

**International Research Workshop
IWIM and Research Group on African Development Perspectives**

**New Growth and Poverty Alleviation Strategies
for Africa: Issues, Concepts, Policies and
Comparative Analyses**

University of Bremen, Germany - November 8th - 10th, 2007

International Research Workshop

New Growth and Poverty Alleviation Strategies for Africa: Issues, Concepts, Policies and Comparative Analyses

Session 1 – Introduction and Issues

- Bremen, November, 8th 2007 -

IWIM Bremen

New Growth and Poverty Alleviation Strategies – Issues

Karl Wohlmuth, IWIM, University of Bremen, Germany

Sessions of the International Research Workshop

- Session 1** **Introduction and Issues**
- Session 2** **New Growth and Poverty Alleviation Strategies:
International Policies, the Millennium Development Goals
and African Cooperation**
- Session 3** **New Growth and Poverty Alleviation Strategies:
Institutions, Policies and Enterprises**
- Session 4** **New Growth and Poverty Alleviation Strategies:
The Future of Reform Policies in South Africa**
- Session 5** **New Growth and Poverty Alleviation Strategies:
Local and Regional Conditions, Problems and Policies**

New Growth and Poverty Alleviation Strategies – Issues *Karl Wohlmuth, IWIM, University of Bremen, Germany*

Sessions of the International Research Workshop

- Session 6** **New Growth and Poverty Alleviation Strategies:
An important Area of Research and Publication Activity**
- Session 7** **New Growth and Poverty Alleviation Strategies:
Research in Progress**
- Session 8** **From the African Development Perspectives Yearbook
to the Journal of African Development Perspectives**
- Summary** **Results of the International Research Seminar on
“New Growth and Poverty Alleviation Strategies for Africa”**

KEYNOTE LECTURE

Development Policy, Politics of Development Cooperation and Pro- Poor Growth

Hans- H. Bass, University of Applied Science, Bremen, Germany

The Poverty Alleviation Paradigms of the 1950s/60s,70s,80s/90s in Retrospect:

1950s/ 60s: Government as main protagonist – Emphasis on Production

Focus on capital accumulation, industrialization, infrastructure,

Theories are determined by critical minimum effort, government interventions

Data is treated as national account

1970s: Government as main protagonist – Emphasis on Distribution

Focus on employment generation, feeding basic needs, harmonization of income/asset distribution

Theories are determined by informality, migration, integrated rural development

Data is employment censuses, households, rural population surveyed

1980s/90s: Market Forces as main protagonists – Emphasis on Production

Focus on stabilization and structural adjustment programs, deregulation, good governance, institutions

Theories on new institutional economics, economics of corruption

Data is conducted by large-scale income/health surveys, subjective poverty assessments

Towards a New paradigm: Market Forces as main protagonists– Emphasis on Distribution?

Answers aimed on **overcoming poverty traps, looking beyond averages, and developing capabilities**

Conclusion: *[..] A combined attack on poverty and vulnerability is necessary: a combination of asset-oriented, demand-generating, price-increasing and productivity-increasing approaches, thus implying the dominance of primary and secondary forms of redistribution.“*

(Karl Wohlmuth, ADPY, Vol. 1 / 1989, p. 22)

IWIM – BREMEN UNIVERSITY
International Research Workshop

New Growth and Poverty Alleviation Strategies for Africa: Issues, Concepts, Policies and Comparative Analyses

**Session 2 - New Growth and Poverty Alleviation Strategies:
International Policies, the Millennium Development Goals
and African Cooperation**

- Bremen, November, 8th 2007 -

IWIM Bremen

The HIPC process, Well-being outcomes and Realisation of the MDGs in Rural Cameroon *Francis Baye / Sunday A. Khan, Dpt. of Econ., University of Yaoundé II, Cameroon*

Research Findings

- If present trends continue, Cameroon might probably half its poverty; and halt and probably reverse the spread of HIV/AIDS by 2015.
- The same can be said for girl/boy parity in primary education, but not in secondary education.

Conclusion

- There are potentials for meeting the targets if a significant improvement in the policy environment is carried out
- These include the completion of full course of primary schooling, literacy, incidence of tuberculosis, girl/boy parity in secondary education, women literacy and wage employment

Post-conflict Reconstruction and the MDGs: Lessons from the Mozambican case

Arno J. van Nierkerk, Dpt. of Econ., Uni. of the Free State Bloemfontein, South Africa

Background

- Mozambique's civil conflicts ended in 1992, leaving the country with high poverty levels and negative GDP growth rate. Reforms installed for increasing economic growth, reducing poverty (like PARPA I and PARPA II) and inflation led to changes in the sectoral composition of Mozambique's economy.

Research Findings

- Total investments grew at an average rate of 11.6%
- Country's exports started to grow at an average rate of 29% (1996-2004)
- Orientation towards private sector-led economic growth and stability
- Improvements of living standards eradication of extreme poverty and hunger

Conclusion

- Mozambique's changes and achievements since 1992 are remarkable, it therefore can serve as a model and best practice case within the region.

NEPAD, MDGs and Poverty Reduction in Africa

Emmanuel Nnadozie / Siham Abdulmelik, UNECA, Addis Ababa, Ethiopia

Background

- There exist high correlation between reaching the MDGs and the objectives of the New Partnership for Africa's Development (NEPAD)
 - > Poverty reduction, Sustainable human development and Conflict prevention

Research Findings

- NEPAD and MDGs need an explicitly linkage that the goals will be reached
- Global and sub-regional level links do exist and need further support

Conclusion

- Policy harmonization and coordination is required
- Need for full support to the political and institutional structures of emerging democracies in Africa
- Need for strong and effective partnerships; shared responsibility and reciprocal obligations

Are Poverty Reduction Strategy Papers making any headway in Pro-Poor Growth and Poverty Alleviation necessary for the Realization of the MDGs in Africa?

