

INSIGHT

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Economic Commission for Africa – Issue 1, July 2007

The Economic Commission for Africa, Southern Africa Office (ECA-SA) is one of the five ECA subregional offices (SROs) serving as vital links between policy-oriented analytical work generated at headquarters and policy making at the subregional level.

The office monitors the evolution of regional integration in support of the African Union Commission's regional integration agenda with a special focus on activities vital to the regional integration process. It seeks to strengthen capacity and provide technical assistance to institutions driving the regional integration agenda most importantly SADC and COMESA. The Office undertakes subregional preparation on programmes addressing Africa's special needs and emerging global challenges such as the MDGs, and spearheads subregional follow-up of global conferences. The Office also serves as a sub regional hub for the dissemination of ECA's policy analytical work-employing extensive public information and outreach activities including workshops, training and publication of the quarterly newsletter.

About the ECA-SA Office

"Our mission is to facilitate increased contact and collaboration among member States to deepen the process of concerted and collective response for harnessing regional resources to meet Southern Africa's development priorities by conducting research and analysis, and providing policy advice and technical assistance to COMESA/SADC and their memberships."

Progress and Prospects in the Attainment of MDGs in Southern Africa

Coordinated by Munorweyi Dhlwayo, Senior Economic Affairs Officer



The eight Millennium Development Goals (MDGs) – which range from halving extreme poverty to halting the spread of HIV/AIDS and providing universal primary education, all by the target date of 2015 – form a blueprint agreed to by all the

world's countries and leading development institutions. They have galvanized unprecedented efforts to meet the needs of the world's poorest. MDG targets are not meant to be a disempowering tool for classifying countries and regions as 'poor performers' but are meant to encourage countries and regions to strive for accelerated progress in pursuit of the noble goal of sustainable development.

Numerous development institutions, including ECA, have periodically reviewed the progress and prospects for the attainment of the MDGs. In April 2007, ECA-SA prepared a report on the assessment of the progress and prospects for the attainment of the MDGs in Southern Africa covering the eleven countries served by ECA-SA, based on its monitoring of the progress achieved during the period 2002 to 2005. The assessment also, provides an overview of the progress made to date on the MDGs since the 1990 MDG base period; highlights the supportive environments and the challenges faced; and, proposes strategies towards the attainment of MDGs in the region.

While there was a positive economic growth rate of 5.4% in 2006 across Southern Africa, this did not have a significant impact on human development. The ECA-SA office conducted a fresh assessment in 2007. The outcome of this study shows that the levels of poverty are not declining, as expected, and that the target of halving the number of people

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living on less than \$ US 1 per day seems unachievable by 2015 for the region as a whole. In some of the countries, poverty levels have actually increased while the epicentre of the HIV/AIDS pandemic remains firmly rooted in Southern Africa. Poverty, HIV and AIDS, persistent high income inequalities and the inadequate budgets for the social sectors have all also led to reversals in the Human Development Index (HDI) for some countries in the subregion.

The assessment shows that Southern Africa is likely to achieve the universal primary education goal. However, poverty, food insecurity, child malnutrition, gender inequality in secondary and tertiary levels of education, in the economy and political sphere, high child and maternal mortality, deforestation, rural water and sanitation remain major challenges. The falling trend in the otherwise generally high coverage of child immunization is a cause for concern. The subregion remains the epicenter of HIV and AIDS, with double digit prevalence rates, and the pandemic is on the increase in most Southern African countries. This trend underlies high morbidity and mortality rates as well as a heavy orphan burden, and, is set against the declining rate of Official Development Assistance (ODA) and a high debt burden in the land-locked Southern African region.

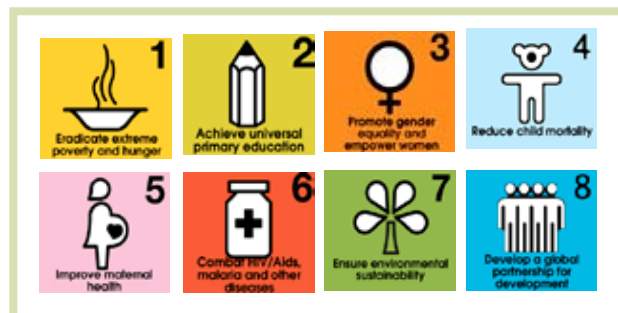
\$ US 1 per day seems unachievable by 2015 for the region as a whole

