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The Good News Out of Africa: Democracy, Stability, and the Renewal of Growth and Development

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ABSTRACT

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The Good News Out of Africa: Democracy, Stability, and the Renewal of Growth and Development

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Sometimes it seems that there is always bad news out of Africa. But fortunately things are beginning to slowly change for the better, at least in some parts of the continent. A growing group of sub-Saharan (SSA) countries are embracing democracy and good governance, instilling stronger macroeconomic management, and benefiting from significant debt relief. These countries are beginning to show results with faster economic growth, the beginnings of poverty reduction, and improvements in social indicators. At the same time, some of the most protracted conflicts around the continent have come to an end, including in Angola, the Democratic Republic of Congo, and Sierra Leone. Liberia, after fourteen years of some of the most brutal conflict on the planet, is now at peace, and is beginning the long road towards economic recovery and development. There is a long way to go, but these hopeful signs across Africa signal a promising new beginning and hope for a better future.

I. The Evolution towards Democracy and Growth in Sub-Saharan Africa

Africa's Dismal Development Record

The past 30 years have been disastrous for most of the people of Africa. While the Asian Tigers recorded some of the fastest growth rates and reductions in poverty recorded in world history, most of Africa remained mired in poverty. As a whole, sub-Saharan Africa recorded average annual per capita growth of almost exactly zero for the thirty years between 1970 and 2000. The poor performance was nearly universal across the continent. There were three notable exceptions. Botswana grew an extraordinary 7.9 percent between 1970 and 2000, one of the fastest growth rates in the world, while Mauritius grew 4.5 percent per year and Cape Verde recorded 3.4 percent growth. It is worth noting that all three of the relative success stories were democracies with strong macroeconomic management and low debt burdens – all relative rarities at the time in Africa –themes to which we return later in this essay.

Beyond these three countries, the record was pretty dismal, and in some cases downright ruinous. Seventeen of 47 SSA countries recorded negative per capita growth, and for some countries the decline was precipitous. For example, Liberia's GDP per capita collapsed by more than 85 percent between the 1980 military coup and the 2003 peace accords. In these countries, the fall in income was matched by a significant worsening in health, education, infrastructure, food availability, and poverty more generally.

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The reasons for Africa's poor growth performance have been widely discussed and debated. Most analysts point to a combination of three broad factors. First, many African countries face unusually difficult geographical circumstances. Sixteen SSA countries are landlocked, and even most of the coastal economies are isolated from major world markets. Many countries have large tracts of desert and receive far too little rain, while others are deep in the rain forest and receive too much, washing nutrients out of soils and ruining roads and other infrastructure. Several countries face the double constraint of being both landlocked and mostly desert, including Mali, Burkina Faso, Niger, Sudan, and Ethiopia, which (not coincidentally) are some of the poorest countries in the world. Africans also confront a far wider range of virulent diseases than any other region in the world, contributing to shorter life expectancies, lower worker productivity, and reduced investment. In addition, many SSA countries are very small, which limits their ability to attract investment and connect with and compete in world markets. One implication of the typical small size is that many countries are highly dependent on one or two commodity exports, making them vulnerable to the well-documented resource curse.

Second, external political and economic factors have undermined growth in SSA. Colonialism left deep scars that still affect the continent today. Not only did colonialists extract massive amounts of resources, they invested little in schools, roads, and perhaps most importantly, in building capable public institutions with a strong civil service and adequate checks on power. After independence, many African countries became pawns in the Cold War, with the U.S. and the U.S.S.R. often more interested in securing allies at any cost (including supporting some of the worst dictators on the continent) rather than in building a sustainable foundation for development. On the economic front, the oil, currency, and interest rates shocks of the 1970s and 1980s undermined macroeconomic performance and added to debt burdens that still are not fully resolved today. Africa's dependence on natural resource exports has made many countries continuously vulnerable to commodity price shocks that are far outside of their control.

