POVERTY, ADJUSTMENT, and GROWTH in AFRICA

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Foreword

To reduce poverty in Africa in a long-term, sustainable manner, economic growth is absolutely essential. Growth can increase people's incomes, support education and health expenditures, generate investment and employment opportunities, raise living standards. But without growth, as we have seen from the African experience in the later 1970s and the 1980s, living standards will become further depressed — and it is the poorest in society who will be hurt most.

The programs of structural adjustment and reform now being undertaken by about 30 countries in Sub-Saharan Africa are the precondition for growth. Despite the profound difficulties — economic, social, and political — involved in economic reform, there is now a strong consensus within Africa and within the donor community on the need for adjustment. There is vigorous discussion of the phasing, funding, and specific elements of adjustment programs in individual countries. That debate is legitimate. Neither the World Bank nor anyone else has all the answers to these questions. We are learning from experience in adjustment programs, just as we have been learning from our project lending. We must be careful not to overestimate what can be achieved in a short period. Restoring sustainable growth will take time. Perseverance is essential. Just as essential, however, is to ensure that the poor participate in and benefit from the restored growth.

In addition, while adjustment is under way, all of us — in Africa and in the international community — must pay keen attention to the social ramifications and ensure that the most vulnerable groups are protected. This is an area where the World Bank has been learning rapidly and, increasingly, taking action. Indeed, the purposes of the Social Dimensions of Adjustment Project and the Bank's other operations to protect the poor during periods of adjustment are explained in this paper.

Ismail Serageldin
January 1989

Introduction

Many governments in Sub-Saharan Africa have adopted far-reaching stabilization and adjustment programs to make their national economies more flexible and responsive to changing world conditions — with a view to restoring real growth in the medium term. Throughout the design of these programs, it has been a concern of the governments and the World Bank to ensure that the burdens of adjustment are equitably distributed across all population groups. Even more importantly, the fruits of the restored growth must benefit the poor as well as those who are better off.

The integration of concern for the poor in the design and implementation of development plans generally — and of adjustment programs specifically — has been a major objective of Bank actions in recent years. Designing these actions and assessing their effectiveness, however, has been seriously hampered by the paucity of socioeconomic data in most African countries, particularly data on income distribution and consumption patterns. As a result, it is possible only to make qualitative observations on the current socioeconomic status of various segments of the populations and on the probable effects of policies and programs. Effective targeting of measures to protect vulnerable groups or to offset transitional costs is very difficult, and significant voids may occur. It is essential, therefore, to improve the socioeconomic data bases needed to identify poor groups as an integral part of the Bank's effort to deal with poverty in Sub-Saharan Africa.

Country-specific data bases are needed all the more given the wide diversity of country situations in the region and the different focuses in the design of antipoverty programs. The transferability of programs and experiences from one country to another is not promising, however. Indeed, per capita GNP in Sub-Saharan Africa has a 23:1 range between the richest and poorest country.[1] Similarly, average annual GDP growth rates have varied from minus 9.5 percent to plus 9 percent in the 1980s, and population growth rates between 1 percent and 4.4 percent. Health and education indicators also show wide variations among countries. Under such conditions, regionwide tendencies may provide poor guidelines for country-specific action. This paper, therefore, should be seen as a general statement, with wide divergences in its applicability to specific countries.

Restoring Growth with Equity

The dire macroeconomic plight of Sub-Saharan Africa countries is well known.[2] Among the 22 low-income countries for which data are available, seven recorded a negative average annual growth rate of GDP during 1980-85.[3] Among those that experienced positive growth, only three had a GDP growth rate faster than the population growth rate. The performance of the middle income economies over the same period was only slightly better. Three middle-income countries recorded negative GDP growth, and in all but four GDP per capita growth was negative. Those four exceptions, however, are the countries with the highest absolute GDP per capita.

There is a basic consensus that restoring adequate rates of self-sustained growth is the primary objective of development in Sub-Saharan Africa. No poverty alleviation strategy can be sustained without restoring economic growth. This is not to argue for the old-fashioned "trickle down" theory, but to recognize that growth is indispensable to sustained poverty alleviation. Under any circumstances, growth is not an end in itself; its effects must be widely distributed, if it is to be sustainable. This requires not only raising per capita incomes, along with reducing income disparities, but also systematically developing human resources — a primary engine of long-term development.

Focus on growth became particularly acute in the 1980s due to a series of unprecedented external shocks, internal economic mismanagement, and growing distortions in economic structures. In retrospect, the "euphoric" period of the 1970s that enabled economic excesses to be financed also masked the underlying weakness of African economies heavily dependent on a few primary export commodities that no longer held the prospect of producing the growth rates of the past. Consequently, in the 1980s country after country in Africa (30 at last count) adopted sweeping structural adjustment programs. These programs were launched in a period of fluctuation and sharp further declines in the terms of trade, high real interest rates, which exacerbated the crushing burden of excessive foreign debts, and droughts that wiped out the gains made by many of the poorer Sub-Saharan countries. Nevertheless, there are some encouraging preliminary figures (table 1). Countries with sustained adjustment programs achieved 0.8 percent annual real growth rates of GDP per capita over 1984-86, while those that had not adopted such programs registered a negative 2.5 percent a year. Both groups registered declines in GDP per capita averaging close to -4 percent a year over 1980-84.

Table 1. Per Capita GDP Growth Rates, 1960-86
(annual average in percent)

Country group	*1960-70*	*1970-80*	*1980-86*	*1980-84*	*1984-86*
Sub-Sahara: low income	0.9	-0.5	-2.1	-2.4	-0.6
Sub-Sahara: other	1.4	1.7	-4.3	-5.0	-2.9
Sub-Sahara: total	1.2	0.9	-3.4	-4.0	-1.8
Other Africa	2.8	4.1	0.8	1.3	-0.1
Total Africa	1.5	1.5	-1.9	-2.9	-1.5
Memo items:					
Sub-Sahara: countries with adjustment programs [1]	1.8	0.7	-2.5	-3.8	0.8
Sub-Sahara: other	1.1	0.9	-3.6	-4.0	-2.5

[1] Countries with sustained and substantial adjustment programs commencing before FY1985: Côte d'Ivoire, Ghana, Kenya, Malawi, Mauritius, Senegal, Togo and Zambia.
Source: World Bank data.

But growth, it can be argued, is hostage to climate and external shocks. A recent analysis by the World Bank focused on about twenty countries that were relatively little affected by unusual weather or external shocks. During 1980-85, all these countries had similar real GDP growth rates averaging about 1.5 percent a year. However, in

1986-87, GDP growth more than doubled to about 4 percent a year in those countries that had sustained adjustment programs, while it fell by over half in nonadjusting countries.

Growth, however, is not the only relevant indicator. Food production (according to Food and Agriculture Organization of the United Nations (FAO) sources) has been growing in adjusting countries by 4.2 percent a year versus only 2.4 percent in nonadjusting countries. That difference of 1.8 percent is critical since it spells the difference between exceeding population growth and falling further behind.

These growth rates are encouraging, but even more encouraging are the accompanying indicators of economic management performance: inflation has been reduced in adjusting countries, but has more than doubled in nonadjusting countries. In adjusting countries the fiscal deficit has been sharply reduced and real interest rates became positive while these indicators deteriorated further in nonadjusting countries, as can be seen in table 2.

Table 2. Key Reform Indicators in Sub-Saharan Africa

Indicator of reform	*Period*	*Countries with strong reform programs*	*Countries with weak or no reform programs*
Fiscal deficit	1980-82	8.2	7.4
(percent of GDP)	1987	5.2	8.1
Real effective exchange rate			
(1980-82=100)	1987	69	79
Inflation rate	1980-82	19	16
(percent a year)	1987	15	38
Commercial bank lending	1980-82	-3.5	-2.2
rates (real percent a year)	1987	4.7	-11.6
Agricultural incentives			
Export crop prices	1986/87	153	144
(real, 1980/81-82/83=100)			
Food crop prices	1986/87	122	94
(real, 1980/81-82/83=100)			

Note: Depending on available data, 12 to17 countries have been included in the group of reforming countries and 6 to 10 in the group of nonreforming countries, depending on the indicator. Averages are unweighted.

Source: World Bank, *World Development Report 1988* (New York: Oxford University Press, 1988).

In some cases reforms could not be sustained because of the absence of adequate flows of external assistance. Adjustment programs also affect various groups as cuts in public expenditures take place. Yet the sustainability of these programs is a function of maintaining a political consensus for reform. It is an unhappy fact that the costs of adjustment have to be borne before the overall benefits become fully apparent. (The last section of this paper contains a detailed discussion of the poverty issues associated with adjustment.)

Although adjustment programs vary depending on country conditions, in most cases, structural adjustment has three basic components. First is a reform of the system of economic incentives with the objective of changing the structure of incentives in favor of tradeables versus nontradeables, accompanied by measures to liberalize economies so that factors of production can seek their highest returns. Second is streamlining the public sector by cutting the excessive size and costs of civil services; rationalizing overextended public enterprises while directing scarce public financial resources toward the provision of basic infrastructure; supporting vital economic services; and developing human resources. An important feature of such programs is the freeing of domestic resources for private sector investment and production. Third is a comprehensive restructuring of external debt with the objective of relieving the resource constraint. This is part of the effort to mobilize foreign assistance in support of a growth-oriented strategy.

The major challenge is to pursue a combination of macroeconomic and sectoral policies aimed at achieving growth with equity. This calls for programs that foster the participation of the poor in the process of economic growth, in particular by improving their access to jobs and income-generating assets. The programs should also increase the productivity of their assets, both material and human. An urgent priority is the need to protect the most vulnerable groups during the adjustment process while growth gradually resumes (see the last section of this paper and the annex).

This poverty alleviation strategy needs to be supported by an interrelated set of policy actions:

- Macro-policy measures aimed at strengthening the foundation of self-sustained and balanced growth over the medium and long term
- Sectoral policies, combined with a well-organized program of projects, aimed at fostering the participation of the poor in the process of growth
- Measures to restructure public finances and to mobilize domestic and foreign resources for growth.

At the macro-level, sustaining the shift towards tradeables usually requires addressing exchange rate issues. Further, expenditure reductions in nontradeable sectors have to be combined with switching in favor of tradeable sectors. Measures to accomplish this include raising producer prices, focusing investment in support of tradeable activities (rural roads and markets) and economic services, and providing inputs designed to raise farmer productivity and output.

In the franc zone, where institutional arrangements preclude individual countries from changing the exchange rate, some alternative approaches, involving tariff and export premia schemes, have been introduced with varying degrees of success. In some countries, such as Gabon and Congo, inelastic supply responses in economies with substantial enclave sectors have required initial adjustment efforts focused on cutting domestic costs through expenditure reduction, particularly public sector wages. Other measures include harmonizing effective protection rates between agriculture and industry and eliminating the bias in favor of urban consumers through reforms in pricing of basic foodstuffs.

Sectoral policies include shifting new investment and maintenance expenditures toward the support of productive activities and employment-generating projects and modifying the composition of public expenditures to favor primary education and basic health services. In the key sectors, systematic efforts are usually required to remove distortions in markets by eliminating monopolies, price controls, and uneconomic taxation. A particular element in the many countries with government-established producer price systems is to sustain the incentives of farmers to produce by a system of floor prices with flexibility that reflects world market conditions.

In resource mobilization, major tax reforms are under way to replace agricultural taxation and other taxes on production with taxes on consumption and value added. Improved direct collection is called for in the areas of income and real estate taxes. In many countries, economic efficiency is adversely affected by banking system failures and lack of domestic intermediation and capital markets. This affects not only the capacity of the system to mobilize real domestic financial savings for development, but also hinders the development of credit schemes for small and medium-scale enterprises and farmers.

In general, improvements in the urban-rural terms of trade will have favorable effects on low-income groups, which are in large part rural. Growth itself will inevitably alleviate the impact of adjustment on the most vulnerable groups — the urban poor and public servants who lose their jobs. In these areas structural adjustment should provide for action programs to avoid social distress in the short term, while sustainable economic growth and its corollary benefits are being secured for the medium term.

Poverty and Income Distribution

The evolution of private consumption per capita has generally followed that of GDP per capita, confirming that the average living standard in Sub-Saharan Africa fell in the first half of the decade. The exceptions are those countries where GNP per capita approaches or is above $1,000. But five of the countries with negative GDP growth over the period were among the poorest ten. The challenge of poverty alleviation is thus twofold: to raise living standards on the average and to prevent the poorest countries from falling further behind (as is currently the case).

