BACKGROUND PAPER

# BOOSTING ECONOMIC GROWTH AND POVERTY REDUCTION:

## An African Perspective

The paper was prepared in close consultation with the African Union Commission and the UN Economic Commission for Africa.

## *Introduction*:

Africa has been registering growth rates above 5% for the past four years- its highest levels since the 1980s. There is general enthusiasm about these levels of growth that are unprecedented, but what is the real impact of this growth on reducing poverty in Africa?

Africa has registered its commitment and determination for socio-economic transformation and accelerated development through the NEPAD programme of the African Union. NEPAD, as a continental initiative, has brought to the fore, more than ever before, the requisite political will to the overarching objective of reducing poverty. This must be harnessed in promoting development on the continent and in persuading partners to join hands, constructively, in the continental, regional and national development efforts. In this regard, the background paper seeks to highlight some of the challenges of accelerating economic growth and reducing poverty by focusing on some of the key sectors that Africa believes are critical to realize these twin objectives, namely; infrastructure and ICT, Agriculture, and women's empowerment. The objective of this paper would, therefore, be to assess the impact of these sectors in improving the lives of the people, and moving them from poverty to prosperity through policies, programmes, projects that promote economic growth and poverty reduction.

More specifically, the paper will try to achieve the following:

a. To address, broadly, the conceptual linkage between economic growth and poverty reduction in Africa, with focused attention on pro-poor policies and growth strategies;
b. To underscore the impact of these key sectors on African countries' growth potentials and the continent's development;
c. To articulate and highlight, distinctively, the AU/NEPAD agenda and programme; priorities and strategies, aimed at addressing development challenges, through the focus areas of the paper - Infrastructure/ICT (separate paper); Agriculture; and Gender;
d. To assess the progress, prospects and gaps/challenges in these focus areas in Africa's drive towards economic growth, against the backdrop of African expectations; and,
e. To identify areas requiring partnership support and the best means of achieving this.

This background paper will, therefore, be structured as follows: in section (I) it will give an overview of the economic growth-poverty reduction nexus and African efforts towards promoting pro-poor growth strategies with prominence given to the focus areas identified; and section (II) will lay emphasis on the achievements/success Stories, Progress so far and Challenges/Bottlenecks in the focus areas (Infrastructure, Agriculture, and Gender); it will also highlight the actual fulfillment of these commitments by the APF since the Maputo session or relevant APF Meetings; and Way Forward / Conclusion.

# I- THE NEXUS BETWEEN ECONOMIC GROWTH AND POVERTY REDUCTION

*The Context:*

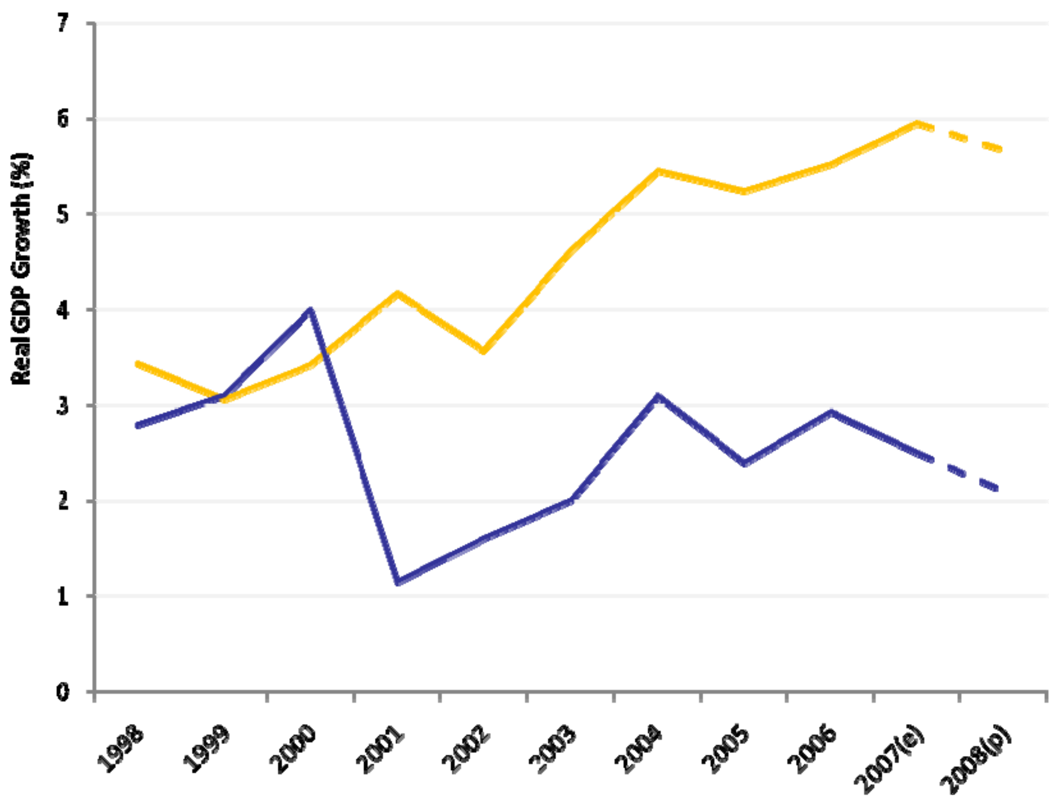
Boosting economic growth and reducing poverty are the key drivers of AU/NEPAD. In its Strategic Framework Document, the NEPAD vision is highlighted in achieving the twin objectives of *"Economic growth and development and increased employment; and reduction in poverty and inequality"*[i]. It also underscores the importance of achieving the estimated 7 per cent annual growth rate needed to meet the MDGs, particularly MDG 1 of reducing by half the proportion of Africans living in poverty by the year 2015.[ii]

In this regard, Africa has experienced great gains in economic growth in the past years. The factors behind this growth are numerous. They are external, emanating from strong global demand for key African export commodities which came as a result of high export prices, especially for crude oil, metals and minerals. Debt relief and external capital flows, particularly ODA and FDI, have also helped fuel this growth.

This growth has also been driven largely by internal factors. These are mainly due to African countries performing strongly in key sectors like agriculture, which remains the main driver of growth in many countries, and to increased value addition through agriculture-related activities such as horticulture (e.g. Kenya and Ethiopia). African exports of goods and services recorded a 15.2 per cent increase in value in 2007 compared with a 13.2 per cent increase in imports.[iii]

In addition to that, the improvement in macroeconomic management in many countries and improved domestic balances, have helped to sustain this growth. Macroeconomic stability, among other factors, has contributed to an increase in the domestic savings rate, from 25.3 per cent in 2006 to 26.3 per cent in 2007[iv]. This was complemented with the positive impact of increased political stability and improved political governance.[v]

In the graph below, Africa's growth rates have outpaced growth rates of OECD countries for the past 5 years and the trend seems destined to continue in the coming years.




Graph I: Economic Growth in Africa in the last decade compared to growth in the OECD.
Africa: ------
OECD: -------
**Source: OECD Development Center/African development Bank, 2007**

It should also be noted that growth has also been broad-based, involving an increasing number of African countries in the process.

*The Story so far….real GDP growth in Africa is expected to exceed 5% for the fifth consecutive year in 2008. African growth is also becoming more broad-based:*

- *In 2006 there were 23 countries over 5 % that increased in 2007 to 30 countries.*
- *In 2006 there were 12 countries between 3-5% that increased to 15 countries in 2007.*

The prospects for these growth rates are generally positive in the short-term. It is assumed that robust demand for Africa's commodity exports and high prices will continue with high growth in Asia and in the absence of a significant drop in growth in other traditional African markets, especially in Europe. Continued effective macroeconomic management and improving governance and security situation are other factors that could contribute to this positive outlook of growth in the coming years, though many parts of Africa still suffer from conflicts and insecurity.[vi]

**These growth prospects are nevertheless fragile in the long-term**. There are many risks to Africa's growth over the medium-to-long terms. Any substantial slowdown or adverse adjustments in the global economy might cause demand for Africa's exports to contract. A fall in demand and prices will have negative effects on Africa's growth outlook. Fluctuations in oil prices will also have adverse growth impacts on oil-importing countries in Africa. The continent also needs to manage risks to growth prospects emanating from unpredictable fluctuations in external capital, especially aid, and currency appreciation that can adversely affect international competitiveness. Unpredictable weather changes and conflicts are additional factors that can influence Africa's growth prospects in 2008.[vii]

Furthermore, market access constitutes an important element in ensuring that long-term growth is sustainable. In light of current risks to growth in the global economy, the successful conclusion of the Doha Development Round would set the stage for African countries to realize development gains and for recovery and sustained and continued growth and poverty reduction. Further delays in the successful conclusion of the Round would carry considerable costs for growth and poverty reduction.[viii]

**Notwithstanding these growth rates, the reality is that much of these gains in growth have not translated into grand-scale poverty reduction**. According to the UNECA, Poverty rates remained virtually unchanged in most African countries (44.6% in 1990 and 44% in 2004); it has even increased in North Africa from 2.2% to 2.4%, over the same period.[ix] The number of poor people in Africa has actually risen since the 1990s by over 90 million, while the average income of the poor has declined, indicating worsening income distribution within the countries. The recent strong GDP growth rates have not been accompanied by meaningful gains in job creation, thus raising serious concerns about the continent's ability to reduce poverty. This is an increasingly alarming trend in light of the attainment of the MDGs by 2015, especially with regard to MDG 1 that aims to halve the people living under extreme poverty and malnutrition. Africa is the only continent that will have higher levels of people living under extreme poverty than in 1990[x].

