Islamic Development Bank (IDB), Foreign Aid and the Challenges for Sustainable Development in Africa

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Abstract
Foreign aid/development assistance involves the transfer of resources in whatever form from the developed countries or multilateral financial institutions like World Bank, IMF, Islamic Development Bank (IDB) etc. to less developed or developing countries for the purpose of promoting and stimulating their economies for growth and development. Unfortunately, most of these countries, especially the African countries are characterized by multiple problems such as bad leadership and governance, mismanagement and corruption, debt crisis, insufficient and poor infrastructure, chronic poverty etc.; and all these problems have continued to make nonsense of foreign aid’s judicious and optimal utilization and impact on their economies. However, considering the position and role of IDB over the years in the global economic development; this paper examined the developmental activities of IDB in Africa and some of the challenges for sustainable development. In line with the Financial Two Gap Model (Double Deficit Model) and also the Islamic economic principle of Wide Circulation of Wealth, this paper therefore argues that there are a lot of challenges confronting the continent, which the Bank could assist in resolving through its development assistance, especially in the Muslim populated countries i.e. African Muslim Countries (AMCs). Challenges like Human capital development (HCD), poverty alleviation, corruption and mismanagement, infrastructural development, and good governance among others have enormous implications for sustainable development in the continent. And hence, this paper recommends that IDB should give more attention and priority to growth promoting types of foreign aid like program aid, sectoral aid, technical assistance etc. rather than financial aid, which is often squander. Doing this would facilitate the development process and by extension the desire for sustainability in the continent.

Key Words: IDB, Foreign Aid, Challenges, Sustainable Development, Africa

1.0 Introduction
Islamic Development Bank (IDB) is a multilateral development and financial institution established in pursuance of the Declaration of Intent issued by the first Conference of Finance Ministers of Muslim Countries held in Jeddah (1393H/1973). Sequel to this, the Bank was formally declared open for operations in 1975. The three strategic objectives of the Bank are: Promotion of Islamic financial industry and institutions, poverty alleviation and promotion of co-operation among member countries (IDB, 2004 & 2008a, p. 1). The Bank is made up of 56 member countries cutting across the continents of Africa, Asia, Europe and Latin America. The main shareholders of the Bank are: Saudi Arabia, Kuwait, Libya, Egypt, UAE, Turkey and Iran. Thus, the central purpose of the Bank is to foster the economic development and social progress of member countries and Muslim communities individually as well as collectively in accordance with the principles and dictates of Shari’ah i.e. Islamic Law (IDB, 2005, p. 18; & INCEIF, 2006, p. 85).

It is worthy of note that in the last 35 years, the Bank has been contributing to the development of the Muslim world and Africa in particular has been one of the major beneficiaries of its development assistance. This is in view of the multiple developmental challenges confronting the continent, more especially the African Muslim Countries (AMCs). However, for Africa development process to be further facilitated and accelerated, there is the need for more foreign aid in the form of a “big push”, especially if the continent is to achieve the MDGs, the IDB Vision 1440H and most importantly Sustainable development. In this vein, Aznan (2008) notes: “…many of our African member countries are behind on the achievement of the IDB 1440H Vision targets and the Millennium Development Goals”. Against this background IDB (2009, p. 5) posits:

The IDB development assistance is geared to achieve targets of the Millennium Development Goals (MDGs) and the IDB 1440H Vision.
In particular, the overriding purpose of development assistance is to alleviate poverty and achieve comprehensive human development.

The submission of Salisu (2007, p. 24) restates the need for foreign aid when he submits: “Realistically, in the midst of the current efforts to achieve Millennium Development Goals (MDGs) in a majority of sub-Saharan African (SSA) countries, the need for foreign assistance is inevitable”. In the same vein, Thiele, Nennenkamp and Dreher (2006) argue that donors should target their aid, especially to Africa, for the achievement of specific MDG goals, if poor countries are to achieve MDGs. They specifically stress education and health as areas where aid could be very effective in achieving the MDGs (cited by Gyimah-Brempong & Asiedu, 2008). Even though, it is pretty clear that hopes have been dashed for a continent in which economic growth, good governance, financial prudence and discipline, respect for human dignity and sustainable development are not firmly rooted. However, if the development partners like IDB are interested in real development and more still its sustainability, all hands must be on deck to squarely confront the challenges for sustainable development in the continent. Therefore, to meet economic growth targets like the Millennium Development Goals (MDGs), IDB Vision 1440H and more so for sustainability, Africa must maximize the opportunities available to it such as the prudent and judicious utilization of the development assistance from IDB and other donors. To this end, this paper is divided into four major sections. Section one introduces the paper while section two presents literature review and the theoretical framework. Section three discusses the critical challenges for sustainable development in Africa and the last section concludes the paper.

