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## Supporting Effective Poverty-Reduction Policies

The key features of Africa's poverty challenge include the poor record of economic growth, high inequality in income and asset ownership, and inadequate access to basic social services, which results in low levels of human resources development and low agricultural productivity. Average GDP per capita in Africa grew by only 1.5 per cent annually in the 1970s and showed negative growth of 1.0 per cent in the 1980s and early 1990s. Although the economic performance of many African countries has improved significantly since the mid-1990s and average GDP per capita growth for the continent as a whole has picked up, growth in Africa remains fragile and is inadequate to reverse the growing poverty in the continent. The problem is most pronounced in sub-Saharan Africa, where about 50 per cent of the population—compared to 20 per cent in North Africa—resides in absolute poverty.

### Overview

The widening income gap between the rich and the poor is becoming an added difficulty in Africa's fight against poverty. Africa today ranks second only to Latin America in income inequality. The richest 20 per cent of the population accounts for 51 per cent of total income. In contrast, the poorest 20 per cent accounts for only 5 per cent of total income. In addition to inequality among income groups, gender inequality in access to and control of economically productive assets is a key factor constraining growth and poverty reduction in Africa. Evidence from recent studies illustrates that asset inequality based on gender places

women at a disadvantage, compared to men, in acquiring the basic assets and resources needed to contribute fully to the realization of Africa's growth potential. The evidence further shows that gender-based asset inequality also results in marked differences in labor productivity and hampers supply response to policies, particularly agricultural policies.

By and large, the continent's poverty remains a rural phenomenon, with 59 per cent of the rural population living in poverty. However, urban poverty is also becoming a major challenge, with African urban centres expanding and 43 per cent of the urban population now living in poverty. Inadequate provision of social and physical services,

coupled with declining agricultural productivity, growing unemployment, and increasing social dislocations associated with conflicts and governance problems have significantly contributed to the worsening poverty conditions in Africa.

Of the 37 low food-secure countries in the world, 21 are in Africa. This is largely due to the continent's decline in agricultural productivity as a result of the progressive deterioration in the carrying capacity of the ecosystem and the environment, poor range policies, and recurrent droughts. The poor macroeconomic and sector policy environment has led to the failure of the continent to diversify and enhance agricultural productivity.

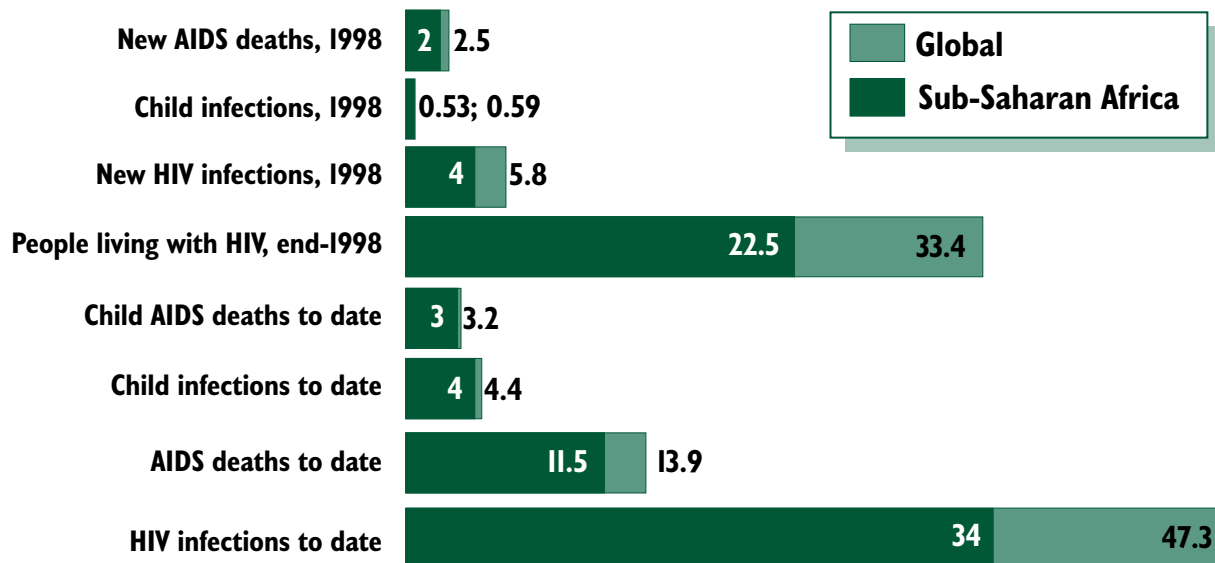
## The Challenge

The disquieting social development record of many African countries compounds the poverty problem. Although improvements in social indicators have been sustained across the globe for much of the past quarter-century, the record of Africa has lagged behind those of other regions. Half of the population in Africa lacks access to health services, compared to a little more than 20 per cent

