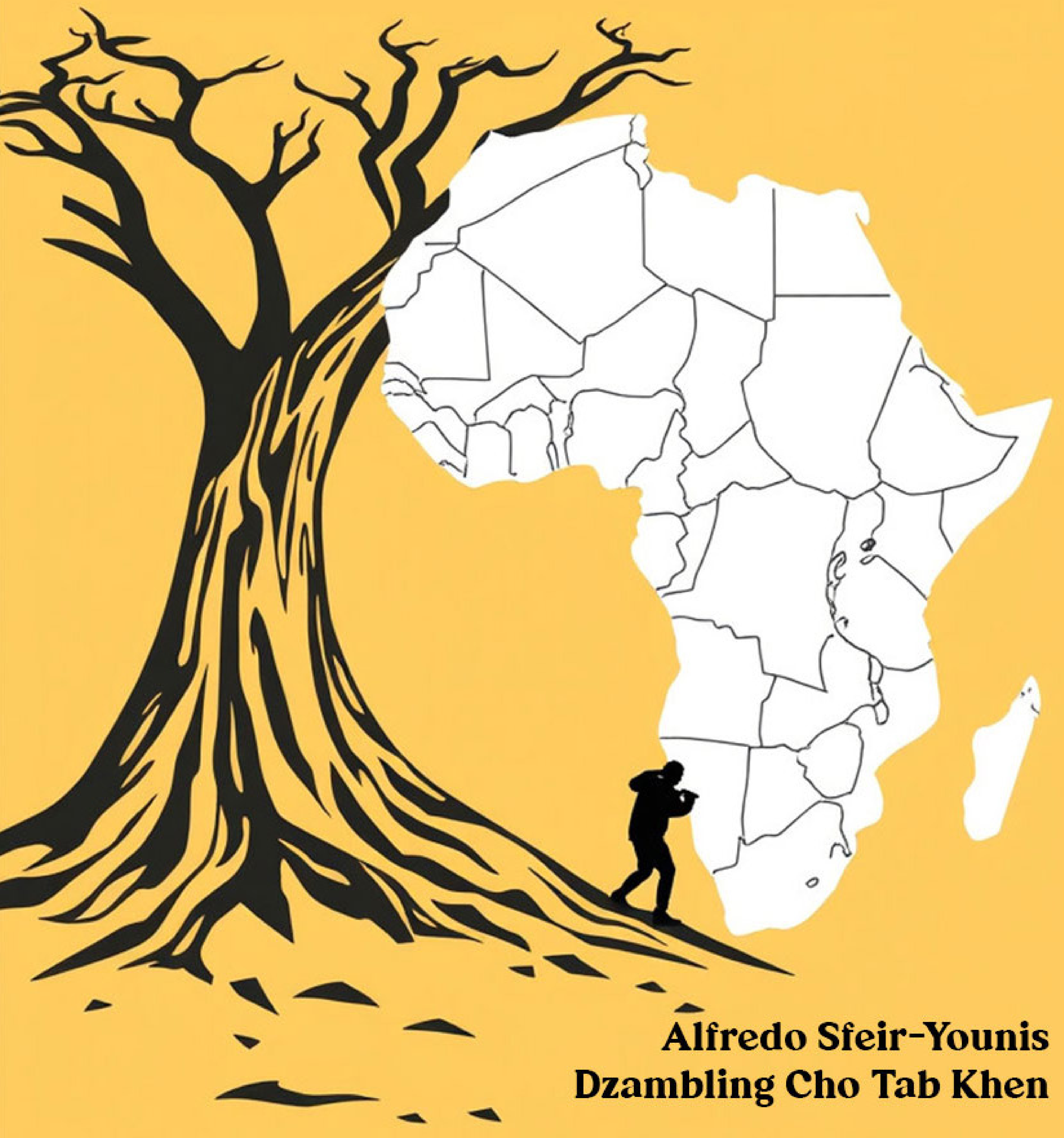
Is Africa Embedded in a Development Trap?

The Repetitive Nature of Structural Problems



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Is Africa Embedded in a Development Trap?

The Repetitive Nature of Structural Problems

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Part 1
Introducción

This issues paper, at its core, addresses one fundamental question:

Why does Africa continue to face (almost) the same problems as it did three or four decades ago, despite the billions of dollars spent (and other material and non-material efforts allocated) in the name of socioeconomic development, poverty alleviation, rural development, debt relief,…?[1]

For those who see this question as too controversial[2], it is important to note that this question is as much an indictment on foreign development assistance as it is on the recipients of that assistance.