2.0 Literature Review

2.1 Historical Overview of African Economic Growth Process

The 1960s witnessed the dawn of African independence, which was characterized by excitement and jubilations all over because the continent was assumed to be free from colonial imperialism, exploitation and appropriation. In fact, seven countries among the fifty-three countries in the continent were predicted and identified as having the potentials to reach or surpass “a 7 percent” growth in not too distant period. Unfortunately, these hopes were dashed and shuttered due to multiple problems and challenges; which include: bad governance, resulting in mismanagement (corruption), political instability and conflicts, economic retardation and pervasive poverty (Agubuzu, 2004; & Easterly & Levine, 1997). According to the African Development Report (2004, p.15), sequel to these problems, Africa lags behind most other regions of the World on most indicators of growth and development; yet, it is regarded as the most endowed in terms of natural and human resources. Similarly, it has fared quite poorly in its international trade performance over the last two decades. Also, its share in World export has declined to 2 percent in 2003 compared to 3 percent in 1990 and to 6 percent in 1980.

By 1990, the total external debt of African countries was in excess of US$270 billion, leading to a crushing debt-service burden and further aggravating Africa’s development challenges. Also, the continent contains the largest number of backward and least developed countries, while almost half of its population lives in poverty. In the same vein, the 2007/2008 Human Development Report published by UNDP revealed that 22 countries suffer from low human development and that 11 African member countries of IDB are affected. Thus, the bulk of African countries occupy the lowest rank on the standard of international comparisons such as income per capita, level of extreme poverty (less than $1 a day), literacy, life expectancy, infant mortality and a host of others. The continent also suffers from a high level of growth deficits over the last four decades (Agubuzu, 2004; Gambari, 2004; IDB, 2007; Kasekende, 2008; & Sowell, 2005). All these indications and many others lend credence to the position of Easterly and Levine (1997), Easterly (2003 & 2005), and Sowell (2005), which described Africa as a continent suffering from economic growth tragedy. The words of Easterly and Levine (1997, p. 1) put this position in a proper perspective:

Africa’s economic history since 1960 fits the classical definition of tragedy; potential unfulfilled, with disastrous consequences. In the 1960s, a leading development textbook ranked Africa’s growth potential ahead of East Asia’s and the World Bank’s chief economist listed seven African countries that “clearly have the potential to reach or surpass” a 7 percent growth rate. Yet, these hopes went awry. On average, real per capita GDP did not grow in Africa over the 1965-1990 period, while in East Asia and the Pacific, per capita GDP growth was over five percent and Latin America grew at almost two percent per year. Much of Africa has even suffered negative per capita growth rate since 1960, and the seven promising countries identified by the World Bank’s chief economist were among those with negative growth.
In view of this, if Africa must overcome these identified challenges, the international community must necessarily come to her support as argued by Salisu (2007). Thus, in line with the foregoing observations, Easterly (2005) submits that foreign aid to the continent came about because the tragedy of Africa’s growth is a well known issue to the international community. As such, there is a need to salvage her; and as noted by IDB (2009, p. 5), its development assistance is geared towards solving some of these developmental challenges, which have been identified by numerous scholars and writers over the years.

2.2 IDB and Foreign Aid in Africa

Importantly, the Bank initiated numerous development initiatives and programs in recognition of the socio-economic challenges facing member countries in Africa, and especially the sub-Saharan Africa (SSA). One of these initiatives has been tagged as “Special Program for the Development of Africa (SPDA)” and five critical sectors have been identified for its operational activities: i. productivity growth in agriculture to achieve food security; ii. education projects to generate skilled workforce; iii. health projects focusing on the fight against major communicable diseases; iv. water and sanitation projects to improve quality of life; and v. power generation and distribution projects (IDB, 2008b, p. 14). This focus of SPDA is expected to support investments in social and infrastructural areas, which are meant to fast track development in sub-Saharan Africa. Another important development initiative of the IDB is the Least Developed Member Countries (LDMCs) Initiative where African countries are majority members of the Special group (i.e. 18 out of the 28 countries).