This could be attributed to a number of factors. First, economic activity has shifted away from agriculture into capital-intensive sectors, such as mining and oil production. Also the high volatility of GDP growth reduces incentives for job creation in the private sector due to the uncertainty of future profitability. Moreover, in most African countries, employment creation is not integrated into macroeconomic policy frameworks as an explicit goal of macroeconomic policy. It tends to be given less importance than other narrower policy goals, such as controlling inflation and managing budget deficits.

In this context, the nexus between economic growth and poverty reduction has to take center stage, as Africa moves forward trying to consolidate these growth gains.

## …. *Realizing Pro-poor growth*

In the 1970s and 80s the importance of the pattern of growth for poverty reduction was discussed under the label 'redistribution with growth'. The resurgence of interest in this issue is largely due to the failure to achieve poverty reduction in Africa under the structural adjustment programs. There has been an outpouring of empirical research on the link between growth and poverty. The advent of the MDGs and the PRSPs has underlined the need to explore the interconnection between growth, poverty and income distribution.[xi] As a result, there is a consensus now that growth alone is not enough to reduce economic poverty. There are two paradigms that look at the question of policies that reduce poverty: the first is one that focuses only on achieving higher growth rates and the second is one that argues that growth in and of itself, is not enough; African governments need to pursue complimentary policies to reduce poverty. The proponents of the first approach advocate that the policy focus in fighting poverty should be economic growth. They also stress that rising inequality is the unavoidable by-product of the economic growth needed to reduce absolute poverty.[xii] Whereas the second paradigm, posits that rapid poverty reduction requires a combination of economic growth with pro-poor social policies, the so-called pro-poor growth[xiii]

**Definition of Pro-poor Growth:**

**Pro-poor growth** is about changing the distribution of relative incomes through the growth process to favor the poor. There are **two definitions** for measuring pro-poor growth used.

The first and **relative definition** of pro-poor growth compares changes in the incomes of the poor with respect to changes in the incomes of the non-poor. Using this definition, growth is pro-poor when the distributional shifts accompanying growth favor the poor (Klasen, 2004; Kakwani and Pernia, 2000; McCulloch and Baulch, 1999; Kakwani and Son, 2003).

The second and **absolute definition** avoids these problems by focusing instead on what happens to poverty. Growth is considered to be pro-poor if poor people benefit in absolute terms, as reflected in some agreed measure of poverty (Ravallion and Chen, 2003; Kraay, 2003). In this case, the extent to which growth is pro-poor depends solely on the rate of change in poverty, which is determined by both the rate of growth and its distributional pattern. Under this definition the aim is to achieve the greatest amount of poverty reduction possible through growth.[xiv] (Source: World Bank)

Pro-poor growth generally implies that growth must be to the benefit of the poor and give them more access to economic opportunities. **This will entail that the focus must now turn to the formulation and implementation of policies and strategies that enable the poor to participate and benefit from economic growth**. But what is exactly needed to implement pro-poor growth policies? It is clear that pro-poor growth must be in sectors where the poor are and are able to use the factors of production they possess. For Africa, poverty incidence is mostly in the rural and agricultural areas. Thus pro-poor growth must be focused on rural areas, improved incomes and productivity in agriculture and must make intensive use of labor.

Equally, Africa can not do it alone. It has been shown that accelerated pro-poor growth coincides with increases in investment and improvements in productivity, as well as increases in aid.[xv] This calls forth the partnership between Africa, both as individual countries and as a continent, with its development partners. Aid in combination with a good policy and institutional environment will create a milieu in which growth that is sustainable and competitive will be created, with a long-term reduction in poverty.

The generation of growth in the agricultural and rural sectors, where the majority of the poor African population live; the enhancement of Africa's productive capacity, especially in infrastructure/ICT and the efficient management of aid flows will allow the poor to participate, actively, in their country and the continents' growth. In addition to that, providing an enabling environment for African women to reap the benefits of the markets will assist in ensuring that poverty reduction efforts are rooted. This however, as indicated earlier, has to be embedded in the conceptual planning, and implementation, of support measures for the poor, by development partners and it will also need to be firmly embedded in poverty reduction strategies developed by African countries.

### *….How can agricultural growth and development help in realizing Pro-poor growth?*

Agriculture remains the sector through which broad growth and poverty reduction can be achieved. The vast body of research on economic growth and poverty reduction has shown that the most effective way to sustainably reduce poverty is to raise the productivity of and returns to resources that poor people depend on for their livelihood. In almost all African countries, these resources are agricultural land and labor and off-farm rural labor. In fact, African countries with higher agricultural growth also exhibit lower poverty rates. This is not just due to higher incomes in the agricultural sector, but in addition to the fact that higher agricultural incomes also tend to induce even higher incomes outside of the agricultural sector and the rural economy.

For African countries, there is evidence that a $1.00 dollar increase in farm income results in an additional increase in rural incomes from $1.5 to $2.5. The importance of agriculture increases even more when one considers the very strong interrelationships between agricultural growth and the broader socioeconomic and human development goals. It is now well understood that poor agricultural growth is highly correlated with the prevalence of hunger and malnutrition.

The African Heads of State and Government, in endorsing the AU/NEPAD agenda, underlined the critical role agriculture will play in driving the continent's socio-economic development agenda and indeed in addressing immediate concerns of food security and poverty alleviation.

*African leaders' commitments on Agriculture include:*
• The 2003 CAADP Framework calling for 6% agricultural growth rates;
• The 2003 Maputo Declaration calling for 10% of total public expenditure to be spent on agriculture and rural development;
. The 2004 Sirte Declaration on 'The Challenges of Implementing Integrated and Sustainable Development on Agriculture and Water in Africa'; and
• The 2006 Abuja Declaration on Fertilizers calling for an increase in fertilizer use from 8- 50kg per hectare by 2015.

Africa, however, faces real and significant challenges in advancing agricultural productivity at rates and the extent required to attain the desired levels of impact on food security and poverty alleviation targets that underpin sustainable economic growth. On the other hand, the growth performance of the agricultural sector over the last 10 years indicates that the required changes to significantly reduce poverty and eliminate hunger are attainable for many African countries. Primary drivers in attaining desired rates in growth in agricultural productivity are many and will vary from circumstance to circumstance.

Perhaps more importantly is the complementarity between agricultural and non-agricultural sectors, and the overall possibility for widespread food security through out the continent if agricultural growth and development occur in such a manner as to enhance and tap into the vast source of potential agricultural and farming economies. A careful sequencing of investments, and effective partnerships between Africa and its development partners, could aid in putting into place critical, but basic infrastructure, technology and equitable and secure access to land; ensure the complementarity of markets and services both within Africa as well as throughout the globe.[xvi]

*....How will substantial development in Africa's infrastructure sector make a difference to the lives of Africans and reduce poverty?*

**Infrastructure is important for pro-poor growth**. A number of studies have concluded that spending on infrastructure is one of the most powerful instruments that can be used to promote economic growth and poverty reduction.[xvii] Infrastructure supports pro-poor growth by: (I) enhancing economic activity and thus overall growth –by reducing production and transaction costs, increasing private investment, and raising productivity; (II) Removing bottlenecks in the economy which hurt poor people by impeding asset accumulation, lowering asset values, and imposing high transaction costs; (III) Generating distributional effects on growth and poverty reduction through poor people's increased participation in the growth process by increasing their access to factor and product markets, and reducing risk and vulnerability.[xviii]

The infrastructure gap in Africa is huge. Despite its clear benefits for growth and poverty reduction, infrastructure spending is far below what is needed. Moreover, that gap widens as country incomes fall. In the absence of accessible transport, energy and water, the poor pay heavily in time, money and health.

