Journal of Economics and Sustainable Development
ISSN 2222-1700 (Paper) ISSN 2222-2855 (Online)
Vol.5, No.22, 2014

Momentum for Wealth Creation: Why Africa Economic Transformation Exceed Aid

Ehizuelen Michael Mitchell Omoruyi
School of Economics, Xiamen University, China
E-mail of the author: mmacroe@yahoo.com

Abstract
There has been continuous and inconclusive debate on the role and impact of foreign aid in Africa's economic development. While some development experts believe that aid is crucial for Africa development, others argue that it undermines economic self-reliance. This paper surveys the manifold social and economic problems currently facing Africa, and argues that aid is necessary but insufficient for economic development in the continent. It posits that Africa's economic transformation rest not on 'foreign aid' but momentum for 'wealth creation' which can be viewed from these pillars: knowledge, entrepreneurship, technology and governance. The continent needs to think outside the box when instituting and utilizing these pillars. However, to enable these pillars function well, development issues have to be examined from a long-term perspective. Perceptions have to be transformed from over-reliance on aid to more responsible means of capital flow such as borrowing and investment. Efforts should also be geared towards ensuring that the benefit of economic development permeates all groups and classes in the society up to the community level. New players such as the business class and Africans-in-Diaspora should be actively involved in the process of formulation and implementation of development policies. In addition, immigrant entrepreneurs in Africa, especially Asians and precisely the Chinese, must be encouraged to channel their investments to diverse significant sectors. There should also be initiatives to facilitate collaboration between immigrant and local entrepreneurs to foster knowledge-sharing and innovation. Active participation in international trade, radical infrastructural development and good governance are the key for a sustainable and inclusive transformation in Africa.
Keywords: Aid, Africa, China, Economic transformation, Wealth Creation

1. Introduction

For decades, foreign aid has been judged by its intentions and not by its outcomes. Development assistance programs have been expanded and perpetuated not for the reason that they have succeeded, but because distributing foreign aid still appears like a good idea. But in actual fact foreign aid has seldom done anything that nations could not have done for themselves. Most donors, who know little about how foreign aid works in practice, are now increasingly sensing that something might be amiss. Development assistance has often encourage the receiving nations governments' worst tendencies—assisting to underwrite policies and programs that have starved millions of people and derailed struggling economies; and in the situation of Africa, underdevelopment has been the true picture for the region. Several development projects were embarked upon after the independence of several African nations, and the ones that were supported by Western aid failed to achieve its goal.

The continent defies conventional logic: grinding poverty in the midst of vast mineral riches. The continent's economic growth of five percent in 2004, even though more respectable than the preceding years, was below the seven percent needed to attain the United Nations Millennium Development Goals of child mortality, improving education and reducing poverty. At that level, there has been a warning from the United Nations Development Program that the attainment of the millennium development goals may possibly take 150 years. It is recorded that Aid has been given out in trillions; according to Richard Dowden of the Royal African Society, he puts the figure at about $1 trillion over the past five decades, approximately $5,000 for every single African living today, if distributed evenly at 2005 prices (I. Taylor, 2005). Other economist put it at around $500 billion (Easterly 2005) and still there is no improvement in the economic conditions of Africa. For example in 1960s there was an increase in the per capita growth of 2.2 percent and it later lessen to 0 percent by the end of 1970s, with an average of 1.76 percent between 1981 and 1985, and stayed in a negative position until 1995 (Fosu, 2009). Based on the account of aid received, Zambia's per capita income should not have been $500; it should have been $20,000. Aid is currently seen as the reason for the continent underdevelopment (Easterly, 2005; Moyo, 2009), and on the other hand, aid lessen the incentive of regime to tax. Every ten years, International organizations, throng of Western donors and African governments meets to declare grand initiatives to pull Africa out of its economic miasma. In 1985, a special session was held by the United Nation to boost aid in Africa; and in March 1996, another session was held were the United Nation launched 25 billion dollars Special Initiative for Africa; but they all fizzled. So, if all these effort failed, then why should Africans place any confidence in the present initiatives to reserve the continent economic atrophy? Presently, most of the fastest growing emerging economies — such as Vietnam, Brazil, India and China are growing with little aid. However, aid experts argued that the continent would have been worse off without aid because of the inherited circumstances surrounding the region upon independence. Some experts believe that such circumstances have placed Africa in an underdevelopment trap (Sachs et al, 2004; Collier, 2006).

