

The Challenges of the MDGs in Africa

Dr. Heba Handoussa

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Distinguished Colleagues, Ladies and Gentlemen

It is indeed not only a great honour, but also a great pleasure to be here in Addis Ababa — a first time for me in this beautiful and ancient city — to address this distinguished audience of researchers and practitioners on Africa. As an Egyptian I am proud of my African roots and links to this great continent, and, as my presentation will show, I believe that we all of us share similar concerns that are directly related to the vast potential for development in our part of the world.

My subject then will focus on one of the mechanisms that addresses development: the Millennium Development Goals, and on how meeting the challenge of these has and will continue to impact on our continent.

One may well ask what is there more to be said about the MDGs since they are well integrated into most African countries' agendas of poverty reduction under several programs at the global and national level. And yet, it would seem to me that it is opportune at this point in time, midway between the 2000 MDG Declaration and our target date of 2015 to review what we know and what we still need to investigate concerning questions of implementation and questions of Africa's specificity.

When the MDGs were first agreed upon by most governments back in 2000, it was a crowning moment for all of us development thinkers and practitioners who were involved in conceptualizing and operationalizing the notions of human development. Most observers and researchers thought that it would not be difficult to reach a consensus on the priorities dictated by their goals. But the MDGs appeared only to address the "for whom" question — whereas the question of "how" to

implement the ambitious goals became a major concern that implicates governments, donors, businesses and civil society. Following closely on the issue of “how” is the “what cost” factor. Thus we are faced with issues of implementation and good governance, or lack thereof, and with estimating and revising the budget for each MDG.

At this point — about halfway along the path towards 2015, and with experience to back us, the time is ripe to review the state of our knowledge on what works and what does not work, and on what the size of the budget is and what the appropriate divisions of labor, effort and support are between public and private, local and foreign resources that can be tapped to implement each MDG.

Let me start by giving a brief answer to the three questions I first set myself when preparing my address and then follow with eight lessons that I have learned in dealing with the MDGs. I will then turn to the final part of my presentation in which I will suggest a number of areas that I feel are still important to our MDG research agenda.

Question One: Why focus on the MDGs as the anchor for development? The answer is that we finally have a common set of benchmarks that most constituencies at the national and global levels are willing to prioritize, benchmarks that are measurable and monitorable and make for an integrated outcome that is much larger than the individual pieces of the package.

Moreover, agreeing on a list of targets has practical value in helping to keep donors dedicated to a common development agenda, facilitating the coordination of aid among donor countries to promote economies of scale, and providing a well-defined list of regularly monitored targets to encourage public support for development cooperation.

Question Two: What is missing on the implementation front for a least cost and speediest trajectory to be followed? The answer is that we have a compendium of success stories (as well as failures) from which to select “Good Practices” that can be tailored to the context of each country. Problems are not of the “absorptive capacity” type but of the political will at home to make the appropriate decisions on prioritizing the poor, and at the donor community level, to live up to its promises.

Question Three: What is the specificity of the Africa Continent? Two characteristics matter the most: the first is that in studying Africa’s needs, one must make a complete shift in approach in distinguishing between the poor and non-poor. In the majority of countries in other continents, the poor and marginalized are the minority, whereas in the case of Africa, the poor and near poor make up the majority. In other words, this means that pro-poor recipes for Africa need to be not just “broad-based” but almost synonymous with macro policies for growth, investment and planning.

The second distinguishing feature, to my mind, is that countries in Africa are infinitely more vulnerable in terms of economic and political circumstances: Agriculture which is the mainstay of its people is more than 90% dependent on rain, hence the severity of climate shocks; export dependence on raw materials also makes Africa highly vulnerable to terms of trade shocks; finally, and partly also on account of deprivation, African countries have been the most prone to civil strife and conflict. Vulnerability thus compounded the problems of Africa’s poverty trap via the serious reversals in growth which it has experienced over the past decades since independence.

Now turning to the eight lessons that I feel capture the essence of success in achieving the MDGs:

**Lesson One: The need to balance economic and social policies.** Few countries have succeeded to truly place social objectives at the heart of their macroeconomic growth and stability policies.

A balance needs to be kept between economic and social policy. There is an intricate but well-recognized interplay between economics, social provision and politics in many developing countries. Governments in our region and elsewhere have attempted to address the burden of poverty from which a large proportion of their populations have suffered, and in the name of the deprived and dispossessed, built centralized, welfare states. This, in turn, cemented popular support for governments.

