Development Policy, Aid and Transformation in Africa: Multiple Views from the South

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By

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By Prof Augustus Nuwagaba (Ph D)[1]

1.1 Introduction

> **Massive poverty and obscene inequality are such terrible scourges of our times –times in which the world boasts of breathtaking advances in science, technology, industry and wealth accumulation…….that they have to rank alongside destitution and chronic lack of basic means of livelihood as existing social evils (Nelson Mandela , London 2005).**

The important thread that passes through this paper elucidates the nature of poverty and inequality in the global economy. The central focus is premised on the understanding that poverty and inequality present the greatest evils and worst crime of governments which if not addressed will undermine the very legitimacy of states and governments. As Sachs (2006) has asserted, the eradication of poverty is the roadmap to ensuring global security. It is re-iterated that the success in addressing poverty and inequality depends on the nature and effectiveness of the policy framework pursued by the various governments. One critical issue that is analyzed is the role of aid in transforming African economies. When this analysis was pressed further, it clearly emerged that development is initiated from within. The implication is that it is the role of individual states and governments that must ignite the transformation process whether with aid or not. While foreign aid could be a critical resource particularly if premised on economic flag-shipping and targeting, aid effectiveness is an outcome of a causality chain but starting with accountable government as a panacea for transformation.

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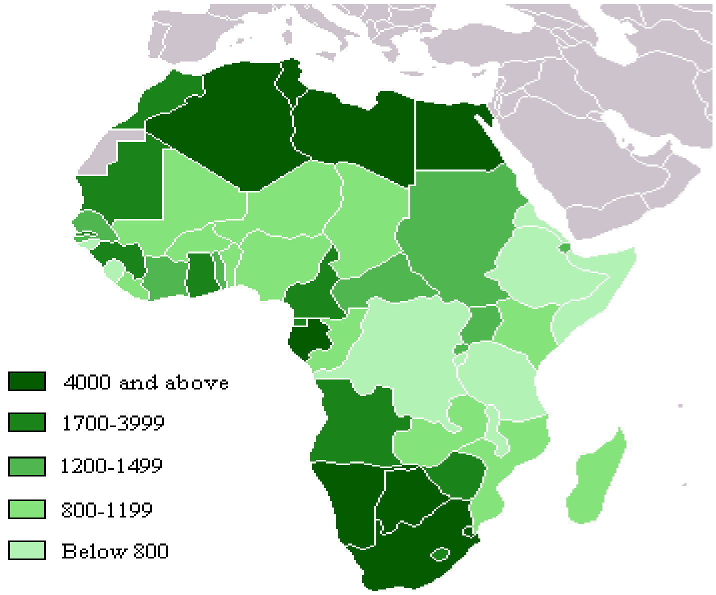
1.2 The Unequal World

From cradle to grave, our life chances are constrained by incredible levels of inequality that characterize the modern world. A Norwegian girl will almost certainly live to old age. If she is born in Sierra Leone however, she has 25% chance of celebrating her 5th birth day. Paradoxically, people believe that it is God who will have decided to call her at such an early age. What is God's interest of calling people in Africa at very young ages while people in Europe and North America are called at advanced old ages? A Norwegian girl will expect to go to school, have good nutrition and have excellent education while her counterpart in Niger will drop out and get married at an age of 12 years. The level of inequality existing between Africa and the rich countries as reported by Green (2008) is manifested through:

- 17% of the World Population lives under poverty, hunger, disease, anxiety and lack of means of livelihood.
- The income of the world's 500 richest billionaires exceeds that of the poorest 416 million
- Poor communities and the world are the ones paying the highest price of climatic change through drought, food insecurity, polluted air etc
- There is high child mortality (30%) among poor countries in Sub Saharan Africa as compared to child mortality ratio among the richest 20% of households in the same countries.

The above scenarios show the deepening gulf between the "haves" and the "have-nots" and the implications of this phenomenon on the socio- economic malfunctions of the various societies. An intertwined world as revealed by Barak Obama in his speech "A world that stands as one" but betrayed by inequality. But as Mandela, the greatest son of Africa has counseled, "Poverty and inequality are artificial phenomena, they can be corrected by acts of human beings". Fig 1.1 shows the regional variations in poverty levels among African Countries.

Fig 1.1: Regional variation (GDP per Capita)



Note: National GDP per capita ranges from wealthier states in the north and south to poorer states in the east. These figures from the 2002 World Bank are converted to US dollars.

African nations regularly fall to the bottom of any list measuring economic activity, such as per capita income or per capita GDP, despite a wealth of natural resources. The bottom 25 spots of the United Nations (UN) quality of life index are regularly filled by African nations. In 2006, 34 of the 50 nations on the UN list of least developed countries are in Africa. In many nations, the per capita income is often less than $200 U.S. per year, with the vast majority of the population living on much less.

Even within countries, there are grotesque inequalities across the spectrum of life. Green (2008) shows that children born into the poorest 20% of the households in Ghana are three times more likely to die before the age of 5 than those born into the richest 20%. In the UK, the Governments Scientific Reference Group found that life expectancy in the country's wealthiest areas was 7 years longer than in the poorest areas. Inequality compounds and often stems from discrimination based on gender, race, or caste. Black Brazillians are twice as white Brazillians to die a violent death and are only a third likely to to the University. In Guatemala, the number of children of European decent dying before 5th birth day is 56 in every 1000 compared with 79 among the indigenous children In the Indian State of Uttar Pradesh and Bihar, primary school enrollment for scheduled caste and scheduled tribe girls is 37% compared with 60%for non scheduled castes. Among boys from non-scheduled castes, 70% are enrolled (DFID 2005). As re-iterated by George Bernard Shaw, the greatest of evil and the worse of crimes is poverty.

1.2 Who Rules the World?

The pertinent question is: Who rules the world? How can the global governance system be used to fight poverty and inequality? The global governance system is structured along 8 attributes namely: rules of trade and investment; Economic Management (Breton-Woods twins); Coordination of G8; Foreign aid; International agreements such as KYOTO protocol on climatic change; Avoidance of war (Geneva Convention); Disaster management through UN agencies; and changing attitudes e.g. through CEDAW. Unfortunately, global governance has failed to live to these high ideals. The whole concept of internationalization and multilateralism (all nations working in concert to address its many challenges and problems) was dealt a severe blow when the USA attacked Iraq through by-passing the UN system. Similarly, the World Bank and IMF prescriptions for developing countries as agreed in the famous Washington consensus (the rising tide will lift all boats) have generated damming results:

a) Growing trade deficits due to trade liberalization and failures of domestic manufacturing. Transnationals have instead been the beneficiaries.
b) Financial sector liberalization has created few rich and powerful individuals but has excluded small and medium size firms.
c) Labour market reforms- with retrenchments and performance contracts have systematically “murdered” labour rights to strike or collective bargaining.
d) Privatization and divestiture have meant that even critical social services such as health, education, sanitation, water, electricity, are purchased on the market. Poor consumers in most poor countries have therefore been excluded from accessing these services.
e) Agricultural reforms- removal of subsidies on inputs and liberalization of trade have dealt a blow to stability in prices with declining performance of the sector. The 2007 Uganda Human Development Report shows tremendous decline in agricultural sector in Uganda.

2.0 Understanding Poverty

2.1 The Concept of Poverty

Poverty like an elephant is more easily recognized than defined. The word originates from the Latin word "panpertus" implying restricted means, which include limited food and other livelihood resources. Misery, an extreme form of poverty originates from a Latin word miseria, which means intensive unhappiness, discomfort or suffering. Various approaches have been used in defining poverty. These include: conventional definitions based on income and consumption, absolute and relative definitions of poverty and participatory definitions of poverty.

In the developing countries, the literature (much of which has been written by northern researchers), has focused on two perspectives of understanding poverty. These include: the culture of poverty thesis of Lewis (1965), in which the poor are assumed to be marginal to development purportedly due to innate and culturally determined personal characteristics and resulting deviant behavior. The second perspective is the *marginalization* thesis, which ascribes more positive role to the activities of the poor and emphasizes the structural barriers, which exclude their [the poor] participation in formal economic, political and social institutions (Permalin 1976, Moser and Satlerwaite 1985, Wratten 1995). Anthropological studies of poor families in Mexico City, San Juan and Puerto Rico led Oscar to the conclusion that those trapped in poverty had characteristically different behavior patterns and values from the dominant society and culture. He argued that;

> *The culture of poverty is both an adaptation and a reaction of the poor to their marginal position in a highly stratified and capitalistic society* (Oscar, 1965).

