1997 PROGRAMME OF WORK

Outlines on Subprogramme 1:
Facilitating Economic and Policy Analysis

United Nations
Economic Commission for Africa
Economic and Social Policy Division
Preface

The primary goal of the Economic and Social Policy Division (ESPD) is to produce timely, appropriate and influential information and to synthesize analyses and research results on economic and social policies relevant to Africa. In discharging its mandate, ESPD will uphold ECA’s standards of excellence and will endeavour to project an ECA image that is alert to new issues and opportunities, that is committed to a better service to its member States and that is informative on African development thinking.

In the light of the above stated goal, this document contains the outlines for the substantive research output included in the 1997 work programme for the ESPD. The outlines were prepared as an interpretation of a one line title included in the originally approved work programme document. The process involved in the preparation of the outlines may be worth recording:

a) The programme document was discussed in its general format on a theme-by-theme basis in a Divisional meeting established to meet regularly on Wednesdays from 10 am to 12 noon. In the context of this meeting, and indeed outside it as well, the whole Division has worked as a team.

b) Volunteers, on the basis of thematic interest, were identified and work assignments were allocated with deadlines. A general structure for the outlines was agreed upon.

c) Preliminary drafts of outlines were then subjected to peer review in the context of the Divisional meeting. Outlines requiring revisions were subjected to further work where those acceptable were finally edited and appropriately formatted.

The outlines are currently used by the various officers to inform their Performance Planning Forms and Performance Appraisal System (PAS), and will be used to draw-up terms of reference for consultants whenever relevant. In terms of quality, it seems fair to note that this first-round attempt compares favourably with outlines produced by established institutions. It is planned that the second-round outlines for 1998 and 1999 will witness a more improved, literature intensive product.
Theme 1.1: Economic Policy Analysis

Area of Focus: 1.1a: Accelerating and sustaining economic growth throughout Africa as the basis for poverty reduction

Title of Document(s):

Slow Economic Growth of African Countries
Causes and Remedies:

A Perspective

Objectives

Investigating the causes of slow economic growth with a view to capturing the momentum of economic growth for Africa. The study seeks to zero in on critical factors at both the macro and micro levels with a view to addressing the constraints on African development.

Background

Africa has lagged behind other continents in terms of economic growth. Thirty three of the world’s least developed countries are in Africa. Indicators of Africa’s failure are slow economic growth, falling per capita incomes, inflation, over-valued exchange rates, poverty, unemployment and civil strife. An investigation of the causes of Africa’s dismal economic performance is therefore appropriate. Compared to other developing regions, Africa has not achieved the momentum of growth of Asia or Latin America. However, note should be taken of the fact that selected African countries have indeed in recent years cut through the stereotype and achieved rapid growth, but other African countries have faltered in their economic performance and some have even experienced negative growth. In any holistic analysis of African economic performance, cognizance has to be taken of a gamut of economic, political and social causes.
Taking a historical perspective, the pattern of growth in Africa during the last 36 years reveals experimentation with various development paradigms, which have resulted in episodes of economic growth and decline. Africa developed during the 1960s according to the dependency theory, concentrating on the export of raw materials. During the 1970s, import substitution strategies were adopted and the absorption capacity of African economies began to develop. During the 1980s, African countries were buffeted by severe external shocks and adopted policies of stabilization and adjustment. It is only in the 1990s that African countries have begun to make a determined effort through deepened and expanded reforms to achieve strong sustainable growth, and even here the success stories are few.

A recent review of the literature on African performance identified seven explanatory variables - as being the most widely used in the empirical endogenous growth literature. These variables include lack of openness to trade, lack of financial depth, deficient public service provision, lack of social capital, high volatility, exogenous deterioration in the external environment, and failure of high levels of aid to have any significant positive impact. Collier and Gunning interact the African dummy with the trade policy proxy, using first the parallel market premium and then the Sachs-Warner composite index. Africa's trade restrictions appear clearly to have reduced investment. They contended that African socio-political characteristics, civil war, corruption and high factionalism have damaged growth. Variation in the real exchange rate, proxying policy and terms of trade shocks, has been included in growth regression equations, but is yet to be included in investment regressions. Collier and Gunning's findings show that political instability in Africa has negatively impacted on growth. High economic volatility appears to have also reduced the level of investment and concentrated it into short boom periods.

At the micro level, a hypothesis to be tested would be whether for firms without sufficient internal funds, the lack of credit would constrain investment. From the aggregated analysis, investors rate Africa as highly risky. African economies are subject to a high degree of volatility. The real exchange rate is highly volatile in Africa. Investment in Africa is also irreversible and illiquid, since markets in second hand capital are weak. This has tended to increase the costs of doing business in the continent.
At the aggregate economy level, lack of openness has been the most important cause of slow growth. At the level of the firm, foreign exchange controls and licensing have the same effect. Controls have produced an incentive to invest in inventories and even to change from manufacturing industry to hoarding. Liberalization has affected existing manufactures negatively since they have been dependent upon protection. African firms using the social network for contract enforcement suffer from a lack of information on export markets. The situation is compounded by poor public service provision e.g. infrastructure, credit, etc. to the firm. Risks are increased among other factors by limited public contract enforcement and policy reversals.

Product markets have been the mechanism for capital flight from Africa with over-invoicing of imports and under-invoicing exports. In the aggregate level growth literature, the premium in the parallel exchange market is a measure of the undermining of product markets. The variables used in growth regressions include proxies for distortions in product and credit market consistent with macro and micro level evidence on factor markets. In summary, three factors responsible for the slow growth of the African firm are high risk; inadequate social capital; and limited infrastructure; which along with lack of openness in product markets have contributed to stagnation in African economic development.

Methodology

The explanatory variables discussed above have been at the centre of empirical research in the endogenous growth literature. This growth literature is already voluminous and has been over-subscribed. Collier and Gunning adopt a case studies approach, and test causative factors of growth performance at the micro level. ECA's research should concentrate on further testing of the endogenous growth hypothesis at the micro level as related to Africa. The investigation would take into consideration the differential situation in Africa. The findings would be compared with existing results and the implications examined for policy making.

Feasibility and Budget

The research work is envisaged to take four work months. Four professional staff members would be needed to carry out the study.
Area of Focus: 1.1b: Tackling persistent macroeconomic imbalances and structural constraints to sustained growth with a focus on fiscal institutional arrangements, expenditure controls and financial intermediation.

Title of Document(s):


Objectives

To review the fiscal institutional framework, machinery, instruments and process in the implementation of fiscal policy in Africa. As such, highlights some of the weaknesses and the needed remedies for improved national savings and economic growth. From this point of view, it will describe the measures taken in the framework of adjustment policies and their results. It will stress the initiatives launched to reduce and manage public expenditure and handle tax reform and administration better.

Background

Fiscal policies have specific objective in financing the economy and promoting its growth. This is done through tax and other revenues collecting and allocation among competing ends, hence the importance of the process, structures and institutions that are assigned to undertake these tasks feature prominently.

These policies have to take account of the general characteristics of the African fiscal system, in particular the following:

- presently, African fiscal system is often rudimentary and its base is very narrow (the main part of the national revenue is non taxed). Some sectors (Agriculture, informal) are potential sources of supplementary fiscal revenues. In fact, there is a strong link between
the stage of development of one country and the degree of maturity of its fiscal system:

- fiscal deficits are common in African countries. There is an increasing impact of external and internal debts on the fiscal sustainability.
- tax revenue as a percentage of GDP is low in developing countries, about 20%, compared to over 30% in developed countries. Taxes on income are a secondary source of tax revenue compared with indirect taxes.
- it appears that there are serious problems related to the issues of equity, efficiency and administrative justice (fairness). In many African countries, the tax system is neither equitable, nor efficient and knows corruption and fiscal evasion. These, among others, constitute problems of good governance. The concerned administrations are not efficient, neither well trained, nor well equipped. Laws and rules are not well adapted.
- the economic impact of the fiscal system are too often negative: it causes distortions and discourages producers.
- many efforts of reforms began during last few years.

Justification

The above noted limitations need to be addressed. Fiscal reforms are necessary and are considered as fundamental for the success of economic reforms and structural adjustment policies. The progressive reform of the fiscal institutions will ensure that macroeconomic target will be met. Fiscal reforms entail measures to decrease the fiscal deficit, enhance the efficiency of revenue collection, and to boost the effectiveness of government expenditures. The main orientations generally proposed for these reforms are the following:

- for the tax base in many African countries to be expanded: fiscal reforms need to be implemented; special regimes have to be reduced dramatically; more fiscal resources could be obtained from incomes, agricultural sector, informal sector, and extension of VAT taxes;
- the tax administration must be strengthened by: decentralization; computerization and more complete national data base for the design of fairer tax rate structures; measures for more effectiveness and honesty of national revenue collection agencies; good training and incentive pay for the concerned staff.
• the public expenditure have to be more efficient and better monitored. The controls on budget disbursements need to be strengthened.
• good governance should be improved in these fields. The public should be sensitized.