Furthermore, the Saudi Arabia Information (2003, p. 1) notes that the Bank allocated $2 billion within five years for supporting development efforts in 27 African member countries. However, the sum of $9 billion had been earlier provided to African member countries which made it possible to finance projects like roads, school classes, health centers, digging of 3700 wells and reclamation of 250,000 hectares of land. Also, the Bank joined the Global anti-poverty efforts and allocated an ambitious $10 billion to fight this devastating phenomenon in member countries. Another effort was tagged “the IDB Anti-Poverty Initiative”, which is expected among other things to address the root cause of terrorism by fighting poverty, illiteracy and unemployment, which hopefully will reduce social tensions and foster better relations among nations. In view of this, the table below further gives the breakdown of IDB overall development assistance to various member countries in the African continent spanning from 1976 to 2008.

Table 1: Cumulative Development Assistance of IDB to Member Countries in Africa from 1976-2008 (values in US$ million).

<table>
<thead>
<tr>
<th>Country</th>
<th>Total Project Financing</th>
<th>Technical Assistance</th>
<th>Total Trade Financing</th>
<th>Special Assist.</th>
<th>Grand Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Algeria</td>
<td>597.7</td>
<td>4.0</td>
<td>1887.7</td>
<td>5.6</td>
<td>2495.1</td>
</tr>
<tr>
<td>Benin</td>
<td>179.5</td>
<td>4.8</td>
<td>20.0</td>
<td>1.4</td>
<td>205.7</td>
</tr>
<tr>
<td>Burkina Faso</td>
<td>288.8</td>
<td>10.8</td>
<td>47.3</td>
<td>8.8</td>
<td>355.7</td>
</tr>
<tr>
<td>Cameroon</td>
<td>178.7</td>
<td>3.4</td>
<td>0.0</td>
<td>1.7</td>
<td>183.8</td>
</tr>
<tr>
<td>Chad</td>
<td>183.2</td>
<td>4.7</td>
<td>3.2</td>
<td>10.8</td>
<td>201.9</td>
</tr>
<tr>
<td>Comoros</td>
<td>11.1</td>
<td>2.5</td>
<td>7.5</td>
<td>0.9</td>
<td>21.9</td>
</tr>
<tr>
<td>Cote d’Ivoire</td>
<td>172.6</td>
<td>0.0</td>
<td>48.9</td>
<td>1.2</td>
<td>222.7</td>
</tr>
<tr>
<td>Djibouti</td>
<td>191.4</td>
<td>2.8</td>
<td>12.0</td>
<td>2.0</td>
<td>208.1</td>
</tr>
<tr>
<td>Egypt</td>
<td>757.3</td>
<td>2.6</td>
<td>1691.4</td>
<td>1.5</td>
<td>2452.8</td>
</tr>
<tr>
<td>Gabon</td>
<td>318.0</td>
<td>0.0</td>
<td>0</td>
<td>0.0</td>
<td>324.0</td>
</tr>
<tr>
<td>Gambia</td>
<td>111.5</td>
<td>3.6</td>
<td>24.0</td>
<td>1.8</td>
<td>141.0</td>
</tr>
<tr>
<td>Guinea</td>
<td>297.3</td>
<td>9.4</td>
<td>48.8</td>
<td>7.8</td>
<td>363.4</td>
</tr>
<tr>
<td>Guinea Bissau</td>
<td>1.5</td>
<td>1.8</td>
<td>15.0</td>
<td>1.3</td>
<td>19.6</td>
</tr>
<tr>
<td>Libya</td>
<td>370.0</td>
<td>2.9</td>
<td>299.8</td>
<td>3.8</td>
<td>676.8</td>
</tr>
<tr>
<td>Mali</td>
<td>304.1</td>
<td>9.6</td>
<td>199.9</td>
<td>16.5</td>
<td>530.1</td>
</tr>
<tr>
<td>Mauritania</td>
<td>236.2</td>
<td>22.0</td>
<td>71.0</td>
<td>11.1</td>
<td>340.4</td>
</tr>
<tr>
<td>Morocco</td>
<td>1164.1</td>
<td>4.1</td>
<td>1845.3</td>
<td>1.5</td>
<td>3014.9</td>
</tr>
<tr>
<td>Mozambique</td>
<td>100.7</td>
<td>0.6</td>
<td>15.0</td>
<td>2.2</td>
<td>118.6</td>
</tr>
<tr>
<td>Niger</td>
<td>161.8</td>
<td>11.1</td>
<td>133.4</td>
<td>12.2</td>
<td>318.5</td>
</tr>
<tr>
<td>Nigeria</td>
<td>30.0</td>
<td>0.0</td>
<td>62.0</td>
<td>7.9</td>
<td>99.9</td>
</tr>
<tr>
<td>Senegal</td>
<td>394.2</td>
<td>9.6</td>
<td>247.6</td>
<td>14.2</td>
<td>665.7</td>
</tr>
<tr>
<td>Sierra Leone</td>
<td>81.3</td>
<td>5.6</td>
<td>5.0</td>
<td>3.6</td>
<td>95.5</td>
</tr>
<tr>
<td>Somalia</td>
<td>24.9</td>
<td>2.3</td>
<td>46.2</td>
<td>11.6</td>
<td>85.0</td>
</tr>
<tr>
<td>Sudan</td>
<td>604.6</td>
<td>3.1</td>
<td>241.3</td>
<td>23.4</td>
<td>872.4</td>
</tr>
<tr>
<td>Togo</td>
<td>140.9</td>
<td>1.2</td>
<td>6.0</td>
<td>1.7</td>
<td>149.8</td>
</tr>
<tr>
<td>Tunisia</td>
<td>451.2</td>
<td>2.1</td>
<td>1065.9</td>
<td>4.2</td>
<td>1523.4</td>
</tr>
<tr>
<td>Uganda</td>
<td>39.2</td>
<td>2.6</td>
<td>13.9</td>
<td>4.1</td>
<td>59.8</td>
</tr>
</tbody>
</table>