However, the model of the provider state is fragmenting under local and global pressure. Structural adjustment programs and economic liberalization have in some cases, widened the gap between rich and poor and has resulted in cut-backs on spending in the social services, services on which the poor depend.

The focus on economic growth has on its own, been a necessary but insufficient condition to meet the enormous challenge of poverty in developing countries across the globe. The expected ‘trickle-down’ effect has not materialized sufficiently to make a difference to those millions at the bottom of the economic pyramid.

The missing link has been the lack of focus on social issues – in particular, poverty - based on participatory models for service delivery and for the definition and prioritization of community needs. In my country Egypt, as well as in many other countries in Africa, there have been calls for a ‘new social contract’ between the state and its citizens. The desire for people to express their demands in a language and through a medium that is participatory and development-orientated – and is

expressing itself through the emergence of civil society organizations and private sector corporate social initiatives

Research on poverty has established the presence of a very high correlation between geography and the variables defining MDGs. The poorest of the poor live in areas where they have less access to infrastructure, health, education and other public services. Unless governments and donors are willing to develop and use poverty maps to inform investment decisions, much less can be achieved towards MDG 1 in terms of income and employment. A poverty map combines household expenditure surveys and census data to estimate consumption-based welfare indicators for geographic areas such as provinces and villages.

*Why develop a poverty map?*

Poverty maps provide a detailed description of the spatial distribution of poverty and inequality within a country. It should make it possible to compare poverty across districts, using a nationally consistent methodology. It can also help identify areas where development lags and where investments in infrastructure and services could have the greatest impact on people's standards of living.

Geographic targeting offers significant advantages. *First*, it provides a clear criterion for identifying the target population based on composite characteristics that include assets at the household and at the community level. *Second*, it is relatively easy to monitor and administer. *Third*, the instruments of geographically targeted programs can include not only direct income transfers to the target population, but also a variety of other measures aimed at increasing the income of the community. *Fourth*, poverty maps can also help inform the decentralization process, one of the key ingredients to successful poverty reduction programs.

**Lesson Two: The place of rights and capabilities.** The conceptual framework of the MDGs has evolved since the year 2000 and it is good to embrace the *Rights Based Approach* together with that of capabilities. The *Capability Approach* is most commonly associated with the work of Nobel laureate Amartya Sen, and has been very influential for development approaches, including the UNDP's Human Development Reports. Recent work on this capacity-building approach highlights the importance and necessity of groups in the achievement of individual capabilities. Effective group action is instrumentally valuable for enlarging individual capabilities.

At this time, the MDGs only implicitly integrate a Universal Human Rights agenda. Human Rights as featured in the United Nation's 2000 Millennium Development Declaration are given attention with regard their use as norms for the promotion of development goals. The MDGs are, in fact, not only about access to resources and services but imply rights besides their more explicit non-discrimination dimensions. If a Human Rights agenda is operationalized in a more inclusive manner within the MDGs, it could include political, civil and cultural rights. The principles of human rights could constitute the framework within which a best practice is placed, and critical issues such as democratic practices could be monitored, evaluated and disseminated to impact other contexts.

Referring back to group capabilities, evidence has shown that participation in collective action can improve incomes, educational attainment, and health outcomes for individual group members. Examples of groups formed among the poor to improve their claims over resources might include: women's self-help groups, housing associations, and so forth.

The chronically poor are disadvantaged both in forming groups and in making them work effectively. Lack of assets, isolation, low levels of access to political institutions, lack of networks, and of human capital, are major disadvantages of the poor in group formation. An important area for policy towards the poor is assistance in forming groups, especially among the poorest. Structures of government and aid policy need to be reviewed to make them supportive of groups for the poor. In particular, effective policies of decentralization can be an important mechanism of support for many group activities.

**Lesson Three: Decentralization is a key mechanism.** With the increasing acceptance of good governance as a pre-requisite for development, this has been correlated with a greater perceived need for a move towards decentralization.<sup>1</sup> Decentralization can be broadly defined as the transfer of planning, decision making or management functions from the central national government to organizations at the regional or local levels. These organizations would include (1) government agencies and departments in the field; (2) semi-autonomous public corporations; (3) legal authorities; and (4) nongovernmental, civil society organizations.

