THE ROLE OF PUBLIC ADMINISTRATION IN WEALTH CREATION\textsuperscript{1}
(Text of a paper prepared for the 25\textsuperscript{th} AAPAM Roundtable, Banjul, The Gambia, 19-23 April 2004)

by

M J Balogun
Inter-Regional Adviser
United Nations Department of Economic and Social Affairs
Division for Public Administration and Development Management
New York, NY 10017, USA
e-mail: balogun@un.org

Introduction

Poverty has always been acknowledged as the number one problem facing the developing countries in general, and Africa, in particular. The attention given to “development planning” and administration in the post-independence period was itself an acknowledgement of the fact that poverty contributes to human suffering, and undermines the dignity of nations and their peoples. In effect, poverty was, and remains, an adversary that no government could afford to ignore or underrate. Yet, as central planning became discredited, the role of government (and, to that extent, of public administration) in poverty alleviation gradually receded. By the time “planning” returned under different guises (structural adjustment and short-term economic recovery programmes, PRSPs, CAAs, MDGs) poverty had become too firmly entrenched to be wished away in strategy documents or vanquished in open, hand-to-hand combat.

As argued in this paper, victory in this arduous struggle hinges not on the expectation that the benefits of economic growth would “trickle down” to the poor, but on the substantive measures adopted to empower the poor to engage in value-adding and wealth creation activities. This requires, at the very least, the transformation of the public service from an inward-looking, paper chasing bureaucracy to a citizen engaging, technology brokering and wealth creating agent.

The paper begins by examining the scope, magnitude and consequences of poverty in Africa. It then proceeds in the second section to trace the directions that government’s role in poverty alleviation has taken from the post-independence to the present period. In the third section, the paper argues the case for government-society engagement in wealth creation ventures, both as a poverty alleviation strategy and as the new defining role of public administration. In the fourth section, the paper outlines an institutional and human competency development strategy in pursuance of the wealth creation objective. The fifth section focuses on the role of external institutions such as AAPAM, CAFRAD, and the United Nations in helping to move the new strategy along a credible and sustainable path.

\textsuperscript{1} The views expressed in this paper are the author’s, and are not necessarily shared by the United Nations or any of its agencies.
I. The scope, magnitude and consequences of Africa’s poverty

Poverty is undoubtedly the most formidable opponent with which African countries have had to wrestle since the dawn of independence in the 1960s. It has wrought havoc on households, imposed constraints on national budgeting processes, and, by reducing the national tax revenue base, contributed to the decay of the socio-economic infrastructure. Worse still, the scarcity that comes in the wake of excruciating poverty has stoked embers of ethnic and religious conflict, exposed the fragility of the post-independence state, and heightened the risk of the state succumbing to internal irredentist threats and external blackmail. Rather than being invited to participate as equal partners in global dialogues, the poverty-stricken state is likely to be consigned to an underclass status while its fate is being decided elsewhere by the affluent world powers. Although much of the concern for Africa’s poverty is genuine, a few of the observations on the region’s predicament tend to be too sweeping to be helpful. This is clearly the case with the view that Africa’s poverty is traceable to nothing else but “bad leadership” and “poor governance” (Economist, 17-23 January 2004:4-8).

Regardless of the actual causes of poverty, Africa seems to have had more than its fair share of this human tragedy. With the possible exception of the early independence period when a combination of international good will and favourable commodity prices put the basic necessities within reach of the vast majority of the people, the last two decades of the twentieth century witnessed an increase in the number of economically deprived and internally displaced persons. The data on key macro-economic indicators (reproduced in Table 1 below) reflect the precarious nature of the African economy in the 1990s.

Table 1: Africa: Macroeconomic indicators, 1990-2000
(Except where indicated, amounts in millions of UA)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Real GDP Growth rate (%)</td>
<td>1.9</td>
<td>3.1</td>
<td>5.3</td>
<td>3.2</td>
<td>3.2</td>
<td>2.7</td>
<td>3.2</td>
</tr>
<tr>
<td>GDP per capita (US$)</td>
<td>760</td>
<td>717</td>
<td>689</td>
<td>693</td>
<td>664</td>
<td>657</td>
<td>646</td>
</tr>
<tr>
<td>Inflation (%)</td>
<td>16.7</td>
<td>31.5</td>
<td>27.0</td>
<td>14.1</td>
<td>11.2</td>
<td>12.0</td>
<td>12.7</td>
</tr>
<tr>
<td>Fiscal balance (% of GDP)</td>
<td>-4.4</td>
<td>-3.5</td>
<td>-2.6</td>
<td>-2.7</td>
<td>-3.6</td>
<td>-3.4</td>
<td>-1.0</td>
</tr>
<tr>
<td>Gross Domestic Investment (% of GDP)</td>
<td>20.1</td>
<td>19.1</td>
<td>18.1</td>
<td>18.2</td>
<td>20.2</td>
<td>20.4</td>
<td>19.9</td>
</tr>
</tbody>
</table>

---

2 The bulk of the data cited in this section are drawn from a separate study undertaken by the author under the title, “Agency Governance and …” and included as a chapter in Leadership and Social Transformation: Moving from Challenges to Solutions, published by the United Nations Department of Economic and Social Affairs, New York, 2003.
It is tempting to lay the blame for Africa’s poverty at the door of “leadership”, and “governance”. While these two factors are undoubtedly critical to the success of poverty eradication efforts, they do not totally explain the paradox of poverty in a region endowed with abundant natural resources. As argued in this paper, solving Africa’s poverty equation requires giving attention to the productivity variable. Taking Nigeria as an example, Tables 2, 3 and 4 indicate that up to 1955, and with a population of less than 40 million, the country was a force to reckon with globally as far as the production of palm kernel, palm oil, and groundnuts was concerned. With the discovery of oil in commercial quantities in the early 1960s, Nigeria lost its “comparative advantage” in the export of primary products.

### Table 2: Nigeria’s Palm Kernel Export as % of World Total, 1938 – 1955

<table>
<thead>
<tr>
<th>Year</th>
<th>Tons exported ('000)</th>
<th>Value (£million)</th>
<th>% of total world export</th>
</tr>
</thead>
<tbody>
<tr>
<td>1938</td>
<td>312.0</td>
<td>2.2</td>
<td>46.0</td>
</tr>
<tr>
<td>1947</td>
<td>316.0</td>
<td>6.2</td>
<td>58.0</td>
</tr>
<tr>
<td>1949</td>
<td>397.0</td>
<td>12.3</td>
<td>52.0</td>
</tr>
<tr>
<td>1955</td>
<td>433.0</td>
<td>19.2</td>
<td>56.0</td>
</tr>
</tbody>
</table>


### Table 3: Nigeria’s Palm Oil Exports as % of World Total, 1938-1955

<table>
<thead>
<tr>
<th>Year</th>
<th>Export volume, value and %</th>
</tr>
</thead>
<tbody>
<tr>
<td>1938</td>
<td>1947</td>
</tr>
<tr>
<td>1938</td>
<td>1947</td>
</tr>
</tbody>
</table>
Table 4: Nigeria’s Groundnut Exports as % of World Total, 1938-1955

<table>
<thead>
<tr>
<th>Export volume, value and %</th>
<th>1938</th>
<th>1947</th>
<th>1949</th>
<th>1955</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tons exported ('000)</td>
<td>180.0</td>
<td>250.0</td>
<td>355.0</td>
<td>528.0</td>
</tr>
<tr>
<td>Value (£million)</td>
<td>1.3</td>
<td>6.3</td>
<td>12.0</td>
<td>23.1</td>
</tr>
<tr>
<td>% of total world trade in</td>
<td>9.0</td>
<td>38.0</td>
<td>40.0</td>
<td>-</td>
</tr>
<tr>
<td>groundnuts</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Buchanan and Pugh, op. cit.