Although the macroeconomic performance figures make it plausible to say that the number of households in absolute poverty has increased in Africa (particularly in the countries with the lowest GDP per capita), there is little direct statistical evidence. Likewise, there is virtually no empirical information on the overall evolution of the distribution of household incomes. The World Bank's World Development Indicators list distribution data for only four Sub-Saharan Africa countries: Kenya (1976), Zambia (1976), Côte d'Ivoire (1985-86), and Mauritania (1980-81). The only recent data, for Côte d'Ivoire, are derived from the Living Standards Survey undertaken with Bank sponsorship. Although they provide a good estimate of the current situation, there is no comparable survey in the past providing a benchmark to chart progress.

However, the main data needs are not so much for poverty counts and for overall distribution figures. The latter especially tend to change only slowly over time, particularly when the distribution is expressed in large units such as quintiles. Such units are very heterogeneous indeed, and the economy at large can affect different groups within, say, the lowest quintile very differently, even though the total income share accruing to the quintile may not change significantly.

What is needed, therefore, is a picture of the distribution of income by socioeconomic groups, such as landless farmers, export crop farmers, governments workers, urban informal sector workers, and so on. Such groups have as a common characteristic the way in which they are linked to the production structure and hence in the way their income is generated. This makes it feasible to consider them as policy target groups and to estimate how macroeconomic trends will affect them. The approach requires, however, that social and economic data are available at the household level — and indeed for individual members of the household, such as their labor force participation. From such data the socioeconomic categories can be aggregated and described in terms of income and consumption levels and in terms of the fulfillment of their needs for housing, education, health, and other social services.

This is the approach taken by the Bank in the Social Dimensions of Adjustment project (see page 53) which includes as one of its components the design and implementation of permanent household surveys in each participating country. The surveys are designed to cover a broad range of socioeconomic indicators concerning employment, income, consumption, savings and credit, housing, education, health, and nutrition. These surveys will be carried out annually. The data processing methodology of the surveys will make the data available about three months after the collection, so that a steady flow of socio-economic information becomes available as input into policy design.

Without waiting for the availability of these data bases, however, the Bank has attempted a twofold approach to raising the income level of the poor in the context of macroeconomic adjustment programs. In the short run, the basic shift of incomes from urban to rural populations serves to redress the broadest income distribution aspects. In parallel, a number of measures can be taken that directly compensate for loss of income among the urban poor, such as severance pay for redundant civil servants, food-for-work programs, or subsidies for fixed-income individuals in the wake of a devaluation. More importantly, to ensure that such improvements in income distribution are sustained in the long run, measures can be taken to improve the access of the poor to assets and to increase the return on those they already own. Examples are retraining and job counseling programs for laid-off workers and credit programs to support the setting up of small enterprises. In rural areas, land reforms, resettlement schemes, credit programs, extension programs, and rises in administered producer prices all contribute to sustaining higher incomes for farmers.

Such measures make it possible for improvements in income distribution to become compatible with adjustment programs and should be sustained during the resumption of economic growth. For example, in Côte d'Ivoire, the ratio of urban to rural average per capita income narrowed significantly in the first half of the 1980s. At the same time, the urban income distribution became more nearly equal as a result of reductions in high modern sector salaries (especially in parastatal enterprises), while earnings in the informal sector were more steady.

The challenge is to design and integrate such measures into the adjustment programs, which the Sub-Saharan countries must necessarily carry out and thus ensure that the (re)establishment of macroeconomic growth coincides with reductions in the incidence and depth of poverty.

Poverty and Hunger

One of the tragic dimensions of poverty in Africa is hunger. Inadequacy of food manifests itself both at a national level and at the household and individual level. Several African countries have periodic or chronic food security problems at a national level, affecting large numbers of people. Ethiopia, Sudan, the Sahel countries, Mozambique, Angola, and Somalia are the most prone to food shortages. Virtually every African country contains significant numbers of households whose members are chronically or periodically hungry. Average caloric intake for Sub-Saharan Africa as a whole declined in the 1980s to about 96 percent of requirements.[4]

The Problem

Hunger in Africa has three causes: (1) low income growth both at the national and household levels, which restricts the ability to buy food; (2) failure of food production to keep up with population growth; (3) transitory problems in agriculture (caused by natural calamities such as drought, locusts, and floods, and by war). Vulnerable groups of people, often living in rural areas and dependent on agriculture, do not obtain sufficient food due to low incomes and inadequate food production. Vulnerable groups are also found in urban slums, particularly among women and children.

In Africa, more than in any other continent, the agricultural sector is critical to food security. People on other continents can buy food more easily than Africans because their incomes are higher. Agriculture not only produces food, it contributes a large portion of GDP in most African countries (10 to 76 percent, depending on the country and 36 percent on average), and provides an average of 71 percent of employment and a significant share of exports.[5] Agro-industry, which is the predominating industrial component in much of Africa, naturally depends on agriculture as its major source of materials. Most of the structural adjustment programs undertaken by African countries depend for their success on a rapid stimulus to economic growth generated largely by the agricultural sector. The growth potential and comparative advantage of other productive sectors is often relatively small, except in the oil-producing countries. Stimulating agricultural growth is usually found to be the most important action governments can take to generate growth, create employment, provide more raw material to industry, and stem rural-urban migration (by reducing rural-urban income inequality).

Unfortunately, agriculture in Africa has performed poorly, causing to a large extent the growing problem of hunger. Agricultural growth in Sub-Saharan Africa, during 1973-84, was 0.7 percent a year in real terms, or about -1.9 percent a year per capita. Comparing 1974-76 with 1981-83, the index of food production shows a decline from 100 to 94.[6] This poor performance has led to a remarkable increase in food imports. Cereal imports by Sub-Saharan Africa increased at 10.7 percent a year during 1973-84. The availability of food imports has greatly offset the impact of poor agricultural performance on food security, but not enough in aggregate to ensure an adequate diet to the average African. As indicated above, the average daily caloric intake was 96 percent of requirements in the 1980s (2,205 calories). This compares with an average caloric intake of 105 percent of needs in the world's low-income countries as a whole. In addition, problems in rural areas have contributed to a growth rate of urban population of 6.1 percent a year.

Persistence of the Problem

The causes of the problem are well known, although debate continues regarding the relative importance of the various factors.

The first set of problems affecting agricultural performance and hunger are the cluster of often inappropriate agricultural price, tax, subsidy, and exchange rates policies. In Africa, these policies have generally served in the last 20 years to depress farmers' incomes and incentives to produce. These factors have discouraged agricultural production for the market, caused migration to the cities and towns, and reduced investment in agriculture, hence reducing agricultural production.

Most African nations have emphasized government-led growth, creating parastatal enterprises to manage agricultural marketing, processing, and regional agricultural programs. But these government enterprises tend to be inefficient and costly. Government expenditure programs often involve low allocations to agriculture, numerous white elephants, excessive allocations for salaries, and little for other operating costs. In addition, governments often pay inadequate attention to agricultural research, extension, farm input supply, forestry, and animal health services. Donors have contributed to the problems by turning Sub-Saharan Africa into a mosaic of expensive regional development projects that have fragmented agricultural services.

The lack of adequate land tenure, land use, and environmental policies has also had a damaging effect on agriculture. The absence of secure tenure by farmers has discouraged investment in the land and has not encouraged soil conservation. Lack of land titles makes eligibility for agricultural credit difficult. Women are often discriminated against, in part because they have no security in the form of tenure. Lack of environmental protection has resulted in widespread destruction of forests and animal life and misuse of land leading to desertification. These environmental factors may have contributed to an increase in transitory food problems (through more frequent droughts, and desertification).

A major nonpolicy constraint faced by agriculture in many African countries is the limited amount of good agricultural land and areas with climatic conditions conducive to agricultural growth. Only 30 percent of Africa's land area (about 320 million hectares) is capable of sustained production of rainfed crops. About one-quarter of this is used (FAO estimates).[7] Most of the unused cultivable area is under forest in central Africa, which for environmental reasons cannot be fully exploited agriculturally. Rainfall, soil and temperature patterns also conspire against African agriculture in many areas.

Social and cultural barriers, levels of knowledge, and other factors limit the rate at which traditional farmers can introduce improved technology. Shifting cultivation is a common practice in African agriculture and is characterized by low use of inputs. With rapid population growth, shifting cultivation is increasingly harmful, leading to low investment in the land, inadequate conservation efforts by farmers, and low output per unit area. The introduction of improved technology, appropriate to sedentary cultivation, must be accelerated.

First Step toward a Solution: A Development Strategy for Agriculture

Dealing with hunger in Africa involves first, but not exclusively, the development of agriculture. Faster agricultural growth will generate more rapid GDP growth, an essential element in food security, since food can be bought as well as produced. Agricultural growth also implies more rapid growth of food production and faster direct poverty alleviation, since most of Africa's poor live in rural areas and depend on agriculture.

The strategy must first include a policy package appropriate to each country, involving a strong growth orientation. The package can be summarized briefly as follows:

(a) An agricultural price, tax, subsidy, and exchange rate policy that provides incentives for investment and production.

(b) Improvement in public expenditure programs in agriculture, emphasizing national agricultural services rather than multicomponent rural development projects. Donor support for the national programs should be promoted, and donors' traditional support for multi-component regional projects or short-term projects discouraged. Institution-building and human resource development projects are essential. Projects should include those that address transitory food problems, storage of agricultural surpluses, food distribution systems, and early warning systems for droughts (discussed below).

(c) Privatization of agricultural marketing and processing: governments should pursue demonopolization, parastatal divestiture and restructuring, as appropriate, combined with measures to create financial markets serving the private sector, so that entrepreneurs can invest in agricultural marketing and processing.

(d) Promotion of security of land tenure, tradeability of land (land cadastres, land titling, land documentation), and land reform where needed. This provides the basis for more effective land markets, taxes, investment, and credit.

(e) Soil conservation to arrest desertification and erosion. This will involve:

- Agricultural extension and research to encourage conservation
- Public works in soil conservation
- Incentives to encourage farmers to conserve the soil.

World Bank Initiatives

Bank-supported projects and programs throughout Africa now emphasize the policy changes and the project initiatives highlighted above. The central theme is that increased agricultural productivity in Africa will require both policy change and the development and introduction of improved and appropriate agricultural technologies. In many cases, these technologies exist elsewhere in the world. To introduce new technology to African farmers requires its adaptation to their agricultural, economic, and social environment. Extension services must introduce the technology; farm inputs and equipment must be made available; and markets and sources of finance need to be developed. Policy change alone is not enough to stimulate productivity increase. Projects that increase agricultural output are needed. This increase can come about only by the introduction of new and better crop varieties, improved agricultural practices, improved livestock breeds and management systems, better input supply and credit systems, improved storage, marketing, and simple processing technologies, such as those cited by Paul Harrison in *The Greening of Africa*.[8]

The Bank seeks to help introduce improvements in agricultural research, extension, credit, animal health, input supply, forestry, rural roads, and other agricultural and environmental services in a large number of African countries. These services are being developed through national programs for which organization and management systems are carefully designed to assure effectiveness. Services are designed to be low cost, simple, and sustainable over the long term. The initial focus will be on building national institutions and training local people to manage these institutions.

Current thinking in the Bank suggests that an agricultural growth rate of approximately 4 percent per year is needed to meet economic growth needs. This would constitute more than a doubling of the historical growth rate of Sub-Saharan agriculture. It is felt that the present generally poor condition of Africa agriculture leaves an extraordinarily large margin for improvement. Even crop-yield increases on the order of 4 to 5 percent a year will bring average yields only to about the levels of those in other developing countries and will probably occur no earlier than the years 2000 to 2010. There are several African countries which have had sustained agricultural growth rates above 3 percent a year for the last 20 years. If these good performances could be improved somewhat further and other countries brought to about the level of growth of the present good performers, the target would be met. There is, however, considerable skepticism that these goals can be attained, given past performance.

The above strategy neglects to some extent the problems of vulnerable groups and does not take into account the transitory food problems of many African countries, which relate to drought, inability to store food surpluses for use in bad years, other natural crises (locusts, army worms, floods), and manmade calamities such as the conflicts in Uganda, Ethiopia, Angola, Mozambique. The Bank is therefore proposing the addition of improvement in food security as an essential tool to alleviate poverty. For some countries, this could imply the pursuit of food self-sufficiency as the most cost-effective means towards food security. This would be achieved by a combination of agricultural policy reform and investment programs. Of course, growth policies and investments which the Bank supports already contribute to food security, by raising incomes and by increasing food production. Human resource projects supported by the Bank also contribute to food security. Population planning reduces mouths to feed. Education and nutrition projects also help the effort to achieve food security.