Aid has been pushed by experts as the focal point of argument about the region development; placing it in a great position for and against. This is pathetic, because development is not linked with the problem of receiving aid to get out of the trap (Sachs et al., 2004) or therefore being force to act responsibly and deprived of largesse (Moyo, 2009). As suggested by the two-gap model, assistance is supposed to make up the two gaps as well as develop the receiving country's economy. But the actual fact is that these recipient countries have done poorly in spite of the enormous amount that is been poured into their nations, (for instance, Afghanistan). Contrarily, countries have as well gotten little or no assistance and have done badly (for instance, Somalia). Some other receiving nations have done exceptionally well with the little assistance they have gotten for instance Germany and South Korea. Development assistance should not been seen as the foundation for defining the development path a country should follow. In addition, current research examinations in the context of the Highly Indebted Poor Countries (HIPC) initiative suggest that presently, several African countries need more financial aid, both to promote development and to pay off their debt. This logic has a problem. The logic has a problem because the development of Africa can only happen when Africans think in ways that challenges conventions. What this implies is that Africans thought should go beyond aid as the key plank for its development policies. According to Lord Peter Bauer, the author aptly draws attention to the fact that money is the outcome of economic success and not a prerequisite. Actualizing development in the region is about obtaining the essential capacity for utilization of the resources, allocating these resources and organizing available resources appropriately. If this is the case, then in what ways can Africans be involved in the activities that will lead to economic achievement? One of the key factors is to change the mindset of 50 percent of the African populace under the age of twenty to focus on transforming Africa's problems into opportunities (Shikwati, 2011).Transforming mindset is much preferred to encourage wealth creation rather than executing laws that will place the general public in fear. This paper will attempt to expound on the issue of transformation, drawing from Africa past, present and future successes with out-of-the-box ideas for how Africa can develop and create wealth rather than absolutely depending on aid. The remainder part of this paper proceeds as follows; part two will talk about building a suitable entrepreneurship; part four will emphasis on the principle of governance in the region; part five will discuss about the importance of technology in creating wealth; part six will deliberate on the road choice of Africa future; and section seven will conclude the paper.

2. Building Suitable Entrepreneurship

One of the main engines of economic transformation in an economy is entrepreneurship; they are one of the strongest pillars that make up an economy, they bring out new ideas. They are individuals who recognize market needs and launch companies to meet those needs. The significance of entrepreneurship development via business establishment for economic development has been documented since Schumpeter (1934). Drawing from Global Entrepreneurship Monitor Report (2000), nearly 70 percent of region's economic performance and welfare is reliant upon how entrepreneurial the region's economy is. In nations like Indonesia Nigeria and Egypt, micro-entrepreneurs generate over 38 percent of the gross domestic product (GDP). According to a study from the World Bank in 2011 which shows that small businesses generate a disproportionate share of fresh jobs. They create new technique of selling goods and services, new ideas and new business model. Comprehending the significant role of entrepreneurship in the process of economic transformation will therefore need a framework; this is because of the nature of intermediate variables and link which exist (Bygrave and Minniti, 2000). One of the best instances of these intermediate variables comprise of competition and innovation; these factors are chiefly characterized by exit and entry companies with variety as regard to supply as well as specific energy efforts invested by these entrepreneurs. Additionally, when it comes to their contributions to economic transformation, other conditions of entrepreneurship also add up (Robbins, Pantuosco, Parker and fuller, 2000); these conditions comprises of institutional , traits, and cultural factors as displayed in figure 1 below.

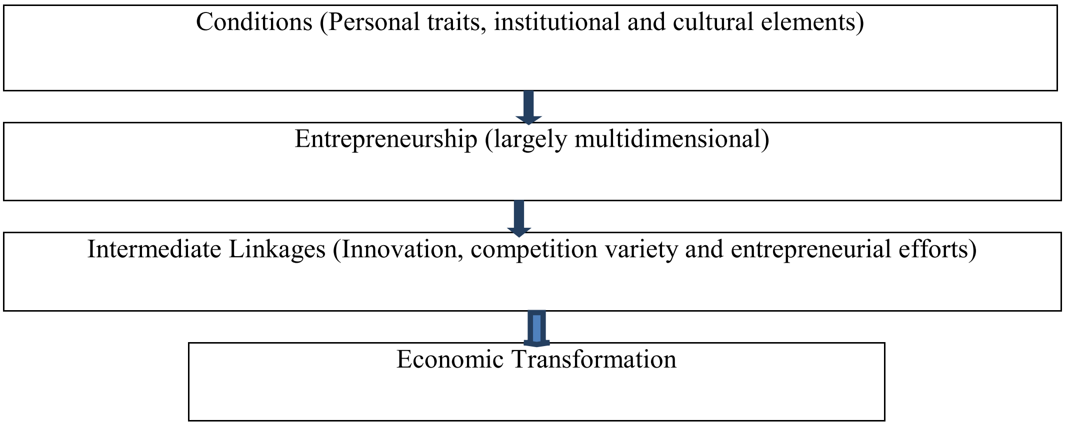

Figure 1: Appreciating Entrepreneurship

Entrepreneurship is one main contributor to innovativeness and product development; it is one significant factor to wealth creation. They play crucial role by contributing to domestic charities, participating in domestic business, investing in projects in communities, generating and taking part in diverse network in entrepreneurship. These entrepreneurs assist in building up robust communities which contribute to the community growth by creating new employment. Africans initiative should be designed to move the continent away from charitable aid model for fighting poverty to the model of building economic enterprise that creates self-reliance rather than dependency. One of the main economic problems facing Africa is dependence. Numerous studies have been carried out on Africa and the general consensus and they concluded that until this main structural feature of the region is transformed, the continent active engagement in the world economy will continue to diminish. Africa still depend deeply on the develop countries for human and physical capital, technology, and investment; it was on this basis that the then Organization of Africa Unity (OAU) referred to Africa as ‘the sick child of the world’ (Ikiara, 1994: pg. 118). Africa is more regarded as an undiversified economy relying intensely on the production of trade in primary merchandises together with economic and socio-political institutions (Mayer and Thomas, 1997: pg. 327).

