Generating Rural Employment in Africa to Fight Poverty†

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Summary

Africa is the only region where poverty has been increasing over the last three decades. At 46 percent, the rate of poverty in Africa in 2003 was 17 percentage points higher than in South Asia, the second poorest region of the world. The particularly high and persistent poverty in Africa has made it the most important development challenge of the continent. African leaders and analysts agree that the incapacity to create a high number of decent jobs to cope with the increasing number of the labour force is the root cause of poverty in Africa. Even the fastest growing economies have failed to create jobs, producing a paradoxical situation where high levels of economic growth coexist with high poverty. Indeed, the political declarations on employment creation as key to fighting poverty have not been translated into actions. A detailed analysis of 21 Poverty Reduction Strategy Papers (PRSPs) reveals their weak employment content. The fact that development strategies do not consider job creation a priority explains why the employment intensity of the growth process is very weak.

Because poverty in Africa is a rural phenomenon, it should be addressed through the creation of decent jobs in rural areas. Several actions will be needed to achieve this objective. Africa will first need to complete its demographic transition to reduce the size of its labour force. The resulting reduction in the demand for jobs will allow countries in the region to focus on the quality of the jobs rather than their quantity. Secondly, Africa will need to develop its agriculture in order to feed its population and develop linkages with other sectors of the economy. The fact that agriculture is the main source of livelihood for the majority of Africans will need to be reflected in development strategies. Also, addressing land-related challenges and using technological progress to modernise agriculture will be essential in the transformation of Africa's rural economies. Thirdly, given that 42 percent of rural incomes come from the rural nonfarm sector, efforts will be needed to expand rural nonfarm activities. In addition to growth in the agriculture sector, increasing the capacity of the rural nonfarm sector to create more jobs will require improvements in the level and quality of human, social, physical, financial and natural capital. Finally, political commitment will be crucial in order to rebalance the allocation of resources between rural and urban sectors of the economy in favour of rural areas.

1. Introduction

Africa is the only region where poverty has been rising in the last three decades. This is in sharp contrast with the world trend which shows a substantial reduction in the rate of poverty. The rate of poverty in Africa in 2003 was 17 percentage points higher than in South Asia, the second poorest region of the world. This makes poverty the key development challenge in Africa and there is international consensus that eliminating poverty is the overriding objective of development efforts in the continent.

Employment is arguably the most important channel through which poverty in Africa will be defeated. Whether members of the household in Africa are wage earners or self-employed, they earn a living from the fruit of their labour. This is particularly important given the limited number of alternative assets they could depend on. In many instances, particularly in rural Africa where poverty is concentrated, labour is the single asset held by the poor. Employment income has several advantages over the other forms of assistance to the poor such as food aid, financial and in-kind assistance.[1] Employment income is more reliable because it depends on the decision of the poor to work where employment is available. Secondly, employment income preserves the dignity of the poor as it pays for his effort. Thirdly, employment income helps the poor to be independent allowing him to meet his family's expectations in terms of providing for their livelihoods.

In this regard, the observed unemployment, underemployment and low returns to labour in Africa can be considered as immediate causes of poverty. Hence, policies encouraging growth and employment creation are expected to be "essential for any poverty reduction strategy" (World Bank 2000, p. 99). This view is supported by cross-country empirical evidence showing that expanding remunerative employment reduces the incidence of poverty (Islam 2004).

The scope of the impact on poverty of growth through employment goes beyond the income dimension of poverty. Employment-intensive growth increases the consumption potential of the population, especially food consumption, reducing malnutrition, which is particularly rampant in poor rural communities. Moreover, the additional resources generated by growth can be used to improve the accessibility of basic services essential for a decent living, such as education and health.

There are several non-income dimensions of poverty, including those related to the capabilities of poor people that cannot be addressed by economic growth alone. For instance, the "human capital" dimension of poverty can be addressed by enhancing the employability of poor people through better nutrition, health, training and education. Where low human capital is due to unequal distribution of resources within a society, greater equity is the solution. Meanwhile, improving governance can contribute to alleviating exclusion, marginalisation and insecurity of poor people. Special targeting policies are also required in certain cases. For example, the gender dimension of poverty may be addressed by targeting employment opportunities towards women. Similarly, the spatial aspect of poverty is best tackled by targeting marginalised areas in development policies.

[1] Microeconomic empirical studies generally do not find a strong statistical relationship between poverty and employment. This does not necessarily mean that the two variables are not related. The weak relationship may be explained by a host of factors, including the way both variables are defined as well as the problems of measurement (see box 1).

This paper focuses on rural employment given that poverty is most rampant in Africa's rural areas. The paper proceeds as follows. The second section provides some key facts about poverty and unemployment in Africa to put the discussion of rural employment in context. The third section argues that employment is the missing link between the high rates of economic growth observed in Africa over the last decade and poverty reduction. The fourth section discusses the challenge of generating rural employment and the fifth section concludes.

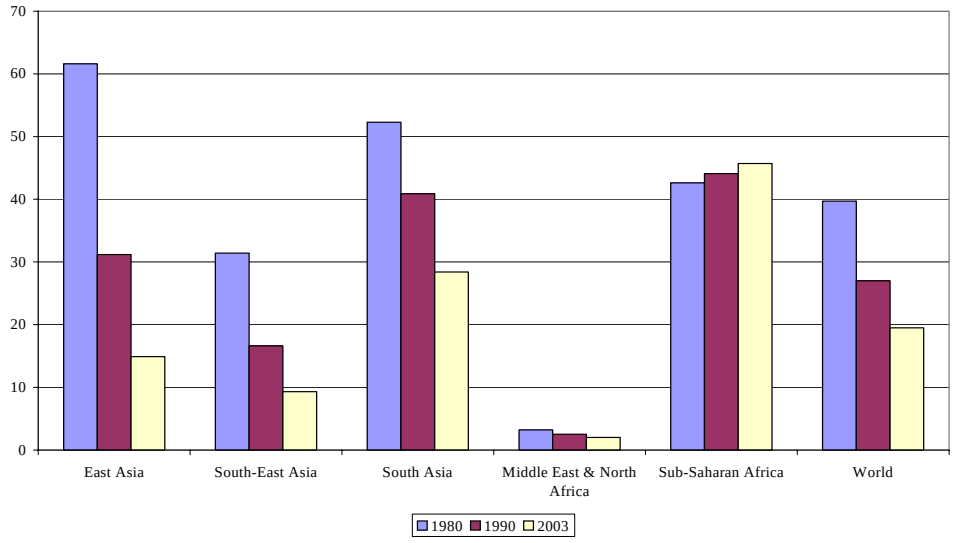
2. Poverty and Unemployment in Africa: Facts and Figures

Although this paper is about employment, it is important to keep in mind that the high rates of poverty in Africa make employment creation even more urgent. For the poor, employment is not a way of fulfilling professional ambitions; it is a way of earning a living for survival. Empirical microeconomic studies of poverty in Africa identify unemployment as one of its key determinants. However, it is difficult to find similar detailed microeconomic analyses of unemployment due to the scarcity of reliable employment data in Africa. This section discusses the key characteristics of poverty and unemployment in Africa using available data.

2.1. Scale of poverty in Africa

Despite a steady increase in real GDP in Africa over the last ten years, figure 1 shows that Africa is the only region where poverty has been rising in the last three decades. [2]

Figure 1: $1 a day poverty headcount, by region, 1980–2003 (% of population)



Source: ILO (2004c).

[2] The concept of poverty is often based on income or consumption measures of welfare. However, well-being is broader than income or consumption; it encompasses the environment that people need to lead a fulfilling life (UNDP 2004). This environment includes education, health, freedom and social participation as well as income and consumption. The comparative data used in this paper reflect the income or consumption dimension of poverty.