Methodology

The methodology will be based on the analysis of the countries' efforts made in the fiscal reforms within the context of the adjustment policies. The study will follow the methodology used by IMF in similar studies. There will as such be an in-depth analysis of the reduction and management of public expenditure and the reform of the tax system and administration. Important elements in the analysis will cover the following:

a) Public Expenditure Reduction and Management:

• Types of expenditure reduction could be grouped into:
  - Directly productive activities (education, health, investment);
  - indirectly productive activities: Civil service wage bill, subsidies and transfers, other current goods and services—operations and maintenance

• Public expenditure management will include:
  - Budgetary Procedures and coordination, Control and information systems: effectiveness and discipline of budget preparation; control and administrative efficiency; transparency and timeliness of budgetary information; legislative and regulatory framework
  - use of a medium term macroeconomic and planning framework
  - advanced management procedures

b) Tax Reform and Administration


• Tax reform:
  - shares of various revenue to GDP
  - effect of the tax system on private sector incentives

• Tax administration systems
  - basic systems: voluntary compliance and self-assessment, filing and payment procedures, detection procedures, enforcement and collection, audit techniques.
  - use of techniques: organizational aspects, computerization
  - measuring increases in the effectiveness of tax and customs administration

The study will be based on field missions to be conducted by country consultants in addition to a consultant to synthesize the country case studies.

Feasibility

The work will take three work-months during the period June to November 1997.

Area of Focus: 1.1c: Boosting the Mobilization of Domestic Savings

Title of Documents:

a. A Study of Private Savings in Selected African Countries: Trends, Issues, and Constraints

Objectives

This study is an input for "Technical Report on Savings Mobilization in Africa: Processes, Institutions, and Cultural Factors (1998)". The objectives of this study are (i) to analyze trends of saving, (ii) attempt to identify
constraints, and (iii) highlight issues for enhancing private savings in Africa. The main issues related to savings behavior and promotion in Africa are:

- Do savings lead to investment (efficient channeling of mobilized resources: different experiences in Asia and Latin America)?
- What is the role of State for saving mobilization (beyond sound macroeconomic management, especially public savings and debt, campaign and education, and forced saving systems)?
- What are the constraints for mobilization of savings (both country-specific and sub-regional and regional)?
- What are the perceived effects of government regulatory policies on savings?
- What is the relationship between financial development (deepening and broadening) and saving mobilization?
- How to strengthen the linkage between formal and informal finance, and thus effectively mobilize informal savings?
- How to promote rural savings in Africa?
- What is the role of securities markets for saving mobilization in African countries?

Background and Justification

Recent ECA estimates indicate that an average gross domestic saving and investment ratio of GDP of 24.8 and 32.5 percent for the whole Africa are required if the UN-NADAF growth target of 6 per cent is to be achieved by the year of 2005. The estimates assume that 60-75 percent of the required investment will be financed from domestic resources. This was confirmed by the World Bank report that argues that African countries should increase their domestic savings by 50% to generate a GDP growth of 4-5%.

African domestic savings have remained well below what is required to sustain economic reforms and to finance investment particularly in areas vital to economic recovery and development. Furthermore, Africa’s access to the foreign savings has been aggravated by unfavorable external economic environment that includes mounting indebtedness and debt servicing obligations, growing global competition for external resources especially from Central and Eastern European countries, and stagnated or declined net financial inflow to the Africa region (particularly, in the form of ODA and non-debt
creating foreign investment). Therefore, to the maximum extent possible, African countries need to increase domestic savings.

Methodology

In order to assess the impacts of several different factors on savings performance, namely the impact of the supposed country-specific constraints and sub-regional factors as well as general determinant for savings, the study will adopt regression analysis based both on time series data for the selected individual countries and on panel data for the sub-regions.

Tentative selection of countries on the basis of the criterion for each sub-region are:

Westerns: Nigeria, Senegal and Ghana;

Eastern: Tanzania, Uganda and Kenya;

Central: Cameroon, Congo and Gabon;

Northern: Egypt, Morocco and Tunisia; and

Southern: Zimbabwe, Malawi and Botswana

The analysis will take into consideration the following groups of factors:

a) Domestic macroeconomic environment and policies: macroeconomic instability and inflation; fiscal imbalances and public debt; regulatory policies; and demographic changes

b) Monetary control instruments and financial policies: disadvantages of using direct monetary control instruments; low and fixed interest rate policies; shift of monetary control toward indirect instruments and difficulties arising during transitional period
c) Distressed and shallow African financial markets: obstacles that inhabit financial deepening in SSA countries; typical constraints for the development of financial institutions and instruments; inefficient financial intermediaries (especially that of commercial banks in Africa)

d) External shocks and external environment related factors: deteriorated terms of trade; current account imbalance; external capital inflow and foreign aid; external debt

Feasibility

The research work is envisaged to take four months. Four professional staff members would be needed to carry out the study.

b. **A Study of the Informal Saving Arrangements in Selected African Countries**

Objectives

In view of on-going developments in the informal financial sector (IFS) and its relatively large size, as well as its apparent importance for capital formation, this research project has as its goal to highlight and determine ways of boosting the mobilization of domestic financial resources in Africa. More specifically, the study pursues the following objectives:

- attempt to identify whether the IFS plays a significant role in mobilizing financial resources
- improve the information basis of IFS with regard to the characteristics, the rational for its existence, size, role, structure, organization and operations as well as the economic policy environment to which they are subjected;
- analyze the role of IFS in the saving-investment process;
- analyze the relationship between the formal and IFS;
- explore the efficacy of macroeconomic policies, especially monetary/financial policies, bearing in mind the existence of both relatively large-scale IFS and relationship between the two sectors;
- analyze the impact of Structural Adjustment Programme (SAP) on IFS;
- explore linkages between formal and informal finance and ways of strengthening them;
- attempt to identify gender related issues in IFS activities.

Background and Justification

In many African countries, the IFS mediates a significant amount of financial transactions, both deposits and loans. The participants in this system derive their operational modalities from the country's tradition and local culture. IFS institutions exhibit a particular strength in mobilizing savings and flexibly meeting the financial needs that would remain unmet if sole reliance were placed on the existing formal system (especially, that of micro-enterprises as well as target groups such as women and landless labour who are the real priorities of African States and form an integral part of their poverty alleviation strategy, that relies more on domestic than external finance).

The IFS comprises two broad subsystems, one consisting of purely informal institutions and arrangements that do not fall within the direct purview of monetary or regulatory authorities, and another comprising semi-formal institutions and arrangements. There is a wide variety of arrangements in the IFS. In general, six types of this system are common in most countries: friends and relatives; money keepers; money lenders; merchants and traders that advance loans and sell goods on credit; and two broad types of group-based deposit and lending arrangements, that is, rotating savings and credit associations (ROSCAs) and accumulating savings and credit associations (ASCRAs). These group savings associations offer the greatest potential for developing as important mobilizers of savings and as facilitators for efficient allocation.

Methodology

To accomplish these research objectives, the study will adopt both descriptive statistical methods and empirical analysis based on survey data of selected African countries. In each sub-region, two countries, well-known for their IFS activities, will be selected. Tentative selection of countries for
each sub-region are: Nigeria and Senegal (Ghana); Tanzania and Uganda; Cameroon and Congo; Morocco and Egypt; Zimbabwe and Malawi (Botswana)

Feasibility

Contingent on the survey instrument, which is currently under design, is expected that the survey would scheduled by the end of November. The substantive report on the analysis of the returns of the survey will be produced early 1998.

Theme 1.2: Trade and Debt

Area of Focus: 1.2a: Improving Public-Private Partnership in Expanding African Trade and in Attracting Foreign Investment Resources to Africa

Title of Document(s):

Multicountry Survey of Availability and Characteristics of Trade Finance:
Extent to which it is a Limiting Factor To Intra-African and External Trade Expansion

Objective and Scope

The objectives and scope of this paper are two fold: first, to quantify and describe the availability and characteristics of trade financing in African countries; and second, to evaluate the extent to which trade financing has been a limiting factor to Africa’s international trade potential.

