

Additional Notes on Selected Strategic Options for Fighting Hunger

These notes are aimed at discussing some key additional strategic options and livelihoods strategies for addressing hunger and poverty in SSA, especially in the medium- to long-run. The following section will look at the role of rural development and agriculture-based linkages for diversification into the non-farm economy. Section 2 will address a number of questions related to labour mobility and rural out-migration in SSAs. Section 3 will discuss the potential for industrialisation and its impact on poverty.

1. Rural Development and the Non-Farm Sector

This section addresses the following questions:

- *Is there a case for agriculture development efforts to focus entirely on raising productivity from within the sector or perhaps take a wider view, valorising the links with the broader economy?*
- *What do we know about the rural space and non-farm income sources in SSAs?*
- *How important is the rural non-farm sector for food security and poverty reduction in SSAs?*

1.1. Agricultural development and the broader economy

As discussed in the main report, agriculture has potentially important linkages with the rest of the economy and changes in agriculture performance affect performance in the non-farm sector¹. We have presented evidence of this in Chapter 3 in the main report.

Raising agricultural incomes, especially among poorer households, can strengthen the linkage effects with the local economy, create employment and additional sources of incomes for rural households and contribute to a more rapid equitable growth. An important general finding in the literature is that the effect of the “consumption linkage” of an increase in rural incomes represents the most important inter-sectoral influence of agricultural growth (Bautista and Thomas, 1998). This effect can depend on the size of the rural market, i.e., sheer number of rural residents and their purchasing power. The effect on the local economy is strongest when an increase in disposable incomes leads to an increase in consumption of labour-intensive, locally-produced, goods and services. This is where poorer rural residents are expected to spend their additional disposable incomes. In contrast, relatively well-off households are more likely to spend their money on capital-intensive and imported goods and services (Bautista and Thomas, 1998). “Production linkages” and “factor linkages” of a dynamic and growing agricultural sector can also provide a boost for diversified employment and earnings thanks to multiplier effects and multi-sectoral interactions with input dealers, transporters, up- and down-stream rural and urban enterprises, labour market transactions, etc.

¹ “Non-farm” is used here to mean “the rest of the economy”. It includes all sources of income that is not directly derived from agriculture, i.e., not from own farm and/or waged agricultural labour. For definitions of “non-farm”, “rural non-farm”, “non-agricultural” and “off-farm”, see Barrett, Reardon and Webb (2001).

On the other hand, however, “modernisation and increased competitiveness of the agricultural sector can only be achieved with the development of primary production, but also of manufactures, commerce, and other services that are essential to modern agriculture” (Reardon, Bergegué and Escobar, 2001). The dynamics of demand and up-and down-stream innovations can have strong spill-over effects in raising agricultural productivity and incomes. Therefore, interlinks of agricultural producers with markets and value added chains are crucial, with multipliers effects being highest the stronger the two-way linkages. As a result, strategies aimed at reducing food insecurity and poverty, in the medium to long-run, should not attempt to address the former from within the agricultural sector, alone. Instead, it is important to valorise the role of agriculture through its interactions and linkages with the rest of the economy.

Because agriculture is at the heart of rural economies in many developing countries, the rural space is the primary and most direct recipient of the effects described above because of its place at the intersection between a number of farm and non-farm economic linkages. As a result, a good understanding of the links between the farm and the non-farm sectors of the rural economy is important when addressing rural poverty.

At a conceptual level, agricultural development is considered by many to be a potentially important determinant of rural non-farm (RNF) earnings, along with access to productive assets, infrastructure development, transaction costs, proximity to markets and other local sources of growth, education, etc (see, Deshingkar, 2004b). On the other hand, however, rapid and dynamic developments that are exogenous to agriculture might also drive the development of rural non-farm activities. For instance, there can be a strong influence from expanding light industries located in rural and/or semi-rural areas, growth of investments in mining, tourism, etc. This throws light on the importance of rural development programmes that do not rely exclusively on the mobilisation of assets and capacities of the rural population itself and look at the broad spectrum of opportunities (Bergegué *et al.*, 2000).

A number of studies have taken on the question of whether the increase of output and incomes in agriculture plays a primary role on the emergence and growth of rural non-farm opportunities, compared to other sectors/factors (see, Kristiansen, 2003; Karijala, 2000²; Manning, 1987³). Evidence appears mixed with answers varying by country, region within a country, time period, and particular conditions in place.

1.2. Significance of the rural non-farm diversification in SSAs

Studies have found that the importance of non-farm employment for rural livelihoods in SSA is much higher than previously thought (see, Reardon, 1997; Barrett, Reardon and Webb, 2001; Ellis and Freeman, 2002; Leavy and White, 2000). However, evidence relating to RNF activities/ earnings, to mean those generated from opportunities arising within the rural space, is difficult to come by. First, the RNF sector in SSAs is highly informal what makes it difficult to capture in statistics⁴. Secondly, many studies provide aggregate information on non-farm activities with no indication of possible rural versus non-rural compositions. Finally, the interpretation of empirical results and cross-study comparisons are complicated by differing terminology and inconsistent definitions of “non-farm”, “rural non-farm”, “on-

² Quoted in Kristiansen (2003).

³ Quoted in Kristiansen (2003).

⁴ See table 1.1 for an estimate of the importance of unofficial non-agricultural economy in SSAs.

farm”, “off-farm”. For instance, some authors refer to RNF incomes to mean incomes earned by rural households from non-agricultural activities taking place anywhere (cities, rural areas, abroad, etc). Yet, to others, the RNF incomes are those earned by rural households through activities within the rural space. Another example relates to the use of the term “non-farm”. Some mean it to include any activity taking place in other sectors but agriculture with the latter including farming of own-farm and/or hiring out of waged agricultural labour. To others “non-farm” implies any activity taking place outside the rural household’s own farm. According to the latter definition, hiring of agricultural labour for use outside the own-farm is considered an RNF activity.

Given the above limitations, we have tried our best to be consistent in our arguments. However, this cannot solve the remaining problem of interpreting much of the secondary data and study evidence that we discuss here. Our review of such evidence should, therefore, be considered as indicative of the significance that the non-farm sector has for rural households, whether the non-farm activities take place within the rural space or not.

Some evidence

Box 1.1. Importance of the non-farm sector in SSA⁵

Byerlee *et al.*, (1977) find that “non-farm activity in rural areas provides a source of primary and secondary employment for 30 to 50 % of rural male labour force in tropical Africa”. 30% of rural males are engaged in rural non-farm activities in Sierra Leone, 40% in three rural districts of Western Nigeria and 48% in Northern Nigeria.

Reardon (1997) reviews evidence from 23 field studies of rural household incomes in Eastern, Western, and Southern Africa, covering varied periods. In the majority of case study areas, he finds that non-farm sector earnings dominate farm sector ones with the share of income earned in the non-farm sector ranging from 22 to 93 % of total rural incomes. The average share over the case studies was 45 % (see, table 1.2 below). In study areas away from major cities or mines, local non-farm earnings constitute about 80 % of total non-farm earnings. Some of the results from table 1.2 also point to dynamics of increased non-farm earnings over time (see, Botswana, Burkina Faso, Nigeria, Western Kenya, Zimbabwe).

