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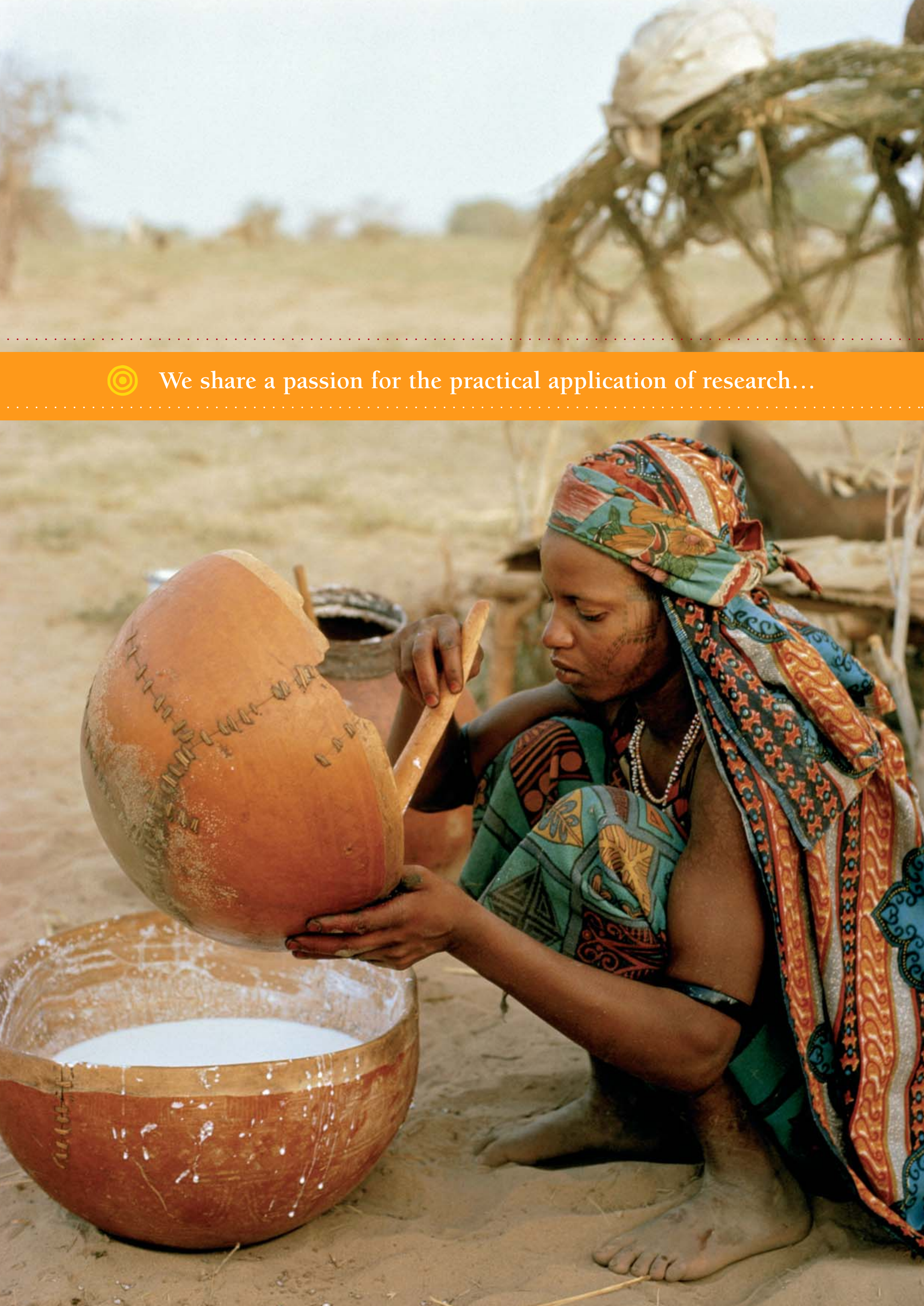
Africa after 2005

FROM PROMISES TO POLICY

N W E S



We share a passion for the practical application of research…

Foreword

Only by understanding the causes of poverty can we identify the barriers to development and then set about removing them

This publication, and the accompanying policy forum, has been developed in partnership with the Development Studies Association of the UK and Ireland. We share a passion for the practical application of research – to real problems that constrain the lives and opportunities of real people. Nowhere is that passion more needed than in Africa, the region least likely to achieve the Millennium Development Goal of halving poverty by 2015.

As 2005 draws to a close, the challenge for governments, NGOs and all those associated with international development is not so much knowing what needs to be done, but shaping the policy that will start the process of change.

The papers that form this report come from three of the ESRC's leading research investments on international development. Each offers an insight into why it has been so difficult to reduce poverty throughout the developing world, and what it is that keeps people poor. Yet crucially, their aim is not to foster abstract academic debate, but to challenge thinking and stimulate ideas on how to conquer these problems.

Social science research of the highest quality has a central role to play in the fight against global poverty – not just in identifying the barriers to development, but in helping to shape the policy that will overcome them.

Professor Ian Diamond FBA AcSS
Chief Executive, Economic and Social Research Council

Africa after 2005: from promises to policy

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Introduction

When policymakers and researchers work together to tackle global poverty, real change is possible

Research has clearly played its part in the achievements of 2005. The political arenas of the EU Council of Ministers, the G8 and the UN summit have done the 'heavy lifting', as Tony Blair would say. The Hong Kong ministerial of the World Trade Organization is still to come. But the policy platform on which the politicians stand has been provided by researchers: notably in the UN Millennium Project, led by Jeff Sachs, and in work for the Africa Commission, led by Sir Nicholas Stern. Many African researchers were involved in both these projects.

While not all objectives were reached this year, African development has gained new political salience. Aid to the continent will double in coming years. On the African side, too, there are signs of a new approach. We have seen the strengthening of the African Union and many initiatives taken by the New Partnership for Africa's Development (NEPAD), including the African Peer Review Mechanism. An Action Plan for Africa has been agreed, and given impetus by the meeting of the African Partnership Forum in London in October.

What, then, is left to do? The obvious answer is 'everything'. We need to translate commitments on paper into investments on the ground if children are to access food and education, and if their parents are to achieve sustainable livelihoods. A more subtle answer is that we still need to make many choices: the new commitments to Africa and the new money offer immense opportunities – but also innumerable opportunities to get it wrong.

The research reported here will help Africa get it right. Carried out by UK-based centres funded by the ESRC, and often in partnership with African researchers, it gives insights on three levels:

First, the vision. We have already moved away from the market liberalism of the Washington Consensus, towards what Jan Aart Scholte describes as a 'global social market approach'. This puts poverty reduction and health first. The Wellbeing in Developing Countries (WeD) research team urges a further step: to recognise the economic, social and cultural rights of individuals, as well as the diverse realities of Africa's many geographic, economic, political and social environments. This vision is about agency, capability, citizenship and accountability. It demands new indicators of development , beyond narrow measures of income. And it privileges political and institutional innovations, rather than the purely economic.

Second, the context. All three papers recognise the importance of Africa's integration into the world economy – as a fact but also as an aspiration.

- Scholte illustrates the degree to which Africa has globalised, but also the degree to which it has fallen behind other regions
- Francis Teal makes a powerful case for an association between globalisation and poverty reduction
- The WeD Ethiopia Team illustrates the potential and the barriers for trade at local level, using irrigated agriculture as an example

Globalisation is accelerating day by day – look no further, for example, than China's entry into the WTO and its rapid expansion in natural resource imports and manufacturing exports, as outlined in Teal's paper. History may say that the most momentous changes in Africa in 2005 were not the commitments made in the G8, but the increase in commodity prices and cheap imports. There will be winners and losers, as between countries and households, and they may not be the ones we expect .

