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AFRICA'S WEALTH, WOES, WORTH

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Africa's Valuable Assets:
A Reader in Natural Resource Management

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Africa's Valuable Assets: A Reader in Natural Resource Management

Table of Contents

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To most Americans, sub-Saharan Africa summons up only heartrending images of relief workers feeding emaciated infants, or United Nations peacekeepers struggling to keep the peace amid anarchy, or, recently, doctors struggling to contain horrible diseases.[1] Prime-time television coverage and articles in the *Atlantic Monthly*, the *Washington Post*, and other influential publications persistently portray Africa negatively: swollen bellies, brutal dictators, gun-toting children, chaotic cities, and parched fields. Even the Chairman of the Senate Foreign Relations Committee has described foreign assistance as "pouring money down a rat hole."

Recognizing that such images of disaster greatly discourage support for and investment in this continent, Africans and others who appreciate Africa's many faces have tried to alter these stereotypes. Margaret Maringa, a Kenyan attorney, calls Africa "the land of civilization and rich natural resources," as well as "the land of the most perplexing issues of our time: slavery, famine, refugees, ethnic conflict, repressive and lethargic systems of governance." She goes on to say that "Africa has a false veneer of serenity over the restless energy of its people," and that "a formula is yet to be discovered for harnessing this energy to construct a positive, sustainable future."[2]

Maringa is right on both counts. Although a single development strategy or "formula" for change may be elusive, Africa embodies many positive images of potential and progress, along with more sobering realities and prospects. Several countries are making noteworthy strides in political, economic, social, and environmental reform. And many millions of citizens and thousands of communities are working locally, individually and in groups, to improve their own well-being.

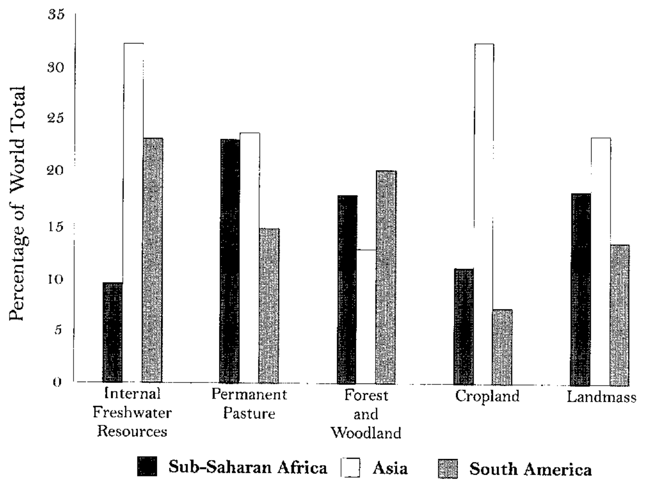
A careful look at the images and facts that describe today's Africa reveals why investors and supporters should not give up hope in this misunderstood and much maligned continent. Africa has great strengths, both human and material. Although both people and natural resources have been severely exploited in the past by colonial powers, indigenous political and military leaders, and foreign interests—often with U.S. support during the Cold War—the resource base can still meet the needs of Africans as well as contribute to the growth of the global economy. Community and other local initiatives for maintaining this base—the foundation of household livelihoods and well-being—abound. They demonstrate clearly that many positive ideas and promising initiatives are underway in Africa, that the untapped potential for growth is substantial, and that numerous public and private initiatives are setting the stage for this growth and are beginning to show results. Africa's needs as well as its potential justify a greater interest on the part of public and private investors in its economies and its people, and a renewed hope in its future. Even those like Robert Kaplan who have focussed on Africa's negative attributes argue that "helping Africa is strategically important if only in terms of cold self-interest."[3]

The Myth of Bankruptcy

The thinking behind so-called Afro-pessimism includes the perception of hopelessness and tragedy that seems to pervade the continent despite years of international

Figure 1.

Distribution of Natural Resources by Region, 1991–1993



Source: *World Resources 1996–97: A Guide to the Global Environment,* Washington, D.C.: WRI, pp. 216–217.

support, the lack of obvious signs of imminent change, and the need to focus on countries where U.S. strategic interests are deemed more immediate. This thinking reflects faulty reasoning and a flawed assessment of Africa's future. Political, economic, and social changes afoot in Africa all substantially temper this gloomy view, and the continent has an impressive wealth of human and natural resources, many of which are significantly underutilized.

While the dialogue on Africa has put the spotlight on population growth, declining per capita food production, urbanization, ethnic conflict, civil strife, refugees, drought, famine, and starvation, many sub-Saharan nations have quietly demonstrated impressive economic growth rates and improved social well-being. Since the early 1980s, over two-thirds of African countries have undertaken structural adjustment and economic recovery programs supported by the World Bank and the International Monetary Fund.[4] Governments reacting to pressures from international agencies, local non-governmental organizations (NGOs), and private businesses have also begun to see new opportunities, and policy-makers and development assistance organizations now generally agree that governments must concentrate on reforming institutions, establishing policies, and enacting laws that encourage public expression and participation, as well as the development of the private sector.

As part of economic recovery programs, governments are often called on to devalue their currency, remove price controls and subsidies (particularly in agriculture), augment domestic savings, encourage investments and make them more efficient, privatize state operations, diversify the economy, increase merchandise exports, and cut government expenses. In turn, these moves may make it necessary to decentralize responsibilities, authority, and capacity to local levels of government and to non-state actors and institutions best suited to analyze and implement policy. For example, in countries such as Ghana, Tanzania, Uganda, and Zambia, parastatals responsible for agricultural marketing and input supply have been replaced by private enterprises. In Ghana, where the customs bureau has been restructured as part of public-sector reform, performance-linked pay has led to a doubling of revenue in just three years.