From Table 1 above, it is obvious that member countries of IDB from Africa have benefitted from its development assistance over the years of its operations. However, the five topmost beneficiaries are largely North African countries i.e. Morocco ($3014.9m), Algeria ($2495.1m), Egypt ($452.8m), Tunisia ($1523.4m) and Sudan ($872.4m). It is however observed that there is a serious need for policy reconsideration and modification, so that SSA could also benefit more, especially in view of Aznan’s (2008) observation that the IDB recent estimates revealed that 17 sub-Saharan African member countries of the Bank are not on track to realize the target of MDG of halving poverty of people living below $1 a day by 2015. And especially because most of the African Muslim Countries are from this region, there is the urgent need for necessary and adequate attention. Nevertheless, this financial support is even most needed now that Africa is faced with the twin challenges of MDGs and the realization of IDB 1440H Vision, which are all meant to fast track the development process of the continent; and these goals and vision are in line with the Maqasid ash-Shari’ah, especially the IDB 1440H Vision.

2.3 Theoretical Framework
Ahmad (1973) notes that perhaps the most widely read and oft-quoted model in the foreign aid literature is the Dual Gap model, which according to him is “a theory that has profoundly influenced the development policies of the less developed countries” (p.1). In the same vein, Easterly (2003) and Ali and Isse (2005) observe that the notion that economic growth is promoted and stimulated by foreign aid dates back to the Dual Gap Model, which is now called the Financial Two Gap Model or Double Deficit Model. This model was postulated and pioneered by Chenery and Strout (1966). They posit that foreign aid promotes development by playing a dual complementary role to domestic savings and foreign exchange availability.

Importantly, the model assumed that due to limited resources or insufficient internal/domestic savings and foreign exchange/insufficient foreign exchange requirements, which are considered as two growth deficits, LDCs could not meet-up with the challenges of development. According to Easterly (2005, p. 5), the model predicted a strong growth effect for foreign aid through its role in promoting and boosting domestic investment beyond what domestic savings can achieve, thereby bridging the gap. The rationale of the model therefore, is that foreign aid should make up the differences between either the export-import gap (M-E) or the saving-investment gap (I-S). This implies that foreign assistance to LDCs either from developed countries or international multilateral financial institutions like IDB would certainly support their economies, since there is shortage of resources to accomplish the development challenges, which include human capital development, poverty alleviation, infrastructural development etc. There is no doubt therefore that the IDB development assistance could go a long way in augmenting the lean financial position of African countries, especially the member countries. IDB (2008b, p. 1) captures it better:

The IDB’s main function is to provide various forms of development assistance for poverty alleviation through human development, forging economic cooperation by promoting trade and investment among member countries, and enhancing the role of Islamic finance in the social and economic development of member countries.

