

Will Money Solve Africa's Development Problems?

Yes.

Ashraf Ghani

No.

Donald Kaberuka

No.

Edward Green

**Only
If...**

*Iqbal Z.
Quadir*

No Way. Yes.

James Shikwati

*James
Tooley*

**I
Thought
So...**

*Michael
Fairbanks*

No.

*William
Easterly*

« return



I Thought

So...

But now I don't.

There is that threadbare maxim: If you hold a hammer in your hand, every problem looks like a nail. What happens, then, when all we hold in our hand is a checkbook?

Checkbook Development suggests that poor nations cannot build the skills necessary to solve their own problems. There is, however, a notable exception.

The President of Rwanda, Paul Kagame, called me to his office to assist him to build private sector capacity and improve export competitiveness. I informed him that it would not be possible for the amount of money and time he budgeted to do my job and train Rwandans at the same time. He told me the story of when he had finally accumulated enough money to provide back pay for his troops who were fighting to end the genocide. He asked them if he could use the money, instead, to purchase helicopters to help end the war sooner. Not a single soldier objected.

President Kagame purchased the aircraft from countries on the condition that they also provide pilots. He then persuaded those pilots to fly missions into enemy territory, and, at the same time, train Rwandans to fly. His tactics, in a land of no roads and a thousand mountains, shortened the war, and saved lives.

Every nation needs money to upgrade and improve the lives of their citizens; and it is good when a rich nation helps a poor one after a devastating act of God, or to meet a basic human need. But, too often, when one nation aids another it is based on a massive infusion of financial capital in return for changing monetary, trade, investment, fiscal, sectoral, and wage policies. This is often the right advice, but there is a trade-off, too. The nation with all the money often assumes the decision rights; and the responsibility for a nation's future must *always* reside with the citizens of that nation, not with foreign advisors, and certainly not with its creditors and donors.

This sort of checkbook development confuses compassion and generosity with over-responsibility for fellow human beings. Explicitly or implicitly, the donor is telling them how to run their country, and in the process, without meaning to, can rob citizens of emerging nations of their most precious assets – dignity and self-reliance.

Rwanda receives little foreign aid. The leaders of the World Bank had introduced me and several other experts to President Kagame and promised to pay the cost of our work; but they needed two years to program it, and Rwanda did not have two years. President Kagame understood that poverty was destroying the cornerstones of

his country's society: –tolerance, trust, aspirations, and hope. He decided to pay our salaries from the proceeds of his privatization program, but he stipulated that we begin immediately, and that we pay him back if we did not do what we said we could do. He further demanded, "I want you to be like those pilots who flew the aircraft and trained Rwandans." I asked, "Do you want me to help you kill the enemy, too?" He said, "I want you to help me kill poverty."

Rwanda doesn't have money, but it is a nation without the rampant fatalism often fostered (however unintentionally) by benevolent people. Its leadership has had the courage to challenge the underlying assumptions of international aid, and that has led to growth of almost 20% per year in subsistence wages in its key export sectors.

The responsibility for its own future lies squarely on the shoulders of its men and women.

Not a single Rwandan objects.

Michael Fairbanks is the co-founder of OTF Group, and the SEVEN FUND, which provides grants for enterprise solutions to poverty.