Today, the entire continent (Nigeria included) lags behind the rest of the world in science and technology, and in the production of consumer as well as capital goods. The declining productivity may itself be attributed to the type of “contributions” that the various productive groups make to the pie. Indeed, if we were to plot these contributions on a graph, one is likely to come away with the impression that approximately 5 per cent of the population is actually adding value, another 90 per cent moves back and forth from under-employment, through misdirection of energy, to total idleness, while the remaining 5 per cent is actively engaged in pursuits – including criminal and predatory activities – that harm, rather than help, the economy. The normal curve below (Fig. A) is a hypothetical representation of the activities of the three groups. The curve may skew one way or another depending on the circumstances prevailing within each national economy.
Africa’s share of world trade is less than 2 percent. The continent is still highly dependent on the export of primary products, and the few countries that have mineral deposits (such as petroleum, gold, diamonds, and copper) are equally vulnerable to the vicissitudes of the world market. With a few exceptions, the economies of sub-Saharan Africa are “aid dependent and deeply indebted” (World Bank, 2000:9). By the end of 1997, the continent had piled up foreign debt amounting to $315.2 billion, which is equal to a burden of over 80 percent of GDP in net present value terms.

Sub-Saharan Africa’s economic downturn has brought about untold human suffering and triggered a large-scale social crisis. While the UNDP’s Human Development Index (HDI) provides a fair measure of human welfare across countries, its underlying epistemological and methodological limitations highlighted in a separate study should be borne in mind (Balogun, 2002). Still, and in the absence of a more reliable cross-cultural comparison of human welfare, the scores provide a rough indication of the gravity of Africa’s social condition. Poverty, in particular, remains a daunting challenge – after more than four decades of independence and the implementation of countless development plans and projects. Over 40 percent of the continent’s 600 million people live below the internationally recognized poverty line of $1 a day, with incomes averaging just $0.65 a day in purchasing power parity terms. The number of poor people has risen rapidly, causing Africa’s share of the world’s absolute poor to jump from 25 to 30 percent in the 1990s. In the 25 years between 1975 and 1999, 22 countries have suffered setbacks in the
human development index. Of this number, 13 (i.e., 59 per cent) are in Africa (See Table 5)

Table 5: Countries suffering setbacks in the human development index, 1999

<table>
<thead>
<tr>
<th>HDI lower than in 1975</th>
<th>HDI lower than in 1980</th>
<th>HDI lower than in 1985</th>
<th>HDI lower than in 1990</th>
<th>HDI lower than in 1995</th>
</tr>
</thead>
<tbody>
<tr>
<td>Zambia*</td>
<td>Romania</td>
<td>Botswana*</td>
<td>Belarus</td>
<td>Malawi*</td>
</tr>
<tr>
<td>Nigeria*</td>
<td>Russian Fed.</td>
<td>Bulgaria</td>
<td>Cameroon*</td>
<td>Namibia*</td>
</tr>
<tr>
<td></td>
<td>Zimbabwe*</td>
<td>Burundi*</td>
<td>Kenya*</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Congo*</td>
<td>Lithuania</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Latvia</td>
<td>Moldova</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Lesotho*</td>
<td>Rep. of South Africa*</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Swaziland*</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Ukraine</td>
<td></td>
</tr>
</tbody>
</table>

NB: *= Sub-Saharan African countries


In the past 30 years, all the world’s regions (with the exception of South Asia and Sub-Saharan Africa) have made progress in “human development” (measured in terms of access to material resources). South Asia and SSA lag far behind other regions “with human and income poverty still high” (UNDP, 2001:10). The adult literacy rate in Sub-Saharan Africa is 60 percent, well below the developing country average of 73 percent. Life expectancy at birth in SSA is pegged at 48.8 years, compared to over 60 in all other regions. The share of people living on less than $1 a day is as high as 46 percent in SSA, compared with a mere 15 percent in East Asia and the Pacific and in Latin America, or 0.5 percent in the Middle East and North Africa (World Bank, 2001:4). Access to electric power supply, internal telephone and external telecommunications services, basic sanitation, potable water, and nutrition remains highly restricted.

At a time when the health sector has not been adequately funded, the Africa region is confronted with the AIDS pandemic. Of the approximately 36 million people living with HIV/AIDS worldwide at the end of 2000, 95 percent were in developing countries, and 70 percent in SSA. In six countries – Botswana, Burundi, Namibia, Rwanda, Zambia and Zimbabwe – HIV/AIDS accounted for significant drops (up to 7 years) in life expectancy (UNDP, 2001:13).

With widespread poverty have come disparities in income distribution. In 16 of the 22 SSA countries with data for the 1990s, the poorest 10 percent of the population had less than 10 percent of the income of the richest 10 percent, and in 9, less than 5 percent. It is also becoming increasingly difficult to leave poverty behind and move on to affluence. Let us take for instance South Africa. Up to 63 percent of households in poverty in the
country in 1993 were still there five years later (i.e., 1998), while 60 percent of households in the highest income category in 1993 were still there in 1998, indicating limited income mobility (UNDP, 2001:18). The majority of households in other African countries have given up hope of moving out of poverty having been trapped there for generations.

A “development” that is threatening the social fabric of SSA countries is unemployment. With the rate of unemployment standing at between 30 and 55 percent, and against the backdrop of global “downsizing”, the region cannot escape the pathologies frequently associated with this socio-economic malaise – high divorce rates, high suicide rates, and high incidence of alcoholism (Stiglitz, 2001). The increasing crime wave in many SSA countries is itself a symptom of a deeper malaise, i.e., loss of hope on the part of many able-bodied men and women with plenty of time on their hands but without the slightest clue as to what to do with it. Still, if the formal or informal sector of the economy appears too saturated with skills, school graduates are neither incapable nor unwilling to take their skills elsewhere – mostly to under-world “recruiting agencies”. Among the potential “recruiters” are masterminds of ethnic and religious riots, drug barons, leaders of armed robbery gangs, con artists and go-betweens in bureaucratic scams (Balogun, 2003). Even in countries not at war, crime and violence can be a serious drain on the economy. In South Africa, the cost of both (crime and violence) equals an estimated 6 per cent of GDP. In other countries, crime and violence stand as clear obstacles to domestic and foreign investment.

Economic depression and social distress have stirred pent-up grievances and threatened peace and stability in a number of countries. In the first quarter of 1996, 50 percent of SSA countries enjoyed stable political conditions and good governance, while the remaining 50 percent were embroiled in prolonged political crises or armed conflict. By the end of 1998, the situation had taken a turn for the worse, with only 39 percent (i.e., 19 countries) enjoying stable political conditions, 23 percent (11 countries) facing political crises and turbulence, and 38 percent (18 countries) engaging in armed conflict (Adedeji, 2000:3). Armed conflict has impacted negatively on human capital development in different parts of the continent, claiming over 2 million lives between 1992 and 1997. Africa’s refugee population is estimated at more than 12 million people – putting it at well over 40 percent of the world total. The continent further holds the dubious record of recruiting or maintaining a disproportionately high number of child-soldiers – children who have been abducted by military gangs, and under the influence of drugs and voodoo, assigned direct combat roles or posted as sentries and spies. The child-soldiers are not only exposed to unspeakable traumas, but also deprived of opportunities to grow under normal conditions.