Third, and perhaps most important, poor governance and misrule has been at the heart of poor performance across the continent. Africa has faced a severe leadership crisis for most of the last several decades, especially from the 1970s through the mid-1990s, and in some countries the leadership crisis continues today. Few African countries established electoral democracies or other systems by which citizens could hold their leaders accountable. In many countries leaders simply took and held power by force. Economies were badly mismanaged, with dual exchange rates, hyper-inflation, large budget deficits and widespread interference in markets all too common. Resources were used to enrich a small elite, leaving most people in deep poverty. Corruption, patronage, and the absence of the rule of law have allowed leaders to abuse their power, in many cases leading to prolonged and deep civil war, conflict, and violence.

Paul Collier presents a broadly consistent view of this diagnosis in his excellent recent book The Bottom Billion.[2] Collier argues that the dismal performance of the poorest

[2] Paul Collier, 2007, The Bottom Billion: Why the Poorest Countries are Failing, and What Can be Done About It (New York: Oxford University Press).

countries, including most SSA countries, is in large part due to them getting caught in one or more traps:

- *The conflict trap*, in which very low incomes make countries vulnerable to conflict, and conflict further reduces incomes in a terrible negative cycle;
- *The natural resource trap*, in which economies that are overly dependent on a few natural resources are subject to booms and busts, rampant corruption, conflict, and disincentives for investment in the rest of the economy;
- *The geography trap,* in which countries that are landlocked with bad neighbors have few options to expand production and economic growth, and whose fates are tied to the neighbors that they cannot control; and
- *The governance trap,* in which mismanagement keeps economies stagnant (or worse), often with large financial gains to the small elite in control, and low incomes make it difficult to build the institutions and train the people needed for good governance.

The Beginnings of Change and the Emergence of Growth

Fortunately, the universal bad news out of Africa has begun to change. Slowly but surely, a growing number of African countries are beginning to turn around, ending conflicts, installing good governments, implementing stronger economic policies, and getting back on their feet. But because it is good news, and because it is happening gradually, it generally does not get the attention it deserves. Using the terminology of Collier's framework, we see these countries as beginning to show signs of possibly escaping the poverty traps. We recognize, as Collier warns, that full escape from poverty traps is difficult and requires long-term sustained performance, and that there is a high risk of reversal. The recent good news does not guarantee long-term success, not by any means. Nevertheless, the signs are encouraging and hopeful.

Critically, these changes are structural, not cyclical. They are not simply the result of the latest boom-bust cycle, nor based solely on the surge in commodity prices driven by accelerated demand from China and India. Instead, at the root of these changes are three major trends of enormous historical importance that are spreading across Africa, mostly unnoticed by the outside world.

The first is political: slowly, but surely, more countries in Africa are becoming democracies and establishing accountable and transparent systems of governance. In 1989, in the last days of the Cold War and of the apartheid regime in South Africa, there were just four democracies in all of sub-Saharan Africa: Botswana, Cape Verde, Mauritius, and Senegal. Then the shift began, starting with South Africa and its neighbors in Lesotho, Namibia, and Mozambique. It has spread slowly across the continent -- unevenly, to be sure, with some reversals, but undeniably -- reaching Benin, Ghana, Niger, Nigeria, Madagascar, Mali, Sierra Leone, and Tanzania, and several other countries. Liberia is the most recent to join the ranks after the end of its conflict and successful multiparty elections in late 2005.

Today there are about 18 democracies in sub-Saharan Africa. In the space of a generation, Africa has gone from very few democracies to more than one-third of the continent. Some of these nascent democracies are relatively strong, while others are still fragile and are at best borderline democracies. Unfortunately, some may slide back in the years to come. But for others, the change may be permanent. It is hard to predict the future, for we are in new territory: never before in world history have so many low-income countries become democracies in so short a time. This enormous change, engendered by an empowered citizenry, has huge implications for Africa, but it is rarely noticed around the world.

Importantly, the shift to democracy typically has gone hand-in-hand with the beginnings of stronger governance more broadly. The 2007 Worldwide Governance Indicators produced by the World Bank Institute (WBI) found that many countries in SSA had made significant progress in improving governance and fighting corruption during the past decade."[3] For example, several SSA countries are now either in the top half of the world or have shown significant improvement in the WBI's "control of corruption" index, including Botswana, Cape Verde, Ghana, Liberia, Lesotho, Mauritius, Namibia, Rwanda, South Africa, and Tanzania. The improvements are even more widespread in the "voice and accountability" index, as governments are slowly becoming more transparent and accountable to their citizens.

