

POVERTY AND SUSTAINABLE DEVELOPMENT IN AFRICA.

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Africa - *“Paradox of Poverty in the midst of Plenty”*.

Africa being the least developed, and in terms of natural resources, most endowed region, has about 240 million people living on less than US\$1 per day, without access to safe water and literacy. The continent has a painful history of slavery, colonialism, apartheid and ethnic conflict and yet it could be one of the fastest developing regions had its nations overcome the constraints that hinder their development. One of the major challenge that confronts the continent is how its nations can best design and establish capable and vibrant state institutions needed not only to achieve economic development, eradicate poverty, hunger, disease and ignorance, but also to consolidate political stability and harmony through participatory political process guaranteeing citizens the rule of law regardless of sex, colour, religion and ethnic origin.

Independence

Immediately after independence, the African Countries were sure of one thing - that they were rich or potentially rich because, with sovereignty regained, they themselves could at last capitalise on the raw materials which, they believed, the industrialised world had solely or at least mainly to thank for its development. There was no doubt that basic resources were needed - although neither Switzerland nor Japan had the advantage of such things in building up their undeniably successful economies. Africa's feeling of being rich was also first sustained and then heightened by the misguided idea that aid and cooperation meant that it could skip some of the stages of development and jump straight from the era of scribe into the era of the computer.

Among the non-industrialised countries, the African states show the most marked characteristics of underdevelopment. Whereas it was believed for a long time that states' economies suffered primarily from a lack of technology and financial resources, it should be acknowledged today that this approach has been mistaken. Oil, other precious or strategic mineral and agricultural resources, the single party system (*which was supposed to provide political stability and hence be a factor in attracting investment*), systematic recourse to various ideologies, whether external or local - none of these succeeded over a period of close to four decades in endowing the countries of Africa with structures capable of engendering sustainable and lasting development. Among other things, the problems of the agriculture sector, the serious deterioration of health services and the acute crisis affecting public finances are evidence of the extent to which

previously implemented economic policies have failed.

What is Poverty?

Poverty has various manifestations, including lack of income and productive resources sufficient to ensure sustainable livelihoods; hunger and malnutrition; ill health; limited or lack of access to education and other basic services; increased morbidity and mortality from illness; homelessness and inadequate housing; unsafe environments; and social discrimination and exclusion. It is also characterised by lack of participation in decision-making and in civil, social and cultural life.

Poverty is inseparably linked to lack of control over resources, including land, skills, knowledge, capital and social connections. Without those resources, people are easily neglected by policy-makers and have limited access to institutions, markets, employment and public services. *The eradication of poverty cannot, therefore, be accomplished through anti-poverty programmes alone*, but will require democratic participation and changes in economic structures in order to ensure access for all to resources, opportunities and public services, to undertake policies geared to more equitable distribution of wealth and income, to provide social protection for those who cannot support themselves, and to assist people confronted by unforeseen catastrophe, whether individual or collective, natural, social or technical.

Causes of Africa's Social and Economic Crisis

The very structure of the African economy is the primary underlying cause of its persistent crisis. It is a structure that obliges Africa to keep producing commodities it does not need because its people consume very little of such commodities while it depends on other people for the production of its own need. It is a structure of dependency rather than self-reliance. It is a structure that is more import-export oriented rather than production oriented.

The social structures also fundamentally contribute to Africa's persistent crisis. First, Africa has very distinct and deeply rooted types of social differentiations. These relate to linguistic affinities, gender, ancestral origins or blood relations such as those that result in ethnic groups or nationalities or clans. This has many implications on social mobilisation for development; on efficient and objective economic management; on the proper functioning of national institutions; and, on political stability in general.

The political environment is also a major cause of the African problems. Basic rights, individual freedom and democratic participation are often lacking in African Countries. Yet, without them people feel alienated and are unable to devote their energies to development and productivity. Indeed, in a place where injustices are the norm rather than the exceptions, it is almost impossible to expect a momentum of progress. What you often find is disillusion, lethargy, repression, civil strife and an environment where fear and person's inhumanity against person prevail. Given such circumstances, people do not work hard to produce optimally and, naturally if people do not work hard, the pace of development, if any, is at snail's speed.