Africa has employed other methods in combating unemployment problem with pint-sized success. In order for Africa to achieve a significant success in combating unemployment problem, the continent needs to accept entrepreneurship as one assured technique of dealing with unemployment. African governments need to reconsider and justify entrepreneurship investment through the creation of favorable business environment that assist the expansion of entrepreneurship in the region (The entrepreneurship Africa, 2011). The continent should not underestimate the strength of entrepreneurship, for the reason that a strong entrepreneurial is very significant to economic transformation. This is the reason why the significance of immigrant entrepreneurs to a nation they immigrate to should not be undervalued because they bring technical and managerial skills, entrepreneurial spirit and new networks. African government should encourage the immigrating of the Asians; the immigrating of the Chinese, Indian, Vietnamese, Japanese and other Asian nations to the region should be welcomed. At times this immigrates may create a competition with the citizens for business as well as raise tension, but with time it is this tension that can forced the indigenous people to learn, imitate and compete.

For African governments to attract these immigrant entrepreneurs, they need to ‘go green’ via combine public investment, market incentives, industrial policy institutional development and regulations. In order to boost green development and increase effectiveness of resources, most of the policies that will be implemented should be projected not only to develop the level of welfare and sustain speedy expansion, but also addressing Africa diverse environmental challenges. The reason for this implementation is to motivate new investment in an array of low-pollution industries, resource-efficiency and energy that will bring about greener development; this will spur investment in a related downstream and upstream industrial and services as well as develop international competitive advantage in a global sunrise manufacturing environments. One significant effect entrepreneurs bring to a country economic transformation is the ability to create employments and wealth; this act as a compliment and opinions to regime in creating order in their regions and globally. In spite of the fact that subsistence has generally defined the landscape of Africa, this is not a reflection of the dearth of entrepreneurial capacity. According to Bates (1984), the author noted that the continent enthusiasm for entrepreneurship so frightened the colonial authorities that they went as far as killing it. Generally, the limitation of development in entrepreneurship has been associated with the dearth of unsupportive legal business environment and access to credit in the region. The government of Africa need to tackle other challenges in order for these entrepreneurs to survive in today's international economic system. Some of these key challenges include: poor infrastructure, globalization of market and production, international expansion issues, regime support and assistance and dearth of financial support.

In this present era, innovations are however creating the possibility for profitably engage in business with diverse people. In the 21st century, technological inventions such as the micropayments and microcredit are making it easy to involve people in financial systems. Africa government should try and collaborate with private institutions to educate the general public on the effective management of small businesses; this enlightenment will produce easy access to poor markets which have been undermined. The outcome of the strategy will be to create business inclusiveness, whereby the citizens participate in the business chains. This will create a net impact in the expansion of entrepreneurship with a result that is more empowered with people and an upsurge in Africa regime revenue as an outcome of tax payment by these small businesses. Governments are the major consumers of good and services in most African countries. The governments of Africa have enormous leverage in developing the model. For instance, the government of Africa can order certain portion of an industry to be set aside for the deprived, like what took place in the 2003 Broad-Based Black Economic Empowered Act in South Africa (Republic of South Africa, 2004). The overarching stipulation of this Broad-Based Black Economic Empowered Act that took place in 2003 in South Africa was to "promote economic transformation by enabling a significant involvement of the black people in the economy". The governments of African countries can make this a reality when supported normally by prudent policies and improved fundamentals in most Africa nations. Africa governments should craft policies that create incentives like tax holiday to motivate firms; these policies should be flexible enough to allow these firms use the inclusive models in their numerous businesses.

3 Building Africa's Knowledge Base

Knowledge application is currently recognized to be one of the main sources of economic transformation in global economy. The term Knowledge Economy (KE) has been created to mirror this augmented significance of knowledge. An economy that is referred to as knowledge economy is one where people and organizations create, acquire, disseminate, and employ knowledge more efficiently for greater social and economic development. This 'knowledge revolution' reveals itself in several diverse ways: there are closer connections between technology and science; also innovation is significant for economic development and it is also an avenue to create competitiveness; there is augmented significance of long-life learning and education; and more investments are embark on, (Research and Development, education and software) these investments are even superior than the investments in fixed capital. In addition, there is the Information and Communication Technologies (ICT) outburst which brings global connectivity and interdependency.

African government should realized that augmented importance of knowledge offers great potential for nations to strengthen their social and economic development by providing more efficient techniques of producing goods and service and delivering them more effectively and at lower cost to a greater number of people. However, it as well increases the danger of a rising 'knowledge divide' (rather than just a 'digital divide') between developed nations, who are creating most of this knowledge, as well as developing nations; most of these developing nations like countries in Africa are failing to tap the huge and growing stock knowledge because of their poor economic incentive regimes, weak institutions and limited awareness. Joined with trade policy liberalization, the knowledge revolution is leading to increased international competition and better globalization, which is eroding the natural resources as well as low labor cost benefit of most developing nations. In other for African countries to capitalize on the knowledge revolution to improve their competitiveness and welfare, they need to build on their strengths and carefully plan effective institutions, innovative and competitive enterprises, relevant technologies and suitable investments in human capital. Nations like Malaysia, Chile, Ireland and Korea exemplify the rapid development that can be made.