Afeikhena Jerome, NEPAD Secretariat, Midrand, South Africa

Oluyele Akinkugbe, Department of Economics, University of Botswana

Background

- Africa is breaking out of the economic stagnation of the 1970/80s with fewer conflicts, increasing number of democratic elections, and improving economic growth rates. Still, improvements to meet the MDGs until 2015 are not always sufficient.
- Therefore new country-driven Poverty Reduction Strategies (PRSs) were implemented to access debt relief and concessional financing by IMF / World Bank since 1999.
- PRS has become widespread in 2007: 33 Sub-Saharan African countries (65 worldwide) have prepared national poverty reduction strategies

Research Findings

- There is evidence, that in many countries the PRS have supported to bring poverty reduction into countries' policy focus.
- While lot of African countries are doing better, they still will not be able to reach MDGs.
- Constraints: lack of control over structure, content and policies by countries' governments, PRS are increasing public expenditures; macro-economic frameworks remain weak

Conclusion

- Sustained pro-poor growth has to being deepened and broadened to meet the MDGs long-term. This requires political will and institutional capacity by using current momentum.

Some Aspects of the Political Economy of the New Partnership for Africa's Development (NEPAD): An Explanation

Oludele A. Akinboade, Department of Economics, University of South Africa, Pretoria

Background

- NEPAD is a new initiative by African governments to improve democracy and economic performance sustainable by linking growth, development, peace, security, governance and democracy on shared responsibility and mutual interest.
- Primary objectives: sustainable growth, poverty eradication, international integration intra-regional cooperation, empowerment of women and civil society

Principles / Poverty Reduction Strategy (PRS) of NEPAD

- PRS based on two pillars: (a) climate conducive to public / private investment, market access and (b) focus on education, health, water/sanitation, agriculture, energy, and infrastructure

Conclusion

- NEPAD is benefiting growth and development in African countries
- Objectives and priorities have be formulated on national / regional level.
- ODA / international loans have to be increased significantly to reach the MDGs.
- Peer-review Mechanism (APRM) has to be strengthened to fight corruption.

Africa Dummy Revisited - The African Growth Gap, Development Policy and the Realization of the MDGs

Tobias Knedlik / Eva Reinowski, IWH Halle, Germany

Background

- The African growth gap might not be explained by standard growth models

Research Findings

- The African growth gap is determined by various reasons including “classical” determinates Infrastructure, Limited access to high tech, Low R&D expenditures, Institutional settings /business environment
- Less important seem to be the disadvantages in the health sectors, the backwardness of the banking and finance sector as well as perception of managers (important in explaining the residuals of the growth model, but not in substituting the African dummy – their importance is not African specific).
- The measures for conflict and land are of no significance and might be appropriately reflected by the standard growth model (e.g. low investment, low initial GDP)

Implications for development policy and the MDGs / Conclusion

- Development policy should consider the Africa-specific problems but not focus on these exclusively to reach the MDGs.
- To reach the MDGs speeding up economic growth is essential, by advancing the classical factors of production but also by considering elements of new growth theory (supported by findings): R&D (innovation), access to high tech (e.g. non protectionism),business environment (e.g. reliable institutions).

Is the EU Strategy for Africa promoting Growth and Development?

Mareike Meyn, Overseas Development Institute, London, UK

Background: The EU growth strategy for Africa (EPA)) hypothesis of growth:

Existence of an open trade regime as prerequisite for:

1. Economic Growth
2. Policy Reforms
3. Institutional Reform

Open trade regime shall be supported by institutional and administrative reforms to increase transparency / legal security, regional integration to develop markets (aid for trade,..)

Research Findings: *To what extent do EPA s meet basic principles of the EU Strategy for Africa?*

1. Strong partnership/improved ownership: only CF jointly negotiated (specifications still missing)
2. Policy coherence at all levels: weak links between trade/institutional reform/developm.support

Conclusion: The EU does not have one “Strategy for Africa” but divergent and often conflicting interests in/policies on Africa (security, migration, agriculture, development) and a mercantilist trade policy forcing market liberalization at a much larger extent than WTO requirements (promoting EU interests in Africa, neglecting Africa's supply-side constraints, undermines regional integration)

Implications

Finding a strategy **with** Africa: EU development strategies/policies must be borne by African policy makers who should be in charge of the direction and also accountable for the policy outcome.

Comparing Asian and African Least Developed Countries: New Growth and Poverty Alleviation Strategies

Anil K. Kanungo, Indian Institute of Foreign Trade, New Delhi, India

Background

The study presents explanations why Asian developing countries performed better than most of African countries during the last decades by measures of institutions' qualities and capacity building.

Research Findings

- Surplus earnings were not reinvested towards capacity building.
- Ownership reforms were not encouraged
- Presence of AIDS and malnutrition threaten to lower growth in Africa.

Conclusion

- Highlighting the important role of international institutions.
- Addressing governance issues is needed.
- Domestic institutions need revamping, role of law to be strengthened.

What can Africa learn from Latin America in Growth and Poverty Alleviation? The Chilean Experience

Marcelo Soto, Institute for Economics Analysis, Campus UAB, Barcelona, Spain

Background: The paper investigates growth and development in Chile and presents a case study of pro-poor growth.

Research Findings

- Dramatic fall in poverty since return to democracy
- Important GDP and income growth (Real salaries increased by 50% between 1990 and 2006)
- Social spending has tripled over the same period
- Anti-poverty-policies include monetary transfers, social security & social services but there are no cut policies against poverty.