From the above, many other subsidiary questions unfold. For example,

-Why is it so difficult for Africa to get out of the same structural problems and constraints?

-Why is it that for the last many years the contents/agenda of meetings about Africa's development invariably address the same development issues and reach the same sort of conclusions?; and

1 This is the question that was identified as the ethos of this issues paper. Clearly, it should not be conceived as an absolute and unchangeable one, but by focusing on such a question it sharpens the mind to many recurrent problems in Africa and elsewhere in the developing world.

2 This is not the first time that such a question has been raised. But it is also a very current one and the center of many debates among bi-lateral and multi-lateral donors. Maybe the world conditions today provide another and different window of opportunity to address that question, once again.

-Is Africa embedded into a “development trap”, given the repetitive nature of the structural problems?

Clearly, a full debate on these subsidiary questions may demand a full scrutiny.

In this context, some people might suggest that the problems facing Africa at present are very different from those of the past[3]. For example, these may be influenced by, or may be the result of globalization, and heightened by multiple forms of interdependence. In addition, because of the presence of new and more subtle forms of colonialism, the behavior of capital markets, the rules imposed by multilateral international trade agreements, the pervasive nature of foreign aid, and the progressive consolidation of democratic trends and alternative forms of governance.

Thus, it would be indeed possible to suggest that the causes and conditions of African development have drastically changed. If this working hypothesis were true, one would need to change the way one sees and one conceptualizes the most salient strategic steps/ actions essential to resolve Africa’s development problems. It would also suggest that there is a failure in the instruments being used

3 This is the counter hypothesis of the principal question raised in this paper. People may say that the opposite is true: that the conditions today facing Africa are such that the mind set is to change radically, if these issues are to be resolved. Here, the point is one of whether policy makers are failing by design or by default.

(including timing as a development instrument), as these may not be in accordance to (in sink with) the changes in the causes and conditions of such development.

But, be as it may, those who are used to manage by results, and in many ways, objectively speaking, they observe that there are many well-known development issues that remain to be resolved, or to be successfully eliminated. Examples of these are poverty, misery, gender and ethnic inequities, environmental degradation, unplanned urban sprawl, lower than desirable indexes of education and health, food shortages and still localized famines, displacement of people, arm conflicts, low level of agricultural productivity, very incipient industries, precarious supply of public services in rural areas, lack of adequate governance, failure in many public administrations, heavy debt burden, minimal inflow of foreign private capital, weak leadership with an almost inexistent entrepreneurship, and many other social, cultural and human related issues.

Can this situation be explained by the level of resources that have been applied (an issue of "quantity") or, by the way in which those resources have been spent/allocated and, thus, by their actual productivity (an issue of "quality")?[4]

4 There are many development practitioners who have suggested that Africa is receiving too much assistance and that there is little absorptive capacity to handle it. In fact, the suggestion goes even further, that it is this huge development assistance that is creating new problems and exacerbating the old ones.

In other words, would Africa's development problems go away if larger volumes of financial-based development assistance are allocated to it?[5]

Or, need one to assist Africa via different means and instruments, and why not to say it, by adopting a very different paradigm of socioeconomic development?[6] Is there a political, institutional and social room for the shift?

Not easy questions to answer. One may decide to avoid a sharp debate on those questions by adopting a Salomon(ic) posture: "it would be both".

This short issues paper takes a route which indicates that (a) the issues indeed keep repeating themselves as if Africa were embedded in a development trap, and (b) that the allocation mechanisms and practices, and the productivity of the resources, which have been made available in the past, were less than adequate to address existing development problems[7]. This is stated not withstanding the need for extra resources.

5 Based on my experience at the United Nations, it is important to note that the discourse varies a great deal. There were some African leaders who actually recognized that the productivity of development assistance at the margin has always been extremely low. Issues of policy coherence and governance are often cited. These are in addition to the short term nature of politics in those areas (i.e., immediate flow of resource and long term indebtedness).

6 This question reflects the view that the way in which development assistance is defined and administered are not in sink with Africa and its realities (understood in a broadest sense).

7 These were the terms of references of this short issues paper.

In following that route, this short issues paper will briefly:

i) illustrate the core development patterns/approach during the last half a century and highlight the built-in biases of those patterns;

ii) address the issues generated as a result of the Structural Adjustment Programs as an illustration of the importance of macroeconomic policies;

iii) identify the most salient strategic issues that need to be brought into the forefront to change the recurrent cycle of limited development;

iv) elaborate on the potential role of a Foundation as it relates to other development institutions (with different aims and resource levels); and

v) suggest key elements of a process of change and a communication strategy that are needed in order to advance Africa's development agenda in a more successful manner.