From the rural livelihood studies of Uganda, Kenya, Tanzania and Malawi, Ellis and Freeman (2002) find that total household income is divided almost equally between farm (i.e., crop and livestock production) and non-farm activities (wages, self-employment and remittances). For Tanzania, a sample of 344 rural households surveyed in May-August 2001, shows average shares to be as follows: 49.7 % of total rural household incomes comes from farming, 46.6 % from non-farm employment (wages and self-employment) and 3.7 % are remittance transfers.

Duncan and Howell (1992) find that hiring of farm labour is widespread in SSA, especially on a seasonal basis. Bryceson (1999) finds income shares from hired-out agricultural labour ranging from 55 to 80 % across a number of case studies in SSA as well as evidence that these shares have increased dramatically since the mid 1980s (Kydd *et al.*, 2002).

1.3. Development of the rural non-farm sector and poverty reduction

⁵ Byerlee *et al.*, (1977) and Duncan and Howell (1992) are quoted in Leavy and White (2000). Bryceson (1999) is quoted in Kydd *et al.*, (2002).

A description of the diversification behaviour of rural households, similar to the one we saw above, provides insights on the role of non-farm incomes as potentially effective means of reducing poverty, food insecurity and vulnerability in rural communities of SSAs. At a conceptual level, the arguments in favour of a positive effect are generally supported by the bulk of the available literature (see for instance, Bergegué *et al.*, 2000; Gordon and Craig, 2001; Reardon, Bergegué and Escobar, 2001). However, to our knowledge, the quantitative evidence of their measurable role remains scarce⁶.

An important general finding in the literature is that the ability of the poorest to take full advantage of non-farm opportunities is often constrained and incomes derived from these activities are unevenly distributed among the poor and the less poor with the latter group being able to access higher-return activities (see, Reardon, 1997; Barrett, Reardon and Webb, 2001; Leavy and White, 2000). Those “living in depressed agricultural areas and/or with limited access to assets and infrastructure depend largely on more erratic, lower paying casual wage labour, especially in the farm sector, or on migration (Barrett, Reardon and Webb, 2001)”. Some evidence is provided in box 1.2.

Box 1.2. Evidence of uneven distribution of non-farm incomes in SSA⁷

In Tanzania, Ellis and Freeman (2002) found that the proportion of non-farm incomes was higher in the high income group as opposed to the low income one as illustrated by figure 1.1.a and 1.1.b.

Reardon’s (1997) review of Africa found a strong positive relationship between wealth and the importance of non-farm incomes in total rural incomes. Upper-income strata households have higher shares of non-farm income in total income and higher absolute non-farm earnings, compared to poorer households. The poor enjoy better access to labour-intensive activities requiring low start-up capital and education. Non-farm jobs are more available and incomes are better distributed in areas with relatively abundant agriculture-based spin-off activities (i.e., favourable agroclimatic areas) and good infrastructure.

Barrett, Bezuneh and Aboud (2001) found that, in Cote d’Ivoire, poor endowed households were less able to respond to attractive emerging non-farm opportunities due to entry barriers.

Similar results have been found for India (see, Ravallion and Datt, 1999)¹ and Latin America (Reardon, Bergegué and Escobar, 2001).

Some key determinants of non-farm earnings include factors that represent constraints and entry barriers to higher-return opportunities for the poor. These include: (i) the level of ownership or access to productive assets and finance, coupled with investment requirements for entry into the remunerative non-farm activities, (ii) transaction costs associated with poor availability of public services (e.g., communications, transport and marketing infrastructure, market information), (iii) risk aversion, (iv) levels of education and skills, (v) gender inequalities, etc (Kristiansen, 2003; Barrett, Reardon and Webb, 2001; Bergegué *et al.*, 2000; Leavy and White, 2000).

In summary, the non-farm sector can provide a path out of rural poverty. An example is Indonesia where, according to agricultural censuses of 1983 and 1993, growth in non-farm incomes (including from waged agricultural labour) of agricultural households was 24 percent

⁶ Barrett, Reardon and Webb (2001) is an example of existing evidence using information from case studies of Cote d’Ivoire, Ethiopia, Ghana, Kenya, Mali, Tanzania and Uganda.

⁷ Barrett, Bezuneh and Aboud (2001) and Ravallion and Datt (1999) are quoted in Kristiansen (2003).

faster than growth in on-farm income (Kristiansen, 2003). Therefore, strategies for mitigating poverty in rural areas of SSAs should give proper attention to the potential of the non-farm sector if these are to be effective in reaching their goals.

However, for growth of the non-farm sectors and the development of the rural space to be poverty reducing and inclusive, the poor must be able to participate in the process. Such growth can also reduce income inequalities if higher-paid opportunities are accessed by the poor. Thus the challenge for public policy is to raise the capacity of the poor to participate and enable them to respond effectively to related opportunities. Poor people's participation in RNF employment is constraint by multiple factors. Therefore, efforts to improve access based on uni-dimensional interventions are not likely to succeed.

2. Labour Mobility: Migration and Urbanisation

This section addresses the following questions:

- *How significant is agricultural out-migration for rural households in SSAs?*
- *What bearing does labour mobility and migration have on rural poverty reduction and food security?*
- *What lessons should inform policy-making in the area?*

2.1. Significance of labour mobility for rural areas in SSAs

Migration represents a key livelihood diversification and survival strategy for poor and non-poor households in many parts of the developing world and can be an important route out of poverty (Deshingkar, 2004a; Kothari, 2002; Waddington and Sabates-Wheeler, 2003). In resource-poor areas, out-migration may be the main source of improved livelihoods and well-being (Waddington and Sabates-Wheeler, 2003).

Studies of SSAs have found high rates of mobility with remittances accounting for a relatively important part of rural households' livelihoods (Sander and Maimbo, 2005; Deshingkar and Grimm, 2004; Reardon, 1997; Ellis and Freeman, 2002; von Braun and Pandya-Lorch, 1991). For instance, Coulibaly's (1984)⁸ work on the rural impact of migration in Sierra Leone suggests that remittances make up most of the total income for poorer households. A comparative review of empirical work on rural household income portfolios in various SSAs by Reardon (1997) found that, on average, remittances accounted for 15 percent of total incomes. Similar results have been found by the other studies.

In general, cross-border remittances for developing countries are estimated to be higher than ODA flows (Sander and Maimbo, 2005; Nyberg-Sorensen *et al.*, 2002)⁹ while unrecorded flows and transfers in kind could more than double the orders of magnitude (Ellis and Harris, 2004). For SSAs, in 2003 and 2004, the officially reported flows of international remittances amounted to around 6 billion US\$, annually (Ratha, 2005).

It is, however, rural-urban migration that probably has the most important positive impact on livelihoods especially where urban incomes are higher. "Even when urban wages are not higher, urban

⁸ Quoted in Deshingkar (2004a).

⁹ Quoted in Deshingkar and Grimm (2004).

labour markets offer unmatched opportunities to switch jobs rapidly, diversify incomes, and become upwardly mobile with a very low asset base and skills (Deshingkar, 2004a)".

