Coherence of rural poverty reduction and international trade policies

Listening to the views of the rural people in Africa South of the Sahara

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Listening to the views of the rural people: Sources of information

- Grassroots' stakeholders, African farmers' and other private sector organizations
- African governments and inter-governmental organizations
- development specialists involved in the implementation of IFAD projects who work closely with rural communities

Where do we stand on the MDGs front?

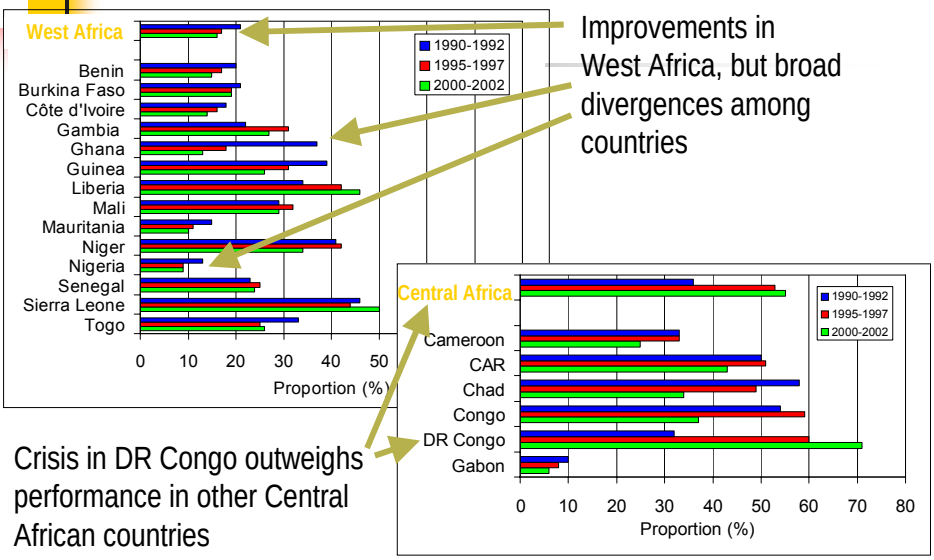
- Key MDGs:
  - Number of people living with ≤ USD 1 per day halved by 2015
  - Malnutrition halved by 2015
- Many countries in sub-Saharan Africa will have difficulty reaching the MDGs as average per capita incomes must grow by 4 to 5% annually. The annual per capita growth rates required vary greatly:
  - The Democratic Republic of the Congo, Liberia and Sierra Leone require more than 8%
  - Guinea-Bissau requires 11.7%, while Benin only needs 0.8%

Where do we stand in WCA on the growth front?

- Average GDP growth in increased from 3.8% between 1996 and 2002, to 4.7% in 2005
- For some countries in West Africa: > 5%
- Key growth factors: increasing oil and metal exports at high price levels which offset the drop agricultural commodity prices since the late 1990s (e.g. tea, coffee, cocoa)

=> Good aggregate performance hides considerable differences between countries and sectors

Where do we stand in WCA on the nutrition front?



Improvements in West Africa, but broad divergences among countries

Crisis in DR Congo outweighs performance in other Central African countries

Where do we stand on the ODA front?

- Net ODA to SSA in 2003:
  - USD 21 billion or USD 90 per person living with USD 1 per day
  - Nominal amount about the same as in 1993 after significant reduction between 1996 and 2001
  - About 1/3 of 2003 ODA debt relief and emergency assistance as against a very small proportion in 1993

Source: OECD/AFDB Economic Perspective of Africa, 2005

Current trends for ODA

- OECD countries committed to step up total ODA after Monterrey and Kananaskis:
  - USD 88 billion per annum in 2006 (debt relief included)
  - USD 100 billion per annum in 2010
- Although half of the increase will go to SSA, the estimated financial requirements to achieve the MDGs are considerably higher

(UN 2001: The "Zedillo" Report, New York)

Eight key questions about policy coherence raised by the African agricultural community

- 4 questions concern donor governments' policies
- 4 questions concern the African governments' policies

Questions on donor governments' policies

- Is the country allocation of the ODA coherent with the objective of reaching the MDGs in SSA by 2015? (see Baulch, IDS-CPRS)
- Is the ODA expenditure by sector coherent with the objective? (see FAO and DAC)
- Are ODA providers' market access policies coherent with the need to promote fast growth of African agriculture?
- Is the "protection" of domestic agriculture by major ODA providers coherent with the objectives of their own ODA policy?

Questions on African governments' policies

- Is the incentive system for African agricultural producers coherent with accelerating "growth with equity" in agriculture?
- Is the international trade policy coherent with the objective to increase growth opportunities in the agricultural sector?
- Is the current pace of regional economic and political integration coherent with the need to meet the challenge of globalizing markets from a strong basis?
- Is the current institutional transformation coherent with the need for key stakeholders (farmer, private sector and civil society organizations) to participate in policy decision-making processes?

The political dimension

- **Critical mass:** SSA Countries individually too small to influence trading and development partners: only regional organizations may achieve the critical mass required for adequate economic and political weight
- **Political drive**: Stronger African determination needed in keeping the momentum of regional integration, common agricultural development policy, and private sector / civil society development (including the development of farmers organizations)

The political dimension (cont.)

- **Decision-making capacity**: need to increase Governments' capacity to take advantage of the margin of manoeuver resulting from debt relief, budget support, PRSPs to manage policies more coherently;
- **Consensus**: Improve the processes that bring about consensus in the countries, creating the conditions for a jump in good governance at local, sector and macro- levels.

Increasing ODA providers' policy coherence

- Increase ODA to SSA
- Increase proportion of investments in agricultural and rural development as 70% of the poor live in rural areas
- Improve market access;
- Reduce the negative effects of the protection of domestic agriculture by major ODA providers.

Increase African governments' policy coherence

- Adjust incentive system for agricultural producers (policy, institutions, infrastructure, rural financial services…)
- Increase public investments in agriculture and rural development and create the enabling environment for an inclusive private sector development;
- Foster regional integration to create a larger market and improve rural-urban market linkages within a coordinated agricultural development policy;
- Adequate protection of African producers from unfair competition in the international and domestic markets;
- Increased support to community level institutions, farmers and private sector organizations.