Partly as a result of macroeconomic reforms, many countries have achieved positive per capita growth rates.[5] Aggregate growth rates in 1995 and 1996 for the 35 countries implementing economic policy reforms averaged 5 percent, more than twice the rates of the previous decade.[6] For the region as a whole, statistics show that 1995 was the first year of positive per capita income growth—1.1 percent—since 1989, and 1996 is expected to have been even better. For the decade beginning in 1996, the annual economic growth rate (gross domestic product) for sub-Saharan Africa is projected at 3.8 percent, double that for the decade that ended in 1995. Growth also appears to be more widespread, exceeding 3 percent in nearly 30 countries, including some with growth rates above 4 percent.[7] At the same time, the number of countries with negative growth is steadily declining.

These numbers do not paint an unequivocally optimistic picture of the continent, but neither are they simply short-term trends. In fact, economic growth in Africa can be sustained partly because of the array of natural resources, many underused, that the continent possesses. For example, Africa has 23 percent of the world's land; yet, less than 25 percent of arable land is actually cultivated, and only 2.8 percent of the cultivated land is irrigated. Merely 1 percent of Africa's approximately 4,500 cubic kilometers of annual internal renewable water resources is currently being put to use. Only a tiny fraction of Africa's rangeland is being managed as improved pasture. And Africa's forests, including almost a third of the world's tropical forest cover, could yield significantly more timber and other products.[8] *(See Figures 1 and 2.)* These resources support local and national economies, as well as local livelihoods, and promise food security for the vast majority of Africans. They also support the production of the coffee, tea, cocoa, peanuts, pineapples, and mangoes savored around the world. And they could support much more.

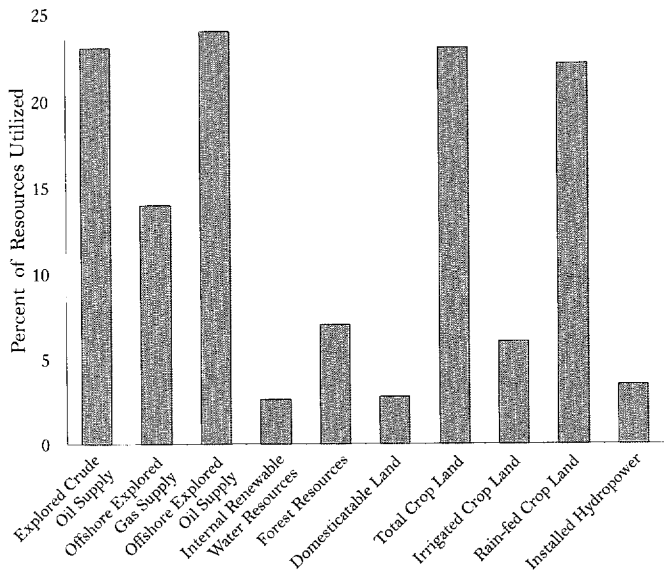
Geologically, Africa's mineral potential is at least equal to that of other continents. West Africa is rich in gold, tin, and iron ore. *(See Figure 3.)* Southern Africa is literally a gold mine, with industrial and precious diamonds and copper as well as gold. Botswana's diamond deposits rank among the world's richest. Guinea houses some of the world's highest-quality bauxite reserves; the copper ore in Zaire and Zambia is three to four times higher grade than that in the United States; Ghana, Burkina Faso, Mali, Ethiopia, and Sudan all have considerable potential in gold. Many minerals strategic to the United States abound in Africa, 54 percent of the world's cobalt, 32 percent of bauxite, 52 percent of manganese, and 81 percent of the chromium stocks.[9] South Africa alone has 84 percent of the world's total reserve base of the platinum minerals, and Zimbabwe has significant platinum potential.[10]

Natural energy resources, nonrenewable and renewable, including oil, gas, coal, hydro, and geothermal resources, are plentiful, yet underdeveloped and underutilized. For example, currently, less than 4 percent of Africa's vast hydro potential (an estimated 300 gigawatts), and even less of its geothermal, solar, wind, or biogas potential are being harnessed. Known reserves of natural gas total the equivalent of 250 gigawatts of electricity—20 times current installed hydropower capacity.[11]

In 1989, proven petroleum reserves in Africa were estimated at 20.5 billion barrels, most of which are located in the Gulf of Guinea. Nigeria and Angola together account for 80 percent of the region's annual production of 2.2 million barrels a day, of which 84 percent is exported (over half to the United States).[12] Gabon (12.5 million metric tons), Congo (7.2 million MT), and Zaire (1.5 million MT) are the other significant producers in sub-Saharan Africa.[13] Much of Gabon's oil goes to the United States which has contributed to its $880-million trade surplus with the United States.[14] And some experts now speculate that Gabon and Angola have more offshore oil than was previously estimated. International security experts are quick to point out that during the 1973-74 Arab oil embargo, Nigeria was the top supplier of oil to the United States.[15]

Figure 2.