The second big shift is vastly improved macroeconomic management by most African governments and the end of significant economic distortions. In the 1980s, when a visitor arrived in almost any SSA country, one of the first questions she or he would ask would be "What is the black market exchange rate, and where can I change dollars for a good rate?" Overvalued currencies and dual exchange rates were the norm, not the exception. More generally, almost every SSA country faced macroeconomic crises of one form or another, with high rates of inflation, large budget deficits, and yawning trade gaps. Countries typically responded by printing money, borrowing extensively, and running down their foreign exchange reserves. Prices were regulated to support elite urban consumers at the expense of producers. Agricultural production and exports suffered most from the policy distortions. Most countries turned to the IMF and the World Bank for stabilization and structural adjustment loans.

These macroeconomic problems are now distant memories for most SSA countries. With a few unfortunate exceptions – the tragedy in Zimbabwe being the most obvious – countries have shifted to much stronger macroeconomic policies. Black market premiums for foreign exchange – that is, the difference between official exchange rates and unofficial or black market exchange rates – averaged over 20 percent in many countries in the 1980s, but today have essentially disappeared. Inflation averaged 13.6 percent in SSA in the 1980s (excluding the cases of extreme inflation, which would drive these

[3] "Worldwide Governance Indicators Document Gains in Sub-Saharan Africa," World Bank, July 10 2007 (**www.worldbank.org**, accessed July 13, 2007). The governance database can be accessed at **www.govindicators.org**. For more detailed information see Daniel Kaufmann, Aart Kraay and Massimo Mastruzzi (2007). "Governance Matters VI: Governance Indicators for 1996-2006". World Bank Policy Research, June 2007.

figures much higher), but in the ten years from 1996-2005 it averaged just 7.7 percent (excluding Zimbabwe). Foreign exchange reserves doubled on average from two months of imports in 1980 to four months of imports in 2001. Budget deficits and trade deficits are much smaller today than they once were. To some extent these changes are the result of policy conditions imposed by the IMF and World Bank. But in most cases, senior policy makers have internalized the importance of sensible macroeconomics and are choosing to implement more prudent policies, with important benefits for their economies.

The third big change is the end, finally, of 25 years of huge debt burdens in Africa. Debts began to grow in the late 1970s and early 1980s following oil and other commodity shocks, made all the worse by government mismanagement. The creditors themselves were a big part of the problem, too easily lending large amounts of money to unaccountable dictators that misused the funds and left the mess for the next generation to clean up. Liberia is a good example: The IMF lent nearly $300 million to the government of Samuel Doe between 1980 and 1984 before he defaulted, despite opposition from many Liberians. Today, with accumulated interest, these amounts have more than doubled, and Liberians remain deeply in arrears to the IMF for the funds lent to Mr. Doe.

Resolution of the 1980s debt crisis has proceeded slowly in distinct stages over the past twenty years. Middle-income countries that owed money to commercial banks were mostly able to resolve their problems through Brady bond deals in the late 1980s and early 1990s. The Paris Club – the group of major creditor countries – also began to partially write down debts by successively larger amounts in the late 1980s and early 1990s. But poor countries that owed money mostly to the IMF and World Bank had to wait another decade before the international financial institutions finally began debt write downs through the Heavily Indebted Poor Country, or HIPC, Initiative. Today 31 countries have qualified for the first stage of debt write-downs, and 22 of these have completed the process. Liberia hopes to join their ranks very soon.

The end of the debt crisis is bringing about two kinds of changes. First is the improved financial position of governments that no longer must service debts. Some governments are using the newly-freed resources to increase spending in health, education, infrastructure, or civil service wages. Others are reducing their budget deficits, in effect reducing the cycle of borrowing new money to repay old. Still others are using some of the resources to build their foreign exchange reserves.