A separate task force on food security for Africa[9] has reported in detail on these and related issues and has developed suggestions and decisions for specific food interventions, which might include one or more of the following:

(a) More serious targeting of agricultural projects on food production by vulnerable groups in rural areas. This is difficult to do in the context of existing projects, because the Bank is radically reducing regional and rural development projects, which have been very hard to implement and of limited economic benefit. Such geographically defined projects, which could be targeted to poor regions, are too costly and difficult to execute, and they tend to balkanize the country, defeating national agricultural policy. This change in focus means, however, that special consideration must be given to extension support delivered by national systems to resource-poor farmers. Much more research will have to be done by national agricultural research systems to identify technological improvements for resource-poor small farmers. Social infrastructure in rural areas should be targeted in part to assist the poor.

(b) Projects to address the transitory food insecurity problem. These would include actions on early warning systems and drought recovery and prevention projects. A drought prevention project might include the introduction of drought-resistant crops, combined with promotion of on-farm storage and water points, introduction of water harvesting techniques, and so on. Early warning systems for drought or other calamities might be established at the national or regional level. Drought recovery mechanisms include planning for contingencies, as well as World Bank and donor readiness to finance drought recovery measures. The Bank intends to devote more attention to problems such as locust and pest control as well as environmental protection. Often environmental degradation contributes to desertification and deforestation, which bring on weather pattern changes, and areas become drier and more prone to drought. The Bank might also assist in some cases in coordinating food aid.

(c) Policy-based lending programs that estimate the effects of adjustment on various groups in terms of income and food availability and, if necessary, incorporate specific measures to compensate for losses (employment programs, food for work, targeted subsidies). Analysis of such measures is being made through the World Bank-supported Social Dimensions of Adjustment Project (see page 53).

(d) Infrastructure development that is responsive to food security objectives,such as location of a road may be influenced not only by the needs of farmers but by the logistics of food distribution.

(e) Development of agricultural marketing systems, including more Bank attention to marketing projects to complement its promotion of private sector initiatives. Just "leaving it to the private sector" may not be good enough.

(f) A food security input into agricultural research: drought-tolerant crop varieties, more attention to water harvesting techniques, more attention to irrigation and water development — with a food security as well as an economic rationale.

(g) Attention to ways and means, including most importantly incentives, to get the private sector, both local and foreign, involved in food security, storage, food distribution, and crop production, all of which need to be profitable.

(h) Policy reforms in agriculture, especially when supported by policy-based lending. These should include a food security package, with introduction of early warning systems, creation of early response systems, and incentives for private involvement in storage and distribution.

(i) Increased security of tenure is likely to contribute to food security at the household level.

(j) Women are responsible for most food production in Africa. To promote food security means in part assisting women to produce food. This can be done by introducing labor saving technology, both agricultural (improved agricultural implements) and household (energy-saving stoves that require less fuelwood), and improving water supply (to reduce travel time to water points). Programs would involve addressing women through extension, undertaking agricultural research on crops cultivated by women, providing security of land tenure and increasing the ability to obtain credit by women heads of households. These measures should be seen within the broader context of a comprehensive program for women.

(k) Rural infrastructure continues to require development, in part for food security reasons. Now that the Bank does not finance infrastructure through rural development projects, free-standing rural infrastructure projects or specific components in broader infrastructure projects will need financing.

There are, of course, many other questions to be answered. The report of the World Bank's Task Force on Food Security in Africa goes a long way toward providing these answers at the general level, but recognizes that more specific solutions will require more country-specific work.[9] For example:

- Should the inventory of food security interventions be developed further? The Task Force provided an adequate inventory, at least until the advent of additional country-specific work.
- Is there a need to analyze the magnitudes of the growth versus food security/food self-sufficiency trade-off? Much more certainly needs to be done, especially when governments tend to consider food security and food self-sufficiency as being synonymous.
- What are the likely economic effects of the agricultural growth strategy? How much of the growth will be captured by the already wealthier few? If the benefits are likely to be greatly skewed, a food security component in adjustment programs is even more justified. If benefits are likely to be very widely distributed, there is much less justification. It should be noted that this issue relates to food security only in so far as it is primarily an income problem. Hence this should not be misunderstood to imply waiting to see how much trickles down to the poor and then complement the policy package with a compensatory component. Rather, the problem is part of a broader set of questions involving early identification of the vulnerable groups, and prior assessment of the likely differential effects of the policy

framework on different groups. Food security should be seen as an integral part of agricultural policy, not as an afterthought.

• Is more analysis needed regarding food aid and food imports? It can be argued that the Bank should join food aid donors' discussions to assist in coordinating food aid. Should food aid be discouraged (to induce greater financial incentives to farmers to produce), or should Africa take maximum advantage of the "generosity" the industrial countries? The answers here involve not only the question of effects on agriculture and growth but on food security and political feasibility. Much of the answer will depend on legal, administrative, and political constraints, primarily in the key donor countries.

Poverty and Basic Needs

Despite 25 years of development programs and projects supported by multilateral and bilateral aid institutions, two-thirds of the rural population and a third of the urban population of Sub-Saharan African remain below the absolute poverty level. Infant mortality rates averaged 104 per thousand in Sub-Saharan Africa in 1985, compared with 71 per thousand for all developing economies. In that same year, child death rates were estimated at 18 percent in Sub-Saharan Africa, twice as high as in all developing economies. Daily caloric supply per capita averaged 2,024 for the Sub-Saharan Africa region in 1985, compared with 2,470 for all developing economies. Only 65 percent of the urban population and 26 percent of the rural population of Sub-Saharan Africa had access to safe water in 1985, compared with 75 percent and 42 percent for all developing economies. Life expectancy at birth was 49 years for males and 53 years for females in 1985, compared with 60 and 62 years respectively for all developing countries.

Undoubtedly under the pressure of the present crisis, a number of governments have succumbed to the tendency to cut back on social spending at the basic and preventative levels in favor of spending in areas where political constituencies are more powerful. The results, in those cases, have been more hardship. Fragmentary data indicate a further deterioration of the already dismal indicators. The United Nations' Children's Fund and others have brought attention to these negative tendencies and called for prompt corrective action.

Without arguing the issues of data or causality, it is undeniable that basic needs are inadequately satisfied in much of Sub-Saharan Africa and that the situation is either precarious or deteriorating in most of the continent. A key question is: what is the World Bank doing to confront this critical situation?

The World Bank has tried to respond by:

- Increasing its efforts in sector lending in education
- Increasing its support for projects and project components that address basic needs (population, health and nutrition, water supply, and so on)
- Focusing the attention of decisionmakers on these issues through the establishment of task forces and regular country dialogues
- Channeling aid away from high-profile, equipment-intensive projects (for example, large urban hospitals, high-cost universities) toward financing basic services in coordination with other donors
- Seeking to protect basic social services from the budget cuts, and ensure a reasonable balance between salary and nonsalary recurrent spending
- Ensuring that these issues are addressed at the time of designing structural adjustment operations.

Poverty and Women

In many parts of Sub-Saharan Africa, women represent about 60 percent of the labor force in some sectors, grow about 80 percent of the food, and yet earn about 10 percent of the money income and own about 1 percent of the assets.

We have ample evidence that these economic facts translate into real hardships: incidence of extreme poverty is highest among women and children. The statistical evidence (weak and inaccurate as it is) shows that malnutrition and poverty are gender-biased, with consequent increases in infant mortality and morbidity.

This seems to indicate that:

(a) Improving the condition of women would undoubtedly have major benefits in social terms, and probably translates into considerable economic benefits to the country as a whole.

(b) Improving the condition of women will have to be addressed by:

(i) providing opportunities to women to improve their economic position through:

- increasing their assets.
- increasing the productivity of their assets (for example, access to credit, agricultural extension services, and so on).
- ensuring more equitable treatment on the wage earning segments of the labor market.

(ii) improving the access of women to basic social services, for example, education, health, nutrition support, and population-related programs.

The design of national programs for Women in Development (WID) will doubtless have to focus on policy. But there are fundamental differences between getting laws and policies enacted, and getting real change. Sociocultural and political factors can transform macro-level national programs into completely different micro-level realities.

Also, communities within single national entities differ in their attitudes as well as their conditions. This is not just a matter of rural and urban environments, but also of ethnicity and religion. Thus, as Professor Ali Mazrui has observed, one frequently finds that women in Muslim communities have more technical (legal) rights but are allowed a less active role in the economic scene. The situation is reversed in many non-Muslim communities.

What Should Be Done

This variability at the micro level indicates that, beyond policy and programmatic approaches, there is a fundamental role for project-specific interventions as well. This means that the WID program should include:

(a) A national overview translated into a policy and program package.

(b) Sectoral approaches in production (agriculture), and trade and social services (education, health, nutrition, population).

(c) Specific projects/programs to help translate the above into reality.

What the Bank Is Doing

The structure of the Bank's intervention in support of a WID program in a country could therefore include:

(a) Agreement with the government on the outlines of a comprehensive national policy package and sectoral policies and programs.

(b) Agreement with the government on whatever realignment of existing projects is required (especially World Bank-financed projects).

(c) Agreement on public investment and expenditure patterns that reflect these concerns, especially for social services and basic rural infrastructure.

(d) Identification of additional project interventions that could be financed by the Bank as well as other donors.

(e) Identification of institutional reforms that may be needed to improve implementation of the program.

The structure of the ultimate financing could include some quick-disbursing funds, or might even be composed solely of such funds. That question, however, should be addressed after the previous issues have been adequately addressed and the package appropriately defined.

The World Bank is presently pursuing variants of this approach in Gambia, Guinea, Kenya, and other countries.

Poverty and the Environment

Africa's environment is difficult to deal with. Rainfall occurs predominantly in erosive downpours. The pressure on vegetation is greater than in temperate areas. The region's soil resources are poor. According to an FAO study, only 19 percent of Africa's soils have no inherent fertility limitations and 55 percent have severe or very severe constraints.[10] Outside the humid zones, rainfall is highly variable from year to year (by 20 to 40 percent up or down from the mean). The risk of prolonged droughts is high. Two-thirds of Africa's land area faces high or very high risk of drought. The Sahel is confronted by the additional problem of unusually wet or dry periods persisting for one or two decades. To add to these difficulties, the tsetse fly is a menace in central Africa, seriously impeding livestock production.

Countering Environmental Degradation in Sub-Saharan Africa

Africa's farmers developed traditional agricultural methods to counteract some of these problems. The most important adaptation is the system of shifting cultivation. This involves one to three years of cultivation on a plot, followed by leaving the plot fallow. In the fallow period, organic matter is restored. Vegetative cover lifts nutrients from the lower soil, depositing them on the surface with leaf fall. Shifting cultivation depends on abundant land. As Africa's population has grown (now at 3.2 percent a year), land has become scarce. Fallow periods are gradually being reduced. In most of Kenya, Rwanda and Burundi, for example, they have stopped entirely, as new land is no longer available. In many areas, fallow periods are no longer sufficient to allow fertility to be restored. And fallow areas are not large enough to provide adequate grazing and fuelwood. In some countries, successful action has been taken to intensify agriculture, as is the case in the Kenya highlands, much of Zimbabwe, and Nigeria's humid southeast. But in most of Africa, intensification and conservation have not yet occurred. Pressure on the land is resulting in declines in crop yields and overgrazing. Fuelwood needs are met by attacking the forests. Vegetative cover is weakening, and erosion accelerating. The decline in agricultural performance in much of Africa, cited above, results in part from this situation.

These phenomena have been known for some time at the micro level. Recently, information has been patched together showing environmental damage for the continent as a whole; the picture that emerges is shocking. The first part of the problem is deforestation, related directly to the increase in population, the consequent need to open up new farm land, and the need for fuelwood. The FAO reports that Africa's 703 million hectares of undisturbed forests were being cleared in 1980 at the rate of 3.7 million hectares a year — or 0.6 percent. Local rates ranged from 0.2 percent for the vast Cameroon-Congolese forest up to 4 percent a year in West Africa. Deforestation outstripped the rate of new tree planting, which covered only 126,000 hectares per year, by 29 to 1.[11] At the same time, 55 million Africans faced acute scarcity of fuelwood.[12]

The second aspect of the problem is desertification, which primarily affects Africa's drylands. An assessment for 1983 suggests that in these areas 80 to 90 percent of the rangelands, 80 percent of the rainfed croplands, and 30 percent of the irrigated land may be affected at least moderately. Of the dryland population of 118.5 million, 92 million lived in areas affected by desertification, 52.5 million in severely affected areas.[13] The third aspect of the problem is soil erosion. Soil erosion is widespread in all areas of Sub-Saharan Africa. It is perhaps most serious in Ethiopia, where top-soil losses of up to 296 metric tons per hectare have been reported on 16 percent slopes; even moderate slopes can erode rapidly when unprotected by vegetation. In West Africa per hectare losses of 10 to 21 metric tons have been reported on slopes as gentle as 0.4 to 0.8 percent and of 30 to 55 metric tons on 1 to 2 percent slopes.[14] Wind erosion is significant in drier areas. Even more serious in the medium term is the gradual decline in fertility of all types of land.

