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Linking PRSPs to MDGs - Some Macroeconomic Policy Options for Sub Saharan Africa

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1. Introduction

In the second half of the 20th century, the international community responded to pressing issues of poverty by means of packaged initiatives. These included post-war reconstruction, development, structural adjustment and growth with equity. Despite the failure of such initiatives, the norm has not changed. In fact the international community - the multilateral institutions and bilateral donors alike - have repackaged their programs to address poverty as their prime concern. In 1999, the World Bank and the International Monetary Fund (IMF) reformulated their Structural Adjustment Programmes (SAPs) as the Poverty Reduction Strategy Papers (PRSPs) and the Poverty Reduction and Growth Framework (PRGF) respectively. The PRSP/PRGF are now used by donors and multilateral agencies as guidelines for national development in all low-income borrowing countries, thereby determining their macroeconomic policy framework.

This paper analyses whether or not the macro economic policies embedded within the PRSPs are consistent with the achievement of Millennium Development Goals (MDGs). It calls for more participatory PRSPs, and more participatory macroeconomics policy making process by the main stakeholders in order for low-income countries to adopt more pro-poor macroeconomic policies. It argues that the key to successful pro-poor outcomes lie primarily in the contents of the macro (and micro) policies pursued, with the poor playing the dominant role.

2. PRSPs in Perspective

Launched seven years ago by the Development Committee, PRSPs have been underway for more than three years for many Highly Indebted Poor Countries (HIPC) and non-HIPC countries. The approach, building on the principles of the Comprehensive Development Framework (CDF), purports to focus on poverty reduction within the new HIPC framework, using it as the basis for concessional lending and debt relief. It is supposed to integrate poverty reducing policies into a coherent, growth-oriented macroeconomic framework. The national governments are responsible for the preparation of PRSPs with the participation of domestic and external partners. External partners are encouraged to assist governments in preparing PRSPs, and to link their development efforts to them.

Generally, the contents of the PRSP include: a view of the situation, a description of the participative process, the objectives of an anti-poverty strategy, an evaluation of allowance costs of resources, and the monitoring system. There are five core principles underlying the development and implementation of poverty reduction strategies. The strategies should be:

- country-driven - involving broad-based participation by civil society and the private sector in all operational steps;

- results-oriented - focusing on outcomes that would benefit the poor, that have a clear link with the agreed international development goals;
- comprehensive in recognizing the multidimensional nature of poverty;
- partnership-oriented - involving coordinated participation of development partners including broad participation of elected institutions, stakeholders including civil society, key donors and regional development banks,
- based on a long-term perspective for poverty reduction

3. MDGs in Perspective

Over the last ten years, the UN, World Bank, IMF and other world leading organizations and institutions have introduced a general approach to establish an agreed universal framework of international development goals and targets to be reached in the near future (2010 & 2015) by the world as a whole. The UN Summit on Social Development in Copenhagen (1995) established goals relating to reduction of poverty by 50 percent from its level in 1990. In October 1998, the Second Tokyo International Conference on African Development (TICAD II) incorporated these goals in its Agenda for Action. In 2000, the Organization For Economic Co-operation and Development (OECD) and the UN's Copenhagen Plus Five Conference, endorsed and adopted these goals universally and they finally referred to them as the UN Millennium Development Goals (MDGs). (A. Ahmed, 2003:3)

At the United Nations (UN) Millennium Summit in September 2000, world leaders adopted the UN Millennium Declaration, committing their nations to stronger global efforts to reduce poverty, improve health, promote peace and human rights and environmental sustainability. The Goals that emerged are specific with measurable targets. Together with the Goals, came the commitments of both the rich and poor countries to achieve them through policy coherence, financial resources and global partnership. These commitments were further re-affirmed in the Monterrey Consensus that emerged from the March 2002 UN Financing for Development Conference, the September 2002 World Summit on Sustainable Development and the launch of the Doha Round on International Trade. (Millennium project, 2003:1)

The MDGs embody a broad-based view of economic and human development, one in which success includes not only a rise in per capita incomes but also a reduction in non-income dimension of poverty, including improved health, education, access to basic infrastructures providing potable water and adequate sanitation and equal opportunities for marginalized groups in society.

Upon undertaking to eradicate poverty, world leaders stated for the first time that it was possible to achieve the goals using the resources, knowledge and technologies now available to mankind.