Furthermore, in line with the Islamic economic principle of Wide Circulation of wealth, which posits that wealth and property should be circulated among the populace and actively transferred from hands to hands in the form of expenditures and investments (Securities Commission Malaysia, 2009) This implies that those who have should assist the less economically endowed countries, which is in line with the Maqasid ash-Shari’ah i.e. objectives of Shari’ah like wide circulation of wealth for the purpose of investment, so as to grow the economy and increase the collective social welfare. This is necessary for the spiritual well-being and prosperity of the people because according to Rahman (1974) as cited in Ahmed (2004), in Islam an improvement in the material well-being of individual impacts directly on the spiritual well-being.

In view of this, spending in the form of investments and expenditures would certainly activate the economy and stimulate it for higher performance, thus creating employment opportunities, increasing productivity, distributing income and wealth, and eventually leading to better growth in these countries. Thus, it is recommended that IDB should adopt this principle in conjunction with the Growth centre theory, which holds that redistribution of economic opportunities like infrastructure to less endowed areas would attract investment, thereby opening opportunities for further development of the area. Therefore, the development assistance of IDB, which are largely contributions from rich member countries like Saudi Arabia, Kuwait, U.A.E., Qatar, Libya etc., which are extended to less endowed countries to promote and stimulate their economies for growth and development might make the desirable impact; thus fulfilling the theoretical basis of foreign aid/development assistance.
The concept of sustainable development emanated from numerous environmental movements in earlier decades. The idea was later put into proper perspective in 1987 by the World Commission on Environment and Development. Although, one of the major international meetings to bring sustainable development to the mainstream was the Earth Summit in Rio, Brazil, 1992 and it attempted to highlight the importance of Sustainability. As such, sustainable development according to the UN Commission means: “Development that meets the needs of the present without compromising the ability of future generations to meet their own needs” (Brundtland Commission, 1987). However, the concept of sustainability means many different things to different people, and a large part of humanity around the world still live without access to basic necessities. For instance, poor countries like in Africa lack the physical infrastructure, ideas and human capacity to integrate sustainability into their development planning (UN, 2002). Hence, the understanding that sustainable development encompasses a number of areas is very true but the three most essential elements are: economic, environmental, and social equity; and hence they are often refer to as the Sustainable Development Triangle. This implies that economic progress is evaluated in terms of welfare (or utility), which is often measured as readiness to pay for goods and services consumed. As such, people’s maximum sustainable consumption is the amount consumable without impoverishing themselves.

Thus, economic efficiency is very important in ensuring optimal consumption and production, which is regarded as economic sustainability. Similarly, environmental sustainability focuses on the overall viability and health of living systems, which implies the ability of modern economies and societies to manage scarce natural resources in an efficient and prudent manner. In view of this, natural resource degradation, pollution and loss of biodiversity are detrimental because they increase vulnerability, undermine system health, and reduce resilience. This is because human welfare ultimately depends on ecological services, which if ignored, it could lead to high risk and thus, undermining long-run prospects for development. Whereas social sustainability connotes reducing vulnerability and maintaining healthy social and cultural systems; which impacts on human capital (through education) leading to empowerment and it strengthens social values, institutions and equity through the enhancement of social systems and governance (Munasinghe, 1992a). The diagram below gives further illustration on the relationship among the triad of economic, environment and social equity and the various key elements in relation to sustainable development, especially in less developed nations like Africa. Instead of Africa witnessing enormous prosperity emanating from the ashes of its colonial past, it has largely remains a continent characterized by unprecedented socio-economic, political and environmental crisis. Thus, the natural and mineral endowments of the continent which should be used for development have become sources of curse rather than a blessing to the continent.

![Figure 1: Sustainable Development Triangle](Source: Adopted from Munasinghe (1992a))

Nevertheless, sustainable development is often regarded as essentially a national responsibility but many of the major challenges facing African countries have a global outlook. Hence, developed countries and multilateral financial institutions like IDB have the responsibility in the international pursuit of sustainable development. It is worthy to note that the World Summit on Sustainable Development (WSSD) observed that the various efforts by the African continent to achieve sustainable development have been hindered by conflicts,
insufficient investment, limited market access opportunities and supply side constraints, unsustainable debt burdens, historically declining levels of official development assistance etc. (World Commission on Environment and Development, 1987). As a matter of fact, developing countries at the WSSD reiterated their acknowledgement of the responsibility they owe at the global level to international pursuit of sustainable development. However, it needs to be stressed that lack of capacity, in terms of skills and opportunity to manage environmental resources undermines the potential for sustainable development; as such, strengthening institutions and empowering people are important strategies in line with social sustainability, especially for the African continent.