An Aside[8]. To facilitate the presentation of the next section and beyond, a short version of conceptual framework will be shared here (there are

8 Many readers may decide not to read these next three paragraphs. It is conceptual and may need more context and details to be fully understood.

several publications on this). In particular, as a point of departure in any debate about Africa, one may conceive *sustainable development*[9] *as attaining a balance across all forms of capital participating in the development process*. In general, there are six recognized forms of capital: physical, financial, human, natural, institutional and cultural.

Using this paradigm, one may embrace the working hypothesis that the recurrent nature of African structural problems is the result of not having achieved such a balance[10].

Here, the term "balance" is one that refers (a) to certain forms equilibriums that are to be attained and (b) to the fact that the interaction of one capital to another capital –or, with all the forms of capital—has a positive value. This is to say, one cannot get involved in a process of physical and financial capital accumulation that, in the end, for example, exhausts the existing stock of natural capital as its result (i.e., the environment and natural resources). One example of this is industrialization and pollution of air and water. Similarly, a process of capital accumulation based only on physical and financial capital, which disregards the development and accumulation of human capital, is bound to fail in the longer term. Total substitution between

9 Sustainable development is used here as a broad reference to enable an assessment of past interventions against that broad aim.

10 This is a generalization that will manifest in a different way depending on the country situation. But the principle applies across the board: it is these imbalances that result in the repetitive nature of development problems.

and among these forms of capital is almost never possible[11].

Finally, and as another example of the meaning of the term "balance", no development will be sustainable if one is not taking care of institutional and cultural capital (i.e., one may think about these forms of capital as "the how to do it", in direct complement to human capital). With the same token, many arguments may be constructed to see that development does not disregard the importance, for example, of cultural capital. To many, this form of capital can (some believe that "should") be replaced by other forms of capital. Notions of progress (e.g., material progress) are often used as reference points to leave behind cultural values that are seen as part of a society's past[12]. However, studies in Africa show that development which is not really indigenous/culturally-based never becomes sustainable.

11 This statement may give origin to a debate on technology and technological change. The question is whether there is perfect substitution between and among these forms of capital. Some believe that it is always possible, while others totally reject that understanding of substitution. It is difficult to replace a natural forest or the depletion of wildlife. No technology will bring animal and plant species that are now extinct. Thus, the issue of substitution refers to matter of quantity and quality.

12 In many ways, the idea is that cultural capital results in backwardness. In the mind and in the practice by many people, the personal and cultural values are now replaced by corporate and business values, in response to a material notion of progress. In countries of Africa where the traditional values are intermingled with the colonial values and the post colonial values, and now the values imposed by the globalization process, this is a very central issue.

Part II

Pattern of Foreign Development Assistance

For didactical purposes only, the presentation in this section will be divided into a few periods of very recent history, which are markedly defined by an ideology of development and a form of foreign aid's delivery[1]. In this way, one will be able to see the created imbalances as one of the main reasons for Africa's recurrent and repeated existence of structural problems.

From 1940 to 1960. The ideology of development at that time (an era of intensive colonialism in Africa), suggested that the "take off" (using Walter Rostow's terminology)[2]. See, Stages of Economic Growth), will only happen as a result of accumulating physical and financial capital. This is why most development assistance concentrated in the construction of highways, railways, ports facilities, etc.

One may also suggest that it were these types of investments that "the center" needed to benefit from "the periphery" (using F. Cardozzo and E. Falletto's terminology). In any case, the results were not that beneficial for those lower income families and these capitals now are either exhausted, non-existent, or in need of major replacement. In some ways, such a take-off assumed that the interaction factor between physical and financial capital, and other forms of capital was

1 The underlying thought here is that foreign aid has been always an instrument of the ideology of development at each point in human history. Foreign aid has run behind those ideologies. This leader-follower pattern has resulted in major biases on the side of one or more forms of capital.

2 The notion of the "take-off" was very central in Rostow's theory of economic growth. This was the first stage of growth. This was the stage where many things had to happen in order for a country to attain higher levels of welfare. It is in this stage that many of the structural issues and constraints are identified and reviewed.

irrelevant or closed to zero[3].

Or, as many have suggested, for example, in relation to natural capital, this form of capital was super abundant and thus, with zero opportunity cost. This approach led to the over exploitation of forests in Africa, particularly those expensive hardwood tree varieties.