Third, the policy. Africa needs to grow, as Teal reminds us, by seven per cent a year. To do this, it will need to foster successful businesses, especially in manufacturing. These businesses will need to thrive in a competitive global market. They will need support from the right public investments, the right policies to govern labour markets, and availability of technology and management skills. The challenge, however, is to manage the transition to a new path in a way that empowers local people, protects standards of living, provides buffers against shocks, and achieves environmental sustainability.

As we face these challenges, attention will inevitably move from narratives about the continent of Africa as a whole to policies about individual countries and communities. The WeD researchers remind us that 'Africa' does not make decisions or solve problems; it is individual Africans who do so. Development policy in Africa will therefore be particularistic in space and time.

Researchers need to stay engaged, as the arguments iterate between global and local. They need partnerships across national boundaries and in communities of thought and practice that include policymakers and practitioners, as well as poor people. They need to remember that the most practical research is multi-disciplinary.

Research is the key to transforming the opportunities for Africa's poorest people. Real change is possible when policymakers and researchers work together to tackle global poverty. Research can provide the insights that challenge and stimulate policymakers and enable them to convert the promises of 2005 into policy that delivers lasting change for Africa.

Simon Maxwell
President, Development Studies Association 2001-2005
and Director, Overseas Development Institute

Globalisation: crucial choices for Africa

Africa in an era of globalisation

Development policy for Africa must address the challenges of globalisation. Continental, national and local conditions are of course also important factors, but the wider global political economy is a primary shaper of development prospects. Hence the vital question: what policy towards globalisation would bring the greatest benefits to development in Africa?

Economy and society in the twenty-first century involve more global connections between countries and peoples than ever before. The Globalisation Index developed at the ESRC's Centre for the Study of Globalisation and Regionalisation (CSGR) has pioneered the measurement of these changes and demonstrates them statistically.

Growing Globalisation: The CSGR Globalisation Index

World index figures	Sub-Saharan Africa index figures
1983 – 0.19	1983 – 0.02
1992 – 0.32	1992 – 0.08
2001 – 0.40	2001 – 0.16

The CSGR Globalisation Index measures a country's economic, social and political global links on a score of 0-1.

Professor Jan Aart Scholte
Co-director, CSGR
University of Warwick

The Index clearly shows that, although the scale of global links in Sub-Saharan Africa rose markedly in the last two decades, they remain significantly lower than in other world regions. Yet global relations matter crucially for development in Africa:

- Global finance encompasses far greater pools of capital than the continent can currently generate from within
- Global trade substantially influences many key prices that African producers receive and African consumers pay
- Global companies are principal engines of technological innovation and its diffusion (or not) to Africa
- Global migration is a major conduit of brain drain from, and brain gain to, Africa
- Global communications largely determine Africa's involvement (or not) in the information and knowledge economy of the twenty-first century
- Global organisations including United Nations agencies and the Bretton Woods institutions figure pivotally in the governance of most African countries
- Likewise, the major diseases (such as AIDS and malaria) and environmental constraints (such as deforestation and desertification) that condition development prospects in Africa are substantially global in character

What kind of globalisation for Africa?

All of the recent major policy initiatives on Africa have therefore rightly emphasised the context of an increasingly global situation. Yet their statements of laudable aspirations have tended to circumvent the crucial question of what kind of globalisation will most advance development in Africa. To move the debate forward, policymakers and concerned citizens alike need to confront this choice more specifically, explicitly and systematically than the welcome reports and declarations of 2005 have generally done. Without a clear and precise awareness of the principles behind different orientations towards globalisation, policy easily meanders in a muddle of half-measures and contradictory steps.

To help clarify the options at hand, this paper identifies five broad possible policy directions for globalisation and development:

Policy direction 1: Neoliberalism

Gives free reign to global market forces, includes measures such as deregulation and privatisation

Policy direction 2: Economic nationalism

Advocates de-globalisation towards self-sufficient local and national economies

Policy direction 3: Global social market

Invokes modest interventions from official, business and civil society quarters when global markets inadvertently generate harm

Policy direction 4: Global social democracy

Uses state, regional and global governance measures, including progressive redistribution, to combat poverty and inequality

Policy direction 5: Transformism

Seeks development through models outside markets and modernity, such as socialism on a global scale or religious revivalism

When mapped against this typology, the major policy moves of 2005 show a departure from the full-blown neoliberalism that dominated official development discourse a decade ago. The mainstream has shifted – via a rejection of economic nationalism – to a global social market approach. However, as the exploration of these five contending directions will show, more daring policy innovations are needed if globalisation is to promote wholesale and lasting poverty eradication and wider development in Africa.

Globalisation: crucial choices for Africa

Policy direction 1: Laissez-faire neoliberalism

The centre point of development policy for Africa today has clearly moved beyond the so-called 'Washington Consensus' on laissez-faire neoliberalism that prevailed 10-20 years ago. In contrast to this earlier orthodoxy, none of the principal policy pronouncements of 2005 assumes that globalisation simply means the creation of global free markets. No longer are packages of liberalisation, deregulation, privatisation, and fiscal conservatism treated as a magic bullet for poverty eradication in Africa.

To be sure, neoliberal principles continue to influence substantially the current agenda for globalisation and development in Africa. All of the major statements of 2005 have insisted that Africa needs more open global trade (particularly with the removal of tariffs and subsidies in the North) and larger flows of global private investment. Liberalisation and privatisation measures still figure prominently in the Poverty Reduction Strategy Papers (PRSPs) that have been formulated since 1999 to guide development policy in many African countries. No one in the policy mainstream is even remotely calling for a return to the state-centred planning, production and distribution that prevailed across Africa in the early post-colonial period.

> No longer are packages of liberalisation, deregulation, privatisation …treated as a magic bullet for poverty eradication in Africa.

However, the ultra-liberalism of a previous generation of policies for globalisation and development is also gone in the initiatives of 2005. Recent reports and pronouncements on Africa consistently highlight official measures that could correct unwanted outcomes of global market forces, such as unsustainable debt burdens and unaffordable health care. The agenda has shifted, if somewhat hesitatingly, in the direction of social reform.

This reorientation is welcome. As innumerable studies have documented, neoliberal policies have attended inadequately to the social costs of economic restructuring, which often fall disproportionately on the poor. Infrastructure, essential services and environmental quality have also tended to suffer under a laissez-faire approach. Like national free markets in an earlier era, global free markets have proved to be insufficiently capable of supplying public goods.

Meanwhile, inequality in the global economy – both within countries of Africa and between Africa and the rest of the world – stands at levels incompatible with any conception of social justice.

Policy direction 2: Economic nationalism

Some of the discontent with laissez-faire globalisation that swelled after the mid-1990s took the form of a protectionist backlash. Whereas neoliberals have presented global free markets as a panacea for development in Africa and elsewhere, economic nationalists have argued that globalisation can only deepen poverty and social exclusion. The solution, according to these rejectionists, is for Africa to 'de-globalise' in the direction of inward-looking and self-sufficient local and national economies.

Economic nationalism has not been as strong or coherent a force in opposition to globalisation as some accounts have portrayed it. Yes, some governments have, in recent years intensified capital controls, barriers to trade, and visa restrictions; however, these measures have normally sought to address particular economic and security challenges rather than to block the overall globalisation trend. Meanwhile, many protesters in the so-called 'anti-globalisation movement' are found, on closer inspection, to oppose neoliberal strategies of globalisation rather than to reject increased global connections per se. Such dissenters are not actually against globalisation, but advocate alternative globalisations, arguing that there are better ways than laissez-faire to handle a more global economy.