Poverty represents feelings of hopelessness and despair, which develop from the realization of the improbability of achieving success in terms of the values and goals of the larger society (Emoroy, 1992). However, as Sen (1987), Townsend (1979), McNamara[2] 1982, Nuwagaba 2004 and Sachs 2006, have argued that people should not be allowed to be so poor as this will breed conflict and could even cause national disintegration.

2.2 The African Economy

Africa is the world's second-largest and second most-populous continent, after Asia. At an estimated 30,221,532 km² including adjacent islands, it covers 6.0% of the Earth's total surface area, and 20.4% of the total land area.[1] With more than 900,000,000 people (as of 2005) [2] in 54 countries, it accounts for about 14% of the world's human population. Africa is by far the world's poorest inhabited continent, and it is, on average, poorer than it was 25 years ago. Africa's current poverty is rooted, in part, in its history. The transition from colonialism has been shaky and uncertain. Since mid-20th century, the Cold War and increased corruption and despotism have contributed to Africa's poor economy. Other factors include: slave trade, colonialism, the international trade regime, geopolitics, corrupt governments, despotism, and constant conflict, Africa is the world's poorest inhabited continent. While China and India have grown rapidly and Latin America has experienced moderate growth, lifting millions above subsistence living, Africa has stagnated and even regressed in terms of foreign trade, investment, and per capita income. This poverty has widespread effects, including low life expectancy, conflict, and instability, which in turn perpetuate the continent's poverty. Over the decades, attempts to improve the economy of Africa have met with little success. According to the United Nations' Human Development Report in 2003, the bottom 25 ranked nations (151st to 175th) were all African nations. Table 2.1 shows the main indicators for the African Economy.

[2] McNamara-former American Secretary of Defense and President of the World Bank ,once counseled that poverty in rural scattered settlements is not as dangerous as the poverty in conglomerated urban settlements. If cities do not deal effectively with poverty, poverty will deal destructively with cities.

Table 2.1 Selected Indicators for the African Economy

Population	887 million (14%)
GDP (PPP):	US$1.635 trillion
GDP (Currency):	US$558 billion
GDP/capita (Currency):	US$671
Population living on under $1 per day:	36.2%
External debt as a percent of GDP	60.7% (1998)
External debt payments as a percent of GDP	4.2%
Foreign aid revenue as a percent of GDP	3.2% (2001)

Source: Numbers from the UNDP and AfDB. Most numbers exclude some countries for lack of information. Since these tend to be the poorest nations, these numbers tend to have an upwards bias. Numbers are mostly from 2002

It is apparent from Table 2.1 that poverty levels in Africa are very high. Thirty six (36.2%) of the population in Africa live in absolute poverty. External debt is very high (60.7%) of GDP. The GDP per capita is a paltry US $ 671. What the Table does not show are the country specific differences. For example, the GDP per capita for Uganda is US $ 270! Poverty levels in Uganda have been oscillating around 38% and chronic poverty stands at 30% of the total population of 30m (UBOS 2006). In Rwanda, Poverty levels are staggering at 56% of the total population (Republic of Rwanda 2005) while in Nigeria, it is 70%. The African economy has been compared with the economy of the United States of America as indicated in Table 2.2.

Table 2.2 Economy of United States

Gross domestic product (GDP in U.S.$)	$12 trillion (2004)
GDP per capita (U.S.$)	$39,880 (2004)
Monetary unit	1 United States dollar (US$), consisting of 100 cents
Number of workers	153,702,230 (2004)
Unemployment rate	5.5 percent (2004)

Source: World Bank, 2007

The Table indicates clear contrast in the American economy as compared to Africa. While the letter has a GDP per capita of US $ 671, the formers' GDP per capita amounts to US $ 39,880!

3.0 International Aid Architecture and Impact on Africa's Development

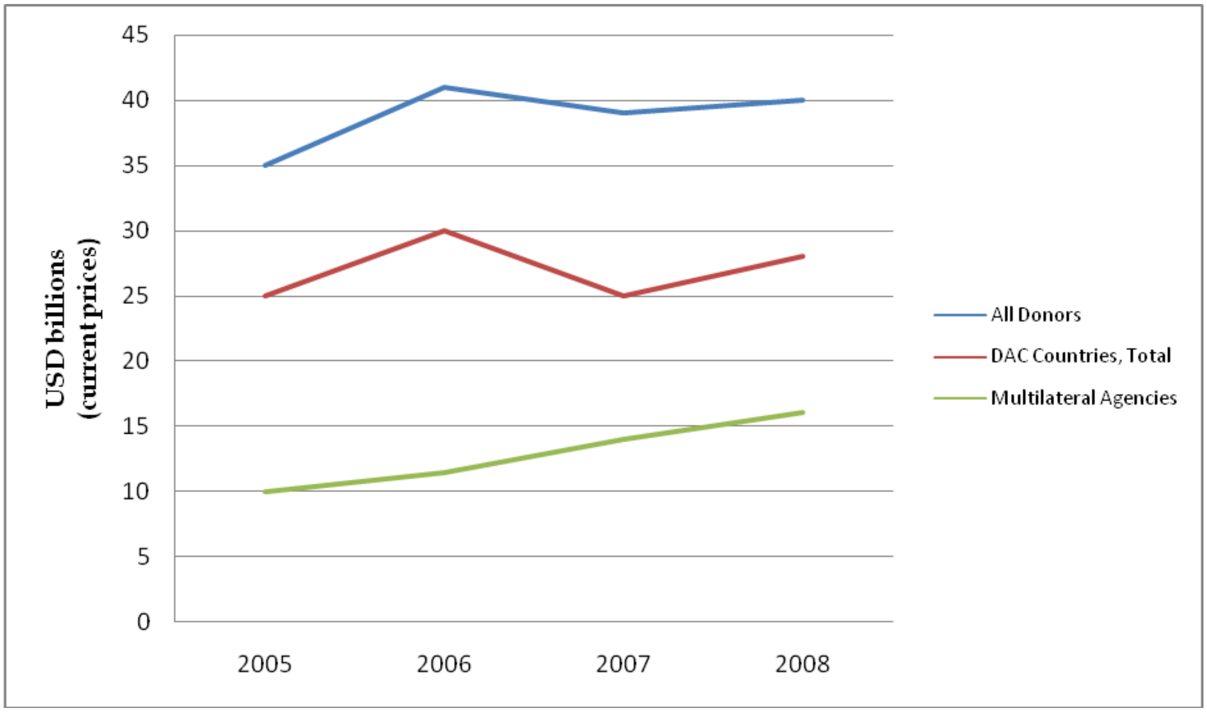
3.1 Aid Flows to Africa

Since independence, there has been a constant flow of foreign aid into Africa. The benefits of this aid have been mixed. During the Cold War the main goal of much of the aid money was based on political patronage among African States. As a result, this Aid was mismanaged by African leaders, but since the main aim was to win allegiance of African leaders, the misappropriation of Aid was usually overlooked.

Africa continues to receive a greater share at 36% of total global aid. Over the past four decades, aid to Africa has quadrupled from around US$11Billion to US$44

Billion with a net increase of almost US$ 10 Billion during the period 2005-2008. Fig 3.1 shows the trends in aid flaws to Africa.