During the initial phases of development, minerals and land constituted the principle resources for development. Human beings were valued chiefly for their physical labor; and technology was rudimentary; but nowadays, information and knowledge have become progressively significant inputs to development process. The whole economic activities are becoming more knowledge-intensive. According to a recent estimate, fifty to sixty percent of the whole industry output is based on information. Recent manufacturing industries hinge on as much for their success on the management of information connecting to scheduling, quality and cost as they do on the management of production procedures. Furthermore, the service sector, which is the greatest source of fresh jobs as well as economic development in the global economy, is fundamentally knowledge-based. For instance, in the United States, the percentage of the labor force engaged in manufacturing is presently similar as it was in 1850. The remarkable progress of employment opportunities in the United States has been motivated by the rapid development in services. The four most significant service sectors – health, insurance, education and financial services – are especially knowledge-intensive. So, in order for Africa to formulate and implement development strategies they need human capacity. The continent has gone through a great deal because of dearth of capacity by depending absolutely on the technical aid which is referred to as aid package. Africa main concern presently should be how to reconsider and develop human capacity. African leaders should try and develop the abilities that are required to transform Africans, by stopping brain drain and expanding access to knowledge.

Africa has some amount of short supply resources for the education of its people. This short amount results in a pressure that is stuck between the rising quality and the rising access, particularly in the higher educational level. For instance, Kenya is one of the African nations that can be seen as a case study on this issue. Kenya has observed an extensive expansion in their higher education. This expansion has been motivated by the intensification of the use of university facilities, which involve the organization of similar degree in the evenings and geographical development, chiefly by franchising degree programs to non-degree-granting training institutes. In Kenya, universities have currently adopted a fast-food-like franchising model; even at that, experts believe that this model has something to do with the low educational quality in Kenya. In spite of the fact that this may be correct, Africans should realize that this is a huge attempt of changing the educational situation in the region.

The continent has undergone suffering from an immense brain drain to the West, specifically in the area of science and technology. An estimate of over 70, 000 skilled personnel are lost every year to develop countries (Commission for Africa, 2005). The attempt of international organizations and advance nations to upsurge development assistance to Africa may not yield and positive outcomes if local personnel needed to execute development program are not available. Yearly, there are smaller numbers of persons in the region that are available to deliver vital public services, development, drive for economic expansion and articulate calls for greater democracy. The availability of these skilled personnel would have helped to drive wealth creation in the continent since Africa enthusiasm for technology has augmented and also help to boost growth. In a 2011 Gallup poll, an estimated 600 million mobile phone users were recorded; it was 62 percent in Botswana, 71 percent of adults' and more than half the populace in Ghana and Kenya. This record shows that, the number of phone users in Africa exceeds that of United State and Europe. This is a huge market that would have brought about economic transformation and create wealth for the region, but these skilled personnel are not available to effect that possibility because they are lured by Western countries with better standard of living and better opportunities.

Africa can bring back lost brain through innovative thinking; countries in the region can build research institutes that will serve as an international research centers and send their scientists and other scholars in other field to work there. This kind of method was employed into the economy of Cuba years back. After the Soviet Union undergo a strong economic situation that brought about a fall in their economy, Cuba decided to send their scientist to some countries in Europe; such as Germany Spain and Sweden to allow them carry on their work in those various Western European countries (Yee, 2003). Africa can adopt similar method by sending their scientist to work on African problems in African-funded laboratories set up in diverse advanced countries, this will turn brain drain to brain gain. Frequent calls has been going on for decades to stop African brain drain and to lure highly educated expatriates back to Africa; this development is creating a rising realization that a strategy of "brain gain" might be more effective in the long-run. For this reason, this calls for a dramatic upsurge in the number of master's and doctoral graduates. A target of 30, 000 fresh PhDs graduates has been set by South Africa by 2018, by employing strategies like sponsored university research with exceptional academics to attract good students. African leaders should realized that one technique of attracting top scholars and scientists to a nation is to come up with a major fresh project or groundbreaking innovation that captures the imagination of the scientific community. In order for South Africa to bid to host the Square Kilometer Array (SKA), this is the largest telescope globally, amounting to over 15 million euros; as part of their bid, a "demonstrator telescope" is being constructed on the designated site in Karoo and is attracting some of the world best astrological minds to the nation.

Developing mechanisms to tap into these communities' knowledge base could be a powerful driver of development in Africa. The following pillars can help Africa countries articulate strategies for their transition to a knowledge economy. The first pillar is that African governments should create an economic and institutional regime that offers incentives for the effective use of existing and fresh knowledge and the flourishing of entrepreneurship. The second pillar is that African governments should realize that a skilled and educated population that share, create, and employ knowledge well is one factor that can lead to wealth creation. The third pillar is the application of an efficient innovation system of think tank, research center, consultants, firms, as well as other organizations that can tap into the rising stock of global knowledge, integrate and adapt it to indigenous needs, and create fresh technology. Creating effective use of knowledge in Africa requires developing suitable institutions, policies, investments, and coordination across the above three functional pillars.