None of the recent raft of proposals for development in Africa has endorsed economic nationalism. All of the key documents of 2005 implicitly acknowledge that – owing to market trends, technological innovations, a proliferation of worldwide standards, and more – no reversal of globalisation is in prospect. However, the major policy initiatives of recent years also depart from the Washington Consensus with their arguments that proactive steps are required to steer globalisation towards desired outcomes in Africa.

> Economic nationalism has not been as strong or coherent a force in opposition to globalisation as some accounts have portrayed it.

Positively, then, the debate on globalisation and development in Africa has moved beyond the old and tired polarisation of free trade versus protectionism. However, the alternatives to these two traditional approaches have not yet been clearly delineated. The rest of this paper identifies three broad options for the future and suggests that policy redirections taken to date are not sufficiently ambitious.

Policy direction 3: Global social market

So far, most 'Post-Washington Consensus' thinking on globalisation and development in Africa has taken a mildly reformist approach. This strategy retains an underlying premise that global market forces are the principal engine of poverty reduction, but argues that markets cannot deliver this promise unaided. Various interventions from official, business and civil society circles are needed to create a social market on a global scale.

Notions of a global social market can be traced back to talk in the late 1980s and early 1990s of 'adjustment with a human face' and 'social safety nets'. In addition, from the mid-1990s onwards policymakers increasingly acknowledged that legal and institutional frameworks of 'good governance' were required to make globalisation work optimally for development. In 1996, the adoption of the Heavily Indebted Poor Countries (HIPC) initiative recognised that the social costs of global debt burdens in much of Africa required relief measures. G8 initiatives like the Digital Opportunity Task Force, set up in 1999, and the Global Fund to Fight AIDS, TB and Malaria, launched in 2001, likewise affirmed that global markets need help to reach the poor in the South.

By the Millennium Summit in 2000 and the Financing for Development Conference in 2002, Northern governments were once again routinely promising increased official development assistance (ODA) for Africa, particularly to fund social services that global laissez-faire would not provide. In 2003, it was agreed to adjust WTO rules on intellectual property so that poor countries in Africa and elsewhere might obtain greater access to essential medicines.

Much in the Africa initiatives of 2005 reinforces the strategy of building a global social market. For example, the Gleneagles Summit has agreed 100 per cent relief on multilateral debts for up to 28 countries in Africa, as well as an additional US$25 billion in ODA for the continent by 2010. The Millennium+5 Summit of over 150 heads of state and government in September 2005 has reaffirmed, rhetorically at least, a top priority for poverty reduction, especially in Africa. The Commission for Africa has devoted much attention to issues of building state capacity, improving transparency and accountability, promoting corporate social responsibility, fostering a free press, and nurturing civil society.

Overall, however, the reformism of a global social market remains fairly modest in scope. To quote Harvard Professor Dani Rodrik, the approach can be suitably characterised as an 'Augmented Washington Consensus' rather than a veritable 'Post-Washington Consensus'. In other words, the measures look to make globalisation-by-marketisation work better, rather than to adopt a fundamentally different course. In particular, the strategy of a global social market refrains from a wholesale assault on inequality.

> Reformism of a global social market remains fairly modest in scope.

Policy direction 4: Global social democracy

Yet larger departures from neoliberalism and economic nationalism are also conceivable in strategies towards globalisation and development in Africa. In particular, more attention could be given to building regional and global governance mechanisms with redistributive measures that worked in Africa's favour. A century ago, when it was concluded that national laissez-faire economics could not achieve poverty eradication and an equitable distribution of wealth within countries, state-based regulatory schemes were created to redress the problems.

Globalisation: crucial choices for Africa

Today, ambitious reformists – global social democrats, as it were – argue that a similar policy turn is required on a global scale. That is, poverty and wider social injustice in an era of globalisation would be righted, especially in Africa, with redistributive measures through states and, more particularly, suprastate regional and global institutions.

Recent policy initiatives carry certain hints of this more ambitiously reformist agenda. Thus the Millennium Declaration asserts that policies and measures at the global level are needed to make globalisation fully inclusive and equitable. The Commission for Africa calls for a new UN body to monitor implementation of corporate social responsibility schemes, proactive global policies for gender equity, an Arms Trade Treaty, and international taxation.

> Recent policy initiatives carry hints of this more ambitiously reformist agenda.

Various other steps in the direction of global social democracy could also be considered. For example, all economic globalisation could be subordinated to universal human rights standards in international law. A marginal tax on foreign exchange trading (all the more technically feasible since the introduction of the Continuous Linked Settlement process in 2003) could generate major financial resources for development. Alternatively, the institution of a global currency through a global central bank would remove a major source of arbitrary Northern privilege. A Global Mobility Organisation could regulate labour movements with more equitable sharing of gains between supplying and receiving countries. A fully-fledged global environmental organisation could further ecologically sustainable development. Bodies like the African Union and the Southern African Development Community could use regional regulatory mechanisms to focus global capital on local development needs.

Unfortunately, the Gleneagles Summit ignored more ambitious steps of this kind, apart from passing reference to a possible 'solidarity levy' on air travel, a type of global tax. This neglect is not surprising. For over 30 years a succession of high-level commissions and reports have argued that global prosperity and global justice require more proactive regional and global governance, only to be overruled by major states for whom such a development would entail a reduction in their power. However, this resistance by country governments looks increasingly unconstructive as global connections intensify ever further and the turn towards a global social market fails to reduce poverty and inequality in Africa.

Policy direction 5: Transformism

Indeed, already some circles have lost faith in markets of any kind – including a prospective global social democracy – as a development path for Africa in an era of globalisation. These more radically transformist approaches have had no hearing in the reports and summits of 2005, but they motivate a number of quarters in Africa and elsewhere. Transformist visions favour globalisation, in the sense that they welcome increased connections between people across the planet. However, these radicals believe that globalisation will serve higher ends when the process is rooted in something other than markets and modernity.

Examples of transformist projects of globalisation include the spiritualist revivalism of initiatives such as the Buddhist Spirit of Education Movement in Thailand or the Muslim Brothers in Egypt. From a different angle, certain indigenous peoples seek to globalise an eco-centric life-world, as captured in the Gaia hypothesis or the Amazonian notion of florestania (the culture of the rainforest). Global socialists of the twenty-first century advocate a world-scale solidarity economy. In diverse ways, then, radical critics put their faith in something other than markets and modernity to achieve a good globalisation. Mainstream politicians and policymakers face the challenge of countering these critiques of modern notions of development or seeing this dissent grow.

> Radically transformist approaches have had no hearing in the reports and summits of 2005, but they motivate a number of quarters in Africa and elsewhere.

Moving forward, crucial choices

All five policy directions described above agree that globalisation is a key trend shaping development in contemporary Africa.

At the same time, as the plurality of these views indicates, multiple globalisations are possible. The debates of 2005 and beyond are determining what kind of globalisation will be pursued in Africa. These choices will, in turn, have far-reaching repercussions for the speed and direction of development in the continent.

The current situation is auspicious inasmuch as mainstream development discourse on globalisation has matured beyond narrow debates of neoliberalism versus economic nationalism. However, material progress towards poverty eradication and wider development in Africa still lags. If initiatives do not extend beyond the modest correctives of a global social market strategy, the recent history of deepening poverty and growing inequality in Africa seems bound to continue. This scenario would be economically irrational, politically dangerous and morally unacceptable.

