

Comments on the African Monitor DSM Paper

“Unlocking the African Moment – Rural Infrastructure in Africa”

By

Kasirim Nwuke¹

United Nations Economic Commission for Africa

At the

Addis Ababa Intercontinental Hotel

May 11, 2012

++++

Good morning.

I would like to begin by thanking African Monitor (AM) very much for inviting me to participate in this very important discourse – which as is the tradition and practice culture of AM, will be a dialogue instead of a monologue. I have been invited to provide comments on the Issues Paper “Unlocking the African Moment – Rural Infrastructure.” In this very well articulated and written AM argues that the provision of rural infrastructure which addresses the infrastructure service needs of Africa’s grassroots populations is one of the key keys to unlocking the African Moment.

There is merit in this argument if we hold as true the often made assertion that most of Africa lives in rural areas and that agriculture is the main lever for the transformation of African economies and poverty reduction (since most of the income poor live in rural areas). But the provision of rural infrastructure is not a new issue in African development course. Rural and agricultural development was once a “leading issue in African development”. But it fell victim to the changing fads and fashions in development thinking. Many, if not most of us in the “business” of development, have become used to a simple – the circular and cyclical movement fashions in thinking about development, lurching from one fad to another: economic growth, rural and agricultural development, agriculture -led development and industrialization, employment creation, job creation, human rights approach to development, economic and social

¹ The views expressed in this paper are the views of the author and the author’s alone; they do not represent the views of the United Nations Economic Commission, the United Nations or those of its leadership. The author can be reached by email at knwuke@uneca.org.

justice, livelihoods, basic needs, PRSPs, MDGs, NEPAD, Lagos Plan of Action, CADDP, governance, developmental state, democratic state, sustainable development, etc ,etc.

The development community appears more seized by the quest for “new” thinking than the central and only issue, in my view, of development - the people and the improvement in their well-being and life-chances. This very well written and well argued paper aims to correct that lapse and bring the people, the people at the centre of development, the grassroots, back as the central concern of our quest for development in Africa. It spotlights a critical but often ignored issue in African development – how best to address the challenge of inclusive development through the provision of rural infrastructure. Afterall, as Paul Streeten once remarked, “when the world embarked on development more than half a century ago, it was primarily with the needs of the poor, rural communities and marginalized in mind”. Michael Lipton’s book influential “*Why Poor People Stay Poor: Urban Bias in World Development*” brought to the fore the conflict between rural and urban areas in the allocation of scarce resources. And the Centre-Periphery arguments (Galtung, Frank et al) in development about remain as cogent today as they were when they were first espoused. In sum, these theories of spatial inequality emphasize that a country cannot develop if most of its people – to the extent that they live in disadvantaged rural areas - are left out of the development process.

The Issues Paper argues that the inadequate provision of infrastructure in Africa’s rural areas where most of Africa’s grassroots people live is an additional factor explaining Africa’s slow rate of development and that bridging the rural infrastructure gap will contribute to unlocking the African moment. To this end, African Monitor urges African governments to embark on a grassroots focused infrastructure development and calls on the African Union to lead this effort. Underlying this argument is equity. But equally important is the argument, although not very explicitly made in the paper, that the provision of infrastructure to rural people will increase their productivity and promote efficiency. This is understandable if we agree with AM, as I do, that most (not all) of the grassroots live in Africa’s rural areas and are engaged in subsistence and small holder agriculture.

However, what is unclear to me, given the evidence, is whether the provision of rural infrastructure will necessarily transform African agriculture and improve the life and life-chances of the grassroots. There is a belief that it could and many African governments have made considerable investments in rural infrastructure yet agricultural productivity in much of Africa remains low. Perhaps poor provision of rural infrastructure may not be the sole explanation of low agricultural productivity in Africa. In my view, an additional factor explaining low agricultural productivity in Africa and the low if not negative returns to rural infrastructure investments is the low level individual agency, a low appetite for risk and a dependency on food-aid syndrome in some countries.

As well, critical to improving the productivity of Africa’s rural areas in general and increasing agricultural productivity in particular is the creation of international demand for indigenous

African foods – put differently, to make African foods and food products as internationally tradeable as wheat, witabeets, pasta, etc. Who says “*Injera ffrifri*”, “*yam and beans and dodo*”, “*mshima and ugali*” cannot and should not be sold in the supermarkets of New York and Beijing and London? International trade in these traditional foods will result in output expansion and rural/agricultural income growth. And the demand and supply of high-cost rural infrastructure will grow with it.

The above does not mean that I am arguing that rural and grassroots communities should be provided infrastructure only on the basis of economics. Clearly, social and spatial equity is as important a basis for extending infrastructure to rural and under-served areas as is economics. The problem though is “who will pay for it?” and in the presence of very limited resources. Even in the most advanced countries, rural communities are seldom favoured over urban areas in the allocation of state resources. But they are not neglected as is often the case in many African countries².