Conclusion

- Most probably poverty has decreased thanks to spill-over effects of GDP growth.

IWIM – BREMEN UNIVERSITY
International Research Workshop

New Growth and Poverty Alleviation Strategies for Africa: Issues, Concepts, Policies and Comparative Analyses

Session 3 - New Growth and Poverty Alleviation Strategies: Institutions, Policies and Enterprises

- Bremen, November, 8th 2007 -

IWIM Bremen

Public Investment, Growth and Poverty Reduction in Côte d'Ivoire

Bédia F. Aka, Centre de Recherche en Economie Appliquée (CREA), Luxembourg

Souleymane S. Diallo, Centre Ivoirien de Recherches Economiques et Sociales (CIRES)

Background

- The study evaluates the effects of public investment on poverty reduction in Côte d'Ivoire with the use of econometric results of a former study by Aka (2007), showing that an increase in public investment is accompanied by a less proportional increase of GDP than labour but higher than private capital. These results are combined with the methodology of poverty elasticity of growth and inequality by Son/Kakwani (2004).

Research Results

- Increase in public investment leads to a decrease of poverty incidence (P0) and increase in depth (P1) and severity (P2) of poverty and inequality
- The growth process in Côte d'Ivoire is not strictly pro-poor as indicated by the computed pro-poor index and the observed evolution of growth.

Conclusion

- Overall poverty reduction (by public investments) should target the poorest population by reducing inequality through an efficient redistribution scheme / tax policy favouring the poorest.
- The results are mainly driven by weakness of institutions, high corruption, etc. Therefore public investment policies should be accompanied with programs to reinforce good governance.

Growth, Employment and Poverty Alleviation Strategies: The Case of Tanzania

Stephen M. Kapunda, Department of Economics, University of Botswana

Background

- Tanzania faced an uneven economic development since 1961-86. After the implementation of SAPs by IMF growth started slowly and accelerated since the late 1990s with agriculture as main sector.
- Employment figures are improving (1999-2000 by 7% p.a.), but youth unemployment remains high.
- Poverty decreased comparable to other SADC (30-40%), inequality is relatively low
- Government established poverty eradication division with National Poverty Monitoring System, Research on Poverty Alleviation
- Focus regions are identified and specially supported in poverty reduction efforts.

Conclusion

- Greater efforts should be done by NGOs, local communities, others to meet MDGs, including
(a) periodical evaluation of poverty reduction attempts, (b) involvement of decision making,
(c) promotion of income and gender equalities

Growth, Employment and Poverty Alleviation Strategies: The Case of Botswana

Stephen M. Kapunda/T.D. Botlhole, Dept. of Economics, University of Botswana

Background

- Since 1966, Botswana faced high growth rates (1966-1986: app.. 15% p.a.; since 2000: 6.4% p.a.) with mining as driving sector.
- Employment figures have been improving since 1966 (official unemployment. 2005: 17.6%)
- Various efforts to reduce poverty were implemented: (a) assisting entrepreneurs to enhance productivity/ create employment, (b) implementing anti-poverty policies with focus on rural areas (supported by institutional framework on national/regional level by Rural Development Coordination Division) and provision of direct social support , and (c) diversification of economy away from diamond industry
-> Results: Halving of poverty since 1985 (59%) until 2003 (30%)
- Still, poverty figures are too high, as well as inequalities between urban / rural population.

Conclusion

- Efforts have to be strengthened, implementation has to be more efficient to reach countries goals on Zero Poverty until 2016 / MDGs, with further focus on rural communities.
- Export diversification efforts should be improved.
- Participatory rights for communities and women should be fostered.
- Productive employment generation programs should be focussed, addressing young people, establishing an effective social safety net

Privatization of Environmental Goods to Improve the Quality of Economic Growth: The Case of Niger

Nancy Dubosse, African Forum & Network on Debt & Developm., Harare, Zimbabwe

Background

- The main source of energy in Niger is wood fuel (87% of energy consumption, used by 99% of the households). Faced with starvation and repeated natural disasters, the government of Niger initiated Forestry policy aimed at finding solution on how wood can be harvested sustainable in the country. Forestry co-operatives were established in 1980s with objectives to use the existing village management structure in forest regions to manage forest resources.

Research Findings

- There exist sound evidence of poverty reduction efforts by (a) promotion of environmental conservation asset management, (b) re-assignments of property rights to private holders, (c) organisation of communities living in forest regions to set their own economic independency, (d) establishment of rural markets, (e) tax revenue spending to support local projects, and (f) employment generation and increasing incomes

Conclusion

- Improved natural resource management can be used as a basis for poverty alleviation policies.
- Successful strategies contain: sound political/macro-economic frameworks, local participation
- Further, it should be increased asset bases for the poor and be ensured to use them efficient.

Oil and Foreign Aid: Chances for Pro-Poor Development in Sudan?

Dirk Hansohm, UNDP Khartoum, Sudan

Background

- Sudan is rich in oil resources, but is marked by extreme poverty and high regional inequalities. Since 1955, severe violent conflicts occurred.
- Comprehensive Peace Agreement (CPA) in 2005: Oil and Aid are promised as cure

Research Findings

- Quality / efficiency of governance is very low, challenges in distribution of income / fiscal management persist, low tax efforts (6-7% of GDP), low pro-poor spending (4.7%)
- Revenues highly depend (50%) on oil exports, high future insecurity, little local consultation
- Foreign Aid promised due to CPA with innovative implementation, still coordination problems.

Conclusion / Policy Recommendations

- Strengthening economic and social database, institutions, democratisation process, civil society, policy framework and public finance management.
- Improving primary health system, social safety net.
- Trade-Integration with pro-poor elements, strengthening private sector.