To avoid it immediate attention should be given to more ambitious and practicable measures such as:

- grounding governance of the global economy in human rights standards
- upgrading suprastate governance of migration, including the brain drain
- developing suprastate governance of global business with redistributive aims
- installing a global arms trade convention to reduce militarisation
- instituting redistributive global taxes to bolster finance for development

The technological and institutional means to implement these more ambitious steps can be readily devised. The challenge will be to gather the political momentum to achieve the policy innovations. This will come about if popular concerns about global poverty and inequality can be combined imaginatively with elite self-interests to keep the global economy viable.

FURTHER READING

Globalisation: crucial choices for Africa

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World Bank (2005) *World Development Report 2006: Equity and Development*. Washington, DC: World Bank

World Commission on the Social Dimension of Globalization (2004) *A Fair Globalization: Creating Opportunities for All*. Geneva: International Labour Office

This paper conveys the author's personal views rather than any institutional position of CSGR.

The importance of understanding the 'local'

The generation and use of knowledge – a new approach

Many worthwhile findings and recommendations for action have emerged in 2005 from the Commission for Africa Report, G8, the Sachs Report and the Millennium Summit. Undoubtedly, these have provided a starting point for discussing how we can change development practices to make a real difference to poor people in Africa.

To build on the lead of these initiatives – and to realise their ambitions – it is important to consider how the programmes and projects that flow from their findings can be designed and implemented to make a lasting impact on poverty and inequality in Africa. Using new research from WeD's Ethiopia Team, we will demonstrate that this requires aid relationships and development practices to change so that they combine the higher level analysis – such as that contained in the Commission for Africa report – with an understanding of the foundations of social change processes in specific African countries. This will involve a new approach to the generation and use of knowledge. It entails the establishment of systems that:

- can learn from the context-specific lessons of past experiences
- build an understanding of how local realities interact with wider structures of power to shape development outcomes
- learn how local cultures, beliefs and practices affect ongoing processes of improvement or impoverishment

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Dr Julie Newton, Feleke Tadele,
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The current agenda for change is massive. In this paper we focus on one theme, and specifically how it relates to recommendations in the Commission for Africa Report, to illustrate this argument. Using ongoing research from our team in Ethiopia we will explore the issue of irrigation for agriculture and how, for one of the four communities under study, the experience of development has moved forwards and then backwards. The consequence for this community is that 93 per cent of the households reported a shortage of staple food between 2003 and 2004. The Commission for Africa Report emphasises the importance of small scale irrigation and recommends "Africa must double the area of arable land under irrigation by 2015". However, 'Africa' will not double the area of land under irrigation. So the question is, who will, and what ways can their efforts be supported?

The case study we use from Ethiopia shows that it is vital to consider local histories, power structures, and development trajectories in the design and implementation of future development interventions. The failure to take these into account in the past has resulted in what are termed 'disconnects' between the discourses and practices of government and aid agencies, and the local realities that confront poor people. A continuing failure to learn systematically about local realities will further perpetuate these disconnects. It will be a major challenge for those charged with taking forward the Commission for Africa recommendations to find ways of re-connecting them, but in doing so we believe there is a greater opportunity to deliver sustainable development.

Irrigation: a story of developing forwards and then backwards

The four rural communities under research in Ethiopia all depend on subsistence agriculture. Two of the communities are remote, while two are closer to towns with greater access to markets, informal sector opportunities and government services. Two of the sites have a history of drought. All of the communities have diverse ethnic and religious structures and while each community is unique, population pressure on land and modernisation processes affect them all.

Communities throughout Ethiopia are experiencing rapid social change affecting relations between richer and poorer, men and women, 'olders' and 'youngers' and, where other status differences matter, between clans, ethnicities and religions. Some modernisation processes, such as increasing access to education and roads, are stimulated by government, donor and NGO initiatives. These processes interact with increasing penetration of markets and mass media, and also the activities of government, international migrants, foreign investors, and a variety of religious organisations.

Although all four study villages are located on or near rivers, the extent of irrigation for agriculture varies significantly between them. As Table 1 shows, while few or no households in Villages A, C and D reported having use of irrigated land, around half of the households in Village B did report access to irrigated land.

Table 1 **Percentage of households with no use of irrigated agricultural land**

Village	Number of households	% reporting no irrigation
A	169	72
B	253	49
C	249	100
D	243	98

Source: WeD RANQ, 2004

Intriguingly, when we compare this to reported staple food shortages in each of the villages, we learn that, despite having the greatest access to irrigated land, 93 per cent of households in Village B reported a shortage during the year preceding the survey. This contrasts with Village D, which, although having very limited access to irrigated land, had the lowest proportion of households reporting a staple food shortage. Village B is one of the remote communities and is prone to drought even though it is alongside a major river. Village D is one of the near-urban communities.

The importance of understanding the 'local'

Table 2 **Percentage of households reporting staple food shortage**

Village	Number of households	% households with staple food shortage
A	169	66
B	253	93
C	249	77
D	243	37

Source: WeD RANQ, 2004

Despite its location alongside a major river and a history of irrigation, the people of Village B are still vulnerable to considerable food insecurity. This is affirmed by the fact that nine per cent of the households reported some dependence on government or non-governmental food aid during the year. Although superficially, and in comparison to the rest of rural Ethiopia, this community would be classified as being relatively well-supplied with irrigation facilities, paradoxically this has not translated into the more positive development outcome envisaged by the Commission for Africa Report.

To understand the dynamics of what lies behind the reported food insecurity in this particular context, let us look in more detail at what has happened with irrigation in Village B. The case study opposite has been compiled from detailed qualitative research in the villages that followed the survey and is built from quotes from villagers and the field notes of the research officers.

Irrigation has largely been brought to this community by outsiders: a feudal landlord, a government-organised international organisation, an international NGO, and most recently by traders of private pumps. In all cases, only a proportion of farmers benefited. Overall, the community has moved forward in terms of the provision of irrigation, only for that to be reversed as a consequence of failed or inappropriate interventions. As a result, households have found themselves in a more vulnerable position than before.

Analysis of the case reveals the following issues:

Disconnects between development agencies

The government, international donors and NGOs have repeatedly failed to coordinate on irrigation interventions in the community. Decisions are taken separately, leading to duplication, contradictions, or even competition over the kind of irrigation scheme. This has resulted in newly installed pumps falling into disrepair and delays in pipe installations. The effective design, repair and ongoing use of the scheme by the donors and government could have mitigated the impact of drought and dependence on food aid between 1994 and 2000, and expanded the range of livelihood opportunities. The failure to investigate adequately the environmental conditions and establish the technical feasibility and sustainability of the scheme resulted in nutrient rich soil being lost.

Disconnects with the local realities

Instead of rehabilitating older or existing schemes, new regimes and external actors brought new ideas and rules that failed to embed in the community. The deeper qualitative research reveals that it has generally been those better placed within the 'invisible' networks linking clans or families to local government officials, who have benefited from the schemes – when they have worked. The failure of the two externally-driven schemes cited has been accompanied by allegations of corruption. When left to organise themselves, local people adopted an equitable and cooperative approach, but they had neither the capacity nor the support to cope with the breakdown of the pump.

Progress and decline in development: the case of irrigation in Village B

1964: a powerful settler landlord from another region of Ethiopia plants orange trees near the river and local tenant farmers water them by carrying water from the adjacent river.

1974: the incoming military socialist government (the Derg) gives land-use rights to peasants. They are organised into ten groups of around 25 people each and distribute the orange trees equally among the groups. They continue to water the trees by hand.

1986: the government introduces a producers' cooperative. Members are given the most fertile land, including that on which the orange trees are growing.