If poverty has done so much damage to the physical well-being and the mental equanimity of the African, it is legitimate to ask who or what is responsible for its virulence. The whys and the wherefores of poverty are among the topics discussed in the next section.
II. Poverty Alleviation from the 1960s to the Present: a critical review of policies and strategies

In a recent edition, the Economist blames Africa’s problems (including the deepening poverty) on “bad leadership” and “poor governance” (Economist, 17-23 January 2004:4-8). If this is the case, poverty would not cease to be Africa’s lot until the continent’s fate miraculously changes and the “good” replaces the “bad”. The thesis of this paper is that, rather than depending on fortuitous circumstances, Africa’s poverty is a poverty of the wealth-creation intellect – in other words, a deficit of growth-generating, value-adding, demand-fulfilling instincts, knowledge and skills. As the subsequent paragraphs indicate, it is not as if the African governments folded their arms and did nothing about poverty in the last forty years. Ever since the attainment of independence in the 1960s and 1970s, one African country after the other has come up with plans aimed at eliminating the scourge. The snag, as the same issue of the Economist forcefully argues, is that wishes are not horses. While a lot of time and effort have gone into launching development plans, not much attention seems to have been given to how the plans could be designed and implemented to lift a growing number of Africans from poverty to affluence. The influential magazine puts the situation as follows:

“To be fair, African leaders do, from time to time, draw up plans to solve the continent’s problems, but these plans tend to be over-ambitious and impractical…. Hardly any of Africa’s problems will be solved without sustained economic growth, but African leaders do not seem to be giving this the attention it deserves” (Economist, 17-23 January:16).

Up to now, poverty has been viewed simply as material deprivation. Thus, in attacking it, the attention of central planning agencies had focused on helping the materially deprived (the poor) to gain access to the prized goods and services, and by so doing, alleviate his/her condition. This explains the emphasis placed on rapid industrialization and infrastructure development in the 1960s, and the improvement of access to health, education and other “basic needs” in the 1970s and part of the 1980s. With the growing influence of “market forces” and the implementation of structural adjustment programmes from the mid-1980s, attention shifted from distributive equity to the reform of fiscal and macro-economic management mechanisms, and thereafter, to institutional and governance reforms. The assumption underlying the post-independence development strategy and the latter-day neo-liberal reforms (including the preparation of Poverty Reduction Strategy Papers) is that economic growth would generate sufficient benefits to “trickle down” to the poor. Experience to-date disproves this fallacy.

Central planning and poverty alleviation

The 5-year development plans implemented in the 1960s up to the 1980s were meant to stimulate economic growth and, by so doing, banish poverty and improve overall living standards. However, the general orientation of, and the methodologies applied in formulating, the plans constitute the main obstacles to the realization of the underlying poverty alleviation objectives. While experiences varied from country to country and
from one period to another, the development plans that were implemented between the 1960s and the 80s shared the following attributes:

- The heavy emphasis on economic aggregates vis-à-vis the little importance attached to socio-cultural, political and management factors in development planning (as reflected in the emphasis explicitly placed on the explicit targets set for the “productive” industrial, agricultural, mining and manufacturing, and infrastructure sectors, relative to the implicit and vague references to the role of “Government and Administration” in growth and development);
- The active role of economists in central planning agencies and/or ministries of development planning, as against the passive, data-gathering role assigned to non-economists operating in other central government agencies, the field offices, and local government councils;
- The frequent tendency to plan with inadequate and/or grossly unreliable data (leading a notable economist, Wolfgang Stolper to publish a book titled Planning Without Facts);
- The disconnect between the central planning function and the day-to-day management of development programmes and projects in public, private, and voluntary, non-profit sectors;
- The tendency to over-estimate the human and institutional capacity of government institutions and to saddle them with heavy responsibilities;
- The preference for “prestige” and elite-targeted projects and “white elephants” over community-uplifting, people-oriented, poverty alleviating, value-adding investments;
- The excessive reliance on foreign aid and technical assistance, coupled with the uncritical acceptance of aid offers promising instant and automatic transfer of “modern” technology;
- The neglect of private initiative, as reflected not only in the failure to involve the private sector in the planning process, but also the contempt for the productive capacities that the farmers’ cooperatives, produce merchants, and the town/village improvement associations profitably applied in the dying days of colonial rule; and
- The lethargy, laxity, indifference, and lack of “customer focus” in civil service bureaucracies.

As earlier acknowledged, countries differed as to the development planning methods applied. For instance, while it is true that professionally trained economists dominated the planning process in the 1960s and 70s, it is fair to add that other categories of public servants (notably, engineers, health and medical personnel, accountants and statisticians) made substantive inputs as development challenges became increasingly complex and human development and “basic needs” issues began to loom large in policy discourse. With increasing realization that poverty was a hydra-headed monster, rather than the

economic animal it was thought to be, economists began to solicit the views of non-
economists.

It should also be noted that the varieties of decentralization reform measures instituted in
the 1970s and 1980s (particularly, under the rubric of “ujamaa” in Tanzania and “District
Focus” in Kenya) somehow diluted the heavy economic content of national development
plans, and ensured a relatively high degree of participation by local communities in
development plan formulation and management. By and large, however, the top-down
approach to development planning remained in vogue up to the end of the 1980s. This
approach left little room for multi-disciplinary, and, especially, for private sector and
local community, participation in the planning process.

The enlarged role of government (relative to that of the private and the voluntary sectors)
in development planning and management is, in any case, not without some justification.
As argued by Subramaniam, the absence of a viable middle class in Africa left
government no option but to engage in direct productive activities (Subramaniam, 2003:).
The class of officials bequeathed by the colonial administration could not by any stretch
of imagination be compared to the entrepreneurial middle class that formed the backbone
of capitalist development in western societies.

It could further be argued that government intervention became an issue only when
publicly run enterprises were seen as prodigal, corrupt, and liable to be grossly
mismanaged. However, these negative attributes (sleaze, wasteful allocation of resources,
and ineptitude) were latter-day aberrations, rather the original defining attributes of
public enterprise. In fact, a number of publicly owned entities (such as the Commodity
Marketing Boards) mobilized resources that were ploughed back into the development of
the infrastructure, the construction of education and health facilities, and the
establishment of training and research institutes. Without the Marketing Boards, poverty
would have been the lot of the small tobacco growers of the former Rhodesia and
Nyasaland, of the cocoa farmers of Cote d’Ivoire, Ghana, and western Nigeria, and of the
small-scale peasant farmers of Northern Nigeria who supplied the “brick and mortar”
used in constructing cotton and groundnut pyramids. A significant proportion of Africans
who today live comfortably in mansions would have been trapped on farms or in slums
somewhere were the immediate post-independence governments to be slightly less
forward-looking in the design of their education and employment policies.

**Structural adjustment: Scope and Impact**

Still, to the extent that the public enterprises bit more than they could chew, and as
corruption crept into the day-to-day management of the enterprises, their credibility could
not but suffer. As they ran huge budget deficits (while failing to make a significant
impact on the alleviation of poverty), public enterprises became targets of attack by
supply side economists. The growing perception of public enterprises as waste pipes
provided a backdrop to the retreat from central planning, and the advance towards
stringent austerity programmes. By the late 1970s and the early 1980s, 22 SSA countries
had, at the instance of the IMF and the World Bank, begun the long and tortuous journey
to “structural adjustment” (Fashole-Luke, 1989:92). The main elements of this reform programme are reduction in the size of government, privatization of public enterprises, elimination of subsidies and price controls, expenditure rationalization, reduction of budget deficits, and currency devaluation.

SAP did accomplish something - it brought the public service to the realization that costs matter and need to be kept under constant observation. It, at the very least, moved public allocation decisions from the secure fortress of government monopoly to the competitive setting of the market (Wamalwa, 1989).