Out-migration from rural areas has contributed to urbanisation which, in SSAs, has been consistently high during the post-colonial period (Simon, 1997). Between 1960 and 2000, the proportion of SSA population living in urban areas grew from 14 percent in 1960 to 38 percent in 2000 (table 2.1). The annual average urbanisation rates have been 5-6 percent with highest rates observed in East and West Africa (table 2.2). In terms of individual countries, the highest trends were observed in Botswana (21.4 percent), Tanzania (17.8 percent), Swaziland (17.2 percent), Mozambique (16.7 percent), Mauritania (15.1 percent) and Rwanda (15.0 percent). Typically, these were countries and regions that started out at extremely low levels of urban to total population (table 2.1 and 2.2).

It is important to mention that the above data are likely to underestimate mobility because of the difficulty of official statistics to fully capture population movements and migration patterns, most importantly short-term, part-time and unofficial movements (Deshingkar and Grimm, 2004). This is even more significant given the importance of part-time, short-term and seasonal movements which, according to some authors, constitute the largest proportion of mobility in SSA (e.g., Ellis and Harris, 2004).

Though, generalisation about urbanisation processes and their relationship to economic conditions in SSA are difficult because of the region's heterogeneity in terms of country and sub-regional characteristics and experiences, some broad patterns and likely determinants can be identified. For instance, rates were highest during the immediate post-colonial period, coinciding with years of the economic boom of the 1960s and the lifting of colonial restrictions on rural-urban mobility (figure 2.1).

In some countries/regions (e.g., East, West and North Africa), urbanisation slowed down during the 1980s and 1990s before accelerating again (Simon, 1997). One could only speculate about the effect of an economic crisis and the early impact of structural adjustment policies. However, the effect of structural adjustment policies and the related economic conditions on SSA's urbanisation trends is complex. Surely, urbanisation is steamed by economic growth in periods of expansion. However, in periods of relative economic hardship, the combined effect of other factors including political turmoil, war, natural disasters and periodic famine in rural areas, may have out-weighted economic adversity and constituted an important source of urban growth in African countries since 1970s. Indeed, urban growth rates remained very high even during periods of economic downturn in Tanzania, Ethiopia and Mozambique during the 1980s (Simon, 1997).

In short, mobility and out-migration from rural areas are due to various push and pull factors. A decline of opportunities in agriculture obliges rural employees to seek alternatives as does political and social instability and unexpected shocks. Opportunities in urban-based economic activity (i.e., manufacturing, mining, tourism and services, etc), new opportunities in high-potential and fast growing agricultural areas and relaxation of restrictions on population movements might pull rural workers eager to diversify their livelihoods and take advantage of new prospects. Empirical studies show that higher average wage differentials at destination versus origin, the level of education, labour market experience, agroclimate in the area of origin, vicinity to areas of dynamic economic activity (e.g., major cities/ mines/ trade centres/ plantations), total labour supply within households, access to assets, etc. significantly affect mobility and the decision to migrate (Waddington and Sabates-Wheeler, 2003).

2.2. Effect of migration and remittances on food security and poverty reduction

There seems to be little doubt that mobility and migration have the potential for improving food security, reducing poverty, stimulating economic growth, promoting exchange and development processes, and reducing risk to people's livelihoods, in both rural and urban areas. Mobility can be a bridge for transferring ideas, skills, finance and information. A recent econometric study by Adams and Page (2005) found that international remittances have a small positive effect on poverty, as measured by poverty headcounts, the poverty gap and a squared measure of the poverty gap¹⁰. Most likely, however, these results underestimate the effect of international remittances because of substantial unrecorded flows.

At the household level, it is well-accepted that remittances smooth consumption and increase disposable income, which can be invested in a variety of production and consumption uses though most of the available data on remittance investment patterns seems to suggest that the bulk is spent on consumption goods rather than invested in productive assets (see Deshingkar, 2004a; Ellis, 2003; Waddington and Sabates-Wheeler, 2003). This is *per se* an indication that remittances might be used to cover food deficits thus helping improve food security of migrant families. Moreover, consumption can include a variety of uses which may have a positive impact on household and individual wellbeing as well as multiplier effects in the economy (Deshingkar and Grimm, 2004)¹¹. Remittances might also substitute for loans (improving future creditworthiness) and serve as a form of co-insurance for un-correlated income risks as transfers flow between geographically separate and diverse activities and agents.

It must, however, be acknowledged that the relationship between migration and poverty is more intricate than this. While the evidence is most clear in situations where economies are growing rapidly as in Asia, the picture is not so simple in countries with stagnant economies, as is the case with many SSAs, where both push and pull factors are at play (Deshingkar and Grimm, 2004). Some authors point to the fact that the very poor and destitute might find it difficult to migrate and that migration's welfare outcome is likely to be determined by the initial level of destitution of the household (see Waddington and Sabates-Wheeler, 2003). Yet, the finding that the bulk of remittance earnings is spent on consumption is an indication of the fact that it is indeed the poor that migrate. Furthermore, Kothari (2002) argues that migration could also lead to poverty or further impoverishment for migrants who are pushed to migration by deteriorating conditions, war or conflict in their places of origin. This might also be the case due to unwelcoming conditions in destination including slow growth, sluggish job market, poor infrastructure and services.

It must be said, however, that most of the arguments on the potential adverse effects of migration on poverty can be addressed by policy (Ellis, 2003). As Ellis and Harris (2004) put it "...the poverty and social problems witnessed in many urbanising areas today are a failure of governments to respond to an inevitable process of movement" (Deshingkar and Grimm, 2004)"

2.3. *Some policy implications*

In summary, with few exceptions, evidence suggests that internal population movements are growing and that internal migration can play an important role in poverty reduction and economic development. It should, therefore, be managed rather than discouraged by policies designed to control or impede it. Importantly, rural migration should be more adequately addressed by poverty reducing initiatives notably by PRSPs (Ellis and Harris, 2004).

The developmental effects of migration are hampered by inadequate regulations and policy environments in place, as well as by weak financial systems "with substantial limitations in both service outreach and product options (Sander and Maimbo, 2005)". Obviously, by limiting the volume of remittances, forcing the flow of money into unofficial channels and constraining their use for

¹⁰ The study does not look at internal movements and migration of labour.

¹¹ In poor countries, some non-food consumer goods can be used to generate income (e.g., refrigerators, sewing machines, etc). Remittances are also used to finance education, healthcare, housing and small-scale enterprise.

investment, these obstacles have an important negative bearing on food security/ poverty of migrant families as well as broader implications for economies in the countries of origin. “Remittances are an important source of start up capital for non-farm enterprises and measures to make it easier to send remittances in a safe and inexpensive manner to rural areas are likely to be extremely productive in terms of sparking growth in rural non-farm activities (Stamoulis and Zezza, 2003)”.

Remittance flows in Africa remain largely unreported due to weak data recording mechanisms and high levels of informal flows. This is the case with cross-border as well as domestic and inter-regional migration. In order to reap the benefits of migration to the full, there is a need for an improved understanding of migration patterns through appropriate methods of data collection and for improving the policy environment, developing infrastructure and services for migrants.