In order to accelerate progress, interventions should transcend the symptomatic treatment of poverty and food insecurity and begin to address the structural causes of these problems. Pursuing broad-based comprehensive development strategies in the region is critical. Southern Africa should implement comprehensive agrarian reform programmes that include land re-distribution, support to improved agricultural productivity, environmental conservation and creation of decent employment opportunities. Social sectors should continue to be protected in national budgets with particular attention being paid to the quality of education and health services. There is need to increase investment in and maintenance to improve, transport, water sources, sanitation and alternative sources of energy particularly in rural areas. The gender equality and women's empowerment agenda should also remain a priority in Southern Africa with all policies and programmes being gender-sensitive in both design and implementation.

With the high child and maternal mortality rates, largely as a result of the HIV and AIDS,, combating and reversing the pandemic remains critical. Global and local partnerships with all stakeholders, such as the private sector, NGOs, civil society and communities are key to combating HIV and AIDS. Local and global resources should be well coordinated to ensure optimal use. The implementation of behaviour change prevention strategies, targeting all levels of society, remains the cornerstone of fighting the HIV and AIDS pandemic.

Given that MDGs are a global compact, the report proposes strategies for accelerating progress in the implementation of the MDGs. Developed countries should honour the commitments they have made at different international fora to increase the quantity and quality of ODA to least developed countries and to harmonize their policies to align aid with the 'needs' of recipient countries. In this regard, support for HIV and AIDS programmes, particularly the provision of Antiretroviral drugs (ARVs), should be given priority in Southern Africa. Donor policy reforms should be in the direction of making ODA long-term and predictable, and thus amenable to planning by recipient countries. Aid should be oriented to support the MDG based poverty reduction strategy rather than to support donor driven projects. Further, there is need to deepen and broaden debt relief to include the cancellation of the external debt of the poorest Southern African countries as well as the financing of new commitments through grants and not new loans. In the meantime, the region should promote value addition in its exportable products in order to increase export earnings to ensure improved local investments and less painful debt servicing. There is need to accelerate the pace of regional integration particularly in the areas of trade and investment.

*Full report prepared by
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Recent Events

Thirteenth Intergovernmental Committee of Experts meet on the theme, "Accelerating Africa's Development to meet the MDGs: Challenges and the Way Forward for Southern Africa"

Senior policy-makers and experts from Southern African countries met in Lusaka, Zambia from 14 – 16 March, to recommend strategies for accelerating growth in order to achieve the MDGs in the subregion. The experts were drawn from the private sector, civil society, government and the international donor community. The meeting was part of the annual Intergovernmental Committee of Experts meetings of the Economic Commission for Africa, Southern-Africa Office (ECA-SA).

The choice of theme was very timely as the year 2007 represents the midway point to 2015, the target date for achieving the MDGs. A 2005 ECA-SA study found that progress in the subregion was very uneven with a number of countries experiencing deterioration in human development compared to the preceding decade. Among the chief reasons for this was the HIV/AIDS pandemic, high poverty and income inequality levels, food insecurity, environmental degradation and resource constraints. These problems were particularly acute for rural communities and women due to imbalances in access to resources.



Hon. Jonas Shakafuswa, Deputy Finance and National Planning Minister, Zambia

Jonas Shakafuswa, Zambia's Deputy Minister of Finance and National Planning, opened the meeting. In his remarks he highlighted the need to step up efforts and said, "...we have not done enough to be confident that the region will achieve the eight MDGs...we

need to do more to create wealth and employment...only through wealth creation can we put more money in people's pockets – and hence more food on the table, more children in schools, and much healthier communities".

The experts, led by a group of panelists representing Civil Society Organisations (CSOs), the private sector and international partners, provided linkages to job creation, the role of the private sector, and the social dimensions of the MDGs. They proposed a number of interventions to accelerate the attainment of the MDGs in Southern Africa.

Mr Jack Zulu of the Southern African Regional Poverty Network (SARPN) noted, "While growth is highly critical to the attainment of the MDGs, even more cardinal is the distribution of the gains from economic growth...it is evident that where an increase in national income favours the poorer sections of the population, particularly women and youth, it does much more to reduce poverty than if income is concentrated in the hands of those already well off"

Ms. Besinati Mpepo of the Civil Society for Poverty Reduction (CSPR) in her contribution emphasised "the need for citizens to hold governments accountable to delivering their social commitments directly and through their mandated representatives to parliaments". She also noted that Civil Society has a critical role in engaging Governments and Parliamentarians in a call to action.

