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IFAD

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ROUND-TABLE DISCUSSIONS

**ACHIEVING THE MILLENNIUM DEVELOPMENT GOAL OF HALVING POVERTY BY 2015:
SHARING EXPERIENCES BETWEEN ASIA AND THE PACIFIC AND
WESTERN AND CENTRAL AFRICA**

Brief Discussion of the Topic

1. The Millennium Development Goals (MDGs) draw attention to several dimensions of deprivation that afflict large sections of the developing world, and to the imperative of reducing them substantially by 2015. Although these goals are interrelated, the most fundamental one is to halve the proportion of the “dollar poor” (the proportion of people living on less than a dollar a day) in the period 1990-2015. Achievement of this goal in the Asia and the Pacific region – especially in South Asia – is of considerable importance: this group accounted for 466 million of the 1.2 billion dollar poor in 1990.

2. Unfortunately, most countries in the Western and Central Africa (WCA) region will have difficulty in realizing these goals. Achievement of the MDGs in WCA would free over 60 million people from the burden of poverty, including over 45 million in rural areas. Poverty in WCA is overwhelmingly rural, with rural dwellers accounting for at least 75% of the poor and hungry. The vast majority eke out their survival through agriculture, and its development would make a direct contribution towards achievement of the poverty MDG, as well as of several others.

3. Global extreme poverty is also overwhelmingly rural. Even in 2025, when the majority of the world’s population is projected to live in urban areas, most of the dollar poor will still be rural. Thus rural and agricultural development will have a vital role in poverty reduction. Accordingly, the papers presented at the round table will review progress in attaining the MDG of poverty reduction, assess the prospects of achieving it by 2015, and identify priorities in accelerating poverty reduction in the Asia and the Pacific and Western and Central Africa regions.

4. The round-table discussion provides an opportunity to exchange information and knowledge between the two regions with regard to recent trends, likely developments and lessons from the experiences of countries that have already achieved or are on track to achieve the goal.

Asia and the Pacific Region

5. According to a recent assessment, between the early and late 1990s the incidence of poverty fell from 34 to 24 per cent in Asia and the Pacific. Although this represented significant progress, it left 768 million living on less than one dollar a day in the region. A number of countries in East and South-East Asia, including China, Indonesia and Viet Nam, have already reached their targets. In South Asia, however, progress has been much slower, except in India, where the 1990s saw a significant reduction in poverty.

6. Available evidence points to a strong link between growth and poverty reduction. The extent to which growth translates into poverty reduction, however, varies by country. During the 1990s, many countries in the region recorded an increase in income inequality. Broadly, this reflected the shift from a rapidly equalizing period of rural and agricultural development to growth centred more on urban areas and driven by export industries and services, although most workers continued to be dependent on agriculture.

7. For poverty reduction, some forms of inequality matter more than others. Important ones include inequality in the distribution of assets – especially land, human capital and financial capital – and in access to public assets such as rural infrastructure. In general terms, a pro-poor agenda should include measures to moderate current income inequality while facilitating access to income-generating assets and promoting employment opportunities.

8. According to an assessment done in 2003, the Asia and the Pacific Region as a whole as well as a number of large countries within the region are projected to achieve the MDG of halving poverty by 2015. However, this assessment did not analyse how agricultural growth, trade and institutional factors influence poverty reduction through their effects on overall income growth. An econometric analysis was carried out to deepen our understanding of policy changes in attaining the MDG of poverty reduction. These included enhancing agricultural productivity and overall growth, reducing income inequality and pursuing institutional improvements. The main findings of the analysis are the following:

- In East Asia, the actual growth rate exceeds that required to achieve the MDG of halving poverty, while in South Asia it falls short of the required rate. The need for growth acceleration in South Asia is thus greater.
- The required rates of agricultural growth, however, are higher than the actual in both East Asia and South Asia.
- Moderate growth in combination with reduction of income inequality will have a substantial poverty reduction impact at subregional and country levels.
- Even modest improvements in institutional quality are associated with significantly positive effects on income and consequently on poverty. The analysis covered such areas as transparency and accountability in local institutions, rule of law, political stability and control of corruption.

9. Some key elements of a pro-poor strategy of growth in a rapidly globalizing environment include: a credible and sound macro policy regime; increased agricultural productivity to sustain overall growth – especially in less-favoured areas with a heavy concentration of the poor; effective land rights for women; diversification of rural economies through non-farm opportunities; and easier access to markets, credit and other financial services by disadvantaged groups (e.g. tribal peoples and women). On the other hand, a gradual approach to reforms and appropriate sequencing of policy changes are crucial for sustainable growth. Greater transparency and accountability in local

institutions has the potential to trigger significant changes in policies and in their implementation, with more favourable outcomes for the poor.