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The declaration contains numerous commitments to enhance the future of humanity in the new century. The United Nations subsequently drafted a list of eight objectives, each with a set of targets and specific indicators. Broadly, the targets are:

1. To eradicate extreme poverty and hunger
2. To achieve universal primary education
3. To promote gender equality and empower women
4. To reduce child mortality
5. To improve maternal health
6. To combat HIV/AIDS, malaria and other diseases
7. To ensure environmental sustainability
8. To develop a global partnership for development

It must, however, be noted that from the foregoing paragraphs MDGs are not totally new but rather an update of many of the development goals originally set and not met. They have been refined and reformulated and are set to be achieved by the year 2015.

4. MDGs in Sub-Saharan Africa - The Status

Sub-Saharan Africa (SSA) is one of the primary focus for MDGs. SSA is the only major region where per capita income, food production, and industrialized production have declined over an extended period. It is the only developing region where development appears to be moving in reverse and where conventional development efforts by donors and governments have largely failed to halt the spiral of poverty and indeed in some cases have aggravated it. Nowhere has less growth and development taken place than in SSA. Africa's efforts to achieve sustainable development have been hindered by poor technology transfer and management, low productivity, conflicts, insufficient investment, limited market access opportunities and supply side constraints, unsustainable debt burdens, declining levels of Official Development Assistance (ODA) and the impact of HIV/AIDS (A. Ahmed, 2003: 3).

The region generally suffers from some of the worst forms of malnutrition, low agricultural productivity per hectare, limited access to clean water and sanitation services, low literacy rates, low school completion rates, gender inequality in primary and secondary enrolment and high infant mortality rates. (ADB 2002: 2-7)

Sub Saharan Africa has the largest proportion of people living in poverty, nearly with half of its population below the international poverty line of \$1 a day. Between 1990 and 1999, the number of poor in the region increased by one quarter. If the current trends continue, Africa will be the only region where the number of poor people in 2015 will be higher than in 1990. (UN, 2002:4). Poverty reduction was hindered by weak economic performance during the 90s. While average growth improved in most sub-Saharan countries in recent years, the annual average rate for the entire decade was a low 2.1 percent.

Economic performance was also highly uneven across countries: 20 countries with more than half the region's population are actually poorer now than in 1990, while per capita incomes grew at less than 1 percent a year in a further six countries. In only five countries growth was greater than 3 percent during the decade. Recently, the strongest performers have been concentrated among the oil producers as a result of strong terms-of-trade gains and sustained investments in the hydrocarbon sector. (UN, 2002:5)

Progress in reducing poverty is further complicated by sub-Saharan Africa's highly skewed income distribution.

Countries like Ethiopia, Zambia and Zimbabwe have very unequal income distribution. Not only does high inequality inhibit economic growth, but it may also neutralize and even cancel out whatever positive impacts growth could have on poverty reduction. Because the poverty reduction elasticity of growth diminishes as income distribution worsens, high inequality countries will normally need substantially higher growth rates to reduce poverty. Should such levels of inequality persist, the prospects for translating any gains from economic growth into shared prosperity and meaningful poverty reduction will be dim. (UN, 2002:6)

From the education front, Sub Saharan Africa saw some progress in educating its children during the 1990s, but this progress was not nearly enough to meet the goal set for 2015. In over a third of the countries, every other child is out of school. The net primary school enrolment ratio grew by 3 percentage points over the decades, from 60 percent in 1990 to 63 percent in 2000. The increase was faster for girls (from 56 percent to 60 percent) than for boys (from 63 percent to 65 percent) thereby closing the gender gap. Only seven countries are, however, on track to meet universal primary education by 2015. (UN, 2002:8)

While the average proportion of underweight children in the developing world declined during the 1990s, prevalence rates in Africa showed virtually no change. Uganda even saw a full 5 percentage point increase, to reach a prevalence rate of 37 per cent in 2000. In most cases, children who die from causes related to malnutrition are only mildly or moderately under-nourished. The plight of these children, therefore, is largely invisible. Because of population growth, the number of underweight children under 5 years of age actually increased throughout the region - by an estimated 8 million children in sub-Saharan Africa alone.

HIV/AIDS has become the leading cause of death in the African continent. It not only constitutes a serious constraint to growth and stability of most African economies and societies, but it has actually begun to destroy the hard-won development. Over three quarters of all AIDS deaths occurred in Sub Saharan Africa. More than 10 million children in the region have been orphaned by AIDS. While the global prevalence rate is estimated at 1 per cent, the average for sub-Saharan Africa is over 9 percent thus making the continent the highest incident of the disease.