To facilitate the analysis the principal issues have been posed in the form of the following questions, which when answered, will help shape the outline of the paper.
• What degree of importance do African governments place to the provision of trade financing facilities when they develop their overall international trade strategies?
• To what extent does the government's monetary and exchange rate policies contribute or hinder the provision of trade financing?
• How does the level of sophistication and efficiency of the domestic financial system affect the provision of international trade financing?
• What prerequisites are needed to facilitate the balancing of the supply and demand for trade financing?
• What type of actions and/or investments can complement the provision of trade financing?
• What trade financing techniques are most commonly used to conduct international trade?
• How can trade finance facilitate, instead of limit, the expansion of Africa's international trade?

Background and Justification

It is a widely recognized fact that the share of Africa's international trade declined as a proportion of global trade over the years. One of the potential variables which has been offered to explain this decline has been the serious limitations regarding the availability of trade financing faced by African producers and consumers of internationally traded goods and services.

Methodology

To conduct the required multicountry survey a uniform outline and questionnaire will be developed and applied in all participating countries. This outline and questionnaire will be developed after an extensive in-house review of the literature and appropriate consultations with partners. Strategic partnerships will be sought at the initial stage (i.e., literature review and development of uniform outline and questionnaire). Partnerships will be sought with the World Bank's IFC, the appropriate African Clearing Houses and the African Export Import Bank (AFREXIMBANK). Communication with partners will be made through the Internet and/or E-Mail in order to minimize costs. The participating countries will be selected on the basis of the following criteria: regional representation; stage of development of their financial systems; extent of outward orientation in international trade; mem-
bership on Africa’s subregional integration schemes; presence of supranational trade financing institutions (i.e., Regional Clearing Houses, AFR-EXIMBANK, etc.). Optimally, 8 countries could be selected on the basis of the aforementioned criteria. Prior to undertaking the country missions, the necessary preliminary contacts with the respective national Chambers of Commerce, Central Banks, Ministry’s of Trade and Finance, etc., will have to be completed. The information collected during the country missions will be analyzed in house with the use of quantitative econometric analysis and a subjective evaluation of the results. The final document is expected to contain two sections. The first section will summarize the individual country information and attempt to identify common factors and particularly salient features on the availability and characteristics of trade financing. Similarly, the first section will also attempt to offer some ideas about the ways and means by which the trade financing could contribute to international trade expansion instead of continuing to be a limiting factor. The second section of the paper will contain the individual country case studies.

Feasibility

The survey could be carried out by three ESPD staff over a period of four months (one month for preparatory work, two months for undertaking the missions and one month for writing-up the report). Financially, resources will be needed to undertake the country missions.

**Area of Focus: 1.2b:** Strengthening African Participation in the Ongoing Multilateral Trade Negotiations under the WTO

**Title of Document(s):**

*A Study on Trade and Investment Policy in Africa*

**Objectives**

The main objectives of the study are: (i) to re-evaluate national investment policies in light of the new developments in globalization and continuing multilateral trade negotiations; and, (ii) to explore ways and means of optimizing Africa’s participation in the continuing multilateral trade
negotiations leading to the establishment of the Multilateral Investment Agreement.

The main issues to be addressed by the study relate to:

a) The present investment framework: including present international arrangements for FDI, lessons learned, and arguments for improving the present framework (if any);

b) A re-evaluation of national investment policies in African countries inclusive of: entry requirements and ownership restrictions; foreign exchange controls on investment-related capital flows; transfer of technology and intellectual property rights; and fiscal incentives and other promotion measures.

c) Africa’s position within the framework of the Multilateral Investment Agreement (MIA) inclusive of: issues coming out from the MIA (scope and definition), key issues for Africa: include the interplay of national and international norms in trade and investment; admission and establishment; ownership and control; standards of treatment; transfer pricing; transfer of technology; settlement of disputes.

d) How could African countries optimize their participation in the continuing multilateral trade negotiations leading to the establishment of the Multilateral Investment Agreement.

Background and Justification

The Uruguay Round of Multilateral Trade Negotiations was the first time that some investment issues were directly introduced as part of the disciplines of the multilateral trading system. This occurred most markedly in the negotiations of the General Agreement on Trade and Services (GATs) which defines trade in services as including the provision of services through commercial presence. The Trade-related Investment Measures (TRIMs) also focuses on one aspect of the policy interrelationship between trade and investment (performance requirements).

At the First Ministerial Conference of the World Trade Organization (WTO) held in Singapore in December 1996, WTO members agreed to
establish a Working Group on the Interrelationship between trade and investment. This decision arose from the willingness of some members to promote the idea of a multilateral framework on investment in the form of a Multilateral Investment Agreement (MIA). The reasons put forward to justify the need for such framework include:

(i) the fact that trade and investment are increasingly intertwined;

(ii) the growing importance of foreign direct investment (FDI) as a source of non-debt creating flows;

(iii) the need to harmonize investment agreements in view of the proliferation of bilateral and regional agreements on investment; and,

(iv) the need for coordination of trade and investment policies.

Moreover, there is a broad recognition of the benefits of FDI as a source of increased productivity, transfer of technology and integration in the world economy. Appropriate investment policies are critical for achieving trade and industrial development objectives. These considerations provide good reasons for African countries to be thoroughly familiar with the key issues concerning FDI, and especially its developmental dimensions, within the framework of the changing global environment for international transactions. African countries need to be fully aware of the issues involved as well as key concepts that might arise in the context of a possible multilateral framework on investment.

Methodology

The study will be based on content analysis of country technical reports and studies done by UNCTAD, IMF, WTO, and African Research institutions (such as AERC). The current principles on which MIA is likely to be based shall be used as reference points against which country situations will be assessed.

The practical steps involved in applying the content analysis will be as follows:
• An extensive review of the literature;
• Consultations with partners (i.e. AERC and UNCTAD) to share their views on the issues involved;
• Selection of ten African countries on the basis of the following factors: international trade participation (i.e. percentage of Africa's external trade); percentage share of FDI flows to Africa; and participation in integration schemes;
• In-house review of the information and data collected; and, drafting of the final document.

The time frame for step 1 through 3 will be two months. Step 4 will require three months. The information and data collected will be analyzed in-house and will be used for drafting of the study.

Feasibility

The study would be undertaken using in-house expertise. Four ECA staff (Mrs Gueye Aïssatou, Mr W. Cabrera, Dr C. T. Mwalwanda and Mr Mourad Labidi) will undertake the study. Mrs Guêye Aïssatou will be leading the team.

Theme 1.3: Social policy and poverty analysis

Area of Focus: 1.3a: Promoting Policy Dialogue with Member States on Equity and Growth Implications of Macroeconomic Policies

Title of Document(s):

Efficacies of Anti-poverty Policies and Programmes

Objectives

The overall objective of the study is to review the experiences of African countries thus far with regard to the status of anti-poverty policies and
programmes, the political environment in which they operate, and to examine their efficacies in poverty reduction; to draw lessons from their applications; and to identify the best practices of pro-poor policy options. Also, the study will review issues related to the conceptual and institutional dimensions, and those linked to the different components of the programmes, including targeting and monitoring.

Background

For the majority of Sub-Saharan African countries, the shocks engendered by the economic crisis of the 1980s represented a real beginning in the struggle to combat poverty. In response to the considerable deterioration in the living standards of vulnerable groups, especially the poor, and growing unemployment, caused by the worsening of the economic and social conditions, and the impact of the austerity measures of structural adjustment programmes, African governments began to add explicit poverty alleviation/reduction objectives to their development policies.

In collaboration with external partners, an array of public interventions were designed and implemented. They were designed along the lines of social action programmes; social funds, and a wide range of anti-poverty policies. All were aimed at reducing poverty by reintegrating the poor and other vulnerable groups into the economy, and protecting them from the adverse effects of economic adjustments.

Justification

Anti-poverty policies and programmes have been implemented, alongside structural adjustment programmes, in many African countries, backed by the World Bank, the IMF, and international donors during a period of at least a ten-year span. However, based on various estimates and conjectures, poverty conditions have not been alleviated, let alone reduced, in SSA. A major finding in a report by the World Bank’s Task Force on Poverty in Sub-Saharan Africa is that, poverty is not likely to be reduced in Sub-Saharan Africa without considerable improvement in government commitment to and ownership of programs to support this goal. For these reasons, it is very timely, particularly in the context of the new ECA strategic directions, to undertake an in-depth analysis of the role of these public interventions in poverty alleviation/reduction.
The research findings are expected to determine the extent of the efficacies of the policies and programmes in alleviating/reducing poverty in the long-term, thereby necessitating conclusions and recommendations on how development policy can be restructured with a view to rendering the coherence and synergies compatible with poverty eradication in a broader context of sustainable development.