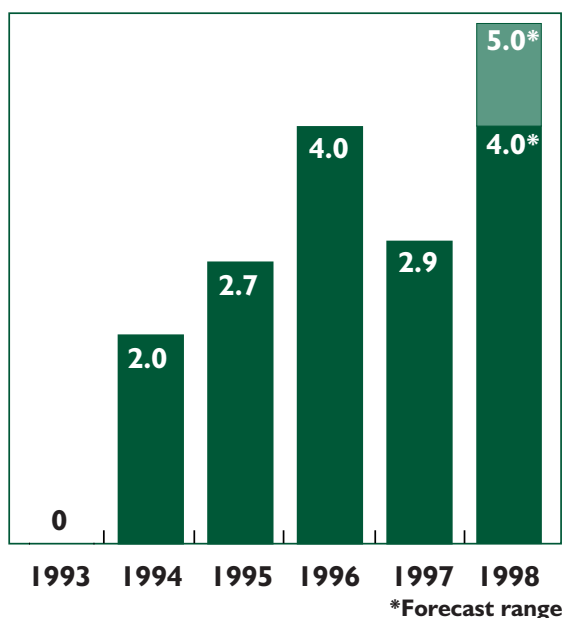
in South Asia. The average adult illiteracy rate, at 42 per cent, is more than three times higher than the rate in East Asia and the Pacific. Life expectancy, which had risen steadily over the last decades, is expected to fall by as many as 17 years because of the HIV/AIDS pandemic in many countries. Indeed, the HIV/AIDS epidemic is perhaps the single most pressing development challenge currently confronting the continent. With only 10 per cent of the world's population, Africa has 63 per cent of global HIV/AIDS cases. Although AIDS is declining in the developed world, infection rates are on the rise in Africa. Out of a total of 33 million adults and children estimated to be living with the disease at the end of 1998, close to 23 million are in Africa. The poverty and gender dimensions of the epidemic are particularly staggering. Ninety-five per cent of Africans that are infected live in poverty, and African women make up about 82 per cent of the world's 12 million women with AIDS.

It is generally recognized that poverty can be reduced either by increasing per capita income (economic growth), or by reducing inequality in the distribution of income and wealth. A prudent

**Figure 3. HIV Infections and AIDS Deaths (millions)**



Source: UNAIDS, Aids epidemic update, December 1998.

**Figure 4. Africa's GDP Growth (%)**

Source: ECA data.

combination of policies to enhance economic growth with policies to reduce inequality constitutes the core of the challenge. For the continent to cut poverty in half by 2015, an average annual GDP growth of at least 7 per cent is required. The comparable figure for sub-Saharan Africa is 8 per cent. In addition to the level of growth, the pattern of growth is also essential. Policies and programmes that promote a broad-based pattern of growth and labour-absorbing growth are critical to ensuring that the poor participate in and contribute to rising incomes. Key in this regard are public investments in the one asset that the poor have in abundance—their labour. Relevant investments would aim to promote policies to protect vulnerable groups and reduce gender disparity, foster human capital development, and reorient public expenditures to the social sectors, particularly towards the delivery of basic social services to the poor.

On the allocation side, African governments increasingly recognize the need to give particular priority to social services, such as basic health services and education. They also show more

imagination in terms of participation of the private sector and civil society in providing and monitoring these services. In parallel, what is needed at the macro-level is a deepening of ongoing policy reforms to ensure poverty reduction through broad-based growth. Fundamental to this is sustained technical and advisory support to Member States, strengthening of government capacity for analysis of the welfare impact of various policy options available to decision makers, and support for systematic national poverty monitoring.

## The ECA Response

**The Poverty Profile in Africa.** As poverty is a cross-cutting theme and reducing it is the ultimate objective of most ECA programmes, activities that focus on realizing that goal are carried out across the broad spectrum of the Commission's work. Understanding the features and profile of Africa's poverty is a precondition to designing policies to eradicate poverty in the shortest feasible time. It is an important reference point for development strategy in Africa and for engaging policy makers in a constructive and informed dialogue on how best to fashion such strategies for their countries. To this end, ECA has conducted a number of analytical studies. *Decline and Slow Economic Growth of African Countries* explores the main factors hindering economic growth. Two related studies, *Growth Strategies for Africa: Lessons from Asia and Latin America* and *Best Practices in Growth Strategies of African Countries*, are in progress. Research on poverty profiles produced *Efficiency of Anti-Poverty Policies and Programmes: Lessons and Experiences*, *The Gender Dimension of Poverty in North Africa*, *The Gender Characteristics of Poverty with Emphasis on the Rural Sector*, and *A Study on the Incidence of Selected Government Subsidy Programmes in Africa*. The relationship between educational and poverty reduction is examined in *Non-Formal and Distance Education in Ethiopia: Lessons and Experiences*. A similar study is underway of Cameroon.