The picture on Africa is grim and lots of effort is needed to reverse the trend. To make progress towards MDGs, governments need to assess their national, strategic policy goals and institutions as well as poverty reduction and economic growth programmes. The region therefore needs stronger policy implementation and strong public institutions to promote good governance, economic growth and poverty reduction. Externally, sub Saharan countries seek to develop credible and sound domestic policies that have strong domestic support.

MDGs have been presented as a basis for monitoring the national targets for meeting the internationally set targets by 2015. However, after 6 years of existence, the MDGs still lack a framework of implementation. The United Nations commissioned a study to develop frameworks of implementation in 2005 and the report presented to the General Assembly for adoption in 2005 but little has come out of it. Despite the lack of frameworks of implementation, many countries have sought to align their development programmes towards achieving the millennium goals.

The World Bank and the United Nations issued a memorandum outlining the "relationship" between the MDGs and national PRSPs, stating that the PRSPs "provide a key opportunity to mobilise national actors to achieve the MDGs in 2003".

There now exists key pointers for an MDG-based PRS. These include ambition, scope, rigor, time frame and financing. Their measurements have to show a strong correlation with the overall goals of the MDG targets.

5. Challenges in the PRSP-MDG Nexus

Linking the MDGs to the PRSPs has been criticized for a variety of reasons. Bullard et al. (2003:7) observes that this linkage signals a further consolidation of development thinking and risks strengthening the neo-liberal policies in the implementation. They observe that the macro-economic pre-conditions of the HIPC led PRSPs will ensure that national MDGs strategy will be pursued through a narrow set of economic policy choices. This, therefore, closes the door to other policy alternatives that could lead to more effective paths of achieving the MDGs. Further, the PRSPs are supposed to address direct intervention issues. However, they are in the mould of traditional debt relief packages that are tied to specific programmes. An initial scan of existing HIPC-led PRSPs also reveals that far from being a poverty reduction model, they have actually become instruments for promoting a repackaged growth and structural adjustment model. Most of the elements found in the structural adjustment programs (SAPs) of the 1980s and the 1990s are also found in the macro-economic programmes in which HIPC-led PRSPs is based.

Country experiences of Ethiopia, Mali, Senegal, Uganda, and Zambia show that mechanisms proposed under the PRSPs have proved to be inadequate to solve the debt problems. The various debt relief initiatives have failed to bring about a more comprehensive solution to the financial situation of these countries. Part of the explanation is that most debt relief programmes have been tied to specific economic programmes, and so limit their policy options. Thus countries availing of debt relief have only limited space to initiate and fund what could be potentially more appropriate internal policies.

This view is also shared by Bullard et al. (2003) who observe that "The PRSPs are a precondition for debt cancellation and rescheduling through the Highly Indebted Poor Countries initiative (HIPC), yet HIPC has proved to be a poor policy tool for dealing with debt, because the level of debt cancellation is far too low and the economic projections of growth and hence debt-GDP ratios are based on unrealistic growth rates and export earnings. The general view is that HIPC is not an effective way of ensuring sustainable debt reduction, yet HIPC is the *raison d'être* for the PRSPs and the PRSPs are now the main vehicle to implement the MDG target on debt."

In the context of achieving MDGs, scepticism still exists over the efficacy of PRSPs as a vehicle to achieving the MDGs within the current timeline. Although references are generally made to long-term objectives, Thin and Gilling (2002) note that the link between the PRSP and long-term development strategies is not as yet strong which puts the long term commitment of the programme to tackle poverty and hence achieve MDGs under scrutiny. There are three year poverty reduction programmes, but beyond that timeline the programme has no lifeline or a framework for sequencing and prioritising poverty reduction initiatives. Dealing with poverty reduction just like economic growth must have a long term strategy and not touch and go measures. The promotion of poverty reduction programmes and MDG-related programs have to be planned and linked with long term national development plans of countries involved. MDG-based poverty reduction strategies would therefore be more effective if they are anchored more firmly in long-term national development strategies than if they continue to be dominated by the short-term macroeconomic goals of stabilization together with structural reforms which are geared to improving the efficiency of resource allocation.

At the core of PRSP is the concern with public expenditure priorities that promote growth and poverty reduction over a three-year period.

