

AFRICA'S GREATEST WEAPONS TO CONQUER POVERTY!

Africa has the highest poverty rate in the world. Even though some countries are on track to meet the Millennium Development Goal (MDG) of halving poverty by 2015, most are likely to fall well short. Income inequality in Africa remains higher than in most other regions, while gender, ethnic and regional inequalities persist.

Such injustices endure for a variety of reasons, argues a new report by the UN Research Institute for Social Development (UNRISD), *Combating Poverty and Inequality*. The report, which was launched just before the September MDG summit of the UN General Assembly, highlights problems that have not been adequately addressed by the MDG approach. These include poor or unstable economic growth- which has failed to generate productive employment- and the fragmentation and under funding of social policies. Moreover, governments have unresponsive to citizens' needs, so the poor lack influence over public policies.

Following Africa's economic contraction of the 1980s and 1990s, growth picked up from 2000 through 2007, thanks to a boom in commodity prices and improvements in the world economy. This helped countries such as Ethiopia, Ghana, Mali and Senegal to reduce poverty. But even for these countries poverty remains high and growth has not transformed their economies or delivered decent jobs.

Employment and Equity

In the world's high-income countries, economic growth fuelled a shift from agriculture to industry and from industry to services. But Africa has not been able to follow a similar course. Instead, industrialization in much of the continent has been stunted or narrow, while productivity in agriculture and services has been low.

As a result, labour markets have been segmented and unequal. There is widespread underemployment, incomes in informal and agricultural activities remain low and even relatively diversified economies such as that of South Africa experience persistent and large-scale unemployment. The terms and conditions of work are particularly poor for women.

Growth with jobs has been elusive for two reasons. First, globalization has weakened the links between agriculture and industry. Urban people are fed largely by imported food, which undermines domestic agriculture. Countries also import most of their manufactured goods rather than expanding domestic production. So, agriculture and industry have stagnated. Second, free-market ideas continue to dominate macroeconomic policies, emphasizing tight spending, privatization and liberalization. From that perspective, employment is regarded as a byproduct of growth, with no need for specific policies.

But to achieve growth that is equitable and creates jobs, deliberate policies are required. Among other things, African governments could:

- Connect agriculture more productively to industry and other sectors,

- Expand domestic production and raise the demand for locally made goods and services,
- Invest in infrastructure and education to improve skills and the quality of employment for African women,
- Avoid austerity policies during periods of slow growth,
- Promote progressive taxation, and
- Demand global reforms that reduce sharp fluctuations in commodity prices and interest rates, phase out agricultural subsidies in rich countries and grant African exports more access to Northern markets.

Universal social protection

Social investments can also drastically reduce poverty levels. During the 1980s and 1970s, public spending on education and health grew rapidly in most African countries. Primary and secondary school enrolment rose and infant mortality declined.

But in the 1980s economic crises and extreme pro-market policies led to severe cuts in social expenditures in most countries. The burden of financing shifted to consumers through user fees. In Kenya, government spending on basic services fell from 20 per cent of total expenditure in 1980 to only about 12 per cent in 1997. As a result, low-income groups generally had access only to poor quality services and could ill afford the fees required for better amenities.

In recent years, popular pressures and shifts in aid allocations towards basic spending. Social assistance schemes such as free health care for children, pensions for the elderly and cash grant for the poor have proliferated. Yet Africa still spends only about 3.5 per cent in all low middle income countries, 10.5 per cent in middle-income countries and 20.6 percent in high-income countries.

In countries where targeted social programmes are well funded and reach many people, results have been positive. This is the case in South Africa, where one in four people receives an income financed out of general taxation. Yet even there, poverty reduction has been seriously constrained by widespread joblessness and the high levels of inequality inherited from the apartheid era. In countries where such programmes are limited, targeting has failed to make significant and sustained inroads into poverty.

Social policies for reducing poverty must be grounded in universal rights. They must aim for redistribution, protect people from the risk of unemployment, sickness and old age, and enhance the productive capacities of individuals and communities. They cannot be separated from efforts to create employment.

Africa's experience so far suggests that anti-poverty measures that are not linked to production systems, broader social policies and politics will have limited results. Economic, social and political policies and institutions need to be consciously coordinated to achieve the maximum impact.

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