Because out-migration from agriculture is an important source of diversified livelihoods and a coping mechanism for many rural households in the developing world, more thinking needs to go into working out how this could be linked to better targeting of emergency aid.

3. Industrialisation

This section discusses:

- *the industrial performance of SSA in recent decades and some explanations for the lack of success;*
- *industrialisation and poverty reduction: why mineral resource richness is no guarantee of economic prosperity for all?*
- *some policy implications for SSAs.*

3.1. Industrial performance in SSA

African manufacturing is heavily agriculture-based with agro-industries accounting for as much as 41.3 percent of the total MVA in 1992 and 39.2 percent in 2002 (table 3.1).

In general, however, the contribution of industrialisation to economic development in SSA has been disappointing. In recent decades, industrial output has declined and productivity has remained low (UNIDO, 2004). Overall, the strongest decline was observed in late 1980s – early 1990s. During 1980-1985, industrial output in SSA [as measured by value added from manufacturing (MVA)] grew by 3.2 percent annually¹². This was down to 2.1 percent in the second part of the decade and 0.1 percent during the early 1990s. However, the second half of the 1990s marked a significant improvement with growth rates averaging 4.3 percent yearly. At this level, the average annual growth rate for SSAs was above the world average though not so in per capita terms (table 3.2).

It could be argued that the recovery of late 1990s coincides with the period during which the long-term effects of structural adjustment policies started to kick in. In effect, the impact of structural adjustment programmes has been multi-faceted and the net effect on SSA’s industrial development has varied by product and firm. Industries that faced constraints for imported input and those who were able to export responded well to liberalisation and the improved incentives while those that were highly protected suffered because of being unable

¹² Excluding South Africa.

to compete. Overall, there is evidence that reforms have led to increased capacity utilisation (Opio, 1999).

Despite of recent signs of recovery, MVA per capita in SSAs remained very low, i.e., below \$250 (with the exception of South Africa and Mauritius). Shares of total national output due to industry, measured as percent of MVA in GDP, are also low (table 3.3). Once again, official statistics in table 3.3 do not take account of the small-scale informal sector which, in some countries, appears to be thriving (Opio, 1999).

What have been the reasons for the failure of Africa to industrialise? Paradoxically, it has not been shortage of finance, at least at the aggregate level, as illustrated by the information in box 3.1 (Devajan, Easterly and Pack, 2002)¹³. Instead, the available literature suggests that unwise policies and public spending by many African governments have been very important determinants of Africa's poor industrial performance (Opio, 1999; Schneider-Barthold, 2002; UNIDO, 2004).

Box 3.1. Capital flight in Africa.

Over the last 30 years Africa has exported considerable amounts of its own private savings in the form of capital flights. By 1990, Africa had a higher proportion of its private wealth held outside the region than any other region. For instance, Uganda had about 70 percent of its private wealth held outside the country. However, over the 1990s, it managed to get a significant proportion of this flight capital shifted back to Uganda. In most other countries this did not happen (UNIDO, 2004).

First, governments financed programmes that tended to support the installation of large and modern industrial capacities with little bearing on local conditions and job market. Such investments proved inefficient in the African environment characterised by weak infrastructure and poor provision of services and utilities, low domestic demand and dependence on imported inputs and skills (Schneider-Barthold, 2002; UNIDO, 2004)¹⁴. Heavy investment in large state owned industries may also have had a crowding-out effect on private investment.

Secondly, SSA industrialisation was oriented towards import-substitution and heavily protected. Import substitution did not lead to economic independence and technical efficiency as production depended on imports of intermediate inputs, spare parts and equipment, and was vulnerable to shortages of foreign exchange as export commodity prices fell and oil prices rose (Opio, 1999). Protection tended to produce monopolies and oligopolies with well-known consequences for economic efficiency and consumer welfare. The heavy protection of large industries badly hurt many local small-scale enterprises that were displaced by distorted competition. These small-scale initiatives, however, were a better match for the prevailing conditions in terms of local endowments and the structural and operational constraints.

¹³ Quoted in UNIDO (2004).

¹⁴ Dependence on imported equipment and skills severely limits linkages with the rest of the economy and the potential contribution of manufacturing to the balance of payments.

Third, the negative effects of foreign exchange controls and licensing, macroeconomic uncertainty, poor contract enforcement, uncertainty over security of property rights etc, have also discouraged private investment and impinged on the ability of the private ventures to operate efficiently under the prevailing conditions (Opio, 1999).

Fourth, the fall in agricultural incomes restricted demand for manufacturing goods with manufacturing depending on agriculture as a source of final demand, for supplies of raw materials, labour and capital and also as a source of foreign exchange necessary for earlier stages of industrialisation (Opio, 1999).

Last but not least, UNIDO (2004) considers two other important explanations, i.e., the low level of private investment, both domestic and foreign, and the failure to formalise the economy. It explains the low levels of private capital by the fact that, in Africa, (i) the price of capital goods has been much higher than in other regions due to high taxes and tariffs on investment goods and because suppliers tend to be monopolised, and (ii) the region is perceived as risky for investments. In addition, it is very difficult for informal enterprises to grow and “...many activities, such as exporting, virtually require a threshold scale of operation and good value-chain linkages (UNIDO, 2004)”.

3.2. Industrialisation and poverty alleviation

Industrial development has a potentially important direct and especially indirect bearing on poverty alleviation in developing countries. The direct effect works through employment generation, higher opportunity cost of labour (thus wages) for the rural poor when industrialisation is driven by labour-intensive manufacturing, etc. Indirectly, industrialisation can affect poverty through increased demand for agriculture-based inputs, important linkages with other sectors such as services and a strong effect on long-term economic growth and development.

The direct contribution of industry to poverty reduction, in the short-run, will depend on whether the pattern of industrialisation and its endowment-base favour labour-intensity over labour-saving modernisation. Labour intensive manufacturing will have a stronger impact on short-term poverty because of the opportunities it creates for many low-skilled poor. On the other hand, however, a modern high-tech industrial sector is more conducive to higher and rapid growth which, in turn, is more conducive to poverty reduction in the long run.

By far, the most important contribution of industrial growth to economic development and poverty is its strong contribution to long-run economic growth¹⁵. Experience in high performing developing economies (HPEs) indicates that during episodes of very rapid growth, industry was the major source of economy-wide growth in labour productivity (UNIDO, 2004)¹⁶. Industry has a greater potential for technical progress and for taking advantage of scale economies, as compared to other sectors (Fafchamps, Teal and Toye, 2001; UNIDO, 2004).

¹⁵ Economic growth implies reduction of poverty on the assumption that growth in the aggregate is likely to benefit the lowest incomes, in the long-run.

¹⁶ Note that this is not at odds with what we have seen in Chapter 3 of the main report. The contribution of industry to growth and poverty reduction will depend on the stage of development at which the country finds itself. When industry takes off, it might be conducive to higher growth rates compared to other sectors. This will also benefit the poor.