From 1960 to1980. The failure to reach the poor and benefit the large masses of people, jointly with an intensive process of de-colonization, led to a shift in the ideology of development permeating those previous decades[4]. It is here where poverty alleviation became an essential ingredient of development, and Robert S. McNamara declares in 1973 "An Assault on Poverty", a speech given in Nairobi, Kenya. The revolution led by Nyerere was also supported and lots of money was put in the so-called Rural Development Strategy and in low cost provision of public sector services (e.g., water, electricity, sewerage). Here, there was some emphasis on human capital development and on the accumulation of institutional and cultural capital (though rather small)

These strategies became very popular as it held strongly that, for example, small-holder agriculture was feasible and essential to

3 This is a central point to have in mind. It is another way to make reference to relative or absolute abundance of any given form of capital. During many decades, it was assumed, for example, that natural capital was infinitely abundant, and thus its opportunity cost equal to zero. The interaction factor with all other forms of capital was assumed to be zero. This is to say, any change in capital accumulation will not affect the environment. This is a hypothesis that says that we have a natural environmental sync of a capacity equal to infinity.

4 Probably one of the sharpest shifts in ideology of development at that time. Unfortunately, as seen below, the energy crises derailed the whole process. This was a process that required much more time than it was given to settle many projects and programs.

economic growth and better patterns of equity[5]. What is important here is to note that the central means for delivering those strategies were governments. And, it was these governments who interpreted what the poor wanted and what the poor needed most. In many ways, this was congruent, and a forms of strengthening the ties between governments and the countries of the North. In sum, a government-led approach to development. This had as a result a tremendous growth in the size of governments[6], though not necessarily in the quality of governments.

The staggering factor, among others, was the energy crisis that repeated in 1973 and then in 1979[7]. The situation not only showed the major consequences of the crises (like the creation of a huge debt burden, given the lack of liquidity it generated), but also the fragility of macroeconomic policies of African countries. Thus, this led to a further disregard for the enhancement of human, institutional and cultural capital. Equally important was the disregard for natural capital.

A new shift was promoted to address the situation, while the structural problems of Africa still persisted at the time.

5 For those of us who had the opportunity to orchestrate some of these policy changes, it was a must to read "Small is Beautiful", of Schumacher.

6 Donors were very ambivalent with regard to the role of governments. They imposed an ideology everywhere no matter whether it was Africa or not. The size of governments has been an issue not only as regards fiscal management but also of development capacity. Some changed their views in the middle of the game and countries found themselves with development projects that needed big governments, while these were reduced in size via Structural Adjustment Programs. Many changed the slogan to moins d'etat mieux d'etat.

7 Without too much exaggeration, the energy crisis derailed completely all development on the ground. Many projects were abandoned, and development based on traditional projects begun to rapidly disappear. In my own personal experience I observed how many projects in Africa, and elsewhere, was cannibalized.

From 1980 to 1995. In response to the energy crises, the need for liquidity[8], and the imperative of strengthening macroeconomic policies, the whole ideology of development moved to macroeconomic stability and structural adjustments. In many ways, such a shift took place at the expense of leaving behind a large quantity of grass-roots-based programs, the continuous need for infrastructure, and traditional forms of project lending. An era with lots of unfinished businesses.

The next section of this issues paper devotes is devoted to a discussion of structural adjustment, and of the consequences of that approach in Africa.

This was also the era of single issues politics, which in the end translated into single issues development programs. Thus, it was a time of a great proliferation of programs with little or no coordination at the top. Donors everywhere were trying to push their own programs. This is not to say that their programs were inadequate or wrong. This is a matter that requires mush more analysis than the one devoted here. However, World Bank evaluation studies show that most of the projects implemented in this era were not successful and the trend in quality of lending declined significantly (see for example The Annual Review of Evaluation Results of 1987 and 1988). It was also reported

8 This was a central theme on the debate on development assistance. To avoid further debt crises as a result of the energy crises, multilateral donors were forced to be the creators of that liquidity. It was not the central banks of developed countries that did that. Thus, development assistance pushed too much money out without counterpart development activities.

that projects in Africa had a lower performance than those of other regions. These results had tremendous influence on donors' behavior, particularly towards agricultural projects.

This was also an era where many traditional projects were abandoned, and continuity was sacrificed at a great loss. Furthermore, because of stabilization programs, and the need to maintain an acceptable level of public expenditure (fiscal debt) to GDP, this was also an era where many attempts were made to shrink the size of governments. This process was implemented based on the monetary accounts of governments rather than on a set of ultimate development objectives. Thus, the part of government that suffered most was that which supposed to benefit the poor the most! There are many examples of such a process where, from one day to the other, ministries of agriculture, socials work, education, health, and others that were so close to the poor, loss personnel to an extent that many on-going programs were closed.