Fig 3.1 Trends in aid flaws to Africa (2005-2008)



Source: OECD DAC Statistics, 2010

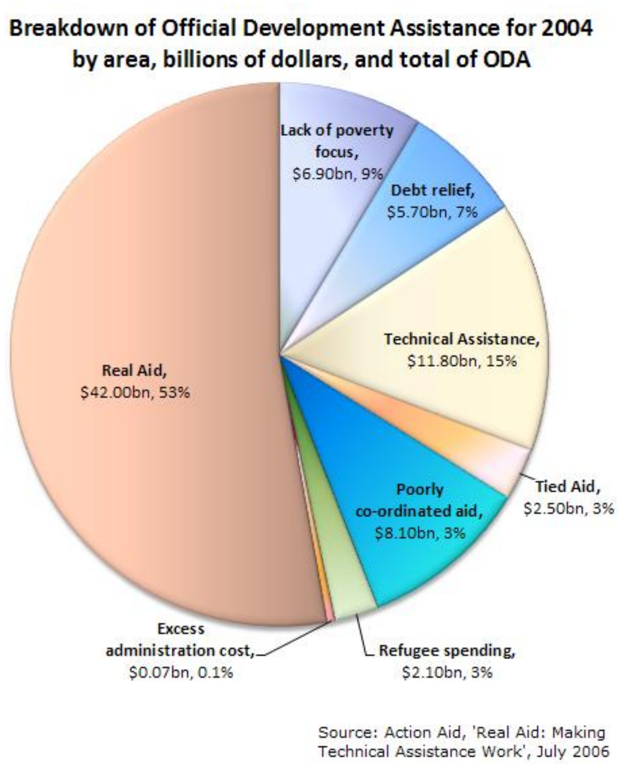
The accelerating pace of aid to Africa, as measured by the conventional benchmark of official Development Assistance (ODA) is a direct result of commitment made by the world's major aid donors at the G8 Gleneagles and UN summits in 2005 to increase aid to the continent generally and to Sub Saharan Africa in particular. But while aid to Africa has reached record levels, it stills falls below international commitments. Current forecasts suggest a US $ 14 Billion shortfall on the original Gleneagles estimate that aid would increase by US $ 25 billion a year from 2004 and 2010. Much of this additional ODA was destined for Sub-Saharan Africa where, despite strong increase in other inflows (such as foreign direct investment and domestic resources), aid still makes an important contribution to government revenues. Table 3.1 shows the top 10 donors and the proportion of each donor's total aid to Africa (2007-2009)

Table 3.1: Top 10 Donors by share of aid to Africa

Country	2007	2008	2009	3-year average	Africa as % of each donor's aid
Ireland	500	610	466	526	81
Belgium	667	632	796	698	74
Portugal	141	245	172	186	66
Denmark	896	917	882	898	63
France	3558	3370	4092	3673	63
Netherlands	1677	1516	1216	1470	61
Luxemburg	131	137	134	134	56
United Kingdom	2462	2594	2795	2617	54
Finland	229	262	311	267	53
Sweden	1001	1026	914	980	53
Other DAC countries	13338	16003	16376	15239	35

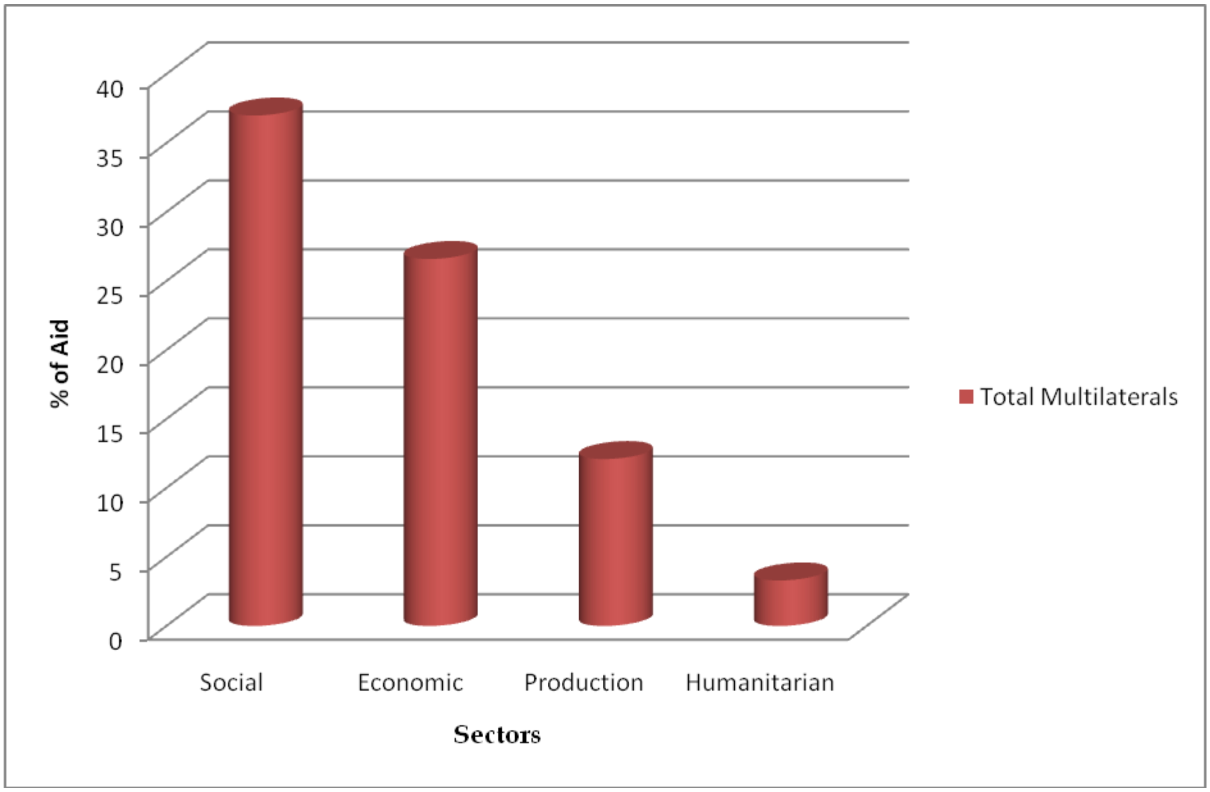
Source: Source: OECD DAC Statistics by Region, 2011,Pg 4

It is indicated in the table that a number of donor countries have made aid to Africa their priority. Prominent include the Republic of Ireland whose 81% of all aid goes to Africa. This is followed by Belgium (74%) and Portugal (66%). However, one pertinent question is: what is the content of this aid? Figure 3.1 shows the breakdown of official development assistance in 2004.



As shown in Fig 3.2, a significant proportion of aid (9%) lack poverty focus while 6% is either poorly co-ordinated or tied. Only 53% is real aid. However, further analysis of what is categorized as real aid mainly comprise social infrastructure particularly water and sanitation. While it is undisputed that social infrastructure is necessary for improving quality of life, it is without question that industrial infrastructure is a panacea for socio-economic transformation, yet, this component continue to receive minimum attention. Indeed, as shown in Fig 3.3, while the social infrastructure received 35%of total aid (multilaterals) to Africa, industrial production received a paltry 10%.

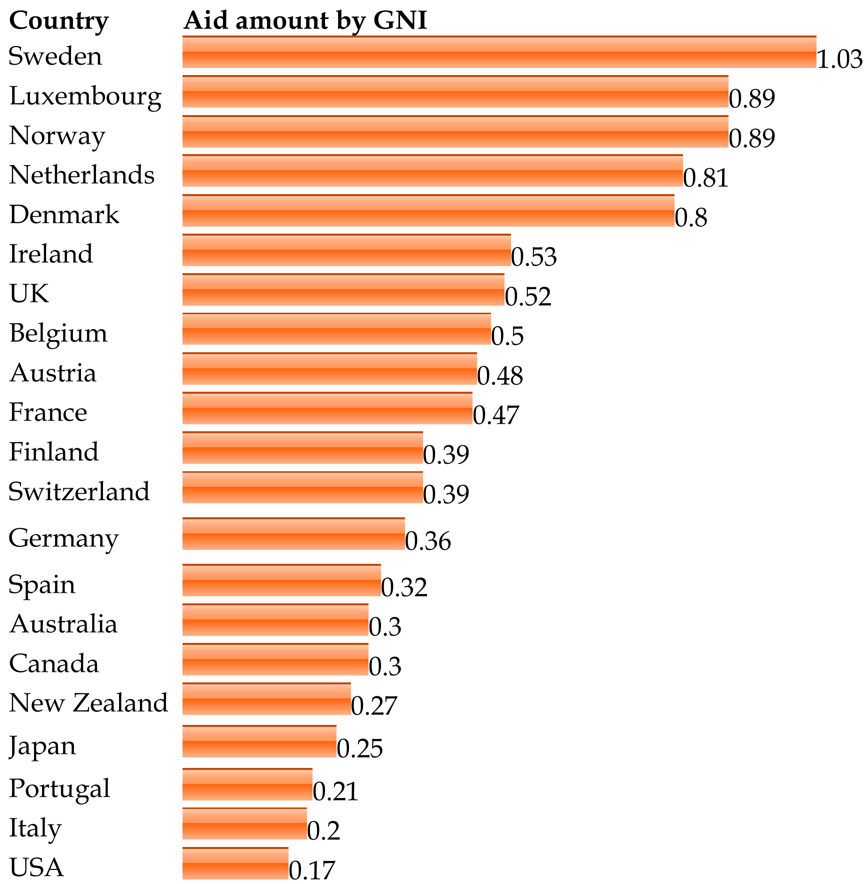
Fig 3.3: Proportion Distribution of aid from Multilaterals according to Sectors



Source: Source: OECD DAC Statistics, 2010

As a commitment for International Development, developed countries had agreed on the undertaking to deliver 0.7% of GNP as official aid. So far, only five (5) countries (mainly Nordic) have long met this commitment. These are: Norway, Sweden, Denmark, Netherlands and Luxemburg. Fig 3.4 shows the level of fulfillment of commitment for foreign aid to Africa.