A UNIDO study of over 50 developing countries, in 1990 and 2000, shows a strong positive association between the CIP index and GDP per capita suggesting that an increase of 0.01 of the former would lead to a rise of between \$250 and \$300 (in 1990 prices) in the latter (UNIDO, 2004)¹⁷.

Using a sample of 11 HPEs (e.g., Chile, China, India, Indonesia, Rep. Korea, Malaysia, Sri Lanka, Thailand, Viet Nam, Mauritius, Bangladesh, etc.), between 1961 and 2001, UNIDO (2004) found that the elasticity of industry to aggregate GDP has been higher than that of agriculture or services in the majority of the countries examined. The study also estimated indirect poverty elasticities for various sectors using the sectoral elasticities of output drawn from the HPEs experience and the poverty elasticities of growth for SSA. It found that whenever industrial value added increases by one percent, poverty headcounts fall by between 0.22 percent in landlocked countries and 0.37 percent in coastal ones. Significantly, the poverty elasticities of industrial development are larger than those of agriculture and of GDP growth, which vary between 0.16 and 0.28 (UNIDO, 2004). Again, these results do not invalidate those discussed in Chapter 3 of the main report. Here the results are derived using sectoral elasticities of output for 11 HPEs, not for SSA, calculated over a period of 40 years. This simply confirms that when industrial development takes off, it has a stronger effect on GDP compared to other sectors and that overall growth does indeed reduce poverty.

What explains variations in industrial performance among SSAs? Data in table 3.3 suggest that, although they matter, neither the high concentration of mineral resources nor sea-access have played a dominant role in determining the location of manufacturing activity (UNIDO, 2004). This might highlight the importance of factors such as policies, history, etc in structural transformation and economic development. Productivity grows faster where developing countries participate in skill-intensive, high-tech production networks than where their contribution is confined to out-sourced labour-intensive, low-tech or natural resource based activities (UNIDO, 2004). Some evidence, however, suggests that a rich-resource base does constrain industrialisation to some extent. Half of the countries that have underperformed as industrialisers have high proportions of primary exports in total exports – Angola (100 percent primary exports), Tanzania (84 percent), Gambia (82 percent), Kenya (79 percent), Guinea (72 percent), and Madagascar (48 percent) [(UNIDO, 2004)].

This brings us to what the literature refers to as the “resources’ curse”, i.e., the fact that abundant resources, though having the potential to contribute very significantly to the economic fortunes of countries, often become the basis for the opposite.

From an economic point of view, mineral resource earnings can provide an important basis for launching/ sustaining long-term economic growth and for supporting social and poverty-reducing programmes. As a matter of fact, the poor hardly benefit directly from mineral rents but they can benefit indirectly if rents are re-invested productively in the economy. Therefore, the big challenge for resource-rich countries is to transform their natural richness into sustainable forms of income for their population (Fafchamps, Teal and Teye, 2001). For whatever reason, most of the world’s mineral-resource rich economies have not been very

¹⁷ CIP stands for Competitive Industrial Performance Index. It is measured as a composite index of four basic variables capturing different aspects of competitive performance: Manufacturing value added per capita; manufactured exports per capita; industrialisation intensity (simple average of the share of MVA in GDP and the share of medium and high technology activities in MVA), export quality (simple average of the share of the manufactured exports in total exports and the share of medium and high technology products in manufactured exports).

successful in achieving this (Sachs and Warner, 1995)¹⁸. Botswana constitutes a remarkable exception in SSA (box 3.2).

Box 3.2. Botswana's success in managing its mineral resources

The key was to insist on rigorous project appraisal for public savings used to finance public investment. Similar attempts have taken place elsewhere in the region but have not resulted in success. The success of Botswana was mainly in the political will to treat these appraisals seriously. In addition, Botswana participated in a number of supportive international economic institutions such as the central selling organisation for diamonds operated as the private equivalent of an international commodity stabilisation scheme (UNIDO, 2004; Fafchamps, Teal and Toye, 2001).

In contrast to Botswana, Sierra Leone is testimony of the potential of mineral-resource rents to destroy a society. This can be due to a combination of factors but governance seems to be a crucial determinant given that the management of natural resource rents is governance-intensive (UNIDO, 2004; Fafchamps, Teal and Toye, 2001).

Often, governments become secluded from their people, corruption takes on rampant proportions and wars over control of resources break out. In addition, unsustainable economic policies have often been pursued by short-sighted governments and politicians focused on the short-term and with little regard for the future. Natural resource rents are variable due to variations in discovery and physical quantities as well as prices being subject to wide swings (Fafchamps, Teal and Toye, 2001). As a result, lavish spending and widespread subsidisation in periods of boom in natural-resource earnings proves too expensive to sustain in the post-boom period. Finally, “revenues from mineral exploitation bid-up demand in the non-traded sector of the economy and, when resources are fully employed, undermine the export competitiveness of other economic sectors through relative price effects (Fafchamps, Teal and Toye, 2001)”.

3.3. Some policy implications

Manufacturing can play an important role in the future growth of Africa. Fafchamps, Teal and Toye (2001) argue that “growth in Africa as a whole will not take place unless some countries industrialise”. This is because industrialisation will draw labour to rapidly expanding cities and relieve the countryside from having to sustain the mass of the poor. The question is *how can African manufacturing become an engine for long-term growth and what types of manufacturing have the highest potential?* More research is needed to fully address these questions.

The bulk of the literature, however, indicates that concentrating on building or rehabilitating industrial capacity is not the answer. Industrial strategy in Africa needs to address functional issues such as those related to human, technological and institutional capabilities (Opio, 1999; Schneider-Barthold, 2002; UNIDO, 2004).

¹⁸ Quoted in Fafchamps, Teal and Toye (2001).

With respect to agriculture, a clear interrogative is whether industrial and agricultural development compete for the same pool of scarce resources in the SSA. Presumably, agricultural development demands, by comparison, relatively less additional resources to pursue than industrial development. This is because most SSAs already have a primarily agriculture-focused economic base with important capabilities already in place and a long experience in farming. Interestingly, however, the UNIDO (2004) empirical study shows that short-run increases in industrial growth rates have a positive, or at worst a neutral, impact on agricultural growth presumably due to increased manufacturing demand for agriculture-based inputs.

Experience from fast growing developing economies in Asia (e.g., Bangladesh, Malaysia, etc) and Latin America (e.g., Chile) has shown that the most successful industrialisers have been those able to penetrate into international markets (Fafchamps, Teal and Toye, 2001; UNIDO, 2004). Within SSA itself, countries that promoted export-led industrialisation like Lesotho, Mauritius, Seychelles and Swaziland achieved much higher MVA/GDP ratios than countries with larger domestic markets (UNIDO, 2004). Tapping into opportunities of export markets is an important venue for achieving higher productivity and growth in SSAs, including in the manufacturing sector. This is because internal output markets are small and input market are uncompetitive. Demand is weak and volatile (Easterly and Kraay, 2000¹⁹; UNIDO, 2004). Exporting will also raise wages encouraging relocation of industries toward the African interior in search for lower wages. For instance, “in the recent years, Mauritius textile and garment manufacturers have been relocating factories to Madagascar and Mozambique where labour costs are lower. Relocation of enterprises from Europe and Asia might trigger the same effect elsewhere in Africa (Fafchamps, Teal and Toye, 2001)”. This implies that, in the long-run, industrialisation might also be a solution to Africa’s rural poverty.