As a share of total government spending, poverty-reducing spending increased by 3.9 percentage points between 1999 - 2003 period in Ethiopia, Mali, Senegal, Uganda and Zambia. Real per capita poverty-reducing spending also increased. (AFRODAD 2006). In most of the countries, however, expenditure data are only available on the basis of an economic classification (e.g., wages and subsidies) or a line item classification. Without data on a functional or program basis (e.g., primary health, basic education, or programs to combat HIV/AIDs), it is difficult to match spending allocations with government priorities in tackling poverty under PRSP. There have to be exact monitoring and reporting mechanisms even within the government's national budget to give an indication of impact assessment of how much poverty is reduced in an annual basis within the PRSP public expenditure framework.

Despite the improvement in public expenditure towards poverty alleviation programs within the PRSP, donor support towards PRSP has not been effectively aligned around the programme. While PRSPs do appear to provide an impetus for enhancing donor coordination, the implementation challenges remain significant. (JSA 2003 P. 37). Even though the government took a material lead in donor coordination in the PRSP process, donor programs and projects already in the pipeline came already costed, some recent PRSPs such as those in Mali, and Senegal, have continued to simply attach these to policy matrices. This suggests that priorities are being driven by the supply of specific donor financing and programmes rather than deriving from newly articulated national policy needs.

Achievement of MDGs relies on the implementation of poverty reduction programmes in the form of heavy investment in social services as well as economic infrastructure of a country with a view to facilitating and deepening the participation of the poorest of the poor in the economy. This is further strengthened by a vibrant economic growth that permits the creation and distribution of wealth across the strata of the population. For this to occur, the UN observes that governments in developing countries will have to tremendously increase provision of basic services while creating more opportunities of employment in the rural areas through a rural development program. At the same time the World Bank projects a growth rate of 7 per cent for poor countries if the MDGs are to be achieved by 2015.

A look into the progress of PRSPs in Ethiopia, Mali, Senegal, Uganda and Senegal on the macroeconomic and poverty reduction front presents a different picture. Evidence shows that macroeconomic policy of the first generation PRSPs paid little attention to macroeconomic frameworks (ibid 2000). They were overly optimistic in their macroeconomic assumptions and inflation and economic growth rate were set at unrealistic levels that do not reflect the economic reality of the participating countries. PRSPs failed to identify the importance of monetary financing for inflation, its impact on the poor, and the constraints on delivering sectoral policies. The strategy also failed to acknowledge the importance of debt sustainability, which is not assessed in relation to the choice of fiscal path and the need for alternative policy choices. Similarly, exchange rate and monetary policies are not adequately addressed in the document. Lastly the links between the sectoral policies envisaged in the PRSP, the MTEF and the national budget generally remain weak.

Both social investment and promotion of economic growth should be an integral part of any development process. Achieving the MDGs is no doubt dependent upon improving the income poverty as well as improving the educational and health status of the poor. However the global debate around what mix is right to achieve poverty reduction still remains a controversial one and one that is beyond this paper. It is, however, beneficial to look into some of the arguments to help understand how the dynamics in the debate can help facilitate the understanding in shaping right macroeconomic policies within the PRSP framework for achieving MDGs by 2015.

Bullard et al. (2003:2) note that there is a correlation between economic growth and poverty reduction and countries with the fastest growth have registered higher levels of poverty reduction. At the same time, countries with high growth have also registered increases in inequality. The benefits of growth have clearly not been equitably distributed among all sections of society. The prescription for economic growth within the PRSPs has veered away from the development of internal capacities and markets for the poor people, and concentrated disproportionately on opening up domestic economies to external economic forces and reliance on exogenous factors - e.g. demand for exports, terms of trade, foreign investment, etc. The diminished attention given to local endowments and internal economic capacities affects and often hinders the adoption of policies that can address extreme poverty and hunger. The failure here is not in the outcome of the policies but rather the macroeconomic policy that informs such mode of production and consumption patterns. (AFRODAD :2006)

The narrow focus of such macroeconomic policies have not only failed to eliminate poverty, but also resulted into outcomes that have created new forms of, or have aggravated existing conditions of poverty and hunger. For instance, macroeconomic policy framework under which the PRSPs are embedded - the PRGF - have continued to institutionalised policies that opened up economies and shrunk governments' direct responsibility for redistribution of assets and benefits in both Senegal and Zambia. Public support and subsidies have systematically been torn down, and market-based price systems have been made the primary determinant of allocation and distribution. While MDGs call for doubling of efforts, PRSPs call for strict fiscal discipline that endangers the lives of the poor. With privatisation and the withdrawal of government subsidies for domestic industry, a significant proportion of the work force has been shunted into the informal sector. By and large, economic growth has been achieved at the cost of the well being of workers, small scale agricultural producers and consumers. (AFRODAD 2006)

