

Southern African Civil Society Consultation on the Commission for Africa Report  
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*Report by the Expert Group on Natural Resources, Growth and Poverty Reduction*

### Introduction

The Expert Group on natural resources, growth and poverty reduction considered the chapter in the Commission for Africa (CFA) report entitled *Going for Growth and Poverty Reduction*. The report recognises that accelerating growth and ensuring the participation of poor people in that growth is fundamental for poverty reduction. It proposes that, "the goal should be to increase the average growth rate to seven per cent by the end of the decade and sustain it thereafter." It argues that this will require addressing a number of priorities, namely: doubling infrastructure spending in Africa with an initial increase in donor funding to US\$ 10 billion a year to 2010 and then subject to review a further increase to US\$ 20 billion for the next five years; promoting a favourable investment climate with outside support to fund necessary actions; fostering small enterprises through better access to markets, finance and business linkages with a particular focus on youth, women and family farms; action by the business community to address each of these areas and other areas in the report working in partnership with each other, donors, national governments and civil society; and action to ensure that environmental sustainability is integral to donor interventions and to manage and build Africa's resilience to climate change.

This report is a summary of the issues considered and recommendations made by the Expert Group. The group agreed to look at natural resources first and then at the strategy for growth and poverty reduction.

### Natural Resources

The chapter looks at the natural environment in two ways, firstly at the extraction of resources such as timber, water and fisheries and then linking that to governance to improve utilisation and address conflicts around resource extraction.

#### *Coastal fisheries*

The group noted that the report emphasises the importance of resource management in relation to coastal fisheries but not in relation to inland fisheries, which play an important role in livelihoods and economies in the Great Lakes region. It recommended that inland fisheries be given equal consideration with coastal fisheries in the report.

#### *Land*

The focus on formalisation of individual title in the section on land rights does not adequately deal with initiatives needed to secure the land rights of the poor, which may be threatened by privatisation and marketisation. The focus on individual titling in Africa dates back to the 1970s but to date less than 10 per cent of titles are formal and titling is not technically possible given cost and other considerations. Gender issues connected to land issues need more emphasis. The group agreed that it was not opposed to titling but that it is not a solution in itself. Civil society has a role to play in avoiding social injustice as a result of both individual and collective titling. The group recommended that the report emphasise the need for security of tenure and the avoidance of social injustice as a result of both individual and collective titling, rather than formalisation of land rights through individual tenure.

#### *Water resources*

Water resources have an important role to play in achieving the Millennium Development Goals and in reducing poverty and hunger. The report deals with the role of water supply in relation to irrigation, education and infant mortality amongst others. However, the information is dispersed through the report and would provide a far stronger message if it were consolidated. The report contains strong recommendations on water supply including increasing the supply for health and sanitation, and doubling of the area under irrigation, but does not deal with management of water resources in relation to extraction. In addition it does not look at the need to balance

investment in water supply systems with investment in wastewater treatment. The group recommended that the report formulate a strong recommendation on integrated water resource management. African states should put equal emphasis on integrated water resource management including sustainable use. This needs to be reflected in the allocation of funding, including funds released through debt relief.

Privatisation of water supply and management needs to be balanced with state responsibilities to ensure social justice through subsidies to meet the needs of rural people and the urban poor. Here the group recommended that the report adopt a rights based approach to water resource management and utilisation rather than the existing needs based approach. This should recognise that access to adequate supplies of clean water is fundamental for development and poverty reduction.

The group suggested the use of a water poverty index and similar systems to monitor the balance of water resource management between development needs and private enterprise.

The management of water resources and other natural resources raises cross border issues that relate to the balance of power between countries. SADC initiatives provide a better example of the potential way forward on these issues than the deadlocked initiatives in the Nile basin.

### *Forestry*

On forestry the group noted that there was a general consensus on the need to use natural resources for poverty reduction and not only for private enrichment.