Mr. Gerry Finnegan, ILO Director in Zambia said, "the new global agenda on decent work requires us to promote opportunities for women and men to obtain decent and productive work in conditions of freedom, equity, security and human dignity."

Mr. Yusuf of the Private Sector Development Association of Zambia (PSDA) argued that the private sector was already investing in the MDGs at a business level, adding, "It should be understood that private sector investment in the MDGs was not out of benevolence, but out of a need to create win-win partnerships". A consultative and collaborative partnership, he said would ensure that economic and social development was enhanced and that upliftment of societies took place".

ECA headquarter divisions who reflected on issues that could impact the achievement of MDGs also took part in the meeting. Among them, Mr. Robert Okello, Director of the NEPAD and Regional Integration Division of ECA urged the meeting to "endorse ECA's overall role in coordinating UN system-wide support to AU and NEPAD at the continental level and more specifically greater integration of NEPAD into national development strategies".

Professor Bartholomew Armah, Regional Advisor at ECA pointed to the need to “integrate the MDGs, APRM Program of Actions and the Poverty Reduction Strategy to ensure complementarity, policy coherence and more effective use of existing capacity”.

Ms. Chantal Dupasquier, Economic Affairs Officer at ECA informed the meeting that the 2006 ECA repositioning exercise and planned activities for 2007-2009 were aimed at “Harnessing Regional Resources to meet Africa’s Development with focus on poverty reduction and growth, sustainable development and gender”.

Mr. Mohamed Timoulali, Senior Regional Adviser, at the Information, Science and Technology Division of the ECA underscored “the importance of information and technology to the attainment of the MDGs”.

The conclusions were summarized in a policy statement issued at the end of the meeting. The full version of the statement appears on the back page of the newsletter.

Background Note

The Intergovernmental Committee of Experts comprises senior government experts from Southern African countries, who supervise the work of ECA-SA. It ensures that the development priorities of the subregion are fully reflected in the ECA programme of work.

■ Development Information enhances development planning and related activities

A two-day Ad Hoc Expert Group Meeting (EGM) took place in Lusaka, Zambia from 12-13 March 2007 to discuss perspectives on the “Role of Development Information in the Economy”.

Participants included high-level experts selected from academia, research institutions, government, the private sector and other subregional and regional organizations.

The primary objective of the AEGM was to review a draft technical publication commissioned by ECA’s Information, Science and Technology Division (ISTD) with the view to providing recommendations to improve the contribution of development information to socio-economic development. The EGM recommended actions required to guide member States efforts in the creation, acquisition, and use of development information.



Participants to the Role of Development Information in the Economy Meeting

The outcome document reviewed the critical role of information in economic development, and presented an assessment of African country experiences, trends, and outlook, as well recommendations for policy formulation and implementation for the deployment of information and knowledge in economic growth and poverty reduction strategies and programmes.

Recent Publications

■ The Southern Africa Water Development Report

Water is the basis of life and socio-economic development and is a critical input into many productive activities including agriculture, forestry, industry, mining, energy production and tourism. Therefore its proper management is important for any society. Sustainable access to and use of available water resources is essential to meeting the goal of eradicating poverty as defined in the MDGs and the African Water Vision 2025.

This publication presents an assessment of the progress made by Southern African countries towards addressing the challenges of enhancing access to water clean water in the subregion; managing subregional water resources; as well as, harnessing water resources for economic development. The major challenges to enhancing access to water are outlined in the publication. These include: the high levels of poverty and income inequality, weak government policies and institutions, natural disasters, population growth, resource challenges, and debt burden. To overcome these challenges and enhance the sustainable use of water in the sub-region, the publication recommends: prioritization of water supply in national budgets, improved funding for water infrastructure, promotion of small-scale water harvesting technologies, strengthening of

national water policies, increased community participation in water resources management and, the promotion of a regional approach to water management and the mobilisation of resources for hydro power projects.