Economic growth, therefore, is a good ingredient in the fight against poverty. However, policies that underpin the process of creating wealth and the distribution of its benefits have been weak in facilitating this goal, especially among the poorest of the poor. What is needed is first a realisation that the poor form the majority of the population at the policy level and proceed accordingly to develop effective wealth creating as well as credible distributive policies to ensure that the majority of the poorest of the poor benefit from any form of economic growth. Unfortunately, in many developing countries including Mali, Senegal, Uganda and Zambia, such policies still remain elusive and as such economic growth realised has failed to pull the majority of the poor above the poverty line.

It is however also important to point out that good policies in themselves are not sufficient to ensure poverty reduction without any intervention from the government. The state needs to play a catalytic role when the process fails to work properly. Accordingly state intervention should be inevitable in the event of rising inequality to ensure a balance between growth and distribution of the benefits from any economic growth. The state should be allowed to use resources from the economic boom to cushion the poor in the times of hardship. Budget ceilings in compliance with fiscal space with the help of the fund should be ignored at times when they fail to reflect the reality on the ground

6. Some Policy Options for Sub Saharan Africa

Policies which are good for the economy as a whole are not necessarily the same policies that are good for eradicating poverty. Growth and stability are considered to be necessary for poverty reduction, but they are far from being sufficient.

Other pre-requisites are macroeconomic policies that promote economic inclusion, empowerment and social investment (Gomes et al 2005: 369-384).

A genuine pro-poor macroeconomic framework 'serves[s] to transform the poor from being the incidental beneficiaries of economic growth to becoming one of its prime movers'. Macroeconomic framework must have the social and political realities of poverty at its core and equitably mainstream poor people's economic activities (Gomes and Lawson, 2005: 369-384). White (2002:1) notes that if income is more equally distributed then growth is more rapidly turned into lower poverty.

Thus macroeconomic stabilising policies and growth promoting policies should be strongly embedded on the realities and the needs of the majority of the population who in all developing countries are the poor households. Thus if an MDG-based PRS is going to be the way forward to achieve the MDGs, it's policies should create an enabling environment from which the poor can earn a livelihood above the poverty line as well as participate effectively in the mainstream economy in order to benefit from it. Indeed the policies should address issues of employment, development of assets of poor households, and social investment with the aim of integrating the poor into the overall economic system.

MDGs-based PRS policies should be comprehensive to address effectively issues of asset distribution, human capital development, income disparity across sectors and redistribution of resources from non-poor to the poor with a view of reducing inequality thereby enhancing poverty reduction.

Asset distribution is likely to influence the extent to which poor people participate in economic growth. Changes in the value of households' assets will affect income and non-income dimensions of welfare. Land, water, housing, savings account and skills must be within the reach of the poor. Thus one might expect greater landlessness, commoditising basic services to entail that the poor share less in the gains from economic growth. High inflation will have negative impact on poor households' savings as well.

Human capital is possibly no less important. Low basic education attainments are often identified as a source of income inequality. Education influences how much the poor are equipped to participate in (relative to farming) skill-demanding, non-farm growth. Recent studies show that there are important synergies between human resource development and growth-oriented policy reforms. The World Bank's approach to poverty reduction has also emphasized the importance of combining human resource development with policies promoting economic growth (Ravallion and Datt 2001, 381 - 400).

Human capital is particularly important for developing countries carrying out economic reforms aimed at poverty reduction. The participation of the poor household into the reform program hinges on their ability to comprehend and engage with the reform process. Developing human capital therefore goes a long way in expanding this possibility to the poor households. It is, in essence, an asset to governments coping with legitimacy of the programs under implementation especially if such programs face stiff opposition from the few rich individuals. It is also essential in expanding development programs in remote areas where poverty incidences are high as poor households with skills benefit from the newly created employment opportunities.

Another potentially important factor in Africa when considering an MDG-based PRS policy is the extent of the income disparities between urban and rural sectors. Poverty incidences are more prevalent in rural areas where agriculture is the dominant activity. Poverty reduction in this case should take the form of absorbing the poor farm-sector workers into the non-poor, non-farm sector, so that any farm worker who wants to participate in the non-farm sector incurs a cost in doing so.