Spending on infrastructure in low- and lower-middle income countries has declined from 15% of GDP in the 1970s and 1980s to about 7% today.[xix] Since the mid-1990s all sources of infrastructure funding have fallen dramatically: government funding (which accounts for about two-thirds of spending), official development assistance (with a 50% drop in multilateral and bilateral aid to infrastructure and private funding (which dropped from USD 128 million in 1997 to USD 58 million in 2002 (World Bank, 2003). All sectors and regions have been affected by the decline. As a result many countries, especially in Africa, suffer from a huge backlog of needed infrastructure investments.

**To reduce poverty, the decline in infrastructure investment must be reversed**. A significant increase in national, cross-border and regional infrastructure investment is needed to advance growth and reduce poverty in African countries. Even more is needed in extremely fragile countries in the continent. The UN Millennium Project estimates that between 2005 and 2015, Africa's (excluding North Africa) annual needs for infrastructure investment and maintenance will equal 13% of GDP. Maintenance is especially important: according to World Bank estimates, more than two-thirds of African countries' infrastructure spending needs between 2005 – 2010, are for maintenance.

## *…..How can gender equality be of value addition to the continent's march toward economic growth and poverty reduction?*

Gender inequality is both an economic and social issue. Greater gender equality could be a potent force for accelerated poverty reduction in Africa. In this context, gender considerations constitute a missing link in achieving sustained growth.

Gender inequality and poverty are closely related. As gender inequality causes a lack of access to productive resources and employment opportunities for women, so it causes poverty. On the other hand, poor families have a lack of the economic resources, accordingly women and girls remain deprived from education, better food and clothing and even low self–esteem in these families. As a result, poverty results in gender inequality.[xx] While there is increased recognition of the gender dimensions of poverty, much remains to be done to address the widening economic gap between women and men, especially in terms of income inequality. The deepening levels of poverty among rural women who also lack equal access to health, education, finance and other essential resources remains a serious concern.

Evidence from a number of studies demonstrates that gender equality correlates with poverty reduction and economic growth. Data from 13 African countries, between 1975 to 1985, show that a 10% increase in the female literacy rate reduces child mortality by 10%, whereas changes in male literacy had little influence.[xxi] A 1% increase in the share of women in secondary schools is associated with a 0.3% increase in per capita income.

Macro- and micro-level analyses of the links between gender inequality and growth show that gender-based asset inequality acts as a constraint to growth and poverty reduction in Africa. For example, gender inequality in education and in employment is estimated to have reduced per capita growth in the 1960-1992 periods by 0.8% per year.[xxii] Research on agricultural productivity in Africa shows that reducing gender inequality could significantly increase agricultural yields. It is estimated that giving women farmers the same level of agricultural inputs and extension services as men farmers could increase yields obtained by women farmers by more than 20%. Even though over 50% of agricultural work is carried out by women in Africa, women receive only 10% of the credit going to small farmers and just 1% of the total credit going to the agricultural sector.[xxiii]

Growth is more likely to be sustainable if there is greater equity in opportunities to participate in the benefits of growth. Only when discriminatory barriers are removed, such as those based on gender, can pro-poor growth occur.

# II- Focus Areas:

## A- Focus Area I: AGRICULTURE:

Driven by the recognition that "business as usual" will not provide for the realization of the great continental potential for an agriculture-led development agenda, the African Heads of State and Government have been decisive in their resolve to put in place the Comprehensive Africa Agriculture Development Programme (CAADP).

### *....WHAT ARE THE KEY ADVANCEMENTS IN CAADP IMPLEMNTATION?*

The main goal of the CAADP is to help African countries reach a higher path of economic growth through agricultural-led development, which eliminates hunger, reduces poverty and food insecurity, and enables the expansion of exports.

**The Four Pillars of the CAADP:**
*Pillar 1:* Land and Water Management
*Pillar 2:* Rural Infrastructure and Trade-Related capacities for Improved Market Access
*Pillar 3:* Increasing Food Supply and Decreasing Hunger
*Pillar 4:* Agricultural Research, Technological Dissemination and Adoption.

**Source:** NEPAD – CAADP Core Document

### *CAADP implementation at the continental, regional and country levels*

Even within the seemingly slow movement of the CAADP agenda to implementation, there are definite positive lessons emerging, and the impacts of the CAADP agenda on policy transformation and programme planning. With a more decisive implementation drive only in the last 1-2 years, CAADP has made significant progress under the leadership of the Africa Union Commission (AUC) and the NEPAD Secretariat to establish itself as a credible and actionable collective framework to boost agricultural growth and reduce poverty, The following achievements illustrate this progress:

*i.* Facilitation and coordination by AUC and NEPAD Secretariat: In line with the African ownership of the agenda, the AU/NEPAD Secretariat have taken leadership in clarifying the agenda, defining the challenges facing its implementation, and developing a clear process to move the implementation forward at the regional and country levels.

*ii.* Leadership and ownership by lead regional economic communities (RECs) and their member states: Lead RECs have taken ownership and leadership of the agenda and are currently at the forefront of the implementation process. As part of this process, countries, in consultation with the private sector, farmer organizations, and development partners, define policy, budgetary, investment, development assistance, and review and discuss commitments to ensure that CAADP objectives are met. These commitments are reviewed at a CAADP Round Table and formally endorsed in the form a country CAADP Compact, which serves as the framework for partnership, alliances, and dialogue to design and implement the required policy interventions and investment programmes[1]xxiv. To date, more than a dozen countries are working at various levels towards the organization of their CAADP round table. At least six of these will sign a CAADP Compact by the end of this year.

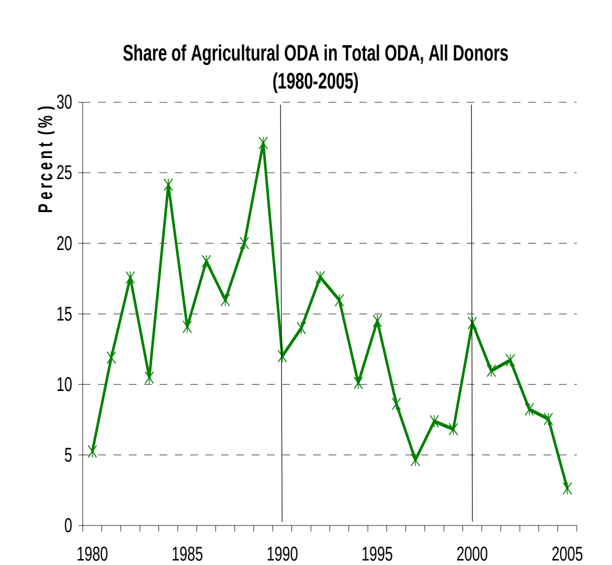
*iii.* Mobilization of African technical expertise: Leading African institutions have been mobilized to provide the necessary technical expertise and facilitation to guide program planning and implementationxxv. In particular, these institutions are helping in analyzing key challenges, identifying success factors, best practices, and successful partnerships and alliance models that can be scaled and adapted to accelerate progress and improve implementation outcomes.

*iv.* Strategy analysis and knowledge systems to facilitate evidence and outcome based planning and implementation: Regional Strategy Analysis and Knowledge Support Systems (ReSAKSS) have been created, under the governance of the leading RECs and in collaboration with the Consultative Group on International Agricultural Research (CGIAR) to facilitate peer review, benchmarking, adoption of best practices; and mutual learning among member countries in order to improve policy and programme planning, implementation, and outcomes.

*v.* Continent-wide policy dialogue and review: The CAADP Partnership Platform, a continent-wide forum for policy dialogue and review, has been established which brings together the leadership of the African Union Commission, the NEPAD Secretariat, regional economic communities, development partner agencies, the private sector and farmers organizations twice a year, to review implementation progress and agree on actions to ensure that the agenda remains on track.

The real achievement in these actions is that we are witnessing for the first time in the history of agricultural strategy development and cooperation in Africa that such a broad consensus on objectives, targets, implementation processes and partnership principles, has been reached. In addition to that, the number of countries that have achieved the CAADP growth target of 6% has nearly doubled since 2003. At least nine countries achieved or exceeded that target. An addition 4 other countries have achieved annual sector growth rates of between 5 and 6 % between 2003 and 2005.