## **Growth and Poverty Reduction**

### *Modernisation of agriculture*

The group noted that the report is not clear on what it means by modernisation of agriculture. Modernisation in Botswana after independence led to loss of food self sufficiency. Even in NEPAD there are different schools of thought. One supports large-scale agriculture with the peasantry becoming farm workers, while the other supports the transformation of smallholder family farms. The section in the report on free trade is weak. A model based on large-scale agriculture linked to free trade does not necessarily bring benefits for the small farmer. The group agreed that it favoured a strategy based on family farms rather than large-scale agriculture. Irrigation and other technological innovations need to be geared to the needs of small farmers and food security. On this basis Africa has the capacity to feed itself and to sell to international markets if distortions created by subsidies are removed.

### *Tourism and protected areas*

Developed countries are leading the agenda on tourism and protected areas based on the interests of wealthy tourists. This is leading to the appropriation of assets to the detriment of small farmers who have to compete for land with conservation interests. International NGOs are buying up large areas of land for conservation without the need for impact studies.

Tourism is a potential driver of economic growth. To ensure that this leads to pro-poor development it needs to be managed within a context of community based natural resource management (CBNRM). The Botswana Department of Wildlife, unable to control poaching, adopted CBNRM to involve communities in the management of natural resources in the Okavango Delta. Without any support from government communities became involved with commercial safari operators. This resulted in many problems around benefit sharing and other issues. The government is now proposing an approach that would link village councils with local and national institutions.

There are several models of CBNRM including benefit sharing and models based on paying communities compensation for use of land and other natural resources. Benefit sharing needs to be transparent as in many cases at present communities only receive a small share of the benefits accruing from tourism.

Another issue is why poor rural communities have to use the money from tourism to build schools when in towns the government builds the schools. Communities should be able to use the money to reinvest in tourism.

The group recommend that the report adopt the Botswana approach to CBNRM as an emerging model of best practice, recognising that there are still problems in the approach that need to be addressed and that initiatives need to take account of local situations.

At present the development of protected areas is not subject to the same kind of impact assessment that would have to be done before developing a mine for example. The group recommended that the conversion of agricultural land to protected areas should be subject to social impact assessments.

### *Capacity building*

An approach that aims to create African experts located in centres of excellence will not meet the needs of pro-poor development. Capacity building needs to be integrated with the development of social capital at local level. The group recommends that the report address the need to develop networks of excellence, which take capacity building to the local level.

### *The investment climate facility and national capital*

The investment climate facility that is recommended in the CFA report is a fund to tackle the regulatory red tape that hinders businesses, and in particular creates barriers for small businesses. These include tax and the costs of setting up businesses. Progress on the facility is quite far along and it will be launched in September. A key factor is that it is supported by NEPAD and has strong support from the AU. The fund will be located in Africa and will be able to respond to problems here.

In addressing the development of indigenous or national capital it is important to look at the role that the state needs to play and how this can be done without corruption. The focus in the CFA report on the development of a national capitalist class is an important departure from past models that focused on international investment. However, it is essential that a national capitalist class is aware of its social commitments. The key question is how to create linkages between entrepreneurial activities and the social redistribution of benefits. Mozambique has adopted an approach based on an entrepreneurial class that includes cooperatives and other forms of collective enterprise. A model that depends on the good will of the private sector will not be adequate. The group recommended that the state play a role in providing incentives, protocols and regulatory controls in order to develop a private sector that recognises its social commitments and responsibilities.

States need to look at policies that go beyond the small enterprise sector to include and promote the micro enterprise sector. This is the real target group for poverty reduction. Growth has to be pro-poor and people driven to have a real impact. This has to happen at country level but there are many problems to overcome in order to make this happen including the lack of accountability. The CFA report refers frequently to policies to promote growth and poverty reduction but does not take up the issue of how to ensure that policy making and implementation is people-driven and accountable.