ECA research in the coming years will focus on understanding the phenomenon of African poverty—in particular, the linkages between poverty, equity, and growth—and the construction of

appropriate indicators, including poverty lines and poverty maps. Central to this is data collection and dissemination of research findings, including those on best practices. Benchmarks for poverty monitoring will also be developed.

***ECA Partnerships on Social Development.*** ECA is working closely with other UN agencies and regional organizations to advance Africa's social development agenda. Key in this regard is the work under the UN System-wide Special Initiative for Africa (SIA)—a collaborative effort by the UN system, including the Bretton Woods institutions, to expand and harmonize UN support to Africa. ECA

and UNDP co-chair the SIA institutional support arrangement, which is designed to identify and develop a set of concrete programmes in support of Africa's development efforts in 13 priority areas, of which education and health are the major two. In the education sector, the goal is to achieve basic education for all African children by 2005. In health, the objective is to strengthen, revitalize, and expand Africa's primary health facilities in order to provide essential basic care and outreach service to a majority of the population by 2005. ECA is working closely with the lead agencies under the SIA in these areas—the World Bank, UNICEF, WHO, the UNDP country offices—to facilitate donor coordination, promote country-level policy dialogue, and explore appropriate resource mobilization strategies for these sectors at the country level. The SIA focus in the education sector will be on 12 African countries with low primary-school enrollment rates.

In addition to the work under the SIA, ECA is working with the Organization of African Unity (OAU) and UNICEF on the OAU-sponsored Decade for Africa, which has the same objective as the SIA—achieving basic education for all African children. ECA is participating in expert group meetings chaired by OAU and is having bilateral discussions with OAU and UNICEF to define the discrete ECA contributions to advancing the objectives of this OAU initiative.

Discussions are also underway between UNDP and ECA on a Women and Literacy Programme. Working with IDRC, UNESCO, and the Federation of African Women Entrepreneurs (FAWE), UNDP and ECA plan to launch the Women and Literacy Programme in selected African countries, including Kenya, Côte d'Ivoire, and Senegal.

Under the auspices of and in collaboration with a leading African research network, the African Economic Research Consortium, ECA is participating in a research project on poverty, income distribution, and labor markets in sub-Saharan Africa.

***A Forum on Cost-Sharing in the Social Sectors in Africa.*** The idea of cost-sharing has been advanced to address the inadequacy of public-sector resources and to ensure the efficiency, equity, and sustainability of national systems of



Curt Carnemark/World Bank

African governments increasingly recognize the need to invest in social services and human capital development.

social service delivery. In this regard, ECA organized the “Forum on Cost-Sharing in the Social Sectors of Sub-Saharan Africa” in June 1998 in Addis Ababa, in collaboration with UNICEF and the World Bank. The Forum, which was attended by ministers and experts from 17 African countries and by development partners, was sponsored by the governments of the Netherlands, Sweden, the United Kingdom, and the United States. The Conference endorsed a set of principles under which cost sharing could make a significant contribution to the financing of universal coverage and to improving the quality of social services. The principles include free provision of basic social services where possible, formulating comprehensive cost-sharing strategies for the social sectors with the participation of all stakeholders, protecting disadvantaged groups through safety-net provisions, and applying user charges after a thorough examination of other options for financing social services.

Follow-up activities planned by ECA include policy analysis on African taxation systems, budgetary and aid allocations to basic social services, and an evaluation of the impact of existing cost-sharing arrangements in light of the aforementioned principles. The lessons from these analytical works will be disseminated to stimulate further policy dialogue on issues of social-sector financing, quality, and delivery.

**Advocacy for Action on HIV/AIDS.** Unchecked, the AIDS epidemic threatens to reverse the gains in social development attained over the past generation. In some African countries the epidemic has already lowered average life expectancy, the single best aggregate indicator of social welfare, by as much as 10 to 17 years. Given the prohibitive costs of antiviral drugs, proper policy emphasis on preventive measures is the only current policy option available to Africa. This approach

has already proved effective in reversing infection rates in Uganda, Senegal, and non-African countries such as Thailand.