**Methodology**

(i) Definitions: For this research, “efficacy” is defined as the ability of the anti-poverty policies and programmes to produce the desired effects of reducing poverty. “Public interventions” are comprised of anti-poverty policies, social action programmes, and social funds. Anti-poverty policies are those associated with structural changes which give poor families a greater command over natural, financial and human resources in order to participate directly in sustained growth and development. They cannot be dissociated from adjustment policies, of which the ultimate aim is to restore balance in the economy, through internal equilibrium and growth.

The anti-poverty policies can be categorized into the following: macro-economic policies; employment policies/employment guarantee schemes; the informal sector; infrastructure-public works programmes; social funds/safety-nets; cooperative sector; access to financial services - macro and micro; skill training, education; human resources/governance; female employment; policies targeted at specific groups (youths, unemployed graduates, retrenched public sector workers); and, the restructuring and re-orientation of planning and other institutional mechanisms to be more sharply focused on poverty issues.

Social Action Programmes are regular investment activities such as labour-intensive public works programmes; special employment promotion schemes-food-for-work; placement of retrenched public sector employees; unemployed graduates; etc., that are specifically targeted to benefit the poor and other vulnerable groups.
Social Funds are designed to respond to funding requests of decentralized local governments structures, local NGOs, civil societal and other grassroots organizations, in carrying out participatory development activities; as well as support to income-generating activities for the poor through community-based programmes or to individual micro-enterprises.

(ii) Core Analysis: To assess whether the policies and programmes have produced the desired effect to reduce poverty, is to analyze empirical evidence of poverty trends in the incidence, magnitudes and severity, based on poverty indicators, and poverty-related indicators, as derived from both quantitative and qualitative approaches.

(a) Commonly-used poverty measures: The analysis will rely on the most common measures of poverty: the head count index, the poverty gap; and the FGT index, all of which depend on a defined poverty line.

The poverty line can be set at various levels. In the WDR, 1990, the World Bank set the poverty line in the range of $275 and $375, the maximum given an interpretation of $1 a day for poverty comparisons across developing countries. In the poverty monitoring literature, it is argued that, for poor countries, it is commonly set at the level of minimal adequate nutritional intake. This is in the context of "income" or "consumption" poverty defined as real private consumption per person (or equivalent, but not per household) below a fixed poverty line. The poverty line so obtained is said to provide the best indicator of deprivation, comparable between places and over time.

The head count index gives an indication of poverty incidence (prevalence), while the poverty-gap (or income short-fall or income-gap index), is the aggregate poverty deficit of the poor relative to the poverty line, an indicator of the depth of poverty. These indices, and measures of the severity of poverty, are all variants of the Foster, et. al, (1984) or FGT class of measures that are commonly used in poverty analysis.
(b). Analysis of Poverty-Related Indicators: Poverty is a multi-dimensional concept, especially the kind of Amass poverty in Sub-Saharan African countries. A comprehensive understanding of this poverty process, would require to analyse poverty-related indicators, (these are country and context-dependent requiring the establishment of correlations between income or consumption poverty and various correlates), as proxies to trace the changes over time.

Such indicators will include: nutritional status, (anthropometry among children and adults); employment conditions (given by wage rate appropriately defined, labour force participation rates; etc.); health status (child mortality, life expectancy, etc.); education (enrolment ratios); agricultural yields (as a crucial determinant of real income of rural communities); land and landlessness (landownership as a determinant of asset concentration and earning power of rural communities); etc. The analysis will be deepened by the findings of qualitative techniques (i.e. results of Rapid Appraisals and Participatory methods, where available).

(iii) Supplementary analysis: SSA societies are predominantly of small-scale agriculturists, and of traders and petty commodity and service producers, which makes data and information relatively difficult to collect. But, if the right types of data are available in the selected countries, it will be analytically propitious to consider livelihood and coping mechanisms, focusing on the different activities of the poor, such as -food processing; petty trading; share-rearing; casual labour; mortgaging and selling assets; etc.

In the respect, an innovative method is the application of a PRA technique: a matrix scoring exercise, to analyse the impact of macro-economic policies. Simanowitz, A.(1990), had used this approach in Kenya to analyse the impact of macro-economic policies on livelihood structures and the relative changes in values of the cash and non-cash commodities involved.

(iv) Data Requirements and Coverage: Good data of various categories is a binding factor in poverty analysis. In fact, the choice of
methodology, is usually driven by data availability. However, overall availability of data, let alone their quality, is problematic in SSA. To underpin the analysis, would require data from household budget and expenditure surveys; supplemented by demographic and health surveys, nutrition surveys, labour force surveys; etc., and results of qualitative techniques, where available.

Based on information on the World Bank poverty assessments studies undertaken so far in SSA, various types of the required data sets (range and quality to be determined) for our analytical purposes may be available for at least 22 countries.

In view of the above, the following countries are proposed to be included in the coverage: Botswana, Lesotho, Malawi, Zambia, and South Africa (South); Kenya, Madagascar, Uganda, and Tanzania (East); Gambia, Ghana, Mali, Nigeria, Senegal, Sierra Leone, Mauritania, Mauritius (West); Cameroon (Central); and Tunisia (North).

Budget

In view of the complexity of the tasks, it is recommended that an average of $2500 lump-sum be paid to each country consultant for the preparation of each of the 20 country case-studies. The total budget is estimated at SUS 50,000.

Feasibility

Inputs for the final end-product, the Technical Report, will be derived from the 20 country reports to be prepared by the local consultants, preferably technical experts who were directly involved in the design, implementation, and monitoring of the policies and programmes. The ECA will commission the studies, and the consultants will be identified by ESPD in consultation with the government Ministries of Planning or Poverty Alleviation Units, and/or the World Bank, UNDP and ILO. The Technical Report will be prepared by an ECA in-house team of Poverty Analysts.
Area of Focus: 1.3b: Investigating the Empirical Evidence and Policy Implications of Poverty/Ethnicity Linkages

Title of Document(s):

Gender Characteristics of Poverty with Emphasis on the Rural Sector

Analytical Findings and Policy Recommendations

Objectives

The objectives of this study are manifold but, the specific goals of pursuing analytical findings, and to make policy recommendations, will be achieved through emphasis on:

(i) analyzing the process by which poverty is generated and reproduced from a gender perspective, and identifying the gender dimensions of poverty;

(ii) identifying the role of different actors, [the State (government), the rural communities and civil societies, as well as international development and financing institutions] in alleviating/reducing poverty based on gender analysis.

Background

African governments have failed to take account of the gender dimension as a distinguishing factor in their design and implementation of policies and programmes, and to assess their impact in terms of the differentiated behavioral responses of economic agents, either as individuals or as members of the household. While in aggregate, both males and females are the obvious beneficiaries of public policies and programmes, gender-responsiveness is characterized by attention to different roles, priorities, constraints, and disproportionate sharing of benefits as well as the burden of relative prices. For instance, women are said “to experience poverty differently from men due to gender inequalities in entitlement and responsibilities. They have less eco-
nomic resources, less access to labour markets, fewer legal and customary rights including rights to common property resources.”

The failure to explicitly recognize these gender-differentiated features, especially with respect to unequal access to economically productive assets, and social services, has led to the invisibility of women’s economic activities, and to an incomplete picture of total economic activity. These differentiations, and the attendant inequities, are at the root of the low substitutability between male and female labour. Since development requires the full participation of both males and females, and because these issues have far-reaching implications for the productivity of predominantly agrarian economies, and poverty alleviation/reduction in Africa, they must be understood and addressed through sharply focused research such as this study.

Justification

In general, gender analysis should be undertaken at all stages of the development process in relation to how a particular activity, decision or plan will affect women differently from men. This approach will enhance policymaking, and contribute to a process of empowerment that leads to equity and efficiency in development. The study emphasizes the rural sector because, although urban poverty is growing rapidly in Africa, the poor are overwhelmingly found in rural areas. Not only this, the average size and dependency ratio of households are higher in rural areas than in urban areas, and thus can be linked to poverty.

In a regional context, a study by IFAD (1993), that maps rural poverty for 20 African countries, shows that 16 of the countries were dominated by female-headed poor households, and displayed much gender-inequality in access to productive assets. This reflects the growing “feminization” of poverty in Africa, and points to the need to properly understand and situate these characteristics, through sharply focused research, which will provide a basis for the design and implementation of appropriately equity-based targeting of anti-poverty policies and programmes.

Methodology

(i) Definitions: In this study, gender analysis would refer to the systematic examination of the roles, relations and processes, fo-
cusing on imbalances in power, wealth and workload between women and men in all societies. Gender-responsive planning and programming includes women and men in target groups with the understanding that they share, and have gender-specific needs, constraints and potentials, and takes into consideration the impact of policies, plans and programmes on women and men.