Second, and less obvious, the end of the debt crisis is providing countries with much greater capacity to design their own economic policies and spend less time continually renegotiating old loans with creditors such as the IMF and the World Bank. So long as these debts were on the books, the IMF, World Bank, and bilateral creditors required that countries meet new conditions under formal program agreements as prerequisites to (in effect) reschedule or refinance the loans. Some of these conditions were sensible, many others were not, but in most cases the debts just continued to grow. Several African countries have had continuous or near continuous IMF and World Bank policy reform programs for 10-15 years – close to a full generation of policymakers. Many countries continued to negotiate renewed programs with the IMF for the sole purpose of being able to renegotiate loans, even after their macroeconomic situation improved dramatically in the last decade and traditional IMF assistance was no longer needed.

When the IMF and World Bank play such an intense and dominating role over so long a period of time, it can lead to countries' overdependence on the Fund and Bank, which in turn impedes the long-term strengthening of government institutions. To a very large extent, the Fund and the Bank set the broad direction of policy, leaving policymakers with little scope for internal debate and decision-making, but ultimately being held responsible for the consequences of those decisions. The point is less about whether the policies are right or wrong and much more about building the capacity for internal analysis, debate, decision-making, and accountability for key policies and the understanding of the consequences of various choices. With the end of the debt crisis, countries will have greater independence in setting their policies and building the capacity for internal analysis and decision-making. They will have more time available to deal with pressing issues rather than renegotiating loans, and will be better able to stand on their own feet and build their own institutions. Undoubtedly with this greater independence some countries will introduce some errant policies. Mistakes surely will be made, but it is time to allow domestic policymakers to play more of a lead role in determining broad economic policies and to allow institutions to develop more on their own. The end of the debt crisis provides the opportunity for that to happen.[4]

These three historical changes – the shift to democracy and improved governance, the strengthening of macroeconomic management, and the end of the debt crises – come together in a group of around 15 African countries. The group includes countries such as Benin, Ghana, Lesotho, Mozambique, Namibia, Nigeria, Senegal, South Africa, and Tanzania, among others, along with the earlier group of Botswana, Cape Verde and Mauritius.

These countries are on the move. Their annual economic growth rates have averaged nearly 5 percent for a full decade, with growth per capita approaching 3 percent. Growth in the last several years has been even faster. Importantly, the progress is not limited to growth: these counties are putting more kids in school, fighting diseases more vigorously, and creating greater economic opportunities to fight poverty. As just one example, infant mortality fell in these countries from 85 to 73 per thousand live births between 1995 and 2005 – a fourteen percent drop in just a decade.

This growth does not match the pace of the East Asian Tigers, but it is far better than the zero growth that characterized the continent for so long. And we stress that it is also not simply the result of a commodity boom. Most of these countries (with the exception of Nigeria) are not oil exporters – indeed most are oil importers that have been hurt by the increase in oil prices. We do not include in our group several Africa countries that have

[4] These points are developed more fully in Seven Radelet, "IMF Facilities for Post-Stabilization Low Income Countries," in Edwin M. Truman (ed.), Reforming the IMF for the 21st Century (Washington, D.C., Institute for International Economics), 2006.

recorded very rapid growth in recent years based on commodity booms but where democracy has not yet taken root.

To be sure, although this growth has continued in some countries for a decade or more, the recovery is still uncertain and fragile in many respects. History teaches us that some countries that begin to show progress can later slip back into stagnation and crisis. Success is far from assured, and it will take many years of continued effort by citizens, policymakers, and the international community to ensure success. Nevertheless, something fundamental has changed in these countries, and they provide the best opportunity in decades for parts of Africa to emerge from stagnation and poverty.

II. Liberia: Rebuilding for Growth and Development

Liberia is a case study both of Africa's terrible tragedy and of the recent emergence of hope. For the past two decades, the world came to know Liberia as a land of political comedy, widespread corruption and unimaginable brutality. Liberia became the strange footage that flickered on television screens with terrible images of savagery. The Liberian people became refugees and fled to all corners of the globe for shelter. It was a period of darkness and insanity. But fortunately, things have finally begun to change.