All of the above contribute to the decline in agriculture reported above and hence to increasing incidence of hunger and poverty.

What Is Being Done

Many of the governments of Africa and donors are urgently seeking solutions to the problems. In 1987 the World Bank added environmental divisions to its structure. The Bank has embarked on a series of studies on the problems and is preparing environmental protection projects. It has also sought out and found partners among the environmental groups that had been its worst critics in recent times. Analysis undertaken in the Bank includes several studies on desertification, a study of the tropical forests, and several country studies.[15]

One of the most advanced countries in this regard is the Côte d'Ivoire, where the government, assisted by the FAO and the Bank, has prepared a sector program to deal with the country's major environmental problems. Côte d'Ivoire's tropical forest has virtually disappeared, largely due to farmer encroachment and secondly as the result of exploitation by logging companies. The measures foreseen to address the problem include:

(a) Drastic reduction in the distribution of permits to obtain land in the forest areas, to both farmers and loggers.

(b) Reduction in the number of logging companies.

(c) Creation of incentives for logging companies to replant and protect their forest concessions by increasing the period of concession, with contracts requiring minimum replanting and conservation.

(d) Introduction of export duties and stumpage fees on timber production. This should discourage excessive cutting and exports, while not eliminating them, setting the levies so as to permit environmentally sustainable cutting.

(e) Creation of large conservation areas to be protected by the forest service, which would be assisted in improving their work.

(f) Expansion of national parks, and development of tourist infrastructure in these parks.

(g) Research and extension on agro-forestry (farmers could plant and maintain trees).

(h) Development of industrial plantations as an alternate source of fuelwood and lumber.

The combination of policy and project efforts to accelerate agricultural intensification and conservation is critical. If successful, increased agricultural production can come from settled land, reducing the population pressure on the forest areas. Intensification will involve crop rotation, integration of livestock, measures to increase soil fertility, and so forth. In semi-arid regions (the Sahel) strategies similar in philosophy are being developed to address the desertification problem through better land use planning and management, as well as crop and livestock intensification.

At the moment, it must be said that the environmental battle is being lost. The only positive observation that can be made is that there is now awareness that a battle must be fought and that new measures are being aggressively pursued. To resolve the problems of environmental degradation, a mammoth jump in the human and financial resources will be needed. The Côte d'Ivoire program, for example, will cost $200 million over five years. Given Africa's financial difficulties and many pressing problems, one can only hope that there will be sufficient foresight, dedication, and political will to ensure that the necessary resources are committed in time for this battle to be won.

Poverty and Debt

The deterioration in economic growth in the Sub-Saharan African countries in the late 1970s and 1980s led to a worsening of their debt situation, as countries continued to borrow to finance their internal and external deficits.[16] In spite of often heroic structural adjustment programs in many of these countries to restore macroeconomic equilibrium, the debt situation remains critical. Twenty-two Sub-Saharan African countries are currently expected (in the absence of debt rescheduling) to face debt service ratios of 30 percent to GDP or more in the period 1988-90. All but two of these countries are in the low-income group. A subgroup of 17 countries accounts for about 43 percent of total African indebtedness.[17] Since 1975, the medium and long term debt of these countries has almost quadrupled. Collectively, their debt is almost 80 percent of their GDP and 400 percent of their annual exports. The debt-service ratio for the group was 50 percent in 1985 and more than 45 percent in 1986 (excluding arrears). Although actual debt-service figures were lower than the projected figures, the debt overhang undoubtedly squeezed available funding which in turn reduced public investments and other government spending, as well as discouraged private sector investment.

It is not surprising, therefore, that the macroeconomic performance of these most debt-distressed countries was below average. During the first half of the 1980s, their growth rate was less than one-third the rate of other low-income countries, and GDP per capita declined by 2.3 percent a year. As a group, these countries did not share in the recovery of 1986. Their foreign exchange earnings capability was also below average, mainly because of a large and growing dependence on mineral exports. The incidence and depth of poverty has more than likely worsened in these debt-distressed countries.

The undiversified export structure of these countries obviously does not bode well for their prospects of economic recovery. To that must be added the decline in investment ratios they experienced in the 1980-85 period (in contrast to a rise in other low-income countries). The lack of economic growth prospects translates into poor prospects for poverty alleviation unless special poverty-focused programs are undertaken.

Clearly, to tackle low-income Africa's debt problems, measures need to be taken to increase concessional debt relief and assistance are needed. In this regard, the World Bank proposed a Special Program of Assistance (SPA) for 1988-90 for the low income (IDA-eligible), debt-distressed countries with adjustment programs. The SPA program is to be financed by (1) concessional debt relief under the auspices of the Paris Club (retroactive terms adjusted, lower interest rates), (2) increased IDA flows, and (3) co-financing of adjustment operations by donors. The International Monetary Fund's Enhanced Structural Adjustment Facility (ESAF) will also make a substantial contribution.

At a meeting on December 3-4, 1987 in Paris, the World Bank was able to secure critical donor support for this program on the order of $6.4 billion, to be available over the next three years. These funds are being used under either formal co-financing or highly coordinated arrangements with the World Bank in support of overall and sectoral adjustment operations. Of this amount, an estimated $3.4 billion will represent additional commitments to the low-income, heavily indebted African countries, over and above the level of quick-disbursing assistance they now receive.

The Toronto summit of June 1988 and the subsequent agreement of Paris Club members in Berlin in September 1988 provided the detailed modalitites of how the Paris Club debt-relief is to be provided to the SPA-eligible countries. Special efforts will also be undertaken to lighten the burden of IBRD debt in IDA-only countries through increasing IDA allocations (to be funded from the IDA reflows) and special bilateral assistance. These measures should collectively ensure that the SPA-eligible countries have access to sufficient funds and debt-relief to allow for investment, growth, and nonaccumulation of arrears.

Beyond these efforts, the Bank is also considering special new initiatives for the middle-income heavily indebted countries of Africa, especially Congo, Nigeria, and Côte d'Ivoire. The Bank has deployed significant technical assistance for the financial engineering of packages of fresh money and rescheduling within the context of the Paris and London Club negotiations for both countries, as well as a B-loan for Côte d'Ivoire in 1986. The continued severity of the problem, however, clearly indicates the need for new thinking in this area, if the heavy burden of debt is not to cripple efforts to promote growth and alleviate poverty in these countries.

Poverty and Culture

Poverty has been defined in two ways. Absolute poverty is the inability to secure the minimum basic needs for human survival according to standards so low that they challenge the adequate comprehension of most members of industrial societies. As many as 800 million people still live in absolute poverty, a condition that Robert Mc-

Namara (President of the World Bank, 1968-81) rightly labeled as beneath any concept of human decency.

The second notion of poverty is relative poverty. Variously identified as the lower 30 or 40 percent of the income distribution, the relatively poor may have barely secured the minimum basic needs, but have such limited resources that they lack the means of adequate social participation. They are effectively marginalized from mainstream society, even though they may constitute a majority of the population.

Programs to fight poverty have rightly focused on eliminating absolute poverty and reducing the income disparities affecting relative poverty. All these programs have been designed in monetary or physical terms. This section tries to address the cultural dimension of poverty.

Culture is often considered an article produced by the elite for the elite. Yet culture is in reality much broader. It is the collective output that defines a society's identity, its ethos, and its values.[18] In this context, culture is something continuous, something that relates past to present to future. It is also all encompassing — all members of society interact with the culture and participate in creating it. Adequate social interaction is a fundamental means of this participation.

Rarely able to participate in mainstream cultural activity, the relatively poor are forced into several, equally problematic situations:

- Creating a distinct sub-culture whereby the folk-elite cultural dichotomy is created and maintained. This is inevitable for the poorer segments of the poor for whom affiliation with the mainstream is clearly out of reach.
- The better endowed, less destitute members of the poor have the distinct possibility of remaining at the periphery of the mainstream culture, trying to associate with its myths, symbols, and codes while denying their own individual contributions to the national cultural milieu.
- For those, especially the young, whose frame of reference and values are not well anchored in a coherent set of traditional beliefs, and

whose conditions and resources marginalize and prevent them from effective social participation, there is drift, anomie, and the self-deprecation that is associated with ultimate adoption of negative images of self and society and its consequent problems.

These aspects are exacerbated by the general tendency toward semantic disorder among rapidly modernizing societies of the third world which is caused by another set of considerations:

(a) The accelerated pace of change implicit in the developmental process that shakes up the age-old, slowly evolving structure of traditional cultures in traditional societies. It brings discontinuities and does not allow for the evolution of existing perceptions to cope with and internalize the process of change.

(b) The vast currents sweeping traditional societies, such as demographic growth, urbanization, partial education, and marginalization of traditional economic activities (farming and artisanal production).

(c) The break-up of traditional units of community, such as village and extended family, with consequent loss of definition in "ligatures" and "options" (to use Dahrendorf's phrases from *Life Chances*).[19]

(d) The overwhelming impact of western culture, whose presence is frequently tranfered only in its rudimentary, consumption-oriented behavior and technology.

(e) The large impact of mass communications, especially through radio and television, with its twin effects of global exposure and rapid propagation.

(f) The homogenizing efforts at building a national identity by using the mass media, political organizations, and the school system narrows geographic and tribal lines of affiliation.

(g) The inadequate adaptation of the education and training system to the opportunities of employment and the needs of self-employment in most developing countries.

(h) The rapid loss of authentic traditional cultural legacies, which are primarily orally transmitted, due to mobility and perceived lack of (short-term) relevance by the young.

The impact of all these forces on society is difficult to assess. In Africa, the present ruling generation is the "hinge" generation who witnessed the transition from colonialism to independence. The next generation is the product not of the successful struggle for independence but of the incomplete struggle for "modernization" and "development." The success of this next generation of Africans in forging a sense of cultural continuity and authentic identity is essential if long-term developmental scenarios are to become reality. Yet this new identification of self and society cannot be achieved without integrating both the old and the new. Only thus can an "integrated" and "integrating" cultural framework be created.

This means that efforts at poverty alleviation should also include the broadened cultural dimension. This is not just for the benefit of the poor, but because without such efforts, the entire society and polity will be impoverished. Worse, it would open the door to less constructive tendencies of an ideologically charged populism with its degraded version of the popular and its appeal to what are inately negative values.

International efforts to assist in confronting this cultural dimension of development (such as the United Nation's Education, Scientific and Cultural Organization's decade of "culture and development") should be encouraged. Expanding the opportunities for the expression of the intelligentsia of these rapidly modernizing societies, remains the only long-range solution to assist the process of cultural evolution in the societies. A space of freedom for the intelligentsia (artists, academicians, journalists, politicians, technicians, religious leaders) is essential if constructive solutions are to be found.

The poor, whether they are swelling the cities or being left behind in rural areas, cannot be excluded from the formulation of this new cultural framework if their creative talents and productive potential are to be harnessed for the advancement of society as a whole. That very effort to reach out and include them in this momentous national enterprise will contribute to reducing the deprivation and exclusion which are part of the definition of relative poverty.

Poverty and Institutional Issues

Africa has never had a well developed modern set of institutions to deal with poverty and other social problems, despite the large amounts of resources devoted to health and education — areas where governments have attempted to play a primary role. For example, in health care, either preventive or curative, government organized central hospitals or rural clinics are generally of low quality, hardly comprehensive in scope, and inequitable in the distribution of services. A similar conclusion can be drawn with respect to the educational systems in most African countries. It is therefore judicious to reflect on the difficulties encountered with many of the modern institutions created as a corollary to development and assess what has gone wrong and what should be done. Under the circumstances it is not surprising that traditional social practices continue to perform a vital function as a safety net in time of crisis and that nongovernmental organizations (NGOs) have often been the most effective providers of emergency relief and longer-term health, educational, and local development services.

Concerning the traditional social practices, it is inconceivable that African societies could have survived the brutal and wrenching adjustments of the past decade without the support of the extended family and other traditional mutual support (ethnic/tribal among others) arrangements. Indeed, this traditional network provided the primary reception for the waves of migration to the cities and cushioned the adverse effects of unemployment and underemployment.