Sustainable Energy: A Framework for New and Renewable Energy in Southern Africa

The publication presents a framework for creating a competitive and gender-sensitive environment in the new and renewable energy sector in Southern Africa in order to improve access to energy for both consumptive and productive purposes and promote sustainable development, fuel economic growth and reduce poverty. The focus is on addressing constraints to renewable energy development in the subregion including, inadequate policies, poorly developed legal, regulatory and institutional frameworks and limited financial resources for the development and provision of sustainable energy.

The policy framework recommends the alignment of policies in the sector, collective development and nurturing of skills in renewable energy, pooling of financial resources for the development of appropriate renewable energy technologies and the facilitation of trade in these technologies within the sub-region. The creation of an environment where the private sector actively participates in the development of appropriate renewable energy technologies and supplies these technologies to communities at affordable prices is key to improving access to energy. Drawing from experiences in developed countries, the framework recommends the use of incentives to improve private sector participation in the sector.

■ **The Statistical Estimation of Poverty Duration and Transitions in Zambia**

In spite of significant improvement in GDP growth and in economic management, including the adoption of poverty reduction policies and programmes, poverty in Africa continues to be a stubborn and deep-rooted problem. One explanation for failure to realise any significant impact on poverty reduction is the inadequacy in its measurement, which focuses mainly on incidence, and sometimes depth and intensity. However, these statistics say very little about the persistence of poverty in households.

The publication seeks to inform policymakers of issues and techniques in the measurement and monitoring of poverty and in particular poverty durations, in member States. Using Zambia as a case study, the paper proposes a simultaneous equation logit model system to measure dynamics of poverty for both poverty monitoring purposes and for designing poverty reduction policies and programmes, focussing on both the short-term and long-term spells of poverty and the changes in circumstances that drive the transition in and out of poverty in households. The model measures

the magnitude and dynamics of the extent to which the sex of a household; income status of a household; employment status; health status; educational background; access to ICT; and geographic location, among others, could impact on household poverty exit.

■ **Mitigating the Impact of HIV/AIDS on Smallholder Agriculture, Food Security and Rural Livelihoods in Southern Africa**

The HIV/AIDS pandemic continues to wreck havoc on rural farming households and their livelihoods in Southern Africa by reducing the human capital critical for agricultural activities.

This publication documents the impacts of HIV/AIDS on smallholder agriculture in the sub region and outlines the intervention strategies of households, communities, governments and development partners towards mitigating the impacts of the pandemic. The direct and indirect adverse impacts of the pandemic on agricultural productivity, income, household assets, food security, health, education and coping strategies are outlined and the respective mitigation strategies provided.

Drawing from experiences from countries and communities in the sub region, the publication identifies key intervention strategies to mitigate the impact of the pandemic on the sector to include increasing support to farmers with technology, seed and fertilizer, strengthening land rights for women, creation of social safety nets, provision of antiretroviral treatment and use of supplementary feeding programmes.

The publication alludes to the challenges faced in such mitigation efforts including, the lack of co-ordination mechanisms among stakeholders, inadequate documentation of successful strategies, weakening community coping strategies and control and ownership of productive resources. An Action Plan directed to all stakeholders to address the challenges of HIV/AIDS in the smallholder sector is provided.

Upcoming Publications... and Events

The Impact of Food Aid and Agricultural Subsidies on Long-Term Food Security Sustainability in Southern Africa: Concern over the impact of food aid and developed countries' agricultural export subsidies and domestic support on food security sustainability in the sub region has been raised in different fora in Southern Africa. Against the background on increasing food aid to the subregion and concern within the Southern African Development Community (SADC) about its possible impacts, ECA-SA commissioned this study to assess the effect of food aid and agricultural subsidies on food production, exports, employment and income. The publication will present the findings from the study assessing the impact of food aid and subsidies from developed countries on the long-term sustainability of food security in Southern Africa.

An Overview of Economic and Corporate Governance and Accountability in Southern Africa: Over the years, much attention has centered on Africa's 'paradox of plenty' - so rich in natural resources yet mired in such abject poverty. At the same time much effort has been dedicated towards - and sought to find long-lasting solution. Furthermore, the continent is noted for badly run public sector enterprises that have drained public resources. The forthcoming publication *An Overview of Economic and Corporate Governance and Accountability in Southern Africa* seeks to contribute to the creation of an environment that is conducive to private sector growth, through encouraging Member States to adopt and implement sound corporate codes and standards.