This cost determines the equilibrium earnings differential between the farm sector and the non-farm sector. It is evident that such a cost lowers overall output. (Ravallion and Datt 2001: 381 - 400) But this cost also reduces labor absorption into the non-farm sector, thus implying a higher poverty rate, thus the need for more incentives for non-farm sector activities. Moreover, the intersectoral wage gap also makes output gains less pro-poor. The higher the initial wage gaps the lower the rate of poverty reduction from a given rate of non-farm economic growth. Thus there should be deliberate attempts by governments to reduce wage distortions across sectors of the economy to mitigate against the cost that determines the equilibrium earnings differential between the farm sector and the non-farm sector.

Another factor influencing the impact on poverty of non-farm economic growth is the productivity of the main competing sector for workers, namely farming. By modernising the agricultural sector through multiple cropping, irrigation and the spread of high-yielding varieties, aggregate demand for agricultural labor will probably increase, thus bidding up wages for new entrants into an expanding non-farm sector.

Rural development programs, entailing the creation of economic infrastructure such as roads, energy, telecommunication, sewerage system and water supply system, banking services and insurance should be promoted alongside building of schools and hospitals. The promotion of rural development programs will not only address some of the wage inequality but also urbanization. Rural, non-farm activities tend to be more developed in the periphery of urban-industrial centres, and this is visible in many developing countries. Enterprises are probably attracted to urban areas because of the larger local product markets, the availability of a skilled workforce, the wider variety of production inputs, the possibility of technological spillovers, and better infrastructure. (Ravallion and Datt 2001: 381 - 400).

It can be argued that these same factors will also matter to the impact on poverty of growth in mean output as their availability in rural areas will also have the same impact it has had in urban areas. There will be easy access to health services and educational facilities; improved market access by the poor because of good infrastructure and, most importantly the rural areas will be adequately interlinked with the urban centres thereby enhancing backward and forward linkages of the whole economic structure. It is also plausible that the poor will tend to gain more from non-farm growth when the socio economic infrastructure is brought to them.

Apart from the creation of an enabling environment for poor households to earn a livelihood above the poverty line, there is need for an MDG-based PRS to integrate policies of distribution to curb the rising inequalities as economies grow. This is particularly important as high inequality is bad for economic growth in the long run. This is also a view shared by Ravallion and Datt in their 2001 study seeking to explain why the economic growth has been more pro-poor in some states in India than others.

In tackling inequalities, hence reducing poverty, three principles ought to be observed:

- (1) using the power of the state to direct assets to the poor, by which is largely meant reorienting public spending,
- (2) reforming institutions to improve the quality of service delivery; and
- (3) increasing participation of the poor.

White (2002: 11) observes that a redistribution of one quarter of a percent of national income (0.25 percent) would increase the income share of poor households to 6.25 percent - an increase in income of about 4 percent.

So if the economy is growing at just 4 percent a year, accompanying that growth by a small redistribution of 0.25 percent will double the income growth of the poor to 8 percent - the level required to achieve the poverty reduction target in the MDGs as estimated by the World Bank.

Increases in the budget share of priority sectors (especially education and health) and better targeting of public expenditures are essential elements of any PRS. Continuous monitoring through benefit incidence analysis is especially crucial. Poor people need to be protected from the effects of contractionary fiscal policies as well as other policies and shocks that affect them negatively. Protection of poor people is likely to have consequences, not only for immediate government spending, but also for cyclical spending patterns. (Gunter et al, 2005: 243-245). However, the potential benefits from this spending (0.25 percent of the national income) as elaborated by White (2001) completely outweigh the overall expenditure.

Redistribution is also important at the global level. International redistribution has the potential of availing the much needed resources for strengthening public expenditure in the priority areas for poverty reduction. They also have the potential of boosting trade and implementation of pro-poor economic reform programs thus boosting incomes of the poor households.

The main mechanisms for international redistribution currently under implementation include aid and trade. Aid represents the main channel for transferring developmental resources to poor countries. Although aid has been surpassed by private flows over the last decade, the latter have been heavily concentrated in East Asia and parts of Latin America. Little has gone to the poor countries of sub-Saharan Africa. Aid has failed the poor in terms of both quantity and quality. Nearly all Development Assistance Committee (DAC) countries have committed themselves to the target that ODA should be 0.7 per cent of their GNP. The DAC average in the 1990s was less than 0.3 percent of GNP compared with over 0.4 percent in the 1960s.