The dramatic declines of per capita incomes in Côte d'Ivoire, for example, could not have been weathered in urban areas without this family solidarity. By far the most dramatic example of traditional structures at work was the manner in which Ghana was able to absorb 1 to 2 million of its citizens expelled from Nigeria at a time when the Ghanaian economy was undergoing major adjustment. This was accomplished by facilitating the travel of returnees to their villages and families, which subsequently managed to absorb them. The wisdom of relying on this approach rather than attempting to implement a major national program for the returnees is a compelling example of how traditional structures can be successfully mobilized to cope with a national problem.

Another persuasive example has been provided by the NGO community, which has been active and effective in varying degrees in everything from drought relief, to maternal child care, to micro development. In Zaïre religious-based NGOs provided much of the rural health care and educational facilities during a period when the central government was in increasing disarray because of internal political difficulties, mismanagement, lack of coherent policies and budgetary and foreign exchange constraints.

This is not to argue that traditional institutions and NGOs can handle every problem. It is inconceivable that development can completely bypass the public institutions of a country, but it is important to recognize that poorly staffed and motivated public-sector institutions have tended to be ineffective in coping with poverty-related issues and to identify remedies for institutional weaknesses.

A special dimension of the problem concerns the public-sector incentive systems. While adjustment programs have stressed the role of incentives in promoting economic development, little attention has been given to the effects on public servants of declining real purchasing power and cuts in vital spending for maintenance and supplies. The result is declining performance, increased corruption, moonlighting and absenteeism. Few governments have seriously faced this dilemma of increasingly ineffective public administrations at a time when adjustment requires exactly the reverse. Two examples provide some encouragement. Guinea, which is undergoing one of the most sweeping adjustment programs, has just sharply raised civil services salaries after substantially cutting the numbers employed. This was made consistent with the financial requirements of the adjustment program by simultaneously raising petroleum product prices to the levels of neighboring countries. In Togo, the government has reduced the public payroll over the past four years by 10 percent by not fully replacing retirees. Last year, with Bank encouragement, the civil services wage bill was raised by 14 percent to better compensate those still working.

Other answers to the problems may be found in privatizing certain governmental functions such as data collection and work requiring superior technical skills. Semiautonomous agencies could be created with performance-based pay scales.

NGOs constitute a vital complementary source for alleviating hardship among the most vulnerable groups and for assisting human and physical assets and the productivity of those assets. The NGOs, however, are a diverse group that works best when given autonomy but often operates in a climate of mutual suspicion with the authorities. Much has been done to improve this situation by the Aga Khan foundation's 1986 seminar in Nairobi on "The Enabling Environment," which was co-sponsored by a large array of institutions including the World Bank. Further efforts to improve the climate of cooperation between governments and NGOs can be a useful function of the Bank's work programs in member countries. A case in point is Togo, where Bank support helped promote stronger coordination among NGOs and helped to establish better NGO liaison with the Government so that NGO actions were made more consonant with the government's economic and social objectives. A proposal for a Togo/NGO/IDA project would build on this experience and could specifically help fund NGO activities in support of the poorest of the poor. This would be one more variation in the array of instruments available to the Bank.[20]

In the past, development projects and macro operations have attempted to create new modern institutions based on Western models, without sufficiently taking into account the positive aspects of traditional ways. The Bank has moved significantly to correct this approach by stressing the use and strengthening of local institutions such as livestock herder associations, farmer cooperatives, and community-based programs in the social and economic projects it finances. Following the recent reorganization of the Bank, country departments are in a better position to help countries define poverty alleviation strategies across all sectors in a way that is fully consistent with national economic strategies.

More needs to be done to link the informal sector to the formal sector so as to produce better social services and give poorer groups access to credit, training, and technical knowledge. Bank programs with NGOs — credit at the local level, community health, and maternal childcare — are a beginning in this direction. The Bank needs to renew its efforts to improve its understanding of the urban and rural informal sectors. In particular, it needs to gain a greater appreciation of the composition of productive activities in the informal sector, the way markets for goods and credit work, and the nature of social value systems in place in the subregions. This does not require reinventing the wheel or mounting elaborate research programs. Instead, a first step should be closer working links with African intellectuals from these societies.

Poverty and Demographic Pressure

Demographic pressure in Sub-Saharan Africa is not so much a problem of population density, which is in fact low, varying from 40 to 200 inhabitants per square kilometer, as one of accelerating growth. Population growth rates in Sub-Saharan Africa, the world's poorest region, have steadily increased to reach about 3.2 percent a year, the highest in the world. In most Sub-Saharan countries, mortality has declined substantially, and fertility remains extraordinarily high, with very little medium-term prospects for reduction.

Therefore, this "mounting pressure of population growth"[21] is a phenomenon that, under the most optimistic view, will be observed until the year 2040, when replacement-level fertility is expected to be reached — that is, the level of child bearing at which a cohort of women is having only enough daughters to replace itself in the population. This assumes that the high fertility rates, 6.5 on average for Africa, will start to decline well before the present century ends, followed by a precipitous downward trend until replacement-level fertility is reached. If this level is sustained, it will lead to a zero population growth rate in the long run; in the meantime, population will have tripled by the year 2025. It is, therefore, urgent to cope with present and near future problems exacerbated by this tremendous population pressure.

Consequences of Rapid Population Growth

Robert McNamara defined demographic pressure as a main constraint to sustainable development. As population increases rapidly and economies perform poorly, per capita incomes in Sub-Saharan Africa are stagnating and in some cases even declining. Countries experience great difficulties in sustaining or improving their education and health systems, and the pace of social and economic development slows down substantially. Alleviation of poverty and hunger has become an imperative issue on the agenda for the short term.

It becomes more and more difficult to increase per capita food production in Sub-Saharan Africa, where it is practically impossible to achieve and maintain a rate of growth in food production exceeding the current population growth rate of more than 3 percent. The current growth rate in African agriculture, which fluctuates around 2.5 percent, can be increased only under exceptionally good conditions, and the import capacity is limited. If population growth continues at current rates, malnutrition and famine can only increase.

Another consequence of the explosive growth in population is an aggravation of the ecological imbalances and threats to soil conservation. For example, rising population results in an increased demand for firewood, which leads to deforestation. The subsequent fuel shortage following from deforestation may result in a decrease of the number of hot meals per day and therefore a degradation of the basic life support system. Also, high population growth puts pressure on the land, by reducing fallow periods under the shifting cultivation system, hence decreasing soil fertility and depressing crop yields. In addition, this decrease in fallows reduces the availability of pastures and leads to overgrazing. During transhumance, conflicts arise between farmers and herders as the latter try to move their herd onto farmland for grazing and to cross-cultivated areas during seasonal movements, because of the disappearance of animal paths. Therefore, it becomes more and more difficult to practice transhumance, and this tends to induce the rural population to become more sedentary, thus, reducing land resources even further.

Demographic pressure exacerbates the growing unemployment prevailing in the already highly depressed African economies, thus reinforcing and expanding poverty and increasing the number of people subsisting on marginal lands. Finally, Africa has to face increasingly overburdened educational and health care systems: slums expand, health deteriorates, illiteracy and malnutrition increase, and a culture of poverty is perpetuated.

Causes of Demographic Pressure

Mortality rates vary widely in Africa and depend on natural factors such as food quality, climatic conditions, and prevalence of disease. They also vary with the level of economic development and growth, the education level (especially for women), and public health coverage.

Fertility rates depend on economic, social, and cultural forces. Early marriage, breastfeeding patterns, and sexual abstinence after childbirth are factors of significant importance. Modern contraception is hardly used: in Sub-Saharan Africa, only 5 percent of couples use it, versus 30 percent in India and 70 percent in China. This is because, in Africa, contraception is often associated with infertility and anyway is too expensive for most families. In addition, having children is highly regarded in African society, and women attach great importance to their role as mothers. They assume most of the responsibilities of childbearing and rearing, including their children's health, educational, and emotional needs. Surveys have shown that African women desire between six and nine children. Finally, child labor is regarded as a valuable asset for families that make their living from the land.

Up to now, no clear population policies have been set up in most countries, even though well-formulated family planning services would be very helpful. Population control is a sensitive social and political issue; contraception is poorly understood and lacks social approval in societies where infertility is considered a disease. Finally, government commitments are constrained by the lack of up-to-date and reliable demographic data to serve as bases for formulation of sound population policies.

Approach to Slowing Demographic Pressure

The two main causes of the demographic pressure in Sub-Saharan Africa—decline of mortality and stagnation or rise of fertility— need special attention. On the one hand, mortality needs to decline further, especially infant mortality, and life expectancy at birth needs to rise from its current level (46 years). On the other hand, African people and governments need to be convinced of the benefits of family planning. Although progress in accomplishing this difficult task is slow, the attitudes of African governments are beginning to change, and family planning programs are now being implemented in parts of Africa. The results, however, will take some time to be apparent. There is a consensus that political will alone is not sufficient—administrative capability needs to be strengthened, and greater decentralization is desirable in order to closer link decision-makers to the people and increase access to service facilities, especially for urban and peri-urban poor and remote rural population. This is another area where international cooperation, especially among NGOs, family planning associations, and local governments could be fruitful.

- More expenditures should be allocated to implement and support the programs already in place and to strengthen the effectiveness of local administrations.
- The African population should be given financial incentives, effective public information programs, and a broad choice of contraceptive techniques and services.
- Increased basic education, especially for girls and mothers-to-be, has been very useful in lowering fertility and should be applied further. The more women are educated the fewer the children they have.

Even with the most successful population programs and even with significant fertility declines, African populations are going to continue to grow rapidly for several decades. Thus policies for better population distribution combined with other poverty alleviation measures are essential. For example, there is a need to focus on rural infrastructure. Road networks are practically nonexistent in many African countries. By improving access, underpopulated areas could be opened up to overpopulated areas and, with adequate incentives, new settlements could be developed; urban areas and some overpopulated rural areas would then be relieved from the present excessive demographic pressure. A large proportion of land in Africa, mostly in Sub-Saharan Africa, is underpopulated. Some of this land is suitable for cultivation but of difficult access and too remote from commercial centers. Moreover, even the land presently considered as unsuitable for cultivation could be improved with appropriate agricultural techniques.

Because of rural-urban migration, population pressure is high in urban areas. To slow down the process, governments should try harder to give the rural population more incentives to stay in rural areas. Favorable pricing policies should be set up, with elimination or moderate application of government control; commercial centers should be created to facilitate marketing and processing. Storage facilities should be provided.

Agriculture is a labor-intensive activity in which African countries can enjoy a comparative advantage. If the economic policy environment is geared toward improving the agriculture sector, the rural-urban migration process can be slowed down, though never reversed. Incentives to farmers to produce more would stimulate employment both in rural and urban areas, where labor demand would increase, with more exports and more earning opportunities. In many African countries, recent liberalization of farm pricing has induced farmers to produce more.

In addition, as previously indicated, investments in irrigation, research, training and extension should improve per capita food production, increase incomes, reduce hunger — and ultimately alleviate poverty.

Poverty and Regional Income Disparities

One of the most intractable problems of poverty alleviation is to deal effectively with regional disparities due to differences in resource endowments. Generally speaking, there are no tradeoffs between growth-oriented policies and programs and ones that promote poverty alleviation. A suitable mix of policies and programs can usually be designed to achieve both objectives. This is not true in the case of differences in resource endowments that make investments much more productive in some regions than in others. In coping with this problem, pragmatism is the Bank's basic approach.

For all of Africa, it is clear that it would be difficult to find high-return investments in some of the poorer land-locked countries that could effectively outperform investments in the richer, more well-endowed coastal areas. Economic logic would dictate that the overall performance of the continental economy would be enhanced if all available resources were to flow to the areas with highest returns, with redistribution handled by inter-regional transfers of resulting returns. Social and political logic, however, dictate the opposite. Such a "pure" economic solution has never worked, and is unlikely to work in the foreseeable future.

The problem is not new. It was discussed at length after World War II in the context of Italy's north-south dichotomy. Developing southern Italy — not totally depopulating it or turning it into a parasitic dependency of the industrialized north — was the appropriate response. The conceptual problem is the same in Africa today, but it is made all the more acute because of the relatively small size of many of the countries involved and the poverty of the inhabitants.

In dealing with Africa's problems, the Bank clearly assists all its member countries, regardless of the resource endowments. The Bank, however, clearly recognizes that long-term prospects of all these countries would benefit greatly from real and significant efforts to promote regional economic integration and to create regional markets where capital, persons, and goods could move as freely as possible over as large an area as possible. This would, over the longer haul, provide a significant boost to incomes everywhere.