But, this was also an era when many new programs were brought into the scene, particularly in the mid 1990s. This is the case of such programs as environment and sustainable development (the National Environmental Action Plans as one example), gender programs, participation and engagement of Non-Governmental Organizations

(NGOs), and more. They had tremendous merits as these were either non existent in the past, or had lost power and visibility. However, single issues group development[9] meant a great transaction cost to governments who were chasing so many donors and so many groups so that development takes place in a coherent way. The debilitation of the government apparatus contributed negatively towards that coherence. Most of the energy behind coherence passed onto foreign donors, a fact that exacerbated the internal political struggles around development.

Finally on structural adjustment (see details below), the jury is still out there. But, from a political point of view, such instrument was a total disaster in Africa. All the malaises from any given economy or society were attributed to the mal functioning of structural adjustment programs. In the end, what is clear is that these adjustment programs brought new issues and new problems --in the African scene-- that are still influencing the development agenda at present[10].

From 1995 to Present. Perhaps the most important aspect of this period has been **the political awakening of Africa**, that Africans have to take their destiny into their own hands, even if this means going

9 This form of development politics had several positive effects, even if some criticize the approach as having created too much dispersion. It allowed many development issues to come to the forefront, in spite of the pressure to disregard them. One example was ecology, biodiversity and sustainable development. It was civil society that brought it back as a single issues politics. Otherwise it would have never seen the light of the day.

10 In my professional career I have never seen an issue so much discredited. Leader after leader see many of the problems facing Africa today as a direct result of the SAPs.

back, taking time, and rescuing some of their own self existence and identity.

There have been many declarations[11] that have been jointly signed by the leaders of Africa. New aspects of development have been brought to the fore, including the role of civil society and the great importance to be given to governance. These new thinking has been born at a time when globalization, multilateral trade and many other happenings debilitate the positions that Africa needs to take at present. The strengthening of justice systems, respect and realization of human rights, gender equality, poverty eradication, environmental conservation and management, education and health, and much more are all under heavy scrutiny. And, this is indeed a positive step.

The need to capitalize on success stories that are indigenous to Africa has become an imperative. The creation of political and institutional spaces for new leadership is a must. The enhancement of local capacities (and I mean all capacities, not only economic and financial ones) are at the core of the debate today.

But, Africa is being asked to repay the errors that others made in the past[12]. The bad projects, the bad advice, and the inadequate

11 The role played by South Africa should not be discounted. The triumph of Mandela has been an essential ingredient to a new form of Africa unity.

12 There are many African leaders who express the view that the debt should be completely written off because of those mistakes and bad

programming and processes. Not that Africans have no responsibility, but it is a fact that at the macro level the existing debt accounts would never match up if donors and developed countries do not take a stand and re evaluate the need for repayment of moneys that, many say, have been paid many times over.

It would not be an exaggeration to state that to reverse present trends and stop the repetition of old problems, Africa is at cross roads, and the choices to be made must be very carefully assessed, so that irreversible damages do not occur.

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advise given to governments

Part III
Structural Adjustment as an Example

Every meeting about Africa and its problems points out at the negative impacts of Structural Adjustment Programs (SAP) and debt creation. The point here is not to legitimize whether this is true or not. The objective here is to identify some of the pitfalls and see how they influence the situation that led to the drafting of this issues paper. There are hundreds of publications on this subject matter, and it will not be here where the issues will be finally settled.

What is clear from development experience is that those countries that have had successful SAP programs, several conditions had to be met. None of which were fully present in Africa in the 1980s and beginning of the 1990s. Here are some examples:

-The monetary policy was available and played a fundamental role. This would include the foreign exchange rate policy. In Africa, this did not exist as many countries had parity with some currency from Europe. This was the case of Senegal, Mali, Niger, Burkina Faso, Chad and many countries of the French Franc Zone. The lack of monetary policy had these countries guessing as regards changes in relative prices that would come from border pricing management. Thus, they went for "as if devaluations" and the guessing game did not paid off. Most of the attempts did not produce changes in relative prices high enough to induce changes in aggregate demand and supply.

-The productive possibility frontier, including both agriculture and industries, but specially agriculture, was vast enough for entrepreneurs to move from one to the other, with minimum transaction costs. Thus, if the comparative advantage of industries was to diminish, there was room for investments in agriculture of equal or better returns. In Africa this was not the case. Some suggested that the frontier of these countries in agriculture particularly was just one point. No other options. This implied in practice that no change in relative prices would create productive activities of different nature in that sector. These changes in relative prices became subsidies to some and taxes to many others. There were only transfers taking place and not changes in relative productivity or competitiveness.