Poverty (as measured by the headcount ratio) stagnated at high levels in Sub-Saharan Africa, while it declined in other parts of the world. In 2003 about 46% of the Sub-Saharan Africa population lived on less than $1 a day—slightly more than in 1980 and 1990. At the global level, however, the share of the population living on $1 a day declined from 40% in 1980 to 20% in 2003. The $1 a day headcount ratio in Sub-Saharan Africa now exceeds the next poorest region, South Asia, by about 17 percentage points. Thus, while East, Southeast and South Asia and North Africa are broadly on track to meet the Millennium Development Goal of halving poverty by 2015, there has been no progress in Sub-Saharan Africa towards achieving this goal (UN 2004). The high rates of poverty incidence are illustrated in table 1.[3]

Table 1: Rates of poverty in a sample of African countries

County	Line	Source	Survey year	Headcount
Botswana	1$/day	World Bank	1993	23.5
Burkina Faso	National	Kakwani et al.	1998	52.6
Burundi	National	Kakwani et al.	1998	61.2
Cameroon	National	Rep. Cameroon	2001	40.2
Côte d'Ivoire	National	Kakwani et al.	1998	36.7
Egypt	National	World Bank	2000	16.7
Ethiopia	National	Kakwani et al.	2000	40.9
Gambia	National	Kakwani et al.	1998	62.2
Ghana	National	Kakwani et al.	1998	43.6
Guinea	National	Kakwani et al.	1994	38.1
Kenya	National	Kakwani et al.	1997	49.7
Lesotho	1$/day	World Bank	1995	36.0
Madagascar	National	Kakwani et al.	2001	62.0
Malawi	National	Kakwani et al.	1998	63.9
Mauritania	1$/day	World Bank	2000	25.9
Mozambique	National	Kakwani et al.	1996	68.9
Nigeria	National	Kakwani et al.	1996	63.4
Tanzania	National	World Bank	2001	35.7
Tunisia	National	World Bank	1995	7.6
Uganda	National	Kakwani et al.	2000	48.2
Zambia	National	Kakwani et al.	1998	66.7
Zimbabwe	National	World Bank	1996	34.9

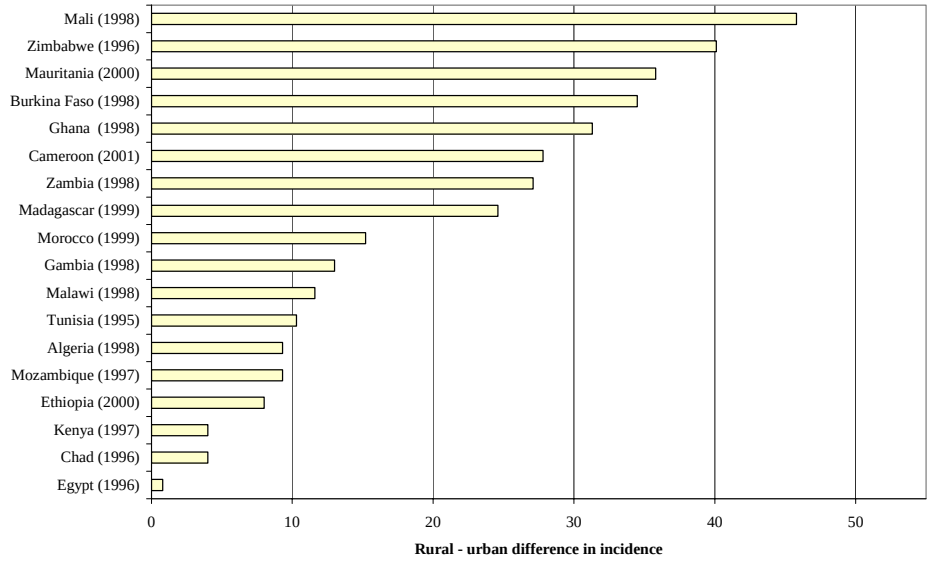
Note: Information in table 1 is based on Kakwani et al. (2005); World Bank, *World Development Indicators*, CD-Rom; and Republic of Cameroon (2003).

Poverty rates are generally high across Africa. On the basis of information in table 1, they vary from a high of 69 percent in Mozambique to a low of 7.6 in Tunisia. For eight out of 22 countries in the table, the rates are higher than 50 percent, implying that the majority of the population are poor in those countries. However, even at country level, the national average hides a dichotomy between rural and urban areas. The mean difference between incidence rates in urban and rural areas was 19.6 percentage points

[3] It is difficult to find comparable rates of poverty covering the same period on a representative sample of African countries. The rates given in table 1 are the most recent available statistics covering 22 countries and collected from different sources. Given the problems surrounding the quality of household data on which these statistics are based as well as the methodological complexities required to compute national poverty lines (see Kakwani et al, 2005), information in table 1 should be interpreted as indicative. On the limitations of poverty analysis based on monetary poverty lines, see Edward (2006).

during 1995–2000. Poverty is known in Africa to be a rural phenomenon as illustrated in Figure 2.

Figure 2: Rural-urban differentials, various years (percentage points)



Note: Data are from household surveys, which were not conducted in the same years in every country. Data refer to national (urban, rural and total) poverty lines.

Source: World Bank 2004.

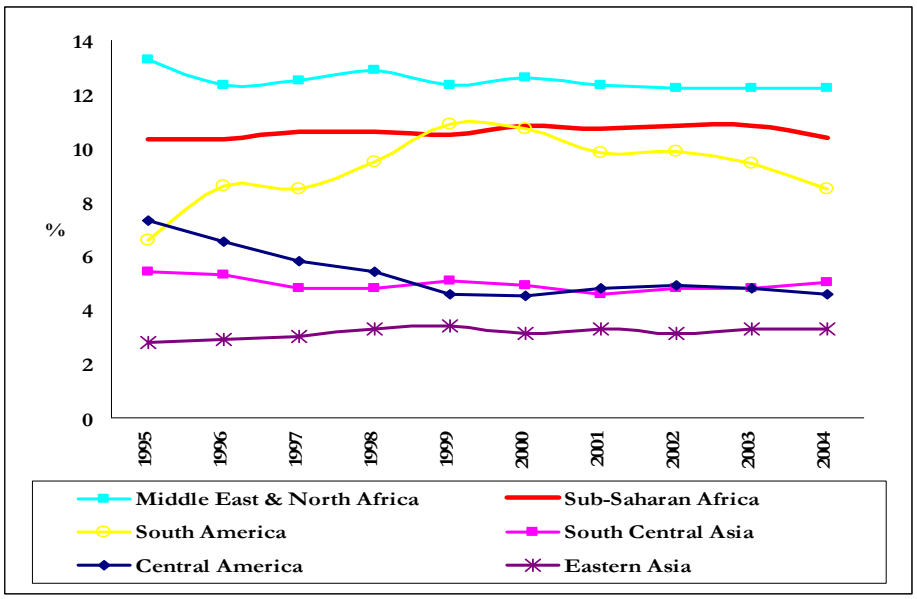
There are large intercountry rural-urban differentials, ranging from 0.8 percentage points in Egypt in 1996 to 45.8 percentage points in Mali in 1998; 40.1 percentage points in Zimbabwe in 1996 and 35.8 percentage points in Mauritania in 2000. Rural-urban differentials are generally high regardless of the overall level of incidence rates. When rural-urban differentials have declined, it has been mostly the result of a sharp hike in the incidence of poverty in urban areas rather than improvements in rural areas. In Kenya, for example, the rural-urban differential declined from 18 percentage points in 1994 to 4 in 1997—but urban poverty increased by a staggering 20 percentage points while rural poverty increased by only 5. Similarly, a decline of about 9 percentage points was observed in Zambia between 1996 and 1998 as a result of a 10 percentage point rise in urban poverty, while rural poverty remained at the very high level of about 83%. In Zimbabwe rural-urban differences increased as a result of sharper increases in rural poverty (World Bank 2004).