Each of these types of organization can perform functions that help to implement local development programs and projects, whether decentralization is de-concentration, delegation, devolution or privatization.

Decentralization is not an end in itself. It is one tool towards achieving more efficient, effective, citizen-based, sustainable development. There is near consensus regarding the importance of integrating CSOs with local government entities in any community based development, especially if there is a need for scaling up and achieving a long term positive impact.

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<sup>1</sup> Egypt Human Development Report, 2004

The starting point, then, is that there is a need for more decentralization, politically, administratively and fiscally. The work of decentralized local government and CSOs interact and their spheres overlap so that a recommended route for achieving the ultimate goal of sustainable pro-poor development is to rely on effective partnership relations between the state and CSOs and to find means to effective collaboration, partnership and cooperation between both. The ARVIN framework developed by the World Bank is particularly useful in studying the “enabling framework” for CSO participation at the local level for individual sectors such as education, health, etc.

Decentralization embraces the ideas and practice of empowering civil society to manage public resources at the disaggregated regional and local community levels. Popular participation provides the space for citizen voice and influence in decisions that affect local communities, as well as providing the state with means to ensure higher returns on projects and programs and securing local ownership and sustainability of the development process. Fiscal decentralization enhances the autonomy of local government in making different spending decisions to benefit from the proximity of the level at which these decisions are made and the community is priority needs that must be met.

It is important to promote the decentralization level, by providing incentives for CSO formation in local communities according to the best practice rules and conditions that ensure sound accounting, good management. The prospect of meeting the MDGs is likely to be higher the more decentralized the system of government becomes. Public services can be delivered in a more cost-efficient manner by involving the communities which stand to benefit most from their success or, otherwise, bear the consequences of their failure.

Citizens' Charters at the micro level are similar to MDGs on the national level in that they are an example of "contracts" between state bureaucratic bodies and the average citizen. Prominently exposed in public offices, these Citizens' Charters are, "mini" agreements between state bureaucratic bodies and the average citizen. Prominently exposed in public offices, they clearly outline the nature and quality of the services expected of them, steps to be taken to procure these services and means by which citizen complaints can be made. Promote good governance by upholding the values of transparency and accountability. The emphasis on quality of public services and improved responsiveness to service users has been the driving force behind adopting these Charters. They promote good governance by upholding the values of transparency and accountability and improved responsiveness to service users.

Additionally, many services can be outsourced and better performed by the private sector, in a more cost-effective manner. Child-care centers or nurseries could be undertaken by the private sector subject to specifications and standards set by the Ministry of Education. In the housing sector private contractors can achieve jobs at lower prices than huge public firms that have high overheads.

#### **Lesson Four: The Importance of Using Best Practice and Scaling Up.**

Researchers must consult the growing literature and documentation on Best Practices for scaling up activities from small projects to national programs. Pro-poor programs in a number of fields have now become globally recognized for their efficiency in terms of sustainability and the speed with which they can spread across regions and segments. The two fields that I would bet on are microcredit and extension services for micro enterprises and Conditional Cash Transfers for the ultrapoor.

One field that is still under experimentation is health insurance for the poor and with additional research work we can enjoy a second generation of best practice fields to emulate.

**Lesson Five: Effective implementation of the MDGs implies a new Social Contract.** The concept of a new Social Contract within an integrated vision where each stakeholder has a right and a responsibility is the best road to ownership, cost effective implementation, monitoring and sustainability. MDG programs are too often implemented by bureaucrats at extravagant cost due to waste. I can refer to Egypt - my own country – where programs for literacy were designed in a vacuum more than a decade ago with very poor results. The same has been true of family planning. The result is that literacy is still very significant in Egypt and fertility has plateaued at a high of 3.1 for a decade.

**Lesson Six: National projects work, and especially for women.** When research undertaken is in-depth and target audiences are reached, it has been shown that media campaigns are the most effective means to convince players to take action towards MDG 3 and the various targets related of the other MDGs.

Moreover, CSOs can be seen as the most effective vehicle for delivering on several MDG indicators. The CSO sector has vast underutilized capacity which could complement and compensate for inadequate government capacity to fulfil on schedule the various targets and programs. CSOs are key players especially in service delivery to poor and remote regions in the areas of poverty reduction, conditional cash transfers, preschool education, literacy, girls education, micro credit, youth and IT clubs, and in environment protection and conservation. More broadly, civil society can be considered as the legitimate arena in which citizens increasingly participate in the transition to a democratic society. In terms of action, CSOs should therefore be

encouraged to enter into more diverse fields of activity for community empowerment and collective action.