1987: a major international agency gives the cooperative a generator to power a water pump. Members diversify production and grow bananas, papaya, tomatoes, sweet potatoes, onions and green peppers in addition to the oranges. They share the produce and report making good incomes during this time.

1991: the Derg falls and the producers' cooperative is abolished, although land remains in the hands of the state. Farmers again form ten groups, sharing both the land on which the orange trees grow and the other irrigated land. But two years later, the generator is damaged by the river flooding and falls into disuse. Nobody mends the generator and all the irrigated crops, including the orange trees, die.

Also in 1991: a major international agency establishes a project, giving 1.6 million birr (£100,000) to the Relief and Rehabilitation Commission (RCC) to construct a new irrigation system for the area. The digging of canals is started under a food-for-work scheme but takes three years to complete. Three generators are installed to pump irrigation water for 152 hectares of land. But the canals have been badly designed and the water "flowed very fast down into the Awash river washing the soil down the big canals". The Ministry of Agriculture refuses to take over responsibility for the project from the RRC until it is shown to be working. The system never becomes operational and the RRC leaves without handover to the Ministry of Agriculture.

1994-2000: only rainfed agriculture is practised and with frequent drought the community suffers famine and comes to rely on (unreliable) food aid.

2000: an international NGO provides a generator and pump which now irrigates 40 hectares of land divided among 130 irrigation cooperative members. These people grow vegetables and report, "Our lifestyle is improving a lot". In order to apply for a limited number of places in the cooperative, villagers have to pay 70 birr. Many are not successful in becoming members and those excluded from membership are now often employed as daily labourers on the irrigated plots.

Also in 2000: 60 hectares are set aside for irrigation to be provided by a local NGO, 15 hectares of which are allocated for the NGO's use. By mid-2005, the NGO has still not installed the irrigation pipe and the uncultivated land has become infested with weeds. The removal of these involves arduous work, requiring months of weeding 'campaigns' run by local government officials and involving one member of each household one day a week, with a fine of 10 birr for absence.

2002: a few of the wealthier farmers with land close to the river start forming groups and buying pumps on the market.

2004: when much of the harvest dies due to drought, local government officials say they will try to rehabilitate the RCC scheme. In January, engineers say this is possible, but in March they announce that there needs to be a new scheme. Simultaneously, the local NGO says they will soon start construction of their long-promised pipe. However, the two schemes are proposed to cover some of the same land.

The importance of understanding the 'local'

This research suggests that the design and establishment of equitable, efficient and sustainable small-scale irrigation programmes in Ethiopia require organised knowledge about local histories – the power networks linking local people, middle men, government, NGOs and donors – and ongoing local social change processes. Systematic, rigorous and multi-disciplinary social science research that interrogates wellbeing at different levels is an important means of providing this knowledge. What is missing throughout this case is an effective and empowered form of local government or local development authority that would be able to coordinate external intervention, and at the same time, be the repository of local knowledge for such interventions.

When left to organise themselves, local people adopted an equitable and cooperative approach.

In the spirit of 'good governance' advanced by the Commission for Africa Report, such a body would also be transparent and accountable to the community in its execution of development activity.

What Needs to Change?

The authors of the Commission for Africa Report are aware of the need for the international community to "make greater efforts to understand the values, norms and allegiances of cultures of Africa" and the value of 'invisible' social networks to the functioning of African communities.

However, there is no reference to local social change processes and little evidence of awareness of the inequalities involved in local power structures that underpin the success of intervention.

More importantly, there are no recommendations for achieving understanding of African cultures or networks, nor for using such understandings to inform and improve policymaking.

The analysis offered here highlights three major themes that require attention:

- **Knowledge and understanding:** recognition that all of the generalised recommendations contained in the Commission for Africa Report require further detailed elaboration. In that process of elaboration it is important that the need for, and the place of, more substantial understanding of specific development contexts be acknowledged.
- **Organisation:** decision-making processes need to be organised so that they can engage with the generation and retention of the knowledge that is needed to increase the success of development interventions. For poverty reduction, this requires agencies and governments to go beyond the bland and now often routinised exercises that the Poverty Reduction Strategy Processes are becoming.
- **Political support:** aid and development relationships need to be reviewed and re-structured so that they meaningfully take account of and use this knowledge. The case here strongly points to renewed prioritisation for processes of democratic decentralisation, but with appropriate technological back-up. It also emphasises that decentralisation must be undertaken in a way that is consistent with, and supported by, all higher levels of political authority.

If the Commission for Africa Report is to become anything other than one of those eminent documents which are launched to great fanfare, but then sit on bookshelves and become a historical curiosity, then further steps are required to deal with the types of disconnects that this paper has highlighted.

A note on research and deepening our understanding of development processes

The research findings are from ongoing work being carried out in four developing countries. With its focus on wellbeing, the WeD research programme is researching a holistic, but also practical vision of wellbeing that is sensitive to local realities. Human wellbeing is taken here to be not just a set of objective circumstances, such as having enough food and shelter, but these combined with people's own evaluations of whether they are achieving what they aspire to achieve. The conceptual framework places people at the centre of the analysis and focuses on the wellbeing outcomes they achieve and the processes they engage in to achieve them. This involves studying their relations to other people and their interactions with the social, political and cultural structures in which they operate. In order to do this, WeD has developed, piloted and is implementing an integrated and multi-disciplinary suite of social science research tools to collect both quantitative and qualitative data. Using the WeD framework, the Ethiopia Team is approaching the end of a 16-month, multi-disciplinary, multi-level, and multi-method fieldwork phase, conducted in four rural and two urban communities in the two largest regions of Ethiopia.

The research is intended to provide deeper understandings of how some households succeed in achieving wellbeing outcomes and how many of the poorest people do not. In doing this, it seeks to indicate what kinds of actions might be important either for enabling people to achieve wellbeing or for removing the obstacles that persistently stop many people in countries such as Ethiopia from doing so. We argue that this type of ground-level knowledge is essential for effective intervention design and implementation and must systematically be taken account of by higher levels of policymaking, through its integration in policy decision-making processes.

FURTHER READING

The importance of understanding the 'local'

