

Building Capital from Africa for Africans

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August 31, 2007

Oslo

Plan

- Three Types of Capital
 - 1. Building Financial Capital: Natural Savings
 - 2. Building Human Capital: Learning Currency
 - 3. Building Social Capital
- Next Steps

Three Types of Capital

- There are 3 main types of Capital:
 - **Financial capital** = net amount of financial assets a person possesses
 - **Human Capital** = stock of skills accumulated, allowing someone to receive a flow of income (Becker)
 - **Social Capital** = collective value of all social networks and the non-commercial exchanges that they enable with each other (Putnam)

Three Types of Capital

Useful Tools

- Complementary Currencies: A medium of exchange other than conventional national currencies, circulating in parallel with them
 - Commercial Example: Frequent Flyer Miles
- Three Specialized Complementary Currencies that each Enable Building the Corresponding Capital
 1. **Financial Capital:** Natural Micro-Savings
 2. **Human Capital:** Learning Currency
 3. **Social Capital:**

1. Natural Micro-Savings: The Problem

- Now microfinance-loans are very widely available
- However, micro-savings are very rare
- Problems:
 - National Currencies are inflationary and unstable, so savings in it are counterproductive
 - Banking services not available for small amounts

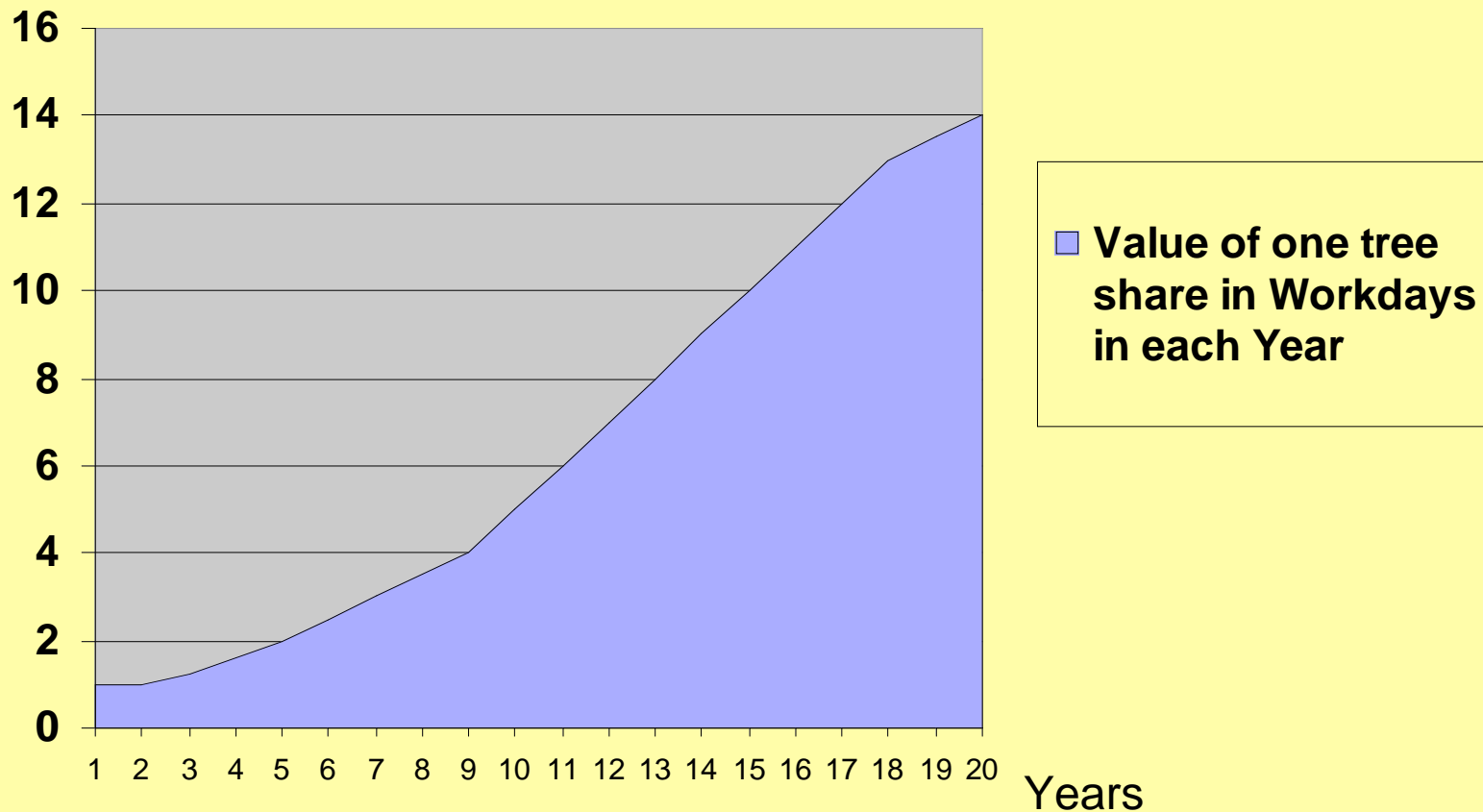
1. Natural Micro-Savings: The Solution

- Create a Tree Plantation with a fixed number of shares.
- Pay people working in it partially in shares
- As trees grow in size and value, the saved shares become more valuable
- At harvest, all shares are redeemed in conventional money

Natural Micro-Savings

Value of a Tree Share over Time

Value in workdays



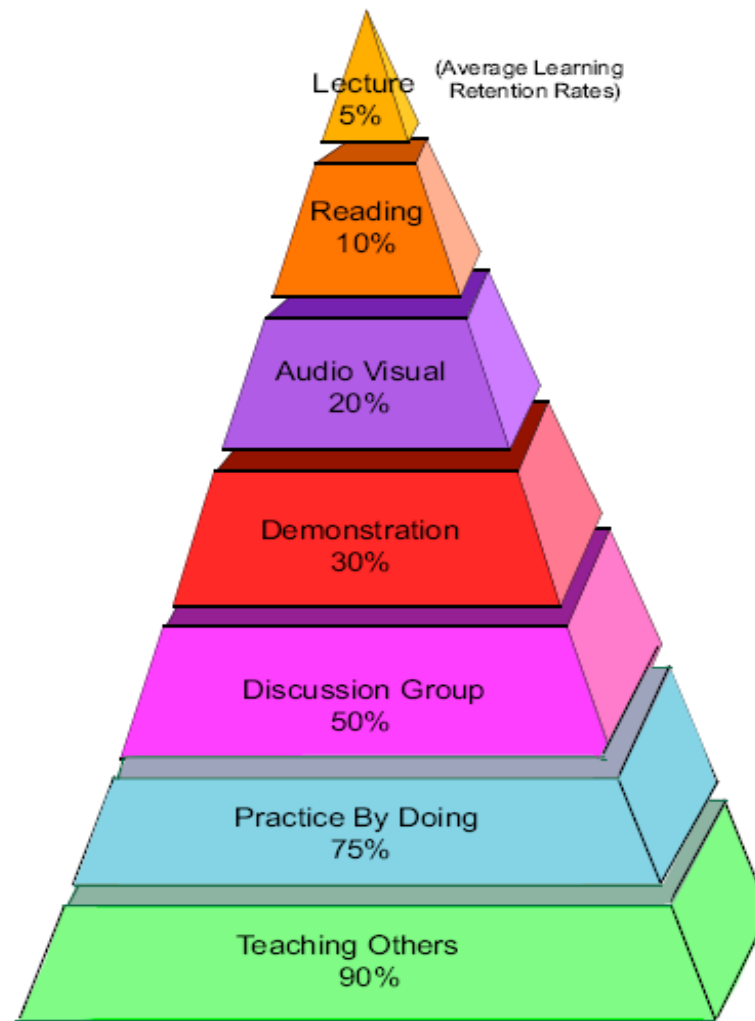
Natural Savings Advantages

- The value of the natural micro-savings are organically increasing over time
 - Protected against inflation and monetary instabilities
- Provides a powerful incentive for replanting forests, and to protect them by and for the local people