Despite of the vital role of exporting for SSAs, not all African economies can possibly become successful manufacturing exporters. Besides sensible economic policies, also geography and country endowments play an important role. For instance, pursuing an export-based growth strategy in countries with poor infrastructure and land-locked would require investments much superior to those needed by countries with relatively good infrastructure and located closer to export markets. These countries might face much better options in agriculture or if diversifying in mining, tourism, etc (Fafchamps, Teal and Toye, 2001).

For countries where venturing on manufacturing exports appears a viable option, *what can governments do to promote exporting out of Africa?* According to UNIDO (2004), instead of subsidising exports, governments can develop infrastructure to reduce the transactions costs involved in transporting and exchange with export markets, promote competition by attracting new entrants including in input provision, expose firms to export markets by covering some of the initial information costs for breaking into those markets (e.g., helping firms participate in trade fairs and organise export consortiums), etc²⁰. Foreign governments could help by providing a temporary period of privileged access to their markets. One possible niche could be agro-processing (UNIDO, 2004; Wilkinson, 2004; Cramer, 2003).

¹⁹ Quoted in Fafchamps, Teal and Toye (2001).

²⁰ Subsidising exports is probably not commended. Direct subsidies for exports are not allowed under WTO rules. “These are also undesirable for other reasons: they would be fiscally far too expensive to conduct on a significant scale, and most importantly they are very prone to corruption. Some of Africa’s most serious documented cases of corruption involve the abuse of export subsidies (UNIDO, 2004)”.

Key Messages:

Rural development and the non-farm sector:

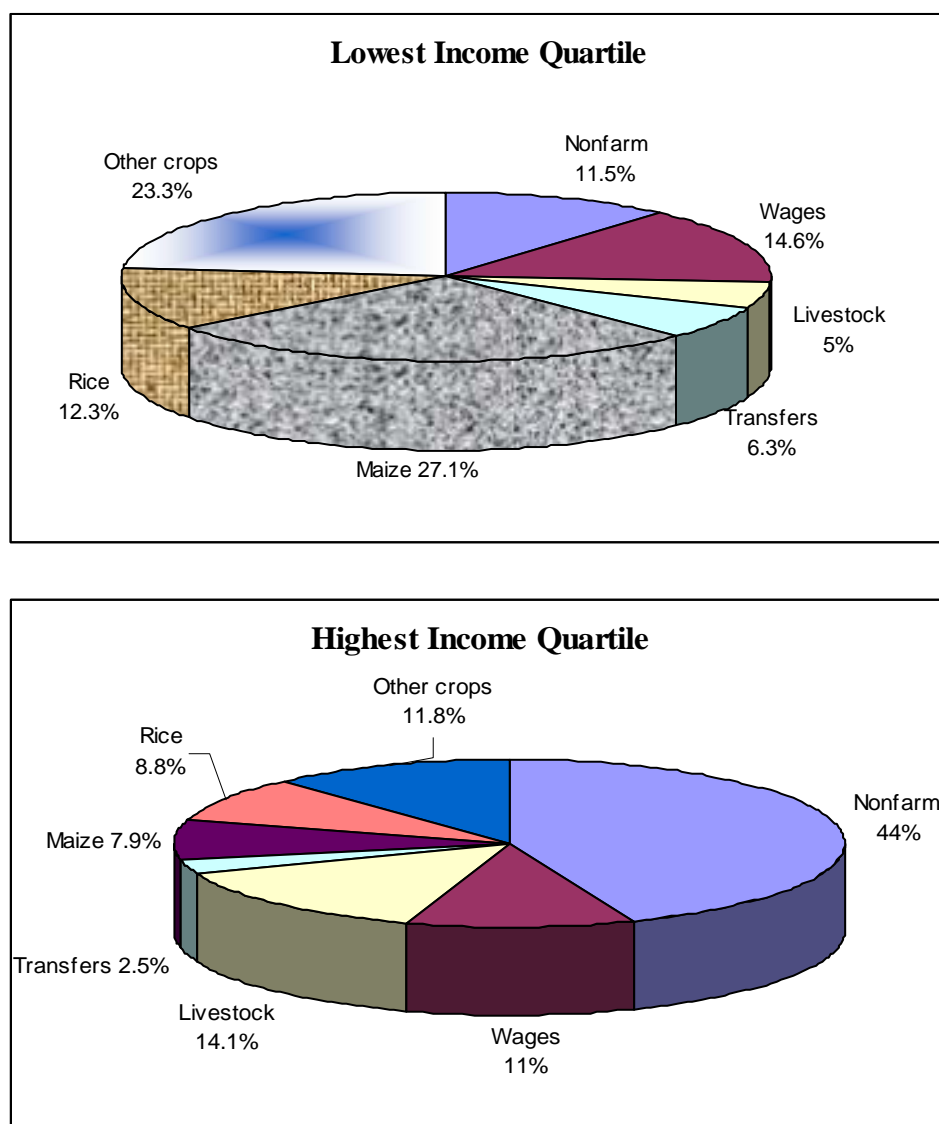
- a. **Strengthening linkages between the farm and non-farm sectors of the rural economy is essential** in addressing poverty, in the medium to long run.
- b. Rural non-farm earnings constitute a significant share of rural total incomes in SSA. **Raising the capacity of the poor to participate in the better-paid types of rural non-farm employment can have strong poverty-reduction effects** in rural areas of SSA. This can be done via employment skills training, education, infrastructure, credit, etc.
- c. Rural non-farm sector grows faster and has stronger poverty reducing effects where there are dynamic growth engines including the agricultural sector but also tourism, forestry, fisheries, etc. This means that **developing rural non-farm jobs should not be done at the expense of agriculture but rather in synergy with.**
- d. Strategies aimed at addressing food insecurity and poverty in the medium to long-run should not attempt to address these issues from within the agricultural sector only. Instead, **it is important to valorise the role of agriculture through its interactions and linkages with the rest of the economy.**

Labour mobility:

- a. Evidence suggests that internal labour mobility in SSA is growing and that **migration can play an important role in poverty reduction and economic development** in SSA countries.
- b. Migration should **not be discouraged by policies** designed to control or impede it.
- c. There is a need for a better **understanding of migration patterns** as well **effects on coping strategies of poor and food insecure households** in SSA.
- d. The policy environment and institutional capacities, especially in the financial sector, should be improved in order to reap the developmental benefits of migration and remittances to the fullest.
- e. Because out-migration from agriculture is an important source of diversified livelihoods, i.e., acts as a form of insurance against covariate risks in agriculture, more thinking needs to go into **working out how this could be linked to better targeting of emergency aid.**