For the purpose of this study, poverty is defined in terms of the inadequacy of income or more generally of disposable resources to support a minimum standard of decent living. Poverty is said to exist in any given society when one or more persons do not attain a level of material well-being deemed to constitute a reasonable minimum by the standards of that society. This is the concept of ‘consumption’ poverty defined as command over commodities adequate to ensure the satisfaction of dietary needs and some non-food consumption needs.

A male headed household (MHH) is one where a man is the main provider for the upkeep and sustenance of the family, and where he leads the decision-making process involving economic, social or political aspects, regardless of the number and sex of the other members of the household. In a situation where a woman assumes similar characteristics, then that household is defined as a female headed household (FHH).

(ii) Analytical Procedures and Issues:

(a) General Approach: In application, gender analysis requires separating data by sex, and understanding how labour is divided and valued. Applied to the development process, gender analysis looks at how the programmes and policies have a different impact on women and men. On the basis of disaggregation of data from household surveys, the analysis will attempt to determine how poverty levels are differentiated by gender in terms of “income” or “consumption” poverty. Another component of the analysis would deal with the varied gender aspects of deprivation which may not be adequately captured by money-metric utility and consumption poverty.
Incidence, depth, and severity of poverty from a gender perspective: The most crucial questions for developing a poverty profile are, who are the poor, and where they are located. Once the "poor" are identified, the data can further be desegregated by female/male headed households, to examine the differentiated gender characteristics linked to poverty. This can be achieved under the umbrella of a defined poverty line, and the standard poverty indicators, as well as poverty-related indicators.

Using the definition of "income" or "consumption" poverty as defined above, one approach to measuring the poverty line is based on the Cost of Basic Needs (CBN) budget. This method stipulates a basic consumption bundle, estimating its cost for each of the subgroups being compared in the poverty profile. Another approach is the food share method to estimate a poverty line on the basis of minimal nutritional intake required to satisfy dietary needs and the food/non-food share in total consumption of a population subgroup deemed poor. This approach is based on the consumption expenditure or income level at which a person's typical food energy intake is just sufficient to meet predetermined food energy requirements. In poverty analysis, this measure has been used in numerous countries, and WHO standards are usually invoked.

On the basis of the poverty line so determined as above, use is made of poverty indices such as: the Head-count Index, H, an indicator of the prevalence of poverty; the poverty-gap index, PG, which measures the depth of poverty, and the Foster-Greer-Thorbecke, P2 index, that gives the severity of poverty.

In view of the sensitivity of the above measures, the analysis may include the use of the Rank Dominance Method to test the robustness of the various poverty lines and different poverty indicators in determining which gender group or other classifications, such as FHHs and MHHs, suffer greater poverty. In the method, the cumulative distribution of expenditure (or income) is compared for all subgroups. First order dominance obtains if the expenditure distribution of one sub-group lie above the distribution of a second group at all points up to the poverty maximum. In such situations, poverty can be deemed unambiguously greater in the first group
for the expenditure range irrespective of the poverty measure under consideration.

(c) Supplementary Analysis: The above quantitative analytical procedures can be supplemented by an analysis of empirical evidences of participatory poverty assessment (PPAs) studies, undertaken in African countries, to determine which gender is worse off in terms of a wider concept of poverty. PPAs include an assortment of techniques that aim to accumulate data and elicit information on people’s own perception of the meaning and underlying causes of poverty.

(iii) Data Requirements: The research will draw primarily on national household survey data such as those obtained under the World Bank’s LSMS and SDA integrated surveys. In conjunction, data can be drawn from such regional poverty assessment studies: the Status Report on Poverty in Sub-Saharan Africa; the Many Faces of Poverty in Africa; as well as individual country poverty assessment studies. This will be supplemented by data and empirical evidence obtained through rapid and participatory appraisal methods (RRAs and PRAs), such as Beneficiary Assessment studies. As such the study will be aggregative in nature.

In African households, there is limited overlap between residential, consumption, and production units. Also, in desegregating data for gender analysis, sociological and cultural factors pose problems. For instance, the definitions of polygamous households and households with absent members differ in country surveys. These differences affect which persons are considered household members, and consequently, the estimate of household size. Therefore, the varying compositions, structures, and dynamics of household, are necessary in gender analysis in terms of the equity and other distributive aspects. Further, adjusting household expenditure levels per capita and per adult equivalence scales in gender analysis is vital because some data on FHHs and poverty can appear quite sensitive to the use of either per capita or per adult equivalent adjustments.
Budget

Although it is envisaged for the study to be undertaken by an in-house staff, we would require back-up for the configuration of the poverty data (see: Feasibility below). In this sense, a consultancy fee, of at least US$4000, should be allocated to this project.

Feasibility

Gender analysis is a relatively new area, and particularly problematic because of the inadequacies and low quality of data in Africa. In this respect, technical backstopping would be required of the Resource Person and/or a Consultant to assist with the data configuration and interpretations that will provide the basis for the descriptive analysis of the full study by the in-house staff.

Area of Focus 1.3c: Making Public Policy Pro-Poor in Africa

Title of Document(s):

A Study on the Incidence Analysis of Selected Government-Subsidy Programmes in Africa

Objective

The major objective of this study is to conduct an analysis of the incidence of Government Policies and Programmes in a sample of African countries to be appropriately selected. The overall aim of the study is to establish base-line empirical results on this important issue.

Background and Justification

Despite the impressive progress made over the early post-independence years in the social sector development, there was reason to believe that the success of the early period in targeting public expenditures in social fields would not have been sustained throughout the 1980s. This stems from the
fact that, as a result of the deteriorating economic conditions in Africa in the 1980s, African governments, while restructuring their economies, have had to make severe expenditure cuts in social services and programmes which meant further setbacks to living standards and accentuation of the widespread impoverishment because the impact of social development programmes is often seen as less tangible than that of other programmes.

It is against this background that several African governments started in the early 1990s to consider budgetary allocations for the support of pro-poor development programmes, in line with the new alternative theories and strategies of development. The objective of International Development Strategy as spelled out in UN-NADAF and other UN initiatives was redefined to include the need to bring about sustained improvement in the well-being of the individuals and bestow benefits on all, to bring about a more equitable distribution of income and wealth for promoting both social justice and efficiency of production, to raise substantially the level of employment, to achieve a greater degree of income security, to expand and improve facilities for education, health, nutrition, housing and social welfare, and to safeguard the environment.

Methodology

The relevant government programmes can be grouped into four broad categories:

a) Programmes providing opportunities for income generation through self-employment, public employment and employment in rural small-scale industries or farms. The problem of unemployment and underemployment is of enormous magnitude in practically all African countries and the shortage of work opportunities is the cause of poverty. Employment creation, or the reduction of unemployment, goes hand in hand with the expansion of activities in agriculture, industry, services, etc. and it is for this reason impossible to isolate a category of public expenditure specifically devoted to employment creation, unless government subsidy programme for poverty reduction is directed to the task of employment creation in the small farms and the small-scale or informal enterprises so as raise the productivity and income of the poor.
b) Programmes which enhance the capacity of the poor in terms of skills and assets by providing education, training and access to credit; targeting more primary and secondary schools than universities;

c) Programmes which provide basic needs such as health care, nutrition, housing and sanitation. Targeting more primary health care centres dispensing preventive and curative care than hospitals; targeting pro-poor rather than general food subsidy programmes (i.e. free primary school meals); housing and community amenities: targeting low cost housing for the poor.

d) Programmes designed to promote a fair distribution in income. Governments can provide cash welfare transfers to low income families with numerous children. For example, targeting pro-poor family allowances, sick pays, scholarship and other transfers and eliminate those pensions or transfers that show a tendency to be pro-rich. There is thus an obvious need to pay attention to income and wealth distribution in any government subsidy programme for reduction of inequalities.

Having noted the above, we note that the literature offers three basic methodological approaches: the benefit-incidence approach, the behavioral approach and the targeted-scheme approach. These approaches are constrained by less than ideal data, namely disaggregated intrahousehold expenditure data allowing incidence and behavioral response to policy analysis. The benefit-incidence approach will be used in 5 countries to be selected from the ECA subregions where household income-expenditure survey data is available as well as the use rates of public and private services; the “targeting” approach of expanding the share of public spending on social sectors will also be attempted.

In order to evaluate the impact of government expenditure on household welfare, the benefit-incidence approach makes a comparison between the household’s situation in the presence of public expenditures and the situation in the absence of any government expenditure. The total incidence of public spending is separated into three components: the burden of the tax used to finance the government programme, the benefits accruing to the household from the consumption of public services, and the redistribution of income resulting from the consumption of publicly subsidized services. The analysis
simultaneously considers the determination of the entire tax and expenditure system, employing the government’s aggregate subsidy on education and health as one of the parameters of the system and this can only be done if panel disaggregated household data is available.

