

Correlation between political Instability and the rise of poverty in Africa

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Abstract

This paper is a critical appraisal of the political economy for Africa's development that has been marred by a number of challenges. The paper argues that, Africa's indebtedness is the root cause of poverty that is related to maladministration and corruption. In the 1970's, a number of African countries were challenged by the falling prices of their commodities and this was exacerbated by the weakening of the terms of trade. This situation pushed African governments to start thinking of borrowing funds from international organisations such as the World Bank and the International Monetary Fund (IMF) as well as other private lenders in order to support their budget deficits. The argument is, were these funds adequately used to serve the purpose that was to finance budget deficit and undertake development projects? However it is strongly argued that, the political instability in African countries is the result of lack of good democratic governance to manage public affairs. This paper tries to demonstrate the correlation between political Instability and the rise of poverty in Africa as the root cause of African challenges.

Keywords: Political Economy, Africa, maladministration, corruption, governance.

I-Introduction

After assessing Africa's poor economic performance from 1960-1980 that was exacerbated by the oil crisis in the 1970s, African intellectuals and experts crafted the then African development agenda called the Lagos Plan of Action (LPA, 1980-2000) as a result of Africa weak economic performances particularly attributed to maladministration and external shocks that were not adequately handled by corrupted governments. The above are perhaps the direct consequences of the fact that, poverty and wars have been very strongly entrenched in Africa. This situation severely undermined any attempt to achieve socio-economic development initiatives until the late 1979 when African leaders decided to establish a platform to discuss the future of Africa. Edoun (2015) argued that, Africa's debt is viewed as the biggest challenge in the management of public affairs. Debt is said to be attached to higher interest rates and the conditionality that makes it very difficult for government to achieve acceptable socio economic result.

As a result therefore Edoun (2015) further asserted that, governments struggle to deliver the most basic services such as water and electricity because of corrupted governments in one hand as well as the higher interest rate attached to the loan on the other hand. It is important to emphasize that, these loans usually take longer to be repaid as countries put more efforts in servicing the debt rather than paying the principal amounts. This strongly undermined any effort to ignite socio-economic development and regional stability in Africa.

Edoun (2015) also postulated that, the lack of governance and maladministration related to corruption and the embezzlement of public funds are other causes that make debt to become a burden for many African economies because the funds received from international partners are usually not serving the purpose or rather, the funds that are received from both bilateral and multilateral partners are not efficiently used for the purpose for which they were borrowed. Three quarters of these funds are stolen by decision-makers who use them for their own interest. The money is usually embezzled and placed in foreign banks in countries such as, the Switzerland, Luxembourg, France, and the United States just to name these few. Edoun (2015) further argued that, these stolen funds, if used effectively could have help build infrastructures and maintain existing ones; which could attract foreign and local investments in different sectors

of the economy. Investing will certainly, by the multiplier effect create jobs which in turn will contribute to economic and human development across the African continent. As a result, Africa would not have been experiencing hunger, unemployment and internal conflicts. The above situations are the ones that lead to social squabbles amongst politicians and the general public. Political instability is literally related to maladministration and corruption that are severely affecting citizen's wellbeing as well as socio-economic development.

The State of Governance in managing Debt in Africa

Edoun (2015) in his previous review of literature inferred that, governance in many African countries has been criticized for lack of transparency and accountability which characterizes the lack of democracy. Governments in Africa and their leaders have been certainly criticized because many of them do not respect the constitution in which the laws to govern are entrenched. A number of these heads of states are convinced that they are above the law. This in many cases is the reason for multiple violences and coup d'Etats in Africa as was the case in Tunisia, Egypt, Lybia, Cote d.Ivoire, Central African Republic etc... This political instability is the reason why many young African take the risk of crossing the Mediterranean Sea by all means to reach Europe in search of economic freedom.

The fact that, heads of state stay longer in governments in Africa is a true reflection of the manipulation of countries constitutions which supposed to be the legal and binding documents ratified by national parliaments. This situation in most cases is the root cause of civil wars in the continent. The introduction of the African Peer Review Mechanism (APRM) has not brought radical changes in Africa as many countries are yet to be evaluated by the APRM panel of eminent experts. The APRM is the instrument of NEPAD's good governance initiative. The instrument is a self-monitoring tool voluntarily acceded to by member states of the African Union. Its objective is to support the adoption of policies, standards and practices that lead to political stability, high economic growth, sustainable development and accelerated regional and economic integration (APRM Country Review, 2009).

Edoun (2015) strongly argued that, the legitimacy of this instrument that promotes good and effective governance in Africa is drastically undermined and thus bringing under scrutiny, the

issue of governance in Africa. Edoun (2015) further inferred that, the lack of governance related to debt management in Africa is the reason why, the International Monetary Fund (IMF) and the World Bank are always responding to calls from corrupt governments to step and bail out African countries that are usually vulnerable to external shocks and economic crises. Unfortunately, the intervention of these international organisations that are supposed to be a solution brings more problems than solutions to African economies because the bulk of funds disbursed does not serve as 60% of these funds are embezzled by political elites. This situation in most cases exposed the countries to higher interest because they default payments. The direct consequence is that, the debt burden is passed onto the next generation that continues to experience abject poverty.

Africa is certainly aware of the above challenges that it is facing. Beside the fact that, the continent is rich in natural resources, the development of a number of countries has been exposed to corruption, mismanagement and decades of wars. The majority of Africans are living in extreme poverty and inequality is widening as an exponential function, despite the continent's mineral wealth. Current and past civil wars in countries such as Sudan, Cote d'Ivoire, Somalia, Democratic Republic of Congo (DRC), Central African Republic (CAR), the Arab Spring are some of the living examples of the problems that Africa is facing because of poverty linked to maladministration.