Rural-urban differentials in poverty tend to be persistent. In Cameroon, for instance, the incidence of poverty in urban areas (using the national poverty line) was halved in only five years—from 41.4% in 1996 to 22.1% in 2001. The corresponding change in incidence rates in rural areas (from 59.6% to 49.6%), though commendable by African standards, was significantly lower than the change in urban areas (Republic of Cameroon, 2003). The large differences between rural and urban poverty justifies the need for African countries to refocus their development strategies on the rural world.

2.2. The level and characteristics of unemployment in Africa

In 2003 the average rate of unemployment was 10.9 per cent in Sub-Saharan Africa and 10.4 per cent in North Africa (ILO 2004a). These rates are high compared with other developing regions. Sub-Saharan Africa and North Africa have the second and third highest unemployment rates after the Middle East. Regional trends in figure 3 show that African unemployment has not improved over the last 10 years—in fact, unlike most regions the rate has remained stable around 10 per cent. In 1999 unemployment in South America was slightly higher than it was in Sub-Saharan Africa, but it has since declined. Unemployment has also declined slightly in the Middle East and North Africa, but it is still higher than in Sub-Saharan Africa.

Figure 3: Unemployment rates by region, 1995–2004 (per cent)



Source: Data from Tarantino 2003.

Although high compared with other regions, Africa's unemployment rate in figure 3 seems unrealistically low for several reasons. First, the collection of employment data in Africa is fraught with difficulty. Many countries do not report information, reporting countries give incomplete data, and not all the reported information is comparable across countries (see Box 1).

Box 1. Comparability Problems of employment data in Africa

Labour market indicators may not be comparable across economies for several reasons:

- *Conceptual variation.* National statistical offices, even when using International Labour Organization conceptual guidelines, do not measure employment and unemployment the same way. For example, countries adopt different age limits in their definition of the labour force. Lower age limits in available data vary from age seven in Uganda to age 18 in Tunisia. And some countries use upper age limits in estimating unemployment rates: age 64 in Egypt and age 69 in Namibia. Moreover, countries

such as Lesotho, Zambia and Zimbabwe estimate unemployment rates using the civilian labour force rather than the total.

- *Different sources*. National labour market estimates are based on information from different sources. These differences generate substantial discrepancies in unemployment rates. In South Africa the unemployment rate derived from employment office records was 5.4 per cent in 1997, while the rate from the 1999 household survey was as high as 25.3 per cent. Unemployment rates in Algeria, Burundi, Mauritius and Nigeria are obtained from official estimates, making them not comparable with unemployment rates in Egypt, Kenya, Uganda and Zimbabwe, which are derived from household surveys.

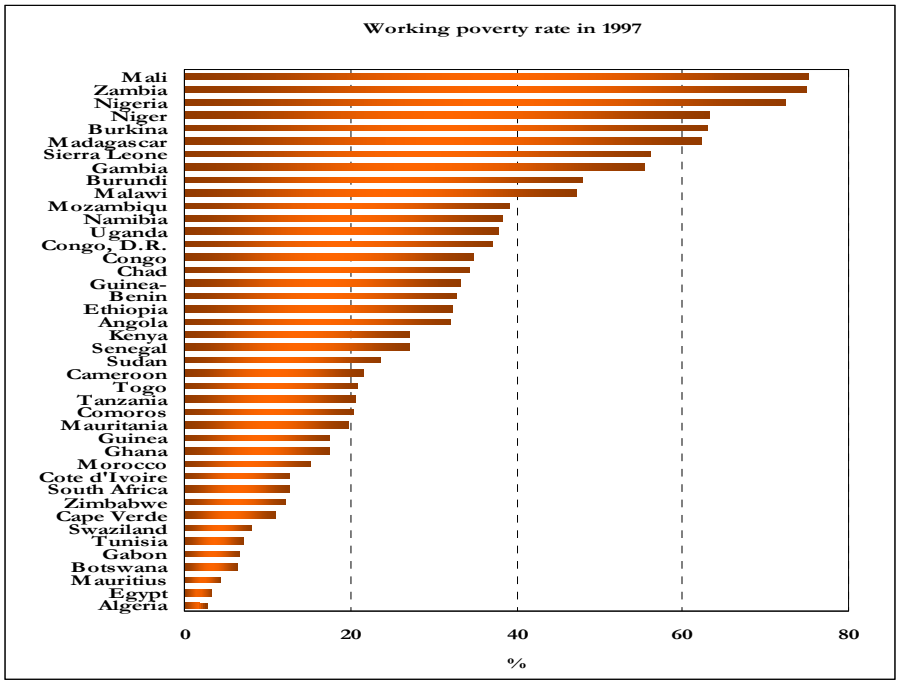
- *Changing number of observations per year*. Due to seasonality, statistics for a given year may differ depending on the frequency: monthly, quarterly, semi-annually or annually. In some countries estimates are based on two observations a year: March and September for Mauritius and May and November for Egypt.

Source: ILO 2005a, 2005b.

Moreover, the reported rate does not take into account the large number of discouraged workers. Searching for a job is costly so one engages in job search only when he believes there is a relatively high probability of finding one. In many African countries, the demand for jobs is so high relative to supply that many job seekers consider it is a waste of time to look for a job. This is particularly the case in rural areas where the supply of jobs is much lower than in urban centres. In cities, the problem of discouraged workers is thought to affect educated people because they have high expectations of formal high paying jobs. These discouraged workers are not counted as unemployed.

Another reason why the measure of unemployment in Africa is misleading is the high number of working poor. The computation of unemployment rates considers all informal sector workers as employed, although most are either seasonally employed or earn wages below the poverty line; the average unemployment rate does not convey this reality. In 1997, some 56 per cent of total employment earned less than $1 a day, and 89 per cent earned less than $2 a day (ILO 2004c). These regional averages mask significant differences among African countries. In 1997, for example, the rate of working poor was about 75 per cent in Mali, while only 3 per cent of workers in Algeria lived on less than $1 a day (figure 4).

Figure 4: Working poverty rates, by country, 1997 (per cent)



Source: Majid 2001.

Moreover, the average unemployment rate hides large variations between age and gender groups. At 21 per cent in Sub-Saharan Africa and 22.8 per cent in North Africa, the unemployment rate for youths ages 15–24 was twice that of the overall labour force in 2003 (ILO 2004b). These youth unemployment rates were the second and third highest in the world after the Middle East and barely changed between 1993 and 2003. In 2003 unemployed youth as a share of the total unemployed was 63 per cent in Sub-Saharan Africa, even though youths made up only 33 per cent of the labour force. Furthermore, in 2003 the youth-to-adult unemployment ratio of 3.5 in Sub-Saharan Africa meant that young people were much more likely than their adult counterparts to be unemployed.

Also, generally underestimated, female unemployment rates are higher than male unemployment rates in North Africa but lower in Sub-Saharan Africa. The gender gap in favour of women in Sub-Saharan Africa does not reflect the dire situation of women in the labour force because the rate of female unemployment is underestimated for a number of reasons. First, social norms tend to require women to declare themselves as housewives involved only in unpaid domestic work, which places them outside the coverage of the labour force. Second, women are more likely to be discouraged workers in the context of limited opportunities because men are usually served first. Third, the criterion requiring availability for employment during the reference period penalizes more women than men because women need more time to make the necessary arrangements such as care of children or elderly relatives or other household affairs before starting a job. Female unemployment rates in Africa also mask the fact that female workers are mostly in informal employment, where they are more likely among the working poor. In Sub-Saharan Africa 84 per cent of female non-agricultural workers are in the informal sector compared with 63 per cent of male non-agricultural workers.