For each of the selected 5 countries, the procedure is first to determine, based on household use rates, the share of government subsidies on education and health services received by quintile of households ranked by their per capita household income or expenditure. Second, to calculate the cost to the government of providing various education and health services and the unit cost is calculated by level of service provision: primary, secondary and higher education and primary health care and hospitals. Third, an estimate of each household’s use rates of publicly provided services is obtained for each level of services. To arrive at the subsidy received by each household through its use of public facilities will require that the fees collected from users be subtracted from the unit cost to the government of providing the services. Finally, subsidies are aggregated across households to get each expenditure quintile’s share of per capita government subsidies.

Feasibility

Currently, there does not exist in-house expertise to conduct the study and as such a consultant will need to be hired. An alternative would be to identify national consultants to undertake country studies on the basis of an agreed methodology with an international consultant to do a synthesis.
Objectives

Although it is difficult to calculate the cost of a trained professional in terms of the nutrition, health care and education provided by households and the state, it is clear that African countries are losing a lot to other more developed countries. It is against this backdrop of the colossal amounts of investments being lost each year to other countries and the substantial reservoir of capacity endowments extant in the continent that the question of capacity building and brain drain will be approached in this conference. The main objective of this conference is to broaden the understanding of policymakers on the factors responsible for Africa’s weak capacity, and propose a strategic approach to capacity building particularly with regards to strengthening capacity in the public and private sectors; to arouse awareness on the causes, magnitude and implications of the problem of brain drain from the African region and therefore to propose strategies and measures to deal with it. With regards to capacity building, the specific objectives of the conference will be to:

- assess the present state of capacity building in Africa;
- decipher the factors responsible for region’s weak capacity;
- review ECA’s approach to capacity building; and
- propose modalities for building and strengthening capacity building in the region.

With regards to the issue of the flight of human capital, the objectives of the conference will be to:

- sensitize African policy-makers about the significance of the human capital flight problem;
• analyze the various aspects of the problem so as to provide information and insights on which policy may be based;
• explore the implications of these for human capital accumulation and retention; and
• propose strategies and measures that are feasible, realistic and doable in redressing Africa's capacity constraints.

The regional conference will provide policy-makers and planners, manager of public and private institutions and corporations (vice chancellors, chief executive officers, NGOs and civil society representatives, etc) an opportunity to rethink Government's role in making national education systems more relevant, efficient and effective and to see the significance of creating and sustaining the political and economic environment that would strengthen Africa's base of critical capacities, effectively utilize and broaden the base of its capacities and strengthen the region's competitiveness within the global economy. The ability of any country to compete in the global economy depends crucially on such key factors as the quality and efficiency of its human capital, physical infrastructure and reliable connections to global networks, and a good climate for business transactions, mediated by sound economic policies and effective institutions.

Background

In cooperation with its development partners, the Economic Commission for Africa, through its Economic and Social Policy Division (ESPD) will co-organize a regional conference addressing the critical elements of capacity building and the root causes of the brain drain, with a view to reversing it. Capacity building is the key to Africa's accelerated development but a lack of consensus on the main thrusts or the critical elements needed to build and strengthen indigenous capacities as well as maintain and effectively utilize them have been the bane of past capacity building efforts and the subsequent migration of human capital in the form of the "brain drain."

A major development problem in Africa is the lack of systematic action on building and enhancing critical capacities needed to sustain growth and development. The term capacity building is used in this outline in its broadest sense to mean development capacity. It refers to people, institutions, and practices that enable countries to achieve their development goals. It has four main components: human resources, institutions, infrastructures and finan-
cial resources mobilization, and thus, a combined investment in human resources and institutions and practices as a means to development. Therefore, for capacity building to be effective, it must be based on each country’s development agenda.

Human capital flight or the brain drain on the other hand, refers to the outflow of trained personnel from one country to another. Africa, which has serious shortages of manpower, is said to have lost 60,000 professionals (doctors, university lecturers, engineers, etc) between 1985 and 1990 and have been losing an average of 20,000 annually ever since. UNDP’s 1992 Human Development Report indicated that there were more than 21,000 Nigerian doctors practicing in the United States alone; 60% of all Ghanian doctors trained locally in the 1980s had left the country, while in Sudan, 17% of doctors and dentists, 20% of university lecturers, 30% of engineers and 45% of surveyors in 1978 alone had gone to work abroad. The international migration of highly trained and skilled Africans, such as university lecturers, engineers, medical doctors, skilled scientists and technicians, etc. to developed countries in North America and Europe, and more recently to the Middle East countries and to countries within the continent itself (e.g., Southern Africa) has been a matter of concern for sometime now. The reasons for this concern are quite obvious as not only do the public and private sectors continue to face serious capacity constraints, the loss of trained people through out-migration and exodus reduces the availability of skilled manpower (human resources) which African countries need so badly for self-reliant and sustainable development.

Donors have tried to improve the poor state of capacity building through the provision of technical assistance. By the early 1990s, there were ten of thousands of expatriate technical assistants in sub-Saharan Africa, more than the combined colonial administrations which pre-dated independence. History has shown that, overall this massive assistance did not serve to improve significantly the efficiency of government, nor did it serve to build much African capacity, either within or outside the government. Recent literature suggests that the effects were rather the reverse, resulting in replacing African capacity and demoralizing public administration. It should be stressed that this did not characterize all foreign technical assistance; such assistance has tended to be damaging or problematic when it is long-term, and not directed towards training local personnel.
Methodology

The conference will be organized on the basis of a call for papers on various aspects (topics) of capacity building and brain drain as well as on allied issues; and the ESPD will prepare an overview paper. In addition to the issues dealt by ECA’s draft Framework Agenda for Building and Utilizing Critical Capacities in Africa, the following are some indications of the kinds of questions and issues this conference can try to answer and address.

1. • What is the magnitude of the problem of human capital flight (brain drain) in selected countries of the five subregions?
• What is the state of human capital flight in selected professions in selected countries within the subregions? Which are some of the more critical sectors where the brain drain phenomenon is serious?
• What are the causes and implications of the brain drain in selected countries?
• proposed strategies and measures to deal with the problem.

2. Allied issues and questions include:

• What are the measures for solving educated and graduate unemployment in African countries?
• What can we learn from programmes of exchange of high-level manpower?
• What role for Africa’s institutions of higher learning to meet the challenges of new century?
• The problems, constraints and methods of identifying alternative sources of financing higher education

3. Contacts and invitations will be sent to major African institutions of higher learning requesting them to prepare papers on some of the questions and issues discussed above. They could also try to relate these issues to specific institution(s)/country, sub-regional or regional experiences. Some of these include: the Association of African Universities (AAU); selected universities from the five subregions; major corporations (private and public) operating on the continent; selected government/parastatals organizations, etc.

4. Invitations will also be sent to UN agencies, intergovernmental and multilateral organizations that have undertaken studies or projects on human
capital flight or those mitigating the problem. They will be invited to share experiences and encouraged to co-sponsor/host the conference. These will include the following agencies: the ADB, the AAU, UNDP (The Transfer of Knowledge through Expatriate Nationals (TOKTEN Project)), ILO, UNCTAD, UNITAR, UNESCO, WHO, the World Bank, the Commonwealth Secretariat, IDRC.

Budget

The regional conference will bring together policy-makers (in government), education managers (institutions of higher learning), executives of private multilateral organizations, etc. and 5 prominent resource persons to act as consultants (to be identified). The resources for the consultants should come from extra-budgetary sources (XB) and being one of the special events of 1998 programme of work, the COES is expected to play a lead role in the mobilization of resources and effective partnerships. Other participants from UN agencies, IGOs and NGOs will be invited and encouraged to support the cost of their participation.

Area of Focus: 1.3e: Human Development and Capacity Building

Title of Document(s):

Non-formal and Distance Education in Africa: Lessons and experiences

Objectives

The invaluable contribution of education and training to long-term development is widely acknowledged. In recognition of this fact, massive investments in physical, human and financial resources went into the development of formal education during the first decade and half of post-independent Africa. The result was spectacular growth in formal education in the Region, as exemplified by the fact that, adult literacy rate increased from an estimated 9% in 1960 to 45% by the mid-1980s. Likewise, primary school enrolment increased by an average annual rate of 7% during the same period, while enrolments at secondary and tertiary levels expanded even more rapidly.
growing at approximately 12% and 15% respectively. However, due to the unprecedented socio-economic crisis that characterized the decade of 1980s, the African education sector has been subjected to intense budgetary pressures greatly exacerbated by severe demographic pressures. Rapid increases in the school age population have culminated in sharp contraction in school enrolment ratios in sub-Saharan Africa countries. Of particular concern is the fact that the steepest decline occurred at the primary level.