-The countries subject to successful adjustment operations have had a long standing policy and development of human capital. This allowed them to have easy human resources transfers from one sector to another as the competitive spaces were changing due to the adjustment. It was the level and quality of human capital that smoothed out the social cost of the adjustment. This was not the case of Africa. Therefore, there was no mobility of human capital and the social costs of adjustments were huge. Once the countries lost the competitive edge in one sector, human capital did not move to other sectors where competitiveness was in principle enhanced.

-The macroeconomic policies were strong and there was a culture of macroeconomic management. This would include not only pricing policies, but also monetary, fiscal and trade policies, including exchange rate policies too. In Africa the emphasis was more at the micro and regional levels as the macro policies were too much influenced by foreign countries of the north. There were very few good books or reports that had made conclusive assessments of the role and functions of macro policies written by Africans. There was more involvement in development financing than on macro policies in general.

-The public expenditure policies were a tradition, including the use of economic and financial techniques in the design and selection of projects. The Use of Benefit Cost Analysis was wide spread in the successful adjusters. In Africa, these Public Expenditure reviews were weak or non existent. The fiscal policy was a weak and an incoherent aggregation of individual ministries efforts to rally for their projects (some would say their "pet projects". The economic and financial substance of many projects was extremely deficient and thus the productivity of investment proved to be very low. There extreme difficulties in shifting the patterns of public expenditures as there was no holistic vision of the economy.

-The SAP programs infused little capital in relation to the financial capital generated by the rest of the macro system. This implies that the opportunity cost of capital went up and was allocated to the private sector were the productivity was the highest, except in relation to the creation and management of public goods. In the case of Africa, the SAP programs infused lots of money and in a very high proportion to the rest of the capital market existing in the countries. And, it infused this money in the hands of governments where the productivity was the lowest, except in the provision of public goods. This implied that the opportunity cost of capital in those countries went sharply down and thus there was no incentive for the private sector to invest and accompany the SAP process. Thus, once the money from the governments was spent, the SAP had no sustainability.

-The SAP policies and commitments were often taken as a package and most, if not all, the policies were pursued to the maximum extent. Thus, it was the package that produced the positive results and not one policy or two sought individually. In Africa, many countries selected those policies that had the least negative political impact (a very important and reasonable objective, given the ways used to design the SAPs). However, picking and choosing policies debilitated the whole package and, in the end, the results were more negative than otherwise.

-Finally, in successful countries many of the development variables were endogenous to the process of design and implementation of the SAP, including institutional capacities, timing of policies, enabling environments at the regional and local levels, etc. In the case of Africa, many variables remained exogenous to the adjustment process, and thus, the SAP had a lot of negative externalities. It created many bottlenecks and, as it has been said earlier in this issues paper, it exacerbated the weaknesses associated with the structural issues and problems. Therefore, the same structural problems appeared on the scene, taking away any confidence and credibility as regards those adjustments (e.g., poverty, inequities, violations of human rights, unemployment). Some suggested that a cooking cutter approach was used in the designed of those SAPs and that there was never an attempt to do programs that fitted the realities of Africa at that time. The creation of negative externalities was accepted by many in governments and the donor community, as these negative externalities formed a new basis for expanding lending and development financing.

Part IV
Changing the Recurrent Patterns of Limited Development

It would be too presumptuous to think that one knows how to break into this vicious circle Africa is into for decades. At the same time, it is important to advance a few key working hypotheses or elements that may have some better probability of success. Let us use this section to illustrate with some of them.

First, the emphasis on governance, participation, strengthening of democratic processes, and the expansion of leadership of its destiny are all essential. This has not happened in the past, and it is essential to become ingredients of the future. In this case, governance means institutional arrangements to address the role and functions of all actors in the societies. This is today, the rules of engagement and processes that are believe essential to attain the aims of development. The new forms of governance should be effective, genuine, based on self identity and African brewed. Not something that is imposed by other countries or other forms of organizational powers.

Second, the importance of human, institutional and cultural capital is to be enhance and brought to the fore of the public debate and of all the processes of consensus building that are taking place now in Africa. Thus, the process of management and of accumulation of the different forms of capital must be rebalanced to attain higher levels of welfare in those societies. Development will never be sustainable if one ignores the roles and functions of cultural capital. Also, it goes without saying that a massive investment in human capital must be made now so that this capital begins to yield in the nearest future. But, leaders must think very carefully about what education, what forms of education, what quality of education is needed. To repeat the patterns of the past, and to repeat the mistakes of the past, will simply not do for Africa.