**Fig. 8a: Trends in Agricultural ODA in Africa**




Source: IFPRI/Johnson; Based on OECD Data

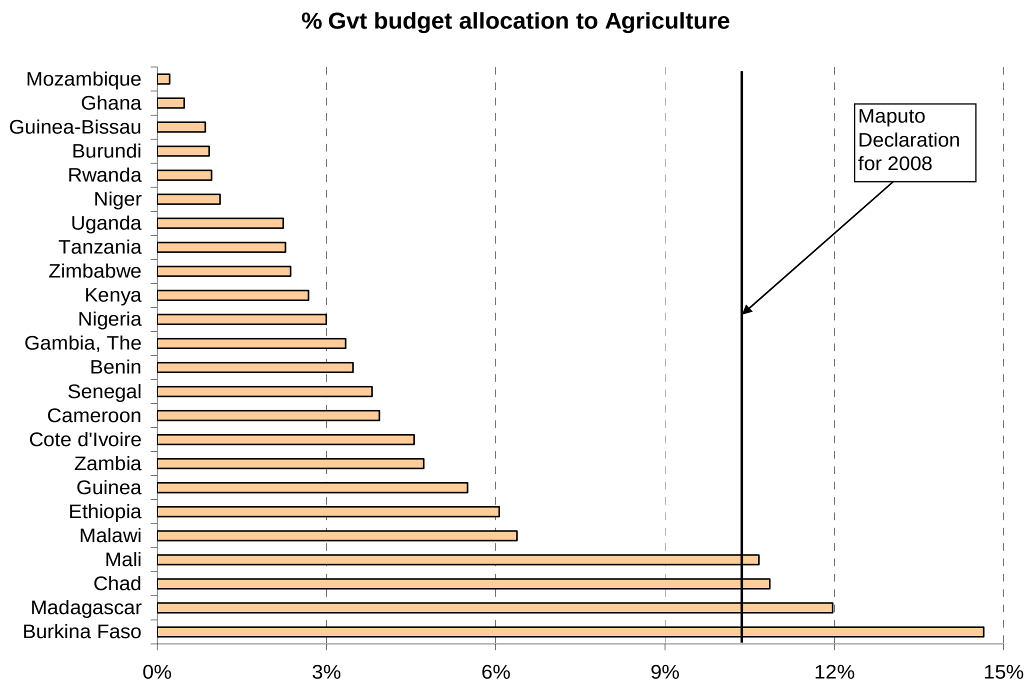
## *.....WHAT ARE THE TRENDS IN INVESTMENT/SUPPORT TO THE AGRICULTURE SECTOR?*

The structural adjustment era of the 1980s and '90s and the transition towards PRSP-based programs in later years have been associated with declining public investment, ODA included, in the agricultural sector. The launch of CAADP and commitment among African governments to re-allocate up to 10% of their national budgets to agriculture is intended to reverse that trend.

**Progress has been made towards meeting the Maputo pledge over the last 3 years. There is evidence that the trend is positive in a number of countries**. The average allocation over the last decade has been below 4%. In Zambia, for instance, government raised budget allocations to agriculture from 4% in 2005 to 5.3% in 2006. The government also recently announced plans to raise its budgetary allocation for agriculture to 8 percent by 2010, in line with CAADP and SADC goals. In Malawi, the 2006/07 budget allocated the largest share of total expenditure (12%) to agriculture, food security and irrigation, and to the water department. In Mali, the government once again stated its strong commitment to maintaining a 14 percent budget share for agriculture - exceeding the 10 percent threshold of the Maputo Declaration. Following the adoption of its CAADP Compact in March of this year, Rwanda has increased the agricultural budget by 64% and the contribution from internal sources by 264%. While in Kenya, the government recently launched the 'Kenya Agricultural Productivity Program (KAPP)' in order to boost the performance of the agriculture sector, committing up to Sh5.04 billion for the sector.[xxvi]

Other countries allocating close to or above 6% include Mali, Madagascar and Namibia, based on IMF figures, and Niger, Chad and Ethiopia. Fast progress towards achieving the Maputo Decision target is particularly important, given estimates indicating that most, if not many, countries will have to realize agricultural sector growth rates of more than 6% in order to achieve the MDG1. Achieving such growth rates not only calls for high levels of investments but also greater efficiency in planning and executing these expenditures.

The estimated cumulative average investments in agricultural research, irrigation and rural roads for the period 1997-2025 is estimated at just over US$ 6.00 billion annually (Figure 1). If African governments were to fulfil their pledge to allocate 10% of national budget to agriculture by 2008, they would meet more than 70 percent of the required funding. As indicated in Figure 2, realization of the Maputo Pledge would generate a total US$ 4.60 billion for investment in the agricultural sector. There would still be a gap of US$ 1.70 billion, which would have to be met by external funding. This would imply a doubling of external funding levels for the sector, which is in line with the Gleneagles commitment.




## ...WHAT ARE THE KEY CHALLENGES IN THE SECTOR THEN?

Along the CAADP agenda, a number of mechanisms and initiatives to galvanise investment into agriculture have been agreed. It is, however, a major challenge for African governments to initiate and/or upscale investments in some of the areas where there is already agreement. These include increasing irrigated areas (Sirte 2004 and Addis Ababa 2007), sustainable land and fisheries management, establishment of the Africa Fertilizer Financing Development Mechanism (AFFM) to promote increased fertilizer use in Africa (Abuja 2006), improving feeder roads and other market infrastructure (Libreville 2006), increasing access to appropriate technologies, and allocating at least 10% of the national budget to agriculture development (Maputo 2003). Accelerating implementation of these priorities is key to the attainment of the Millennium Development Goals (MDGs).

Some African countries have responded positively and are experiencing significant growth in the agriculture sector due to improved policy environment that is attracting significant private sector investment; targeted government subsidies and special food security programmes that are being implemented as social security interventions to quickly reduce staple food insecurity; and the increasing numbers of countries with relative peace and stability.

It is recognized that African resources will at most cover approximately 70 percent of what is needed to achieve at least 6 percent annual growth in the sector. The recent AU/NEPAD survey report (2007) found that there are decreasing numbers of countries with less than 5% and increasing numbers of countries with more than 5% but the rates of change remain rather low. This indicates that some African countries are beginning to put resources in the development of the agriculture sector. However, the report concluded that most countries will not attain at least 10% national expenditure allocation to agriculture development by 2008. While this trend is positive, it underlines the need for donor support in filling the gap.

In this regard, the AU/NEPAD are appealing to the G8/OECD to mobilize grants to: contribute to the CAADP Trust Fund hosted at the World Bank to assist continental and regional institutions to implement the assigned responsibilities to catalyze the implementation of CAADP, contribute to the Africa Fertilizer Financing Development Mechanism (AFFM) hosted at ADB; establish a flexible project preparation fund to facilitate quick preparation of project proposals for priority investments being funded under concessionary loan windows; leverage the national expenditure allocations for agriculture development; and to expand the existing concessionary loan windows.

AU/NEPAD believes that the existing facilities are not adequately responding to the realities of attaining the MDGs within the set timeframe. More over, the AU/NEPAD is concerned that donor grants to agriculture development in Africa decreased from 12.3% in 1985/1986 to 3.1% in 2005/2006 (OECD 2007). This does not reflect the major role that the agriculture sector is expected to play in poverty reduction and undermines the significant time and resources devoted to consultations with the G8/OECD.

### *Development assistance financing support to Africa's agriculture sector*

The share of total overseas development assistance (ODA) to the sector is shown to have steadily declined from about 26% in the late 1980s to under 5 percent by 2005. All top six bilateral donors to the region have also witnessed declining shares of aid resources allocated to agriculture directly. Just as African countries have to make greater progress towards meeting the Maputo budget target, development partners will need to increase investment in the sector to help broaden and accelerate the recent economic and agricultural growth recovery process in order to raise the number of countries that will achieve MDG1 and shorten the period for doing so by the others that will miss the 2015 target year.