4. Principles of Good Governance in Africa

Development assistance strategies are experiencing fundamental reexamination. In modern years, the strengthening of good governance in developing nations has turn out to be both a *condition* of and an *objective* for development assistance. However, joining these two goals in assistance strategies signifies a daunting challenge for development institutions (Santiso 2001). Additionally, for years there has been growing recognition that the flow of development assistance to governments executing ineffective policies is wasteful; this is consistent with empirical results that were already accessible in the early 1990s. Consequently, over the past years development assistance has turn out to be rather more sensitive to supporting domestic policy reform efforts of receiving nations, albeit narrow political objectives of donor's which is still playing leading role in numerous aid decision today. Africa poor performance can chiefly be attributed to governance; because good governance is very essential to a country's economic development. Good governance allows optimal allocation of resources and as well builds the platform necessary to begin every development activity.

The foundation of good governance is to build a suitable principal-agent relation where the principal (that is the citizen) own the correct competence to watch over the agent (that is the ruler) and make sure that the agent delivers the received aid to the appropriate channel. According to the IMF report, every emerging nation committed to win the confidence of the global financial market must commit itself to good governance. The reason for this is because good governance fosters a path for strong and stable economic growth. According to kempe Ronald Hope (2002b), the author state that, it can be noted that good governance, in all its facets, has been confirmed to be positively associated with the success of better growth rates, chiefly via the building of institutions in support of markets. A current empirical study proposes a positive association between economic liberalization, human capital level of income, distributive income growth, investment, and democratic governance in society (Tavares and Wacziarg). Actually, some other experts, like Alfred Zack-Williams, have successfully argued that good governance, mainly its aspects of democratic consolidation, is a prerequisite for development. So, the fresh maxim for African in the 21st century should be "no democracy, no development" (Zack-Williams, 221).

On a similar note, United Nations (U.N) former Secretary-General Kofi Annan has said that "good governance is possibly one of the most significant factors in eradicating poverty and promoting growth" (United Nations, 1998: pg. 13). Furthermore, the former vice president of Kenyan has as well stated that "good economic and political governance underpins sustainable growth (Saitoti, 257). African Development Bank (AFDB) President has put emphasis on that "good governance is not only a worthy goal as such but as well as sine qua non for reducing poverty and sustainable growth in the longer term" (Kabbaj, 7), on the other hand, the Executive Secretary of the United Nations Economic Commission for Africa (UNECA) has stated that "good governance in Africa is a requirement for the political and economic transformation of the region" (Amoako, 155). African leaders should know that good governance is worth pursuing in its own right in the region; because much has been observed, and volumes have been written about the deleterious effects of bad governance in the region. Via the NEPAD organization, a fresh generation of educated leaders is aiming to reverse that trend. There should be democratic principle and respect for human rights, protecting the rights and freedoms under the rule of law, honest and good quality administration and concern with values that are applicable to equality in every state and among every citizen in Africa. For instance, democracy is a general recognized ideal, founded on values common to the general public universally irrespective of economic differences, social, cultural, or political. These go beyond the functional significance of the aspects of good governance, like for sustainable growth processes.

Evidently, development and growth cannot be attained in the absence of good governance; the reason is because among other things, good governance ensures the maximum efficient employment of already scare resources in the promotion of growth; responsibility, enhances participation, and accountability. It also has the right potential to liberate the general public from poverty as state legitimacy is recognized and embedded. In actual fact, any attempt to sustain development and reduce poverty must begin with, and build upon good governance (Hope 2002b). In addition, good governance can thus be as well regarded as governance on behalf of development-oriented policy. A report from UNDP (2002) proposed that good governance advances sustainable development for three reasons. Firstly, good governance can promote sustainable growth by empowering the general public to impact policies that promote prosperity and development and as well reflect their priorities. Secondly, by enjoying political freedom as well as participating in the decisions making shape's one's life and creates an avenue to exercise the freedom of fundamental human rights in the region. From those nations in Africa where leaders were not selected or elected by elections (for instance, the then Libya under the rule of Mohammed

Gadhafi), or where elections were flawed (like Zimbabwe), there is a severe restriction of choice; and the denial of these rights by these leaders is a denial of human development. Thirdly, good governance assists to safeguard citizens from political and economic catastrophes, like famine and other crises. In Africa there is a direct correlation between famines and bad governance. For those nations suffering from famines regularly, suffered from it because they tend not to have good governance.

Drawing on Feng Y. report, the author empirically demonstrated that good governance does matter for a country economic development and growth. Particularly, in a political system that is characterized by stability and freedom promoting a growth-oriented economic agenda will be one significant necessity in this respect. (Feng, page 295). According to Morton Halperin, Michael Weinstein, Joeseph Siegle Daniel Kaufmann Pablo Zoido-Lobaton and Aart Kraay have displayed that the quality of governance is significantly connected with economic development and growth. In order for Africans to realize a strong and stable economic development, Africa government should build a judicial system that allows the regimes to helpfully act in a stable environment. When an environment is not stable for economic development and the judicial system is inefficient for justice, it encourages individuals to search for justice through private institutions; because the private institutions embedded in a region are governed by norms, trust, and expectations. They depend on cultural sanctions and reputation systems, like ostracism. However, there are numerous limitations when it comes to private protection system for the reason that their operation can only happened in a small networks, and as they grow they can easily turn out to be something else; and this can create a negative influence in that region (Leeson and Boettke, 2009). This kind of case is related with the Mungiki mafia in Kenya; in addition, the rising frustration in Nigeria states because of the inefficient justice system has caused some state regimes to adopt the Islamic Sharia legal system (Bach, 2006).