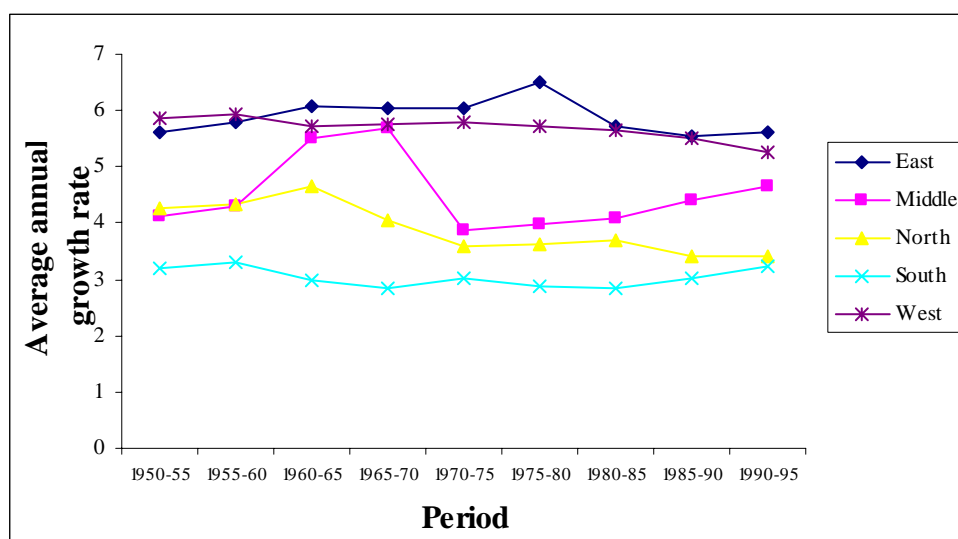
Industrial development:

- a. **It has important direct** (i.e., through employment creation) **and indirect bearing on poverty** (i.e., through increased demand for agriculture-based inputs, important linkages with other sectors, and a strong effect on long-term economic growth and development).
- b. **In the long run, industrialisation has a greater potential for technical progress and productivity growth, compared to other sectors.**
- c. Evidence suggests that industrialisation via import substitution in SSA has been a disappointment. **This can be largely attributed to unwise policies and public investments.**
- d. In SSAs, the key is to **build human, institutional and technological capabilities** for industrial development rather than industrial capacity *per se*.

Figure 1.1a, b. Composition of rural household incomes, by source, Tanzania

Source: Ellis and Freeman, 2002.

Figure 2.1. Urbanisation in SSA, by region, 1950-1995



Source: table 2.2.

Table 1.1. Informal economy in SSAs

<i>Informal workforce (% of):^a</i>	<i>Africa</i>	<i>Lat. Amer. Caribbean</i>	<i>Asia</i>
Non-agricultural employment	78	57	45-85
Urban employment	61	40	40-60
New jobs	93	83	n.a.
<i>Country/region (year)</i>	<i>Informal sector GDP as percent of non-agricultural GDP^b</i>		
Sub-Saharan Africa	41		
Benin (1993)	43		
Cameroon (1995-96)	42		
Kenya (1999)	25		
Mozambique (1994)	39		
Tanzania (1991)	43		

Source: Becker (2004).

Note: ^aData updated in 2000, covers information related to 1990s decade. ^bOriginal source: ILO (2002), *Women and men in the informal economy – a statistical picture*.

Table 1.2. Non-farm incomes of rural households in SSA: case study evidence

<i>Country</i>	<i>Year</i>	<i>Share of non-farm in total rural income</i>
Botswana	1974-75	54
Botswana	1985-86	77
Burkina Faso	1978-79	22
Burkina Faso	1981-84	40
Ethiopia (overall)	1989-90	36
Ethiopia (highland)	1989-90	38
Ethiopia (lowland)	1989-90	44
Ethiopia (pastoral)	1989-90	38
Gambia	1985-86	23
Kenya (central)	1974-75	42
Kenya (western)	1987-89	80
Kenya	1984	52
Lesotho	1976	78
Malawi	1990-91	34
Mali	1988-89	59
Mozambique	1991	15
Namibia (favourable agroclimate)	1992-93	56
Namibia (unfavourable agroclimate)	1992-93	93
Niger (unfavourable agroclimate)	1989-90	52
Niger (favourable agroclimate)	1989-90	43
Nigeria (northern)	1974-75	30
Nigeria (northern)	1966-67	23
Rwanda	1990	30
Senegal (northern)	1988-89	60
Senegal (central)	1988-90	24
Senegal (southern)	1988-90	41
South Africa (former homelands)	1982-86	75
Sudan	1988	38
Tanzania	1980	25
Zimbabwe	1988-89	35
Zimbabwe (overall)	1990-91	38
Zimbabwe (poor)	1990-91	31

Source: Reardon (1997).

Table 2.1: African urbanisation trends, 1960-2000

<i>Country</i>	<i>Urban population (as % of total)</i>			<i>Urban population annual growth rate (%)</i>	
	<i>1960</i>	<i>1991</i>	<i>2000^a</i>	<i>1960-1991</i>	<i>1991-2000^a</i>
Angola	10	28	36	5.9	5.4
Benin	9	38	45	7.4	5.0
Botswana	2	28	42	13.5	7.9
Burkina Faso	5	9	12	4.6	6.3
Burundi	2	6	7	5.5	6.1
Cameroon	14	41	51	6.5	5.7
Cape Verde	16	29	36	4.1	5.6
Central African Republic	23	47	55	4.8	4.6
Chad	7	30	39	7.1	5.4
Congo	32	41	47	3.6	4.9
Congo (Dem. Republic)	22	40	46	4.8	5.0
Côte d'Ivoire	19	40	47	6.5	5.5
Djibouti	50	81	84	7.3	3.5
Equatorial Guinea	25	29	33	1.5	4.0
Ethiopia	6	13	17	4.8	5.8
Gabon	17	46	54	6.3	4.9
Gambia	13	23	30	5.2	5.3
Ghana	23	33	38	3.9	4.6
Guinea	10	26	33	5.3	5.8
Guinea-Bissau	14	20	25	3.2	4.7
Kenya	7	24	32	7.7	7.0
Lesotho	3	20	28	8.6	6.3
Liberia	19	46	57	6.2	5.5
Madagascar	11	24	31	5.6	6.0
Malawi	4	12	16	6.5	6.5
Mali	11	19	23	4.4	5.2
Mauritania	6	47	59	9.8	5.3
Mauritius	33	41	42	2.3	1.3
Mozambique	4	27	41	9.5	7.2
Namibia	15	28	34	4.8	5.4
Niger	6	20	27	7.4	6.7
Nigeria	14	35	43	6.3	5.4
Rwanda	2	8	11	7.4	7.6
Senegal	32	38	45	3.5	4.4
Sierra Leone	13	32	40	5.2	5.1
Somalia	17	36	44	5.8	4.7
South Africa	47	58	66	3.2	3.2
Sudan	10	22	27	5.4	4.8
Swaziland	4	33	45	10.5	6.7
Tanzania	5	33	47	10.3	7.5
Togo	10	26	33	6.2	6.0
Uganda	5	10	14	6.1	6.6
Zambia	17	50	59	7.1	5.5
Zimbabwe	13	28	35	5.9	5.4
<i>Sub-Saharan Africa</i>	<i>14</i>	<i>31</i>	<i>38</i>	<i>6.1</i>	<i>5.5</i>

Source: Simon (1997).

