The exam has 2 parts, with a total of 9 required questions. Please do not leave any question blank! The exam is designed to take an hour and a half, though you have the full 3 hours to complete it. Use the final pages if you need more space. Please write legibly, and label any diagrams clearly.

**Section 1: Key concepts (8 points each = 40 points)** Briefly (a) define the concept and (b) drawing on what we have studied, say why the concept is important for understanding economic development in Africa. There is no single best answer. Your answers can be brief, but be sure to do both (a) and (b) for each of these questions.

1. The financing gap

2. Millennium Development Villages
3. Collateral-free loans

4. Mutual insurance

5. Conflict diamonds
Section 2. Short answers (15 points each = 60 points). One good paragraph is fine for these short answer questions.
6. In the abstract to their (2008) article, Collier, Hoeffler and Rohner (2008) say the following: “Civil war is the most prevalent form of large-scale violence and is massively destructive to life, society, and the economy. The prevention of civil war is therefore a key priority for international attention.” The Development Assistance Committee of the OECD makes you the head of a task force that is given the responsibility of redirecting aid money in order to prevent civil wars in Africa, based on the empirical findings of Collier, Hoeffler and Rohner. What two findings of theirs will you focus on in order to maximize your effectiveness at preventing civil wars, and what interventions will you implement in response to these two findings?
7. Here is the abstract of a recent paper by Todd Moss (author of one of our texts):

“Many of the world’s poorest and most fragile states are joining the ranks of oil and gas producers. These countries face critical policy questions about managing and spending new revenue in a way that is beneficial to their people. At the same time, a growing number of developing countries have initiated cash transfers as a response to poverty, and these programs are showing some impressive results. In this paper, I propose putting these two trends together: countries seeking to manage new resource wealth should consider distributing income directly to citizens as cash transfers. Beyond serving as a powerful and proven policy intervention, cash transfers may also mitigate the corrosive effect natural resource revenue often has on governance.”


Does this look like a good idea to you for countries like Ghana, Uganda and Tanzania, who are in Radelet’s ‘Emerging Africa’ category and have recently discovered substantial oil and/or gas resources?
8. Jean-Paul Azam often cites Felix Houghouet-Boigny, President of Cote d’Ivoire from its independence in 1960 until his death in 1993, as a great statesman for his policy of economic transfers from his own richer cocoa-growing area to the poorer north of the country. Yet Cote d’Ivoire fell into a succession crisis and a long period of costly armed rebellions after Houghouet-Boigny’s death. Using Azam’s model, explain why he views Houghouet-Boigny’s policies so positively. What economic and/or institutional interventions would you prioritize as pathways to long-run development, if you were elected President of an ethno-regionally polarized country like Cote d’Ivoire?
9. Consider the following passage from a recent review of a set of books about China and Africa. In an earlier part of the review, McKinnon refers to the tendency for Chinese aid to be a small part of much larger mainly-commercial packages that construct transport infrastructure in return for payment ‘in kind’ in the form of minerals and other primary commodities. (Note SAPs = Structural Adjustment Programs.)

“Between 1980 and 1995, SAPs were applied to roughly 80 percent of the world’s population. Some of the more notable examples of adjustment stress include Mexico, Argentina, Bolivia, Peru, Ecuador, Venezuela, Trinidad, Jamaica, Sudan, Zaire (now Congo), Nigeria, Zambia, Uganda, Benin, Niger, Algeria, Jordan, Russia, and Indonesia. Each of these countries saw violent protests, in many cases deadly, against specific SAP stipulations, from sharp increases in fuel prices to steep currency devaluation and subsequent price hikes, and from food-price riots to university sit ins over the IMF mandating doubling the cost of bread or transport’ (Halper, p. 60).

No doubt that many, if not most, of these SAPs, were in the long-run interests of the recipient country if they had been politically sustainable.

In 2000, China entered. Its largely apolitical concern is to build infrastructure sufficient to sustain payment in the form of minerals or other natural resources – a mutually beneficial exchange. China’s Eximbank or Department of Foreign Aid would not dream of imposing SAPs on a new potential trading partner – much less get directly involved in nudging its politics in one direction or another, unlike the earlier Maoist adventures in Africa in the 1950s into the 1970s. True, the large scale of these projects will inevitably affect the economy, and perhaps the politics of the recipient country. But any such changes will be a natural outcome from the project itself – rather than the result of outside mandates, such as SAPs.”


What is your own view about the likely impact on Africa’s economic development of China’s very substantial engagement with the continent since 2000?