Exploration of Potential Natural Resources in Africa, 1994



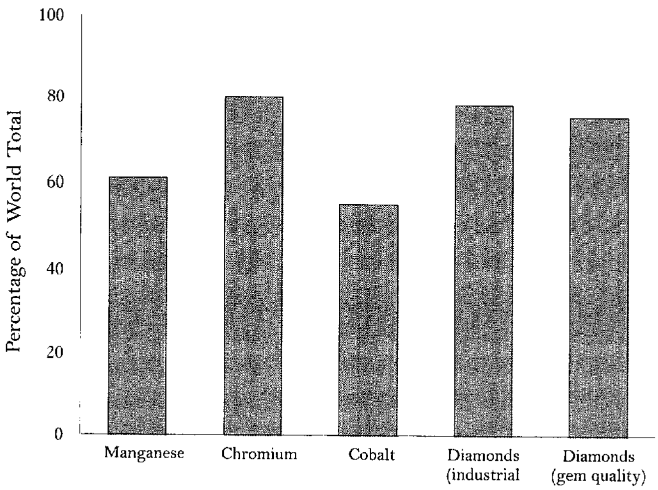
Source: *World Resources 1994–95: A Guide to the Global Environment,* Washington, D.C.: WRI.

Africa's ecosystems and their biodiversity are particularly crucial from the perspective of realized and potential goods and services for the entire globe. A recent list of the world's centers of biodiversity identified 18 "hot spots" based on high plant endemism and threats from human activity; four of these are in Africa.[16] Of the 241 world areas richest in plant diversity, 32 are in Africa.[17] Indeed, the Cape Region of South Africa has one of the largest number of endemic plant species of any region of the world.[18] Ethiopia is one of the world's eight major centers of crop diversity—important for future food supply.

Areas of high species-richness often signify untapped potential for future goods, including new food crops, medicines for once-incurable diseases, timber and nontimber forest products, and such everyday industrial goods as plastics, gums, polishes, and so on. From the standpoint of ecosystem services, Africa's forests are a huge "sink" for carbon dioxide, encouraging slow-growing vegetation and locking in vast quantities of carbon dioxide that would otherwise be released into

Figure 3.

Africa's Share of Exploitable Mineral Resources, 1994



Source: *World Resources 1994–95: A Guide to the Global Environment,* Washington, D.C.: WRI, p. 283.

the atmosphere, with potentially disastrous climate change consequences.

The continent's marine ecosystems are used not only for intra- and intercontinental transport; they also support vast stocks of fish eaten locally and, increasingly, around the world. Millions of Africans get most of their protein from fish, and for many hundreds of thousands, fishing provides a livelihood. Three of the world's nine major ocean upwellings are off the coast of sub-Saharan Africa—Ghana to Nigeria, South Africa, and Somalia. A fourth occurs off of Western Sahara and Morocco.[19] Although fresh water is distributed unevenly over the continent, the banks of rivers and the shores of lakes are densely populated by those who count on the water and fisheries. The basin of the Nile, the longest river in the world, embraces parts of nine countries.

Learning from Local Success

Today, most Africans still live in rural areas, earning a livelihood in small-scale farming, herding, and fishing. Their ability to manage the resource base that permits this should not be underestimated. Demba Mansaré, a Senegalese farmer and director of COLUFIFA (Committee for the End of Hunger), notes that he and his colleagues did not wait for the 1972 United Nations Conference on the Human Environment in Stockholm to include protection of the physical and cultural environments in their grassroots development work. They had witnessed the continuous degradation of the ecosystems on which farmers depended, and decided to do something "despite our limited size as compared to the whole planet earth." With the encouragement and support of COLUFIFA, many farmers changed their practices to better conserve the soil and manage scarce water for improved agricultural production and domestic use.[20]

Case studies on successful grassroots development approaches compiled by the World Resources Institute testify to the storehouse of knowledge and talent that has for too long gone unnoticed and untapped. *(See Chapter 8 in the book).* This knowledge base can be used not only to protect the natural resource base and livelihoods, but also to reverse declines in per capita agricultural production. Smallholder farmers across the continent have taken various measures to safeguard soil and water resources, such as multiple cropping, crop rotations, terracing, agroforestry, check dams, and irrigation canals. Livestock herders have long managed pastures through rotations, restricting land use to safeguard against overgrazing, and protecting resources for dry-season use.

In the Katheka area of Kenya, for example, 75 kilometers from Nairobi, residents have salvaged their poor soils. Sparse rainfall, hilly terrain, and water runoff make soil erosion a fact of life. But in the early 1970s, when the erosion reached crisis proportions, people turned to the traditional self-help *mwethya* groups for leadership, organization, and local resources. These women's groups cooperatively built bench terraces and cut-off drains on hillside farms, constructed subsurface and check dams in gullies, installed hand water pumps, and took turns helping in each other's fields. Their work has paid off in more agricultural production, higher incomes, and improved living standards and human welfare.

Another example comes from Ghana, West Africa. In 1983, six villagers in Goviefe-Agodome organized a self-help "mobilization squad" (mobisquad) to invest in their own and the community's future. With the village leaders' support, the mobisquad obtained abandoned communal land and in 1986 established its first group farm. To rehabilitate the land, the group intercropped several cash crops with various economically important tree species. Most of the profit from the operation was divided equally among the members; the remainder was reinvested in two community projects. By 1990, the group had 71 members, with at least one individual from each household.

A third example comes from Zimbabwe, in southern Africa. In the dry Mazvihwa and Vungowa communal lands in Zvishavane District, many farmers use traditional management approaches to cultivate small wetlands, locally referred to as *dambos*, sustainably. Despite the fragility of these ecosystems, three to four harvests of maize, rice, groundnuts, and vegetables have been continuously cropped each year, in some cases, for over a century, with no loss in productivity. Local practices include multiple cropping and crop rotations with legumes, the use of manure to maintain soil fertility and ensure appropriate soil texture, minimal tillage, and limits on trampling by cattle. *Dambo* farming offers insurance against years when rainfed crops fail. It also provides an important source of water for people and cattle.