Finally, variations in regional and country unemployment rates are large. Western Africa had the lowest unemployment rate in 2003 (6.7 percent), while Southern Africa had the highest rate (31.6 percent). Rates also differ across countries. Even in the same country, there are disparities between rural and urban unemployment rates, similar to the case of poverty illustrated in figure 2.

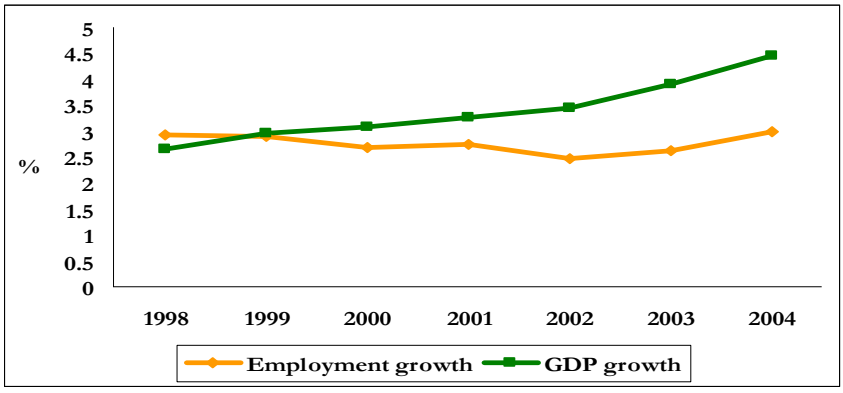
The preceding discussion suggests that unemployment in Africa is much higher than what official statistics show. Unemployment is multidimensional, characterised by differences in geographical, age and gender distribution. Also, a large number of workers remain poor as they earn wages below the poverty line. Employees in this group are also exposed to high risk for at least three reasons (Chen 2000). First, they live and work under harsh conditions, which are associated with shocks such as illness, loss of assets, loss of income, death of the breadwinner and the like. Second, they tend to have little or no access to formal risk-coping mechanisms such as insurance, pensions and social assistance. They also lack the resources to pay for proper housing and education. Third, given their low levels of income, on average, they are less likely to cope with these contingencies.

Therefore, to qualify as employed, a person must have a decent job. Decent employment is an integrative concept that refers to both quality and quantity of labour. Decent employment refers to productive and secure work, which ensures respect of labour rights, provides an adequate income, offers social protection and includes social dialogue, union freedom, collective bargaining and participation.

3. Economic growth, employment and poverty reduction

Despite the recovery in the rates of economic growth in Africa over the last decade, growth has failed to generate employment (figure 5). The real rate of economic growth has increased steadily from about 2.5 percent in 1998 to 4.8 percent in 2005. The rate for 2006 is expected to be 4.7 percent (UNECA, 2005). However, the rate of growth of employment creation has remained stable at 3 percent, with a slight decline between 2001 and 2003. It may be argued that employment creation is the missing link between economic growth and poverty reduction in Africa.

Figure 5: Economic growth and employment growth in Sub-Saharan Africa



Source: UNECA calculations based on Tarantino 2003.

To explain why growth has not reduced the high levels of poverty in Africa, this section argues that employment intensity of the growth process in the continent is weak. The section reviews evidence in 21 African countries' Poverty Reduction Strategy Papers (PRSPs) to determine the role reserved for employment in the fight against poverty. PRSPs are important in the sense that that they outline how the battle against poverty must be engaged.

3.1. Weak employment intensity of the growth process

Some analysts have found it paradoxical that some of Africa's fastest growing economies have some of the highest poverty rates. Several factors can help explain this paradox. First, many currently fast growing economies such as Chad and Equatorial Guinea were very poor in the recent past, implying that they will need sustained high levels of growth to have a noticeable impact on poverty. For instance, it would take ten years to a country with GDP per capita of $150 growing at an average real growth rate of 7 percent per annum to double its GDP per capita to $300. Using the $1/day poverty line, it is clear that many people in the country will remain poor even after the doubling of their income. Secondly, if the fruit of the growth process is not equally distributed, many people will remain poor despite the high rates of growth. Thirdly, the growth process has a higher impact on poverty reduction the more the jobs it creates. In Africa, the high growth rates observed in oil exporting countries have originated from capital-intensive enclave industries that have few or no links to the rest of the economy and hence created few jobs. On average, non-oil-exporting countries had a growth rate of 2.9 per cent in 2003 and 3.8 per cent in 2004—much lower than those in oil producing countries (5.4 per cent in 2003 and 5.3 per cent in 2004). In 2005, oil economies recorded an average growth rate of 6.1 percent against 4.1 percent for non-oil economies (UNECA, 2005).

The degree of employment intensity of the growth process depends on demand in sectors using employment intensive technologies (Osmani 2003). Moreover, the total number of jobs created as a result of increased demand is likely to be higher when the economy has strong intersectoral linkages. In addition, the source of growth also matters. Whether job growth emanates largely from the public or private sector affects the quality and quantity of jobs created. The trends in the commodity terms of trade and the extent to which labour benefits from higher terms of trade is also an important determinant of employment intensity of growth (see Osmani, 2003).

The impact of economic growth on employment depends on which sectors lead the growth process. When growth is spurred by labour-intensive sectors that employ a significant share of the labour force, such as smallholder agriculture, growth's effect on employment and poverty is greater than when growth is concentrated in capital-intensive sectors such as mining. In Ethiopia, for example, relatively slow growth in the labour-intensive agricultural sector accounted in part for the limited impact of growth on employment in the post- reform years of the 1990s. Agriculture grew by only 1.9%, while manufacturing, which is largely capital-intensive, grew by 5% a year over 1992/93–1999/2000 (Demeke, Guta and Ferede 2003). In Uganda, by contrast, high growth in the labour-intensive agricultural sector contributed to a decline in unemployment—from 56% in 1992 to 35% in 2000.

The impact of economic growth on employment depends on the extent to which the economy consciously adopts labour-friendly techniques across all sectors. Policymakers in many African countries have in the past favoured capital-intensive techniques or failed to promote employment-friendly technologies. Kenya, for example, used tractors and

heavy-duty machines instead of less mechanized techniques such as ox-drawn ploughs and hand tools in the agricultural sector during the 1980s (Khan 1997). Large machines were exempt from import duty and sales taxes and classified in the less restrictive import category, while ploughs and hand tools were subject to high import duty and the most restrictive import category. These policies have displaced labour from large farms and discouraged small farms, which are more productive and labour-intensive.

Therefore, it is necessary to promote technologies that maximize employment without unduly compromising productivity. In the agricultural sector, for instance, ensuring access to basic inputs such as seeds and fertilizer, infrastructure such as roads and irrigation, and research and development through extension services can have a favourable impact on productivity of small farms. In Mozambique failure to promote labour intensity in either the composition of output across sectors or the choice of technology within sectors is undermining the country's objective to reduce the poverty rate from 70% to 50% by 2010 despite high economic growth.

The employment-generating effects of growth are more likely to be magnified in economies characterized by strong intersectoral linkages because these links create jobs both directly and indirectly by stimulating demand in related sectors of the economy. For instance, promoting agroindustries is likely to create additional jobs both within and outside the agricultural sector by stimulating the demand for agricultural commodities to feed the agroindustries and by increasing the demand for workers to staff the agroindustries.

The quality and quantity of jobs created through growth will be influenced by the public and private sectors' roles in driving the growth process. In many African countries, the government sector accounts for a large share of the economy because the private sector is repressed. However, government employment has been negatively associated with wages and positively associated with fiscal deficit and per capita income. Sustainable employment growth will therefore require credible reforms aimed at improving the overall efficiency of the public sector to ensure that job growth is associated with rising productivity. Indeed, when public enterprises are overstaffed, increasing productivity may require downsizing, at least in the short run, which conflicts with the objective of employment creation.