As it can be seen form this presentation, the suggestion is to give new emphasis a meaning to processes and to rebalance Africa's abundant and very rich forms of capital: its own identity.

Third, it would be incomplete to leave aside the role that natural capital should play in the economy and in the future of the sustainable development in that region. It is clear that Africa offers a unique set of productive natural assets and there should be a vision to attain a very high level of welfare as a result of the proper management and control of those capital assets.

Finally, it is essential to provide the necessary conditions so that a real African model surfaces and is not swamped by the West and by the unnecessary forces of globalization and technological change. The modernization of African development must go through the kitchen of

African values and belief systems. Not via some western view of where Africa should be. Modernization should not be tantamount of giving up the African values, culture, music, language and spiritual traditions and practices. On the contrary, these are necessary ingredients to make all work in synchronicity with Africa's Soul.

A major political commitment to the abovementioned vision is needed and, why not to say it, indispensable.

To give priority to everything is to give priority to nothing. Thus, to put all the efforts everywhere is to gain nowhere.

Africa's greatest wealth is its people and this is where all investment will do.

To put Africa to compete in this materialistic world of today, and expect Africa to succeed is a major fallacy that only benefits those who are proposing it. A totally new and Africa centric model should emerge. However, e new economy, a new society will only come about of a new human consciousness, as more of the same will yield more of the same.

Part V
The Special Role of Foundations

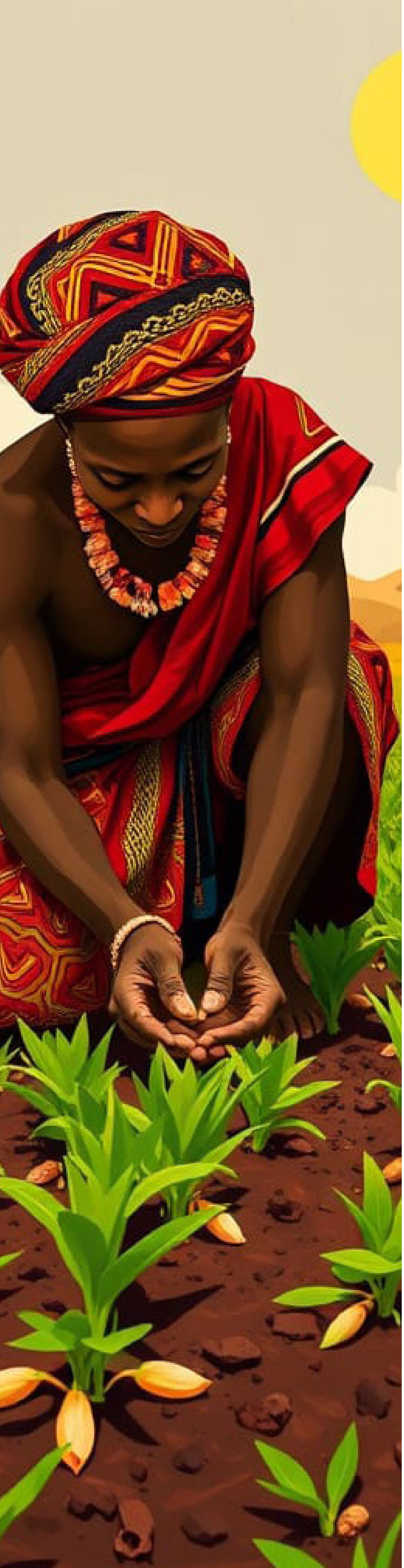
What role should a foundation play in all the above?

Not an easy question to answer, although it may be answered by focusing first on what a foundation should not do. One example of what not to do is to compete with other donors, or do what other donors are doing. This is easier said than done. Most foundations imitate to the letter the traditional bi-lateral and multi-lateral donors. And, there are good reasons why is this so: they receive their moneys from those donors, they want to be at the table with the other donors side by side, and they want replicate development practices at the lowest cost (so scale does matter, and this scale can only come from the larger donors).

The foundations should be much further ahead than all donors. Foundations must be at the frontier experimenting with all possible options and priorities, even at the risk of losing the resources invested. Foundations must bring to the table the views and voices of the voiceless, powerless and poorest. It should apply itself to real long term problems and follow patiently their development and resolutions. Foundations should finance those who think differently and outside the box; those leaders nobody is taking care of because the market signals are going with the newest fad.

The enhancement of human, institutional, cultural and spiritual capital must form the core of any or all foundations working in Africa. Donors are not interested or have no comparative advantage in getting involved in those forms of capital, particularly at the beginning of given processes.