5. Technology Import Vision

The current developments in information technology are turning out to be essential to the process of socio-economic growth. Investing in innovation, science and technology can act as an engine for long-term growth; this investment in technology can also serve as an essential ingredient to attaining numerous critical elements of the Millennium Development Goals. Information technology provides fresh techniques for swapping information and transacting business; it has transformed the nature of the financial and other service sectors and offers effective means of employing the institutional and human competences of nations in both the private and public sectors. Global economies are rapidly heading towards information societies and knowledge-based economic structures, which include businesses, network of people and nations that are connected with interdependent and electronically relationships.

One of the key determinants of competitiveness and development of firms and nations in an increasing globalization economy is information technology. Businesses are turning out to be more competitive on the foundation of their knowledge, rather than on the foundation of low labor costs or natural endowment. It is increasingly obvious that the role of traditional sources of comparative advantage (like abundant natural resources and large labor force) in determining global competitiveness is decreasing. The comparative advantages and competitiveness of these nations are slowly being determined by access to knowledge and information technology. The market share and profitability of individual firms in the future global economy are not only determine by information technology, but as well has enormous influence on upcoming generations on a nation's prospects and workers. So, what are the implications of information technology for the relative fortune of a country? Nations that invest in technology as well as adopt information technology will rapidly advance ahead and countries that fail to quickly adopt information technology and invest in technology will be left behind.

The expansion of technology in the continent has been bedeviled by a lack of higher education, with institution of higher education being badly underfunded because of the rival claims on public funds. African leaders committed themselves in 2004 to raise fund for science and technology to 1 percent of their GDP. Despite the fact that certain nations have surpassed or hit this target, numerous nations have not come close. Africa governments should be aware that the transfer of technology is one main factor strongly influencing global competitiveness and economic growth both in the short term and long term. According to a report from the World Economic Forum Competitiveness 2011-2012, the report stated that there are three phases of economic development by which the classifications of global economies were built on. The classification includes: (i) Innovation-motivated economies, in this phase, the primary goals is to compete on sophisticated and differentiated products as well as production procedures; (ii) Efficiency-motivated economies, this phase key objective is to develop competences in the production procedures; (iii) Factor-motivated economies, this stage key aims is to compete mainly on the foundation of natural resources and unskilled labour.

Economies that tend to see themselves in the phase of innovation-motivated economies are the developed economies. Nations in this phase have as well placed a premium on knowledge as the main diver and factor for economic growth and they are as well the 'Knowledge Economies'. Several nations in the Africa region lag behind as factor-motivated economies which are mainly based on exploitation of natural resources. In numerous situations, it has not created the pathway to sustained as well as share economic development for the reason that the so-called 'resource curse'. In order for Africa to play a vital role in world economy, the continent has to move to the innovation-motivated economies level. To a great extent, the access to technology and its utilization in economic procedure will determine the level of Africa nation's competitiveness in the international labour division. Structural adjustment of the entire economy is almost impossible without technology acquisition and a well-defined country's innovation system.

The impact of technology to a nation economic growth is viewed as a significant factor underlying the pace of transformation in several emerging economies. Africa twenty-first priority should be the demystifying of technology; this will help to boost the development process in the region. During the reform procedure, this is normally referred to as the 'open door policy' period, Beijing was able to acquire both social economic institutions and technology from advanced nations and therefore develop and transform its manufacturing sectors at low cost and risk (Lin, 2010). Several students from China that travel to Western countries to study assisted in promoting Beijing's Research and Development (R&D), this was done with the transfer of technology (David Zweig, 2008). Technology has been very significant to the economic transformation of several advanced countries. This significance is displayed in their various sectors; and it has been one main motivating factors creating wealth for these advanced nations. So, the enormous appetite for knowledge is a powerful motivating factor of getting hold of technology than any elaborated technological transfer any donor may design.

Africa leaders need to consider the following methods if they want to acquire foreign technology; the first is imitation of foreign capital goods process; secondly, foreign direct investment process; and thirdly, foreign licensing. African regimes can encourage these methods through intellectual property rights rules (IPRR), foreign direct investment (FDI) polices, foreign licensing regulations (FLR) as well as the acquiring of technology for public enterprises. African government should know that it is their responsibility to ensure that the modification of foreign technology is in line with their human and social development programs if they want to create wealth in the region. Therefore, getting hold of foreign technology created in advanced nations will be a better strategy for African nations.