Conflict and Recovery

The origins of the Liberian conflict can be traced back to various forms of exclusion and marginalization which have characterized the country for most of its existence. The founding constitution was designed for the needs of the settler population, which subjugated the indigenous people for over a century. Land and property rights of the majority of Liberians were severely limited. Political power was concentrated essentially in the capital city of Monrovia and primarily at the Presidency, with few checks and balances and little accountability. Most infrastructure and basic services were concentrated in Monrovia and a few other cities fuelling uneven development, a dualistic economy, and a major dichotomy between urban and rural areas. The political and economic elite controlled the country's resources for their own use and to consolidate their power. These factors led to wide gaps in the distribution of the nation's wealth and fuelled ethnic and class animosities and rivalries. These realities and the dependence of the nation on a small range of natural resources eventually sowed the seeds for the 1980 coup d'état and subsequent 14-year violent conflict that began in 1989.

The economy began to unravel in the 1970s with the combination of the sharp increase in fuel prices and the decline in the prices of key export commodities. By the latter part of the decade all indicators pointed to a looming crisis. Unemployment, consumer prices, and food prices in particular all rose at alarming rates. The lack of a long term vision and the absence of an effective short term response to the onset of the economic stagnation coincided with political repression, social exclusion and corruption in high places, thus accelerated the gathering storm of crises that were to engulf the nation.

The April 1980 coup marked the beginning of Liberia's steep descent into crisis. A decade of gross mismanagement and dictatorship led to the outbreak of civil war and fourteen years of chaos, plunder, and violence, which did not end until international peacekeepers finally ousted the government in 2003 and established the basis for stability, peaceful elections, and the beginning of recovery.

Liberia was decimated by the war. More than 270,000 people were killed, and 500,000 more were forced to flee their homes as either internally displaced persons or refugees in neighboring countries. Families were shattered; entire communities were uprooted; and social, political, economic, and governance systems were destroyed. Commercial and productive activities collapsed as warlords looted and vandalized the country. Economic output declined precipitously, with GDP per capita falling more than 85 percent between 1980 and 2003. Poverty increased sharply, and more than 75 percent of Liberians now live below the poverty line of $1 per day. The decline was across the board: agricultural production dropped as people fled their farms and the supporting infrastructure collapsed, mining and timber activities shut down, rubber plantations closed, manufacturing essentially stopped, and services ground to a halt.

Basic infrastructure was left in ruins. Roads were destroyed, and there was no electricity or piped water anywhere in the country for 15 years. Schools, hospitals, and clinics are badly damaged, and most government buildings are in shambles. There are less than 50 Liberian physicians to cover the nation's public health needs, one for every 60,000 Liberians. Government finances collapsed in tandem with the economy. Total annual government revenues fell to less than US$85 million a year between 2000 and 2005, translating into public spending per capita of only about US$25, one of the lowest levels in the world. At the same time, years of mismanagement left a huge external debt burden, mostly as a result of large borrowing (and imprudent lending by the creditors) in the 1980s and steady accumulation of arrears since then. Liberia's total debt is estimated at about US$4.5 billion, equivalent to an astonishing 800 percent of GDP and 3,000 percent of exports.

The economy finally stabilized and began to rebound in 2004 after the ouster of the previous government and the signing of the Accra Peace Accords. Following the elections in late 2005 and the inauguration of the new government, the pace of economic recovery accelerated. The signs of recovery are clear: storefronts are newly painted, restocked, and open for business; families are repairing homes; trucks are lining up at building supply stores for cement, gravel, and tools; road and port traffic have increased markedly; and construction projects are sprouting throughout the country. Liberia is on the rebound.

The Reconstruction and Development Framework

The new government faced the daunting task of rebuilding Liberia from the ashes of the war. It recognized that to be successful, it would need to implement policies aimed at both political stability and economic recovery that were mutually reinforcing, and that to sustain development over time, it would have to rebuild institutions and invest in human capacity.

Crucially, for Liberia to be successful it cannot simply recreate the economic and political structures of the past that led to widespread income disparities, economic and political marginalization, and deep social cleavages. It must create much greater economic and political opportunities for all Liberians, not just for a small elite class, and ensure that the benefits from growth are spread much more equitably throughout the population. It must decentralize political structures, provide more political power to the regions and districts, build transparency and accountability into government decision-making, and create stronger systems of checks and balances across all three branches of government.