CSOs are Egypt's potential 'Third Sector' via which women can best claim their right to increased political and economic participation. There is great potential in Community Development Associations (CDAs) and other NGOs for gender equality in leadership. Given a woman's comparative advantage in the social sphere and in the care economy, she has the opportunity to serve well at the CDA level as a training ground for her political empowerment in local constituencies. Hence our demand for Affirmative Action to be introduced in the CDAs which are mostly government promoted. Economically, all types of income generating CSOs can be considered as the stepping-stone for women beneficiaries into the business and entrepreneurial world.

**Lesson Seven: Governance matters at to all levels.** The focus has mostly been on central and local government in developing countries but I believe that much more attention and pressure is now needed on the other players. Donors are hopefully bound by the Paris Declaration to perform their self discipline and evaluations to maximize impact, as well as to raise the size of development assistance.

However, we still have a long way to go before we can talk of corporate social responsibility or the global compact defining the behaviour of big business and especially that of multinationals which have such an important hold on the fortunes of our countries in Africa. Again, I would consider organizations of civil society as the best capable of playing the role of arbitration in monitoring good governance.

**Lesson Eight: Absorptive Capacity is an important element.** The question of absorptive capacity is one I hold at heart since the time of the mid 1970s when Egypt first became a recipient of large flows of US aid. The notion of absorptive

capacity has since then been used as a forceful argument to justify the supply-side “constraints” on donor flows.

Why Are We Not Meeting the MDGs in a Timely Manner? According to UN Millennium Project, the estimated costs rise from US\$77.5 per capita in 2006 to \$140.5 per capita in 2015—half of which is to be obtained from household contributions and domestic government expenditure.

The gap would have to be covered by foreign aid amounting to US\$135 billion in 2006, \$152 billion in 2010, and \$195 billion in 2015, which would imply an increase in ODA over existing commitments of US\$48, \$50, and \$74 billion, respectively. Rather than dwell on the question of governance or absorptive capacity of recipient countries, why not enquire into the politics of trickle down and flows?

I am happy to see that consistent research of the highest quality has been undertaken on this issue of absorptive capacity and that on balance, the results show that allocating all of the aid resources needed to achieve the MDGs on time will not cause undue “stress” on the recipient country’s capacity.

I would now like to turn to the third and final part of my presentation where I will briefly review some of the research questions that still deserve immediate attention:

The first plea is for access to more data and statistics in order to undertake more scientific analysis such as poverty maps and their use in targeting. In many countries including Egypt, the shift away from universal subsidies to poverty targeting is still in process – as much as 7% of Egypt’s GDP is lost by government on energy subsidies to consumers and manufacturers. The opportunities for viable and effective programs of social protection are therefore huge.

Second is the MDGs and the dynamics of poverty. According to an IFPRI Survey, it is only quite recently, (mostly within the past 5 to 10 years,) that scholars working independently in different parts of the world have examined poverty in a dynamic rather than a static context. For example, ill health imposes a double blow—when high treatment costs go together with loss of earning power—and it has the biggest influence on becoming poor in all of our Africa region.

Assistance to escape poverty is mostly needed not in the form of philanthropic donations, but in the form of education, transportation and communication links, agricultural infrastructure, irrigation, and regular information about available opportunities. On the other hand, the subgroup of the newly poor, having faced different experiences, prefers to have very different types of policy supports—most notably, better health care. Housing support is another key demand by newly poor respondents. Hence, because they face different opportunities and have experienced different threats, different subgroups of the poor have quite different demands from the state.

Disaggregating the poor into these two constituent subgroups serves a number of important functions. On the one hand, it facilitates a better understanding of the sources of poverty, in particular allowing us to consider how poverty is freshly created. On the other, considering different subgroups provides a more nuanced and ultimately more useful means for analyzing the politics of the poor. It shows that requirements of the state depend not so much on where households lie on the income scale at any given moment but on which direction they are moving.