Although local success stories like these abound, until recently they had been neither well documented nor publicized. A few NGOs and international donors, such as the International Fund for Agricultural Development and the U.S. African Development Foundation, have taken the lead in supporting the work of rural Africans and providing them with much-needed financial and other resources when their self-help initiatives are endangered. Such capacity-building may be one of the least recognized but most far-reaching impacts of foreign support. People's initiatives point the way to public policies and other actions that support community-based natural resource management and development. For example, experience with sound local resource management and community-based sustainable development reveals the importance of secure land tenure and long-term access to other resources, the capacity to organize and manage such resources, as well as economic opportunities and market incentives. *(See Chapter 8 in the book.)*

In a growing number of countries, central government departments have begun to reform policies and repeal laws that contradict local sustainable development and to facilitate community-based development and resource management. In Ghana, Uganda, Zimbabwe, and elsewhere, the government has decentralized resource management responsibilities and devolved rights to use and benefit from natural resources to local governments, the private sector, communities, and civil society in general. Donor agencies, local and international NGOs, communities and citizens, and in some cases the private sector have been working with these national and local governments to design policies that help rural people shoulder new responsibilities, capitalize on new rights and opportunities, and take charge of their own development.

Africa's needs are also being increasingly expressed and addressed at the international level. African-led concerns about desertification and dryland management helped push forward the Convention on Desertification. And for the first time in the 50-year history of the United Nations, a sub-Saharan African, Kofi Annan from Ghana, is the Secretary-General. He is one of a growing number of Africans gaining power on the international scene, just as their countries are rising above poverty and strife.

Seeds of Change

In the past few years, many Africans have witnessed radical shifts in economic policies and seen their governments relax control over political activities. Noteworthy trends include legalized political opposition; expanded freedom of association, expression, and the press; increased access to information and justice; and greater protection of persons and property against arbitrary action by the state through constitutional and legislative reform. More than 30 African countries have held popular elections in the past seven years; many have held several elections at the national and local levels.

Many of the world's new democracies have been established in sub-Saharan Africa.[21] Reluctant rulers are being challenged, and, though some reverses in the movement for democracy are to be expected, "the age of the dictator and 'president-for-life,' while not yet over, is waning."[22] The opening up of the political arena has created opportunities for Africans to participate in government decision-making, including policy, to monitor government actions, and to demand transparency, consent, compliance, and accountability. Harking to democracy's call, many citizens have mobilized NGOs, private companies, and special interest groups that are pressing for reforms and working to keep governments open, participatory, and accountable.

Pluralist political systems are also giving rural Africans the right to a voice in policy-making. For cotton farmers in Mali, the ability to establish independent organizations to defend the interests of producers and represent them in policy-making has been the single greatest reward of democratization.[23] In fact, to the vast majority of people who live in the countryside, the significance of democracy may lie in the freedom to associate openly, to elect their own representatives to local government, and to have more say in how natural resources are managed. This kind of devolution of authority means far more than the creation of a "centralized multiparty democracy" that does not necessarily increase opportunities for true grassroots participation.

Countries such as Uganda and Ghana are on their way to democratizing the local governments that will participate more actively in future resource-management decisions and actions. In Tanzania, pressure from local opposition parties is mounting, along with a movement to create a truly independent judiciary (as well as legislature). Judicial reforms are also underway in Mali, Mozambique, and Zambia. In brief, even if all African countries cannot soon make a complete and permanent transition to multiparty democracies, the new democracies that have emerged on the continent in the last few years alone illustrate a trend toward greater political freedom that will be hard to reverse.

Investing in People

Sub-Saharan Africa has a population of about 600 million, 13 percent of the world total. By 2025, this figure is likely to have doubled, with an estimated 54 percent residing in urban areas.[24] Africa's resilient citizens are its greatest asset, and investing in their future may be the most direct way to assure that the impressive natural resource wealth of the continent is well used and sustained.

Although many of the indicators of social well-being in Africa are still well below the world average, most are improving, and certain countries have made significant strides in the past two or three decades. For example, from 1960 to 1995, average life expectancy in sub-Saharan Africa rose by more than a decade (from 40 to 51.6 years). In Mauritius, people on average can now expect to live 70.2 years; in Botswana, 64.9 years; in Lesotho, 62.9 years; and in South Africa, 60.5 years.[25] Infant mortality rates in Africa are the world's highest on average, but differences within the continent are stark: 166 per 1,000 live births in Sierra Leone, 159 in Mali, 148 in Mozambique, 67 in Zimbabwe, 53 in South Africa, 43 in Botswana, and 18 in Mauritius.[26]

Concerted effort with aid from international agencies, such as the United Nations Children's Fund and the United Nations Development Programme, has made a remarkable difference in the health of mothers and young children. Today, at least half of all 1-year-olds are fully immunized, and this percentage is much higher in some countries. More women receive prenatal care now than ever before, which is one reason that both maternal and infant mortality rates are falling. And while the percentage of people with access to safe drinking water is still low—45 percent—the figure has almost doubled in three decades.[27]

As for the continent's future, one telling sign of progress is the rapid rise in literacy rates. In 1992, 51 percent of the sub-Saharan population was literate, compared with 28 percent in 1970, and an encouraging 73 percent of those 15 to 19 years old fell into this category.[28]

In particular, in the past five years, many African nations have used foreign assistance from industrial nations to make significant development strides in education, health care, and environmental management. At the same time, governments have established new priorities and restructured their budgets accordingly. For example, the percentage of total public expenditure allocated to government and the military has fallen, while the share devoted to the education and health sectors has increased— in Ghana's case, to 40 percent.[29]

While there is still much more work to be done, many of those who have significant impact on today's debate over Africa's place and prospects in the world are highlighting just the "bad news." In so doing, they are telling only part of the story.