The work on governance is particularly important. Governance at all levels of decision making.



Part VI

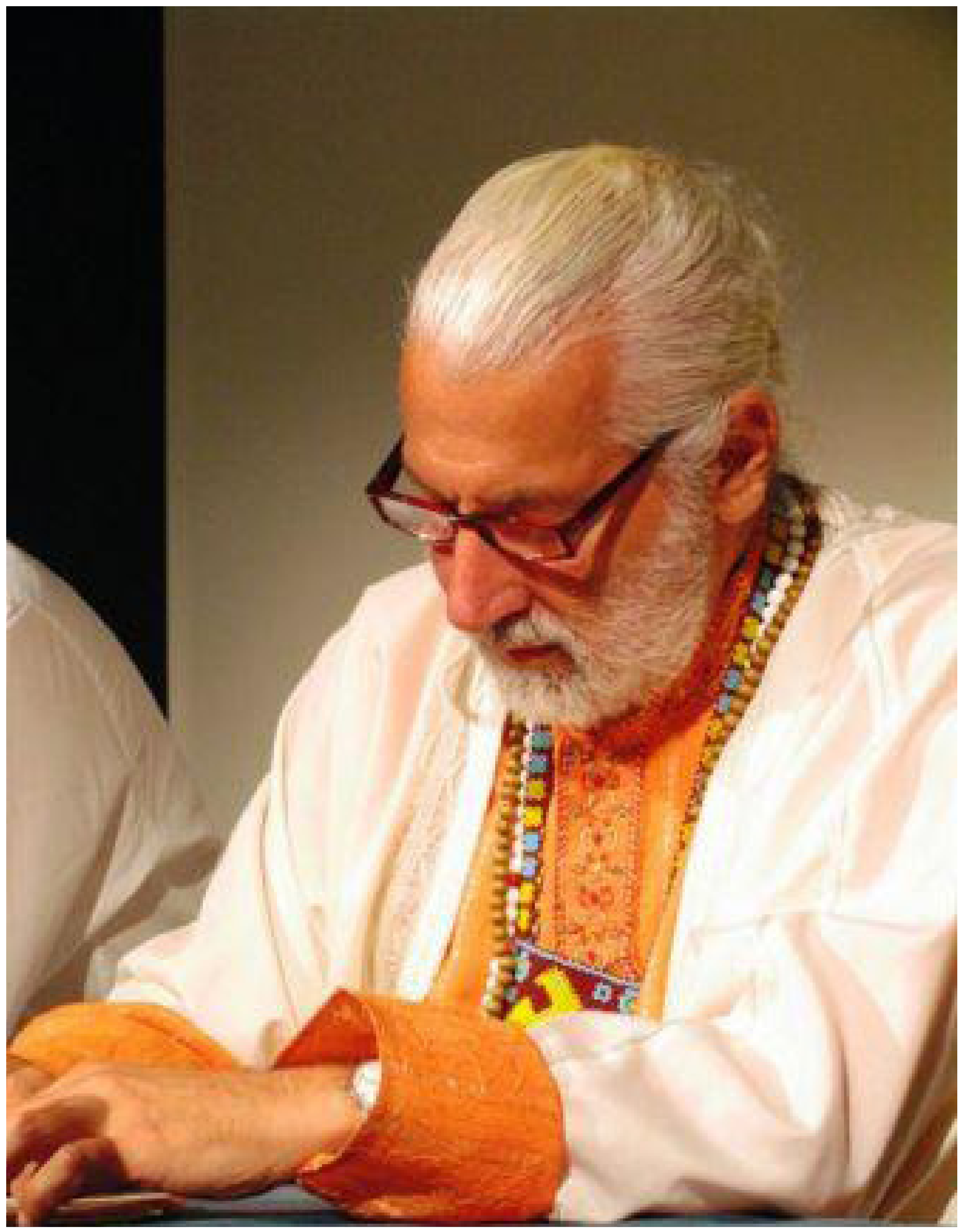
The Process of Change: Next Steps

Three important steps should be taken:

First, involvement of real African leaders, writers, thinkers, and the like. Traditional ones and no-Africans should take a second position on the matter at hand.

Second, strengthen all the African based foundations (including governments) and form an association that would enhance and protect what they are to do in the next ten years, as they find new, genuine, indigenous and more sustainable solutions to the recurrent structural problems of Africa.

Finally, begin to influence the larger donors via well executed programs and play the role that major foundations played in the seventies: when donors looked up towards the foundations to generate, test and implement programs that yielded lasting solutions. Examples in agricultural research, forestry, biology, health care, etc, are just a few examples.



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