Fig.3 .4 Level of Fulfillment of Commitment for foreign Aid to Africa



Source: OECD Development Statistics, April, 2007

As Sachs (2006) has observed, there is a strong correlation between a country's international aid policy and its care for the poor at home. Countries that take care for the poor at home also tend to help the world's poor. Countries that neglect their own poor tend to walk away from their international responsibilities. The Social welfare model of Northern Europe is built on domestic security of social protection but mixed with market efficiency and open trade. This is what is referred to as a social market economy. The recent increase [in foreign aid] does not tell the whole truth about rich countries' generosity, or the lack of it. Measured as a proportion of Gross National Income (GNI), aid lags far behind the 0.7 percent target the United Nations set 35 years ago. Moreover, development assistance is often of dubious quality. In many cases:

- Aid is primarily designed to serve the strategic and economic interests of the donor countries;
- Aid is aimed at benefiting powerful domestic interest groups;
- Too little aid reaches countries that most desperately need it: stingy Samaritans.
- All too often, aid is wasted on overpriced goods and services from donor countries.

However, in an era of global financial crisis and amidst concerns over the effectiveness of aid, Africa is confronted with new challenges and opportunities regarding the use of aid for growth and transformation.

3.2 Aid and Transformation in Africa: Lesson from the Tigers

Sachs, has recently analysed Africa's reasons for lagging behind (during the Reith Lecture Series) and these are the following: low food production characterized by old age depending on rain fed agriculture; disease ecology particularly malaria; miserably deficient infrastructure characterized by poorest networks of roads, power, rail and lack optic fibre cables or internet. The fourth challenge that constrains Africa to leap frog and develop as analysed by Sachs was the continuing surge of population due to high fertility rates. Sachs concluded that in order for Africa to develop, it needs increase in foreign AID!! What a glaring gap in Sachs analysis of Africa's problem!

Whatever political fine print, it argued in this paper that the African Economic problem is poor governance. By governance, I will unpack it to only two concepts and these are: lack of accountable political governments (absence of political accountability and high corruption) and lack of strategic planning (Visioning). By emphasizing more aid contravenes a simple neo-classical economic theory which states that "development is always initiated from within". It can only be propelled from outside. It is common knowledge that some African countries have received just as much AID (probably more than what South Korea received from 1954 to 1974). But one question is what difference has this Aid caused in the lives of any African people? Right from the Horn of Africa to the Kalahari and from the Margharebs to Zimbabwe (with the exception of Botswana) the story is the same: misery, disease and deprivation. But also it is clear that one common denominator is corruption and lack of accountable governments. Actually most of these countries are bordering on failed states. Look at Zimbabwe, Somalia, and Sierra Leone etc. Table 3.2 shows the cross-country evidence on the impact of aid on growth and transformation.

BOX 3.1: Cross-Country Evidence on the Impact of Aid on Growth and Transformation-Sub-Saharan Africa

As a share of GDP, Sub-Saharan Africa receives nearly five times more aid than any other region. The share of aid to GDP was on average 16% in 1994, while it is as high as 101% in Mozambique and 30% in Tanzania. One reason for the high growth flows is, of course, the high debt burden that was accumulated by many countries from the mid 70's onwards. A lot of this has had to be written off or converted to soft loans, and this has required large gross flows of resources, a large part of which then has flowed back to international financial institutions, the World Bank and the IMF. For the net ODA was only about $300 million (Bonnick, 1997, p.115). The share of service to exports was 174% in Zambia in 1995. The increasing aid dependence is contrary to the long term aim of donors, which is to increase self reliance and to get to a point where countries can grow from their own resources. Aid dependence has a range of effects that might be detrimental to long term development efforts. Africa would be in position to reduce its dependence if it had better access to the international private capital markets, but in spite of dramatic increase in flows to the LDCs generally, Africa has been passed by. Most countries in Sub-Saharan Africa remain with lowest HDI ranging between 0.336 (Sierra Leone) – 0.561, Ghana (UNDP 2007). Investors view Africa as a capital hostile continent, and even Africans themselves hold negative attitude about their own future growth and development. Irronically, Africans hold significant resource outlays in foreign banks. Aid to some extent may compensate for this, but the aid flows are not perfect substitutes for private investment resources which normally come on favourable other conditions.

Source: Bigsten A. (2005) Can Aid Generate Growth in Africa, G'otebog University, Working Paper No.3

Box 3.2: Evidence of Impact of aid on Growth and Development-Tanzania

Tanzania is one of the major recipients of aid in Sub Saharan Africa. It is also a country that has had a high profile internationally and which has pursued a high interventionist development strategy. However, the result of this has been disappointing. Official GDP estimates suggest that real incomes per capita in Tanzania are not much different now than they whereby in 1970. The pattern is one of stagnation over the 1970's, dramatic reduction in incomes during the crisis period of 1979-85, and slow but definite growth during the reform period starting in 1986. What can one say about the effect of aid on growth determinants in Tanzania? If we first consider physical capital formation, it is obvious that aid in the 1970's contributed to a high investment rate, but because of the inward-looking, state-directed strategy, the quality of investment became low. Investment declined only moderately in the crisis period, although capacity utilization fell dramatically. The major areas of human capital formation that are relevant are health and education. Although the results of projects in these areas have been mixed, the projects undertaken contributed to the early improvements in the supply of skills in Tanzania. Unfortunately, it has been difficult to sustain the advances and many of the achievements of the 1970's have since been eroded. The current HDI for Tanzania is an appalling 0.467 (UNDP 2007). The budget support provided in recent years has at least helped to contain the decline of the public education system, but it is certainly in a very poor state.

Source: Source: Bigsten A. (2005) Can Aid Generate Growth in Africa, G'otebog University, Working Paper No.3

Box 3.2: Aid and Transformation among the East Asian Tigers-South Korea

South Korea which received American Aid during the Cold war era was able to transform its economy and turned around the country in what is almost now the first world. What is even more fascinating is that the Country was actually able to pay back all the loans. What were the main drivers for this Transformation? The main political philosophy in South Korea was *zero tolerance on corruption* while the economic benchmark was export promotion but with import substitution i.e. consumption based on domestic production and manufacturing. It is these philosophies that propelled South Korea to industrialization, competitiveness, and economic growth. The current HDI for South Korea is 0.921(UNDP 2007). This transformation was however buttressed by good governance (actually South Korea was under benevolent dictatorship and this provided strategic direction and robust economic policies which underlined growth and development). South Korea under General Pak Chang Hi provided probably the most accountable government in the world in the 20th Century!! The government was widely nationalistic and positively dictatorial that it registered one of the highest phenomenal growth ever.

Source: Source: Bigsten A. (2005) Can Aid Generate Growth in Africa, G'otebog University, Working Paper No.3

It is emphatically re-iterated that no amount of Aid will ever cause an inch in improvement of any African household unless the given aid is driven by clear benchmarks built on good governance. As Mwalimu Julius Nyerere, one of the greatest sons of Africa counseled: *"The greatest challenge in Africa is holding private interest for public good, if public interests become private, then the public dies"*.Similarly, Mandela, the former President of South Africa stated that: *"The need to address poverty is not an act of charity; it is an act of social justice"*

Increase in Aid with a polity and leaders that are vicious and corrupt will only result in siphoning such resources to foreign banks and such capital flight will only increase misery and deprivation of intended beneficiaries. Sachs (2006) has emphatically argued that Africa needs more aid in order to break the shackles of poverty. But I strongly differ from Sachs contention. It is not more aid that will transform Africa. The linchpin for African transformation is good governance. In

October 2003, at a United Nations conference, UN Secretary General Kofi Annan noted that: developing countries made the sixth consecutive and largest ever transfer of funds to "other countries" in 2002, a sum totaling "almost $200 billion." "Funds should be moving from developed countries to developing countries, but these numbers tell us the opposite is happening. Capital flight traced by the World Bank in 2004 was US $ 95b out of Sub-Saharan Africa. The figure had erupted to US $ 150b in 2007 (Zienger, 2007).