Reformulating Investment and Assistance

During the Cold War, political and security concerns were the prime motivators of U.S. foreign assistance. Funds were more often used to fight communism than to promote lasting development and security. Democracy, human rights, and economic policies received relatively little attention. As long as African leaders voiced opposition to the Soviet Union and communism, they continued to profit from U.S. support. The Cold War agenda rarely included investment in local development, and in many countries it actually undermined communities and sustainable development. Indeed, the four countries that received the largest amount of U.S. assistance during the Cold War period—Zaire (now the Democratic Republic of the Congo), Liberia, Somalia, and the Sudan—are now among the worst off. In these countries, despots were continuously responsible for human rights abuses and economic decline. No wonder "foreign aid" lost its appeal for U.S. taxpayers.

Africa's strategic importance has changed radically in the post-Cold War era. Investment and assistance can no longer be justified as ways to contain communism and the threat of the Eastern bloc. Nor can African nations be manipulated like pawns in the geopolitical games of military superpowers. Whereas Soviet-era foreign aid often required the United States to choose between humanitarian values and national security interests, these two motives now complement each other.[30] For the first time, investment can have an entirely positive focus, strengthening economies, including the global economy, and supporting Africans in the struggle to improve their lives.

Bilateral assistance and private investors now have a golden opportunity to reverse old patterns and provide resources that will advance sustainable development both in Africa and in the rest of the world, including the United States. These ends are entirely justifiable if U.S. interests are defined accurately and comprehensively as promoting economic security by creating markets for U.S. goods and jobs for U.S. citizens; protecting the United States against specific global dangers, such as rapid population growth, biodiversity loss, and climate change, that threaten the well-being of American citizens; enhancing the chances for peace and stability everywhere in the world; and preventing crises that require expensive peacekeeping and emergency relief and that often precipitate floods of refugees and immigrants.

Although the United States is a small donor relative to others working in Africa, it has led efforts to reshape assistance in order to address the root causes of underdevelopment through, for example, natural resource management, environmental protection, and related activities. Indeed, the United States Agency for International Development (U.S.AID) is the largest bilateral donor in Africa supporting natural resource management and environmental conservation. During her confirmation hearing, U.S. Secretary of State Madeleine Albright noted that international affairs is only "one percent of the federal budget, but that one percent may well determine 50 percent of the history that is written about our era."[31] Indeed, the direction of that history will in large measure depend on the leadership, values, and vision of the United States, prominently including United States' relationships with and in Africa.

Even relatively small amounts of financial support can go a long way in preventing the type of costly crisis that has overwhelmed such countries as Somalia and Rwanda. For example, in 1993, the U.S. Government spent nearly $2 billion on "Operation Restore Hope" in Somalia, almost twice its total bilateral foreign assistance and development budget for the whole of Africa that year.[32] Initial U.S. expenditures during Rwanda's crisis exceeded $1 billion, and the U.S. Government spent more than $1 million a day on feeding programs in Rwanda and neighboring countries for several months thereafter. In comparison, from 1990 through 1994, the United States provided $13.6 billion, an annual average of $2.7 billion, of assistance to Africa directly through U.S.AID (including the PL 480 food assistance program), and indirectly through the World Bank and other international institutions.[33]

It is perhaps ironic that this chance to redefine U.S. national interests has coincided with sluggishness in some Western economies and major shifts in many countries' domestic priorities, most significantly in the United States. In many Western nations, politicians concerned with fiscal responsibility and balanced budgets have made foreign assistance a prime target for the budget ax. Total official aid to sub-Saharan Africa fell from almost $17 billion in 1990 to $15.4 billion in 1994, and the region now receives only 32 percent of all official development assistance to the Third World.[34]

In Washington, the political climate will likely remain difficult for advocacy on Africa. The re-elected Republican majority in both houses of Congress will continue to press for cuts in international affairs budgets. And the retirement of Senators Nancy Kassebaum (R-Kan.) and Paul Simon (D-Ill.) removes two of Africa's most prominent allies on the legislative front. Although sympathetic lawmakers are still found in both the Senate and the House and despite some recent attention to Africa *(see below)*, it will most likely be an uphill battle to build a core of members ready to speak out regularly on African issues.[35]

Without question, Americans should demand and receive a thorough accounting of how their tax dollars are spent, including those funneled through development agencies. Also, foreign assistance clearly must serve U.S. national interests if it is to be effective and to sustain public support. But the dialogue on foreign assistance, its role in Africa, and its relationship to national security and other strategic interests, should be cast in terms of Africa's resources, progress, and potential as well as the effectiveness of aid in improving people's lives.

Trade Relationships

The political and economic strengthening of Africa will lead not only to growth and development in the targeted nations, but also to worldwide growth. In a speech to the Summit on Africa Aid, U.S.AID Administrator Brian Atwood noted that African markets for U.S. goods are already growing more rapidly than European markets, even though they remain much smaller in volume.[36] Equally important, the trends in export growth parallel domestic reforms; in recent years, the United States exported more to countries with the best political and economic reform records, while trade with countries with the poorest records declined.