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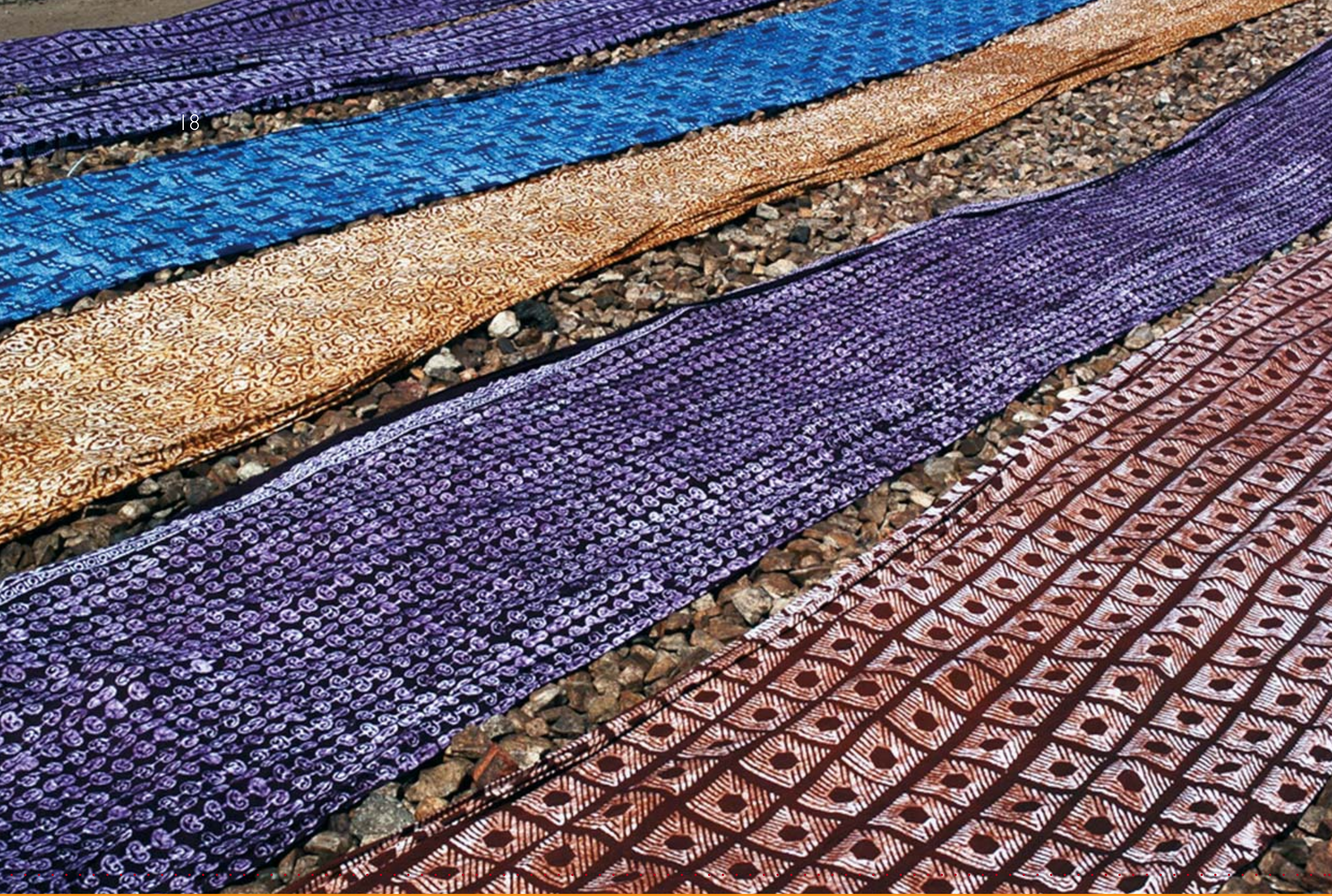

Trade and the rapid reduction of poverty in Africa

Converting good intentions into impact

The first Millennium Development Goal (MDG) is to halve extreme poverty by 2015. On present trends, Africa is not going to meet this goal. If there is to be any hope of reversing this trend we must begin to comprehend not only the factors that determine poverty and quality of life in Africa but what will most effectively – and rapidly – improve the lives of the poorest people on the continent.

Answering these questions is a core part of the research agenda that the ESRC set for the Global Poverty Research Group (GPRG). In addressing these questions, the group focuses first on who needs to be the target of policy: who are the poor, where are they, how best to measure and analyse poverty? And secondly on which policies can most effectively bring about change.

As the various initiatives of 2005 – the Report of the Millennium Project, G8, and Commission for Africa among them – move into implementation phases, outcomes from GPRG are able to shed valuable light onto how to convert good intentions into development impact. In this paper, I will use the Group's work to address specifically the implementation of the agenda set by the Commission for Africa.

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University of Oxford

Commission for Africa: the importance of growth

According to the Commission for Africa Report, growth is the key to poverty reduction. The mechanisms for increased growth are:

- more trade and aid
- an improvement in the investment climate
- a doubling of expenditure on infrastructure
- an emphasis on agriculture and on helping small enterprises

Aid is seen as central. Increases in aid will be the result of changes in multilateral institutions, which will give a "higher priority to Africa's development", and a commitment from rich nations to a schedule of giving 0.7 per cent of their annual income in aid.

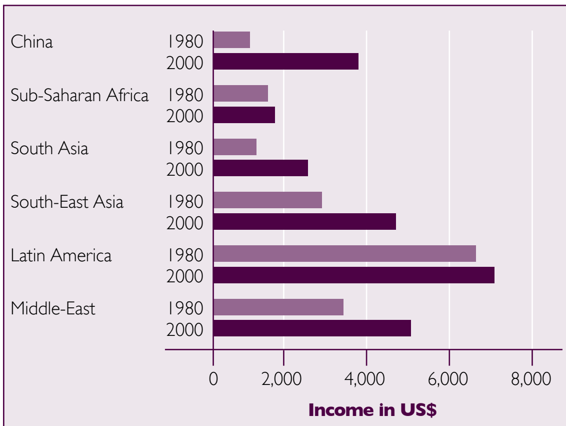
The Commission for Africa concludes that a partnership is required between Africa and the developed world: "For its part, Africa must accelerate reform. And the developed world must increase and improve its aid, and stop doing those things which hinder Africa's progress". The G8 meeting at Gleneagles in July 2005 heralded progress on this aid target and the impact of both trade and aid has been central to the policy debate.

Reducing poverty by growth

The Commission for Africa Report is very clear that addressing Africa's poverty requires more rapid growth. Given this, it is useful to begin by showing both the magnitude of the task that Africa faces and its solubility. The following figure shows how the level of income across different regions has changed from 1980 to 2000. The success of the Chinese economy is no longer news, but it is possible that the magnitude of its success is still not fully appreciated.

Figure 1

Changes in incomes per Capita: 1980-2000



Note: Sub-Saharan Africa excludes South Africa
Source: PENN World Tables
Incomes are weighted by population and expressed in 1996 PPP$

In 1980, China's income per Capita was US$1,069, similar to that of South Asia and lower than Africa. By 2000, this had increased nearly fourfold to US$3,747 – a compound growth rate of six per cent per annum. While China's growth captured the headlines the achievements of other regions, specifically South Asia, need to be kept in mind. Its incomes doubled over two decades, taking it from much poorer than Africa to much richer.

The picture from these overall data presents both bad and good news. The bad news is that Africa's position has fallen radically relative to other regions. The good news is that very high rates of growth in very poor economies have proved possible – they have moved China from being one of the poorest regions in the world to being nearly as rich as South East Asia in the space of 20 years.

The Commission for Africa Report argues that the goal "should be to increase the average growth rate to seven per cent by the end of the decade and sustain it thereafter". The implications of the achievements in China and South Asia for Africa are obvious: that target growth can be achieved. Two questions then arise. First, how can the growth rate be raised and second, how can increases in income impact most effectively on poverty?

Trade and the rapid reduction of poverty in Africa

The key to growth

So what is the key to growth and how can Africa emulate the experience of rapid development that China has followed?

The Commission for Africa Report identifies a large number of possible answers to how the growth rate can be increased. I want to argue that one of these answers is central, and without success in this area, all the other possible policies will fail.

The key to growth for Africa is to export more. What are the fundamental reasons why success in exporting is so closely linked to successful growth? African economies are rich in natural resources – the domestic market for these products is negligible, the world market huge. The speed of export growth for these economies is limited only by the speed with which they can increase output.

Over the past half century, Africa's labour force has grown rapidly to the point where finding jobs for the burgeoning urban population is a major issue.

When African economies have grown successfully – and it is often forgotten how frequently in the past this has happened – it has been through this mechanism of using the world market place to sell produce for which there is no domestic demand.

Mauritius: a story of successful growth in Africa

This pattern of exporting natural resources and importing other, particularly manufactured, goods is often described as a colonial pattern of trade. It was and, more to the point, remains the pattern of trade for virtually all African countries. One exception is Mauritius. Mauritius has moved from an economy that was overwhelmingly dependent on sugar to one exporting manufactured goods, and one with a large and growing service export sector in the shape of tourism.