Within individual countries, the same problem arises again. Investments in the northern savannah of Côte d'Ivoire, for example, show lower rates of return than those in the coastal region. The government and the Bank have agreed to accept pragmatically a two percentage point differential in ranking road investments to deal with this issue, thereby providing a more balanced national investment program, without making any uneconomical or unviable investments exclusively for "social reasons."

But beyond this severe manifestation of the problem, there are at least two other types of regional income disparities that need to be looked at since they are more directly amenable to policy interventions. These are urban-rural income disparities and intra-regional disparities within each of the urban and rural areas.

Urban-Rural Income Disparities

In Sub-Saharan Africa, two-thirds of the rural population and one-third of the urban population live below the absolute poverty level. The agriculture sector, which represents 75 percent of the population, receives less than half of the total income. Moreover, important regional income disparities prevail within rural areas.

Despite evidence of a recent closing of the urban-rural income gap,[22] disparities remain very high; average urban incomes are at least four times those in rural areas. The urban-rural income gap is generally explained in part by past investment, taxation, and pricing policies and by a lower productivity level in rural than in urban areas. Early post-independence policies in Sub-Saharan Africa were characterized by import-substitution programs, and large-scale public works primarily benefitting urban areas. Revenues from taxation of agriculture output, frequently through state marketing boards that set producer prices below world prices, were used to finance these investments.

In many Sub-Saharan African countries, there is new evidence that the urban-rural income gap is closing. This phenomenon, often associated with structural adjustment policy measures that raise producer prices, is, however, generally accompanied by worsening conditions for the urban poor.

In Tanzania, for example, during the period 1980-84, while real urban wages fell 50 percent, formal sector employment became less secure. Real farm income rose by 5 percent, and therefore the urban-rural income gap closed. In Ghana, urban income fell dramatically (40 percent), while farm income stagnated.[23] Similar trends have been observed from the early 1970s to the early 1980s in Côte d'Ivoire and other countries.

The trend has been the result of various policy mixes including one or more of the following: devaluation (which implies higher prices for both agricultural exports and imported goods mostly consumed by the urban population), higher farm prices, lower agricultural taxation, more flexible marketing arrangements, and wage restraint in the urban sector. Both food crops and export crops benefited from these measures. From 1983 to 1985 the government of Tanzania more than doubled the controlled producer price of maize. In Zaïre, between 1983 and 1984, a devaluation and the deregulation of food marketing resulted in the doubling of producer prices of maize and the tripling of the cassava price. In Ghana, following the 1984-85 devaluations, the producer price of cocoa tripled. Similarly, the price of cotton rose in Zambia and that of cotton and coffee jumped in Zaïre.

Despite the significant progress made in bridging the urban-rural gap, much remains to be done to improve regional income distribution. Analysis of urban-rural income disparities does not reveal the complete picture of the regional distribution of wealth in Sub-Saharan Africa. Analysis of intra-regional income distribution does a better job of targeting the poor and vulnerable rural groups and suggesting solutions for raising their incomes.

Intraregional Income Disparities

Large intra-urban and intra-rural income disparities exist, and income disparities within urban areas are often greater than in rural areas. In Sierra Leone, for example, the Gini coefficients (an index of income inequality) for the urban areas in 1976 were twice as high as those for the rural areas, and there is no evidence that the situation has drastically changed since then. In Kenya, where the urban-rural gap has decreased significantly since independence, inequality both within the rural and urban areas is much greater than between those areas.[24]

Several factors can explain income disparities in rural areas: investment, income, and credit policy measures and ecological and climatic conditions. Investment policy measures include, for example, provision of free or subsidized agriculture equipment or inputs (tractors, fertilizers) to particular groups of farmers, leading to higher productivity than that of other groups. Unequal regional infrastructure development (such as roads, irrigation) and uneven prices of agricultural products are other factors. In general, export crop growers benefitted from these policies more than food crop growers. Despite efforts to improve the conditions of some food crop growers, particularly those growing staples, large disparities still exist. Cash-crop farmers, producing coffee and cocoa, for example, can make several times as much from their land as rice farmers, and among the latter there are important regional differences.

In Sierra Leone, for instance, the average rural income in the northern plains is twice the average income on the northern plateau; the poorest farmers in the country and the richest ones can be found in the single region such as the Bolilands. The type of crop grown is an important determinant of the level of income; for example, the southern and eastern areas in Sierra Leone predominate in export crops, and incomes are generally higher than elsewhere. In areas where the upland rice system is predominant, incomes are lower; rice farmers in inland valleys may produce yields that are twice those obtained in the uplands.[25]

In Malawi and Madagascar, income inequalities have increased among smallholders.[26] In Malawi this is the result of selective governmental programs targeted towards some smallholders; practically only the most successful farmers have been able to take advantage of the credit-technology packages offered to smallholders. In Madagascar, in spite of the relative importance of the agricultural sector in the economy, only a small share of credit flows to agriculture, most of it going to the estate sector rather than to smallholders, who are responsible for most of the agricultural production.[27] The nationalization in the 1970s of most of the estate sector, which turned it into either state farms or cooperatives, worsened the situation; this was because the new state sector became then the focus of special government efforts, and credit to smallholders became even less of a government concern. In both Malawi and Madagascar, the price mechanisms and inputs distribution appear to have favored the most successful farmers.

What Can Be Done?

Beyond the Bank's pragmatic approach to working with governments on promoting regional economic integration across national boundaries and in providing badly needed investments in poorer areas wherever they can be economically justified, the key emphasis remains on macropolicy measures to redress rural-urban disparities. Within the rural sector, major disparities can be alleviated by focusing more directly on the rural poor, increasing their access to assets and the returns on the assets they hold.

Within urban areas, the urban poor, who frequently suffer most in difficult recessions, need special attention. Adequate provision of basic services and appropriate micro-credit schemes as well as labor-intensive public works for upgrading and maintenance of urban infrastructure are among the measures being actively supported by the Bank. Appropriate steps would include the reform of the titling system allowing access to land ownership, and improved access to agricultural extension and credit.

Structural Adjustment and Poverty Alleviation

Although the specifics vary considerably from country to country, many of the adjustment programs supported by the Bank share some common features: reduction of macroeconomic imbalances; change of selective prices in favor of tradables; liberalization of trade and price regimes; shifting of the internal terms of trade in favor of the rural sector; increased efficiency of public sector activities; rigorous attention to the size, composition, and quality of public investment and expenditure programs.[28] Contrary to some critics' impressions, it has been very much a concern of both the governments and the Bank to ensure that the burdens of adjustment are equitably distributed across all population groups. Even more, that the fruits of the restored growth benefit the poor as well as the better off.

Unfortunately, in some cases, significant hardships have been inflicted upon the poor. It is demonstrable, however, that the poor as a group would probably have suffered considerably more if no adjustment program had been in place. Nevertheless, further improvements are possible and are being actively pursued. The Bank's recent work in Africa has increasingly addressed the problems with a comprehensive array of measures.

The following paragraphs describe the comprehensive approach the Bank is now following in its support of structural adjustment. This approach is reflected by three broad headings: first, the basic design of adjustment programs, which, we believe, gives due weight to the justified concern with the social effects of structural adjustment; second; specific actions to address immediate, transitional, and long-term issues of poverty alleviation in connection with adjustment programs in individual countries; and third, the initiative being undertaken by the World Bank in conjunction with the United Nations Development Program, the African Development Bank, and other donors to strengthen the capability of governments to integrate the social dimension in the design of adjustment programs.

The Basic Design of Adjustment Programs

The structural adjustment process as represented by Bank-supported operations and associated economic recovery programs (or comparable operations) drawn up by governments with Bank assistance should in the medium term contribute to broad economic growth and allow increases in per capita income and consumption not possible otherwise. However, it is not expected that the costs and benefits of the programs will be evenly distributed. In general, the incentives are designed to encourage agriculture and increase real incomes in the rural areas relative to urban areas. Since the rural areas contain the majority of the population and a disproportionately high share of the poor, the interventions should contribute to absolute poverty alleviation in the medium term, although much will depend on individual country circumstances, including the proportion of small-scale agriculture and mixed (cash-food) cropping. In Africa, especially western Africa, unlike some other regions, most farming is done by relatively small farmers, and increases in producer prices directly translate into higher incomes. In countries such as Côte d'Ivoire and Senegal, agricultural sector reforms are accompanied by reforms in the industrial incentive system which should also lay the foundation for a resumption in industrial growth, which should, in turn, provide jobs in the urban areas.

The second major policy thrust of the programs — improvement in the efficiency of the public sector — should translate eventually into a lower share of national income absorbed by the public sector. It should also result in better social services through higher productivity of government agencies. These effects should contribute to improved living conditions for all groups and probably the urban population in particular, which is likely to remain the major beneficiary of education, health, and other government services. Although the reform of public enterprises will usually involve some layoffs of redundant workers, demonopolization and the new incentive frameworks should permit the private sector to undertake some of the formerly public activities with positive effects on urban employment.

In the short run, however, all groups will feel some loss of consumer purchasing power associated with, for example, increases in water, electricity, and public transport tariffs and retail prices of petroleum products and basic consumer goods, most of which are imported. Often the first stages of structural adjustment have necessarily coincided with demand restraint policies under stabilization programs, which have led to reduced growth of GDP (including particularly such sectors as construction that rely heavily on public investment expenditures).

The serious lack of data on income distribution and consumption patterns makes the design and analysis of the social impact side of economic policy reforms extremely difficult. There is a need to develop local capacity to track some of the real income effects of adjustment at the household level in representative segments of the population. Carefully designed surveys of household income and consumption patterns in selected urban and rural communities are now being carried out and repeated in member countries at regular intervals, as part of the process described in the last part of this section.

At present, only qualitative observations on the probable effects of the adjustment process on various segments of the populations taken as a whole may reasonably be made. Those populations can be divided into groups according to the nature of their economic activity. In the rural areas, much depends on country-specific factors, although sharp nominal increases in producer prices clearly lead to a significant short-term increase in gross income in certain households and, depending on world prices for export crops and other factors, may provide a significant transfer to the rural population. On the other hand, the elimination of fertilizer subsidies will cause input prices to rise, as will prices of imported food and other goods consumed by farm families.

Nonfarm households (herders and rural traders/craftsmen) are not expected to gain directly from the changed incentive structure, although increased farm incomes should spill over into increased demand for other products and services, and adjustment should promote a larger role for private traders in the countryside as input suppliers, credit agents, and marketers. Migrant farmers (usually from neighboring countries) who commonly provide farm labor for cash crops on a wage or share cropping basis should also have increased incomes.

In the urban areas somewhat less than half of employment (although a much higher percentage of income) is usually located in the formal sector. Formal sector income is generated primarily by the public sector, either through direct employment or government contracts, and in a few countries through tourism. Real incomes in the formal sector are expected to decrease in the short run and to decline relative to the incomes in the rural areas. Civil service reforms will result in some unemployment, as may the curtailment of public investment. In the medium term, improved incentives for the private sector, especially in resource-based industries such as agro- and fish processing, should stimulate private sector employment, helping to mitigate the negative effects of the contraction in the public sector.

The effect of adjustment on urban informal sector incomes is less clear. The slowdown in urban formal sector production and income growth will hurt this sector, but may be partly compensated for by growing demand for informal sector services and products from the rural areas. In addition, most informal sector products are import substitutes (soap, textiles, and so on), the demand for which will be boosted by the adjustment process. Informal sector activities that depend on the tourist industry should experience less income compression. However, at least initially, all urban groups will experience a loss of purchasing power associated with increased prices for tradeable food, fuel, and utility and transport tariffs, as these items constitute a large proportion of the urban household budget.

The net effect of adjustment programs on poverty in the urban areas is difficult to assess. The link between production units and consumption units is weaker in urban areas. For example, a consumption unit may include formal and informal sector participants. While available indicators (wages, health status, infant and child mortality, literacy, access to potable water) suggest a much higher living standard in the urban areas than in rural villages, it cannot be denied that the adjustment process will be difficult for the urban poor. Some reduction of the high rate of rural-urban migration of the past decade will most likely occur as employment opportunities shrink in urban areas. Extended family networks, the welfare system of low-income countries, will have a major role to play in easing the transition. Over the long term, however, adjustment programs in Africa will improve the relative position of the poor, even if they bring about a real (though temporary) decline in per capita incomes.