Assistant Secretary for African Affairs George E. Moose, in an August 1996 statement before the Subcommittee on Trade of the House Ways and Means Committee, noted that "(T)he United States has an important economic stake in Africa's success...two-way trade between the United States and Africa last year reached a new high—$18 billion—11% greater than in 1994."[37]

Such a level of trade creates more than 150,000 jobs in the United States. If current export growth continues, 30 years from now the United States will be exporting $50 billion worth of goods to Africa, the equivalent of $600 in business for every American family.[38]

In 1996, U.S. trade with the 12 countries of Southern Africa totaled over $9 billion, a level comparable to trade with the 15 Republics of the former Soviet Union combined. U.S. exports to Africa increased 23 percent above the 1994 level, to $5.4 billion, and in 1996 that figure rose to $6.1 billion. During 1995, the United States imported $12.6 billion from Africa, mainly oil, a 12 percent increase from 1994, and in 1996 that figure rose to $15.2 billion.[39] Again, according to Assistant Secretary Moose, "(I)f the risks of doing business in Africa are higher than in many other places, the rewards, in the form of average rates of return on book value of 25%, are among the highest in the world."[40]

Although African markets, trade, and investment remain underdeveloped and account for only 2 percent of world trade totals, with more than a half-billion consumers, the continent's potential could resemble that of the so-called Asian Tiger countries in the 1960s. Indeed, in November 1995, U.K. Foreign Secretary Malcolm Rifkind noted, "While many are still dazzled by the tigers of Asia, the farsighted are recognizing that Africa could be a boom region of the 21st century."[41] In 1992, sub-Saharan Africa imported $63 billion in goods from around the world. Imports have risen by an average of 7 percent each year for the past decade. At this rate, African markets will amount to $480 billion by 2025 ($267 billion in current dollars).[42] Meanwhile, the continent's exports rose by 4.2 percent in nominal value (although only 2 percent in volume) between 1993 and 1994—from $91.3 billion to $95.2 billion. The impressive rally of commodity prices saw a turnaround in Africa's terms of trade from a 4.9-percent fall in 1993 to a 0.6-percent gain in 1994. The gain for non-oil commodity exporters was 17 percent.[43]

The current level of private investment in less industrialized countries has reached an all-time high, with much of the flow to non-African countries such as Brazil, China, India, and Mexico, which until very recently were considered investment pariahs.[44] Since 1988, foreign investors have poured more than $400 billion into the Third World, but have largely shunned Africa.[45]

With its economies not yet able to attract adequate foreign capital,[46] investment flows into sub-Saharan Africa during the early 1990s stagnated while those to other developing regions, notably Asia and Latin America, increased. Africa's share of foreign investment flows declined from 8.9 percent in 1991 to only 2.9 percent by 1994, according to an International Finance Corporation study. Moreover, 70 percent of investment flows into Africa in the early 1990s were concentrated in oil-exporting countries, mainly Nigeria.[47] Between 1994 and 1995, the United Nations reported that foreign investment in the continent plunged by another 27 percent, to $2.9 billion. Today, the continent receives roughly 3 percent of the $96.8 billion foreign direct investment flowing into developing countries.[48] Consequently, export growth in Africa has lagged behind the growth of world trade and African exports remain highly concentrated in primary commodities.[49] Today,

BOX 1.

On paper, Ghana has offered foreigners powerful investment incentives. They include 8-percent income taxes for companies that invest in nontraditional exports, tax breaks for those who invest in sectors such as agriculture and manufacturing, and some exemptions on customs duties. In a change from the past, foreign companies in Ghana can have 100-percent ownership, easily repatriate their money, and are legally protected from having their businesses nationalized. Yet in 1996, foreign investment outside the mining, petroleum, and timber sectors in Ghana dropped sharply, from $94 million for the first half of 1995 to $41.2 million for the same period in 1996. In 1995, foreign investment made up only 4 percent of Ghana's gross domestic product.[a]

[a] Stephen Buckley, "Wave of Trade Leaves Africa Parched," *Washington Post*, December 31, 1995.

most countries in Africa do not have stock markets, and only a handful of those that do are open to offshore investors.[50]

Although broad growth remains elusive, in the 1990s the flow of private investment to some African countries, such as Ghana, Tanzania, Uganda, and, more recently, South Africa, has increased.[51] Indeed, South Africa is now drawing substantial investments from multinational companies.

Increased stability, infrastructure, and consumer buying power as well as macroeconomic and political liberalization in African countries should further improve the climate for trade and investment, especially in the low-wage manufacturing plants that are often the basic building blocks of foreign investment. *(See Box 1.)* Competition is already high in some areas, witness severe tensions between U.S. and French oil companies over Gabon's petroleum resources in 1993,[52] and more recently the clamoring over mining concessions in Zaire in the midst of the civil war, including negotiations with the then rebel leader, Laurent Kabila. Indeed, while loans to Africa from multilateral development banks (MDBs) have plunged (from $6.7 billion in 1989 to only $4.2 billion in 1994), MDB loans to the private sector are skyrocketing (from $697 million in 1989 to $1.1 billion in 1993).[53]

No sector of the U.S. economy is growing faster than the export sector, which has doubled from 5 to 10 percent in the last decade. Still, the United States market share in the region—at 6.7 percent—lags behind Japan's 7.2 percent, and well behind the 30 percent share enjoyed by the European Union. Equally important, the U.S. still runs a significant trade deficit while most of our European allies maintain a trade surplus with the continent.[54] Japan enjoys a trade surplus with 40 of the subcontinent's 48 countries. The U.S. share of the market will surely dwindle and its trade deficit will increase if the government does not make a more concentrated effort to promote economic interests. The threatened U.S. disengagement in Africa has already led some to believe that "America's clout is not being lost to Africa's former colonizers. Instead, it is being picked up by Japan, the world's most formidable economic power."[55] In recent years, the Japanese have steadily increased both aid and investment in Africa.