Of course, SAP also had a devastating (some will argue, negative) impact on public service performance. A direct and immediate effect was to increase the severity of deprivation. First, its down-sizing thrusts led to job cuts and the retrenchment of public employees. The private sector that could have provided alternative sources of employment was itself reeling from SAP-related ailments – notably, capacity under-utilization, production cutbacks and plant shutdowns. Secondly, by starving the essential public services (health, education, employment generation, law enforcement and justice administration) of resources, SAP made it difficult to maintain tolerable standards in the delivery of the services – including services targeted at relieving the suffering of the poor. Third, besides destroying the incentives and motivation structure, the cost-cutting aspects of SAP aggravated the ethics and accountability crisis confronting the African public service. It was at the height of SAP reform that the service witnessed increasing cases of moonlighting, over-invoicing, inflation of contract prices, bribery and corruption (Nti, 1989; Shellukindo, et al, 1989). Fourth, SAP has been accused of dismantling public service institutions without leaving behind any viable alternatives (Adedeji, 1992).

With all its negative features, SAP would probably have retained its influence on public policy if it had not been perceived as an external imposition. However, as a programme that was implemented at the behest of the Bretton-Woods institutions (the IMF and the World Bank), it faced a major “ownership” crisis – one that severely undermined its impact on economic growth and poverty alleviation.

**PRSPs: Return to planning for “basic needs”?**

The “ownership” question has been on the table for some time. SAP, in particular, was viewed, wrongly or rightly, as an externally imposed strategy (Balogun, Mutahaba, 1989). It was in response to the growing clamour for local control and “ownership” of the reform process that the Bretton-Woods institutions decided to integrate the short-term orientation of SAP into the medium- to long-term planning in adjusting countries. At the Annual Meetings of the World Bank Group and the IMF held in September 1999, it was agreed that emphasis should shift towards nationally-owned participatory poverty reduction strategies, and that this should form the basis of all WB and IMF concessional lending and for debt relief under the enhanced Heavily Indebted Poor Countries (HIPC) Initiative. The meetings were silent on the form a “nationally owned participatory poverty reduction strategy” would take, and the steps to take to bring it about.
Still, it was this ownership principle that influenced the design and implementation of the Comprehensive Development Framework and of subsequent PRSPs. As of January 2003, 13 countries in Africa, 4 countries in Latin America, 2 countries in Europe and Central Asia, 1 country in Asia, and 1 country in the Middle East have presented “nationally owned participatory poverty reduction strategies to the WB/IMF Boards (http://www.worldbank.org/poverty/strategies/overview.htm 30 December 2003).

PRSPs proceed on the assumption that the most effective way to attack poverty was by promoting opportunity for private investment, empowering civil society institutions to participate in political and economic governance, and eliminating threats to security (World Bank, 2001:10-11). PRSPs thus rest on three pillars, i.e., macro-economic stability, good governance and civil society participation. As an extension of the “trickle down” theory, proponents of PRSPs assign no specific role to the poor, but instead, expect the latter to wait until the benefits under three nebulously defined policy categories (i.e., macro-economic stability, good governance and “civil society participation”) begin to materialize.

PRSPs are to all intents and purposes “development plans”, albeit, with new (especially, participatory) attributes. According to the backers of PRSPs, the design and implementation of poverty reduction strategies should rest on five core principles, viz:

- country driven – involving broad-based participation by civil society and private sector in all operational steps;
- results-oriented – focusing on outcomes that would benefit the poor;
- comprehensive – in recognizing the multidimensional nature of poverty;
- partnership-oriented – involving coordinated participation of development partners (bilateral, multilateral, and non-governmental);
- based on a long-term perspective for poverty reduction.

True, PRSPs by no means represent blueprints for building a country’s poverty reduction strategy. In fact, the backers go to great lengths to portray the process as one that ought to reflect “a country’s individual circumstances and characteristics” (http://www.worldbank.org/poverty/strategies/overview.htm 30 December 2003). Nevertheless, the core principles underlying the PRSP approach suggest that a properly conceived PRSP have the main attributes of a “development plan”, particularly:

- A description of the participatory process adopted (format, frequency and location of consultations; summary of issues raised; and account of roles played/to be played by various parties at the design and implementation stages);
- Comprehensive poverty diagnostics (Profile, scale and magnitude of poverty; macroeconomic, socio-cultural and institutional constraints to growth and poverty reduction);
- Clearly presented and costed priorities for macroeconomic, structural and social policies;
• Appropriate targets, indicators, and systems for monitoring and evaluating progress; and
• A framework for coordinating government programmes and donor assistance.

In view of the sophisticated and complex nature of the new planning process, and considering its demand on the data collection and analytic capacities of the strategy formulators, many countries are currently not in a position to fully complete the key steps to develop a PRSP. In order to prevent delays for countries seeking debt relief under the HIPC Initiative, a country is therefore allowed to submit an Interim PRSP – one that is meant to outline the country’s existing poverty reduction strategy and “to provide a road-map for the development of a full PRSP…."


Currently, a PRSP or an interim strategy formulated within the preceding 12 months is a condition for:

• HIPC countries to reach a decision or completion point;
• Approval of the IMF’s PRGF agreements or reviews;
• IDA (World Bank) concessional lending

**PRSPs and Poverty: Two country cases**

A critical assessment of the impact of PRSPs is likely to reveal gaps between intentions and realities. Using the experience of two countries as illustrations, this paper notes that while PRSPs had by and large succeeded in sensitizing the stakeholders to the depth and gravity of the poverty situation, they have not made substantial difference to the life and welfare of the primary target group – that is, the vast majority of poor people living in rural, and frequently drifting to urban, areas. Yes, PRSPs have ploughed budget resources to the health, education, water, and infrastructure sectors, but they have not succeeded in improving the conditions of farmers, the urban unemployed, unskilled migrant labourers, semi-skilled workers, and informal sector operators. Above all, PRSPs have not outlined a clear and explicit strategy for equipping the poor with the skills needed to enhance his/her capacity to satisfy “customer demand”, and by so doing, create his/her own stock of wealth. The Papers make no attempt to train hawkers of unappreciated wares (e.g., wooden dolls, toilet paper, “imported” walking sticks) to become producers of valued goods and services (affordable power generating sets, building material, household goods, tools and replacement parts, medical and pharmaceutical supplies, neighbourhood security, etc).

Cameroon illustrates the scale and depth of poverty in Sub Saharan Africa, besides confirming the suspicion that contemporary poverty alleviation strategies are barely touching the life of the really poor and destitute. A report on the country’s PRSP released in April 2003, indicates that roughly 40.2 per cent of the population in 2001 could be classified as income-poor (although this was an improvement over the 53 per cent recorded in 1996). The incidence of income poverty varies considerably according to
regions, increasing more than twofold between urban (22 percent) and rural areas (50 percent). A high proportion of farmers in Cameroon (57 percent), informal rural sector operators (54 percent), and the unemployed in urban areas (40 percent) are caught in income poverty.

The 2003 report further highlights the challenges facing Cameroon in the areas of education, health, and employment. On education, it notes that a government decision to eliminate public school fees resulted in high primary school enrollment (95 percent in 2001). However, high enrollment was subsequently accompanied by low completion rates (56 percent), with only one of every two children entering primary school managing to complete sixth grade successfully. Factors accounting for the low completion rates included high repetition (25 percent) and drop-out rates. Besides, only 60 percent of primary school pupils made a successful transition to secondary education. The report adds that

“These weak completion and retention rates are indicative of underlying structural problems, and they have considerable social and economic costs that are rising with rapid population growth”.

The health situation in Cameroon has also deteriorated considerably since the early 1990s. The child mortality rate increased by 12 percentage points between 1991 and 1998, chronic malnutrition rate for children 12 to 23 months old also rose from 23 percent to 29 percent, and the rate of delivery attended by qualified practitioners (doctors or nurses) declined by 5 percent during the same period. HIV infection rate increased from 2 percent in 1991 to 11.8 percent in 2002.