10. A pro-active stance of governments to stimulate growth, reduce inequality, protect the vulnerable and pursue a more inclusive process of development are imperative. Such a strategy will assume greater significance as poverty levels fall, since governments and others will need to tackle pockets of persistent and acute poverty.

Western and Central Africa Region

11. A number of countries have achieved notable successes, and there are many success stories related to agricultural development in the region. Major achievements have been registered with regard to export and food crop development that will continue to generate further improvements.

12. There are a number of underlying factors in the region that have influenced progress towards MDG achievement and will continue to do so over the next ten years. These include:

- political instability and civil conflict in a number of countries;
- population growth and steady and unabated rural-urban migration (as well as migration from land-locked Sahelian countries to coastal countries);
- variable progress in improving governance and institutional quality at all levels (public institutions, decentralized entities, civil society and grass-roots organizations); and
- greater movement towards liberalized markets and open trade regimes (but with little evidence that projected benefits in terms of economic growth and poverty reduction have been realized).

13. Looking to the future, it should be recognized that tension has existed and will continue to exist between traditional systems of social obligations, which are pronounced in all countries of the region, and the doctrine of economic rationality that governs many of the policy prescriptions and investment approaches promoted by the international community and pursued with variable performance in WCA countries.

14. While, in the aggregate, the countries of the region will generally have difficulty attaining the MDGs by 2015, it is important to point out that the variability in performance is quite large. With moderately higher levels of improvements, a few countries such as Benin and Ghana could conceivably achieve the income MDG, as well as some of the other MDGs related to health and welfare indicators. On the other hand, those countries affected by warfare will fall substantially short of meeting any of the MDGs.

15. Sustained peace and stability are fundamental preconditions for making progress towards MDG achievement. Indeed, the challenge for countries in conflict or in a fragile post-conflict situation is to avoid backsliding. Notable progress towards peace has been made recently in Congo, D.R. Congo, Liberia and Sierra Leone. However, peace remains fragile in these countries. The situation has seriously degraded in Côte d'Ivoire, and the economic importance of this country to neighbouring Sahelian countries could also impact negatively on their ability to improve MDG performance. Given that countries affected by civil conflict account for about one quarter of the population of the region, their performance will have a significant effect on aggregate regional progress towards MDG attainment.

16. Institutional quality is a key factor in economic development and poverty reduction. Enhancing the responsiveness to poverty of public institutions operating in the rural sector is essential in reducing poverty and enhancing agriculture as the engine for development. Consequently, the nature and pace of institutional reform will also significantly affect MDG achievement. In this domain, there is reason for hope. A number of West African countries have made notable progress in civil society

development over the last decade or so. Farmers' organizations have flourished in many countries and are heavily engaged in policy dialogue. Additional progress in rural decentralization is also needed, ensuring that rural capacities are strengthened to articulate demand and manage pro-poor social and economic infrastructure investments.

17. There is a critical need for African governments to increase investment in the agricultural and rural sector. A key lesson from successful Asian countries is that public investment in agricultural and rural development is critical. Asian governments currently devote a substantially greater share of expenditure to the sector than do African governments, although the African Union Maputo Summit pledge of 2003 – to allocate at least 10% of national budgets to agricultural development – is promising.

18. WCA countries have been profoundly affected by the quickened pace of globalization. This has influenced all sectors, and especially the agricultural and food sectors. In general, WCA countries are among the most open economies in the world. As a result of structural adjustment, protection levels were significantly lowered in the 1990s for most of them. Agricultural input and output markets were liberalized and nearly all agricultural marketing boards were abolished or privatized. Unfortunately, in many cases, accompanying measures to transfer necessary functions to private actors or farmers' organizations were lacking. Efforts will need to be redoubled over the next decade to introduce enabling measures so that governments, civil society and private operators can more effectively move into the vacuum created by market liberalization.

19. The evolution of the international and regional trade architecture will undoubtedly have a heightened impact on economic growth and poverty in the region over the next decade. However, exactly what these impacts will be is yet to be understood by regional actors. The Doha Round of the World Trade Organization talks and the new policy structure of the European Union/African, Caribbean and Pacific (EU/ACP) countries trade agreements need to be better understood by regional actors so they can take appropriate negotiating positions and prepare themselves adequately for the new competitive environment.

Structure of the Round Table

20. The main objectives of the round table are to assess the performance of major countries in Asia and the Pacific and Western and Central Africa in achieving the Millennium Development Goal of halving poverty by 2015, and to share lessons from the experiences of countries that have already achieved or are on track to achieve the goal. IFAD will make slide presentations summarizing the major findings and conclusions of the papers with a view to stimulating discussion. Two experts from each region will comment on the presentations, and a general discussion will follow. The round table will be co-chaired by ministers from Asia and Western and Central Africa.