Dr. Amos Sawyer, a former interim President of Liberia and one of the country's leading political analysts, makes the argument this way:

"Democracy [and development] have seldom flourished without evolving through processes of contestation [and cooperation] among a people themselves. Even when imposed from outside, [they] must be sustained by empowered citizens. Empowerment of those who have not had opportunities or cannot imagine being in control of their own destiny is the greatest challenge—but the surest path to success—in the quest for democracy and development in Liberia. ...A major question for Africans generally and Liberians in particular is how to establish governance [political, economic, social] arrangements that build on the capabilities of local people and advance their prospects of working together to build democracy and attain development from the bottom up." [5]

Thus, Liberia's basic economic challenge has three dimensions. It must (1) quickly restore rapid growth, (2) achieve a much better distribution of the benefits from growth to overcome the disparities of the past, and (3) make equitable growth sustainable over time. It has designed its strategy to achieve these goals around a framework of four basic pillars.

1. *Expanding peace and security*. Without peace and security, there will be little new investment, economic rebound, or job creation, which in turn will undermine stability and threaten a return to conflict. Since the ouster of the previous regime in 2003, a force of approximately 15,000 UN peacekeepers – the second largest such force in the world – have done an outstanding job of maintaining peace, supporting two rounds of successful elections, and helping establish the foundation for Liberia's recovery. Going forward, the government is building new security and police forces that are sufficiently strong to maintain peace and security, but that remain firmly under democratic civilian control. It has deactivated 17,000 members of the old security forces, disarmed more than 75,000 ex-combatants and placed them in reintegration programs, and initiated the process of recruiting and training new professional security forces.

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[5] Amos Sawyer, 2005, Beyond Plunder: Toward Democratic Governance in Liberia (Lynne Rienner Publishers, Boulder, Colorado), p. 200.

2. *Revitalizing economic activity*. The government has begun to put its financial house in order by strengthening both government budget operations and central bank functions. It balanced its budget in just four months, and moved to a cash-based budget in which all expenditures are approved by a cash management committee. It pushed hard to improved tax compliance, especially on import tariffs. Partly as a result, government revenues have doubled in just 18 months.

In terms of productive sectors, a central aim is to quickly restore agricultural production, where the majority of Liberians are employed. To jump-start agriculture from years of neglect, the government distributed large amounts of seeds, tools, and fertilizer, and re-established research and extension institutions. In addition, it will be critical to reinvigorate the natural resource-based activities that were once the engines of Liberia's economy - rubber, timber, mining and cash crops – and ensure that the gains are much more equitably distributed. The keys will be negotiating fair concession agreements; ensuring the financial flows are transparent; and using the gains to build infrastructure, create economic opportunities in areas surrounding the concessions, and deliver more effective health and education services throughout the country. The government negotiated a new iron ore concession agreement and is currently re-negotiating a major rubber concession agreement and initiating negotiations on a variety of other concession agreements. Over the medium term, by opening the economy to trade and reducing barriers to investment, the government hopes to attract new investment in manufacturing and services so that Liberia can export labor-intensive products to the region and the world.

3. *Strengthening governance and the rule of law*. Liberia's institutions were left in ruins by the war, and they must be rebuilt nearly from scratch. The government is in the process of building a more professional and better paid civil service. It has introduced a variety of systems to guard against corruption and to ensure transparency and accountability, including the cash management system, a new procurement and concessions commission, and a requirement that all civil servants declare their assets. It quickly dropped 17,000 ghost workers from the payroll, and is in the process of rebuilding a smaller, more professional, and better compensated civil service. It is strengthening both parliament and the judiciary to move away from the system of supreme powers in the executive as in the past. It also is beginning to build capacity at the county and district levels to move over time to a more decentralized power structure.