3.0 The Challenges Sustainable Development in Africa

3.1 Good Governance

According to UNDP (2002), good governance means “the striving for rule of law, transparency, responsiveness, participation, equity, effectiveness and efficiency, accountability, and strategic vision in the exercise of political, economic, and administrative authority” (cited by Abdullahi, 2009, p. 121). Thus, it has been argued that good governance is at the centre of sustainable development and poverty alleviation, which is particularly good for economic growth. However, as noted by Rotberg (2004 & 2006), Africa is unfortunately dominated by conflicts and poor growth due to poor governance and deficient leadership; whereas at the beginning of independence, large number of African leaders are responsible leaders and he posits, “but now there are only a few African nations with long traditions of good governance and effective leadership” (p. 11). There is no doubt that among the major manifestations of poor governance and deficient leadership is misplaced policies and priorities, which have almost become permanent features of the continent.

Thus, with good governance, the effective exercise of power and authority in a manner that promotes and serves the interest of the masses is achieved. As a matter of fact, good governance is expected to cover five categories of essential political goods as identified by the Ibrahim Index of African Governance, which are: i. Safety and security; ii. Rule of Law, Transparency and Corruption; iii. Participation and Human Rights; iv. Sustainable Economic Development; and v. Human Development (AfricaFocus Bulletin, 2007). These five categories of political goods depict and represent the performance of any government at any level. However, Kimenyi and Mbaku (2003) note that in the last forty years, most African countries have been characterized by poor leadership, poorly developed infrastructure and serious shortage of both human and physical capital. Therefore, it is hoped that the IDB development assistance would make good governance an important area of emphasis in its administration of foreign assistance to African leaders. This is because a development process without good governance is like a body without soul in view of UNDP (2002) definition and Abdullahi (2009) emphasis on the role and significance of good governance for quality service delivery.

3.2 War against Corruption

Corruption is a destructive socio-economic phenomenon, which leads to lower overall growth because rent-seeking is associated with it. Unfortunately, Africa seems to be deep caught in the “corruption trap”, because survey evidence suggests that corruption is one of the major problems confronting the continent (Collier, 2006, p. 192). He added that the continent is presently suffering from the highest rate of capital flight in the world i.e. a higher proportion of African private capital is outside its shore, which has now become a prominent feature of the continent. For instance, Williams (2005) notes that around 40% of the stock of African savings is held outside the continent and that US$15 billion goes out of Africa yearly. In the same token, Tax Justice Network (2008) reported that real capital flight in the last 35 years for 40 African countries in 2004 amounted to US$420 billion while accumulated stock of capital flight was about US$607 billion. The serious implications of this trend are that capital flight, which is an aspect of corruption, diverts scarce resources in the continent away from domestic investment and other productive activities. It also accelerates the outflows of human capital, which already is inadequate for the continent development. Thus, corruption serves as a clog in the wheel of economic growth by limiting the pace, reducing the amount of public resources, discouraging private investment and savings and it further impedes the efficiency use of foreign aid. Similarly, corruption is a growth retarding factor in any economy because resources which should be utilized for development are stolen and diverted to non-growth promoting activities like acquisition of luxurious goods, investment in other economies, promotion of conflicts etc. No wonder therefore that the Corruption Perception Index Report of 2007 classified three African countries among the nine most corrupt countries in the world i.e. Chad, Somalia, and Sudan. More so, a number of studies have shown that corruption affects economic growth directly and indirectly through both domestic and foreign investments as well as low productivity (Bardhan, 1997).
As such, low corruption is good for growth and development, especially for African countries if the realization of the twin challenges of MDGs and the IDB Vision 1440H are to be possible. Therefore, as long as corruption is allowed to continue, there is no amount of development assistance of IDB that would do any growth miracle in Africa. As such, IDB and other donors must be concerned about how the financial assistance to the continent is utilized. This means that mechanisms for ensuring accountability, transparency and regular supervision and monitoring must be part of the development assistance to be administered. This definitely would prevent fungibility of aid, which is one of the easiest avenues for corruption, especially from foreign assistance. No wonder Gambari (2004, p. 22) argues that combating corruption requires international cooperation involving foreign governments, foreign banks and foreign financial supervisory and regulatory institutions. To this end, Africa’s development partners like IDB should assist in the repatriation of ill-gotten wealth deposited in various developed countries’ banks, so that these resources could be used in supporting the development process of the continent.