### *Development partner alignment with the CAADP agenda*

A growing number of bilateral and multilateral development partners are mobilizing to align their assistance strategies and ongoing activities with the priorities and targets of the CAADP agenda. Examples of development partner response to CAADP range from: (i) re-engaging agriculture and re-emphasizing efforts in support of the sector (ii) re-alignment of existing assistance programs and elaboration of new cooperation strategies in support of CAADP, (iii) the adoption of CAADP as a strategy framework for assistance to agriculture in Africa, such as in the case of ADB; (iv) the alliance, under the leadership of the World Bank, to support science and technology under the Framework for African Agricultural Productivity; and to (v) multi-donor initiatives like TerrAfrica and the allocation of 50% of GEF resources to support the sustainable land management agenda of CAADP.

### *Alignment and support to country level CAADP implementation*

Funding support through bilateral and multilateral engagements has enabled the AU Commission and the NEPAD Secretariat to effectively: (i) carry out their facilitation, dialogue and advocacy roles; (ii) mobilize key technical African institutions to guide and inform the implementation process in order to ensure successful outcomes; (iii) strengthen the capacities of leading regional economic communities to work with their member countries to develop and implement regional and national investment programs and establish the necessary coordination and review mechanism to support the implementation process; (iv) create regional knowledge systems to facilitate the adoption of best practices, mutual learning, peer review, policy dialogue, and the tracking of implementation progress and performance; and (v) establish the CAADP Partnership Platform as a continent level forum for mutual review and dialogue between Africa's leadership, the private sector, and bilateral and multilateral development agencies on the CAADP agenda

### *Progress in mobilizing the private sector and integrating smallholder farmers*

Interactions and engagement with the private sector is not yet happening in a systematic way but is expected to pick up rapidly after the adoption of the framework document for Pillar 2: rural infrastructure and market access, which is expected in March 2008. Initial contact and cooperation is taking place as part of the preparation of the framework document. The Expert Reference Group leading the drafting of the document includes members from leading African agribusiness and farmers organizations as well as global agribusiness associations. The framework document will, among others, identify successful, smallholder friendly models of public-private partnerships and business-to-business alliances to promote the competitiveness of domestic agricultural value chains and development of the agribusiness sector in general.

## *… KEY DRIVERS FOR ACCELERATING IMPLEMENTATION OF AFRICA'S AGRICULUTURE AGENDA*

Emerging from experiences with CAADP implementation in the last 2-3 years, is that a number of strategic factors (i.e. drivers) will have to be pursued in a manner that will also bring value from the synergies and complementarities. These factors, varying in scale and form, between countries include:

### *Specialist/Expert support in the formulation and implementation of investment programmes*

There is an urgent need to mobilize and strengthen the Pillar institutions and link them to the country roundtable processes as a means to bring to the country expert competencies, knowledge and information. This is meant to help in improving the quality of investment programmes designed and indeed in enhancing the quality of implementation/delivery mechanisms. Current efforts to finalize the CAADP pillar frameworks and even more so to define practical modalities for linking the country CAADP roundtable to the pillar framework required with increased and focused support.

*Resource mobilization – attracting private sector investments and links to investments in infrastructure development*

Additional to focusing on financing support from development partners, there is a need for more practical strategies and engagements to attract investment financing into agriculture. While a lot has to do with viability of the agriculture sectors, including country/regional monetary and fiscal policies, trade regulations, etc… there is also a lot that would help in attracting the desired huge private sector investment support through addressing policies and investments in industrialization, and local infrastructure such as roads and telecommunications.

There is a need for higher investment in rural infrastructure and agricultural services. The cost of transportation remains prohibitive in most of Africa – the network of rural roads are inadequate, which means that access to markets for agricultural products remains difficult for most farmers. Addressing these issues in tandem with market access constraints would go a long way into enabling African countries to realise larger benefits from existing preferences.

*Regionalism*

Support to countries to critically review and assess regional value in their development and commercial programmes will be of value in encouraging and enabling more viable and country driven regional programmes. This is one aspect that could again be pursued through the expert specialized backstopping support that could be mobilized around the CAADP pillar frameworks and networks of African pillar institutions. It is expected that CAADP Pillar 2 framework will stimulate and facilitate the scaling up of regional driven collaboration and partnerships, including involving the private sector.

*Dealing with agriculture and environment synergies*

Africa is learning that agriculture productivity is and bound is to be increasingly just as much about the (quality of) environment. Farming itself is a culprit among the causes of land and water degradation and biodiversity loss. Natural resource elements (overuse, misuse and related consequences) are the ones often “put-aside-for-later” as the consequences of “putting aside”, i.e. degradation in the natural resources are not immediate or not clearly/directly linked to land degradation.

Agricultural production will be severely compromised by climate change – the amount of arable land, the duration of growing seasons and yield per hectare are expected to decrease, adversely affecting food security and exacerbating malnutrition. Urgent action is therefore needed to reduce future emission levels and to help Africa to adapt to climate change. This response needs to take into account not only Africa’s vulnerability but also its legitimate development needs and the significant additional financial burden adaptation will create – estimated as high as 5-10% of the continent’s GDP.

*Alignment and harmonization in development partner support*

With growing interest to support agriculture development by the development partners including multilateral institutions and the Private Foundations, need to harmonize in these efforts can not be over emphasized. It is important that financing options and mechanisms are designed and implemented in a manner that exploit optimal synergies and complementarities. Critical in this alignment and harmonization will be ensuring that these funds are developed and implemented within the principle and framework as provided by CAADP.

### *Responding to features unique to African agriculture*

It is important to recognize that African agriculture is largely millions of households farming in millions of small segregated plots and linked to a largely rural and peri-urban population whose livelihood has been mainly through direct exploitation of natural resources (farming usually the main one). The majority would be farming by default and essentially with no more than subsistence motives. Africa has tried at great cost in money, time and human resources to "convert" such "farmers" into "commercial farmers". It will be useful here to, objectively and within a specified context, identify and distinguish between interventions that are more about providing social safety nets for marginal groups and intervention that will impact on stimulating and supporting/facilitating commercialization and entrepreneurship development. Within the concept of PRODUCTIVITY, we have the conviction that Africa's enhanced agriculture performance will not come from the millions of small "farmers" producing, BUT from progressively fewer (small and big) farmers producing in manner - more effective, more efficient and with optimal returns on investment.

This underpins the element of the private sector. The continent has demonstrated that private sector is not a phenomenon that will come from "outside" into agriculture to rescue/provide for agriculture. "Agriculture production" already understood as largely a private sector phenomenon needs enhanced intervention that stimulate and facilitate development and consolidation of private sector components from within the agricultural systems – e.g. financing, markets and marketing, commercial and technical service provision, manufacturing and processing etc… One key feature in the evolution of the private sector in any enterprise is RISKS/OPPORTUNITY COST FACTOR – especially in developing new avenues. Therefore, interventions would be useful in supporting initiatives that identify potentially rewarding avenues, but too risky (initially) for up-coming or existing private sector engagement. This may also be areas were PUBLIC SECTOR INVESTMENTS or policy aligning and streamlining to mitigate or minimise the risks or to provide specific incentives would draw great impact both in the short and long term (not forgetting that resulting benefits will usually include public domain components or the consequence of not acting is normally a public cost).

# B- FOCUS AREA II: INFRASTRUCTURE

## *….Introduction*

In the absence of accessible, affordable, and reliable infrastructure, poor people pay heavily in time, money and health. Recent estimates put annual investment needs for infrastructure (including rehabilitation and maintenance) at 5.5% of growth domestic product (GDP) in developing countries and 9% in the least developed countries (World Bank, 2005). Current spending falls far short, averaging 3.5% of GDP in developing countries. In Africa annual infrastructure needs are over USD 17-22 billion, while the annual spending (domestic and foreign, public and private) is about USD 10 billion. The region's infrastructure financing gap is thus USD 7-12 billion per year, or 4.7% of GDP (OECD)

If Africa had the same basic infrastructure as developed countries, it would be in a more favorable position to focus on production and on improving productivity for international competition. The structural gap in infrastructure constitutes a very serious handicap to economic growth and poverty reduction. Improved infrastructure, including the cost and reliability of services, would benefit both Africa and the international community, which would be able to obtain African goods and services more cheaply. Infrastructure includes energy generation stations, roads, highways, airports, seaports, railways, waterways, telecommunications facilities, water and sanitation. (NEPAD October 2001).

Infrastructure is essential for economic growth and economic growth is a condition for poverty reduction, although not a sufficient condition. Developed infrastructure promotes increases in economic activity, provides support to industries, ensures access to markets and increases the mobility and economic activity of the population. Developed infrastructure is crucial for creating an attractive investment climate. Infrastructure makes it possible to overcome the "natural" causes of poverty such as remoteness from material and information resources and provides access to social services. (Zaure Chulanova, ADB Discussion Paper No. 62). Infrastructure and services are therefore essential for the achievement of the MDGs.