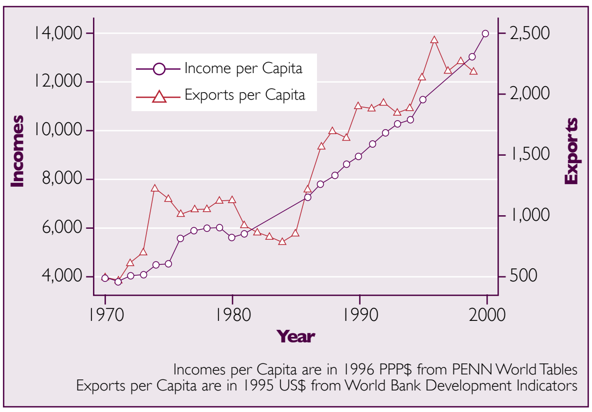
While the pattern of its exports has changed radically over the last 25 years, the principle that underlies Mauritian success is the same as that underlying the success of agricultural exports: the world market is vast and if firms can enter it successfully then there is no limit to the speed with which they can grow. The Mauritian example is so relevant for other African economies because exporting manufactures creates far more jobs than natural resource exports. In addition, over the past half century, Africa's labour force has grown rapidly to the point where finding jobs for the burgeoning urban population is a major issue. If these workers could find employment in firms linked to exporting – in other words if exporting could be profitable for such firms – then very rapid growth is possible. Just how rapid can be seen from the Mauritian experience.

How closely related the links are between the rise in incomes and exports in Mauritius is demonstrated in Figure 2. For a continent that has become notorious for economic failure, this success is worth highlighting. Unfortunately, Mauritius is an exception within Africa.

Africa in general exports so little not because of trade barriers in developed countries, as is frequently asserted, but because its own policies have consistently made exporting unprofitable – particularly for its agricultural producers. At present, exporting is not making money for most manufacturing sectors. This is the reason for the lack of jobs, which, in turn, has led to the failure to achieve any significant poverty reduction.

Figure 2

Mauritius incomes and exports

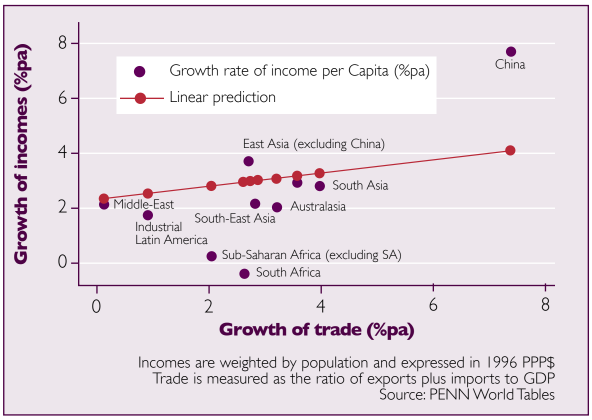


While it is true that trade barriers created by developed countries are of some relevance to certain African countries and products, it is an illusion to think that if these barriers were eliminated tomorrow poor people in Africa would gain very much. They would not. The trade policies that matter for the poor in Africa are policies in Africa. The revival of coffee exports from Uganda in the 1990s was the result of improved domestic policies; the dramatic expansion of cocoa exports from Ghana in the last two years is, in part, due to lower taxes on producers; and the collapse of non-oil exports from Nigeria is the result of their policies towards their exchange rate and tariffs that render farming unprofitable.

Trade as a force for development

Such an assertion contrasts directly with the overwhelming view of campaigners for Africa: that trade harms its peoples. To look at this view dispassionately it is useful to put Africa in the context of other regions of the world and, in doing so, show how exceptional was the achievement of Mauritius.

Figure 3
Growth in incomes per Capita and trade: 1990-2000



The figure above presents a summary of what happened to different regions of the world during the 1990s. How closer integration into the world economy is to be measured is a controversial issue. However, here a simple measure is taken of the ratio of trade to income. Essentially, the higher this ratio, the more important trade is becoming as a source of income for the economy. The figure shows a clear positive relationship between changes in trade and changes in income.

On average, regions that become more closely integrated into the world economy have seen increases in their incomes. The figure also shows that China in the 1990s grew by nearly eight per cent per annum and trade as a proportion of income expanded by a similar amount. In contrast, African growth was virtually zero and trade growth, while positive, was very low relative to the successes in South Asia and China.

It is often argued that growth in income is not nearly enough to solve the problem of poverty. It passes by many of the poorest groups in society and fails to recognise the difficulty of successful participation in a world economy if you live in areas with little infrastructure, inadequate access to education and no access to the technology necessary for exporting. It is certainly true that trade growth can pass the world's poorest people by. Embezzlement of funds from oil-rich economies is an obvious example. However, it is equally true that policy can make trade work for the poorest. Indeed, the fact that the Millennium Development Goals may on average be met is due to the success of China in reducing poverty. Its growth did lead to a massive reduction in the numbers of people living on less than US$1 per day.

What is China doing so right and Africa so wrong? Integrating into the world economy can do enormous good, but most of Africa is missing something. What is it?

The key to poverty reduction

In China, there has been an explosion in job growth in the urban sector linked to exporting. By contrast, in virtually all African economies, growth in private sector wage employment has been very limited. Job creation, where it has occurred, has not been linked to exporting. Most new jobs have been in the urban service sector.

Such a pattern of job creation yields limited income gains: demand is limited by domestic incomes, which are low. With limited demand, and rising supply as numbers in the urban areas expand rapidly, the result is either growing open unemployment as in South Africa, or an increasingly pressurised search for opportunities in an over-supplied small-scale informal sector.

Trade and the rapid reduction of poverty in Africa

With higher incomes, there would be a demand for more differentiated products, which would create opportunities for many of the firms currently operating in the small-scale sector. However the source of these higher incomes can only be from exports.

Which policies matter most? Almost certainly those that promote manufacturing exports.

Can wage jobs be created in the rural export sector? The answer to this question is almost certainly no. Again, GPRG research provides very specific insights. In the last two years Ghana's major agricultural export – cocoa – has increased dramatically. While some of the increase in production may be the result of smuggling, it seems clear that output has doubled from 350,000 tonnes to over 700,000.

Survey work on cocoa farming has shown that, while this led to a substantial increase in the number of days worked, it led to a fall in the number of workers in the household. Many of these workers migrated to urban areas. This significant rise in labour productivity per person implies that, in the case of cocoa, rising output can still lead to an increase in the number of people seeking jobs in urban areas.

To summarise: it is only in urban-based export industries that the growth of employment can be rapid enough to absorb the rapid growth in labour supply, and such employment creation is how income growth can be directly linked to poverty reduction.

Aid, investment and infrastructure

While trade was one of the sources of growth identified by the Commission for Africa, it certainly did not give it the prominence I have. Given this, it is sensible to examine how the other elements of the Commission agenda – more aid, investment in infrastructure and a better investment climate – fit into a strategy of growth through exporting.

Africa has received far more aid than any other region of the world. As Figure 3 has shown, average growth in the 1990s in Africa was close to zero. If, as its advocates claim, aid has been effective at promoting growth in Africa, the implication of these statistics is that some other factor was offsetting the benefits of aid. Aid certainly has not led to the kind of sustained and rapid export growth that is required.

What then is the path to more rapid export growth? There is really only one, and that is ensuring that exporting can be profitable for producers in Africa, whether this be small-scale African farmers producing coffee or cocoa, timber companies felling logs, firms exporting manufactured goods or hotels serving tourists. The common element across this diverse range of activities on which the profitability of exporting depends is the efficiency with which farms and firms operate. The stress on infrastructure in the Commission for Africa Report would be justified if it is implicitly an argument that infrastructure costs limit the profitability of exporting.