6. The Road Choice of the Future

One main problem facing African leaders is their inability to effectively utilize the aid they receive from abroad and turn it into wealth. African governments need to transform their perceptions from over-reliance on development assistance to a more responsible means of capital flow like investment and borrowing. Regardless of this fact, the regular demand of aid packages has created a 'beggar' mindset among foreign donors. Due to this, the continent is more viewed as a 'beggar' than a borrower. African citizens and leaders need to diverge from the beggar attitude to more objective borrowing practices. Recently, some scholars consider that development assistance is been poured into Africa as a way of absolute sympathy and assuaging the Western guiltiness (Collier, 2007; Zachary, 2009). This is the same reasons why people provide assistance to beggars. The word 'aid' is connected to the beggar mindset syndrome; this tends not to promote foreign investment. The reason for this may be because foreign aid tends to promote a phenomenon nicknamed "Dutch Disease".

In a report given by Raghuram Rajan of the International Monetary Fund (IMF), he states that when huge amounts of overseas assistance are sent abroad, the recipient (impoverished) nation's currency tends to rise in value; this rise in the value of currency makes it more costly for foreigners to purchase exports coming out from the poor nation, and therefore foreign investment in the poor nation is discouraged. In this way, foreign aid undermines and does not promote foreign investment. Several nations in Africa occasionally approved policy space for their lenders, who in return force them to implement detrimental policies (Action Aid, 2005). If the governments in the region can stand on their rights and take charge of their developmental projects, it will change the beggar imagery to a constructive and objective borrower as well as allow African governments to recuperate their needed policy space. Malawi for instance is a nation that has demonstrated this type of change; it has succeeded in transforming its economy from food deficit from 43 percent in 2005 to a 53 percent surplus in 2007 by thinking of itself (Denning et al. 2009). Also, extensive aid worth four billion dollars from the United States did not stop Taiwan from developing into a major exporter during the 1950s. Actually it did just the opposite, as the Taiwanese government permitted Taiwanese farmers to purchase large amounts of fertilizer to upsurge their crop yields, allowing farmers to produce more rice per hectare of farm than nearly any nation in Asia; this vast surplus of food was Taiwan's original export-base. This change came because of the subsidy famers got from the government of these respective nations contrary to the advice receive from donors (Dugger 2007).

Nations in Africa are gradually diverging from their traditional dependency to a more futuristic approach. Even though these visions are not grand enough, but it is generating the right path for growth. For instance, Nigeria has the vision 2020, this vision aim to offer a stable democracy, international competitiveness, better educational system, better infrastructure, better health care, competitive manufacturing sector, and modern agricultural sector. On the other hand, Kenya's vision 2030 aims at creating a middle-income country by 2030 on the back of seven percent growth yearly. Another Africa nation aiming to make a difference with its vision 2020 program is Rwanda. The vision 2020 program aims to raise the country per capita to 900 dollars by 2020. In a report presented by the Africa Development Bank, the report states that the prospect of the continent is always covered with uncertainties, but the numerous trends suitable for Africa future prospects are already obvious in today's Africa (ADB, 2011). Africa is home to the fastest-growing economies, and the region is anticipated to grow at least 6 percent yearly over the next decade. There was a report published by the International Monetary Fund's (IMF) about the World Economic Outlook in mid-October 2012. The report states that eleven of the World's twenty fastest-growing economies were from Africa. The IMF report further forecast that those economies which are earnestly going through reform will be among the top ten fastest-rising economies in 2020; so with all these forecasts accompany by a better underlying economic policies, the region can be seen as the next "Economic Powerhouse" of the world.

In order for Africa to turn the "Economic Powerhouse" vision into reality, the region will requires to grow even faster than it did before the global crisis; the region will have a big push to invest in infrastructure because Africa inadequate infrastructure is one main obstacle that hinders the continent from regional and world markets as well as fragment the continent into myriad of small domestic economies. One of the ways of finding solution to this problem will be for African leaders to think beyond the box by trying to find innovative ways they can use to pay for that infrastructure. So, if Africa Development Bank can issue out 65 percent of its portfolio and center it on infrastructure investment, it will help the region to grow by over 3 percent and as well narrow the trade deficit gap. Alternatively, if key donor nations could issue Africa development bonds on the New York market to help provide funding for infrastructure; because most importantly, issuing a bond like this could transform the continent perceptions overnight about a place to invest and do business. With a secured funding amounting to billions of dollars private business owners globally will line up to offer infrastructure for the region.

7. Conclusion

Some experts still believe that foreign aid remained the key pedal for getting Africa out of its development trap. Foreign aid application in the region has, however, not eradicated Africa poverty. As the region faces the next five decades, Africa needs to reconsider recent orthodoxies and develop new mindset that bring back agency to Africans which will underpin the region development path. This is not to say that the continent should take a dogmatic position against the West or development assistance, but that it should have the opinion that fresh idea can come from anyplace, and applying traditional methods alone will not solve the region problems. The continent must get out of the box that has informed its development policies and see foreign aid as a facilitator for development; however, failure to employ aid as a facilitator will spell doom for the region. The continent should concentrate on political freedoms and domestic economic that will ultimately permit the region to find solution to their problems and create wealth (William Easterly, 2011).