Institutional Arrangements and the Performance of Small-Scale Clothing Enterprises in Kenya: Enhancing their Role in Growth, Employment and Poverty Reduction

Rosemary Atieno, Institute for Development Studies, University of Nairobi, Kenya

Background

- Micro and small scale enterprises (MSEs) play an important role in the Kenyan economy
- Textiles is one of the major MSE activities with potential, providing up to 26% of manufacturing employment

Research Findings

- The results show that although limited, the small scale enterprises have different forms of institutional networks
- Some of these linkages have advantages, which are reflected in companies' positive performances

Conclusion

- There is need for deliberate policy measures to strengthen the institutional networks among SMEs

Economic Growth and Poverty in Africa: Does Formalization of Informal Enterprises Matter?

***Robert Kappel / Esther Ishengoma, German Institute for Global and Area Studies
GIGA, Hamburg / University of Dar es Salaam, Tanzania***

Background

- Study about the contribution and conceptualization of informal enterprises and their formalization processes.

Research Findings

- Informal enterprises are unregistered by government authority, not complying with regulations
- Barriers for formalization exist
- Formality as an input in the production process determines the level of output and growth

Conclusion

- Informality results in inefficient utilization of resources and in low income tax hence low provision of public services and hinders the provision of public services

Trade Liberalization, Growth and Poverty Reduction in Cote D'Ivoire

Yousseuf Kone, Faculty of Economics and Development, Uni. of Bouake, Cote D'Ivoire

Background

- A wave of trade liberalization since the 1990s has positioned Cote d'Ivoire to increasingly participate in world markets (especially Cocoa and Coffee sectors).
- A sequential dynamic micro-simulation CGE model is established to assess the potential effects of trade liberalisation on production, poverty and inequality in Cote d'Ivoire.

Research Findings

- Poverty is initially more concentrated among rural households.
- Income distribution is more unequal in urban areas and is increasing further
- The elimination of domestic distortions caused by tariffs leading to higher efficient factor reallocation between sectors to the benefit of the initially less protected sectors

Conclusion

- Tariff removals in Cote d'Ivoire lead to a small increase in poverty and inequality in the short run, as well as contractions in the initially protected agriculture and industrial sectors.
- On the long run, trade liberalization enhances capital accumulation, particularly in the service and industrial sectors, and brings substantial increases in welfare and decreases in poverty.

IWIM – BREMEN UNIVERSITY
International Research Workshop

New Growth and Poverty Alleviation Strategies for Africa: Issues, Concepts, Policies and Comparative Analyses

Session 4 - New Growth and Poverty Alleviation Strategies: The Future of Reform Policies in South Africa

- Bremen, November, 9th 2007 -

IWIM Bremen

Growth and development strategies in South Africa: Towards inCENTives for subregional economic growth

***Marais Lochner / Lucius Botes, Centre for Development Support (CDS),
University of the Free State, Bloemfontein, South Africa***

Research Findings

- Subregional planning in South Africa has overemphasised potential economic development plans without considering also economic development processes and incentives for local areas
- Many GDSs will not have much impact on the economic destiny
- The private sector's ability to create jobs despite the GDS might be more dominant in employment creation

Conclusion

- Not arguing that plans for economic growth are not necessary but plans could benefit from approaches that are less deterministic and thus more open to local initiatives and leadership (both private and public).

Towards „Soft Boundaries“: Cross-border Tourism in the Arid Areas of Southern Africa

***Doreen Atkinson, CDS, Heartland and Karoo Institute, University of the Free State,
Bloemfontein, South Africa***

Research Findings

- Arid areas in Southern Africa offer huge opportunities for „desert tourism“, but this needs a cross-border approach between national governments, provincial authorities and districts
- There is a need to develop appropriate institutional mechanisms to enhance entrepreneurship, investment, partnerships and networking across borders
- In addition, there are possibilities of more pro-poor approaches, community-based tourism, as well as tourism projects that enhance local multipliers

Broad-based Black Economic Empowerment and Sharing in the Benefits of Growth in South Africa

***J. Theo Potgieter, Centre for Business Dynamics, School of Management
University of the Free State, Bloemfontein, South Africa***

Background

- The objectives of the BBEE Act are to facilitate broad-based black economic empowerment by participation of black people in the economy, investment programmes, access to finance, rural and local communities & change in the racial composition of ownership and management structures
- The aim is to get equitable economic opportunities by overcoming poverty barriers, skill barriers, business barriers and opportunity barriers
- The BBEE Policy is aimed at avoiding the potential conflict described by Chua and to ensure that the “economic miracle”, as well as a “social miracle” follows the “political miracle” of 1994 in South Africa

The HIV/AIDS Epidemic and the Quest for Economic Growth and Poverty Alleviation

Frikkie Booysen / Nerina Haasbroek, University of the Free State

Bloemfontein, South Africa

Background: HIV/AIDS epidemic lasted in the final 30 without indications of possible bettering.

Epidemic has negative effects on economic growth, poverty alleviation and employment.

Research Findings

Effects of HIV/ Aids:

- GDP growth rate is negative
- Unemployment rising / lowering (depending on sight of view)
- Absenteeism in production facilities: loss of experience/skills thus lowering labour productivity, increasing training costs
- Household poverty is rising due to decreasing household income (up to 80%) and/or rising health care costs

Conclusion

- Incorporating issues of HIV into ASGISA (Accelerated and Shared Growth Initiative of SA) if South Africa wants to achieve balanced economic growth; implementing labour intensive activities and ensuring sustained development.