Strangely, the negative trends reported in the previous paragraphs coincided (perhaps correlated) with the adoption of stringent structural adjustment and economic stabilization policies in Cameroon.

The United Republic of Tanzania is another SSA country that has developed a strategy to combat poverty. Tanzania’s case is unique in the sense that it started with socialist policies only to make a gradual transition to the market economy. Following the adoption of macro-economic reform measures, Tanzania has in recent years recorded impressive economic growth rates. However, the macro-economic gains have not been big enough to make a dent on poverty or to reduce the growing income disparities and inequality. The benefits of growth have clearly not “trickled down”.

In specific terms, Tanzania’s GDP grew by 5.6 percent in real terms in 2001, while real GDP per capita grew by 2.7 percent. The sectors that contributed largely to this growth include mining and quarrying (13.5 percent), construction (6.7 percent), trade, hotels and restaurants (6.7 percent), and transport and communications (6.3 percent). Agriculture grew at 5.5 percent in 2001, representing an improvement over the 3.4 percent recorded in 2000.
As a result of the impressive performance of the Tanzanian economy, the government was able to increase budget allocations to the poverty reduction strategy sectors, particularly, health, water, agriculture, and rural roads. Human capabilities also showed improvements – as reflected in impressive performance in the education sector after the implementation of the Primary Education Development Programme. Primary school enrolment rose from 77.6 percent in 1990 to 100.4 percent in 2002. The macro-level gains have also made possible improvements in “housing conditions, increased possession of consumer durables, decrease in distance to markets, shops, public transport, etc.” which, according to a 2003 assessment of the country’s PRSP, were “pointers to improvements in welfare….” (United Republic of Tanzania, 2003: vi, para. 3.0)

The question is whether the improvements reported in the material conditions of a segment of the Tanzanian population is a fair and accurate indicator of general welfare or of success in the poverty reduction battle. The 2003 assessment of the country’s PRSP does not think so. According to the assessment,

“Transforming (the) impressive macro performance into micro level benefits remains a big challenge for the government….”

The assessment acknowledged that poverty alleviation went beyond pandering to the hedonistic tastes of urban dwellers, and entailed strengthening the linkages between the rural and urban economy, improving the rural infrastructure, encouraging the development of small and medium-scale enterprises, facilitating the provision of micro credits, enhancing local capacity, and striving to achieve a more broad based economic growth.

In any case, notwithstanding the macro-economic achievements, the growing income disparities (particularly, between the affluent and the poor, and between urban and rural areas) constitute a serious challenge to poverty alleviation in Tanzania. A Household Budget Survey undertaken between 2000 and 2001 reveals that 18.7 per cent of Tanzanians live below the food poverty line and 37.7 percent live below the basic needs poverty line. Poverty is more severe in rural (87 percent) than in urban areas (13 percent). Dar es Salaam has the least incidence of poverty. There is also growing inequality as shown by the rise in the Gini coefficient from 0.35 in 1991/92 to 0.36 in 2000/01 (See Table 6).

<table>
<thead>
<tr>
<th></th>
<th>Dar es Salaam</th>
<th>Other Urban Areas</th>
<th>Rural Areas</th>
</tr>
</thead>
<tbody>
<tr>
<td>Food Poverty</td>
<td>13.6</td>
<td>7.5</td>
<td>15.0</td>
</tr>
<tr>
<td>Basic Needs</td>
<td>28.1</td>
<td>17.6</td>
<td>28.7</td>
</tr>
<tr>
<td><em>Inequality Measures</em></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gini coefficient</td>
<td>0.30</td>
<td>0.36</td>
<td>0.35</td>
</tr>
<tr>
<td>Expenditure of the</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### Table

<table>
<thead>
<tr>
<th>Poorest quintile (%)</th>
<th>7.8</th>
<th>6.7</th>
<th>7.1</th>
<th>6.7</th>
<th>7.2</th>
<th>7.1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expenditure of the richest quintile (%)</td>
<td>43.3</td>
<td>48.4</td>
<td>45.3</td>
<td>44.5</td>
<td>41.6</td>
<td>42.2</td>
</tr>
</tbody>
</table>


Urban poverty is also becoming a matter of serious concern. Notable features are in the area of low and uncertain incomes for people in the informal sector, limited formal employment opportunities for youth, especially girls, lack of access to credit for business and housing for low income groups. There is also the problem of inability to afford decent and adequate housing for people living in unplanned settlements (United Republic of Tanzania, 2003).

**Contemporary poverty alleviation efforts: a balance sheet**

There is a lot to be said for a poverty reduction strategy that thrives on the participation, and harnesses the energies, of the people. This is where the PRSPs have an edge over previous, state-dominated, poverty reduction strategies. The question is whether the “consultative processes” of the PRSPs are the effective methods of accomplishing the basic empowerment objectives. In an era of rapid social change, the people that are likely to be “consulted” are those with substantial resources and organizational capacity to make their voices heard. The vast majority of the poor clearly do not belong under this privileged category.

It is in fact open to question whether, in the current climate of multi-party competition, the consultative mechanism of PRSPs is not an anachronism. To put it in a slightly different language, what is the essential contribution of political parties if it is not to hold consultations with interest groups, solicit the latter’s views on responses to contemporary, including poverty alleviation, challenges, and canvass support for their conflicting agendas? PRSPs could insist on “civil society” participation in poverty reduction efforts at a time when the state was the only visible and audible actor on the scene – that is, when debate on policy directions was either banned or tightly controlled by one-party regimes and military autocracies. With the flowering of civil society, and the emergence of political parties, the time would appear to be ripe to reconsider the status of PRSPs.

It should be noted that in recent years, the private sector, if not civil society as a whole, has exerted increasing influence on public policy. The pro-market policies that have generated growth in a number of African countries did not come about without the prodding of international finance capital and the domestic private sector. However, in addition to serving the interest of the organized private sector, it is essential that public policy begin to address the concerns of the dispersed, the disorganized, but numerous groups living with poverty. The place to start is with government providing unequivocal leadership in replacing the poverty-preoccupation with the wealth-creation psyche in Africa. This further requires imbuing the poor with the sense of purpose as well as the
confidence needed to create wealth and banish poverty. The elements of the new strategy are discussed in the next section.

III. Wealth creation as a poverty eradication strategy: the main pillars

As noted earlier, PRSPs assume that poverty would be alleviated if three conditions subsist, i.e., macro-economic stability, good governance, and popular participation. Let us take this one at a time.

There is no doubt that private enterprise is an engine of growth, and measures designed to promote private sector development (including macro-economic and fiscal measures) deserve to be supported. However, the empirical material cited in previous sections clearly indicates that it takes more than “economic growth” to eradicate poverty or to close income gaps. The expectation that the benefits would trickle down to the poor has so far not materialized. It is therefore essential that the poor be equipped with the skills and the tools needed to free him/herself from the poverty trap. In effect, macro-economic stability safeguards the interest of investors without necessarily guaranteeing substantial improvement in the conditions of the poor (Korten, 2001:4-7).

The second condition stipulated under PRSPs (that is, good governance) is, in the context of Africa’s contemporary experience, a tautology. Whether or not poverty is alleviated, good governance will, for the foreseeable future, rank high on the various countries’ reform agendas. This is not to say that governance has no bearing on wealth creation efforts. However, the governance reform measures having direct and immediate impact on these efforts (conflict and diversity management, improvement of service delivery modalities, implementation of anti-corruption measures, and reconfiguration of public agencies into knowledge brokers) have not featured prominently in PRSPs.