At a regional and continental levels the AU/NEPAD has focused on working very closely with the RECs, AU Member States, the African Development Bank and other key development partners.

## *....Trends in Infrastructure investment in Africa*

At present, much of the infrastructure in Africa is inefficient, acting as a major constraint in both urban and rural areas. Improved infrastructure not only expands opportunities for growth, but ensures that the entire population has equitable and more diffused access to that growth.

However, it is simply not sufficient to provide infrastructure if it is inefficient –key to any infrastructure development is the sustainability and efficiency of the sector. This would entail institutional reforms, new financing arrangements and partnerships with the private and non-governmental sector, as well as with Africa's development partners (Shengenn 2004: 10).

The AU/NEPAD Infrastructure Programme comprises the Short-Term-Action Plan (STAP) (2002-2007) and the Medium to Long Term Strategic Framework (MLTSF) that is still under development under the technical leadership of the AfDB. The STAP comprises facilitation, capacity building, studies and investment projects whose cost is estimated at \$8.2bn, half of which was expected from the private sector. Only about \$2.6bn has been secured so far and the private sector has not come on board for various reasons. Efforts are underway for Africa to design one Medium to Long Term Africa Infrastructure Programme through one study that will incorporate the MLTSF and Master Plans for various sectors of infrastructure that the AUC is working on.

Through the AU/NEPAD's efforts, inter alia, there is now international consensus that Africa needs developed infrastructure to fully realize its economic potential and reduce poverty. The international community has responded to this call through the establishment of the Infrastructure Consortium for Africa (ICA) in 2005 with a Secretariat based at the AfDB. The main purpose of the ICA was to scale up investment in infrastructure in Africa and coordinate the donor efforts in this respect. The Blair Commission of Africa (2005) estimated that Africa needed \$10bn a year for infrastructure and that this amount needed to be doubled by 2010 to meet Africa's infrastructure needs. The EU, in collaboration with Africa, has established the EU-Africa Infrastructure Partnership aimed at also scaling up investment in infrastructure in Africa.

Investment in both national and regional infrastructure in Africa was \$7.0bn and increased to \$7.5bn in 2006 according to the ICA 2006 Annual Report. Admittedly, the ICA had just been established in 2005 and could have been too early for it scale-up investment within such a short time. The ICA has also organized events to facilitate greater private sector investment in energy and transport infrastructure in 2006 and 2007 respectively. While this is an appreciated increase it is far short of Africa's needs and it is hoped that a higher increase in investment was made in 2007.

Just as an example of funding requirements in one sub-sector of transport infrastructure, Africa needs \$250bn for construction and rehabilitation of roads for the period 2006-2030. An additional \$29bn is required per annum for the period 2006-2010 and \$37bn per annum is required for the period 2011-2030 for maintenance alone in order for Africa to close the road transport infrastructural gap. With such investment requirements for only one sub-sector of the transport sector, it is clear that both African governments' current investment and official development assistance (ODA) are inadequate to close the gap and, therefore, there is a definite need to attract private sector investment if the outlay in infrastructure is to be met.

The bottom line is that while efforts have been commendable, much more still needs to be done by the development partners to scale investment by increasing ODA to least the levels indicated in the Blair Commission for Africa of \$10bn a year. Clearly the ODA will not be sufficient to meet Africa's infrastructure needs so it is essential that all parties, particularly the African side, redouble its efforts to attract increased private sector investment in infrastructure. Only the ICT infrastructure has seen tremendous growth in recent years, especially the mobile sub-sector, through private sector investment. The establishment of the Pan-African Infrastructure Investment Fund is a good start in this direction.

China has made and continues to make major infrastructure investments in many countries in Africa to the tune of billions of dollars in Angola, Nigeria, Sudan, and DRC. The exact amounts to be invested are still to be established.

## …. *Progress made in Infrastructure development in Africa*

In bridging the infrastructure gap the AU/NEPAD Infrastructure Programme aims to:

- Improve access to, and affordability of, infrastructure services for both firms and households;
- Enhance regional cooperation/integration and trade through expanded cross-border development of infrastructure;
- Increase financial investments in infrastructure by lowering risks facing private investors in the area of policy and regulatory frameworks; and
- Build adequate knowledge and skills in technology and engineering with a view to installing, operating and maintaining "hard" infrastructure networks in Africa. (NEPAD 2001).

### *Energy*

AU/NEPAD set out to develop the energy component of the Short Term Action Plan (STAP), working with partners and RECs and the African Development Bank took the lead in its development. A number of goals were set in key areas to ensure availability of adequate and affordable energy and energy resources for socio-economic development on the continent; facilitate the interconnection of the power systems in the five sub regions (East, West, North, South and Central regions) in the short-term and of the sub-regions in the medium to long-term; facilitate the implementation of the continent-wide energy initiatives to ensure effective utilization of available energy resources and to build oil and gas pipelines to transport  to countries of need.

A number of achievements were realized in this regard even though there is still more to be done if Africa is to meet its energy needs for increased economic growth target of 7%. Two new power pools i.e. Central African Power Pool and Seat African Power Pool were established and resources mobilized with European Commission and USAID to provide capacity to the existing ones also; SAPP received US$ 442 million from the World Bank for DRC-Zambia and Mozambique –Malawi interconnectors and a Feasibility study was completed for the US$ 700 million Zambia-Tanzania interconnector.

WAPP received US$ 200 million for the Ghana-Toga-Belin while Burkina Faso-Mali; Ivory Coast-Mali; Liberia-Siera Leone-Gunea are at Pre-investment stages for a  total investment of US$ 636 m; Us$20 million mobilized from ADB for the Grand Inga study and

World Bank mobilized US$ 3 Million for the Pre-feasibility study and a stakeholder Workshop held at NEPAD Secretariat in 2006; Inga I&II Rehabilitation funded for US$ 227 million by ADB and World Bank; WESTCOR raised US500,000 from the five power utilities and office established in Gaborone and NEPAD-IPPF has earmarked US1 million for its feasibility study.

In the oil and gas sector the Mozambique-South Africa Gas Pipeline, the West African Gas Pipeline were completed and discussions are under way between Nigeria and Algeria for the development of a joint gas pipeline. For the oil sector, the Northern Oil Pipeline connecting Kenya and Uganda is underway.

The Africa Energy Commission Convention was ratified early 2007 and the Secretariat set out to establish the structures of AFREC and NEPAD Secretariat is a member of the Board and Technical Advisory Committee. AFREC was launched during 15-17 February 2008 in Algiers and efforts are under way to mobilize resources for it to meet its mandate.

### *Water*

A number of goals were set in STAP in key areas such water supply and sanitation to meet the MDGs, support cooperative development and management of shared water resources and mobilization of financial resources for water infrastructure development.

A number of achievements were realized in this regard even though there is still more to be done if Africa is to meet its target of reducing by half the number of people without access to water and sanitation. AMCOW, working with partners, established the African Water Facility hosted by the African Development Bank; the African Development Bank launched the Rural Water Supply and Sanitation Initiative and hosted the Africa Water Week in Tunis, Tunisia. Two tranches of Euros 250 each were launched by the European Commission in which African stakeholders in the sector developed projects to access resources, and the World Bank and others continued to provide resources to the member states.

In the Trans-boundary water resources management area the NEPAD Secretariat focused on ten Lake/River basins to develop action plans and to implement programs. The following achievements are worth mentioning: i) ADB funded workshop and action plans developed for seven Basins, Lake/River Basin Organizations held their meeting to agree on their umbrella association, the European Commission made available Euro 20 million in support to the L/RBOs for development of action plans; Niger Basin is receiving US$ 186 million from the World Bank, EIB, ADF, CIDA, and AFD; Volta River Basin had an RBO established with support from the African Water Facility; and Senegal River Basin is receiving US$ 115 million support from the World Bank and EIB

### *Transport*

Progress has been made in securing resources for AU/NEPAD STAP road transport projects. Seven of these projects in Burundi, Rwanda, Niger, Burkina Faso, Botswana, Zambia, Senegal, Guinea, Kenya, Tanzania and ECCAS have achieved financing from the ADB, totalling $153m since 2006. A further seven road projects in Ghana, Togo, Mali, Burkina

Faso, Senegal, Guinea and Guinea Bissau financed by the ADB and other donors were under implementation since 2006. As of 31 July 2007 the Road Transport Facilitation in Cameroon, Chad, Central African Republic (CEMAC) had achieved funding totalling $365m from the ADB and the WB. Identification of the causes of delays and implementation of measures to remove these causes is being undertaken by the RECs, assisted by the various donors such as JICA, DFID, WB, ADB and the EU.