The combination of the social and political weakness has also led to acute crises of skills and management in Africa. This has led to a breakdown of institutions, closure of industries and a failure of others to maintain profitability. Lack of accountability has been a major problem for Africa. Sometimes they have acted under duress to implement certain decisions independent of sound management principles. Policy continuity is more often than not abandoned as even the appointment of managers and executives has not always been motivated by efficiency and merit but more often by political considerations. Self-enrichment at the cost of development has become a cancer that is eating away at the resources that otherwise would have been invested in development. African experience, therefore, demonstrate only too abundantly, that authoritarian rule is no guarantee for economic growth. On the contrary, most of Africa's dictatorial regimes have been singularly incapable of delivering growth, either because of disastrous management or because of the relentless pursuit of personal gain at the expense of society, or both. The curtailing of democracy in the pursuit of illusory growth is a choice that must be rejected outright.

Prospects for Instituting Democratic Rule in Africa?

What are the prospects for instituting democratic rule in Africa? An obvious answer is that the situation varies from country to country. Looked at generally, there have been certain encouraging developments. The doctrine of one-party rule, which held such a sway in most African countries for such a long time, no longer enjoys the status of an axiom. In many countries the era of one-party government seems to be over, and citizens' involvement has been on the rise. However, more remains to be done. There is, after all, quite a gap between the form

and the substance of democracy. There is more to democracy than multiple parties and elections. Democracy is about building institutions and strengthening civil society, task which cannot be accomplished overnight. It also involves the active participation of citizens in all decisions that affect their lives. Short of this, it is impossible to guarantee that even those who come to power on the backs of popular movements will not entrench themselves as anti-people ruling cliques. There is room for guarded optimism, but not much more.

Africa has a way out of this as it moves into the fourth decade of its independence. Africa's leadership, during its struggle for independence, put its faith in the people against all external odds. It sustained this faith for a few years after independence, and rewarded the people with education and health services that were denied to them by the previous regimes as well as opening up the possibility of improving their material well being. Admittedly, it adopted an attitude to the people that was still top-down rather than bottom-up, but it created the necessary political and economic space for the people to consolidate the gains of independence. However, as soon as there was a mild balance of payments crisis in the early years, there was a shift towards uncontrolled liberalism, further enhanced by tensions and hesitations in policy implementation. This was accentuated by increased dependency on donor support.

Most institutions still have strong colonial structures that are not capable of responding to new socio-economic and cultural demands. The majority of these institutions are staffed with persons with inappropriate skills, which results in misallocation and inefficient use of resources. Central government institutions still emphasise control and are sectorally structured. This has led to confusion, duplication and ultimately, inefficiency. Decentralisation of government institutions has been primarily political; provincial, district, ward and village level structures have no powers in terms of the planning and allocation of resources in many African Countries.

Clearly, the way forward is far more effective decentralisation that provides for greater participation by beneficiaries and encourages consensus building.

Decentralisation alone will not lead to effective economic management and eradication of poverty unless the local level institutions themselves are strengthened. Appropriate training and extension packages, backed by research, will have to be developed. Information dissemination

must be coupled with training and extension in rural areas.

At the national level it is becoming accepted that local problems are best solved at the local level and that if “*local*” institutions are strengthened then information can flow as well as downwards. This principle applies to coordination between national and international institutions as well.

Lastly, an area of serious institutional deficiency is that relating to policy formulation and reform. The institutional mechanisms for bringing about policy reform and implementation are weak. The institutions have tended to rely on control and regulatory tools to “*manage*” the economy, neglecting the need to introduce incentives and/or disincentives to influence sound economic management. Any transformation of the existing institutional bottlenecks will require political will and administrative commitment backed by significant levels of investment.

African Governments must adopt development strategies, approaches and programmes, the content and parameters of which are in line and which incorporate, rather than alienate, African values and economic, social, cultural, political and environmental realities.