> *"Funds that should be promoting investment and growth in developing countries, or building schools and hospitals, or supporting other steps towards the Millennium Development Goals, are, instead, being transferred abroad by Unscrupulous African Leaders and their crones! "* (Kofi Annan, Development funds moving from Poor Countries to Rich Ones, Annan says, United Nations News Centre, October 30, 2003).

The onus is therefore on Africans themselves. Leaders must therefore shape up. They must make it or break it. There is no short cut. I disagree with Professor Sachs that more aid is needed in order for Africa to leap frog. If there's one thing we've learnt in the last thirty years of aid-giving, it's that aid is unlikely to work unless recipient countries are allowed to pursue development strategies which they have drawn up themselves, which they own, and are thus committed to. What makes you think that donor-driven, technocratic approaches will work today when donor-driven approaches in Africa have so singly failed in the past?

3.3 Aid and Dependency

Dependency theory addresses the problems of poverty and economic underdevelopment throughout the world. Dependency theorists argue that dependence upon foreign capital, technology, and expertise impedes economic development in developing countries. In the 1970s, sociologist Fernando Henrique Cardoso (Former President of Brazil) addressed weaknesses in dependency theory. Cardoso asserted that developing countries could achieve substantial development despite their dependence on foreign businesses, banks, and governments for capital, technology, and trade. He believed that developing nations could defend national interests and oversee a process of steady economic growth by bargaining with foreign governments, multinational corporations, and international lending agencies. Other scholars, such as American sociologist Peter Evans, have gone even further than Cardoso in recognizing the importance of negotiations between governments in developing countries and governments and firms from industrialized nations. These analysts believe the way nations respond to dependence on foreign capital can be as important as the dependence itself. These refinements to dependency theory suggest the promise of new approaches to the problem of development, approaches that seriously take into account the role of politics and government-level negotiations in determining economic outcomes.

3.5 Debt Relief, Policy Challenges and Opportunities for Growth

Advocacy for debt relief has become widespread. Each year, Africa sends more money to Western bankers in interest on its debts than it receives in foreign aid from these countries. Debt relief is not a panacea, because relieving some of the burden, especially of debts that were run up by regimes for their own benefit, will not help the economies of Africa grow and prosper. Arguments against full and unconditional debt relief exist:

- First, debt relief punishes nations which have managed borrowing well and do not need debt relief.
- Second, unconditional debt relief will not necessarily cause nations to spend more in social programs and services, on the one hand, or to solve their financial problems without stifling the economy with the need for more taxes, on the other hand.
- Finally, debt relief may make it more difficult for nations to receive credit in the future.

There are two important and interlinked challenges for the future of development aid to Africa. In a context of rapid decline in the share of ODA compared to other resources, the first challenge is to use aid to leverage other flows in order to meet development objectives. The 2002 Monterey Conference on Financing for development and its follow up meeting in Doha in 2008 signaled a tide change in international thinking on the role of aid in development. While welcoming increased aid commitments, the Monterey Consensus and the Doha declaration stressed the importance of mobilizing domestic resources, increasing foreign direct investment and other private flows, and promoting international trade as an engine for development. In this light, ODA is seen as a means of leveraging other flows to ward off aid dependency and catalyze a more holistic approach to development. But as demonstrated in the foregoing, the reality is that aid has tended to create more dependency.

4.0 Economic Nationalism or Economic Liberalism: Which way for Economics of the 21st Century

Most countries in Africa emerged as independent states between 1950 and 1970. The expectation was that the achievement of political independence would deliver Africa from the colonial state and harness African "new renaissance", hence ensuring that Africans enjoy political rights and economic benefits that would endure. However, while most countries achieved political independence, they remained economically appended to the economies of the colonial state. The main Economic paradigm that bound Africa and Europe was the Ricardian-inspired economic theory which postulated that "international specialization" guaranteed benefits to all parties involved. This gave birth to the popular theories of "comparative advantage" which dominated the 1960s up to 1980s. The main assumption was that specialization bred efficiency and high productivity. The Richardin Economic modeling was built on classical Economics where Adam Smith's Wealth of Nations asserted that through the "invisible hand", all nations were capable of competing effectively in markets. Following Adam Smith's imposing analysis, the neo-classical Economists in Britain in the 19th century dismissed claims by neo–Marxists and Structuralists that developing countries including Africa could not transform due to structural impediments in the international economy and that the solution lied in state intervention in the running of developing country economies.

The neoclassical Economists rebutted that economic stagnation in developing countries was a culmination of poorly designed economic policies and unnecessary state interference in the economy. The neoclassical Economists re-iterated that in order to re-invigorate developing country economies, they needed to create an efficient market. This was to be achieved through addressing market restrictions and limiting state intervention in the market. This gave birth to the "Washington Consensus", a new economic framework characterized by the following: 1) elimination of government restrictions that influence the market; 2) elimination of restrictions on foreign investment; 3) privatization of state owned enterprises; 4) promotion of free trade. It was premised on the contention that "a rising tide will lift boats". It was argued that market forces should be left to determine resource allocation and that this would ignite a "take off' for developing country economies. It was on this premise that the 1980s and 90s saw massive economic changes in Latin America and Africa. However, the recent global financial crisis has clearly demonstrated the fallacy of the power of the market. The crisis has shown not only the limitation of reliance on laissez faire but has shown that it could be a rotten foundation for an economy. Consequently, the crisis has ironically demonstrated that it is indeed the interventionism that can create sanity in the market.

It is clearly understood that the most important catchword for any economic activity is the market- the web of economic interactions that bind individuals and nations. It is understood that markets are mighty engines, generate wealth and can transform the lives of people. However, markets based on neo- liberal economic policy have undoubtedly created more problems than solutions. The Bretton Woods twins argued for the implementation of liberalization of African and other developing economies; privatization and divestiture; retrenchment through public service reform aimed at reduction of fiscal deficits at all costs. The markets under neo-liberal economies are assumed to be natural and perfect. This is contrary to the real rules of the game. There are major impediments to realization of market perfection and these are the following:

4.1 International Trade Architecture

International trading and financial systems have not been development friendly. Constraining factors are: rules of origin; unviable standards demanded from developed countries; and limited availability of counter cyclical liquidity in international capital markets. This has been worsened by agricultural subsidies that the developed countries give to their farmers thus making African agricultural products to have no break through to the world markets.

4.2 Poor Representation of Developing Countries in Key instruments of Global Economic Governance.

It is essential to ensure that international institutions pursue their goals in ways that re-enforce and strengthen democratic decision making both within countries and institutions themselves. However, there is lack of voice and representation of developing countries in key instruments of global economic governance. The critical global institutions are: WTO; World Bank; and IMF. The pertinent question is: what voice is available from Africa to influence these agencies? The trade policies of North America and European Union have been seriously characterized by market imperfections manifested in subsidy regimes (concessions for nationals) and quotas (for developing countries). These have created unfair leverage of European and North America producers over their competitors on the world market. Similarly, the issue of quotas has curtailed the marketing capacity of developing countries products and services.

While it is understood that the market share (demand) of some commodities from Africa is inelastic, it does not create a level playing field that some producers are subsidized (subjected to market imperfections) while others are subjected to market forces. Hence, the recent moves for AGOA and EBA are welcome. It is now incumbent upon African countries to take advantage of these partially opened markets. However, there are still impediments to international market penetration prominent of which are the global trade architecture particularly the rules of origin and carbon cost. This is why it is necessary for African Countries to improve their voice through regional blocs such as: The East African Community (EAC); ECOWAS, SADC etc. These blocks can help in negotiations for market access and guaranteeing of African products a reasonable world market share.