It may be instructive to illustrate these general principles with a case study of Côte d'Ivoire. Keeping in mind the general weaknesses in statistical analysis and the possible errors in the base data, the trends that emerge are still quite striking. The severe adjustment program that saw a decline of per capita incomes from about $1,150 in 1980 to some $650 in 1985 (about 25 percent in real terms) resulted in substantial improvements in income distribution. Thus the ratio of urban to rural average per capita incomes declined from 3.5 to 1 in 1980 to 2.5 to 1.0 in 1984. It was reported to be as low as 2.2 to 1 in 1985 (an exceptionally good harvest year). Within the urban areas the distribution among income groups also improved. The highest group enjoyed disposable incomes about 35 times higher than the lowest groups in 1980. By 1984, the ratio was estimated to have declined to about 18:1. This was largely due to the greater resilience of the informal sector, while most of the contraction was in secondary and tertiary activities within the formal urban sector.

Nevertheless, it must be recognized that any changes of these magnitudes produce wrenching dislocations in the living conditions of many segments of the population. Thus efforts can, and should, be undertaken to minimize the social costs of adjustment policies, even if their aggregate impact is largely positive. This, in a nutshell, provides the rationale for interventions to ease the transitory burden of adjustment on affected groups.

Specific Measures

Against this general background, the Bank is supporting specific actions. These actions may be part of a structural adjustment loan or a sectoral adjustment loan, or have as their vehicle other projects and instruments. Sometimes, they may be fully funded by other donors but are an important part of the Bank-country dialogue (for example, food-for-work schemes). Together, these interventions complement the adjustment process in four essential, if slightly overlapping areas:

- Protection of the most vulnerable groups

- Compensatory actions and transitional arrangements
- Measures to ensure that the poor effectively participate in the growth process
- Protection of the long-term interests of the population.

These interventions are not all used systematically in every case. Each country, however, has adopted one or more measures of this kind to accompany their adjustment programs (see sampling in the annex). Examples of each of these types of intervention are given below.

PROTECTION OF VULNERABLE GROUPS. The most vulnerable groups in society are the poor generally and women and children specifically. The key services they benefit from need to be protected from the possible adverse effects of budget cuts. This is done primarily through shielding public expenditure on key health, education, nutrition and other basic welfare services. Composition (quality) of expenditure is essential. For example, simply protecting health and education expenditures is inadequate if the bulk of these expenditures is going for a posh hospital or a lavish university at the expense of basic rural health programs and primary education. Reviews of these considerations are integral parts of the programs in a growing number of countries. In Senegal, an education sector loan supports the reorientation of government expenditures and investments in the sector. In Côte d'Ivoire the government is establishing an action plan improving basic health services for vulnerable groups. In Madagascar, the government is implementing a national program to improve the availability of essential drugs in the framework of a national antimalaria campaign.

COMPENSATORY ACTIONS/TRANSITIONAL ARRANGEMENTS. Compensatory actions may be appropriate for individuals who face substantial costs in adjustment, for example redundant civil servants can receive a severance pay. Occasionally, special privileges (food, subsidies) may be required for fixed-income individuals in the wake of a devaluation. Other transitional arrangements may be justified to enable a disadvantaged group to compete more effectively in the environment created by adjustment. Under this heading, Guinea has a system of severance payments for laid-off public servants and has introduced bonuses for voluntary departures from the public sector. In Senegal, there is a retraining and rural resettlement scheme for laid-off civil servants and extension workers, while a comparable fund is being set up for laid-off workers in the manufacturing sector. In the Gambia, retraining and job counseling for laid-off civil servants is supplemented by a line of credit to fund new cooperative ventures. In Ghana there is a system of severance payments for retrenched public sector workers and bonuses for voluntary departure from public service employment. Mauritania has introduced food-for-work programs with better targeting of food distribution to the neediest groups and also has a system of temporary reassignment for banking sector employees to be laid off in the course of streamlining. The Central African Republic (CAR) has a personnel bank for redundant civil servants. In Guinea-Bissau and São Tomé and Príncipe, civil servants have access to subsidized food aid during the initial stages of adjustment and obtain severance payment if laid off. In Madagascar, the government is implementing an assistance program for retrenched workers affected by public enterprise reforms.

PARTICIPATION OF THE POOR IN THE GROWTH PROCESS. It is essential that opportunities be given to the poor to participate in the economic growth process by ensuring access to assets and increasing returns to those assets already in the possession of the poor. Land reforms, resettlement schemes, special credit opportunities, and training programs are immediate types of interventions. Over the longer term, investments in human resource development are key to both increasing returns to labor and promoting social mobility. These are the usual objectives of Bank-supported population, health and nutrition and education projects.

In terms of specific interventions in African countries, Côte d'Ivoire has a smallholder credit scheme in the rubber sector, improved agricultural extension for small farmers, increased water supply connections to poverty areas, a rural roads upgrading and rehabilitation program, and an informal sector micro-credit scheme. Senegal has taken steps to ensure access for the landless to the ownership of lands becoming available under irrigation projects. In Ghana, the government is implementing a program of rehabilitation and construction of basic rural roads to facilitate access to markets from remote rural areas and to encourage the development of informal sector micromarket schemes. In the Gambia, a small and medium enterprise (SME) operation has a special component focusing on the role of women. In Mauritania, a similar SME project provides a line of credit for artisans. Similar initiatives are under way in CAR and Equatorial Guinea. Guinea is considering informal sector micro-credit mechanisms (with NGOs), and emphasizes the local administration of the renovation and construction of educational facilities. São Tomé and Príncipe is developing a credit system for small farmers and a land distribution scheme as an incentive for cocoa workers.

PROTECTING THE LONG-TERM INTERESTS OF THE POPULATION. The long-term interests of the population must be protected by ensuring that, during the crisis atmosphere of stabilization, adjustment programs, debt rescheduling, etc., the long-term issues of human resource development and the environment are adequately addressed. Far from being a "luxury," appropriate attention to overarching environmental issues such as desertification and deforestation is essential to the socioeconomic welfare of the population. The poor will be the most directly affected by this environmental degradation, and appropriate natural resource management is an integral part of any sensible long-term development strategy.

Many of these measures are still in the early stages of implementation. They will undoubtedly raise difficult administrative and institutional problems during their execution. The effectiveness and efficiency of the programs, therefore, remain to be seen, but they undoubtedly represent the most thoughtful designs that governments and outside experts can put together at this time.

Finally, the Bank has also been trying to develop additional ways of collaborating with NGOs, whose interest in poverty alleviation and small-scale developmental project interventions could complement the more standard Bank interventions. Examples in Togo, include a small-scale rural infrastructure project, a rural training project, and a maternal and child health care project, all extended by NGOs with local participation and government approval, and all funded (on a pilot basis) through the Bank's Special Project Preparation Facility (SPPF). Schemes for working with NGOs on providing credit to microenterprises in the informal urban sector are in place in Côte d'Ivoire (Third Urban Project), are in the final stages of preparation in Guinea, and are under discussion in Senegal.

Further Actions

The Social Dimensions of Adjustment Project is being undertaken in conjunction with UNDP, the AfDB, and other donors with the objectives of improving understanding of the social aspects of adjustment programs, monitoring the shifts in socioeconomic conditions experienced by particular population groups; and strengthening the institutional ability of governments to integrate the social dimension into the design of future structural adjustment programs.[29]

The specific objectives of the project are threefold.

(1) To strenghten the institutional capacity of participating governments to design, monitor, and implement poverty alleviation programs and projects to accompany structural adjustment programs, specifically by:

- Designing improved poverty alleviation programs aimed at increasing the access of the poor to employment opportunities and income-generating assets, and improving the quality of their assets
- Designing complementary programs aimed at mitigating the transitional impact of adjustment on vulnerable groups.

(2) To assess the impact of structural adjustment programs over time on population groups by:

- Assessing trends in the economic and social status of particular population groups in the course of structural adjustment
- Identifying possible linkages between structural adjustment policies and changes in the socioeconomic conditions of specific population groups.

(3) To strengthen the institutional capacity of participating governments to develop and maintain, in the framework of their national accounting systems, adequate statistical data bases on the social dimension of structural adjustment. In particular:

- To develop and implement permanent household surveys to measure changes in the living standards of particular population groups throughout the structural adjustment process
- To develop and maintain, where feasible, social accounting matricies to measure the interrelationship between changes in the income and consumption patterns of particular household categories in the course of structural adjustment.

Project activities have been initiated for 25 countries in Sub-Saharan Africa. The country coverage of the project will be progressively extended in response to requests received from other countries.

The SDA project is funded by UNDP, the World Bank, the AfDB, and others, with the World Bank as executing agency. There will be regular consultations with other agencies, donors, and interested African governments.

The approach the Bank is following in its dialogue with African governments is comprehensive in terms of addressing the twin objectives of promoting adjustment (for growth with equity) and poverty alleviation. Clearly, more can be done and the Bank will endeavor to do more. More importantly, the Bank is increasingly incorporating the concerns for the poor and the vulnerable as an integral part of the structural adjustment program design rather than as an "add-on." The Bank is also (with the help of UNDP, AfDB, and others) trying to institutionalize these concerns in the countries themselves. We can only hope that future programs will benefit from these efforts and that the positive effects of adjustment programs will benefit the poor as much as, if not more than, others in the countries concerned.

Conclusions

This paper has surveyed many of the different facets of the complex problems of poverty in Africa, and many of the policy and program interventions that impact on poverty.

Effective poverty-alleviation efforts will bear fruit only when consistent progress is made on many (if not all) of these fronts simultaneously. Poverty alleviation in Africa requires a broad range of mutually reinforcing actions on such disparate issues as debt, the environment, the role of women, institutional development, food security, and basic social services. It requires actions aimed at inducing policy changes at the macro and sectoral levels, as well as to support the effective implementation of programs and projects on the micro scale.

Assisting the governments and peoples of Africa in this broad range of activities is a daunting task. The most encouraging signs are the courage and vision of many African governments, the resilience and solidarity of the African peoples and the mounting awareness of the world community.

This is the ambitious agenda that the World Bank is trying to pursue. The complexity of the problems, the vastness and fragmentation of the territories concerned, the weakness and turmoil besetting the existing socioeconomic structures, and the unfavorable international environment delineate a formidable challenge for the years ahead. It is an inescapable challenge, one that the Bank has agreed to take on.

The key to success will remain the extent to which poverty alleviation becomes a central concern of adjustment program design along with growth promotion, and the systematic way in which this comprehensive vision of the problem and its solution is pursued. Ultimately, progress lies in the empowerment of the weak and the marginalized so that they may become the producers of their welfare and bounty not the consumers of charity or recipients of aid.

Notes

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1. The World Bank, *World Bank Atlas 1988* (Washington, DC, 1988).

2. The severity and depth of the African crisis have challenged the international development community as have few other problems. The World Bank responded to this challenge with a series of in-depth studies starting in 1981 and continuing to the present: *Accelerated Development in Sub-Saharan Africa: An Agenda for Action* (1981); *Sub-Saharan Africa: Progress Report on Development Prospects and Programs* (1983); *Toward Sustained Development in Sub-Saharan Africa: A Joint Program of Action* (1984); *Financing Adjustment with Growth in Sub-Saharan Africa, 1986-90* (1986) supplemented by *Population Growth and Policies in Sub-Saharan Africa* (1986). The Bank also made assisting African governments to redress the decline in economic performance an institutional priority. The Joint Program of Action (1984) and the creation of the Special Facility for Africa (SFA) in 1985 marked the institutional commitment of the Bank to its Sub-Saharan Africa (SSA) initiative.

3. The World Bank, *World Development Report 1985* (New York: Oxford University Press, 1985). Countries with populations below 1 million people are not included.

4. The World Bank, *Financing Adjustment with Growth in Sub-Saharan Africa, 1986-90* (Washington, DC, 1986).

5. The World Bank, *World Development Report 1988* (New York: Oxford University Press, 1988).

6. Data from World Bank, *Financing Adjustment with Growth in Sub-Saharan Africa, 1986-90* (Washington, DC, 1986).

7. FAO, *Crisis of Sustainability: Africa's Land Resource Base*, AGD/801/1 (Rome, November 1985).

8. Paul Harrison and Earthscan, *The Greening of Africa* (International Institute for Environment and Development, Earthscan, London: Paladin Grafton Books, 1987).

9. World Bank, *The Challenge of Hunger: A Call to Action* (Washington, DC, 1988).

10. FAO, *op.cit.*

11. Jean-Paul Lanly, "Tropical Forest Resources," Forestry Paper no. 30; FAO, Rome, 1982, pp. 80-97.

12. FAO, *Fuelwood Supplies in Developing Countries* (Rome, 1983), pp. 16-17.

13. Jack Mabbut, "A New Global Assessment of the Status and Trends of Desertification," *Environmental Conservation*, vol. 11, no. 2, 1984, pp. 106-108.