In July of this year, however, U.S. President Bill Clinton announced a new trade and development initiative for Africa at the Denver G7 Summit, involving increased use of private capital, debt relief and the lowering of U.S. trade barriers in an effort to bring economic and social growth to the continent. The initiative combines a more focussed approach to assistance with trade and investment incentives to encourage economic and political reform. Some components of this initiative are now in draft legislation before the U.S. Congress.

Aid Relationships

Public development assistance programs that help poor people and nations strengthen the U.S. economy and support its broader foreign policy goals. As such, bilateral and multilateral public assistance should increasingly be viewed as public investment. Indeed, foreign assistance often encourages private investors by helping establish and strengthen truly democratic institutions, and addressing the root causes of the corruption and red tape that have kept businesses away from Africa for so long. It also often supports infrastructure development, improves governance, and helps create economic stability. It is a small investment that goes far in boosting U.S. trade.[56]

Despite this, recent years have seen growing isolationism and shrinking budgets that have cut development assistance programs by more than a third. Meanwhile, the legislation and institutions behind these programs have become buried under three decades of often-contradictory statutes and regulations. Disengagement by the U.S. government would send a signal to U.S. companies that their investments are in greater jeopardy. The danger of losing a market with potential such as Africa's should be carefully considered before writing the continent off as too questionable a risk.

Few will question the withdrawal of U.S. bilateral support to corrupt politicians or to dictators and their governments who terrorize their populations; yet, for at least two compelling reasons, giving aid to established democracies and helping to launch new democracies cannot be the only rationales for support.

First, setting up public and private institutions flexible enough to adapt as agendas and priorities shift takes time, and multiparty elections alone cannot assure pluralism such that all citizens will be actively engaged in governance. If anything, recent experiences in Africa have already shown that ruling parties can manipulate multiparty national elections, even under international scrutiny. Further, the real challenge for African democratization is to ensure participation and accountability not only at the national level but, perhaps more important, at the local level. Many African countries, such as Ghana, Uganda, and others in southern Africa, have achieved remarkable levels of decentralization by efforts such as granting greater autonomy to and empowering local governments and promoting local participation in subnational elections, devolving critical power to citizens and communities, and providing freedoms of association, information, and expression.

Second, withdrawing all foreign assistance has had limited success in bringing down dictators and their cronies. Under chaotic conditions and away from international scrutiny and action, the powerful elite profit from the plunder of national resources and the impoverishment of the masses. For example, an experienced businessman in Zaire observed that the late Mobutu Sese Seke, Zaire's fabled dictator until May 1997 when he was overthrown, actually encouraged the chaos there. Hyperinflation made it easy for foreigners to make money, and they in turn lined Mobutu's and his allies' pockets. In the past, the army had been paid off by Mobutu and the people had not been able to topple him partly because there are no roads, and the absence of communication makes it very difficult to organize an effective opposition. In the total corruption that reigned, everyone fended for themselves and people's allegiance could be bought one by one.[57]

Although halting support to Africa may not be the best way to defang its ruling "Big Men," even sharply curtailing foreign assistance will hurt Africa's "little men and women," the millions of marginalized smallholder farmers and herders in often isolated rural regions who are the mainstays of African economies and its labor force, and who swell the ranks of the poor and the hapless refugees. Although they have weathered years of bad economic policies with resilience, Africa's rural majority and their self-help organizations are politically disenfranchised as well as financially and, in some cases, technically hamstrung. Most of the rural population has long lacked a voice in public policy-making. In some countries, policy research, lobbying, and advocacy are associated by government with political activism, and are grounds for imprisonment or even death. Many African experts agree that irresponsible leadership, nondemocratic governments, civil unrest, and instability rank among Africa's most pressing problems (since the late 1950s, 25 African countries have undergone at least one violent government change—war, coup, or countercoup).[58]

Against this backdrop, it is crucial to support social structures and civic organizations (along with other key components of pluralism, such as an independent legislature and judiciary) that will challenge dictators and ensure that governments respond to citizens' needs. Strengthening such institutions, whether women's groups, farmers' collectives, artisans' cooperatives, or environmental organizations, will both enhance government accountability and give citizens the tools they need to express beliefs and build communities.[59]

Groups concerned with land and natural resource management are particularly important, especially those trying to influence policy-makers and impact government policy and legislation. National and household economies that depend on natural resources stand to lose a lot when the resource base becomes so degraded that it cannot produce. Conflicts over land and other resources already clog many local courts throughout Africa, and the underlying problem is often linked to civil unrest and even wars that may force U.S. action, as in Somalia and Rwanda.

According to Wangari Maathai, the outspoken force behind Kenya's Green Belt Movement, "if governments lack political will to apply laws, regulations, and agreements to which they have subscribed, only an informed and involved community can stand up for the environment and demand development that is sustainable and that is friendly to the environment."[60] In much of the current dialogue on development assistance to Africa, this line of reasoning has been termed "strengthening civil society." Although civil society is defined variously by political scientists, all agree that in anarchy there is no strong and influential civil society.[61]

While NGOs can help strengthen civil society by working directly with the segments of the population that African societies literally cannot live without— smallholder farmers (men and women), fishers, herders, and so on— responsible governance must also be a major aim of foreign assistance. Wangari Maathai and many other NGO leaders concerned with the environment and natural resource management have been forced to become more political precisely because their community development work cannot be effective without sound government and pluralism.