Another factor that affects the employment intensity of growth is the terms of trade. Favourable external terms of trade in labour-intensive sectors improve the performance of these sectors and consequently improve the quality and quantity of employment. Uganda's high agricultural growth was driven by favourable trends in the terms of trade in general and the prices of cash crops in particular. Coffee, for example, benefited from the boom in prices that took place in the world market. The export price of coffee rose from $0.86 per kilogram in 1991/92 to $2.55 in 1994/95 (Demeke, Guta and Ferede 2003). Improvements in the terms of trade will translate into higher returns to labour and improve the livelihood of workers only if the benefits are passed on to producers. This was the case in Uganda, where producer prices as a share of the world price of coffee increased by at least 50% between 1991 and 1997 thanks to a more liberalized marketing regime. Unfortunately, many African countries have a long tradition of subjecting agricultural exports to low producer prices, which constrains productivity and therefore discourages production and employment (IFAD 1992).

However, for poor people to take advantage of rapid growth and high employment creation, they must be employable otherwise they face barriers to entry in the job market

either as wage earners or entrepreneurs. The poor will not take advantage of employment opportunities if: they lack the appropriate human capital in the form of health and education; they have limited access to market opportunities created by economic growth; they are affected by restrictive labour regulations which limit entry into the labour market; they are victims of discriminatory attitudes which limit their opportunities including gender discrimination and unequal access to assets.

3.2. Weak employment content of Poverty Reduction Strategy Papers

Because decent employment is a major route out of poverty, it should be at the heart of the poverty battle in Africa. If policymakers accord employment creation a central role in the fight against poverty, this should be reflected in poverty reduction strategies of African countries. As of October 2004, 21 African countries had full PRSPs and 9 had interim PRSPs. The analysis here focuses on the full PRSPs and their respective annual progress reports. The analysis assesses only the degree to which decent employment is reflected in the PRSPs, not whether the employment goals are translated into action (see table 2).

Table 2: Breakdown of the 21 full PRSPs in Africa by employment content (share of positive answers to employment-related questions)

Low (0%–33%)	Medium-low (34%–50%)	Medium-high (51%–66%)	High (67%–100%)
Chad	Benin	Tanzania	
The Gambia	Burkina Faso		
Guinea	Cameroon		
Mauritania	Djibouti		
Mozambique	Ethiopia		
Niger	Ghana		
Senegal	Kenya		
	Madagascar		
	Malawi		
	Mali		
	Rwanda		
	Uganda		
	Zambia		

Source: UNECA (2005)

Of the 21 countries with a full PRSP, 17 have an identifiable core section on employment. The absence of an employment section in the other four countries' PRSPs, however, is not necessarily indicative of weak employment content. The assessment of the employment content is based on the extent to which employment issues are reflected in all the sections of the PRSP.

Table 2 lists the countries in Africa with a full PRSP by the employment content of their poverty reduction strategies, which is expressed as a share of the positive answers to a set of 116 questions covering diagnosis of the employment situation; policies for creating

employment opportunities; policies for improving decent employment; group, regional and sectoral targeting for employment purposes; and quantification of the impacts of policies on the different dimensions of employment. The questions analyze only the explicit employment content of the PRSPs and do not assess the intensity of the effect of the employment policies. The questions do not assess implementation issues, either.

None of the 21 countries had high employment content, and only Tanzania, at the top of the ranking, had a rating above 50%. Most of the full PRSPs have either medium-low or low employment content, leading to the conclusion that the overall employment content of the full PRSPs is weak. This finding contrasts with several political declarations made by African leaders over the last three decades on the centrality of employment creation in the process of economic development.[4] The issue is, therefore, how to translate these declarations into action.

4. Creating Rural Employment in Africa

Poverty in Africa is largely a rural phenomenon. With 70% of poor Africans living in rural areas, increasing rural employment and income is crucial to fight the surge of poverty. An increase in rural incomes will likely improve the living standards of the rural poor, but also drive a structural transformation of the whole economy. Structural transformation is a process by which the relative contribution of non-agricultural sectors to the overall economy rises as agriculture's share declines in relative terms. In absolute terms, however, agriculture continues to grow and contribute to overall economic growth. Agricultural productivity growth and increased farm incomes are prerequisites for structural transformation. Increased farm incomes lead to derived demand for nonfarm products, which in turn leads to the growth of small and medium-size enterprises (SMEs) in rural villages, small towns and larger urban areas.

For Africa to achieve a structural transformation that stimulates growth, creates employment and reduces poverty, it must achieve three main objectives: demographic transition, developing agricultural links to the industrial and service sectors, and facilitate the growth of non-farm job-creating SMEs.

[4] In 1979 the Lagos Plan of Action for the Economic Development of Africa, 1980–2000, noted that the lack of productive employment was a key factor in explaining high levels of poverty in Africa. It called for a number of measures, including more effective use of the continent's human resources. More recently, African leaders at the highest political level have adopted several declarations on employment promotion, including the 1991 Declaration on Employment Crisis in Africa, adopted by the 27th Ordinary Session of the Assembly of African Heads of State and Government; the 1994 African Common Position on Human and Social Development in Africa, adopted at the World Summit for Social Development; the 2002 Declaration and Framework for Action on Youth Employment; and the 2004 Plan of Action for the Implementation of the African Union Declaration on Employment Promotion and Poverty Alleviation in Africa. The Treaty Establishing the African Economic Community, the Constitutive Act of the African Union and the New Partnership for Africa's Development have important provisions on promoting employment, developing human resources and fighting poverty. All these initiatives consider employment promotion the linchpin of poverty reduction strategies in Africa. But the long list of political declarations contrasts with the lack of tangible results in terms of employment creation in Africa over the years.

4.1. Achieving a demographic transition for structural transformation

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Despite some criticism of the demographic transition theory there is consensus that mortality decline is a prerequisite for fertility decline. Africa is the only continent that has yet to complete a demographic transition. It is defined as the shift towards low mortality and fertility rates thanks to overall modernization of the economy from industrialization, urbanization, education and empowerment of women (UNECA 2001). These developments in turn lead to progress in hygiene, medicine and overall healthcare, resulting in lower mortality rates, particularly infant mortality rates. As infant mortality rates decline, parents reduce their fertility, leading to an overall decline in fertility rates. In the long run, this structural transformation reduces the working age population and hence the number of job seekers, shifting employment objectives from quantity to quality of the jobs to be created.

In Africa, high fertility rates have translated to high levels of labour supply (see table 3). The working age population increased from about 281 million in 1985 to 375 million in 1995 and 489 million in 2005. By 2015 the working age population is projected to reach 616 million people (UN 2004), a sharp increase in the supply of labour, which will need to be met by an equivalent increase in job opportunities. These demographic trends make it difficult for Africa to attain a much needed structural transformation. Several socioeconomic and cultural factors have contributed to persistently high fertility rates in Africa, including low levels of education for girls and lack of job opportunities for women, inadequate access to contraceptives, poor access to healthcare and education (which hampers human capital and skills development) and the adverse impacts of HIV/AIDS and the resurgence of malaria and tuberculosis, which have an adverse impact on life expectancy and the quantity and quality of the labour force.