The scale of demand for places at all levels of education coupled with changes in technology, information and the sciences, calls for alternative and complementary methods of providing education in Africa. Non-formal and distance education and teaching offer some of these possibilities. Non-formal and distance education are variously and frequently, although not always, used to describe educational activities taking place outside the formal school system. These activities are undertaken by government institutions, such as ministries of education, non-governmental organizations (NGOs) and the private sector. The activities vary widely in their structure and content, educational history, educational methods, costs and quality and the like.

The primary objective of this study is to describe and analyze the main features of non-formal and distance education in selected African countries with a view to ascertain the extent to which they are contributing to the achievement of national educational goals in the face of the crisis facing the formal education. The crisis is manifested in, for example, dilapidated and decaying physical infrastructure, declining teacher/student ratios and poorly qualified teachers, insufficiency of lack of textbooks, and other teaching materials and aids, frequent strikes by teaches and students, the specter of frequent closures, flight of teachers, etc.

Existing data indicate that African non-formal education and literacy programmes have not grown fast enough to compensate for the shortfalls in formal educational system. Thus, levels of illiteracy in the region have steadily been on the increase since the beginning of the 1980s and are projected to reach approximately 147 million by the end of the millennium.

The proposed study should therefore inform on, among other things, the major constraints faced by non-formal and distance education. Having due regard to the vastness of the field of non-formal education and the plethora of general reviews of non-formal education over the past 3 decades, the study
will attempt to narrow the field of investigation by concentrating on distance education in non-formal education.

Issues to be Addressed

Extensive review of literature will be carried out with the aim to reveal countries' experience in the use of distance education, radio, cinema, books, newspapers, and modern information technology, at different levels of educational ladder as indicated below:

1. Correspondence Courses

a. outreach of the programme in terms of magnitude and the number of students relative to levels of enrolments in the formal educational sector

b. the kinds of examinations targeted

c. the types of diplomas and certificates aimed at, e.g., primary leaving certificate, high school or secondary school diploma, technical certificates, such as City and Guilds, university degree, etc.

d. success and attrition rates in relation to formal education

e. duration of various courses

f. types of subjects offered, whether they are predominantly arts subjects and social sciences as opposed to sciences and engineering and technical courses

g. what is the ratio of male to female in the enrolment rates of the various courses

h. is there a preponderance of females in arts courses as is traditionally the case

i. acceptance or otherwise of certificates and diplomas obtained from correspondence institutions for the purposes of employment

j. the degree to which non-formal and distance education is oriented towards information and technology

Additional issues to be addressed will include:

- recruitment, training and managing support staff
- the cost of support
- ensuring the quality of support services
- planning, designing and administering support systems

b. Organization of the Programme:

- whether the correspondence programmes are mostly government or private sector driven
- what is the level of foreign participation in this sector
- are the certificates obtained foreign or mostly national (approximate proportions)
- are examinations organized by national syndicates or are they foreign oriented
- fee/cost structure - i.e., cost competitiveness relative to the cost of education in the formal sector
- whether correspondence courses are combined with short courses in the formal set-up, e.g., in the universities with classroom lectures and the proportion of such programmes

c. Regulatory Framework

- Existence of national certifying authorities to give legitimacy to the programmes and the various diplomas and certificates emanating from these arrangements
- whether there is a legal framework to ensure that the public is not defrauded by fraudulent operators
- mechanisms for monitoring and evaluating programmes to ensure quality

2. Electronic Media

For some time now, many African countries have used the radio, for instance, to relay educational messages to schools and to impart knowledge generally. The study should aim to examine the impact and potential of electronic media including the Internet and digital broadcast radio on non-formal and distance education. In short, the study should inform on the extent to which African countries are applying new technologies in the provision of distance education.
a. **Radio**

In addition to the foregoing, the study should examine the educational content of radio programmes, and indicate the ways in which Radio is used in the provision of non-formal and distance education. An attempt should also be made to indicate the extent to which radio is used as an instrument of providing education, and what kind of education? And the degree to which it complements correspondence programmes. Is the radio mostly targeted at non-formal or formal education. To what extent is radio used for civic education in terms of nation building? etc.

b. **Television**

Even though the audience in this area is limited to elites mostly in the urban areas, the study should examine the content of TV programmes in countries studied to ascertain the following: degree to which the TV carries educational messages: what strategies are being adopted to go beyond the elite populations to the rural communities; whether there are plans to extend TV to village and civic centers? Is the concept of mobile cinemas as instruments of education gaining currency to reach the poorest segments of the population outside the urban enclaves; are the educational programmes carried by the TV targeted mostly to formal educational institutions or are they used to supplement non-formal and distance education; are there policies or attempts to reduce the cost of access to TV; etc.

3. **Book, Newspapers and Magazines**

The study should examine access to books in terms of public libraries and availability of books and cost of purchasing educational books. What is nature of taxation on books and other educational materials and what are the national policies to reduce the cost of these materials? Are educational magazines and newspapers within reach of most people. To what extent are these materials available in the rural areas? etc.

**Methodology and Scope of the Study**

The study will be based on the following sources:
extensive review of literature on non-formal and distance education
- 5 case studies from a selected African countries representing the 5 African sub-regions will complement the study
- as much as possible, the 5 case studies will represent best practices and success stories
- interviews with key government official, NGOs and the private sector
- visit and interviews with officials of selected African universities with strong and well established correspondence and adult education programmes
- interviews with women organizations involved in literacy programmes and informal education
- the final study will be a synthesis of the 5 case studies and the literature review

General Recommendations

The study should make general recommendations for improving correspondence programmes to achieve educational objectives for long-term and sustainable development.

Feasibility

It is estimated that the study will take 7 months to complete and will cost approximately US $15,000.
Appendix to Theme 1.2: Trade and Debt

As is well known, three non-recurrent publication were originally proposed for 1997, these are:

- Promoting cross-border: lessons, perspectives and challenges”.
- Africa and the Global Trading system”.
- Multi country survey of availability and characteristics of trade finance: extent to which it is a limiting factor to intra-African and external trade expansion”.

The 1998 Programme of Work has five publications listed as “background documentation” for the “Ad-Hoc Expert Group Meeting on Africa and the Uruguay Round Agreements in the Framework of the World Trade Organization”. Based on the recent discussions held with UNCTAD and WTO staff, during the mission to Geneva by Messrs. Mwalwanda and Nkurunziza, three specific documents, originally proposed for 1998, should be moved forward for completion in 1997. The three publications are the following:

- Trade and competition policy in the Framework of African countries
- Trade and Investment Policy in Africa

The issues covered on all of the above mentioned publications will become an input and an integral part of the discussions for the preparatory Ad-Hoc Expert Group Meeting which will be held prior to the Second WTO Ministerial Conference to be held in Geneva by mid 1998. The documents proposed to be moved forward from 1998 to 1997, cover the new issues identified by the First WTO Ministerial Meeting for discussion during their planned Second Meeting. Thus, it is essential that African countries be fully prepared and conversant on the new issues to prevent a repetition of past situation when African countries participated in GATT meeting without prior preparation.

Therefore, it is suggested that the publications planned for 1997 include the following:

- Trade and competition policy in the Framework of African Countries;
• Trade and Investment Policy in Africa;
• Practices and Procedures of Government Procurement in Africa; and,
• Multi country survey of availability and characteristics of trade finance: extent to which it is a limiting factor to intra-African and external trade expansion.

On the basis of this, the following two outlines (A.1) and (A.2) have been prepared for the purposes of the 1997 work programme.

Title of Document(s):

A. Practices and Procedures of Government Procurement in Africa

Objectives

As the Agreement on Government Procurement will most probably graduate from a Plurilateral Agreement to a Multilateral Agreement after its negotiation within the WTO, it is essential that African countries prepare themselves for these negotiations in order to defend their specific interests in the area. As past experience has revealed, Africa’s capacity in MTNs is very limited, especially when they are taken individually. The objective of this study is to come up with guidelines for negotiation to be at the disposal of African countries. Later on, based on these guidelines and on the views of different countries on this issue, it should be possible for African countries to adopt a common position in order to have their voice heard in the negotiations.