The challenge for African governments and their partners therefore hinges on forging partnerships to raise awareness of risks and prevention, and to develop enabling policies. To help address this challenge, and working through the UN Special Initiative on Africa framework, ECA will convene group meetings and seminars of experts to sensitize policy makers to the development challenges posed by the AIDS pandemic. These will also serve to disseminate best practices and encourage appropriate policy responses at the national and regional level. In doing so, ECA will

“With diligence, within a generation, we can sharply, and I mean sharply, reduce the scourge of absolute poverty which now afflicts two out of five people on the continent. We must achieve an Africa where the basic needs of education and health services and decent shelter are being met, and where economic growth is powering the enhanced well-being of our peoples.” K.Y. Amoako, from “A Coalition for Good: The UN System-wide Special Initiative on Africa—Keynote Address before the United Nations Association of Great Britain and Northern Ireland”, London, England, 29 November 1996.

work closely with UNAIDS and SIA partners, including WHO, the World Bank, and UNDP. Drawing on the Commission’s convening power and access to policy makers, ECA will advocate an en-

hanced commitment at the highest political levels to a concerted response to this urgent development challenge. As a major step in this direction, the Commission included a briefing on the economic and developmental impact of AIDS as part of its presentation at the Joint Conference of African Ministers of Planning and Finance in May 1999.

**Follow-up to the Social Summit.** Poverty eradication and social development were two of the key themes of the World Summit for Social Development, held in Copenhagen in March 1995, at which countries and their development partners were called upon to each allocate 20 per cent of their budgets and assistance resources, respectively, to support basic social services, including basic education and primary health care in poor countries.

In early 1999, ECA convened two African follow-up conferences to the Social Summit at the subregional level—for East and Southern Africa, in Nairobi, Kenya (15–17 March); and for North

### Box 1. Joint ECA/EDI Training Workshop on Poverty and Public Expenditure Policy

The Economic Development Institute (EDI) of the World Bank, in partnership with ECA, has produced three poverty training modules on poverty measurement (Module I), public expenditure and the poor (Module II), and income transfers (Module III). In June 1997, 30 participants from 13 African countries attended the first training workshop focused on the first two modules. Each module included conceptual and practical sessions. The workshop was held at ECA in Addis Ababa, Ethiopia. A second workshop was held in Johannesburg, South Africa, in February 1998. The number of participants doubled, to 59 from 10 countries.

The joint EDI/ECA poverty-training workshops were designed to strengthen the capacity of African countries to develop appropriate policies to alleviate poverty and to reduce their dependence on external assistance for policy advice. The workshops aimed to strengthen the skills of mid-level government officials, NGO staff, and academicians in poverty measurement and analysis, assessment of the role of public expenditure in poverty

reduction, incidence analysis and evaluation of government transfers, targeting for poverty reduction, and assessment of alternative mechanisms for income transfer. Participants were given a hard copy of the module and computer diskette, with the practical example and exercises. Based on the evaluation of the first workshop, the modules have now been revised and translated into French and Portuguese. With the support of the UNDP Bureau for Arab States, the modules will be translated into Arabic in 1999.

ECA plans to conduct a training workshop for selected countries, possibly by utilizing ECA's Sub-Regional Development Centres and/or the Institute for Economic Development and Planning (IDEP)—an ECA-sponsored institution. Future plans include a subregional training workshop prior to the Regional Follow-up Conference of the World Social Summit. This will be led by ECA in collaboration with EDI. Several country-training workshops, supported by ECA and EDI, are also planned, with the concerned countries taking the lead.

Africa in Marrakech, Morocco (23-25 March). A third subregional summit will be convened later in the year—for Western and Central Africa in Ouagadougou, Burkina Faso. The conferences were designed to monitor progress in the implementation of policies and programmes in the areas of poverty reduction, employment creation, and social development. Special attention was given to assessing progress in public spending on social sectors, with a view to identifying good practices and highlighting implementation problems and constraints. In addition, the conferences took stock of the state of governance as it affects the sociopolitical environments for attaining the Social Summit developmental goals and objectives.

**Training.** ECA routinely organizes training workshops and provides advisory and technical support to enhance the analytical capabilities of participants from Member States, and to disseminate research findings and exchange experiences among African policy makers, donors, and researchers. Two training workshops, focusing on "Poverty and Public Policy in Africa" were held in 1997 and 1998 in collaboration with the Economic Development Institute (EDI) of the World Bank. (See box 1.) The first workshop, held in Addis Ababa on 18-20 June 1997, was attended by 30 participants from 13 African countries. Fifty-nine participants from 10 African countries attended the second, which was held in Johannesburg on 9-12 February 1998.