Table 3: Structural transformation indicators for selected African countries

	Total fertility rate (births per woman)			Share of labour force in agriculture (%)			Labour force growth (%)		Agricultural value added per worker (1987 PPP US$)		Industrial growth (%)	
	1990–95	1995–2000	2000–05	1990	2000	2010[a]	1980–90	1990–97	1979–81	1994–96	1980–90	1990–97
All countries	**6.3**	**5.8**	**5.5**	**74**	**69**	**64**	**2.8**	**2.6**	**468**	**463**	**2.9**	**1.6**
Group A	5.1	4.5	4.0	61	56	51	3.2	2.5	667	662	2.9	2.1
Botswana	4.1	3.6	3.2	46	45	42	—	—	—	—	—	—
Ghana	5.5	4.8	4.4	59	57	54	3.1	2.7	813	684	3.3	4.3
Kenya	5.4	5.0	5.0	80	75	71	3.6	2.7	268	240	3.9	2.0
Namibia	5.8	4.8	4.0	49	41	34	2.4	2.5	1,295	1,458	1.1	2.9
Zimbabwe	4.8	4.1	3.6	68	63	56	3.6	2.3	294	266	3.2	–0.8
Group B	6.3	5.8	5.3	71	66	59	2.9	2.7	526	523	2.3	1.0
Cameroon	5.7	5.1	4.7	70	59	47	2.4	3	861	827	5.9	–3.8
Côte d'Ivoire	6.3	5.6	5.1	60	49	38	3.1	2.3	1,527	1,354	4.4	4.2
Madagascar	6.1	5.9	5.4	78	74	70	2.5	2.8	190	178	0.9	1.1
Nigeria	6.6	6.3	5.9	43	33	25	2.6	2.8	479	684	–1.1	0.5
Rwanda	6.9	6.2	5.7	92	91	89	3.2	2.3	306	206	2.5	—
Senegal	5.9	5.5	5.0	77	74	70	2.5	2.6	328	375	4.1	3.7
Tanzania	6.2	5.6	5.1	84	80	76	3.2	2.8	—	—	—	—
Togo	6.2	5.8	5.4	66	60	54	2.6	2.7	404	461	1.1	2.0
Zambia	6.4	6.0	5.7	74	69	63	3.1	2.8	116	100	1.0	–2.6
Group C	7.2	7.1	6.9	88	86	82	2.5	2.5	216	206	3.6	2.3
Burkina Faso	7.2	6.9	6.7	92	92	92	2	2.1	155	182	3.7	1.9
Burundi	6.8	6.8	6.8	92	90	89	2.6	2.6	218	177	4.5	–8.0
Malawi	6.8	6.4	6.1	87	83	79	3	2.4	162	156	1.9	3.5
Mali	7.4	7.2	6.9	86	81	75	2.3	2.6	251	259	7.0	2.1
Niger	8.2	8.2	7.9	90	88	85	3	2.9	292	256	–1.7	1.3
Uganda	7.1	7.1	7.1	85	80	75	2.2	2.7	—	—	6.0	13

— not available; a. Projected.

Note: See text for explanation of groupings.

Source: World Bank 1997, 1998; UNDESA 2004, 2005; FAO 2005; Kirk and Pillet 1998.

Table 3 illustrates the relative stages of 20 African countries, based on selected indicators of structural transformation. The countries are grouped by their ability to achieve a demographic change conducive to an economic structural transformation. Compared with other groups in table 3, countries in group A are at the declining fertility stage of their demographic transition. For these countries, the total fertility rate has been reduced from an average of 5.1 births per woman in 1990–95 to 4.5 in 1995–2000 and 4.0 in 2000–05. African countries in group B have average fertility rates of 5.3 births per woman, down from 6.3 in 1990–95. And countries in Group C have fertility rates of 6.9 births per woman, down from 7.2 in 1990–95.

Countries that are more advanced in their demographic transition are excelling in transforming their economies. For instance, these countries have lower shares of total labour in agriculture, higher agricultural labour productivity and higher infrastructure development. Countries in group A have an average of 56% of their labour force in agriculture in 2000, compared with 66% for group B and 86% for group C. Similarly, agricultural labour productivity for group A was $662 per worker in 1994–96—higher than group B's $523 and group C's $206. On average, non-farm employment growth (at 1.6% in 1990–97), measured using industrial growth as a proxy, has not been able to keep up with the total labour force growth in Africa (2.6%).

Subregional differences in fertility rates point to persistently high rates in East, Central and West Africa. Over the last 20 years, fertility rates hardly changed in Central Africa, from 6.58 to 6.28. North and Southern Africa have reduced their rates to levels close to those in Latin America and Asia.

The high prevalence of HIV/AIDS is having a big impact on the process towards demographic transition through its effect on mortality rates and the quantity and quality of the labour force. This is particularly important for most countries in Southern Africa, which have the highest HIV prevalence rates on the continent and in the world. Recent estimates by the Joint United Nations Programme on HIV/AIDS (UNAIDS 2004) show that all the countries with an adult (ages 15–49) prevalence rate of 20% or higher are in Southern Africa. For five countries in Southern Africa (Botswana, Lesotho, Mozambique, South Africa and Swaziland) population growth rates are expected to be negative as a result of HIV/AIDS. And for six countries with HIV prevalence rates above 20% the projected age structure will have serious implications for many aspects of development in the region. The loss of intergenerational transfer of skills and knowledge due to adult deaths have a detrimental effect on the ability of households, communities and governments to engage in productive employment in order to increase incomes, achieve structural transformation and reduce poverty.

4.2. Creating rural employment through agriculture transformation and sectoral links

Agriculture is the main source of income for 90% of the rural population in Africa and it is vital to ensuring food security for the urban population. Yet, the state of agriculture in Africa is so poor that the sector can no more feed the growing population. Some 200 million Africans are undernourished despite commercial food imports of $15–$20 billion a year and about $2 billion in food aid per year (UNECA 2005). Many Africans in the agricultural sector who are either self-employed or wage earners are the poorest people in the world, due mainly to the low performance of African agriculture. African agriculture is also severely undercapitalized, resulting in low total and factor productivity compared with Asia and Latin America. One of the key reasons explaining the negligence of the agriculture sector is that rural farmers who are

dependent on the sector have poor political representation. As a result, politicians focus their interventions on the needs of urban elites who represent a powerful political force (Bates, 1983).

For example, between 1996 and 2001, Cameroon managed to halve its urban poverty rate from 41 percent to 22 percent. The corresponding rates for rural areas were 60 percent and 50 percent, respectively. This illustrates the fact that poverty reduction policies focused on the needs of the rural populations. In Burundi, despite the fact that 99 percent of the poor live in rural areas with 90 percent of the population depending on agriculture, this sector received only 0.68 percent of credit to the economy in the period between 2003 and 2005. Commerce, a speculative activity concentrated in urban centres, accounted for 72 percent of total credit during the same period. Between 1980 and 2004, although the share of the population depending on agriculture remained high at around 90 percent (see table 3), the share of agriculture in GDP was reduced by half, from 62 percent to 33 percent (Nkurunziza et al, 2006). A similar situation is observed in most African countries where the agriculture sector does not have a direct economic interest to the ruling elites. Therefore, rather than being simply an economic problem, agriculture decline and poverty have a political dimension.

As a result, the positive trends towards democratization, decentralization and improved governance in Africa bring hope for greater participation of formerly excluded stakeholders in policy and public sector programme decisionmaking and implementation with a positive impact on employment creation. Macroeconomic and sector policies in Africa are on a path of positive evolution as well, creating better incentives for the development of private sector initiatives. Africa must harness existing and emerging opportunities to foster agricultural development in order to create the needed jobs for its population. In this light, recent land reforms demonstrate that many African governments realize the importance of providing access to land and security of tenure to increase both wage and self-employment (table 4).