The Status of Governance in Southern Africa: *"Good governance and sustainable development are indivisible. That is the lesson of all our efforts and experiences, from Africa to Asia to Latin America. Without good governance—without the rule of law, predictable administration, legitimate power and responsive regulation—no amount of funding, no amount of charity will set us on the path to prosperity."*—Kofi Annan

Against this backdrop, the forthcoming publication, "The Status of Governance in Southern Africa", discusses the progress of the sub-region in adopting and implementing good governance practices, and the remaining daunting challenges. Much of its content is extracted from the ECA's empirically based "2005 African Governance Report".

Harmonisation of Mining Policies, Standards, Legislative and Regulatory Framework in Southern Africa: The ECA-SA has embarked on a study to jointly with the SADC Secretariat, define a comprehensive multifaceted programme on the harmonization of mining policies, standards, legislative and regulatory frameworks. This follows earlier collaborative work between ECA-SA and SADC in 2005 when ECA undertook a study, on behalf of SADC, on the "Harmonisation of Mining Policies, Standards, Legislative and Regulatory Framework in Southern Africa". The study developed a broad Harmonisation Framework to operationalise the Mining Protocol as part of efforts to deepen economic integration in southern Africa.

The work, which is being done by Mintek of South Africa, is due to be completed at the end of July 2007 and will cover multiple theme areas for harmonisation activities. These are expected to include collaboration in geosciences, mining skills development, small-scale mining, value addition to mineral resources and social issues.

Expert Group and consultative meetings

In the quarter covering July to September 2007, the following activities will be organized:

Expert group meeting on "Assessment of Macroeconomic Policy and Institutional Convergence in member States of the Southern Africa Development Community (SADC)" will be jointly organized by SADC and ECA in August 2007. The meeting which will comprise senior officials from ministries of Finance, central banks, SADC secretariat and the ECA will review a report prepared by ECA on progress on macroeconomic policy and institutional convergence in SADC member States. In particular, the meeting will review whether achievement of macroeconomic targets is likely in the short to medium term, review the relevance of macroeconomic convergence to member States and identify topical issues emerging from the study. The meeting will then propose a macroeconomic convergence policy programme for SADC member States to fast track macroeconomic convergence in the SADC region.

A consultative meeting on the multi-year programme between ECA-SA and SADC will be held from 30-31 August 2007 in Gaborone, Botswana. SADC and ECA are jointly organising the meeting, which aims to provide an opportunity to consult and mobilize the participation of other collaborating partners.

Accelerating Africa's Development to Meet the MDGs by 2015

Policy Brief of the 13th ICE meeting
March 2007

■ Introduction

All countries in the world have committed to achieving the Millennium Development Goals by 2015. However, assessment by the Economic Commission for Africa (ECA) shows that progress in the Southern African sub-region is not sufficient to meet this deadline. Some countries in the sub-region are even moving further away from some of the goals. The policy brief outlines the current economic and social conditions in the sub-region, discusses challenges for accelerating progress towards achieving the MDGs, and develops a number of key policy recommendations for the sub region. The brief captures the major outcomes of the thirteenth meeting of the Intergovernmental Committee of Experts (ICE) of the Economic Commission for Africa, Southern African Office (ECA-SA), which was held in Lusaka, Zambia from 14 – 16 March 2007.



Mr Dodia, PSDA Chairman flanked by Prof. Armab (l), ECA and Ms Monde Sitwala(r), ICE Bureau Chair

■ Social and Economic Performance in the Sub-region

There have been some improvements in the broad macro-economic fundamentals in the region in the recent past. Economic growth was 5.4% in 2006 and is projected to remain the same for 2007, and inflation is being tamed in most countries. However, economic growth has not trickled down to the poor. Indeed, in some countries experiencing high growth rates, such as Angola, poverty is rife. Similarly, Botswana, with a consistently high

growth rate over the decades, has pockets of poverty. Growth is therefore not a panacea to poverty reduction. What is of critical importance is how economic benefits stemming from such growth are distributed to reach the poor and rural communities to enable these to also become productive themselves.