The growth model needs to consider ways of transferring the benefits of growth from the wealthy to the poor. Redistribution of assets and productive resources is a key issue. Southern Africa civil society must encourage the West to support the redistribution of assets and create the space for development that can bring more people on board. Processes need to go beyond consultation to include the participation of civil society in decision making. At the same time civil society needs to take its own accountability seriously.

The relationship between the development of the private sector and the role of the state is an important issue. It is possible for the private sector to drive growth but depending on the circumstances varying degrees of state control are necessary. Specifically in relation to Africa

there are no precedents for the private sector driving growth from such a low base and in countries with such high levels of inequality.

#### *Infrastructure investment and channelling aid*

Two options have been proposed for disbursing the additional US\$ 10 billion in donor funding proposed in the CFA report for infrastructure development. The one is to house it in the African Development Bank (ADB), the other is to set up a consortium. It seems likely that the latter will be adopted with a number of multinationals supporting the ADB to manage the fund. An important consideration is how to ensure that the right infrastructure is developed, as this has not always been the case in the past. The private sector cannot drive the provision of infrastructure either in meeting investment needs or in prioritising what needs to be done. How can civil society help to ensure that the infrastructure priorities decided on are the right ones for the poor?

The management of the US\$ 10 billion raises a number of issues. It is not clear whether there will be criteria similar to those adopted by the Millennium Challenge Account (MCA). If so this raises real concerns that some countries with a lot of poor people could miss out entirely due to problems with international relations. There are also concerns about the possibilities of a competitive bidding strategy.

Disbursement needs to address the needs of all the poor in Africa, not only those in selected countries. Civil society and other stakeholder should be involved in defining the criteria. An organisation such as SARPAN could be given the task of reviewing the impact of aid over the last ten years in order to assist in the identification of criteria. The group recommended support for civil society to do a review of the impact of development aid over the last ten years and to develop platforms to inform government, and other stakeholders about the results.

The group also recommended that African institutions, including civil society, be part of the process of developing criteria for disbursing resources following the CFA. Disbursement needs to take account not only of the level of income at country level but also of the distribution of income to ensure that all the poor people of Africa are included.

A crucial issue for any poverty reduction strategy is the way money is used in terms of planning, implementation and monitoring. The problem is more with how the money is allocated and controlled, not so much where it is located.

There are issues of priorities and accountability. How do we engage with government to make them accountable? A disbursement model based on providing budget support raises the question of whether there is a national plan that is really owned. Civil society should aim to support government to fulfil its obligations to meet the needs of the poor. It does not want to take over the role of government.

Donors have moved from channelling aid to individual organisations to budget support. Effective channelling of aid requires a variety of strategies appropriate to different situations. These need to take into account issues of priorities and accountability.

The group recommends the adoption of country specific strategies for disbursing aid through a variety of channels including government, the private sector and civil society organisations. Budgetary support should be linked to the existence of a nationally owned plan for using aid and transparent mechanisms to ensure adequate monitoring of budgetary expenditure.

#### *Debt relief*

Civil society advocacy has played a major role in the development of debt relief initiatives and should be involved in determining criteria for the use of the money released through debt relief initiatives. The group recommends the adoption of an approach that includes civil society in determining criteria for the use of money released through debt relief initiatives.

Examples of ways that debt relief money could be used include programmes to improve the quality of products of small, micro and community enterprises and their production and trading capacity. It could also be used as seed capital for the development of small and micro-enterprises, an area that donors are reluctant to fund directly. Mozambique has received the go-ahead from the World Bank for a programme that includes such initiatives.

### Conclusion

The CFA represents an intervention that challenges the United States's domination of the development agenda after the cold war. Compared to the structural adjustment programme (SAP) package there is a big movement forward. There is a strong commitment to agriculture and to the development of national investment as opposed to the SAP focus on foreign direct investment and export led growth. There are a lot of positives that Africa needs to capitalise on but at the same time there are also areas that need improvement. Africa needs to come up with initiatives that will move away from dependency towards self initiated, sustainable development. Africans need to convert the resources of the continent into tangible benefits for all.

### Group participants

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