South African Economic Policy: Are we moving towards a Welfare State

Philipp Burger, University of the Free State, Bloemfontein, South Africa

Background: 2007 marks the 13th year of democracy in South Africa (SA) with many improvements:

- First phase (94- 99): Reconstruction and Development Program (RDP/1994) and Growth, Employment & Redistribution Plan (Gear/1996) focused on stabilization of the economy and public finance. Success with budget deficit but government investments, private investments, employment did not increase.
- Second phase(2000- ongoing): Accelerated and Shared Growth Initiative of SA (ASGISA/2006) Focus on micro levels and the social welfare system leading to improving government finances and doubling services of social grant system during last 3years.

Research Findings

- Though ASGISA displays several shortcomings, and even lacks the focus or structure of the RDP and GEAR, it represents an improvement over GEAR recognising institutional shortcomings that hamper growth and employment creation.
- In addition, the various policies and interventions mentioned in the ASGISA document contain significant details.

Conclusion

- Although it is clear that many of these interventions support growth and employment, it is not clear that they will deliver on the growth and employment objectives of ASGISA.
- The type of skills needed is not spelled out but will depend on which sector should foster growth.

Economic Growth, Employment and Unemployment in South Africa

Marina Marinkov / J.P. Geldenhuys, Univ. of the Free St. Bloemfontein, South Africa

Background: Analysis of the South African development and the political changes:
Political transformation since 1994 happened, but no socio-economic transformation.

Research Findings

- Macroeconomic policies and programs (GEAR, ASGISA): higher growth is required to combat unemployment and poverty
- Negative correlation between growth of output and change in unemployment
- Positive correlation between growth and employment

Conclusion

- Increases in labour intensity; concentration on industries with high employment multipliers; sectoral strategies; human capital investment (UNDP 2003)
- Implementing public work programs (Nattrass 2004)

Poverty in Core and Dynasty households in KwaZulu Natal: Evidence from KIDS 2004*

Anthony Pool, University of the Free State, Bloemfontein, South Africa

Research Findings

- Low levels of education have biggest impact on the probability of being poor, whereas the employment income has only small impacts
- Remittance income is more important than employment income
- Income from remittances and other sources play more important roles in the probability of a core household to be poor than in dynasty households

Conclusion

- To reduce poverty, the focus must lie on access to quality education.

* KIDS (KwaZulu Natal Income Dynamics Study)

Educational Policy, Growth and Labor Market in South Africa: A Dynamic Computable General Equilibrium Analysis

*Helene Maisonnave / Bernhard Decaluwe,
University of Rouen, France / Laval University, Quebec, Canada*

Background: Existence of shortage of skills in South Africa, mainly due to former educative policies.

Research Findings

- In the short run an increase of public expenditures both in secondary and higher school would lead to improvement of education quality, an increase of labour demand and a decrease in unemployment
- Households demands for goods would increase, so local prices, and households prefer buying imported goods
- Households welfare would increase. Impacts on the educational system can not be considered in the short run, there is no change in households endowments observable.

IWIM – BREMEN UNIVERSITY
International Research Workshop

New Growth and Poverty Alleviation Strategies for Africa: Issues, Concepts, Policies and Comparative Analyses

Session 5 - New Growth and Poverty Alleviation Strategies: Local and Regional Conditions, Problems and Policies

- Bremen, November, 9th 2007 -

IWIM Bremen

Tanzania's uneven Growth, Policy Reforms and Poverty Alleviation **An Example of an African Success**

M. Pieter van Dijk, UNESCO-IHE Institute for Water Education, Delft, Netherlands

Background

- Tanzania faced 6% rural & urban growth in formal & informal sector during the last years.
- Because of its favourable location, Dar es Salaam is the most important economic region with strong growth in population and tax revenue (82% of total tax revenue)

Research Findings

- There exists various types of 'flows'; (a) flows of people (migrants as physical capital to Dar, coming/returning with skills, ideas, equipment and goods), (b) flows of goods and services in and out, (c) flows of money (remittances, loans and savings flow through the informal sector)

Conclusion

- Flows do not support to rural development, but decentralization leads to better regional and urban governance (pro-poor policies, better infrastructure and transport, improvements in assets in rural areas, extended microcredit network)

Health Sector Development, Growth and Alleviation of Poverty in Nigeria: Policy Options

Moses Ailemen / R. Adeolu Alabi / L. A. Okosodo, Department of Economics

Dpt. of Agricultural Economics, Ambrose Alli University, Ekpoma, Nigeria

Background

Presentation of the health sector's development in Nigeria

Research Findings

- Poor health decreases productivity due to sickness/absenteeism
- Poor people can not use medical service due to high prices/distances
- Health considers inequality, growth and poverty

Conclusion

Improvements needed in

- Public aid
- Education of doctors and nurses
- Network of emergency stations

Challenges facing Eritrea in Growth and Poverty Reduction Policies?

Does Microfinance help?

Temesgen Kifle, School of Economics, University of Queensland, Australia

Background

- Eritrea is a poor/least developed country facing droughts, border conflicts and macroeconomic instability thus undermining poverty reduction attempts.

Research Findings

- At macro-levels, poverty reduction policies should promote pro-poor growth.
- At micro-levels, microfinance institutions can help people to get out of poverty.

Conclusion

- To a certain extent, poverty can be reduced through microfinance, but financial sustainability is crucial for poor households to generate income and improve their livelihood

Perception and causes of poverty: Poverty alleviation programs and sustainable growth in Niger-Delta

Reuben A. Alabi, Moses Ailemen and D. I Osasogie

Background:

- Nigeria is Africa's fourth largest economy, GDP growth rate is about 4% and the country's weight in the total African GDP was 7.6%. Oil is contributing to the major part of GDP, 80% of governmental revenues and 90% of Nigeria's exports. Still, people in the oil-producing region - the Niger Delta (ND) - are very poor.