Undoubtedly, there are instances where this is the case, but unless infrastructure investment is linked to exporting, it will fail. The continent of Africa is littered with large infrastructure projects that have failed to produce growth because there was no understanding of this link to trade, which is the key to success.

The Commission for Africa Report – echoing the recent World Development Report – also argues the importance of the investment climate. If we take investment climate to mean the complex factors that render exporting unprofitable for so many of Africa's producers then, as I have argued, that is the central problem. Which policies matter most? Almost certainly those that promote manufacturing exports.

Specifically, I believe that in order to move towards a successful pattern of labour intensive exporting firms, attention should be given to a combination of the following:

- **Larger firms using more labour to produce the output:** requiring policies that encourage increased flexibility in the labour market
- **Larger firms with higher levels of efficiency than at present:** requiring policies focused on the costs of doing business, access to better managerial techniques and more competition
- **Relaxing the constraints on entering the export market:** requiring a combination of policies which make exporting a profitable option for firms and macro-policies that favour the export sector generally

If policy can link growth in income to employment creation then the goals of the Commission for Africa in reducing poverty are achievable. If we get it right, then Africa's problem can be solved in less than a generation. If we get it wrong, then the next report on Africa will make even grimmer reading than the current one.

FURTHER READING

Trade and the rapid reduction of poverty in Africa

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Söderbom, M and Teal, F in African Development Perspectives Yearbook 2002/03 edited by Wohlmuth, K (2004) *How can policy towards manufacturing in Africa reduce poverty? A review of the current evidence from cross-country firm studies.* Münster: LIT Verlag

The following publications can all be found on the GPRG website www.gprg.org:

DeJong, J *Capabilities, reproductive health and wellbeing.* GPRG-WPS-005

Green, M *Representing poverty and attacking representations: Some anthropological perspectives on poverty in development.* GPRG-WPS-009

Hulme, D and Toye, J *The case for cross-disciplinary social science research on poverty, inequality and wellbeing.* GPRG-WPS-001

Kingdon, G and Knight, J *Subjective wellbeing poverty versus income poverty and capabilities poverty?* GPRG-WPS-003

ESRC and international development

Making a difference

The ESRC is the UK's leading funder of social science research and training. In addition to supporting the three investments featured in this publication, we also fund centres and programmes conducting research on issues such as global migration, international trade and global environmental concerns. Further awards are made available to individual researchers and research teams, and to postgraduates working in the area of international development.

The ESRC is also involved in a variety of activities, such as research conferences and one-off events, which promote the international development agenda with other partners. In 2005 we helped organise an event in Edinburgh in collaboration with the Commonwealth Scholarships Commission which brought together young African academics studying in the UK on Commonwealth scholarships with UK experts and funding bodies. Also in 2005, the Council joined forces with the Department for International Development (DfID) to co-fund a major new initiative to promote research into reducing poverty in the world's poorest countries. International development issues also feature regularly in our publications and on our new *Society Today* website – www.esrcsocietytoday.ac.uk.

The ESRC plans a number of activities to take forward the international development research agenda in 2006. The *ESRC Strategic Plan 2005-2010* identifies 'Succeeding in the Global Economy', 'Population Change', 'International Relations' and 'Environmental Change' as priority research challenges for the future.

CENTRE FOR THE STUDY OF GLOBALISATION AND REGIONALISATION (CSGR) UNIVERSITY OF WARWICK

Inaugurated in 1997, CSGR is the oldest and largest academic centre in Europe devoted specifically to the study of globalisation and regionalisation; two of the main trends reshaping contemporary society. CSGR brings together researchers from business studies, economics, law, politics and sociology in leading-edge policy-relevant investigations.

The centre has made significant contributions to knowledge on concepts and measures of globalisation; comparative regionalisms; the political economy of global and regional finance and trade; civil society and social movement activity; and security issues in a more global and regional world. Among its many outputs CSGR produces a statistical Globalisation Index, online working papers, a book series, three journals, major conferences and workshops, biannual newsletters, and an encyclopedia of globalisation. Fifty staff and associates are based at Warwick. In addition, the centre hosts a dozen visiting scholars every year and has helped to train a new generation of researchers now working across the UK and internationally.

CSGR has also played a central role in building key academic networks such as the EU Framework 6 Network of Excellence on Global Governance, Regionalisation and Regulation (GARNET) and the Globalization Studies Network (GSN).

www.csgr.org

WELLBEING IN DEVELOPING COUNTRIES (WeD) RESEARCH GROUP UNIVERSITY OF BATH

Established by the ESRC in 2002, WeD is an international interdisciplinary research group that works in close collaboration with local institutions in Bangladesh, Ethiopia, Peru and Thailand to investigate the relationship between development and human wellbeing. WeD's fundamental goal is to develop a research framework for understanding the social and cultural construction of wellbeing in developing countries.

This focus on 'wellbeing' is crucial. Economic growth can help to reduce material poverty and expand choices, but it can also increase inequality, reduce social cohesion and undermine cultural diversity. Broadening economic development to human development still ignores the social, cultural and subjective aspects of life. 'Wellbeing' enables WeD to go beyond traditional notions of poverty to embrace human needs, resource profiles, subjective wellbeing and livelihood activities.

Using systematic and rigorous social science, WeD will gain a deeper and more meaningful understanding of people, their aspirations, their constraints and the actions they undertake to achieve wellbeing. This will provide valuable insights into the processes that generate poverty and ultimately improve the translation of policy into practice.

In 2006, a report on WeD's first phase of conceptual development will be available: *Wellbeing in Developing Countries: New Approaches and Research Strategies*. The second phase – a major programme of comparative research, focused on 24 communities from each study country – is currently nearing completion.

www.welldev.org.uk

THE GLOBAL POVERTY RESEARCH GROUP (GPRG) UNIVERSITY OF OXFORD

Also established by the ESRC in 2002, GPRG has been formed in response to the need for a more inter-disciplinary approach to the problems faced by developing countries. The research group is a collaboration between two institutions: the Centre for the Study of African Economies at Oxford (CSAE) and the Institute for Development Policy and Management at Manchester (IDPM). This collaboration enables the GPRG to link economists, sociologists, political scientists, human geographers and anthropologists and has produced an extensive programme of multi-disciplinary work investigating poverty, inequality, and the quality of life.

The research undertaken by the group is organised by themes. First, they focus on understanding outcomes – who are the poor, how is poverty related to income opportunities, and how are income and wellbeing related? Outputs here include conceptual work on poverty and empirical analysis of the links between unemployment and poverty in South Africa using household data. The second set of themes focus on the means – how can welfare be improved? These outputs include the use of labour market and firm data to assess how education, trade and human capital determine growth, and comparative work across disciplines on how poverty can be understood and reduced.

In addition to an annual research summary, the GPRG publishes two newsletters a year and an online working papers series. It also holds regular workshops and international networking conferences throughout the year. In-depth presentations of current research can be found on our website.

www.gprg.org

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The Development Studies Association of the UK and Ireland (DSA) promotes the advancement of knowledge on international development. It publicises information on development research and training as well as encouraging interdisciplinary exchange and cooperation. As the strongest and most coherent national platform for development studies within Europe, the DSA believes the decisions that affect the world's poor must be underpinned by good analysis. It facilitates this by providing a forum where both producers and users of research can meet to exchange information, learning and resources. DSA activities include regular study group meetings, an annual conference, policy fora and a monthly bulletin.

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