I digress ...

This otherwise very well articulated paper has one shortcoming; it could have been even much better had it also included some examples of rural infrastructure initiatives at the national level across a subset of African countries because there was once such a time when rural development occupied an important place in the development plans of most of African countries. Even today when globalization and urbanization concerns predominate our thinking, rural and grassroots concerns still find expression in major initiatives such as the Millennium Development Goals (MDGs) for the MDGs in emphasizing improved access to social services, poverty reduction etc implicitly call attention to the critical importance of all-embracing, all-inclusive development.

This minor, though not inconsequential shortcoming of the paper, owes I believe, to its objective of making rural infrastructure provision a continental imperative, an imperative demanding the focused efforts and authority of the African Union. In this it succeeds, in my view.

+++

In the rest of this comment and to plug the shortcoming identified above, I focus on the national experience in order to enrich, to the extent possible, the discussion. In the final analysis, it is countries that implement continental initiatives. As well, the success of “new” initiatives such as grassroots-focused rural infrastructure development depends in large part on understanding the

² This could be a matter of the stage of development. Rural areas may be strategically “neglected” in some stages of the development process. China’s rural areas, for example, – especially in western China – are a different world from the gleaming and glistening cities of China’s east coast. Poor countries may prefer not to dissipate scarce resources. They may prefer to create a critical mass in urban areas at a particular point in time and to concentrate investments in urban areas to exploit economies of scale and cope. Over time, as urban areas generate surpluses, some of the surpluses can be invested in rural areas.

successes and failures of previous national level initiatives focused on the grassroots. I will draw, albeit limitedly, on the rich experience rural infrastructure / rural development initiatives of my own country, Nigeria. In focusing on Nigeria's experience, I will in consequence address two of the five key questions posed by AM in the programme for this meeting viz:

- a. To what extent have infrastructure programmes targeted and prioritized grassroots communities as beneficiaries and users?
- b. Are the programmes indicative of a bigger plan to create opportunities for ordinary Africans to engage in the economy and Africa's development processes, or are they outward looking – primarily targeting the global commercial sector as key users and beneficiaries?

But first, a preliminary or two.

When we speak of grassroots/rural infrastructure, we are after all, speaking about structural economic transformation and a significant change in the allocation of scarce resources. It has long been known that modern economic growth involves changes in the sectoral composition of the economy, a change in the relative importance of agriculture. Without growth in agricultural productivity, the history of economic development would have taken a completely different course. That is the historical evidence underpinning CADDP and to a reasonable degree, this paper.

- *But current reality could be different ...*

Unfortunately, this argument ignores the current reality of Africa's economies. That reality is that, in the context of abundant mineral resources, agricultural productivity growth – as was the case in much Europe and America may not be necessary. If mineral resources abundant countries are able to harvest, harness, and deploy their natural resources very well, they can probably achieve, albeit in the short term, their economic and social development objectives much more effectively and efficiently than investing in agricultural productivity growth. The old argument (John Mellor, Stephen Lewis etc) that agriculture is the key to Africa's development may have little meaning in this context. Countries with abundant mineral resources **and** agricultural land probably have a strategic choice that they have not yet articulated (in a policy environment shaped by theories of "Dutch disease" (in the context of agriculture)³, "mineral resources curse" etc) invest heavily in urban development, minimize the cost of rural- urban migration, grow the population of urban centres of major loci of production and consumption

³ It is difficult to imagine the reasonably diversified economy that Nigeria is today in the absence of oil-induced "Dutch disease" as it relates to agriculture. "Dutch disease" may have been inadvertently beneficial to Nigeria's longer-term economic competitiveness. This is of course not to argue that Nigeria could not have done better on the agriculture front. It could have. But "Dutch disease" effects in Nigeria, when carefully re-examined may not have been as adverse as is widely believed and asserted by many.

areas and achieve the economies of scale and scope necessarily to remain competitive in the globalized world. In a way, this appears to be the strategy that Gulf Arab states have followed.

The heterogeneity of countries in terms of natural resources endowments and the different policies that that heterogeneity gives rise to post a warning sign to all-embracing continental initiatives, the heterogeneity emphasizes that one size cannot fit all. Countries should be able to innovate. For example, countries with very low population density, especially in rural areas, may decide need not to devote scarce resources to rural infrastructure provision as the best way to provide infrastructure to marginalized and excluded *communities*/peoples; they could instead address such needs through a clear and deliberate urban bias in their development in order to reduce the cost of development by encouraging rural to urban migration in the short term. This approach will in my view highlight the importance of very important factors in infrastructure provision – whether rural or urban: demand, incentives, resource allocation, the differential growth in productivity between urban and rural areas and implication of all these in the determination of government policies.