Note: ^a Projection.

Table 2.2. Urbanisation in Africa, by region (1950-1995)

	<i>1950-1955</i>	<i>1955-1960</i>	<i>1960-1965</i>	<i>1965-1970</i>	<i>1970-1975</i>	<i>1975-1980</i>	<i>1980-1985</i>	<i>1985-1990</i>	<i>1990-1995</i>
<i>% urban at start of period</i>									
East	5.3	6.3	7.4	8.8	10.3	12.3	14.6	16.9	19.1
Middle	14.2	15.9	17.9	21.1	24.8	26.6	28.2	29.8	31.9
North	24.5	27.1	30.0	33.6	36.2	38.4	40.2	42.1	43.8
South	38.2	40.0	41.9	42.8	43.6	44.1	44.5	45.0	46.2
West	10.2	12.2	14.5	16.9	19.7	22.7	26.0	29.5	33.2
Total	14.5	16.3	18.3	20.6	22.9	25.0	27.3	29.6	32.0
<i>Average annual growth rate</i>									
East	5.63	5.79	6.07	6.04	6.05	6.50	5.71	5.55	5.62
Middle	4.11	4.29	5.51	5.68	3.86	3.98	4.07	4.39	4.64
North	4.28	4.35	4.64	4.04	3.58	3.61	3.70	3.42	3.41
South	3.21	3.32	3.00	2.86	3.02	2.89	2.84	3.01	3.22
West	5.85	5.93	5.73	5.77	5.78	5.73	5.64	5.52	5.27
Total	4.55	4.69	4.92	4.75	4.46	4.59	4.54	4.51	4.53

Source: Rakodi (1997).

Table 3.1. Share of food, beverages and tobacco industry on total MVA in SSA

Country	1992 (%)	2002 (%)
South Africa	20.2	15.9
Zimbabwe	34.5	31.0
Tanzania	38.5	60.2
Zambia	36.7	24.9
Uganda	41.1	26.5
Senegal	43.5	38.7
Madagascar	46.8	54.3
Kenya	42.5	44.4
Ghana	37.1	38.1
Gabon	50.9	n.a.
Cote d'Ivoire	46.5	40.4
Total SSA (45 countries)	41.3	39.2

Source: UNIDO database, 2004.

Table 3.2. MVA, average annual growth in SSA compared to world, 1980-2000

Region	<i>Average annual growth (percent)</i>				<i>Per capita average annual growth (percent)</i>	
	<i>1980-85</i>	<i>1985-90</i>	<i>1990-95</i>	<i>1995-00</i>	<i>1981-91</i>	<i>1991-01</i>
World	2.3	3.0	1.6	3.5	1.4	1.7
Developing countries	3.6	5.2	6.9	5.8	---	---
Total SSA	1.9	1.8	0.1	2.6	0.7 ^a	1.2 ^a
SSA <i>excl.</i> South Africa	3.2	2.1	0.1	4.3	n.a.	n.a.

Source: UNIDO, 2004.

Notes: ^a Data refers to Africa as a whole including North Africa (source).

Table 3.3. Manufacturing Value Added Performance in SSA, 1981-2001

Country	<i>MVA per capita (\$) ^a</i>			<i>Share of MVA in GDP (percent)</i>			<i>MVA annual growth rates (percent)</i>	
	<i>1981</i>	<i>1991</i>	<i>2001</i>	<i>1981</i>	<i>1991</i>	<i>2001</i>	<i>1981-91</i>	<i>1991-01</i>
Angola	89	52	41	8.5	4.9	4.8	-3.4	1.9
Benin	38	31	39	9.2	7.6	8.1	2.2	5.3
Botswana	103	154	192	6.2	4.9	4.8	8.7	4.5
Burkina Faso	48	46	72	16.9	14.2	18.2	2.0	7.7
Burundi	19	24	13	9.9	11.7	8.9	5.6	-5.8
Cameroon	138	147	146	11.9	14.8	14.9	2.2	2.8
Cape Verde	38	84	109	5.4	8.5	7.7	9.6	6.2
Central Afric. Rep.	38	49	40	3.9	10.1	8.6	3.1	0.05
Chad	29	36	33	18.6	16.2	16.1	4.8	3.6
Congo	76	102	78	6.6	8.2	8.2	5.2	-1.2
Congo (Dem.Rep.)	38	21	7	11.9	9.4	8.6	-0.5	-5.4
Côte d'Ivoire	231	174	185	19.6	20.9	21.6	3.2	3.8
Djibouti	51	37	20	4.9	4.4	3.2	1.7	-7.6
Equatorial Guinea	8	6	11	1.4	1.3	1.3	1.9	8.3
Ethiopia	13	7	15	6.8	4.2	6.0	-0.7	9.1
Gabon	393	413	307	5.4	6.3	5.1	1.6	0.7
Gambia	14	19	15	3.9	5.5	4.4	7.2	1.2
Ghana	37	37	44	9.2	9.4	9.2	6.2	4.0
Guinea	17	21	20	3.4	4.5	3.7	5.5	2.1
Guinea-Bissau	32	17	12	14.9	6.8	6.0	-5.3	-3.5
Kenya	33	37	34	9.6	10.3	10.4	5.1	1.9
Lesotho	15	41	58	5.0	10.6	12.4	13.1	5.5
Madagascar	32	26	25	11.4	11.3	10.8	2.2	2.7
Malawi	34	33	23	15.7	16.5	11.1	4.0	-2.1
Mali	17	23	23	6.1	8.6	7.5	7.1	2.6
Mauritania	52	50	36	9.2	9.7	6.2	2.4	-1.1
Mauritius	225	513	842	14.2	19.9	20.7	11.0	5.9
Namibia	207	190	216	9.2	9.9	9.7	2.7	2.9
Niger	19	20	18	4.2	6.1	6.4	4.3	3.9
Nigeria	25	22	18	6.7	5.7	4.9	1.6	1.1
Rwanda	74	60	55	17.7	15.5	15.7	1.2	5.4
Senegal	90	97	118	12.3	12.9	13.6	3.9	4.8
Sierra Leone	7	6	7	2.6	3	4.9	2.8	1.5
South Africa	777	618	597	20.7	20.7	19.3	0.8	1.6
Sudan	98	89	112	8.9	8.7	6.6	1.3	4.5
Swaziland	110	329	362	13.6	29.6	28.8	17.9	2.9
Tanzania	18	14	13	10.9	8.5	8.0	0.7	3.3
Togo	48	48	41	8.9	10.5	10.1	3.1	3.4
Uganda	8	10	26	4.3	5.4	9.9	5.0	13.5
Zambia	56	56	59	9.5	12.4	15.0	4.5	2.3
Zimbabwe	192	146	139	22.1	20.0	19.1	3.1	0.3

Source: UNIDO Industrial Statistics database, 2003 (taken from UNIDO, 2004).

Notes: ^a Figures should be denominated in constant dollars. The source does not specify.

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