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Learning Pyramid



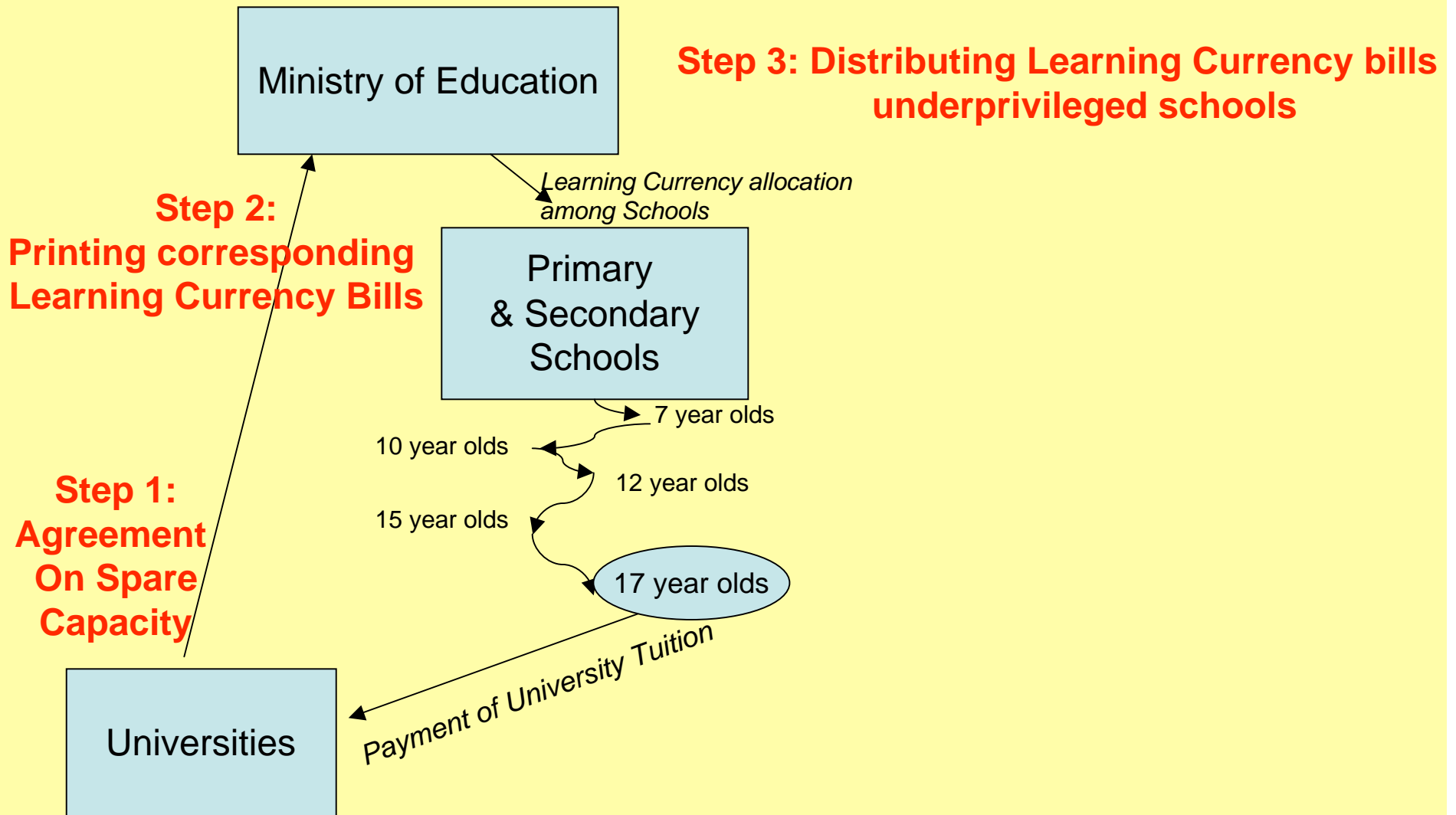
(National Training Laboratories, Bethel, Maine)