The problems in aid have stemmed to a large extent from political and commercial pressures on the aid programme. The second problem is that the new aid agenda does not address all of aid's failings. The vast majority of aid has failed to benefit the poor. Only about 15 percent of the aid directly reaches the poor. This percentage is pitifully small and should be increased. (White 2002: 7) Thus if MDGs are to be achieved, the current frameworks and initiatives from which aid is delivered will have to be reorganised.

International trade has an enormous potential to take people out of poverty, but its full potential to reduce poverty is not being realised, due to two sets of problems. The first is rooted in international trade policies and in institutions, which continue to rig the rules of the global market against poor countries through trade restrictions. Most developing countries are unable to access the markets in the developed world because of tariffs and non-tariff measures put by these countries.

The provision of subsidies and higher tariffs on commodities from poor countries effectively deny these countries revenue that could be used to fund pro-poor policy programs. The second set of problems concerns national policies in developing countries themselves. Many have failed to establish the institutions and policy framework needed to distribute the benefits of international trade to poor people. The poor have little access or ownership to land, lack employment rights and rely on intermediaries who exploit them of their income.

CSOs are able to complement the efforts of Government. Their efforts can lead to the production of a much richer macroeconomic framework effective to address the current challenges facing many governments in the region. Their participation further leads into a perception among the poor that a process is legitimate. This can safely be said to be so in the case of Uganda and Zambia.

The involvement of CSOs in various working groups and task forces reinforces their ability to influence the process. However, for this to have meaningful results, governments in the region should begin to see CSOs as serious partners in development, by creating a conducive environment for interaction. On their part, CSOs must continue to build their capacities for meaningful engagement as well as act as a source of alternative policies and database for experiences that work for the poor.

7. Conclusion

The PRSP-led MDG approach brings to the fore issues of collaboration between and among stakeholders. Given the synergies of the stakeholders and opportunities offered under the MDGs, close collaboration and coordination of their activities will be crucial for progress towards the MDGs. There are also little linkages between and among the stakeholders. For realization of good results a framework of collaboration and reporting will have to be developed by all stakeholders. This is important especially in resources sharing and reviewing progress among the stakeholders. Thus to eradicate poverty, Sub Saharan Africa needs to exit the poverty trap and develop the conditions for sustained pro-poor based economic growth under the MDGs-led PRS and substantial and sustained increases in ODA. This should be complemented and accompanied by sound economic policies and well-functioning institutions.

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About AFRODAD

AFRODAD Vision

AFRODAD aspires for an equitable and sustainable development process leading to a prosperous Africa.

AFRODAD Mission

To secure policies that will redress the African debt crisis based on a human rights value system.

AFRODAD Objectives include the following:

- 1 To enhance efficient and effective management and use of resources by African governments;
- 2 To secure a paradigm shift in the international socio-economic and political world order to a development process that addresses the needs and aspirations of the majority of the people in the world.
- 3 To facilitate dialogue between civil society and governments on issues related to Debt and development in Africa and elsewhere.

From the vision and the mission statements and from our objectives, it is clear that the Debt crisis, apart from being a political, economic and structural issue, has an intrinsic link to human rights. This forms the guiding philosophy for our work on Debt and the need to have African external debts cancelled for poverty eradication and attainment of social and economic justice. Furthermore, the principle of equity must of necessity apply and in this regard, responsibility of creditors and debtors in the debt crisis should be acknowledged and assumed by the parties. When this is not done, it is a reflection of failure of governance mechanisms at the global level that protect the interests of the weaker nations. The Transparent Arbitration mechanism proposed by AFRODAD as one way of dealing with the debt crisis finds a fundamental basis in this respect.

AFRODAD aspires for an African and global society that is just (equal access to and fair distribution of resources), respects human rights and promotes popular participation as a fundamental right of citizens (Arusha Declaration of 1980). In this light, African society should have the space in the global development arena to generate its own solutions, uphold good values that ensure that its development process is owned and driven by its people and not dominated by markets/profits and international financial institutions.

AFRODAD is governed by a Board of seven people from the five regions of Africa, namely East, Central, West, Southern and the North. The Board meets twice a year. The Secretariat, based in Harare, Zimbabwe, has a staff complement of Seven programme and five support staff.

African Forum and Network on Debt and Development

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