African Governments are strongly urged to promote the formulation and implementation of national development programmes within the framework of the aforesaid aspirations, interests and realities, which develop as a result of a popular participatory process, and which aim at the transformation of the African economies to achieve self-reliant and self-sustaining people-centred development based on popular participation and democratic consensus.

In implementing these endogenous and people centred development strategies, an enabling environment must be created to facilitate broad-based participation, on a decentralised - basis, in the development process. Such an enabling environment is an essential pre-requisite for the stimulation of initiatives and creativity and for enhancing output and productivity by actions such as:

- extending more economic power to the people through the equitable distribution of income, support for their productive capacity through enhanced access to productive inputs, such as land, credit, technology, etc, and in such a manner as to reflect the central role played by women in the economy;

- greater participation and consensus - building in the formulation and implementation of economic and social policies at all levels, including the identification and elimination of laws and bureaucratic procedures that pose obstacles to people's participation;
- increasing employment opportunities for the rural and urban poor, expanding opportunities for them to contribute to the generation of output and enhanced productivity levels and creating better marketing conditions for the benefit of the producers; and
- intensify the efforts to achieve sub-regional and regional economic co-operation and integration and increased intra-African trade.

PART II

POVERTY : WAYS AND MEANS OUT OF THE PRESENT STATEMATE

AFRICA'S STRUGGLE FOR THE ERADICATION OF POVERTY

An important manifestation of the African crisis is the inability of the African state to bring about the necessary transformation and economic diversification allowing it to move away the inherited colonial structures. These had fundamental international as well as domestic dimensions. In the international area, the colonial economic system cast African countries (*and the Third World generally*) in the role of specialised producers of primary products, such as cocoa, cotton, sisal, coffee, tea and copper for the industrialised countries. African countries became entirely dependent for their foreign exchange, and hence in large part for the prosperity of their economies, on the vagaries of price fluctuations, not to mention the speculative activities connected with this form of International trade and exchange. They still lack the finance, technology, information capacity, organisational strength and cohesion to influence the market to their advantage.

African internal economies on their part the consequences of monoculture and excessive dependence on commodity exports. As result, they are primarily geared to serving the raw material needs of industrialised market economies, leading to the neglect of the production of food crops in favour of cash crops. They are also characterised by a concentration of social amenities in urban areas and resulting rural-urban migration. The formal banking systems serve large-import enterprises with little relevance to the needs of the majority of the African Population who live in rural areas and engage in small-scale production: Transport systems and infrastructures, as in colonial days, still run from the source of the primary product to harbours. This type of economic structure is unable to supply the basic needs of African peoples for food, shelter, and jobs, or to bring about equity and national cohesion.

In order for African countries to deal with poverty squarely, they need to develop their own policy agenda more effectively than has been the case in the past. In spite of efforts by the OAU and ECA to co-ordinate positions on African global development issues, these efforts have been of limited value because African governments have largely failed to act on the decisions reached at different levels of Pan-African meetings, including the Summit Conferences. This is partly because they have not always recognised the constraints on achieving policy goals and partly

because many governments are themselves part of the problem. At present, Africa's best scientists and intellectuals end up in international organisations or go into exile. In order to eradicate poverty, African governments must do everything possible, including paying high salaries, to entice their scientists to remain at home and engage in work useful to their Countries' development.

Despite its human and natural potential, Africa has not, in recent decades, succeeded in feeding its people adequately. The number of chronically undernourished people is estimated to have increased dramatically, from 101 million in 1969 - 71 to 168 million in 1988 - 90, a figure which represents one third of the total African population. There are continuing food supply difficulties in various parts of the continent.⁸

Africa's agricultural sector, in many countries the largest single contributor to gross domestic product and the main provider of export earnings, has faced major difficulties. **Per capita** food production declined by 2% a year in the early 1980s. Although food and agricultural production in the later part of the decade succeeded in matching population growth, these gains have been wiped out by droughts and civil conflicts.

Africa has become more and more dependent on food imports. The volume of such imports per capita in sub-Saharan Africa rose by half between 1970 and 1990. Only a few countries succeeded in diversifying their export production. An unstable economic environment and lack of sufficient infrastructure are impediments to more investment. In consequence, Africa's debt burden has increased as the continent has become increasingly dependent on external support.