A third research question is the need to analyze MDG indicators at the disaggregated intracountry level. I use Egypt as a typical example. While we have had many aggregate level successes, there remain large gaps across governorates. Thus,

the under five mortality rate has declined, the percentage of births attended by health personnel has increased significantly, and Egypt is on track to achieve most MDGs. But success at the overall or average level conceals serious regional failures.

Although at the aggregate, Egypt is expected to achieve MDG 2, about 18% of children have never enrolled in basic education or have dropped out of school, amounting to over three million children that have not gained basic literacy and numeracy skills. Eight out of Egypt's 23 governorates will not be able to achieve MDG 1 by 2015. Projected 2015 poverty levels in these governorates will be significantly higher than the poverty levels required for the achievement of the target.

Reasons include: 1. *High population growth rate.* Despite government efforts, the population growth rate remains high at 2.0 percent nationally and is as high as 4.6 percent in the frontier governorates and 2.4 percent in Upper Egypt. 2. *Lack of infrastructure and inequity in distribution of investments and development efforts.* The poor condition of water and sanitation infrastructure traps poor citizens in a vicious cycle of poverty, malnutrition, and disease. Preliminary census results of 2006 show that only 50 percent of households are connected to sanitation networks in Egypt; moreover, only 28.7 percent of homes are connected to sanitation networks that lead to a treatment plant.

The result is the double burden of inadequate infrastructure on the poor. One is lack of access and particularly for drinking water and sanitation and the other is higher incidence of disease. 88 percent of diarrhoea cases, which is the second highest cause of childhood death, are caused by contaminated drinking water, inadequate sanitation and poor personal hygiene.

Thus in Egypt as elsewhere in Africa public resources need to be targeted more effectively to the sectors and regions that can generate the largest economic growth and poverty reduction.

A fourth area of enquiry is the returns of government expenditure on growth and poverty. Several case studies conducted by the International Food Policy Research Institute (IFPRI)<sup>2</sup> and its national collaborators quantify the effects of government spending on both growth and poverty reduction in several countries of Asia, and in Uganda— countries representing different stages of economic development and, hence, the need for different spending priorities.

All types of public spending in Uganda were found to reduce poverty while increasing agricultural production. For the country as a whole, government expenditure on agricultural R&D has the highest return to labor productivity and poverty reduction, followed closely by investments in feeder roads. Education ranked third in terms of productivity and poverty-reducing effects, whereas health had the smallest impact. The northern region is Uganda's poorest, with 67 percent of its residents classified as poor. In terms of poverty reduction, this region has the highest returns (except for health), with the poverty-reducing effect of spending on infrastructure and education being particularly high.

The implications of this study for a social spending strategy is that increasing public rural investment significantly is difficult—if not unlikely—so countries must use their public investment resources more efficiently.

The case studies also indicate that different spending priorities are needed

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<sup>2</sup> Shenggen Fan, Joanna Brzeska, and Ghada Shields. 2007. *Investment Priorities for Economic Growth and Poverty Reduction. 2020 Focus Brief on the World's Poor and Hungry People.* Washington, DC: IFPRI.

during different stages of development; “one-size-fits-all” strategies do not work. During Africa’s first phase, strategies should focus on reducing widespread poverty through broad-based economic growth that reaches rural areas. In subsequent phases, more direct attention should be focused on lagging sectors and regions, as well as on poverty at the community and household levels, in order to reduce the poverty and income inequalities that arise and persist despite reform.

*Fifth*, I strongly believe that SMEs and the means to promote the is still understudied, especially via an enabling environment. Last year, the World Bank has ranked Egypt very poorly among 175 countries<sup>3</sup> in terms of the ease of doing business. Its rank was 155. However, and due to the very significant reforms introduced over the past two years, Egypt’s rank has improved to 126<sup>th</sup> by the time this year’s report was out.

*Sixth*, we need urgently to work more seriously and consistently on identifying Best Practices that can be scaled up in various new fields. Examples are ICT, early education, sanitation for the ultra-poor, technology for upgrading skills in SME and the vocation training systems.

A seventh area that I believe deserves to be high on our research agenda is research on economic integration of the countries of Africa and particularly on investment in the transport and communications infrastructure.

I think that my shopping list should stop here, and I look forward to many more research questions that will be explored during the conference sessions.

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<sup>3</sup> World Bank (2007) “Doing Business 2008, *How to Reform, Comparing Regulation in 175 Economies*”