Section II Nigeria’s experience as an example

Let me now turn to the experience of my own country, Nigeria, in rural/grassroots infrastructure provision. I do so not because Nigeria is a “best practice” example. I do so because it is the experience I know best.

In Nigeria, rural infrastructure has been used to advance two mutually reinforcing ends – to promote and secure Nigeria’s “Unity in Diversity”, and to promote economic development. A united and indivisible country has always been the central concern of successive Nigerian governments and rural infrastructure provision has been and remains an important policy instrument in this regard. Such infrastructure provision does not just bridge geographical divides; it bridges ethnic divides as well. And among and within ethnic groups the provision of rural infrastructure has also been endogenous. Before the military takeover of government in 1966 and the conversion of Nigeria to a quasi-unitary state, the constituent Regions –governed by different political parties - really engaged in a healthy rivalry in the provision of local public goods, including rural infrastructure. In Eastern Nigeria, for example, there was considerable emphasis on community self-help. Communities, villages, and ethnic groups pooled resources and built local feeder roads to link them to major high-ways, schools and hospitals and health clinics were common.

The Nigerian experience suggests the following:

- **How the State is structured is important for the provision of rural/grassroots infrastructure**

Federalism (first, the structuring of Nigeria in three and later four regions, and later the creation of states) led to an increase in the provision of rural infrastructure in otherwise “rural” areas. When new states were created, third tier cities suddenly became their capital cities. The avowed objective of state creation was to “bring government closer to the people.” Many state governments aimed increase the nominal provision of infrastructure, including rural infrastructure: they built new roads or maintained existing roads, built new schools and hospitals (either as a way for government officials to enrich themselves through the award of contracts or to gain popularity with the people). Where they succeeded, it has had the unintended positive consequence of creating an integrated national network of feeder roads.

To some degree, competition and rivalry among the Regions in the immediate post independence years had laid the grounds for this. For example, Eastern Nigeria Government began a rural electrification programme with the purpose of revolutionizing its Farm Settlements Programme (built in the model of Israel’s kibbutz). The County Councils, the lowest form of government, were vested with responsibility for the provision of local public goods (rural/grassroots infrastructure) on the communities themselves. To create demand for rural infrastructure, governments focused on agricultural development: seeds were distributed to farmers, new agricultural methods including farm settlements, cooperatives, plantations, and extension services were introduced, extension of the railway to North-east Nigeria, etc, etc.

- **The role of the central government is critical – but also be mindful of unintended consequences of the provision of rural infrastructure**

The Federal Government has been a critical driver of the effort to improve living conditions in rural areas. It has introduced and prosecuted a number of programmes to improve rural infrastructure. For the purposes of this paper, I focus on two: the **Rural Basin and Rural Development Authorities (RBRDA)** and the **Directorate for Food, Roads, and Rural Infrastructure (DFFRI)**. RBRDA was established with the objective of improving rural productivity and incomes, diversifying the rural economy and to improving the quality of life of grassroots people. It built dams, introduced tractors, built and upgraded rural roads etc. These improved conditions resulted in an increase in farming by the well-off who, using the Land use decree Act which vested ownership of land in the government, acquired large tracts of land for farming. The unintended consequence of this otherwise good-faith policy was that the very poor, the grassroots, were displaced and deprived of their lands and means of livelihood. This led to conflict and gave further impetus to rural – urban migration and the displacement of many of the rural grassroots people from rural to urban areas.

- **Continuity, improved governance, prevention of leakages are critical for success**

In 1985, the Nigerian Military Government created the Directorate for Food, Roads, and Rural Infrastructure (DFFRI). Until it was merged with Federal and State Ministries of Agriculture in 1994, through DFFRI, Nigeria:

- a. Added 90,000 km of national rural feeder roads (30, 000 was the plan when DFRRRI was set up but it exceeded this target by adding another 60,000).
- b. It launched a national rural market programme in tandem with the development of rural feeder roads to integrate rural input and output markets;
 - a. It launched a rural electrification scheme; the extension of electricity supply to rural areas without a commensurate increase in investment in power generation and distribution over-burdened the system, resulting in the chronic under-supply of electricity in Nigerian cities and to Nigerian industries.
 - c. It built rural water schemes, health centres, rural housing etc.

DFRRRI was accompanied by an effort at social mobilization of the people for effective transformation of the developmental process – A special Directorate – “Directorate for Social Mobilization – MAMSER – (Mass Mobilization for Self-Reliance, Social Justice and Economic Recovery) was created to raise grassroots awareness. But DFFRI and MAMSER were discontinued in 1994.