3.3 Human Capital Development (HCD)

According to Mustafa (2009), human capital development (HCD) means the training and retraining which the workforce receive to become more competent and suitable to contribute positively and purposefully to national development. Thus, he opines that human capital investment is an inevitable component of the development process, which must be given topmost priority. Importantly, the submission of the former Prime Minister of Malaysia, Dr Mahathir is very instructive to be noted because it captures the significance of human capital in a brilliant manner:

In our drive to move vigorously ahead, nothing is more important than the development of human resources. From the experience in the last two decades, of all the economic miracles of the countries that have been poor in terms of ‘natural resources’, it is blindingly clear that the most important resource of any nation must be the talents, skills, creativity and will of its people…..Our people is our ultimate resource. Without a doubt, in the 1990s and beyond, Malaysia must give the fullest emphasis possible to the development of this ultimate resource (1991, p. 16).

Unfortunately for Africa and especially the African Muslim Countries (AMCs), HCD is a major problem to the development process of the continent. Kasekende (2008, p.15) notes that low productivity of human and social capital in the Africa continent has been identified as one of the major constraints towards achieving sustainable economic growth, whereas “human resources constitute the basis of the wealth of nations”. In the same vein, the region ranks high in human poverty index and corruption index, but low in human development index. Furthermore, the HDI for SSA in 2001 was 0.47 as cited by Gyimah-Brempong and Wilson (2005). Also, the 2007/2008 Human Development Report published by UNDP revealed that 11 of the 22 countries suffering from low human development are IDB member countries in Africa (Kasekende, 2008, p. 14). And yet, Africa is grossly lagging behind in its commitment and adequate funding of key sectors like education, health, etc., which are the key components of human capital development. David (2001, p. 71) observes that the reason why some countries are regarded as developed and others as less developed is due to the international disparities in levels of education, which is a fundamental element of HCD.

Similarly, the IDB Vision 1440H identifies that achieving healthy human development is one of the fundamental challenges confronting IDB member countries with Africa worst hit (IDB, 2008c). Therefore, one of the most important contributions, which the development assistance of IDB could make to the economic growth and development process of Africa, is to boost human capital through massive investment in social sectors like education, health and infrastructure. Also, the issue of brain drain or intellectual migration or human capital flight from the continent to other developed countries has been identified as one of the major issues mitigating against the development process of the continent. This is because highly trained and skilled African professionals who should be available to contribute to the African development process are outside the continent looking for greener pasture. Nyarko (2009, p. 1) notes: “A major constraint to African development is the very low base of skilled and highly educated workers and professionals”. Thus, Rena (2008) submits that there are over 10 million African immigrants scattered in various parts of the world. It has been estimated that the highly trained of them between 25-35 years represents a cash value of US$184,000 at 1997 prices. In the same vein, an African professional working in the USA contributes around US$150,000 per year to the US economy and also Africans immigrants contribute 40 times more wealth to the American than the African economy.
It is in this perspective that brain drain is often regarded as another international transfer of resources in the form of human capital. Therefore, human capital is certainly more valuable than the financial capital, especially for African countries who are already suffering from shortage and more importantly, “it is only a nations’ human capital that can be converted into real wealth” (Rena, 2008, p. 2). Certainly, these are some of the important areas the IDB development assistance must seek to address, so as to accelerate the growth and development process of the continent, especially that human capital is regarded as the engine of growth (Mustafa, 2009). Therefore, the shortage of highly trained and skilled professionals to propel African development process is indeed a great source of worry and concern; as such IDB role in salvaging the situation would definitely be needed.

3.4 Poverty Alleviation
Recent estimates put the number of poor in sub-Saharan Africa at 250 million, which is around 45% of the region’s population (Easterly & Levine, 1997). Also, Kasekende (2008, p.13) submits that in the Sub-Saharan Africa region, the number of poor which was 200 million in 1981 almost doubled (i.e. 380 million) in 2005, even though global poverty fell from 1.9 billion to 1.5 billion within the same period. In the same vein, Aznan (2008) notes that “…the level of poverty in these member countries is evident from the recent IDB estimates that 17 out of 22 Sub-Saharan African member countries are not on track to achieve the MDG target of reducing by half the number of people living below $1 a day”. Similarly, the percentage of population living in pervasive poverty (less than $1 a day) is the highest in the world, low life expectancy, high infant mortality, high prevalence of AIDS and low human development index. Collier (2006) posits that Africa is indeed caught in the “poverty trap”, which is very overwhelming and devastating. It is against this background that Agubuzu (2004, p. 15) notes: “The magnitude and expansion of poverty in Africa and the grave threat it poses to social, political and economic stability make it one of the biggest challenges facing the region”. Hence, poverty has become a serious global problem, which has continued to spread like wild fire at an alarming rate and dimensions, particularly with the global economic meltdown; and this adversely affects sustainable development in the developing world, especially the African continent that is highly vulnerable. The diagram below further illustrates the relationships existing between poverty and other macroeconomic variables in the economy.