By the same token, PRSPs are right to place emphasis on popular participation. However, the method that the PRSPs choose in furtherance of this (participation) objective is, in light of current political realities, out-dated. It is up to the emerging political parties and the revitalized legislative assemblies – not the unrepresentative lobby groups operating under civil society umbrella - to deliberate on poverty eradication or wealth creation strategies.

The weaknesses mentioned in the preceding paragraphs are neither sufficient to disqualify PRSPs nor to advocate mass defection to a new strategy. As a matter of fact, the wealth creation strategy advocated in this paper concedes, in varying degrees, the need for macro-economic stability, good governance or popular participation. Where the strategy differs substantially from the previous ones (the PRSPs included) is with respect to the role of the poor, and of public administration, in waging the war on poverty. First, while previous strategies picture the poor as hopeless victims of circumstances (“bad” leadership included), the wealth creation strategy portrays him/her as one capable of helping him/herself – if public administration plays its own facilitative role. Second, and this springs from the first point, in contrast to the previous strategies’ total fixation on the negative (that is, on “poverty”), the wealth creation alternative seeks to liberate the
individual from the “victim” mindset and to imbue him/her with the confidence to reinvent him/herself. Third, while the PRSPs focus on the short- to medium term, the wealth creation strategy aims at nothing short of long-term structural transformation.

The central proposition of the paper, therefore, is that winning the war on poverty requires replacing the existing poverty alleviation mindset with one that places high premium on the implantation of the value-adding attitudes and skills in economic actors. This, in any case, is a refinement of the argument advanced in a separate paper. As noted in a 2002 article (Balogun, 202:533-556), poverty would neither be eradicated nor alleviated so long as responsibility for responding to this momentous challenge lay elsewhere rather than with the African governments and peoples. At least two reasons could be adduced in support of this position. First, insofar as it is the governments and the peoples of the continent that directly bear the brunt of poverty, it is incumbent upon them to find credible and lasting solution to the problem. Secondly, falling commodity prices (Table 7), and declining aid flows (Table 8) compel the Africa continent to take bold, but results-oriented, value-adding economic decisions.

Table 7: Primary commodity prices: 1970-2001

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-energy Agriculture</td>
<td>156</td>
<td>159</td>
<td>104</td>
<td>103</td>
<td>114</td>
<td>99</td>
<td>88</td>
<td>89</td>
<td>82</td>
</tr>
<tr>
<td>Beverages</td>
<td>163</td>
<td>175</td>
<td>112</td>
<td>113</td>
<td>124</td>
<td>108</td>
<td>93</td>
<td>90</td>
<td>83</td>
</tr>
<tr>
<td>Food</td>
<td>203</td>
<td>230</td>
<td>129</td>
<td>113</td>
<td>165</td>
<td>141</td>
<td>108</td>
<td>91</td>
<td>75</td>
</tr>
<tr>
<td>Metals &amp; Minerals</td>
<td>166</td>
<td>177</td>
<td>100</td>
<td>111</td>
<td>112</td>
<td>105</td>
<td>88</td>
<td>87</td>
<td>89</td>
</tr>
<tr>
<td>Cotton (cents/kg)</td>
<td>225</td>
<td>260</td>
<td>182</td>
<td>159</td>
<td>169</td>
<td>145</td>
<td>118</td>
<td>134</td>
<td>109</td>
</tr>
<tr>
<td>Logs, Cameroon (4/cu.m)</td>
<td>153</td>
<td>319</td>
<td>290</td>
<td>256</td>
<td>275</td>
<td>287</td>
<td>270</td>
<td>283</td>
<td>275</td>
</tr>
<tr>
<td>Cocoa (cents/kg)</td>
<td>240</td>
<td>330</td>
<td>122</td>
<td>131</td>
<td>156</td>
<td>168</td>
<td>114</td>
<td>93</td>
<td>111</td>
</tr>
<tr>
<td>Coffee, robustas (cents/kg)</td>
<td>330</td>
<td>412</td>
<td>237</td>
<td>162</td>
<td>168</td>
<td>183</td>
<td>150</td>
<td>94</td>
<td>63</td>
</tr>
<tr>
<td>Coffee, arabica (cents/kg)</td>
<td>409</td>
<td>440</td>
<td>285</td>
<td>242</td>
<td>403</td>
<td>299</td>
<td>230</td>
<td>197</td>
<td>142</td>
</tr>
<tr>
<td>Tea (cents/kg)</td>
<td>298</td>
<td>211</td>
<td>127</td>
<td>149</td>
<td>199</td>
<td>205</td>
<td>185</td>
<td>192</td>
<td>165</td>
</tr>
</tbody>
</table>

4 The base year for the non-energy commodities, and for agriculture, beverages, food metals and minerals is 1990 (that is to say, the price index in respect of these commodities was calculated with 1990 being equal to 100).
Table 8: Aid Dependency Ratios (Sub Saharan Africa), 1995-2000

<table>
<thead>
<tr>
<th></th>
<th>Net ODA 1995 $m</th>
<th>Net ODA 2000 $m</th>
<th>Aid per capita 1995 $</th>
<th>Aid per capita 2000 $</th>
<th>Aid as % of GNI 1995</th>
<th>Aid as % of GNI 2000</th>
<th>Aid as % of gross capital formation 1995</th>
<th>Aid as % of gross capital formation 2000</th>
<th>Aid as % of imports 1995</th>
<th>As % of imports 2000</th>
</tr>
</thead>
<tbody>
<tr>
<td>18,880</td>
<td>13,453</td>
<td>33</td>
<td>20</td>
<td>5.8</td>
<td>4.0</td>
<td>30.3</td>
<td>21.4</td>
<td>15.3</td>
<td>9.5</td>
<td></td>
</tr>
</tbody>
</table>

Source: World Bank, World Development Indicators, 2002, Table 6.10

The way forward lies in the emerging political parties (in government or opposition) collaborating with civil society organizations on the elaboration of policy agendas which not only seek to encourage wealth creation pursuits, but also thwart the dependent, the mendicant, and the sponger instincts. While the content and directions of the agendas will vary from country to country, depending on prevailing realities, it is advisable that they respond to the dominant concerns in wealth creation. At the very least, the political parties need to ensure that in reworking their manifestos, they acknowledge the need for:

(a) national leadership in wealth creation;
(b) the entrenchment of good governance values and practices;
(c) the protection of traditional moral values against the corroding effect of wealth creation;
(d) the creation of an environment conducive to the round-the-clock, uninterrupted, momentum-accelerating functioning of the economy, and to the gainful allocation of time, energy and resources therein;
(e) the transformation of the public service from an inward-looking, paper-chasing, nay-saying organ, into a citizen-engaging, innovation-brokering, and growth-facilitating partner; and
(f) the establishment or strengthening of institutions whose main task is the enhancement of the productive capacity of small- and medium-scale enterprises.

National leadership and the “ownership” question

The first condition (national leadership) will subsist as soon as the policy planning departments of the political parties accept the responsibility for undertaking the necessary research and analytic work prior to articulating their parties’ positions on wealth creation. That condition will remain unfulfilled if the political parties choose either not to have a position on wealth creation or to be content with recycling old ideas on “poverty alleviation”.

Source: World Bank, World Development Indicators 2002 (Table 6.4).
Nurturing asset building governance practices

The second component of the wealth creation strategy (entrenchment of good governance values) is a challenging and long-term goal. Still, insofar as governance failure impacts negatively on economic performance, it will do no harm for the ruling and the opposition parties to begin to acknowledge the link between wealth creation and the prevailing governance conditions. Among the governance trends and practices that reflect on economic performance are the level and depth of commitment to (a) democratic and free elections, (b) the rule of law and the independence of the judiciary, (c) civic and fundamental human rights, (d) the professionalism, ethical uprightness, and “customer-orientation” of the career public service, (e) private sector participation in the development process, and (f) decentralization and civic empowerment. When translated into action, these indicators of good governance provide an enabling environment for material pursuits and for the accumulation of welfare gains.