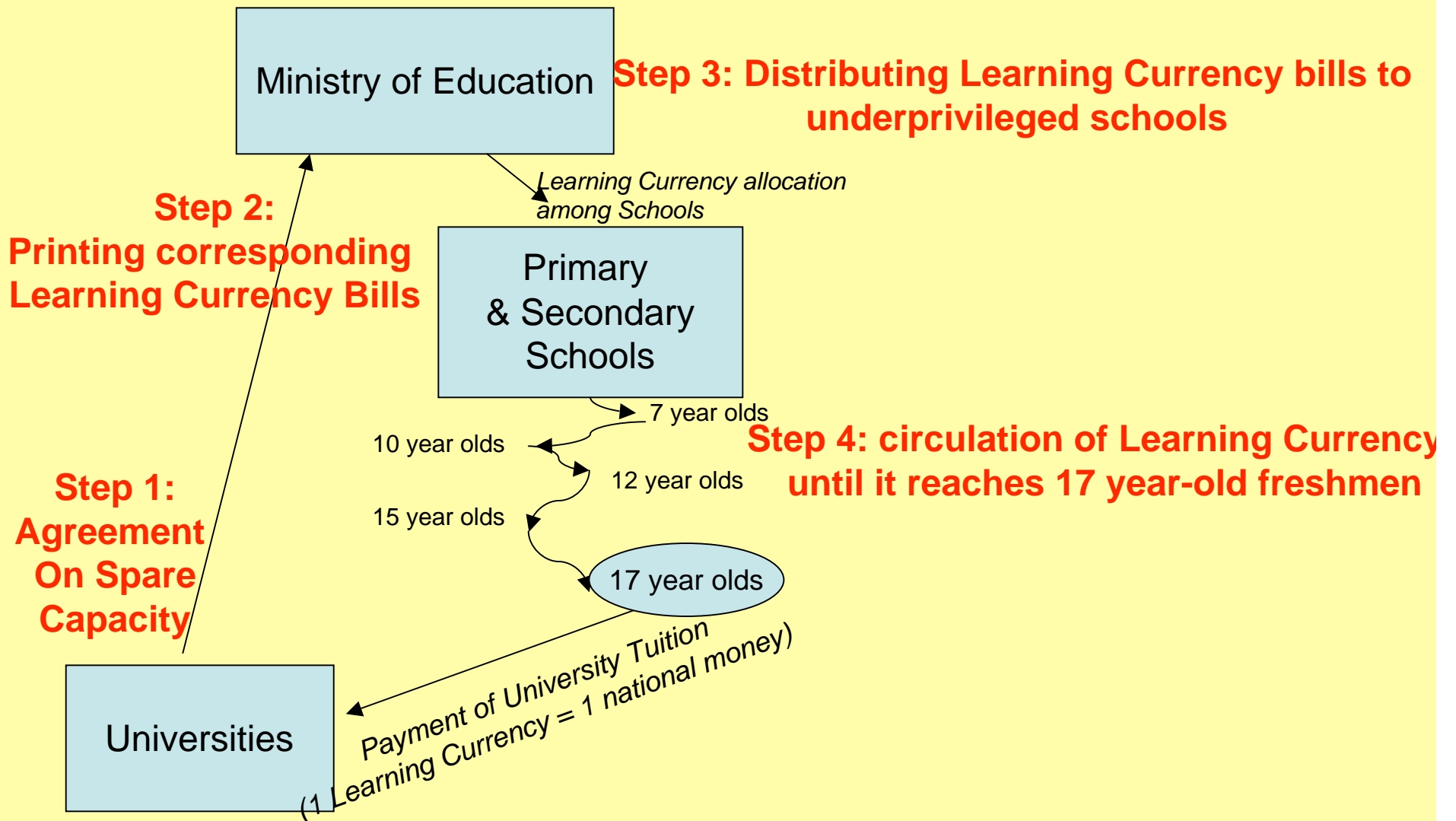
2. How to Increase a Country's Knowledge Capital?

- ***“The best way to learn something is to teach it.”***
- Very Successful Precedent: Time Dollar mentorship programs in primary and secondary schools in US and UK
 - Older students mentor younger ones outside of class-hours
 - *Both* improve their grades significantly
 - *Both* reduce drop out rates
 - Cross-generational friendships and solidarity
- NB: Time Dollars officially recognized by US authorities as tax exempt because of social function.

Application of Complementary Currency to Building Knowledge Capital:

- **Step 1:** Ministry of Education obtains agreements with universities about “spare capacity” (number of students that can be added within existing staff and facilities) for a future year
 - Example: 1,000 extra students possible for 2009
 - NB: Satellite distant learning technology will enable to increase significantly the number of students within existing facilities
- **Step 2:** Printing of Learning Currency bills corresponding to tuition payment for spare capacity for a given academic year
 - 1 Learning Currency = 1 national money useable for paying higher education tuition.
 - Bills issued are marked for a given academic year (ex: 2006)
- **Step 3:** Distributing Learning Currency bills to underprivileged schools for mentoring programs (as with Time Dollar mentoring programs)