Research Findings

- The major reasons for the failure of poverty reduction related programs in Nigeria include program inconsistency, poor implementation, corruption of government officials and public servants, politicization and personalization, non-involvement of the people for whom the programs are designed for, high import content of most of the operation, inappropriate technology, poor targeting mechanisms and failure to focus directly to the poor.

Conclusion

- Poverty alleviation agencies must understand poverty from the perception of lack of money. Efforts to reduce poverty should concentrate on capital provision, employment generation, provision of basic assets and conflict resolution among others. The master plan should include a collaboration between the Federal government, Niger-Delta Development Commission, State governments in Niger-Delta, oil companies, NGOs, and other stakeholders and should be implemented with unwavering commitment, unity of purpose, harmony and transparency in order to make optimal contributions to poverty reduction and promote growth in the ND.

The Dynamics of the Urban Informal Sector in South Africa: Implication for Growth and Poverty Alleviation Policies in Sub-Saharan Africa

Mark Ingle, CDS, University of the Free State, Bloemfontein, South Africa

Background

- Bulk of traders in South Africa (SA) are informal and the majority of them are poor women who face various constraints

Research Findings

- The available information indicates that there exist potential for real entrepreneurship which if harnessed can be a channel for poverty alleviation. To implement in SA or Sub-Saharan Africa (SSA), all the identified problems have to be overcome.

Conclusion

- Apart from solving the identified constraints, the poor that participated in informal trading should be provided with innovative mentoring and support by the government, NGO's, private sector, other stakeholders.
- Possible support would be relevant training, promoting physical safety, improving wholesaling systems, or creating opportunities for informal traders in the most viable locations, possibly by creating market infrastructure

The Nigerian Diaspora as a Poverty Alleviation Strategy

***Ignatius Adeh, Research Institute of European Environmental Law,
University of Bremen, Germany***

Background

- The Study is assessing the Nigerian diaspora with help of experts' interviews, the diaspora home based dependants and is based on extensive field work in Germany, London and Nigeria.

Research Finding

- The Nigerian diaspora can be seen as an essential tool for economic enhancement of poor communities in Nigeria.

Conclusions / Suggestions for Nigeria

- There are needs to rethink Nigeria's policy on migration, citizenship, tax deductions of remittances, and its general development policy.
- Remittances can be transferred to specific projects.
- Remitters should be informed about the situations of the remitees.
- Further question to answer: How can host and home countries of the Nigerian diaspora better engage/integrate the diasporans?

IWIM – BREMEN UNIVERSITY
International Research Workshop

New Growth and Poverty Alleviation Strategies for Africa: Issues, Concepts, Policies and Comparative Analyses

**Session 6 - New Growth and Poverty Alleviation Strategies:
An important Area of Research and Publication Activity**

- Bremen, November, 10th 2007 -

IWIM Bremen

International Research Programs on the Theme of Volume 13

Tino Urban, IWIM, University of Bremen

Important Research Programs / Studies on New Growth and Poverty Alleviation Strategies (Selected Studies)

- **Issue of Agricultural Development and Cooperation**

→ New Focus on sustainable/ broad rural development and cooperation (e.g.)

- Omamo, S.W. / Diao, X. / Wood, S. / Chamberlin, J. / You, L. / Benin, S. / Wood-Sichra, U. / Tatwangire, A. (2006), *“Strategic Priorities for Agricultural Development in Eastern and Central Africa”* IFPRI Research Report No. 150
- Berdegué, J.A. / H. Munk Ravnborg (2007) *“Agricultural development for poverty reduction - some options in support of public policy interventions”*, Danish Institute for International Studies (DIIS)

- **Issue of Social Protection / Conditional Cash-Transfer Programs**

→ Lessons learned from middle income countries to be adopted to the poorest

- Bi-Regional Conference on Social Protection and Poverty Reduction, UNDP / International Poverty Centre, 7-9 June 2007, Cape Town ;
Further information: <http://www.undp-povertycentre.org/sppr/>

- **Issue of Pro-poor Macroeconomic Policy**

→ Goals of pro-poor Policies: Stability enhancing, Growth stimulating, Equity fostering

- E.g. Weeks, J. / Patel (2007) Fiscal Policy, Training Modules of the Research Programme: Economic Policies, MDGs and Poverty – No.1, UNDP International Poverty Centre
see (also further publications): <http://www.undp-povertycentre.org/site/PublicationShow.do>

Important new Publications Regarding the Topic of Vol.13

Achim Gutowski

- Auty, R. (Ed.) (2004), Resource Abundance and Economic Development, WIDER Studies in Development Economics, New York: Oxford University Press
- Besley, T. / Cord, L.J. (2007), Delivering on the Promise of Pro-poor Growth Basingstoke/Hampshire: Palgrave Mc Millan / Washington D.C.: World Bank
- Bond, P. (2006), Looting Africa -The Economics of Exploitation, London: Zed Books
- Collier, P. (2007) The Bottom Billion - Why the Poorest Countries are Failing and What can be done about it, New York: Oxford University Press
- Cornia, G. A. (Ed.) (2006), Pro-poor Macroeconomics: Potential and Limitations, Basingstoke/Hampshire: Palgrave McMillan
- Christiansen / Demery (2007), Down to Earth: Agriculture and Poverty Reduction in Africa, Washington D.C.: World Bank
- Estache, A. / Wodon, Q (2007), Infrastructure and Poverty in Sub-Saharan Africa, Washington D.C.: World Bank
- Florini, A. (2007) The right to know: Transparency for an open world, New York: Columbia University Press
- Fox, L. / Liebenthal, R. (2006), Attacking Africa´s Poverty: Case Studies from a Global Learning Process, Washington D.C.: World Bank
- Kieh, G.K. / Agbese, P.O. (2007), Reconstituting the State in Africa, Basingstoke / Hampshire: Palgrave McMillan