The main goals of a long-term strategy to improve the living conditions of millions of African people involve food security, employment and income generation, natural resource conservation and environmental protection.

In the sight to combat hunger and malnutrition, the introduction of improved technologies - the so-called "**green revolution**" - could offer a promising solution for Africa's problems. However, what has been successful in Asia cannot automatically be applied in Africa. Compared to Asia, Africa has poor soils, limited opportunities for immigration and weaker infrastructure for

agricultural credit, import supply and markets.

In the past, African farmers developed agricultural systems that generally functioned well under conditions of low population density, relying mostly on long, fallow periods for soil recovery after short periods of land use.

As the population increased, these systems came under severe pressure that finally led to the deterioration of the environment and of natural resources.

Despite all these constraints, the prospects for improved agricultural productivity in Africa are good. Technological achievements and changes can reverse the tendency towards declining yields, soil degradation, food shortages and malnutrition.

To tackle this formidable task, multi-faceted approach is required. It is necessary to increase output of food crops to meet the needs of a rapidly growing population, stimulate growth on a sustainable basis, provided economic incentives to farmers (*in many African Countries, agriculture has accounted for less than 10% of planned development expenditure*), reverse the degradation of natural resources, create job opportunities within and outside the agricultural sector, develop rural infrastructure and offer fairer terms of exchange in agricultural trade.⁹

When over 120 world leaders signed a new General Agreement on Tariffs and Trade (GATT) in April 1994, it was hailed as the biggest breakthrough in global trade.¹⁰

According to the World Trade Organisation WTO - the body which implements the new agreement - GATT is expected to increase the global income by US\$510 billion annually by the end of the implementation period.

But while the developing world may be patting itself on the back at the new trade order ushered in, Africa has yet to understand what it will benefit from GATT/WTO?

In a global context, Africa plays almost an insignificant role in world trade, outside of providing primarily raw commodities. Therefore to lump it with the rest of the developing world is

misleading since its trade contribution is not as significant as its size. Africa's share of world trade has fallen from 5% in 1980 to just 2.6% in 1992.

The biggest gains were the agreements by industrialised countries to reduce agricultural subsidies and open up their markets to textile imports from developing countries. These are governed by strict quotas under the Multi Fibre Arrangement (MFA), and the Trade Related Intellectual Property Rights (TRIPS) agreement, which require signatories to extend patents or other intellectual property rights to all inventions, including plant and animal varieties.

Africa stands to lose - at least initially - from these important trade liberalisation measures unless it moves rapidly from a primary to a secondary producer, achieves self-sufficiency in agriculture (*or becomes a net food exporter*) and develops its services sector sufficiently to cope with foreign competition. Agriculture for example is the backbone of many African countries' economies.

Although the reduction of agricultural subsidies did not go far enough, it is expected to result in higher prices for agricultural commodities and reduced incidence of food dumping - which has been blamed for depressed agricultural commodity prices - by the European Union and the United States.

In theory, Africa, the majority of whose population depends on agriculture, should benefit from higher agricultural prices. But the reality is different. Although countries which are efficient agricultural producers will benefit from a more liberalised, more market-oriented environment, this is not likely to be the case for Africa, which is principally an importer of food.

CONCLUSION

African governments must collectively fight the continent's poor reputation in the eyes of international investors. Efforts by individual countries to improve their economies will fail without a regional strategy to stem massive capital flight and boost meagre investment inflows. It is not enough to improve the fortunes of one's country. It's the collective reputation of the region ultimately which makes the impact of what individual countries do. There is collective responsibility for combating the shared bad reputation of the region. Reducing risk collectively at

the regional level is the fundamental action which is required for better prospects.

Africa's average return on investment of 29% used to be one of the highest in the world, but it attracted a paltry four percent of private capital flows largely because of concern over contagion from wars and civil uncertainty.

The absence of a critical mass of good investment is also a problem. Studies show that nearly 40% of Africa's own private wealth-estimated at USD 360 billion-was held outside the region in 1990. This was equal that year to 90% of the continent's gross domestic product and roughly all of its debt.¹¹

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