critical factor for managing the resource curse is good governance. Norway turned its windfall North Sea oil discoveries into a blessing, becoming, as a result, one of the richest countries in the world, with the highest quality of life for most of the past few years. The difference is that Norway has managed its windfall very diligently, ensuring that it mostly accrues to the general population, including future generations through a trust fund. Too much of Africa's oil wealth has been siphoned off by oil companies or government officials.

Combating corruption

Two years ago, Liberia joined the Extractive Industries Transparency Initiative (EITI), a global and independent monitoring mechanism to counter corruption in the oil, mining and other industries exploiting natural resources, such as forestry.

On 8 October this year, EITI chairman Peter Eigen visited Monrovia to assess the progress the country has made. He congratulated the Liberian government, the private sector in the extractive industries, and activists of civil society for “an incredible job in implementing the EITI standard”. Liberia is now the first EITI-compliant country in Africa.

Several African nations are doing a good job of ensuring that their natural resources benefit the country as a whole and not just the elite few. Prominent among these are Botswana – which consistently ranks as Africa's least corrupt country on Transparency International's annual

01 Examining a variety of diamondiferous ore samples at Kananga in the Democratic Republic of Congo

02 In Sudan's capital, Khartoum, local and Chinese engineers put together steel at a construction site

03 Although a long-haul destination for most visitors, Africa is seeing a steady increase in tourism, which is earning valuable foreign exchange for many countries and making inroads into stubbornly high unemployment figures. Here, tourists are on safari in the Ngorongoro Crater in Tanzania

Corruption Perceptions Index – and South Africa, Namibia, Ghana and Tanzania. All are major mining nations which are continually improving the governance of their industries and spreading their natural wealth.

Global competitiveness remains key – before, during and after such global downturns. For governments, that means tirelessly ensuring that their countries become friendly to investors, both local and foreign, through opening markets, improving infrastructure, removing bureaucratic impediments and, above all, maintaining the rule of law, including commercial law, so that businesses feel sure of getting a fair deal.

De Beers chairman Nicky Oppenheimer told the African Union in Addis Ababa on Africa Day in May 2009: “True competitiveness requires political and macro-economic stability, and social and environmental stability. It relates to what countries can do together, including improving trade logistics and deepening integration. With growth and competitiveness as a national and continental priority, resources can be mobilised, appropriate policies written, and novel solutions brought to bear. This is our opportunity. We must seize it with both hands.”

The countries that have taken the first steps towards improved governance and economic policy are weathering the storm better than others. Much remains to be done, however, and bold steps are needed to strengthen democratic governance and economic management. But Africa can now build on a stronger foundation for growth, development and poverty reduction in the future. ①

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