Progress in implementing the Yamoussoukro Decision (YD) aimed at integrating and liberalizing the African air transport market with the view of improving the quality and reducing the cost of air transport services varies from region to region. SADC, EAC and COMESA, are considering the application of the principle of variable geometry as a way forward for accelerating the YD implementation. At the SADC Conference of Ministers responsible for Transport held in Gaborone in October 2007 the Ministers approved a road map for the implementation of the YD by 1st January 2009. For improving aviation safety, RECs are implementing the Cooperative Development of Operational Safety and Continuing Airworthiness Programmes (COSCAP). At least $126m is required for implementing these programmes and only $6.5m has been secured so far from the ADB.

The Spatial Development Programme (SDP), an approach to sustainable economic and infrastructure development, based on Africa's natural comparative advantage in resource-based mineral, agricultural, forestry, tourism, fishing and energy industries, is one of the key programmes in the African Action Plan (AAP). The AAP was developed by the AU, NEPAD, RECs, ADB, UNECA and other key stakeholders in 2006. The SDP enables Africa to take advantage of its vast natural resources by configuring, prioritizing and promoting large-scale economic sectoral and inter-related infrastructure investment for integrated and sustainable economic development with spatial focus.

NEPAD Secretariat has sensitized all RECs on the SDP and the latter are now working with the former for the development and implementation of the SDP in each REC. COMESA and the Northern Corridor Transit Transport Coordinating Authority (NCTTCA) have already agreed with the NEPAD Secretariat on the way forward in developing and implementing the SDP in their areas of responsibility. Discussions with the rest of the RECs on the SDP will be undertaken in the first quarter or 2008. The AU Commission, ADB, UNECA and other key stakeholders will be involved in the SDP process just as they have been involved in the SDP sensitization process with the RECs.

## *….Shortcomings/Challenges in Infrastructure development*

Several challenges are encountered in the efforts to accelerate implementation of the AU/NEPAD Infrastructure Programme and these are discussed below.

### *Upstream Project Preparation*

It is essential to have political consensus and political commitment to regional infrastructure projects if these projects are to take-off. A number of projects in the Infrastructure STAP are project ideas that still need to be fleshed-out in concurrence with all stakeholders interested in the projects into bankable projects. A physical project that takes 2 to 3 years to construct is currently taking over five years on average to build the consensus and prepare it before the construction starts. This project gestation period needs to be shortened.

### *Ownership of Regional Projects by Countries*

There seems to be the misperception by some member states that once the project is sponsored as a regional project it is now the sole responsibility of the RECs or NEPAD, if the project is included in the latter's list of projects. Consequently the countries do not include these projects in their national development plans and make no provision in their national budgets for the expenses of moving these projects forward. This perception needs to continue to be addressed so that the countries own and make provision in their national budgets for these regional projects.

### *Insufficient Funds for Project Preparation*

While there are a number of project preparation facilities available for infrastructure projects, these tend to focus on downstream project preparation, that is, feasibility and project design stages. Limited funds are available for building effective consensus for regional projects and pre-feasibility stages. Moreover, the funds available in all the project preparation facilities are no way near the required funding for project preparation. At a minimum Africa needs $10bn a year investment in infrastructure and the cost of preparing these projects to a bankable stage cost 5 to 10 % of this amount i.e. $500m to $1bn per year would be required for project preparation. Currently all project preparation facilities have hardly $100m in total, coupled with the bias for downstream stages of project preparation.

### *Inadequate Capacity to Develop and Implement Projects*

There is inadequate capacity to develop and implement projects at national, regional and continental levels. The AU, NEPAD Secretariat, national governments and project implementing agencies need additional capacity in this respect. A lot of resources are needed for capacity building targeted to ensure the projects are developed and implemented within some agreed time framework.

### *Inadequate Scaling up of Funds for Investment in Infrastructure*

The current financial flows as ODA and private sector investment are no where near meeting Africa's infrastructure investment needs. There is a need to significantly scale up ODA and private sector investment through a conducive environment. Priority needs to be given to funding project preparation as without bankable or well prepared projects it is difficult to increase investment in the physical projects from both ODA and private sector.

### *Development Partners not geared for Supporting Regional Projects*

Until recently IFIs had very little resources for funding regional projects as their focus was on national projects. Regional projects are currently still largely funded as national projects as the Development Partners and DFIs do not have appropriate instruments for funding regional projects. Thus, for a project involving two countries, the DFI has to enter into two separate loan or grant agreements with the two countries for the one project.

### *……Policy responses to Develop Infrastructure for Economic Growth and Poverty Reduction*

The policy responses should be aligned with the shortcomings or challenges identified above and these are:

- More resources should be made available to the NEPAD Secretariat and the NEPAD Structures to build political consensus and political commitment for regional infrastructure projects. The commitment should be in the form of MoUs by the heads of governments of the countries involved in the projects. Special Purpose Vehicles should be established for each of the major regional projects/programmes to champion and sponsor the project with the support of a Project Management Unit made of senior policy and regulatory officials from the countries involved. The PMU would help resolve any policy and regulatory challenges to the project.
- Member States should include regional infrastructure projects in their national development plans and NEPAD should continue with the NEPAD National Workshops to be aimed at encouraging countries to do this.
- There is a need for scaling up resources significantly for project preparation, capacity building and project investment. In this respect, measures to increase private sector participation such as the Spatial Development Programme should be vigorously pursued by both the African governments and partners.
- DFIs, IFI and other Development Partners should develop more appropriate instruments for regional projects.
- Lastly, the AUC should operationalize the coordination Mechanism for Infrastructure Development in Africa so that Africa can speak to one infrastructure programme for Africa with one voice. This mechanism was agreed to by all key stakeholders in 2006 and to date it is not fully operational.

# C- Focus Area III: Gender:

Gender equality and women's empowerment are emerging as two of the most important and effective factors that can spur economic growth and reduce poverty in the developing countries and especially in Africa. Efforts for empowering women and acknowledging their human rights have dramatically increased since the global consensus made by the world leaders in Beijing in 1995. The Beijing action plan has become one of the cornerstones for international cooperation on Gender issues. Since then, the global community and women's organizations and activists have been involved in debates, initiatives, projects, and programmes to ensure that women's empowerment and gender equality are not mere pledges and protocols on paper.

Despite these efforts by the international community and increasing awareness about gender equality and women's empowerment, studies and reports point out that many women worldwide, especially in Africa, still suffer from marginalization, gender inequality and different kinds and levels of discriminatory practices, gender-based violence and low standards of living, poor health, high rates of HIV/AIDS, high rates of illiteracy, limited or no access to resources such as land, property, jobs, markets, banking services, income, infrastructure, and low political representation in policy and decision making processes.

The gender gap is a reflection of the holistic socio-economic, political and cultural structures of the institutions that guide and govern societies. Therefore, this gap is a global problem in all societies, developed as well as developing, with varying levels, degrees and severity. In Africa, the process of achieving gender equality and women empowerment is a complex and multi-dimensional one, taking into consideration the indigenous characteristics of varying socio-economic and cultural norms, traditions and beliefs that influence the political and economic systems.

On the other hand, the international dimension is a challenging one to many African countries and governments in their search to finding effective methods and strategies for change and transformation. This is in order to meet the requirements of globalization, donor demands, and free market policies. Partnerships between the developing countries and donors communities therefore become necessary. AU/NEPAD is a good example of such partnerships.

### The Link between Women's Empowerment, Economic Growth and Poverty in Africa

While women's empowerment is a right and a goal in itself, reaching it can contribute a great deal to the achievement of other development goals.[xxvii] Development studies have pointed out to the link between women's empowerment and gender equality indicators on the one hand, and boosting economic growth and reducing poverty on the other. However, in Africa this link is a problematic and complicated one. Women's empowerment as a concept and a reality is far from clear in many African countries. "The limited education and employment opportunities for women in Africa reduce annual per capita by 0.8% per capita growth. Gender equality appears to account for about 15 – 20%

of the difference in growth performance between Africa and East Asia, and this gives credence to the argument that one important element in accounting for the region's poor economic growth" (Kalsen, 1990).