4.3 Planning and Implementation Gaps

Many African governments have developed many policies, legislations and action plans aimed at poverty eradication. Prominent among these are the PRSPs. In Uganda's case for example, the country has implemented PEAP as a blueprint for all government programmes. However, this PEAP just like many PRSPs have not achieved the intended objectives. The major reasons are three fold:

4.3.1 Failure at Planning Level

The PEAP comprise 35 interventions spread over a wide spectrum of prgrammes amidst meager resource envelope culminating into lack of impact of most of the programmes funded under the PEAP. For instance, while agriculture is the backbone of the Ugandan economy employing 82% of the population, the sector received 1.6% of the financial budget in Financial Year 2006/07 and only 4% in FY 2010/11 (MoFPED, 2010) yet public administration receives 23% of the budget. The funding for Agriculture is far below the Maputo declaration and the problem is essentially due to lack of political will. Given the limited resource envelop, there is need for a new financing paradigm. The PEAP was a very import plan but the resource envelope could not support its full implementation. This requires a shift in strategy from broad intervention to a Strategic Flagship Sector Approach where a few priority sectors are flagged and funded exclusively for a given period of time so as to realize maximum impact. The other sectors are then funded later. Such an approach creates significant impact as a result of resource concentration in a particular sector. The best practice in Strategic flagship planning is Mauritius[3] and the results have been phenomenal.

4.3.2 Politicization of National Programmes

There is a problem of politicization of poverty reduction programmes in Africa. In Kenya for example, the government implements a Constituency Development Fund (CDF) where allocation of funds should be based on the official poverty index in the country but the whole process has ignored official poverty ratings. While releasing the official list of CDF distribution, the government of Kenya conceded that it had succumbed to pressure from Parliamentarians in allocation of CDF Funds. As reiterated by one Kenyan politician, the poverty index raised complaints about "rigging" even before it was released (Daily Nation, Wednesday September 17, 2008). In Uganda, a number of interventions aimed at improving household incomes have been implemented. Prominent among these include: Entandikwa (Seed Capital Programme, 1997); Poverty Alleviation Fund (PAP); and the on going *Boona Gaggagawale* (Prosperity for All). All these are good initiatives but they have been politicized. The problem is that these programmes are always initiated during the period of elections, hence, the people have perceived them as reward for political support of the incumbent government. The result has been that people receive money and squander it instead of investing it.

4.3.2 Implementation Paralysis of National Programmes

There are high levels of corruption[4], poor monitoring, lack of performance indicators and poor feedback mechanism for planning review of different activities. There are also discrepancies between what is planned and what is actually funded particularly under the decentralized systems of governance in Africa. Other serious problems include weak institutions and capacity gaps in skills, information system management and attitude development. Fig 4.1 shows the implementation gaps in development programmes in Africa.

[3] Mauritius started implementing Strategic flagship planning in 1980s. It started with sugar, textiles, human capital development, ICTs and is currently focusing on financial services. This has resulted in poverty reduction from 44% in early 1980s to the current 2%. Unemployment is a mere 4%.

[4] For instance, many countries in Sub-Saharan Africa have always been ranked very high in corruption by all Reports of Transparency International

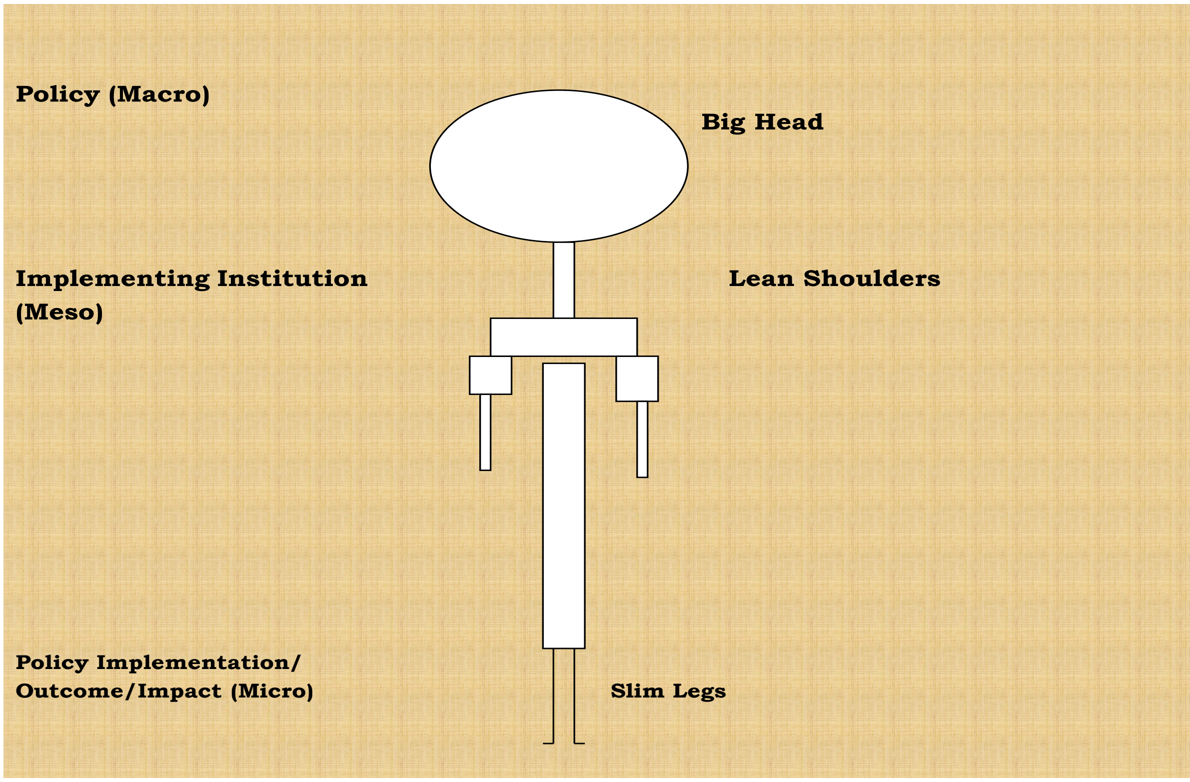


Fig 4.1 : Model Constructed by Nuwagaba A 1998, Kampala, Uganda

The big head represents the available good policies, legislations and plans. The lean shoulders however indicate the weak institutions including judicial systems, Parliament; Inspectorate of Government; Police Investigation capacity;. The stunted legs represent the failures in public sector management and implementation paralysis. It is reflected in poor support supervision in health care systems, poor inspectorate functions in schools and lack of monitoring of government investments. The results have been poor service delivery and the subsequent poor quality of life.

4.4 Need for Adopting Strategic Flagship Sector Approach to Planning

There are countries that have addressed these problems through adopting new planning models. Prominent examples include: Mauritius which has adopted a Strategic Flagship Sector Approach. Under this planning model, the country focuses on few priority areas. Since 1980s, Mauritius developed a national strategic plan with a vision of a competitive global platform to be achieved under a 3 phased strategy. This strategy was characterized by concentrating effort (national budget) on one sector at a time with an aim of creating maximum impact. In 1980s, effort was on training highly skilled labour. This was followed by production and export of textile which was later followed by investment in ICT penetration. Currently, Mauritius is focusing on financial services. Mauritius demonstrates a national economy that has systematically transformed from an agrarian economy through an agro based industrial to a service based economy and is consciously moving into a knowledge based economy. It is by no accident that Mauritius is the 65th country in the world with an HDI of 0.804. This compares with countries characterized by serious planning and implementation weaknesses such as Uganda, Nigeria, Ethiopia, SirraLeone , Kenya and Niger which are categorized at the tail end with an HDI ranging from 0.500-0.505 (UNDP,2007). This clearly indicates the importance of planning and programme implementation as tools for poverty reduction.

5.0 Need for Paradigm Shift: "From Aid Dependency to Transformation"

It should be recognized that there is need for a paradigm shift to the "African Marshall Plan" to make Africa's transformation a reality. It should be reiterated that while the Marshall Plan for Europe was for reconstruction after the World War II, the problems and conditions for African countries are peculiar. The implication is that Africa needs to re-think its development path and strategies in this shift. A number of initiatives as drivers to this transformation have to be undertaken and these comprise the following as elaborated in the preceding section.

