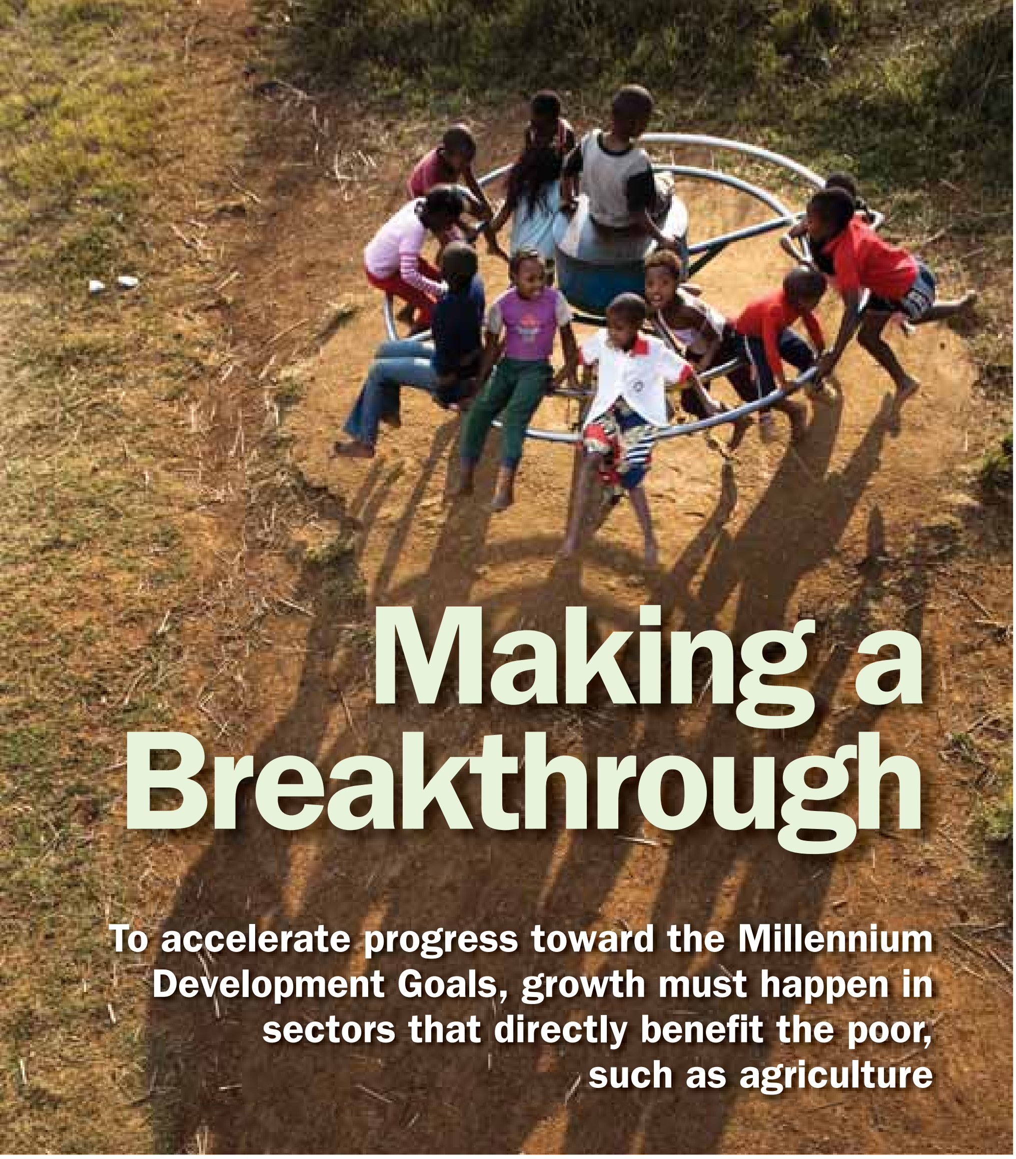

Making a Breakthrough

To accelerate progress toward the Millennium Development Goals, growth must happen in sectors that directly benefit the poor, such as agriculture

South African children on water playpump merry-go-round.