![Figure 2: Macro-determinants of Poverty](source: Adopted from Ahmed (2004))

Meanwhile, the number one priority of MDGs is eradication of extreme poverty and hunger from the face of the earth, particularly in the less developed economies like Africa where this phenomenon has been responsible for a lot of social tensions and conflicts because a “hungry man is always an angry man”. Weiss (2008, p. 408) captures this when he notes that: “The Millennium Development Goals (MDGs) reflect the aspirations of the donor community, with the poverty target of halving extreme poverty between 1990 and 2015, no doubt symbolically, set as the first goal”. This also underscores the strategic initiative of IDB i.e. “the IDB Anti-Poverty Initiative” meant to take care of four priorities of which poverty reduction rank foremost.
3.5 Infrastructural Development

Another major developmental challenge facing Africa is the poor state of infrastructures. Most African countries lack the required infrastructures needed to propel growth and development. This is the point made by Agubuzu (2004), Barrett et al. (2008) and Kimenyi and Mbaku (2003) that most African countries suffer from poorly developed economic infrastructure as well as serious shortage of both human and physical capital. To this end, recent World Bank (2008) findings revealed that Africa is facing an infrastructure financing gap of US$35 billion per year. It also confirms significant facts about the enormity of Africa’s infrastructure requirements, especially for the 24 countries covered by the research. i. These facts include: cost of redressing Africa’s infrastructure deficit is a whopping $75 billion every year, which splits between investment needs of $38 billion and $37 billion for operations and maintenance; ii. The annual estimate of investment needs of $38 billion annually is twice as high as an earlier estimate by the Commission for Africa; iii. African countries are devoting more of their own resources to infrastructure than was previously thought, between 6-8 percent of GDP; iv. Utility inefficiencies run high, and waste US$6 billion annually; v. Under-pricing of services below cost-recovery levels result in financial losses of US$5 billion every year; vi. Power supply – or the lack of it – is by far Africa’s greatest infrastructure challenge, and on every indicator, the power sector lags behind other developing countries; the 48 countries of Sub-Saharan Africa generate roughly the same amount of power as Spain; vii. Sixty percent of Africa’s hydroelectric potential is found in the Democratic Republic of Congo and Ethiopia, countries too poor to raise the multi-billion dollar financing needed to develop them. No wonder, IMF (1995, p. 37) argues that foreign aid can have beneficial effects on the economies of recipient countries, if it helps in the development of social and physical infrastructures, thereby boosting employment and enhancing productivity. As a matter of fact, IDB should also be interested in channeling some of its development assistance to this important aspect of the economy of African countries. This is because an economic growth process without infrastructure is like a soup about to be prepared without stove or cooking gas.

4.0 Conclusion

There is no gainsaying that the role of African development partners like the World Bank, IMF, USAID, AfDB, IDB and the host of others are very crucial and important in the development process, especially sustainable development of the continent. Therefore, the role being played by IDB in the last 35 years towards improving the economies of African countries is indeed commendable. However, a lot still need to be done if the continent must achieve the MDGs by 2015 and the IDB Vision 1440H. As a matter of fact, the IDB now than any other time must be more committed in scaling up its development assistance to the continent, especially to its member countries that have been identified as the most vulnerable group and backward countries in terms of achieving these great lofty targets. This act by the IDB shall perfectly be in conformity with its main function, which states: “The IDB’s main function is to provide various forms of development assistance for poverty alleviation through human development, forging economic cooperation by promoting trade and investment among member countries, and enhancing the role of Islamic finance in the social and economic development of member countries” (IDB, 2008b, p. 1). And it needs to be stressed that these functions of IDB are in line with the Maqasid ash-Shari’ah, which aims at wide circulation of wealth and its investment for the purpose of prospering the economy and optimizing collective social welfare of the people, which will ultimately contributes to sustainable development in Africa. To this end, the areas that are of dear necessity to the continent now, which IDB must proactively pursue are: the promotion of good governance, war against corruption, human capital development, poverty alleviation and infrastructural development among others.

References