Providing legal and institutional safeguards against predatory tendencies

However, unless properly channeled, wealth creation efforts may produce results other than those originally intended. Particularly in societies making the transition from tradition to modernity, there is a risk of wealth pursuits triggering a crisis of faith. It is possible that in such societies, a few individuals would confuse any act that guarantees instant gain (including robbery, arson, fraud, embezzlement, drug trafficking, and other forms of primitive accumulation) with legitimate asset building pursuits. Yet, the short-term and localized nature of the gains accruing from such illegal acts cannot sustain wealth creation endeavour in the long run. For one thing, the illegal confiscation of the rewards of bona fide effort means the transfer of asset from the productive sector to a cost-blind, extravagant, consumption group. Secondly, and as the relationship between effort and rewards become inverted, a growing number of producers will either cease production or worse still, join the ranks of spongers and predators.

It is also possible that as individuals seek to improve their lot, they are likely to acquire certain character traits that were alien to the communal settings in which they were brought up. Rather than see themselves as part of a community, these individuals will lean towards inwardly “rational” calculations, and end up with egotism, callousness, greed, arrogance, ill-temper, selfishness, intolerance, xenophobia, unilateral repudiation of contractual agreements, deceptiveness, and profiteering.

The policy agendas of the political parties should reckon with this possibility – the possibility that the rule of the game would change as the traditional influences recede, and the wealth creation instinct takes over. The agendas should further address the issue of how traditional and modern institutions (the family, community groups, religious organizations, the law, public accountability and enforcement agencies, and the schools) might play a more active role in stemming the decay of moral values, and reinstating the values of decency, compassion, communal solidarity, honesty, and respect for human life, among others.
Energizing and fully engaging the productive forces

Having started with the governance, the legal, and the moral foundation, the political parties will need to clarify their positions regarding the measures to institute in support of the substantive objective of wealth creation. One of these measures is the application of fiscal, monetary and sundry policy instruments to bring about a fully functioning economy and ensure its constant, clockwork operation. As used in this paper, such an economy allows no slackness of any kind. It is an economy in which time, energies, and resources are prudently allocated and duly accounted for. In such an economy, the prized attributes are thrift, customer-satisfaction, creativity, entrepreneurship, innovativeness, indomitable will to conquer challenges, and unceasing search for perfection. In this 24-hour economy, idle hands will look for gainful occupations, while spongers, drain pipes, and passengers struggle to reinvent themselves to meet the demands of a new age. In a fully energized economy, energies will be channeled away from supply-oriented pursuits (such as street hawking, unsolicited “maintenance” of well-tarred roads) to the production of goods and services that are in demand.

A constantly functioning economy will not come about without the visible and helping hand of government. It is fair to ask whether a “visible and helping hand” is not a euphemism for “big government”. Nothing could be farther from the truth. The advocacy of a proactive approach to wealth creation should in no way be interpreted as a deft attempt at bringing big government through the back door. The role of government will be defined not by the number of offices that it establishes, but by the range of opportunities that the government provides for “customer demand” to be met and for jobs to be created within the 24-hour economy. The government’s role is certainly indispensable to the success of efforts at maintaining law and order, enforcing the law and contractual obligations, and taking firm measures to protect genuine asset builders against the whims and caprices of predators. Since the success of economic pursuits depends on the state of the infrastructure, government needs to earmark resources for the development of transport and communication facilities.

The government’s role nonetheless goes beyond the maintenance of law and order and the development of the infrastructure. It extends to the provision of the forward and backward linkages that the economy needs to grow and prosper. An illustration of government’s potential role in activating a fully functioning economy was provided by no less a personality than President Yoweri Kaguta Museveni. Addressing a gathering on the occasion of the 18th Anniversary of the NRM/NRA victory on 26 January 2004, the Uganda Head of State noted that a number of jobs that might have been created locally were “exported” due to failure to move from one job creation level to another – that is, from the primary, raw material production, to the secondary, processing and manufacturing stages. He cited the cotton industry as an example. Cotton-producing African states were liable to stop at the first or third job-creation levels, that is, planting, harvesting, and ginning, leaving, for lack of “know-how”, other processes (like oil

---

5 Address by H.E., President Yoweri Kaguta Museveni on Monday, 26th January 2004, at the 18th NRM/NRA Victory Day Anniversary Celebrations.
extraction, animal feeds production, cotton finishing, spinning, textile production, and
garment manufacturing) to be “exported.”

As an institution with a panoramic view of the workings of the economy, and bearing in
mind its overseas connections, government is very well placed to enact policies that will
promote the necessary linkages among diverse, and otherwise, stand-alone, operations.
Specifically, it could initiate actions that would link the small producers with one
another, and with medium-, and large-scale enterprises. It could also provide advisory
and information services which would enable the economic actors to capitalize on
domestic and external opportunities and, in the process, expand their operations.

The small-scale, informal sector (which employs between 75 and 90 percent of the work
force) in any case, deserves government assistance. As of now, there is no indication that
any government department or agency knows about, much less, has solutions to, the
problems facing the road side mechanics, weavers, hides and skins tanners, tailors,
carpenters, bricklayers, blacksmiths, and the large number of women eking out a
precarious existence on farms and in rural areas generally. Yet, keeping the economy
working full-steam may require no more than finding simple solutions to the small
producers’ problems – like, advising the road side mechanic on work lay-out, and the
application of time-and-motion techniques, or placing at the disposal of rural women
advances in harvesting and storage technology.

It is not as if the average African (whether a roadside mechanic, a practitioner of herbal
medicine, or a woman ceramic maker) is totally barren of productivity-oriented ideas and
knowledge. Any one who has been to an automobile repair workshop in Africa, for
instance, will be struck by the ingenuity and creativity of persons sometimes dismissed as
hopeless. Without technical or financial assistance from any quarter, these individuals –
among them school drop-outs - have cannibalized vehicles and reassembled them into
new shapes, fabricated tools, equipment, and replacement parts, and practically put life
back in otherwise dead machines. If they need anything, it is a formal acknowledgement
(and protection) of their intellectual property. Unfortunately, if copyrights and patents
offices exist, their presence is yet to be felt.

Repositioning and reorienting the civil service bureaucracy

The 24-hour economy’s operation is in any case highly dependent on the role and attitude
of the civil service bureaucracy. Besides providing policy advice, and preparing
instruments for the effective implementation of policies and programmes, the civil
service needs to dismantle internal bureaucratic obstacles to innovation and creativity.
More than at any other time, it has to channel the energies of civil society and private
sector entities towards productive ventures and promote technology innovation to assist
the growth of small- and medium-scale producers.

A clear example of how a pro-active civil service could support wealth creation pursuits
is provided by the Singapore Trade Development Board. Established in 1983, the Board’s
primary role is to assist Singaporean enterprises to penetrate overseas markets. In 1996, its International Business Opportunities unit linked the country’s trade databases to the internet. The outbreak of SARS in 2003 put the Board’s creativity to the test. Rather than succumb to defeat, the Board advised businessmen and women who were virtually grounded by the epidemic to continue their operations through the Board’s overseas centers, and using facilities provided by the International Enterprise unit and the Global Connect Centre. Besides passing to local business enterprises the information obtained from its market intelligence studies, and undertaking match-making tasks, the Board provides moderately priced internet services for owners of small- and medium-scale enterprises.

