**Multilateral Institutions and African Development Q&A**

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| *Question #1 Foreign aid by multilateral institutions such as the IMF and the World Bank has not brought an effective result to African development. Some argue that external interference, in the form of loans or grants, has actually disrupted African development because it prevented African countries from setting their own pace and direction of development. What is the appropriate role you think, or the majority of people in your country would think, multilateral institutions should play in the context of African development? If you think multilateral institutions should continue to provide financial aid to African countries, what is the most effective way of using the aid by multilateral institutions to encourage African development?*Response: While there is sufficient blame to go around, the failure of foreign aid and loan programs by the multilateral institutions needs to be placed in proper perspective. Fact is, these institutions cannot disrupt African development without the acquiescence of African leaders and governments. That is where the emphasis must be placed. There is no law which requires African leaders and governments to accept foreign aid or loans from the World Bank. Nor is the World Bank the only place where African governments can borrow money. If the World Bank is such a "monster," as President Robert Mugabe of Zimbabwe claims, then African governments should not go to the Bank for loans. In fact, if African leaders and the corrupt ruling elite were to disgorge the loot they have stashed in foreign bank accounts, they would have more than the paltry sum the World Bank lends to Africa. "According to one United Nations estimate, $200 billion or 90 percent of the sub-Saharan part of the continent's gross domestic product (much of it illicitly earned), was shipped to foreign banks in 1991 alone" (The New York Times, 4 February 1996).The most effective way of using foreign aid to encourage African development is by "opening up the process." Conventionally, a foreign aid program is designed behind closed doors. An agreement is usually reached between a Western donor and a corrupt and undemocratic African government. There is no input from the people and billions of loans are contracted without their authorization. This process needs to be opened up. For example, before the World Bank grants a loan to say Ghana or Kenya, there should be an open hearing to allow those who believe the loan proceeds might be misused the opportunity to air their views.*Question #2 Over the past few years, people have been increasingly critical of the multinational's policies in Africa and elsewhere. Picketing and marches have become more common in both Europe and the United states during high profile meetings. What do you believe is the proper role of average citizens around the world in affecting policy change? How can a concerned citizen in the world community help to promote development and work to end the cycle of poverty in Africa?*Response: Picketing and marches are useful in focusing attention on Africa's plight. However, they have become one-sided. It takes two to tango and most Africans recognize that bad leadership has been a major cause of continuing poverty in Africa. "Billions of dollars of public funds continue to be stashed away by some African leaders -- even while roads are crumbling, health systems have failed, school children have neither books nor desks nor teachers and phones do not work," said Kofi Annan, U.N. Secretary-General at a press conference in London in April 2000 (The African-American Observer, April 25 - May 1, 2000; p.10). Then at the July 10, 2000 OAU Summit in Lome on July 10, United Nations Secretary General Kofi Annan told African leaders that they were to blame for most of the continent's problems. "Instead of being exploited for the benefit of the people, Africa's mineral resources have been so mismanaged and plundered that they are now the source of our misery" (Daily Graphic, July 12, 2000; page 5).If they are sincerely concerned about the plight of the African people, those who organize pickets and marches in Western capitals need to organize a few against African leaders.*Question #3 While everyone agrees that many obstacles need to be overcome before long term sustainable development can be effectively realized in Africa, many disagree on what needs to be addressed first. Where should our priorities lie? Are certain goals more primary than others? Should we address education before legal reform, basic health care before promoting, for example, venture capital? Or do you believe, for instance, that promoting foreign investment is the fastest way to achieve reform in these other areas?