Background

Since the creation of the General Agreement on Tariffs and Trade (GATT) in 1947, international trade liberalization has achieved notable results. Tariff barriers have been reduced from an average rate of over 40 percent in the 1940s to less than 4 percent in the mid-1990s. However, as tariff barriers were successfully dismantled, countries resorted to new protection devices. Trade protection took the form of non-tariff barriers which expanded tremendously during the same period. Trade specialists have found that more than four thousand forms of NTBs are currently hindering the
expansion of international trade. This shows that the success of GATT in dismantling tariff barriers was not matched by an equal decrease in NTBs.

Nowadays, NTBs have become the instrument applied the most to protect national markets against competition. These take the form of administrative procedures; environmental standards; technical standards; quotas; subsidies; etc. In addition, whereas tariff barriers apply mostly to trade in goods, NTBs apply to both trade in goods and services. In this connection, the procedures governing government procurement in many countries are seen as NTBs or, at least, as having trade restricting or trade distorting effects. Indeed, until the Tokyo Round of Multilateral Trade Negotiations (MTNs), existing GATT provisions permitted governments to discriminate in their procurement activities.

In most countries, both developing and developed, the government is the largest purchaser of goods and services. Government contracts represent huge amounts which are put at several hundred billion dollars per year. Yet, notwithstanding the importance of government procurement in international trade, this sector had not attracted the attention of the negotiators in GATT until the time of the Tokyo Round of MTNs (1973-1979). The lack of international obligations and the widespread discrimination in the area finally brought the subject under the scrutiny of GATT. A Draft Instrument on Government Purchasing Policies, Procedures and Practices, prepared by the OECD, constituted the main background documentation made available to the Sub-Group on government procurement in the context of the Tokyo Round. Different draft Agreements were tabled and discussed until the final text on the Agreement on Government Procurement was established by the Sub-Committee in April 1979 and transmitted to the Trade Negotiations Committee. This Agreement was only limited to government procurement of products, inclusion of the services being only limited to those that are incidental to the supply of these products, and provided they cost less than the products). The possibility of expanding the Agreement to the service contracts was to be explored at a later date.

By the time of the launching of the next Round, the Uruguay Round of MTNs in September 1986, fewer countries had signed the Agreement on Government Procurement than any other code inherited from the Tokyo Round. Among the signatories, only three were developing countries. Although not being part of the Uruguay Round agenda, negotiations on the 1979 code took place among the signatories during the period of Uruguay Round
negotiations. In addition to the fact that these negotiations expanded the code to service contracts, they had also to address the key issue of making the Agreement more attractive to encourage developing countries to join. In doing so, as requested by India, the problem posed by the veto power of each signatory to oppose any membership needed to be appropriately addressed. A final Agreement was to be reached and signed in Marrakesh at the occasion of the signing of the Uruguay Round Agreements. However, as negotiations on this Agreement were not part of the Uruguay Round, it ended up as a Plurilateral Agreement, which could not, therefore, benefit from the “single undertaking” principle of the Round.

The two main issues identified above (accession procedure and attractiveness of the Agreement) were not resolved by the Negotiating Group.

In view of the fact that, in its current form, this Agreement may not attract more members and lead to substantial progress in terms of liberalization of government procurement, the matter was taken up at the WTO Singapore Ministerial Conference as one of the new issues to be included in further MTNs within WTO.

Methodology

This study will be implemented in different stages. The main steps to be followed are:

- Identify and analyse the key features of government procurement procedures in a number of African countries and the types of products and services to be likely covered by the Agreement. The sample of countries will include LDCs and non-LDCs.
- Identify the main provisions of the new Multilateral Agreement on Government Procurement proposed for discussion and determine their salient differences with those of the Plurilateral Agreement.
- Analyse their expected impact on African countries.
- Collect the opinions of different African countries and other developing countries on the issue of liberalization of government procurement procedures. In view of their active role in negotiations of past agreements, countries like India and the Republic of Korea should be consulted.
• Derive AShadow African Position@ to be discussed by a group of experts before it is proposed to an African Ministerial Conference.

Partnerships

This work will be implemented in close collaboration with UNCTAD and WTO. Continuous contact with these institutions will enable us to get up-to-date information on the status of the negotiations and the issues under discussion in the Working-Group in Geneva.

Feasibility

Only in-house expertise, meaning the staff of ESPD and other Divisions such as DMD, will be required to carry out this study.

Title of Document(s):

B. Trade and Competition Policy in the Framework of African countries

Objectives

There is growing realization that anti-competitive practices can have a negative influence on trade opportunities arising from trade concessions and obligations. The challenge faced by developed and developing countries alike is to introduce national policies in this respect. This study that will be used as a background document for the Ad-hoc Expert Group Meeting on Africa and the Uruguay Round Agreements in the Framework of the World Trade Organization, intends to highlight the fact that the increased international competition, which will result from the reducing obstacles to trade in goods and services from an equitable and disciplined environment, will benefit African countries, as it address besides tariff and non-tariff obstacles to trade, other issues that are critical to developing countries at large, namely: trade in services, trade-related investment measures and trade-related aspects of intellectual property rights.
The main objective of the study is, therefore, to suggest African policy makers that removing trade barriers and encouraging competition through gradual and coordinated policy reforms, is not only one of the most effective ways to stimulate modernization and structural changes, but also to help countries to move beyond the initial stages of industrialization and to help firms to mature technologically and managerially. The study will also demonstrate that competition, particularly in the trade sector, is a compelling force for industrial restructuring as firms shed outdated operations, introduce new product lines and search for new markets.

The study will therefore, examine the nature and impact of regulatory controls, promotional instruments and trade barriers in promoting trade development within the Framework of African countries. It will also prove that policy-generated barriers instituted by regulatory, promotional and trade regimes are a major constraint to an efficient industrial and trade developments.

Background and Justification

Several case studies from both developed and developing countries indicate that trade competition is the prime motivation for enterprises to cut waste, improve production parameters through Research and development and innovation, and allocate resources more efficiently in response to market opportunities or threats.

In the African context, many countries have taken economic reforms programmes different from one country to another. However, the general thrust of these reforms go in a somewhat similar direction (i.e. less government intervention in economic activities and more active role of market forces and exports diversification). In spite of those efforts, trade restrictions still are pervasive in many countries and competition as a tool for trade and industrial policy development is not being used in most cases. The ability of African countries to expand their exports rests crucially on their international competitiveness.

In the global market arena, many African countries have been trailing on account of all aspects of competition, resulting in substantial losses in the markets of traditional exports and in total export market shares. These losses are attributable mainly to the lack of competitiveness at both the price and
non-price fronts. While the macroeconomic reforms currently underway in the majority of African countries have been mainly directed to improve price competition through currency devaluation and demand management policies, increasing attention should now be devoted to improving the aspects pertaining to non-price competition, which encompasses all those factors, other than price, that affect a country's market share (i.e., quality and product sophistication, policies related to selling and marketing of products including: packaging, foreign contacts, the speed of delivery of goods and/or services, the provision of exports credits, etc.). African governments should therefore, facilitate the emergence of competitive enterprises, which are likely to raise quality standards while at the same time reducing price levels.

It is therefore obvious that, if African countries have to follow an efficient development path, a top priority for reform should be to gradually undertake domestic deregulation and trade liberalization policies conducive to the creation of a competitive environment at national, subregional and regional levels.

Methodology

Though all facets of competition are important, however, the most demanding challenge facing African countries is in the domain of the characteristics of the product or the level of product sophistication. Most African countries are trading in primary commodities which are becoming increasingly unattractive in the international markets. For the African countries to improve theirs exports performance through increased competitiveness in the global market arena, major structural changes are necessary and part of these efforts must be, on the one hand, policy changes including demand management policies (prices, control of the inflation and reduction of price competitiveness of exports) and in the other hand, long-term strategies and policies through changing the structure and pattern of production and exports.

Though there is not clear definition of competition, nevertheless, in order to ascertain the situation in the member States, the preparation of this study will be based on the review of member States efforts to promote competition through domestic deregulation and trade reforms, with particular emphasis on policies regarding national, sub-regional and regional competitiveness and the review of available literature and practices on trade and competition in order to determine:
a) the nature of competition;

b) main competition policy approaches to promote structural and technological changes;

c) the relationship between Competition Policy and economic development.

As indicated in the Annex I of this outline, the study will be divided into three (3) sections: Section I will deal with analytical work on the competition-related provisions in the World Trade Organization (WTO), as regard to national competition enforcement, and the consistency between competition policies and trade measures. Section II will deal with the disciplines of the WTO in the competition areas and the identification of areas suitable for international cooperation and cooperation among competition enforcement bodies. Section III will deal with the creation of awareness in African countries and implementation mechanisms.

Feasibility

This paper could be written by ESPD staff using available research methods (i.e. Literature review, desk study, field missions, country data sources, etc.).

The estimated time for completion of the study is five (5) months starting from 15 July 1997.