Table 4: Addressing land-related challenges to increase job creation

Land-related challenge	**Example of policy response**
Security of tenure	• Côte d'Ivoire's rural land plan seeks to identify and map all existing rights in order to give them legal status • Cameroon's 1974 land ordinance rescinded legal recognition of customary and communal tenure rights and imposed land titling as the only means of acquiring private ownership • Uganda's 1995 constitution transfers title from the state straight to landholders.
Conflict management	• Niger's 1986 rural code seeks to resolve land tenure conflicts

Decentralization of land administration	• Land boards were established in Botswana (now also in Namibia and Uganda), rural councils in Senegal, land commissions in Niger, community trusts and communal property associations in South Africa and land committees in rural Lesotho. • Public participation in decisionmaking through local institutions was improved. • Lesotho's 1998 land regulations require land committees to revoke an allocation in the event that the recipient refuses to adopt soil conservation measures.
Land use development and agricultural productivity	• The Swynnerton Plan of Kenya supported African agriculture through agricultural research programmes, credit schemes, transfer of new technology and introduction of high value crops and a new set of institutions. • Ethiopia's agricultural development-led industrialization seeks to increase the productivity of smallholder farmers by dispensing fertilizers and improved seeds, establishing credit schemes and providing support services.
Equitable redistribution to reduce landlessness	• Redistributive land reform policies seek to give more land to landless blacks in Malawi, Namibia, South Africa and Zimbabwe. • Mozambique's 1998 land law recognizes the right to land through occupation on the part of rural families, based on oral testimony.
Development of land information system	• Kenya's tenure reforms sought to establish a well maintained registry that could be used to monitor land transfers and distribution.

Source: UNECA 2004.

At the regional level, the New Partnership for African Development (NEPAD)'s Comprehensive African Agricultural Development Program has provisions relating to job creation in the rural economy. The program's targets are that by the year 2015 Africa should have attained an average annual growth rate of 6% in agriculture, developed dynamic domestic and regional agricultural markets, become a net exporter of agricultural products by improving market access and integrating farmers in the market economy, achieved a more equitable distribution of income, become more involved in agricultural science and technology development and used better natural resource management techniques (NEPAD, 2004).

At the international level Africa has not been able to take advantage of the opportunities offered by globalisation because of its low productivity and inefficiencies. However, there is no doubt

that globalization offers hope for African rural farmers through new market opportunities. A few African countries, such as Mauritius and Morocco, where productivity levels are comparable to those in other developing regions, have been able to tap into the opportunities brought about by globalisation. To be able to export, firms need to reach a minimum level of competitiveness. Encouraging the creation of efficient and labour-intensive firms in Africa seems to be the right policy to develop the export sector. How to achieve this objective depends to a larger degree on the nature of incentives put in place to create an enabling environment for investment and production.

Revolutionary developments in information and communication technology have drastically reduced the cost of processing and transmitting information and, therefore, facilitated access to information about agricultural technology, improved early warning systems, market opportunities, price and demand. If necessary capacities are built, increased access to information technology will offer new opportunities for agricultural education, agricultural research and agricultural extension, in addition to conveying information on markets, transport options, road conditions, weather and employment opportunities.

4.3. Creating employment through the development of the rural nonfarm sector

The rural nonfarm sector integrates farming into the national and international value chains helping to transfer value addition to rural areas in the early stages of economic development (Start 2001; Davis and Bezemer 2003). At this stage activities of the rural nonfarm sector are closely linked to agriculture, the main employer of the rural labour force. Rural nonfarm enterprises are located mainly in the countryside and are related to the provision of agricultural inputs and services, crop processing and distribution. A dynamic agricultural sector is therefore associated with more rural nonfarm activity.

In the second stage of rural nonfarm sector development rural-urban links become stronger, with workers commuting from rural areas to small towns for employment, and agroindustries grow rapidly, although farming is still important. The third stage sees greater emphasis on rural-urban links, more employment in non-agricultural activities and a move towards commercial agriculture. Sub-Saharan Africa is early in the first stages of rural nonfarm sector growth, while Latin America in the second stage and East Asia is in the third (Gordon and Craig 2001).

The rural nonfarm sector provides employment for the landless poor. About 60% of the landless poor in Asia and 30%–50% in Sub-Saharan Africa depend on rural nonfarm employment for their livelihoods (Ellis 1998). However, Demeke, Guta and Ferede (2003) explored the links among growth, employment and poverty reduction and found that although the rural nonfarm sector alleviates destitution because it is a refuge for poor people, it cannot eradicate poverty on its own. Only households with adequate resources can have access to high return rural nonfarm activities. Some have even argued that the rural nonfarm sector actually works best for those with resources and education: the ones who need it least (Reardon and others 1998). Therefore, if poverty reduction and equity are intended outcomes of interventions in the rural nonfarm sector, it is also important to focus on increasing opportunities for wage employment by encouraging the development of small and medium-size enterprises. Unlike self-employment, wage employment helps to close the gap between poor and wealthier households. Integrating poor people into the labour market can be a viable strategy for both income generation and equity.

Lessons from Park and Johnston's (1995) study of Taiwan Province of China's early stages of development suggest that small and medium-size enterprise growth responds to rural demand, especially if they are related to rural consumption (for example, food and beverages, tobacco manufacturing, textiles, wood, nonmetal furniture, transportation equipment) or if they trigger technological links (for example, metal workshops and enterprises for simple agricultural tools and spare parts). At later rural nonfarm sector development stages enterprises and industries that produce more complicated equipment for other markets may be viable. But in the initial stages labour-using, land-saving productivity-led growth enables broad-based farm and nonfarm cash income growth, which fosters rural demand links and poverty reduction.

The rural nonfarm sector not only has the potential to increase agricultural wages by adding value to agricultural products, but it also has the capacity to increase rural wages through direct employment, due to high labour productivity relative to the farm sector. Indeed, rural Africans derive about 42% of their income from rural nonfarm activities—a high share considering that only about 10% of the rural labour force are employed in the rural nonfarm sector (Haggblade, Hazell and Reardon 2002). Indeed, there is a strong link between African agriculture and the rest of the economy, with growth multipliers of 1.5%–2.7% in Africa, compared with 1.5%–2.4% for Asian countries (Spencer 1995). This means that a $1 increase in rural income would translate to $1.50–$1.70 increase in income for other sectors, mainly through expenditure and consumption links among agriculture and other sectors, leading to growth and job creation in the nonfarm sectors. For every job created through increased agricultural production, two to three jobs are created in the nonfarm sector.

Experience based on Asia's green revolution and partial success in Africa shows that agricultural development is crucial to the development of rural nonfarm activities and employment (box 2). However, it is also true that growth in the rural nonfarm sector fuels and facilitates agricultural growth. So far, Africa and its development partners have failed to recognize and adopt strategies that take note of the complementarities between agricultural and industrial development.

Box 2: Green revolution for employment creation and poverty reduction in Uganda

The Luwero Triangle in central Uganda was devastated by war in the 1980s. When the rural population returned after the war, the people faced problems relating to the low productivity of bananas and other crops, limited infrastructure (including roads, markets and electricity), poor market integration and the devastating impact of the HIV/AIDS pandemic. In 1998 researchers at the Uganda National Banana Research Program at the Kawanda Agricultural Research Institute started to work with farmers and other sectors (including health and education) to design an integrated rural development strategy that focuses on banana production.

Using participatory techniques for scientific, technological and communication development, researchers, extension workers, farmers and participants from other sectors set out to introduce modern and improved varieties of high yielding banana seedlings, increase the use of manure, introduce modern scientific management of water, soils, pests and diseases and encourage market-oriented production.

So far, rural nonfarm activities, ranging from processing, marketing, infrastructure development and even public administration, are being stimulated with concomitant employment creation in the Luwero Triangle. For example, groups of young men have gained employment by providing motorcycle transport services ("bodaboda") to move the bananas, coffee and passion fruit to

markets. Village processors are producing banana chips, banana flour, banana juice and Uganda Waragi (a potent distilled gin popular across the Great Lakes Region). These village processors are connected to Kampala-based transporters with lorries, who convey the produce to national, regional and even overseas markets. This is the beginning of small and medium-size enterprises joining the value chain.