*Response: Consider the development process as embarking on a journey in a vehicle, leaving Point A (state of under-development) to Point B (developed state). The road is strewn with obstacles. Development literature has not hash a host of obstacles: low income, low investment, low savings, illiteracy, high population growth rates, and so on. The interplay of these factors produced the notorious "vicious circle of poverty."The vehicle for this journey may be private or state-owned. In virtually all African countries, a state vehicle was taken in the 1960s but this state vehicle has now broken down. It is a motley collection of obsolete, discarded parts scrounged from foreign junk yards and operates on borrowed ideology. The carburetor was a gift from Norway and the battery was donated by Austria. The tires came from Britain and China and are mismatched. A headlight is broken and the electrical system malfunctions. Turn the ignition switch and the wipers fall off. The engine sputters and belches thick smoke that pollutes the entire country. There are no brakes or shock absorbers (no checks and balances). The fan belt is ripped, which means its cooling system is inoperative.Clutching the wheel of the state vehicle is a reckless and unskilled egomaniac who proclaims himself "driver-for-life" and insists that he, and he alone, must be the driver till kingdom come since the vehicle is his own personal property. Aboard are his ministers, cronies, tribesmen, mistresses, sycophants, and other patronage junkies, who, in turn, have brought along their relatives, tribesmen, and friends. A goat, stolen from the people, has been tied to the rear bumper for a future feast.Somewhere along the journey, the smoke-belching, dilapidated state vehicle broke down: dead battery, overheated radiator with the coolant boiling over, and tires flat. This is a crisis situation which must be resolved before continuing on the journey. But it seems nobody is looking at the condition of the vehicle -- not the World Bank or western donors, who are more interested in laying down an 8-lane super highway. Nor are African intellectuals and politicians who argue ferociously about who should be the driver. Somali warlords are still battling to determine who should be the president of the country, even though the country has been reduced to rubble after years of civil war.Clearly, changing the driver through democratic elections or coups d'etat would not make any difference to the journey (development). Removing the obstacles on the road (building schools to improve literacy rates or sinking bore holes for drinking water, for example) would not make any difference either. Adding super high-octane jet fuel, installing brand new shock absorbers or emission control devices to cut down on the pollution would be futile. That state vehicle is going nowhere fast. In fact, if it moves at all, it will land in an economic ditch. It has to be junked or completely overhauled.Therefore, questions of "accelerating" development (getting to Point B faster) must be deferred until the vehicle is fixed (reformed). That cannot be done until the cause of the vehicle breakdown -- that is, the cause of the African crisis -- is determined, which, in turn, requires an understanding of how the vehicle operates and knowledge of its component systems.Systems such as cooling and electrical are to a vehicle what institutions are to society. The institutions that are critical for society are: an independent judiciary (for the rule of law), an independent central bank, an independent and free media, a neutral and professional armed/security forces, an independent electoral commission, among others. These do not exist in many African countries. Until these institutions are reformed, the development journey will be extremely slow, interrupted by constant breakdowns of the African state vehicle.*Question #4 Are there specific social, cultural, or geographic characteristics in Africa (or in a specific African nation) that the IMF and World Bank have neglected to address and need to address in order to foster greater and more equitable development and wealth creation in Africa?*Response: The World Bank and the IMF need to know that there were free markets, free enterprise and free trade in Africa before the colonialists set foot on the continent. It is not the World Bank which has to teach Africans about free enterprise and free village markets, which still exist in traditional Africa. Furthermore, in Africa's traditional village system of government, decisions are taken by consensus. No African chief, waving a bazooka, declared himself "president-for-life" and imposed his will on his people. The Bank should be extremely careful about giving loans to African leaders without the authorization of their people, as such loans can be repudiated. The billions of loans the Bank gave the late Mobutu Sese Seko of Zaire did not benefit the people of Zaire (now Congolese), who never gave their authorization in the first place to Mobutu to secure the loans.[‹ An Overview of the World Bank's Support of Education in Burkina Faso over the Last Decade](http://blogs.law.uiowa.edu/ebook/issues/africa/perspectives/world-banks-support-of-education-in-burkina-faso)[Up One Level](http://blogs.law.uiowa.edu/ebook/issues/africa/perspectives)[Reading Table on Africa ›](http://blogs.law.uiowa.edu/ebook/issues/africa/reading-table)* [Login](http://blogs.law.uiowa.edu/ebook/user/login?destination=comment%2Freply%2F379%23comment-form) to post comments
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