Important new Publications Regarding the Topic of Vol.13

Achim Gutowski

- Grant, J. A./ Söderbaum, F. (Eds.) (2004), The new Regionalism in Africa - The International Political Economy of New Regionalisms Series, London: Ashgate Publishing
- Klasen, S. / Grimm, M. / McKay, A. (Eds.) (2007), Determinants of Pro-Poor Growth, Analytical Issues and Findings from Country Cases, Basingstoke / Hampshire: Palgrave McMillan
- Mavrotas, G. / Shorrocks, A. (Eds.) (2007), Advancing Development, Core Themes in Global Economics (Studies in Development Economics and Policy, Basingstoke / Hampshire: Palgrave McMillan
- Mehrotra, S.K. / Delamonica, E. (2007), Eliminating Human Poverty – Macroeconomic and Social Policies for Equitable Growth, London: Zed Books
- Newman, E. / Richmond, O.P. (Eds.) (2006), Challenges to Peace building: Managing Spoilers During Conflict Resolution Tokyo: United Nations University Press
- OECD (Organization for Economic Co-Operation and Development 2007a), African Economic Outlook 2006/07, Paris: OECD Publications
- OECD (2007b), Development Centre Perspectives: Financing Development – Aid and Beyond, Paris: OECD Publications
- Perrings, C./ Vincent, J. (2003), Natural Resource Accounting and Economic Development: Theory and Practice, Cheltenham: Edward Elgar Publishing

Important new Publications Regarding the Topic of Vol.13

Achim Gutowski

- Sachs, W./ Santarius, T. (2007), Fair Future – Resource Conflicts, Security & Global Justice, London/New York: Zed books
- Stiglitz, J. E. /Ocampo, J.A. /Spiegel, S. /French-Davis, R. /Nayyar, D. (2006), Stability with Growth - Macroeconomics, Liberalization and Development, New York: Oxford Univ. Press

Papers / Studies / Publications and Journals

e.g.:

- Gupta, R. /Patillo, S. /Wagh, S. (2007), Impact of Remittances on Poverty and Financial Development in Sub-Saharan Africa, Working paper 07/38, International Monetary Fund
- Lopes, P.S. (2005), The disconcerting pyramids of poverty and inequality of Sub-Saharan Africa, Working paper 05/47, International Monetary Fund
- Pattillo, S. /Gupta, S. /Carey, K. (2005), Sustaining Growth Accelerations and Pro-poor Growth in Africa, Working paper 05/195

further..

IWIM – BREMEN UNIVERSITY
International Research Workshop

New Growth and Poverty Alleviation Strategies for Africa: Issues, Concepts, Policies and Comparative Analyses

**Session 7 - New Growth and Poverty Alleviation Strategies:
Research in Progress**

- Bremen, November, 10th 2007 -

IWIM Bremen

Institutions and Investment in South Sudan after the CPA (preliminary results)

Berhanu Denu, Addis Ababa University / IWIM, University of Bremen

Background

- Civil wars destroyed markets and investment supporting institutions
-> Key institutions need to be re-established.

Research Findings

- Interim National Constitutions & Interim South Sudan Constitutions have been passed by the Legislative Assemblies in both areas, GNU and GOSS have been established and assumed power. A committee was formed to implement the oil revenue sharing agreement and has handled with transparency if it should not carry seeds of conflicts. An independent boundary commission was set up to solve the problem of the border between North and South. The World Bank and the UN carried out a Joint Assessment Mission (JAM) producing a report on the reconstruction needs of Sudan.
- The economy: Sudan has been receiving a growing amount of foreign direct investments (FDI) due to growth in the oil- sector.

Conclusion

- Although South Sudan is on the right track to reconstruct and re-establish its economy, increased and coordinated efforts of international community, the UN agencies and the AU, are required to support the positive process and establish irreversible growth supporting institutions. It is easier to put things right at the beginning than trying to correct mistakes after it is too late

South Sudan: Towards Growth and Poverty Alleviation

**Elke Grawert, Project Coordinator Governance Sudan Project, IWIM,
University of Bremen, Germany**

Background

- The Research Project “**Governance and Social Action in Sudan after the Peace Agreement of January 2005: local, national, and regional dimensions**”, sponsored by the Volkswagen Foundation is establishing a research network between African and European scholars thus providing young African academic generation. The project promotes academic qualification and capacities, academic exchange, intercultural learning and cooperation among researchers from different parts of Sudan, Ethiopia and Kenya, and between the German and African participants.
- Research outputs are intended to be used as policy inputs for forging cooperation between the Sudan and neighbouring countries.

Please visit: <http://www.iwim.uni-bremen.de/africa/Sudan.Drittmittel/Governance.htm>

Findings during the last fieldwork stay in Sudan

- Essentials (e.g. beans) have to be imported from neighbouring countries People in the region don't benefit from oil production, refined petrol is lacking
- Sudan People's Liberation Army (SPLA) dissolves militias/collects arms to increase security
- Infrastructure is in bad condition, reconstruction processes are slow
- 80% of Donor funds are spent for logistics & expatriates, NGO's provide basic health services

Income Distribution Effects of Education in Nigeria

Reuben A. Alabi, Dept. of Agricultural Economies, Ambrose Alli, University, Ekpoma, Edo State, Nigeria/Humboldt Research Fellow, IWIM, Bremen

Background

- Conduction of a study about the education standard in Nigeria in progress

Research Findings

- Low level of participation in education in Nigeria
- People have to bear the burden of payment for education by themselves

Conclusion (to be determined/ research in progress)

- Estimate the proportion of income of the poor and the non-poor in Nigeria that was spent on education
- Estimate cost items in education and the contribution of each cost item to total education spending in households
- Determine the proportion of students/pupils from poor homes whose educational activities were interrupted/disrupted as a result of lack of finance (poverty)
- Determine the progressivity and redistributive effect of education funding.