5.1 Development is Initiated from Within: The neo-classic economic modeling dictates that development is a self igniting process. People must appreciate the need to change their lives and the benefits that accrue from that change. This is only when people can own and sustain the desirable change. The challenge is that most people continue to believe that donors owe them a living. Paradoxically, most African governments continue taking refuge in a blame game mainly directed at the former colonial states. That the current poor state of health, declining education and lack of growth can all be explained by colonialism. This does not hold water anymore because the East Asian Tigers which have transformed their economies were also colonized.

5.2 Foreign Assistance must be premised on Shared Vision and Participation of Beneficiaries.

A vision is worth its salt when it is shared and owned by the people. As Henry Kissinger, former American Secretary of State counseled: "Great achievements begin with dreams and visions. This is consistent with Lee Kwan Yew (Hong Kong Premier) assertion that: "an inspiring vision for the future builds a case for support". The main challenge here is that most African countries are visionless or the vision if it exists is not shared and therefore not supported. If the vision of the Marshall Plan (whatever the political fine print) was a reconstructed Europe, what is the vision of Aid that Africa is receiving?

5.3 Development Assistance should be based on Long Term financing not Piece-Meal.

It is important that if at all, development assistance is to be granted, it should be based on a long term financing strategy. The development assistance given under the Marshall Plan was premised on a co-operative long term rebuilding programme. It is because of this reason that the assistance was able to reconstruct and transform Europe. This is the major point of departure between the Aid that was given under the Marshall Plan and the piece meal and ad hoc Aid that is given to Africa. Most foreign assistance to Africa is adhoc. For instance, Uganda's development plan is based on the medium term expenditure framework (MTEF) based on a three year cycle where donors disburse funds. It is however not uncommon that some of the pledged funds have occasionally not materialized. Secondly, financing on short term snapshot basis does not create impact. Indeed, the PRSPs have not created any significant impact in Africa. This led to the current review which has proposed the shift from PRSPs to National Long-term Development Plan (NDP). But still, the pertinent question is: how will these National Development Plans be financed? It is the long term planning and financing that will create a difference.

5.5 Human Capital Development

Human development involves the process of ensuring a healthy, multi-skilled and professional population. It also comprise widening people's choices and the platform for making such choices, especially through expanded human capabilities and is measured by the human development index (HDI) which embraces health status, education and training; and purchasing power parity. This presents a composite measure of human capital and its quality as the most critical factor of production. Increasing the relevance of the state in ensuring quality social services-health and skills development is paramount. As I have argued elsewhere, the greatest resource to any country is its population. However, in order to turn this population into an asset, one needs investment in the population. This will be the only way to reap a demographic dividend. Skills-mix building is necessary to produce multi-skilled persons who are productive and competitive. It is through this skills-mix development that the population will evolve to human capital. Health, education and training, water, sanitation and access to information have a significant role in making an individual better. They are the most critical tools of empowerment and capacity development through creating civic consciousness. Human capital derives from high levels of productivity and capacity for such a population to stimulate economic activity.

A healthy population determines the levels of the economy by facilitating creative thinking and individual output. Investing in health is also essential in reducing morbidity and mortality leading to significant reduction in public expenditure on health. It is paradoxical that developing countries that have the highest disease burden and poor health indicators, facilities and services spend less on health[5] and health research and development. Most poor countries in Africa instead prefer to spend relatively high on defense as indicated by an average of 20 % of the National Budget (Word Bank 2010). It is not the people available in a country but their effective demand that will stimulate economic growth and it is the level of competitiveness of this population that will generate the *demographic gift*. The Asian Tigers and Cobs (China, India, Malaysia, Singapore, and South Korea) have been able to turn around their economies basically through investment in their population with subsequent highly skilled and productive human resources. China

[5] Per capita Expenditure in health in 2003 was US$ 1 in Burundi; US$ 3 in Rwanda; US$ 4 in Liberia; and US$ 5 in Uganda (WHO, World Health Report 2006, World Bank 2007)

with its 1.3 Billion people[6] is a pointer to the power of investing in people. Similarly, Malaysia has been able to benefit phenomenally from *demographic window of opportunity* as the Malaysians are highly competitive in foreign employment markets. Why? Because of the highly demanded skills of the Malaysians in micro chips development; financial systems management; and other highly skilled areas. In most of Africa, there have been political arguments that there is need for a big population as it will create a large market. This is a myopic argument. How can a population where 70% is subsistence (non monetary) stimulate economic activity? If most of the people are living in chronic poverty, how can such a population stimulate development?

The higher the level of human capital development in a country, the higher the level of productivity and people's welfare. The only way of breaking the vicious cycle of poverty is funding education and skills development through strategic planning to build a strong human resource base. This involves skills-mix development that focuses on training in competitive skills which will equip individuals with required human capital that Amartya Sen refers to as "*entitlement and bundle of rights*". This will accelerate poverty eradication. The main challenge here is lack of vision and strategic planning and the attendant institutional framework to deliver skills-mix development under the current aid regime.

5.6 Competitive Benchmarking in a Globalised Economy

The issue of competitiveness was greatly highlighted in the 1990s, in the Poverty Reduction Strategic Papers (PRSPs) in many African countries. However, most of these countries lack positioning strategies for effective exploitation of their competitive advantage in the global economy. This is what globalization is about as the Model that shapes the current economic development paradigm. As the Yoruba of Nigeria have said in their old adage; "***Oju aren't eye efo*" *meaning that the sky is sufficiently large enough for all birds to fly without crossing the others' path.*** The implication is the need for government to establish competitive initiatives ; develop models to enhance participation in the global market for labor; address the problem of poor quality products and packaging; and fund priority programs. This competitiveness will enable Africa to properly position itself in global partnership for development. The major constraint here is lack of clear strategic thinking, robust policy direction and the culture of poverty. Otherwise, why have the Tigers recently at the same level of development been able to break the trap of poverty and embarked on transformation? There has been clear national vision, strategic direction and competitive benchmarking. This is what eludes Africa and if there is any liability to African development, is the visionless most African leaders. They are guilty of stifling African hope for development. While political leaders of the Asian tigers have had "unquenchable thirst" for development, most African leaders have steadily led their countries on the path to total decadence. The Asian Tigers namely: China, Singapore, South Korea and India have even surpassed their strategic targets and are now referred to as Asian drivers. Most African leaders need to shape up!!

[6] For every 4 people in the world, 1 of them is a Chinese.

5.7 State Intervention in Markets and Need for Review of the Washington Consensus: Lessons from the Global Financial Crisis

The most critical hurdle in ensuring global peace and security is distribution of power and access to resources. These factors are the major reason for conflict all over Africa. The main reasons for civil wars in Uganda (Northern insurgency since the 1980s), Sudan, Nigeria, Somalia, Angola, Sierra Leone, Liberia, Zimbabwe, is politics of exclusion and ineffective states where certain sections of the people view themselves as excluded from the main stream. In most of Africa, politics is seen as a means of accessing resources rather than as an opportunity for one to make a contribution to Nation Building and National Development. Because of the ever deepening gulf between the rich (insiders) and the poor (outsiders) as asserted by Robert Chambers, amidst lack of institutions for conflict management, the latter find it inevitable to take up arms as the only means of accessing opportunities seen as a domain of a particular group. Therefore, creating oligarchies of dominant groups is dangerous and unsustainable.

Similarly, there is evidence that economic growth in many countries has not trickled down to the poor. It is therefore apparent that governments need to provide social security for those waiting for windfalls of economic growth. But even if economic growth finally arrives, it is unlikely to narrow the gap between the rich and the poor. For example, South Africa is the continent's most successful economy with a GDP, amounting to a third of all 48 Sub-Saharan African economies combined (Gumede,2007). Paradoxically, it is the same economy that is encumbered with widespread dissatisfaction by the unemployed, increasing poverty and crime. I was recently in South Africa on private business and I traveled in one of the domestic flights but I hardly saw any other black person on this flight. There were only whites and Indians-the top beneficiaries of Africa's most successful economy. Where are the benefits of the highly romanticized growth in South Africa? Similarly, Peru has been one of the most successful countries in Latin America with a GDP growth of 9.2% per annum but with ironically high levels of poverty, vulnerability and a disgruntled population. The Peruvian people give little credit to President Allan Garsia for the strong economy just as former President Thabo Mbeki of South Africa was disgracefully thrown out of the Presidency yet; they had both presided over vibrant economies. The problem was one; while there was undisputed growth, there were obscene levels of inequality.