4. *Rebuilding infrastructure and providing basic services*. The war brought widespread destruction of roads, bridges, power supplies, water, schools, clinics, and government buildings throughout the country. Rebuilding this infrastructure is central to Liberia's recovery. Roads in particular are essential to supporting peace, reinvigorating agriculture and natural resource based industries, creating jobs, ensuring access to health and education services, strengthening local and district governments, and creating economic opportunities for those left out in the past. The government has started to rehabilitate some key roads with the support of the donor

community, but the process is difficult. Donors moved away from road projects in the early 1990s, so finding adequate financing for these purposes has been a particular challenge. Nevertheless with donor support the government was able to turn on electric power and piped water to parts of Monrovia for the first time in 15 years. Health and education services need to be rebuilt for their immediate benefit, but also as part of the foundation for sustained growth and development over time. Schools and clinics are being rebuilt; the government eliminated school fees, and partly as a result primary school enrolment rates shot up by 50 percent in one year.

Importantly, actions in each of these four pillars are mutually reinforcing. National security is a pre-requisite for economic progress with substantial impact on poverty. At the same time, peace and national security will be severely threatened if chronic poverty continues to rise. Sustainable peace will largely depend upon the ability to deliver basic social services throughout the country. Similarly, without basic infrastructure the private investments needed to fuel growth will not be forthcoming. Governance and the rule of law provide the institutional base for strong economic performance and poverty alleviation, and the justice that is needed to ensure that grievances are settled through dialogue within the political system, as opposed to violence.

The initial signs of Liberia's recovery are encouraging. Economic growth for 2006 is estimated to have reached 7.8 percent, and growth is expected to accelerate beyond 9 percent in 2007. Infrastructure is being rebuilt, jobs are being created, kids are back in school, and clinics are being reopened. There is a long way to go, but Liberia is finally on the path to recovery, accountable government, and development.

III. Consolidating the Progress Across Africa

The recent changes in Liberia and other countries in sub-Saharan Africa are a welcome reversal of the near universal bad news from the past, and provide hope for a brighter future. The fact that the changes are rooted in important historical and structural changes, and not simply high commodity prices, gives reason to believe that they can be sustained, at least in many countries, and that other countries across the continent can join in the progress.

But the emerging success over the last decade by no means guarantees future success. There is considerable risk that these countries might slide back, sparked by violence, opposition from the small elite minority that lose from these changes, or adverse economic shocks. There is no room for complacency. The governments of these countries and the international community must both takes steps to consolidate the progress to date, sustain it going forward, ensure the economic gains are more equitably distributed, and spread the beginnings of progress to other countries in the region.

The key responsibility lies with the leadership and the citizens of African countries themselves. Governments must establish much more transparent and accountable systems of governance, with timely, open, and audited financial accounts; strong judicial systems; a free press with open public discourse; a full embrace of the Extractive Industries

Transparency Initiative and similar instruments; and a responsible, professional, and well-compensated civil service. They must also take bold steps to diversify their economies and create new economic opportunities for the poor, including removing unnecessary regulations and red tape, building infrastructure that provides opportunities for rural development, and facilitating the development of competitive labor-intensive manufacturers. From the perspective of Paul Collier's framework in his book The Bottom Billion discussed earlier, these countries should aggressively take all possible steps to escape the governance and natural resource dependence traps.

The international community can support these countries in several ways. The industrialized countries can and should open their borders to much greater trade from low income countries. If for political reasons they cannot reduce trade barriers to all developing countries, they should begin by focusing first on the countries that are taking major steps to escape poverty and have a chance to stimulate labor-intensive exports. Foreign assistance should be focused primarily on countries that have moved to more accountable and transparent governance and implemented strong economic policies. Many of these countries can absorb much larger aid flows, for example through building basic infrastructure to support private sector growth. And in countries with stronger governance, the donors should give the recipients much greater authority over where the funds are spent. Finally, for low-income countries recently emerging from conflict, maintaining security is a top concern. The international community should support a standing, professionally trained African military force that can be called in on short notice when necessary rather than the current approach as assembling ad-hoc international forces when the need arises.

The good news out of Africa is that many countries across the continent are finally beginning to emerge after thirty years of misrule and economic stagnation. Democracy, stronger economic management, and growth are slowly replacing dictatorship, mismanagement and decline. This is the best opportunity in many years for these countries to escape poverty. But continued progress is far from assured. African governments and the international community must seize this opportunity to accelerate the process towards stronger, more accountable governments and economic revival. The people of Africa want and deserve nothing less.