Pedro Conceição and Selim Jahan

THE decade leading up to the 2009 global recession saw fast economic growth in most developing countries. Since the late 1990s, growth in the developing world has been consistently higher than in advanced economies. In sub-Saharan Africa this represented a break from a long period of economic stagnation, roughly lasting from the mid-1970s through the mid-1990s.

This growth was accompanied by improvements in human development outcomes and progress toward the Millennium Development Goals (MDGs; see Box 1 in "Regaining Momentum," in this issue of *F&D*). In sub-Saharan Africa, extreme poverty rates started to drop rapidly in the late 1990s. The population living in extreme poverty (less than $1.25 a day at purchasing power parity and 2005 prices) in sub-Saharan Africa in 1990 (the baseline year for the MDGs) was 57 percent (United Nations, 2010a). By 1999 the poverty rate actually increased by 1 percentage point, to 58 percent. But by 2005, the poverty rate had dropped to 51 percent. More recent data are not yet available, but some projections suggest that the extreme poverty rate in sub-Saharan Africa continued to drop to about 46 percent in 2008 (World Bank and IMF, 2009). If these projections hold, between 1999 and 2008 the extreme poverty rate in sub-Saharan Africa dropped by 12 percentage points.

Still, this average performance in growth and poverty reduction masks great diversity across countries. Take Ghana. The extreme poverty headcount ratio fell from 51 percent in 1992 to 39 percent in 1998 and to 30 percent in 2006 (United Nations, 2010b). Ghana is well on its way to meeting the extreme poverty target under MDG 1. Economic growth certainly played an important role in this progress but cannot alone account for it.

By contrast, many sub-Saharan African countries, some growing much more rapidly than Ghana, have been much less successful in reducing poverty. Many of those that grew as rapidly as, or even faster than, Ghana have barely reduced poverty. In fact, on average, growth has been historically much less effective in reducing poverty in sub-Saharan Africa than elsewhere. According to some estimates, the poverty elasticity of income—the extent to which increases in income translate into reductions in poverty—is almost one-third lower in sub-Saharan Africa than in other developing countries (Fosu, 2009).

Working toward inclusive growth

Thus growth, while necessary for reducing poverty and making progress toward the MDGs, will not, on its own, be sufficient. The nature of growth matters. Growth that is inclusive and that generates income in the poorest segments of the population is much more effective in reducing poverty. In sub-Saharan Africa now—and in several other countries historically—growth in the agricultural sector is crucial, not only for poverty reduction, but also to reduce hunger. For example, in Ghana about 59 percent of the reduction in the extreme poverty headcount ratio between the early 1990s and 2006 was accounted for by reductions in rural poverty (World Bank, 2008). At the same time, the proportion of the population that is undernourished went down from 34 percent in 1991 to 8 percent in 2005 (United Nations, 2010b). When growth is inclusive, and occurs in sectors that benefit the poor, it is much more effective in reducing poverty.

A range of policies is required to make growth more inclusive and to make progress on other social indicators. The relative ineffectiveness of growth in reducing poverty in sub-Saharan Africa suggests that a "policy gap" exists that could be exploited to bring the contribution of growth in the continent at least to that of other developing countries.

What are the needed policies? Evidence from MDG country reports clearly indicates some factors that contribute to success in achieving the MDGs (UNDP, 2010a). We know from such evidence that economic growth in sectors that directly benefit the poor accompanied by targeted pro-poor policies significantly reduces poverty and hunger. Such policies include investments in expanding economic opportunities, strengthening legal rights, and enhancing the participation of women in the political process. They also comprise education and health policies that enhance access to services to all, and especially to women and girls. These kinds of policies have catalyzed progress across all the MDGs.