The argument here is that while the market provides environment for efficiency, there is a danger of creating exclusion of the poor from the fierce competition usually worsened by imperfect markets. If imperfect markets are left unabated, it can be a recipe for conflict and disintegration in extreme cases. This is why even the celebrated mother of all capitalism, the United States of America effectively came up with a hooping US$ 700 Billion as a stimulus package to bail out Wall Street and other collapsing businesses including the Worlds re-known Insurance giant AIG. If the market was a solution for everything, why this intervention? The global financial crisis clearly exposed the weaknesses in the power of the market. The crises glaringly showed that the highly romanticized laissez faire is a rotten foundation and cannot deliver economic transformation. There is therefore need to review the economics of Washington Consensus which is premised on "less state and more market". The state must not only remain relevant but actually must be effective if it is to cause transformation of the African economies. This is what Robert Wade of the London School of Economics calls ***"the need for the state to govern the market."***

5.8 Market Access, Penetration and Global Trade Architecture

It is the contention of this paper that what Africa primarily needs is not aid but access to Global Markets. This derives from the fact that Africa is endowed with resources (human, natural). However, the current global trade architecture is characterized by market imperfections (subsidies, quotas, non tariff barriers, standards, PTAs etc). This is a major impediment to accessing markets by many an African country. There is a conspicuous inadequate voice of African countries in key global economic institutions like World Bank, IMF and WTO. This exclusion constrains poor African countries to favourably compete in global trade. However, the potential of African Countries can be harnessed collectively to increase their voice and market access through actions such as: expanding and maintaining the existing market access opportunities through regional blocks like EAC, ECOWAS, SADC etc; investing in Value addition and developing competitive standards; investing in marketing systems such as transport, storage, telecommunications, and e-commerce; laying strategies to penetrate world markets and maintaining a significant market share; and lobbying for increased representation in key global economic governance instruments like setting rules of origin and standards.

5.9 Missing Women

Nowhere is the injustice of inequality more evident than in the phenomenon of missing women. Due to discrimination against girls and women, the worlds' female population is lower than it should be compared with males. Discrimination starts even before birth through selective infanticide and continues through access to education which favours boys more than girls. It is estimated that 101.3 million women are missing which is more than the total number of people killed in the bloody wars of the 20^{th}. Eighty percent of these are Indians or Chinese (UNDP 2005).

Gender equality is one of the key development drivers. A proverbial adage by Aggrey, a Ghanaian musician, poet and politician states that;*"educate a man and you have educated an individual, educate a woman (girl child education) and you have educated a nation". A* country's transformation cannot be achieved without addressing the gender question. It is therefore pertinent that the following actions are undertaken to address gender equality and women's empowerment: developing and strengthening the necessary policies, legislations for enhancing gender equality and empowerment of women; putting in place an apparatus for ensuring ownership of productive assets by women especially land, enhancing education and training for women and closing the income inequality gap between males and females among others.

6.0 Transformative Leadership: The Rarest Commodity in Africa

6.1 What is Transformative Leadership?

Is both ideological and pragmatic implementation of life changing activities that have a direct bearing on improvement of quality of life of all people. Transformative leadership is premised on both an effective state and active citizenry. Transformative leadership evolves through building a culture of inclusive political participation and accountability. Table 6.1 shows the characteristics of Transformative leadership.

Table 6.1: The Concept of Transformative Leadership

Traditional/Transactional Politics	Transformative Politics
A. Values	**A. Values**
• Power as domination	• Power as liberation
• Win/Loss	• Win/Win
• Conflict and war	• Peace and co-existence
• Authoritative control	• Stewardship and service
• Homogeneity	• Diversity
B. Processes	**B. Processes**
• Top down	• Participatory
• Secretive	• Transparent
• Corrupt	• Clean
• Burdensome	• Empowering
• Selective	• Inclusive
C. Institutions	**C. Institutions**
• Hierarchical	• Egalitarian
• Autocratic	• Accountable
• Bureaucratic	• Responsive

Transformative leadership is built on strong principles of nation building and national identity. As I have argued elsewhere, it is ***transformative leadership*** that will ignite economic and social transformation in Africa. Unfortunately, most African Leaders are instead "transactionists". A transactional leader is only interested in power for personal agrandisement. The power and authority are not used for improving people's lives but for selfish interests. On the other hand, transformative leader recognizes and exploits existing needs of his people and seeks to satisfy them. Transformative leaders have four major traits namely: idealized influence where the leader becomes a role model; inspirational motivation where the leader cultivates change; intellectual stimulation (creativity and innovation); and mentoring. The leader does not simply have power but also have a vision and a sense of purpose. World classic examples of transformative leaders are: Lee Kuan Yew, former Prime Minister of Singapore; Gen. Park Chung Hi, Chairman Mao and the leaders of Malaysia, Thailand, and Vietnam. In Africa, we are proud of Mauritius, and Botswana. All these have transformed the economies through effective states (sometimes with limited democracy and human rights) with the leaders aimed at improving the lives of the people. The major benchmark in these countries is effective governance. Under the current governance structures and systems in Africa, no amount of Aid will ever transform Africa unless the given aid is driven by clear benchmarks built on good governance.

> For instance, if Euros 100 is sent as aid to enhance the health care per child in any given Sub-Saharan African country, what proportion will reach this child? Why does it not reach the beneficiary? If corruption is the reason, what is done about it? If nothing is done (actually for many countries in Sub-Saharan Africa, nothing is done), why is nothing done? Who benefits from doing nothing about it? How do they benefit from this? What are the incentives from doing something about it? Might corruption be serving a political interest, though many a country in Sub-Saharan Africa although have existing laws that criminalise corruption?

There is need to focus on issues of good governance. The main areas of focus should comprise:

- Combating corruption and ensuring accountability
- Developing and strengthening of democratic institutions
- Protection of human rights

Good governance continues to elude most countries in Africa. Reports from Transparency International Continue to be dominated by corruption among sub-Saharan African countries. Ironically, many countries in Africa have well established institutions of governance like the office of the Inspector General of Government (IGG); Auditor General (AG); Public Accounts Committee (PAC) of Parliament; and Criminal Investigations Department (CID) of the Police. All the institutions are intended to ensure transparency and fight graft. The paradox is that though these institutions exist, the corruption cancer continues to dominate all government operations. ***Africas' moral barometer has declined below the freezing point"***. The African press continues to be awash with *"award winning"* embezzlement cases among public servants and political leaders. Most African governments survive not on robust democratic institutions but on crones who benefit from the rogue regimes and therefore aim at maintaining the status quo. It is this patronage that has crippled the African state.

6.2 Nation Building

The success stories of many countries including Mauritius, Botswana, Singapore, among others has been based on focusing on building national value system, strong economic management and high levels of social protection. Indeed, the practice of "gentle authoritarianism" in Botswana built on broad consultation and consensus building has greatly contributed to cultivating a sense of national pride to all the people of Botswana. Building democratic institutions and practices comprising: cultivating national pride among the polity was underscored as a key action for transforming Mauritius. It ought to be noted that with a feeling of pride and oneness, national integration is an assured result which is a panacea for national peace and security. It is these benchmarks that attract investment and enterprise development in a country.

7.0 Not all is Lost: There is Reason to take Heart!

Notwithstanding all the foregoing weaknesses within both the state and among the polity in Africa, not all is not lost. There are emerging African states that have demonstrated some significant level of transformation. Mauritius and Botswana have demonstrated the cruciality of accountable governance coupled with systematic planning which has generated tremendous economic and social benefits. Mauritius is consequently among countries in the High Human Development Category with an HDI of 0.804 (UNDP, 2007). This has been achieved through *"strategic flagship"* planning and public accountability with high levels of productivity, economic performance and global competitiveness. Similarly, Botswana has demonstrated that persistent good governance can generate economic and social transformation. Through building democratic institutions coupled with good economic management, Botswana has realized steady economic competitiveness and social development. It was due to *Long term planning* with clear Vision that these two countries have progressively enhanced their internal capacity, exploited their economic potential and significantly improved their global competitiveness. In as much as these countries have received assistance from development partners, they have prepared ground ready for assistance which can create impact.

8.0 Food for Thought

What are the actual needs of African economies? How can the African economy position herself in the current International System? Is it true that Africa needs Aid for transformation?

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