Also, the average value of African women's empowerment indicators is 18% as an overall percentage of employed women; while 70% of African women are self-employed, mainly in the rural agricultural areas. In addition, more than 45% of African women's small and medium businesses are home-based, with less than ten employees and limited growth potentials and benefits.

African women's economic empowerment is faced with many difficulties, such as: unfavourable land and property ownership rights, unfavourable economic, finance and investment policies and regulations, limited market access and time burden.

These difficulties have been discussed in the UN Special Advisor on Gender Issues and Advancement of Women's report entitled "Gender Mainstreaming: An Overview" (2002). It refers to the links between gender inequality and labour markets: "eliminating gender discrimination in relation to occupation and pay could both increase women income and contribute to the national income". It also highlights the constraints of the time-burden and refers to women as a much over-utilized resource. A study in Tanzania showed that reducing the time-burden in a community of banana and coffee-growing smallholders increases cash income by 10% and labour productivity by 15%, and capital productivity by 4%.

In order to find effective solutions for these difficulties, African countries need to adopt a strategy of gender-responsive budgeting, or engendering budgets. In Africa, government budgets are the main source of financing gender equality and women empowerment projects. Therefore, it is important that governments should make their fiscal policies, in terms of expenditure, more responsive to the requirements of women empowerment; thus leading to more economic growth and poverty reduction.

### Women's Empowerment: Challenges and Achievements:

Despite the fact that Africa is host to the majority of the world's poor, it is rich in terms of human and natural resources, which are waiting to be utilized for the betterment of the lives of its people and to lift the burden of poverty from all, particularly women. Statistics show that most of the African poor are, in fact, women. One of the reasons that make them poor is the state of inequality and discrimination they languish in. Examples of this state of affairs are many:

- Low literacy rates.
- High HIV/AIDS prevalence rates: 75% of youth between the ages of 15 – 24 who are HIV positive are women.
- Land ownership: African women own less that 1% of the African landmass.
- Women suffer from gender-based violence and harmful practices.
- High rates of maternal mortality.
- Difficulties in war and conflict zones.

In this respect, African governments have succeeded in making noticeable progress in women empowerment in certain areas, such as increasing awareness about the relevance of women empowerment to development and bridging the gender gap in school enrolment in many African countries. At the same time, the political will for women empowerment is now stronger than ever in the continent. For example, 51 African countries have ratified the Convention on the Elimination of all forms of Discrimination Against Women (CEDAW) and 17 have signed the Optional Protocol. Many countries have aligned their national legislation to the provisions of CEDAW. Moreover, between 1995-2005, 48 African countries prepared national plans of action for poverty reduction that included strategies for increasing gender equity. Some African countries also have strategies for supporting women's entrepreneurship through micro-credit schemes and capacity building in enterprise management.[xxviii] In addition, resource mobilization for women empowerment has increased over the years, with more actors, such as civil society organizations, coming on the scene as well as the strengthening of networks and partnerships that deal with gender and are operating in many African countries.

Although many countries have significantly increased the level of women's representation in parliament, gender equality and equity principles are not yet fully integrated into democratization processes, and women continue to be under-represented in most structures of power and decision-making. The number of women parliamentarians is still low on average. The continental average for Africa stands at 15.5 per cent with 10.6 per cent for NA and 17.1 per cent for other regions, which means that many countries still lag behind the 30 percent landmark committed to in Beijing. Only five African countries have reached the target of 30 per cent or more women's representation in parliament with a country like Rwanda reaching the record level of 48.8 per cent, even surpassing the Scandinavian average of 40 per cent women representatives in parliament (source: Inter-parliamentary Union)

African leaders have also reiterated their commitment and determination to bridging the gender gap and reaching the Millennium Development Goals (MDGs) by 2015. This is mentioned in the "Supplementary Protocol to the African Charter on Human and People's Rights" (2003). This Protocol was a breakthrough in promoting gender equality and eliminating all barriers and constraints to women empowerment. Another breakthrough was the "Africa Action Plan" (AAP), which was adopted by the G8 summit at Kananaskis in 2002. This plan created a framework for action in support of the AU/NEPAD and committed the G8 to supporting African efforts of gender equality and women empowerment. The primary challenge is effective implementation of this plan.

It can also be said that there are positive trends in economic growth and governance unfolding in Africa and this will certainly have indirect impacts on the empowerment of women. These can be seen in the following:

- Sustained average economic growth rates of more than 5% in eighteen African countries. This increases the chances of achieving the MDG goals by the set date of 2015.
- Structural institutional reforms took place in African countries
- Conflicts across the continent are also dwindling.

## Conclusion:

**Poverty reduction is a priority for all African countries**. Pro-poor growth requires attention on Productive sectors such as Agriculture, Infrastructure, ICT, and on developing an enabling environment for women empowerment, as Pro-poor growth must be focused on sectors where the poor depend on for their livelihood and use the factors of production they possess.

It is, therefore, imperative, as we move forward in our efforts to achieve the MDGs, that support should be prioritized to the set of sectors needed for rapid and sustained poverty reduction in Africa, such as *agriculture and rural development; Infrastructure, ICT and creating an enabling environment for women entrepreneurs. It is also critical to develop human and physical assets of poor people and help make markets work better for the poor.*

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[i] *NEPAD Base Document, Paragraph 69*

[ii] NEPAD Base Document, Paragraph 144.

[iii] Data from UN-Department for Economic and Social Affairs, October 2007

[v] UNECA . 2006. "Survey of Economic and Social Conditions in Africa" , 2006

[vi] UNECA . 2004. " Economic Report on Africa: Unlocking Africa's Trade Potential" . ECA Publication Cluster, Publication Team: Addis Ababa. Pp 4

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[viii] UNECA . 2004. " Economic Report on Africa: Unlocking Africa's Trade Potential" . ECA Publication Cluster, Publication Team: Addis Ababa. Pp 33

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[xv] Patillo, C.; Gupta, S.; & Carey, K. 2005. "Sustaining and Accelerating Pro-Poor Growth in Africa" IMF: Washington, D.C. Pp18

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[xvii] Dorward, A.; Shengenn, F.; Kydd, J. et al. September 2004. "Rethinking Agricultural Policies for Pro-Poor Growth" Natural Resources Perspective (ODI). Pp 1

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xx Ghulam Moheyuddin, Introduction to Gender, Economic Development and Poverty Reduction, Novemeber 2005.
xxi World Bank. 2003. "World Bank development Report 2003: Sustainable Development in a Dynamic World". http://web.worldbank.org/WBSITE/EXTERNAL/EXTDEC/EXTRESEARCH/EXTWDRS/0,,contentMDK:20313941~isCURL:Y~pagePK:478093~piPK:477627~theSitePK:477624,00.html#2003__Sustainable_Development_in_a_Dynamic_World

xxii Blackden, C. Mark and Chitra Bhanu. Gender , Growth and Poverty reduction: special program of assistance to Africa. Technical paper, no 428, World Bank, Poverty Reduction and Social Development, African Region, March 1999. Pp

xxiii Jato N., Miriam. 2004. " Gender-responsive Programming for Poverty Reduction". Technical Paper. (UNFPA): Ethiopia.

xxiv These countries are: Benin, Burkina Faso, Ghana, Kenya, Niger, Malawi, Mali, Rwanda, Senegal, Togo, Uganda, Zambia, and Nigeria

xxv The Pillar institutions are: The Forum for Agricultural Research in Africa (FARA) for Pillar 4; the African Center for Food Security (ACFS) of KwaZula Natal University for Pillar 3; the Conference of Ministers of Agriculture of West and Central Africa (CMAWCA) for Pillar 2; and University of Zambia and CILSS for Pillar 1

xxvi Sources: ReSAKSS-SA, 2006; People's Daily, July 2006; Nation Online, June 2006; Le Republicain, 2006; Ministry of Agriculture and Animal Resources, 2007; & Kenya Times, January 2007

xxvii World Bank. 2003. "World Bank development Report 2003: Sustainable Development in a Dynamic World". http://web.worldbank.org/WBSITE/EXTERNAL/EXTDEC/EXTRESEARCH/EXTWDRS/0,,contentMDK:20313941~isCURL:Y~pagePK:478093~piPK:477627~theSitePK:477624,00.html#2003__Sustainable_Development_in_a_Dynamic_World

xxviii UNECA . 2006. "Survey of Economic and Social Conditions in Africa",