Innovative Activity in Small Enterprises Clusters in Nigeria

Osmund Uzor, IWIM, PhD Researcher, University of Bremen

Background

- This research aims on investigating the employment/income potentials and competitive factors of small enterprises, and how innovations in small enterprises support goals of poverty alleviation by analysing the (a) correlation 'r' of monthly gross sales volume and employment intake in clustered and dispersed small scale, by (b) correlation 'r' of major investment and output per worker in clustered and dispersed small scale enterprises, and by (c) evaluation of mean monthly cash earnings of entrepreneurs and workers.

Research Findings (study in progress)

- There is evidence of increase in enterprises employment potential (EEP) at a boom period.
- Wages excluding allowances and bonus are below US\$ 50 stipulated for private sector in Nigeria.
- Positive correlation of sales volume and employment intake (r^2) in clustered and dispersed enterprises
- No evidence of relationship between technology and production output per worker in Clustered and dispersed enterprises
- High informality characteristics and evidence of informal but active small enterprises clusters

Do Associations Impact on Growth? **The Case of the Association of Microfinance Institutions of Uganda (AMIFU)**

Robert Blatter / Oliver Schmidt

Background

- AMFIU -> Community of Uganda's relevant official Micro-Financial Institutions (MFI)
- Aims to formalize and create a regulatory framework
- MFIs monitor/acquire data of clients on close relations

Research Findings

How does AMIFU impact positively to development ("pro-poor")?

- Focus on physical and human capacity building
- Provision of time-consistent and transparent information, storing and processing data
- Information provision to its clients, thus improving market-position
- Indicators show that AMIFU members act more reliable on governance principles by "Microfinance Sound Practices"

Conclusion: Micro-credits may be ONE component of pro-poor growth

- Provision of finances / information to its members,
- Sound basis for scientific and donor community for further researches

IWIM – BREMEN UNIVERSITY
International Research Workshop

New Growth and Poverty Alleviation Strategies for Africa: Issues, Concepts, Policies and Comparative Analyses

**Session 8 - From the African Development Perspectives Yearbook
to the Journal of African Development Perspectives**

- Bremen, November, 10th 2007 -

IWIM Bremen

The new Journal of African Development Perspectives Editorial Policy and Future Tasks

Tobias Knedlik, IWH Halle an der Saale, Proposed Managing Editor

Background

- Transforming the idea of the Yearbook into the “Journal age”, because
 - > African development perspectives are of ongoing relevance and the African crisis is internationally recognised increasingly
 - > Whereas channels of distribution academic research results are changing.

The way forward: What will change?

- Double blind review process by a renowned international editorial team
- Progressing “Africanisation” by scholars from Africa.

What makes The Journal different from other Journals?

- Focus on Africa with African authors
- Innovative editorial process: Eligibility of all editors (all members will be active in the editorial board, and not just consulting editors)
- Independence from Institutional / Organisational / Ideologies

IWIM – BREMEN UNIVERSITY
International Research Workshop

New Growth and Poverty Alleviation Strategies for Africa: Issues, Concepts, Policies and Comparative Analyses

**Summary of the Results of the International Research Seminar
on “New Growth and Poverty Alleviation Strategies for Africa”**

convened at IWIM in Bremen during 8-10 November, 2007

Summary of the Results of the International Research Seminar on “New Growth and Poverty Alleviation Strategies for Africa”

by Karl Wohlmuth, IWIM, University of Bremen

The following major results were found out during the research conference:

- The country cases reveal a great diversity of approaches and strategies to tackle the issues of growth acceleration and of poverty reduction in Africa.
- It was found out that prevailing pro-poor growth concepts differ considerably in content and meaning, and that more realistic concepts of growth acceleration and poverty reduction are needed.
- It was also detected that key elements of such strategies are rural and agricultural development, informal sector development, employment creation and social development, institutional development and infrastructure development
- The presentations and studies reveal that a comprehensive approach and a long-term strategy are needed – including sub-regional, sector-specific, and interrelated strategy components that are encompassing rural-urban and formal/informal sector interdependencies and frameworks.

**Summary of the Results of the International Research Seminar on
“New Growth and Poverty Alleviation Strategies for Africa”
*by Karl Wohlmuth, IWIM, University of Bremen***

The following major results were found out during the research conference:

- The new strategic approaches for Africa have also to be based on more sustainable strategies in developed countries as they impact heavily on climate change and poverty in Africa.
- The developed countries have a great responsibility to participate in the design, implementation and financing of new growth and poverty alleviation strategies for Africa, beyond the financing of MDG components and of some NEPAD and HIPC instruments.
- **The main results of the International Research Seminar are being published in the African Development Perspectives Yearbook, Volume 13, 2008.**

Please visit: http://www.iwim.uni-bremen.de/africa/Overview_vol.13.pdf

Final Remarks

A faint, light blue world map is centered in the background of the slide, showing the outlines of the continents.

***THANK YOU VERY MUCH
FOR YOUR KIND AUDIENCE!***

***Minutes prepared by Karl Wohlmuth, Anne Kammesheidt, Johanna Schubert,
Jens thor Straten, and Tino Urban***

IWIM 2007