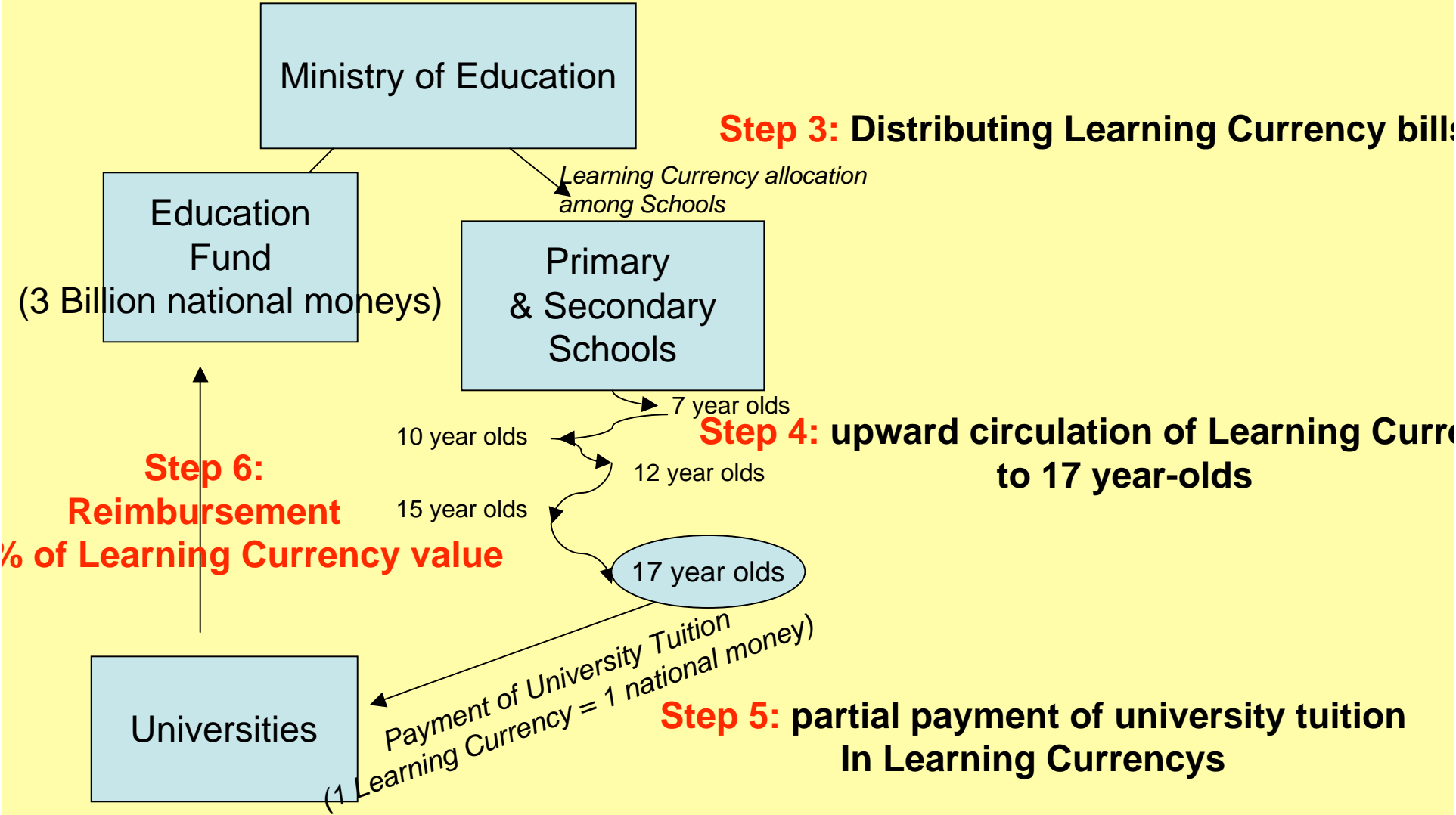


NB: 1 Learning Currency is equivalent to 1 national money redeemable for tuition in higher education

Learning Currency Process

- **Step 5:** 17-year old freshman can use Learning Currency to pay for tuition at participating universities.
 - NB: If a Learning Currency marked for use in 2006 is used later, 20% penalty
 - => vast majority of 2006 Learning Currencies are used in appropriate year
 - => ensures that no overflow occurs at university facilities in future years.
- **Step 6:** Universities cash in Learning Currencies for national moneys from Higher Education Fund at 50% of face value
 - Marginal cost of an extra student for a university is only fraction of average cost (typically 5 or 10%)
 - Therefore Universities receive more national moneys than they otherwise would, by getting extra students they otherwise wouldn't have

“Learning Currency” System = Learning



NB: 1 Learning Currency is equivalent to 1 national money redeemable for tuition in higher education

2. Human Capital Conclusion

- Total learning from Higher Education Fund is increased by a factor of 100 compared to conventional solution.
 - 5x circulation of Learning Currency in mentorship program in school system
 - + repurchase by Ministry of Education of Learning Currency at 50% of face value
 - Factor of 10 in efficiency of retained learning through teaching
 - Combines perfectly with distant learning strategy...

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Building Social Capital

- Social Capital = collective value of all social networks and the non-commercial exchanges that they enable with each other.
- In this domain, Africa has to teach the developed world, not the reverse...

Next Steps