Source: UNECA 2003.

Table 5 illustrates the potential of rural nonfarm employment creation in Africa. Currently, Africa has the smallest proportion of jobs created in the rural nonfarm sector but derives one of the highest incomes.

Table 5: Involvement in rural nonfarm employment (%)

Region	Share of income from rural nonfarm activity	Share of rural workers in rural nonfarm activity	Share of women in total rural nonfarm workforce	Share of rural nonfarm workers in manufacturing	Share of rural nonfarm workers in trade and transport	Share of rural nonfarm workers in other activities
Africa	42	10	26	24	22	24
Asia	32	24	20	28	26	32
Latin America	40	35	27	20	20	27
Eastern Europe	44	47	37	38	20	27

Source: Haggblade, Hazell and Reardon 2002.

In order to derive maximum advantage from rural nonfarm activities, it is necessary to understand what determines participation in the sector. Gordon and Craig (2001) cite five types of capital as crucial to participation. In addition to growth in the agriculture sector, human, social, physical, financial and natural capital, are important factors.

Human and social capital: Skills, knowledge and health are the key elements of human capital needed to pursue different types of livelihood strategies, while social capital includes networks, relationships and trust, which rural people draw on in search of livelihood opportunities. Education increases one's ability to interact with key people important to rural nonfarm business opportunities. Only 26% of African women are engaged in rural nonfarm activities (see table 5) which can be explained by the fact that women are disadvantaged with regard to most factors key to job entry, including education, financial capital and time. Female heads of households are pushed towards rural nonfarm employment by the need to sustain their families and the fact that they are in control of their income and other resources.

Financial capital: Financial resources such as savings, credit, remittances and pensions are important to engaging in economic activities, whether in farm or nonfarm sectors. Without adequate financial capital, households remain in activities which have fewer barriers to entry and, unfortunately, low remuneration. Access to credit, especially reasonable size loans with a realistic maturity, is vital. Without it, ownership of assets (such as cattle) is important to investing in rural nonfarm activities. Microfinance schemes with assistance from nongovernmental organizations

and donors, has proven useful in increasing access to credit. In a study of four African countries Bagachwa and Stewart (1992) found that in 30%–84% of rural industries' poor access to credit was a limiting factor to business development.

Physical capital. Basic infrastructure (including transport, communication, energy and water) complement individually owned production equipment and buildings in the development of rural nonfarm activities. Availability of rural nonfarm jobs is associated with good infrastructure, high market density and high population density, particularly in the form of rural towns (Reardon and others 1998). In addition to facilitating rural nonfarm sector growth by reducing transaction costs, roads, electricity and telecommunications infrastructure enhance rural town development (Ellis 1998). Infrastructure also makes technological progress possible. For example, electrification of rural towns introduces new activities such as welding, refrigeration, entertainment, etc. that are impossible in the absence of electricity. The development of rural towns in turn facilitates local intersectoral links. Rural towns are also employment centres for commuters from rural farms, and they provide services for farm workers, such as retail shops, restaurants, petrol stations and entertainment centres. Rural towns are where agroprocessing usually takes place, and they are important as intermediate marketing centres, linking rural remote areas to more developed markets elsewhere.

Natural capital. Natural resource endowments, including land, water, wildlife and minerals, help to determine the nature of rural nonfarm activities. Activities such as timber processing, fishing, mining, construction and tourism depend on the resource endowments of a certain area. Natural resource endowments need other factors if they are to facilitate rural nonfarm activities. Box 3 provides an example of how the presence of wildlife can help stimulate rural employment and growth through community-based management in Zimbabwe.

Box 3. CAMPFIRE, Zimbabwe: community-based natural resource wildlife management

Zimbabwe's Communal Areas Management Programme for Indigenous Resources (CAMPFIRE) began in the mid-1980s to assist local communities in sustainably managing their entire ecosystem (plants, animals and people). By 1993 the programme covered 26 districts, and each village had a wildlife committee responsible for counting animals, conducting antipoaching activities and resolving conflicts. Community game scouts are trained to assist as game rangers. Hunting quotas help monitor and maintain wildlife populations with the help of the Department of National Parks. The World Wildlife Fund assists with aerial surveys, while villagers carry out surveys and mapping on the ground. Regular workshops are held to collate and reconcile information from the various sources.

Benefit to the communities

The activities that provide employment and income from CAMPFIRE include trophy hunting concessions to hunters and safari operators (90% of income), selling wild animals with populations beyond their carrying capacity, harvesting and selling natural resources such as crocodile eggs, caterpillars and river sand, as well as skins and ivory from "problem animals", tourism and selling wild meat. The programme has created jobs for local people and provided training for local communities as environmental educators, guides and game scouts, among others. In addition, about 80% of the income from the

programme goes to the local communities, which collectively decide how to spend it, and 20% is used for administering and managing the projects. Incomes from the programme have contributed to local service provision and infrastructure development—for example, building clinics and schools, drilling wells and erecting fences and roads. During famines the funds contribute to food purchases for the local communities. CAMPFIRE is estimated to have increased rural incomes by 25%.

Source: http://www.globaleye.org.uk/archive/summer2k/focuson/mars_pt1.html.

5. Conclusion

The millions of unemployed and underemployed Africans need jobs to achieve a decent standard of living. This will require a structural transformation of African economies. Africa will need to complete its demographic transition through a drastic reduction in fertility and improvement in social development, particularly education and health, to attain this objective. Given that most African economies are agriculture dependent, reforms should start from the agriculture sector to make it the engine of growth. These reforms should involve several actions including the harnessing of technology by strengthening agricultural research and extension; development and management of water resources at both the national and regional levels, with a view to increasing the amount of land under irrigation; catalyzing land reforms to provide access and security of land rights and hence facilitate private investment in land; and developing and facilitating access to markets, particularly by deepening marketing reforms, increasing infrastructure and information systems, facilitating regional integration and pushing for increased access to international markets.

In view of the negative effect on production of the HIV/AIDS pandemic and other illnesses such as malaria and tuberculosis, Africa will need to improve its healthcare, water provision and sanitation systems to have a healthy labour force. Gender disparities that marginalise women in the labour market and make women and children particularly vulnerable to poverty will also need to be addressed.

Rural employment cannot rely only on the development of the agriculture sector. Development policies will need to foster activities that enhance the links between agriculture and other sectors, including a vibrant rural nonfarm sector. Rural development policies should exploit the complementarities between agriculture and rural nonfarm activities to sustain growth in the agricultural sector and amplify growth effects in agriculture to other parts of the economy. The rural nonfarm sector is therefore needed to achieve broad-based economic growth that is capable of providing employment to the majority of Africans in rural areas and reducing poverty.

To facilitate the growth of the rural nonfarm sector, efforts to transform agriculture will be accompanied by incentives for market-oriented production of goods and services as well as growth of rural towns. These incentives could include facilitating the growth of rural financial institutions to mobilise savings and provide credit. Other incentives could include the provision of education and vocational training, promotion of market links, building infrastructure (for example, feeder roads, electricity and water), encouraging participatory management of natural resources and providing a conducive business environment through supportive macroeconomic and fiscal policies.

The development of rural economies in many African countries is both an economic and political imperative. Rural economies have been neglected for a long time because rural populations do not have the same political bargaining power as urban elites. As most African countries are transitioning towards more democratic regimes, it is expected that resource allocations particularly in terms of public and private investments will reflect the demographic and indeed economic weight of the rural sector. Hopefully, the wave of democratization and the coming to power of more politically accountable leaders will devote more attention to correcting imbalances in the allocation of resources for development that have characterised many African economies over the past decades.

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