14. Paul Harrison, *op.cit.* p. 114.

15. More information on environmental degradation can be found in the following World Bank papers:

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J.E. Corse and D.R. Steeds, *Desertification in the Sahelian and Sudanian Zones of West Africa*, World Bank Technical Paper no. 61 (Washington, DC, 1987).

F. Falloux and A. Mukendi, *Desertification Control and Renewable Resource Management in the Sudanian Zones of West Africa*, World Bank Technical Paper no. 70 (Washington, DC, 1988).

16. This section is drawn from "Proposals for Enhancing Assistance to Low-Income Countries Facing Exceptional Difficulties," prepared for the World Bank Development Committee meeting of September 28, 1987.

17. Excluding four small countries (Comoros, Equatorial Guinea, Guinea-Bissau, and São Tomé and Príncipe) and Mozambique for lack of data.

18. For an excellent discussion of social and cultural issues, see Edgar Morin, *L'Esprit du Temps* (Paris: (Grasset, 1962) Livre de Poche, 5[e] ed., 1986).

19. Ralph Dahrendorf, *Life Chances: Approaches to Social and Political Theory* (Chicago: University of Chicago Press, 1979).

20. These are catalogued in a note by Ismail Serageldin, "Lending Instruments for Poverty Alleviation," Occidental and Central Africa Department, The World Bank, November 17, 1987.

21. Robert S. McNamara, *The Challenges for Sub-Saharan Africa,* speech given at a Conference in Memory of Sir John Crawford, Washington, DC, November 1985.

22. Vali Jamal and John Weeks, *Rural-Income Trends in Sub-Saharan Africa,* World Employment Programme Research Working Paper no. 18 (Geneva: International Labor Office, November 1987).

23. *Ibid.*

24. *Ibid.*

25. International Labor Office, *Rural-Urban Gap and Income Distribution: The Case of Sierra Leone* (Addis Ababa: Jobs and Skills Programme for Africa, 1982).

26. Frederic Pryor, *The Political Economy of Poverty, Equity and Growth, Economic Development and Income Distribution in Very Poor Nations: Malawi and Madagascar,* World Bank Discussion Paper no. 37 (Washington, DC, 1987).

27. *Ibid.*

28. This section is taken from Ismail Serageldin, "The Social Dimensions of Structural Adjustment: Experiences from West Africa," Occidental and Central Africa Department, The World Bank preliminary draft, April 8 1987.

29. UNDP Regional Programme for Africa: Fourth Cycle, "Assessment of Social Dimensions of Structural Adjustment in Sub-Saharan Africa Project," no. RAF/86/037/A/01/42, World Bank, Washington DC, April 1988.

Annex.

Social Dimensions of Structural Adjustment:

Bank-Supported Actions, by Country

Protection of vulnerable groups	*Compensatory actions and transitional arrangements*	*Participation of the poor in future growth*
	Burkina Faso	
Primary health care project targeting rural areas to improve access to health services for more than 50% of the villages.		Education and training project targeted toward women in rural and urban areas.
Primary education project to increase primary school enrollment rate from 20% to 26%.		Education and training of young farmers.
		Vocational training project for primary school leavers, especially in rural areas.
		Literacy campaign to improve farmers' productivity.
		Land management program involving rural communities in the long-term protection of land resources.
		Development of nationwide agricultural support services.

Protection of vulnerable groups	*Compensatory actions and transitional arrangements*	*Participation of the poor in future growth*
Central African Republic		
Protection of public expenditures for basic social services.	Line of credit for redundant civil servants.	Rehabilitation and maintenance of rural roads. Agricultural extension projects for small-scale farmers.
Chad		
Project to mitigate the social impact of cotton crisis (loss of farmers' income, loss of industrial employment, and the collapse of the banking sector). Financial rehabilitation credit to maintain or to improve current expenditures in development-oriented ministries (education, health, agriculture, and livestock). Small-scale housing and health and nutrition programs for women and children.	Education project to help pay salaries of teachers during crisis. Establishment of a placement service for retrenched personnel following the cotton and public sector enterprises restructuring.	Primary component of education project. Credit for small-scale enterprises, including a special program for female entrepreneurs.

Protection of vulnerable groups	*Compensatory actions and transitional arrangements*	*Participation of the poor in future growth*
	Congo	
Public expenditure review; emphasis on basic social services for the poor.	Provision of severance allowances for laid off public enterprise employees.	Liberalization of agricultural prices to induce farmers to produce more and stem urban exodus.
Public investment review; renewed emphasis on rural development and agriculture.		
Protection of civil servants in lower categories in the context of tightening the total wage bill for the civil service.		
Protection of needy students in the context of the reform of higher education scholarship management.		

Protection of vulnerable groups	*Compensatory actions and transitional arrangements*	*Participation of the poor in future growth*
	Côte d'Ivoire	
Public expenditure review to protect basic social services.		Smallholder credit scheme in the rubber sector.
Improvement of basic health services for vulnerable groups including a staff training component.		Improved agricultural extension scheme for small farmers.
		Informal sector micro credit scheme.
Expansion of water supply system to poverty-stricken areas.		Increased access to land credit and other income-generating assets to foster the settlement of educated youth in rural areas.
	Equatorial Guinea	
Primary education project in rural areas.		Rural credit scheme for small farmers (including food crops).
Expansion of preventive health care provision.		

Protection of vulnerable groups	*Compensatory actions and transitional arrangements*	*Participation of the poor in future growth*
	The Gambia	
Protection of public expenditures on basic education and health services through increased budgetary allocations.		Enterprise development project, including a special credit component for women, and assistance to micro-enterprises in rural areas.
Support for expansion of basic health services in pre-urban and rural areas through the national health project.		
Food aid attached to food for work schemes.		
	Ghana	
The Program of Action to Mitigate the Social Costs of Adjustment (PAMSCAD) addresses the needs of vulnerable groups. The vulnerable groups include small-scale farmers as well as low-income unemployed and under-employed urban households.	Severance payment for retrenched public sector workers. Bonus for voluntary departure from public service employment.	Informal sector micro credit schemes.
		Lines of credit for small and medium scale enterprises.
	Transport and cost of living allowances to civil servants to compensate for the impact of ongoing structural reforms.	High priority labor-intensive public works project.
Public expenditure review to protect recurrent expenditures in health and education.		Rehabilitation and construction of basic rural roads to facilitate access to markets from remote rural areas.

Protection of vulnerable groups	*Compensatory actions and transitional arrangements*	*Participation of the poor in future growth*
	Kenya	
Public expenditure review to insure the protection of basic social services.		Strategy paper on women's role in the economy, particularly in agricultural production and marketing.
Expansion of primary health care and family planning services in rural areas.		Restructuring of secondary education to provide specific support for women in science.
		Smallholder coffee and tea growers' credit scheme to foster labor-intensive production methods.
		Expansion of agricultural extension services into arid and semi-arid areas.
		Assessment of rural/urban balance to identify new employment opportunities especially in the informal sector.

Protection of vulnerable groups	*Compensatory actions and transitional arrangements*	*Participation of the poor in future growth*
	Madagascar	
Definition of food security strategy, including targeted nutrition programs. Development of national program to improve availability of essential drugs. National antimalaria campaign. Development of family welfare programs. Public expenditures review with emphasis on protecting social services from budgetary cuts. Primary health and population project. Broadening of access to schooling for target groups with special emphasis on females.	Emergency targeted food program during pre-harvest hardship period. Selected special work programs to generate short-term employment. Action program to assist homeless children in urban areas. Emergency distribution for chloroquine and aspirin during pre-harvest hardship period. Assistance program for retrenched workers affected by public enterprise reforms.	Identification of small-scale enterprise project. Development of strategy to enhance the role of women in development. Rural roads rehabilitation program and high priority labor- intensive public work project. Employment generation for youth and credit schemes for informal sector.

Protection of vulnerable groups	*Compensatory actions and transitional arrangements*	*Participation of the poor in future growth*
	Malawi	
Food security component for vulnerable groups in the Agricultural Sectoral Adjustment Credit.		Development of credit schemes targeted toward women.
Price controls of basic commodities in the industry and trade adjustment package of May 1988.		
Primary health care focused on family planning, child protection, and immunization.		

Protection of vulnerable groups	*Compensatory actions and transitional arrangements*	*Participation of the poor in future growth*
	Mauritania	
Public expenditure review to project basic social services.	New project to resettle former iron-ore industry redundant workers into the agricultural sector. Participation of the poor in future growth	Small-scale irrigation project.
Food aid program: development of food for work; better targeting of free distribution for neediest groups.		Credit scheme for artisanal fishing promotion.
Water supply rehabilitation.		
Population, health, and education projects targeted toward the poor both in rural and urban areas.		
	Niger	
Public expenditure review and restructuring with a view to protecting social services for the poor.		

Protection of vulnerable groups	*Compensatory actions and transitional arrangements*	*Participation of the poor in future growth*
	São Tomé and Príncipe	
Protection of public expenditures on basic education and health services. Food aid program as part of initial incentives package for cocoa workers.	Access to six essential commodities (rice, beans, milk, sugar, flour, cooking oil) at subsidized prices. Severance payment for laid-off civil servants. Retraining and rural resettlement scheme for retrenched civil servants.	Land distribution scheme as part of incentives package. Rural credit scheme for small farmers.
	Senegal	
Protection of public expenditures for basic social services. Assistance program for income generating activities for the youth and the unemployed. Vocational training program for women. Tax reform: increase of minimum salary and tax exemptions bracket for social reasons. Primary education project to improve access to schools for children in rural areas.	Resettlement fund for laid-off civil servants and workers in the manufacturing sector.	Land legislation to improve access to the landless to ownership of new irrigated lands. Credit schemes to the informal sector.

Protection of vulnerable groups	*Compensatory actions and transitional arrangements*	*Participation of the poor in future growth*
	Somalia	
Commodity import program, including food aid program.	Resettlement project for refugee families.	Pilot project to increase productivity of rural women.
Review of public expenditures with a view to protecting the social services.		
Basic rural health program.		
Primary education project with a view to increase enrollment especially in rural areas.		
	Sudan	
Emergency flood reconstruction project.		Road and drainage rehabilitation.
Supply of essential drugs.		Urban area upgrading and urban development study.
Acceleration of the expanded program of immunization.		Communal public works (food-for-work for displaced persons).
Rural water supply rehabilitation program.		Supply of basic education materials.
Training of traditional birth attendants.		Small-scale/informal sector credit scheme.

Protection of vulnerable groups	*Compensatory actions and transitional arrangements*	*Participation of the poor in future growth*
	Tanzania	
Public expenditure review to ensure that social expenditures are protected.		
School rehabilitation project.		
Support to health services through strengthening management and health information system; low-cost rehabilitation of some district hospitals; provision of such key inputs as equipment and anesthetics; construction of a few urban population health and nutrition centers; improvements in the management, production, and supply of pharmaceuticals, including drug preparations.		
Organizational and managerial support for the population program.		
Extension of the low-cost "Iringa approach" of innovative community-based nutrition surveillance programs to different regions.		

Protection of vulnerable groups	*Compensatory actions and transitional arrangements*	*Participation of the poor in future growth*
	Togo	
Expenditure review to protect basic social expenditures from budgetary cuts.		Rural training project.
Maternal and child health care project.		Small-scale rural infrastructure project.
Population and health project including five components: (i) rehabilitation of primary health care in rural areas; (ii) restructuring of the health ministry; (iii) family planning development project; (iv) information, education, and sensibilization program; (v) upgrading human resources through improved staff training.		Expansion of educational services.

Note: Togo's structural adjustment program has not incorporated reforms with adverse social consequences on a broad scale. Therefore, the government has not found it necessary to adopt substantial poverty alleviation measures aimed at the areas where the social impact of adjustment is usually most pronounced.

Protection of vulnerable groups	*Compensatory actions and transitional arrangements*	*Participation of the poor in future growth*
Uganda		
Major economic recovery program under preparation with a specific emphasis on the social costs of adjustment. Donor-supported stabilization package for war-torn economy, with some structural adjustment components specifically in the trade regime, including the introduction of an open general licensing system and in key producer prices for export crops.		
Zambia		
Targeting food subsidies toward the poor. Food and nutrition project.		Agricultural research and extension program for smallholders. Credit for small-scale farmers. Family health project. Water supply project for rural areas.

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