References

Action Aid (2005). Real Aid: An Agenda for Making Aid Work. Johannesburg, South Africa: Action Aid. Available from www.reliefweb.int/rw/lib.nsf/db900sid/EVIU6CXB8L/$file/real_aid_may_05.pdf?openelement (accessed 18 June 2010).
Africa Development Bank (2011) .What will Africa Be Like in 2060?
BBC News "Challenges facing African's Entrepreneurs"
Bach, Daniel C.2006.Inching towards a country without a state: Prebendalism, violence and state betrayal in Nigeria. In Big Africa states: Angola, DRC, Ethiopia, Nigeria, South Africa, Sudan, ed. Christopher Clapham, Jeffrey Herbst, and Greg Mills, 63-96. Johannesburg, South Africa: Wits University Press.
Bates RH (1984). Some conventional orthodoxies in the study of agrarian change. World Politics 36 (2): 234–54.
Bygrave, W.D., and Minniti, M (2000). The social dynamics of entrepreneurship. Entrepreneurship Theory and Practice, 24 (3) page 25-36
Collier P (2006). African growth: Why a "Big Push"? J. African Economies 15 (Suppl. 2): 188–211.
Collier P (2007). The bottom billion. New York, NY: Oxford University Press.
Commission for Africa (2005). Our common interest: A report of the commission for Africa. London, UK:

Department for International Development.
David Z (2008). China and the World Economy: The Rise of a New Trading Nation. Paper presented at the World International Studies Association. Ljubljana, Slovenia, 24 July 2008.
Denning G, Patrick K, Pedro S, Alia M, Rafael F, Rebbie H, Phelire N, Colleen Z, Clement B, Chrispin M (2009). Input subsidies to improve smallholder maize productivity in Malawi: Toward an African green revolution. PLoS Biology 7 (1): 0002–0010.
Dugger CW (2 December 2007). Ending famine, simply by ignoring the experts. New York Times.
Easterly W (2005). Reliving the '50s: Poverty traps, the big push, and takeoffs in economic development. Center for Global Development Working Paper 65, Washington, DC.
Easterly Williams.2011.Will money solves Africa development problems? John Templeton foundation, supporting science and investing on the "big question"
Fenby J (2008). History of modern China: The fall and the rise of a great power, 1850–2008. London, UK: Allen Lane.
Fosu AK (2009). Understanding the African growth record: The importance of policy syndromes and governance. World Institute for Development Research Discussion Paper no. 2009/02, Helsinki, Finland.
Gupta S, Catherine P, Smita W (2007). ―Impact of Remittances on Poverty and Financial Development in Sub-Saharan Africa.‖ Working Paper 07/38. International Monetary Fund, Washington, DC.
Ikiara GK (1994). ―Entrepreneurship, Industrialization & the National Bourgeoisie in Africa‖, in Himmelstrand 1994: 118-127.
James Shikwati (2011). Afrikanet.info. Will money solve Africa development problems?
Lancaster C (2000). Transforming foreign aid: U.S. assistance in the 21st century. Washington DC: Institute for International Economics.
Leeson, Peter T., and Peter J Boettke. 2009. Two-tiered entrepreneurship and economic development. International Review of Law and Economics 29 (3): 252-59.
Lee J, Kiseok H (2010). "Economic Growth in Asia: Determinant and Prospects" Asian Development Bank Working Paper Series No 220, September.
Lin JY (2010) "The China Miracle Demystified." Paper presented at the Econometric Society World Congress, Shanghai, August 19
Maathai W (2009). The challenge for Africa. New York, NY: Pantheon.
Mamdani M (1996). Citizen and Subject: Contemporary Africa and the legacy of late colonialism.
Mayer MJ, Thomas RH (1997). Trade Integration in Southern African Development Community: Prospects and Problems. Development Southern Africa, 14(3): 327-325
Moyo D, Niall F (2009). Dead Aid: Why Aid Is Not Working and How There Is a Better Way for Africa, Farrar, Straus and Giroux, New York.
Prahalad CK (2006). The fortune at the bottom of the pyramid: Eradicating poverty through profits. Upper Saddle River NJ: Wharton School Publishing. Princeton NJ: Princeton University Press.
Republic of South Africa (9 January 2004). Broad-Based Black Econ. Empowered Act, no. 53, 2003. Government Gazette, Cape Town: Republic of South Africa.
Robbins, D.K., Pantuosco, L.J., Parker, D.F and Fuller, B.K (2000). An empirical assessment of the contribution of small business employment to United States economic performance, Small Business Economic, 15: page 293-302
Sachs JD, John WM, Guido S, Margaret K, Chandrika B, Michael F, Gordon M (2004). Ending Africa's poverty trap. Brookings Papers on Economic Activity, 1, Brookings Institution, Washington, DC.
Santiso, Carlos, 2001. "International Co-operation for democracy and Good Governance: Moving Towards a Second Generation?" European Journal of Development Research 13 (1): page 154-180
Schumpeter, J. (1934), The Theory of Economic Development, Harvard University Press, Cambridge, Mass.
The Entrepreneurship Africa (24th October 2011). Entrepreneurship: Key to job creation in Africa.
Yee C (17 April 2003). Cutting-edge biotech in old-world Cuba. The Christian Science monitor.
Zachary GP (2009). Stories we tell about Africa (and those we don't). Available from www.gpascalzachary.com/bio.htm (accessed 25 August 2009).