- ***The private sector can play an important role in the provision of rural, grassroots infrastructure***

Nigeria is generally believed to be among if not the most “capitalistic” country on the African continent even though its Constitution is very welfarist. It has shown its capitalistic colors by its consistent and unwavering efforts to provide a “conducive” environment for the private sector to flourish. Nowhere is this policy choice most manifest in its consequences than in the banking, telecommunications, and aviation sectors. In the past several years, the private sector has played an enormously important role in providing telecommunications infrastructure to grassroots communities. The government’s decision to open and liberalize the telecommunications sector resulted in the entry of many providers and the competition to grow the subscriber base. Mobile telephone masts are found in almost all local government areas of the country. Mobile penetration is growing as drop rates are falling. This has considerably improved economic opportunities for grassroots communities. Farmers are now able to get quick price intelligence, and using airports widely found in all parts of the country, to ship their goods to major consumption centres. Similarly, the liberalization of the banking sector is gradually resulting in the increased provision of financial infrastructure⁴ to underserved areas and grassroots communities, making it possible for them to save, invest and smooth consumption across time. This is evidence that the private sector can play an important role in the provision of infrastructure in rural and grassroots communities but this is conditional on government providing an enabling and conducive environment.

⁴ There were two government efforts to provide financial infrastructure to grassroots communities: The Peoples Bank of Nigeria (PBN), and the Community Banks system. These were discontinued with a change in government.

Section III: Consequences and what countries should watch out for...

Based on the brief description of the Nigerian experience discussed above, what should governments look out for in expanding infrastructure services to underserved areas and peoples, the grassroots? I summarize in bullet points:

- b. Infrastructure is difficult to manage. Special and specific skills are required to manage roads, health clinics, power stations etc. It should not expand infrastructure provision faster than the rate of growth of the ability of the state/government to manage them;
- c. Manage expectations very carefully – extension of rural infrastructure to one community raises expectations in others that they too will soon become beneficiaries; unmet expectations can result in conflict.
- d. Another expectation that governments have to manage carefully is “maintenance of infrastructure expectation”. Rural communities and grassroots communities expect that infrastructure provided to them must also be regularly maintained to ensure their continued enjoyment of the services. Once infrastructure is provided, it is impossible to return to status quo ante because that condition no longer exists. The downside of failure to maintain my in due course be more than the downside of failure to provide.
- e. Improper costing, failure to introduce pricing system or cost recovery can sabotage the efforts and result in the discontinuation of the provision of infrastructure services. Sustainable provision is critical.
- f. Provision without ownership and shared responsibility (by the grassroots and rural communities) is unsustainable.

Section IV Conclusion

I applaud and commend AM for this very timely and strategically relevant paper. The paper is well researched and makes its arguments quite well. The provision of rural infrastructure deserves as much attention as the other issues that currently dominate our policy debates such as mining and harvesting of mineral resources, corruption and transparency. In exploring this very important dimension of the challenge of Africa’s development, it is important to bear the following in mind:

- a. Nations are the implementers of continental and global agendas and their prior experience is important for identifying new or reviving old initiatives;
- b. Governments, depending on their resource endowment, can strategically “neglect” (in the short term), the provision of rural infrastructure and still succeed in advancing their development goals. There is thus need for nuance in discussing the developmental importance of the provision of rural infrastructure;
- c. Governments matter and the government at the centre matters even more because it shapes the national agenda. In respect of rural infrastructure provision, experience shows

that it demands strong planning and coordination functions (especially in the context of democratization, decentralization, private sector participation, etc ;)

- d. The structure of the State matters enormously for the provision of rural infrastructure. Adding Ethiopia's emerging experience to Nigeria's, it appears that Federations may be better at providing rural infrastructure than unitary and quasi states, and that the private sector plays a greater role in rural infrastructure provision in more laissez faire countries than in countries where the strong arm of government (under the pretext of "developmental state") is most present and overwhelming;
- e. Increased decentralization, de-concentration, and devolution to sub-national jurisdictions can promote competition and rivalry in the provision of local public goods, including rural infrastructure and could be key to enhancing the contribution of rural infrastructure provision to the unlocking of the African moment;
- f. There is an important role for the private sector in the provision of infrastructure in rural areas and grassroots communities. But government must provide an enabling environment for this to occur;
- g. Civil society and advocacy organizations – such as AM – can play an important to in ensuring accountability and explicit recognition of the critical importance of the provision of rural infrastructure to Africa's development;
- h. Financing – for the provision of new rural infrastructure and maintenance of existing infrastructure is critical. This suggests that countries should consider a combination of subsidies and cost recovery.
- i. Donors can play an important role in the provision of rural infrastructure.

+++

Thank you for an excellent and timely paper; thank you, too, for the opportunity to comment on it.