HIV and AIDS prevalence also remains high with 42% of people living with the disease in sub-Saharan Africa now being in the Southern African sub-region; and one third of global AIDS deaths now occurring in southern Africa. Prevalence rates in selected countries in the sub-region are: Swaziland (33.4%), Botswana (24.1%), Lesotho (23.2%), Zimbabwe (20.1%), Namibia (19.6%) and Zambia (19%). AIDS orphans have reached a high of more than a million in South Africa alone. Other countries with large populations of AIDS orphans include Zimbabwe, Zambia, Malawi and Mozambique.

■ Key Challenges Identified in Achieving the MDGs

The thirteenth ICE meeting identified the following major impediments to the achievement of the MDGs:

1. While economic growth is a necessary condition for meeting the MDGs, growth alone is not sufficient and a big challenge remains in translating this growth into wealth creation for the benefit of the vast majority of the population, which continues to live in abject poverty.
2. SADC Governments are responding to the social dimensions of the MDGs through regional commitments and in-country strategies, even though progress is still below expectations. As such, SADC Governments should not only develop protocols around the core social dimensions of the MDGs but should devise systems of closely monitoring the implementation of these commitments.
3. Capacity constraints in terms of both human and financial resources hamper efforts towards achieving the MDGs. Much effort is expended in attracting foreign direct investments, ignoring completely the need to mobilize internally generated investment, which is more sustainable and would enable the continent to be in control of its own development.
4. Parliaments and civil societies in many countries also face capacity constraints in trying to engage in national policy debates and outcomes. Institutionalisation of

political pluralism and participatory approaches to policymaking, including the establishment of formal channels to incorporate the inputs of opposition parties and the civil society into government policies is key to the development of a fully-functional tripartite alliance.

■ Policy recommendations

In recognition of the above challenges, the meeting made the following key recommendations:

1. Since the majority of the population in Southern Africa live in rural areas, any effort to tackle poverty must address the imbalance in allocation of resources that continues to marginalize the rural communities. There is need to increase access to productive resources such as financing and agricultural inputs; access to land and improve rural infrastructure.

2. Governments should use the improved macroeconomic environment to provide resources to build infrastructure and capacity that would set the basis for a more balanced and sustainable growth. The fiscal space created by improved growth rates should enable an injection of more resources to social sectors, paying particular attention to the quality of education and health. There is need to increase investment in, and maintenance of, improved water sources, sanitation and alternative sources of energy particularly in rural areas.

3. Member States are urged to entrench political governance through popular participation in policy making, and addressing issues of party political funding and improved electoral systems. They must work hard on the implementation of various protocols that they have signed.

4. In order to maintain the gains in broad macroeconomic conditions, good economic governance should include transparent and accountable systems such as clear

and stable laws and regulations; a high level of competence in government; fiscal, budgetary and monetary discipline; and participatory budgetary processes. To enforce adherence to MDG targets, a rights-based approach, which makes government accountable to its citizenry through, for example the constitution, is needed. Economic management organizations such as the central banks and revenue commissions should be strengthened and given operational independence.

5. The private sector is already investing in the MDGs at a business level and in the case of primary education it has become a significant provider in several Southern African countries. Creating a policy environment for the private sector to thrive, particularly in manufacturing for value addition to natural resources, which in turn will create jobs, is a key policy issue. More attention should be paid to value-addition to raw materials, and economic diversification. There is need to direct more attention to increasing the level of domestic private sector investment, as a counterpart to foreign direct investment. Governments should mobilize domestic resources through appropriate tax policies including improved collection of taxes.

6. Given that the MDGs are a global compact, developed countries should honour commitments made to increase the quantity and quality of overseas development assistance to least developed countries and to harmonize their policies to align aid with the priorities of recipient countries.

■ Conclusions

In making the above recommendations the meeting is mindful that strong political will is necessary if the Millennium Development Goals are to be achieved by 2015. Governments therefore need to provide the necessary leadership to galvanize all stakeholders to fully play their respective roles. Only then can the vision of a Southern Africa free of poverty, hunger, and disease; a Southern Africa with better-educated children, equal opportunities for women and a healthier environment be realised.

Done on 16th March 2007 at the
13th ICE Meeting in Lusaka, Zambia.

The Economic Commission for Africa, Southern Africa Office (ECA-SA), launches this quarterly newsletter to connect ideas and information to our constituencies. We sincerely hope you will find the information useful and enjoyable.

We encourage you to please contact us for any further information regarding ECA-SA.

*Sincerely,
Jennifer Kargbo
Director, ECA-SA*

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