The African civil service needs to emulate this never-say-die attitude of the Singapore Trade Development Board. In collaboration with its external clients, the civil service further needs to develop customer service indicators, publish Customer Service Pledges, and establish cost, time, output, and quality standards for the various classes of service that it provides. It goes without saying that this ideal civil service needs to be staffed with professionally competent and highly motivated men and women.

Creating and strengthening the supporting institutions

The establishment of institutions in support of asset building efforts is the last component of the strategy outlined in this paper. Fortunately, this is not a new experience for the majority of African governments. The experience began in the immediate post-independence period when a number of institutions (such as commodity marketing boards, development corporations, and rural cooperatives) were established to mobilize savings, and invest surpluses in human and infrastructure development. Many of the institutions disappeared in the wake of the implementation of structural adjustment programmes, only to reappear shortly thereafter in new forms (e.g., as Peoples and Community Banks in Nigeria, as Investment Authorities in Uganda and a few other countries, as agriculture/industrial research institutes, and as agencies responsible for the development of small- and medium scale enterprises in many African countries). The upcoming challenge is ensuring that these institutions address the concerns of the poor, and assist in overall wealth creation efforts.

As part of the institutional strengthening effort, measures need to be adopted to impart in the poor the skills of “associating together”. The solo economic actors (such as tie-and-dye specialists, plumbers, steel fabricators, bricklayers, and carpenters) need to organize themselves into trade guilds under whose auspices, the appropriate competency development programmes could be undertaken.

IV. Institutional and human competency development implications

The success of the wealth creation strategy outlined in the preceding paragraphs depends, above all else, on leadership – visionary and committed leadership. It takes prevision at the leadership level to acknowledge the need to assume direct responsibility for the existing condition and for a willed future. It requires African leaders in all walks of life
coming to terms with the fact that poverty is currently doing unspeakable damage to African dignity, and acknowledging the possibility of its doing far worse in the future. It is therefore essential that the political parties and civil society organizations begin to forge broad coalitions dedicated to legitimate wealth creation pursuits and to the total banishment of material as well as intellectual poverty from the African shores.

This further requires that the policy and strategic wings of political parties and of civil society organizations be repositioned for their new role. By repositioning, we mean, appointing capable individuals to these policy and strategic units, defining their role and status in the overall organization structure, exposing them to policy analytic and wealth creation techniques at workshops, and, at their own request, offering them technical and advisory services on policy drafting.

In addition to the political parties and civil society groups, political functionaries in the legislative and the executive branches of government, as well as members of the Higher Civil Service need to participate in seminars focusing on options in wealth creation, and on the role of the leadership class in making the critical policy choices. Like their counterparts in the political parties and civic bodies, the government leaders will derive a lot of benefit from technical advisory services on institutional revitalization, and on the formulation and implementation of wealth creation policies and programmes.

The career public service is another sub-set of institutions whose wealth creation competency needs to be enhanced. The focus of effort here should be on changing the mindset of officials from one that seeks to control to one that actually opens doors of wealth creation opportunities. The revitalization of the service delivery systems should form an integral part of the competency enhancement programme.

As noted earlier, members of the various trades (bricklaying, carpentry, plumbing, electrical wiring and installation, to name a few) need assistance in the “art of associating together.” It is therefore hoped that they too will benefit from the technical advisory services extended to state and civil society institutions.

The measures advocated in the previous sections will not succeed unless backed with a bold and imaginative human competency development programme. It is accordingly recommended that government agencies collaborate with productive forces (such as producers’ cooperatives, trade guilds, and professional associations) on the components of programmes likely to enhance the opportunity discovering, demand satisfying and value-adding competencies across the economic spectrum. The management development institutions and trade schools also have a major role to play in the wealth creation endeavor. How effective they will be, however, depends on their willingness to undertake a critical review of their curricula, and ensure that wealth creation becomes a central theme in their training, research, and consulting activities.

**V. Role of National, Regional, and Global Capacity Building Institutions**
National, regional and international institutions have a major role to play in facilitating the transition from poverty alleviation to wealth creation. National institutions (particularly, the management development institutes, staff colleges and institutes of administration) should, as stated earlier, review their curricula with a view to incorporating wealth creation modules. They should also work closely with government and private sector institutions on the design and implementation of the relevant human and institutional capacity building programmes.

The national institutions’ proximity to their partners is an advantage. However, this becomes a disadvantage when the partners have partisan political leanings. This is why it may not be such a good idea for the MDIs to deal directly with political – whether government or opposition - parties. In contrast, regional bodies (such as AAPAM, CAFRAD, the African Capacity Building Foundation, and DPMF) are distant and impartial institutions. Since these regional institutions do not face the same constraints as their national counterparts, they are in a good position to organize capacity building programmes for political parties. More or less the same condition applies to international organizations such as the United Nations Department of Economic and Social Affairs, The World Bank, and the United Nations Development Programme.

UNDESA’s strategic role in any case recommends it highly for this type of intervention. Besides its technical cooperation and information networking functions, it for a number of years backstopped meetings of the UN Group Experts in Public Administration and Finance. In July 2002, the Group was transformed into a Committee of Experts reporting directly to ECOSOC and focusing on issues that are germane to the theme of this year’s AAPAM Roundtable. Thus, at its inaugural meeting held in New York from 22 to 26 July 2002, the Committee acknowledged the centrality of the human factor in governance and development. Capacity building efforts should not only be carried out with the full participation of the people but should address their dominant concerns. To quote the Committee (United Nations, 2002:2, paragraph 13),

“Through their knowledge, know-how and skills, people were at the heart of the performance of the state since it was people who provided services, made innovations and carried out reforms. Good governance must take account of the culture and circumstances of member States.”

The Committee then proceeded to identify six priority areas in which member States could build their capacity to implement the Millennium Declaration. Specifically, the Committee recommended that:

(a) The public sector must develop a strategy to recruit and retain its fair of the best talent;
(b) Public sector institutions must become strategic and strong “learning organizations” in a globalized and knowledge-based economy;
(c) Public sector institutions should harness the power of information and communication technologies in support of innovation and good governance;
(d) Governments should align financial and management capacities to ensure the optimal mobilization and use of resources;
(e) Governments should design and implement effective combinations of decentralization and centralization policies and programmes in order to promote people-centred development;
(f) Capacity-building efforts could be assisted by the development of evidence-based international data.

Given the special needs of Africa, the Committee recommended that technical and professional assistance be extended to ensure the successful implementation of the New Partnership for Africa’s Development (NEPAD).

Conclusion

The central proposition of this paper is that poverty alleviation has, as a strategy, run its course. It has not delivered on its trickle-down promise, and its short- to medium-term orientation has evaded the underlying issue of structural transformation. The time is now ripe to try something more aggressive, yet positive – that is, wealth creation. This strategy will, however, succeed only with total and explicit commitment by government and public service leaders to the cause of the poor. Rather than rely on surrogate (e.g., macro-economic) measures to bring relief to the poor, the government needs to come up with plans that directly target specific categories of the poor. At the minimum, a fraction of the resources currently expended on safeguarding the interest of the big investors need to be shifted to programmes aimed at rectifying the sub-optimal allocation and/or misdirection of energy in the informal sector. As part of this job guidance/advisory service, and, bearing in mind the need to raise output and quality standards across the economic spectrum, due consideration should be given to the pairing of professionally qualified individuals (e.g. engineering graduates) with practitioners of various trades (plumbers, road-side mechanics, and electrical wiring contractors). The success of these and other related measures hinge largely on the transformation of the public service from an inward-looking, paper chasing bureaucracy to a citizen-engaging, technology brokering and wealth creating agent.

National institutions can facilitate the transition from poverty alleviation to wealth creation by incorporating the new strategy in their research, training, and consulting programmes. The void created by the national institutions’ inability or reluctance to work with political parties should be filled by regional and international institutions.

Bibliography