Conclusion

The lens through which Americans have come to see Africa needs to change. Charity and Cold War politics should give way to investment in the future of Africans and Americans alike. Timely assistance to the continent both offsets spiraling disaster-relief costs and helps the rural masses better secure their livelihoods. It also boosts U.S. trade and investment, creating more jobs and greater profits for Americans.

The most effective focus for foreign assistance is now clear. Since Africa's rural majority (and many national economies) depends overwhelmingly on the natural resource base, assistance should strengthen communities, citizens and civil society, in general, as well as promote sound resource management and sustainable production processes. While continuing to support and work with democratizing central governments, U.S. investment must also find ways to reach farmers directly through local governments, NGOs, the private sector, and community grassroots groups.

When faced with corrupt and irresponsible governments, the United States should use all methods possible, including foreign assistance, to empower local groups trying to influence and improve government institutions, policy, legislation, and actions. Consortiums of non-governmental and grassroots organizations, trade unions, and manufacturers' associations need support. Consider here the decisive difference that support to opposition parties and other independent groups made in the U.S. policy of "constructive engagement" in South Africa during the apartheid years. This lesson should not be lost in developing U.S. policy toward countries such as Kenya, Burundi, Cameroon, Nigeria, Togo, Sierra Leone, and The Gambia, which also have governments that restrict political rights and civil liberties.

Such U.S. assistance and investment in Africa sends two important messages. For leaders struggling to make changes and work with citizens to improve their lives, the message is one of hope, support, and affirmation of shared goals and values. For the few remaining corrupt rulers whose governments are denied direct American engagement, it signals that the United States will no longer tolerate and support poor governance and, indeed, will work with local and international organizations to challenge dictators.

As the debate about aid and investment in Africa and its links to U.S. national interests gathers momentum, Americans must understand the long-term essential importance of Africa, a beleaguered continent, yes, but one blessed with enormous latent wealth that its resilient, diverse peoples will one day share with those who help them develop it.

Notes

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3. Robert D. Kaplan, "Proportionalism." *Atlantic Monthly*, August 1996, p. 17.
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5. Despite macroeconomic reforms, poverty persists, and rural poverty is especially pervasive. The World Bank estimates that annual growth rates of less than 6 percent will not reduce poverty significantly in most countries. Only a handful of countries in sub-Saharan Africa have achieved this target *(see endnote 33)*. Africa is the only region in the world where poverty is expected to increase during the coming years. Thirty-five African nations are still classified as low-income, with per capita gross national products of $700 or less in 1994 *(see endnote 36)*. Five of the world's seven developing countries with critical food security indexes (1990–92) and 17 of the 20 developing countries with low food security indexes are in Africa *(see endnote 19)*. Food intake per person is estimated at 87 percent of daily requirements (in 1996). By 2010, the number of undernourished people could reach some 300 million, up from an estimated 175 million in 1988–90 *(see endnote 19)*.
6. Council on Foreign Relations, 1997. "Promoting U.S. Economic Relations with Africa." Statement of an Independent Task Force.
7. G.E. Moose, Assistant Secretary for African Affairs, U.S. Department of State, testimony before the Subcommittee on Trade of the House Ways and Means Committee, Washington, D.C., August 1, 1996.
8. World Resources Institute, *World Resources 1994–95: A Guide to the Global Environment* (New York: Oxford University Press, 1994), p. 308.
9. World Resources Institute, *World Resources 1994–95: A Guide to the Global Environment* (New York: Oxford University Press, 1994), p. 338–9.
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13. The World Bank, African Development Indicators 1994–95 (Washington, D.C.: The World Bank), p. 80.
14. S. Smith, "Africa: Terra Incognita," in *Freedom in the World: The Annual Survey of Political Rights and Civil Liberties* (Washington, D.C.: Freedom House, 1994), pp. 28–29.
15. W. Kansteiner, "U.S. Interests in Africa" *CSIS Africa Notes* (February 1994, number 157), p. 3.
16. Scientists classify "hot spots" as areas particularly rich in species or where many endemic species are found. This citation comes from the work of noted environmentalist Norman Myers. World Conservation Monitoring Centre, *Global Biodiversity: Status of the Earth's Living Resources* (New York: Chapman and Hall, 1992), p. 155.
17. World Conservation Monitoring Centre, *Global Biodiversity: Status of the Earth's Living Resources* (New York: Chapman and Hall, 1992), p. 164.
18. World Conservation Monitoring Centre, *Global Biodiversity: Status of the Earth's Living Resources* (New York: Chapman and Hall, 1992), p. 161.
19. World Resources Institute, *World Resources 1994–95: A Guide to the Global Environment* (New York: Oxford University Press, 1994), p. 186.
20. In August 1993, the World Resources Institute's 2050 Project solicited essays describing a desirable and sustainable future in the middle of the next century from people all around the world. Selected essays appeared in *Choosing Our Future: Essays and Interviews on Sustainability*. Others, including the one by Demba Mansaré, have been kept on file for future use.
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33. George E. Moose, Asst. Secretary for African Affairs, U.S. Department of State, statement before the Subcommittee on Trade of the House Ways and Means Committee, Washington, D.C., August 1, 1996.
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