As a result of these problems, the Lagos Plan of Action (LPA) (1980-2000) was initiated to serve as a Roadmap for Africa's Development which represents the Africa's position for debt cancellation through strategic programs such as NEPAD. The intention was to look into strategies that could help countries to become self-reliant. This led to the creation in 2001 of the New Partnership for Africa's Development (NEPAD) with a governance instrument, the African Peer review Mechanism (APRM) that serves to assess the level of governance and development in Africa. Unfortunately, some countries are resisting to be evaluated, prompting the proponents of good governance to label such countries as corrupt and undemocratic.

The Pan African Parliament (PAP) was also created to oversee the wellbeing of country members through its committees that work closely with local and regional parliaments. The

issue that is of interest in this article is to explore the common position for African leaders which insures that, debt overhang will be considerably reduced in such a way that the saving could be used to finance human and economic development

Aware of the debt burden that hangs over many countries in Africa, NEPAD initiated a number of strategies to take Africa out from the scourge of poverty. Among them is the industrial development strategy. The industrialization of the continent and individual countries according to NEPAD will certainly free Africa from the debt dependence and hence from abject poverty. The Industrialization at country level will contribute to the basic needs of citizen such as water and electricity; the creation of jobs and subsequently to the effective exploitation and management of natural resources for the development of the countries and the continent. This industrial development strategy to be effective requires the increase of resources mobilisation and the debt relief strategy.

The initial objective of NEPAD through its founding document is to advocate for debt relief in order to fight the scourge of poverty that is crippling African economies. The NEPAD founding document, (NEPAD, 2001) argues that debt ceilings should be fixed as a proportion of fiscal revenue with different ceilings for international development assistance (IDA) and non IDA countries. Since its creation, NEPAD is committed to continually engaging with donor's governments and institutions to provide debt relief for poverty stricken countries in Africa. The leadership of NEPAD has also been organising meetings in which countries share experiences related to debt relief strategies.

The Implication of Debt Cancellation on Africa's Development

The higher interest rates attached to the funds borrowed by African countries have crippled African economies for decades and there is no doubt that, the cancellation of debt in African countries will certainly have a positive impact on development in the continent . However, for this cancellation to become effective, it should be followed by the strengthening of national institutions such as the office of the Auditor General and the Office of the Public Protector. These institutions should operate autonomously in order to fight corruption, maladministration

and the misuse of public funds/goods. The strengthening of these institutions will support good governance initiative that promotes transparency and accountability which are powerful instruments that support development strategies. Therefore, the cancellation of Africa's debt could generate billions of dollars in savings that could be used for economic and human development.

These savings, if well managed, could ignite socio-economic development through the construction and maintenance of roads, the building of health care facilities and the improvement of education systems. In order to promote good governance, the government should introduce decentralisation as a policy and a strategy as public sector reform strategy in the management of public debt in order to check discrepancies at all levels of government. It is in support of the above that , Christopher Pollit and Geert Bouckaert (2009) convincingly asserted that decentralisation reforms should be related to legal acts and administrative measures that initiate a transfer of responsibility in the form of authority, resources (human and financial) and rules (institutions) from central government to local authorities. However for decentralisation to be effective it should be characterised by devolution where there is transfer by law and other formal actions, of responsibility, resources, and accountability, (Smith, 1985) and (Adamolekun, 1999).

In this way, government see into that, there is total transfer of powers and resources from the upper to the lower level of government (devolution of powers). Local authorities are given the opportunities to identify projects and implement them at local levels using the funds allocated for that purpose. Proper mechanisms should be put in place in order to monitor and evaluate the impact of these projects at local levels.

Once the principle of decentralisation is effectively active, the funds allocated through the budget and international donors will be used adequately and countries are likely to experience economic growth in such a way that local and international investors could be attracted to invest in all related sectors. Countries in this way will realize their dreams of becoming emerging countries in 2035. All regional economic communities in Africa are therefore called upon to work together under the African Union and its program NEPAD in order to improve the productivity of agriculture and ensure food security, harmonize policies and regulations in the mining sector, create new industries and upgrade existing where comparative advantage exist, strengthen

chambers of commerce, trade and professional associations and their regional networks, promote intra-African trade (NEPAD, 2001). African Position to ignite development and to eradicate poverty should strongly support the financing for development approach that has been encouraged in the 2002 Conference in Monterrey and in Doha in 2008.

These conferences were the fully aware of the challenges being faced in meeting development goals and the need to source or develop other financing mechanisms. This reality has stimulated multiple efforts by development partners and by developing countries themselves to find ways to raise additional and alternative sources of development finance to assist countries including Africa.

In other circles, some view FfD as a natural and pragmatic response to the consistent failure of most donors to devote sufficient funds to international development whilst for some financing for development initiatives are simply representative of the important shift in the way development partners do business. This shift, which has been increasingly evident for some time—is founded on a reduced role for Official Development Assistance (ODA) and a much larger role for the private sector in development

Conclusion and recommendations

The literature revealed that, Africa's economic performance is crippled by weak fiscal policy and heavy foreign debts which cause many challenges for economic development. In most cases this situation is the result of maladministration and corrupted office bearers. This paper therefore calls for strong political institutions that should hold office bearers accountable. No one should be above the law. The laws entrenched in the constitution should be observed and respected by all who live in a particular country. The Management of public funds should be accounted for through robust monitoring and evaluation systems. Money borrowed from international lenders should be used to serve the purpose.

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