Implementing an action agenda

All such evidence leads to a specific MDG action agenda for 2010–15 (UNDP, 2010b). As the earlier discussion on Africa emphasized, rapid poverty and hunger reduction results from high per capita economic growth that expands income and employment opportunities for the poor. In Africa, this often means growth that originates in the agricultural sector. This usually goes along with a more equitable distribution of income, assets, and opportunities.

Inclusive and pro-poor growth requires investments in basic social services—in schools, hospitals, and rural health centers—and in human resource development. All of these investments promote wider health coverage and improve the quality of services. Therefore, it is essential to increase public investment in education, health, water, sanitation, and infrastructure.

However, building schools and health facilities and removing fees and other barriers to access will not automatically ensure that women and girls gain access to these services. That requires targeted investments in female health and education. Constitutional and other legal reforms that directly enhance women's political participation contribute to empowering women. Indeed, the evidence is clear that empowering women improves progress across the MDGs.

Overall policies and strategies have to be complemented by a *scaling-up of targeted interventions,* such as mass immunization and the distribution of bed nets and antiretroviral drugs, which help save lives, particularly when implemented in an integrated manner. *Social protection, cash transfers, and employment programs* are effective not only to support vulnerable populations during shocks, but can enable access to nutrition supplements, regular health check-ups, and schooling.

The MDG action agenda for 2010–15 must also address vulnerabilities arising from climate change and support the transition to jobs and economic activity that is consistent with efforts to mitigate climate change. A global agreement on climate change is urgently needed to help those with fewer resources to make such adjustments, to both adapt to climate change, and to move toward a low-carbon developmental path.

Strengthening the mobilization of domestic resources to help finance the MDG agenda is essential. Many countries are broadening their tax base and enhancing the efficiency of tax collection. The administrative capacity of national revenue authorities must be strengthened, while ensuring transparency and accountability in the use of public resources. Governments can increase the efficiency of public expenditure by lowering the unit cost of providing public services without reducing their quality or quantity, and by cutting wasteful spending.

In the context of the above action agenda, it is important to emphasize two conditions. First, achievement of the MDGs depends on countries' commitments to the goals. This means country-led development efforts, sustained by effective governance, based on a broad national consensus and achieved through consultation and meaningful participation by all affected. Second, international cooperation needs to provide a supportive environment for achieving the MDGs. This implies delivering on official development assistance (ODA) commitments; improving the predictability and effectiveness of ODA disbursements; and concluding the Doha Round of multilateral trade talks as soon as possible with agreements that are development friendly—thus increasing support for South-South trade and regional integration.

The MDG challenges in sub-Saharan Africa are daunting. But evidence has shown that with the right kinds of policies, backed by international support, significant progress can be made on several fronts. Simultaneously, efforts must be undertaken to address some of the longer-term structural constraints to sustain this progress. We have the resources, the knowledge, and the technology to make a breakthrough on the MDGs in sub-Saharan Africa. ■

Pedro Conceição is Chief Economist and Head of the Strategic Advisory Unit, Regional Bureau for Africa, and Selim Jahan is Director of Poverty Practice, both at the United Nations Development Programme.

References:

Fosu, Augustin Kwasi, 2009, "Inequality and the Impact of Growth on Poverty: Comparative Evidence for Sub-Saharan Africa," BWPI Working Paper 98 (Manchester, United Kingdom: Brooks World Poverty Institute, University of Manchester).

United Nations, 2010a, The Millennium Development Goals Report 2010 *(New York).*

———, 2010b, United Nations MDG database.

United Nations Development Programme, 2010a, The Path to Achieving the Millennium Development Goals: A Synthesis of Evidence from Around the World *(New York, June).*

———, 2010b, What Will It Take to Achieve the Millennium Development Goals? An International Assessment *(New York, June).*

World Bank, 2007, World Development Report 2008: Agriculture for Development *(Washington).*

———, and IMF, 2009, Global Monitoring Report 2009: A Development Emergency *(Washington).*