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## **DEBT RELIEF AND THE FIGHT AGAINST POVERTY - THE POVERTY REDUCTION STRATEGY PAPER**

**(Duration: 30 minutes)**

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A co-production of Radio Deutsche Welle and ORTB in Cotonou, Benin

Benin is a country of 6.4 million inhabitants with a surface area of 112,622 square kilometres. Situated on the west coast of Africa, it has a relatively open economy but is heavily dependent on its powerful neighbour, Nigeria.

Agriculture is the back bone of the economy, employing 66% of the active population. But it is the service sector that is the most dynamic. It accounts for 48% of the country's gross domestic product, with commerce playing a leading role.

### **NARRATION:**

Described as a sub regional junction point, its economic capital, Cotonou, is a commercial centre for many small and medium size traders, from west and central Africa.

### **NATURAL SOUND : (Sea waves fade under narration)**

The Cotonou deep sea port is an added blessing, in a region surrounded by landlocked countries. Hundreds of thousands of dollars are generated each year from the port, thanks in part to its handling of goods for neighbouring countries.

### **NARRATION :**

A 5.8 percent economic growth in the year 2000, is what this country has to show for it. This contrasts sharply with Benin's crisis ridden economy of the late 80's. Economic growth in 1989 for example, stood at minus 2.4 percent. A strictly implemented World Bank/International Monetary Fund Structural Adjustment Programme, is credited with this achievement. The Bretton Woods institutions

therefore present Benin as a shining example in Africa, of how they can successfully turn around, the fortunes of under performing economies.

**NATURAL SOUND : (Sound of construction workers in town)**

**NARRATION :**

But these economic growth figures notwithstanding, Benin is one of the poorest nations in Africa and the world. Per capita gross domestic product in the year 2000 was 356 US dollars. It was the 167th country on the United Nations Human Development Index for the year 2001. 33 percent of the country's population lives on less than a dollar a day. Another 22 percent is just slightly above that level.

But even more disheartening is the fact that studies now reveal that the population has grown poorer within the last decade - a fact which Romain Degla, President of the Technical Committee of the National Commission for Development and the Fight against Poverty, acknowledges.

**EXCERPT : Romain Degla (french)**

Voice Over:

*In urban areas the incidence of poverty went from 28% in 1995 to 23.3% in 1999. In the rural areas, poverty went from 25% to 33% over the same period. This means that poverty worsened in rural areas but it was less intensive in urban areas. That is to say that the wealth accumulated over the years has been more beneficial to urban dwellers than those in rural areas.*

**NARRATION :**

A country with a decade of sustained economic growth, but which at the same time, has witnessed deepening and widespread poverty. That sounds like a contradiction. Romain Degla, explains how it all happened.

**EXCERPT : Romain Degla (french)**

Voice Over:

*We successively implemented structural adjustment programmes from 1989 to 1997. The programmes helped us a lot. Economic growth which stood at -2 % in 1989 went up to 5 percent within the 10-year-period from 1990 to 2000, which means that we increased our production both quantitatively and qualitatively. But it became clear that all segments of the population did not benefit from the wealth accumulated. Simply put, the wealth has been unequally distributed.*

**NARRATION :**

Toffo in the Centre/South province is barely 100 kms away from the economic capital - Cotonou. But experts are now agreed, that this province has become the poverty capital of Benin. Jankaki Koviyan, mayor of the Kusi rural council, singles out some of the factors which are contributing to this deplorable situation.

**EXCERPT : Mayor**

Voice Over:

*This is a rural council, therefore, the main activity is agriculture. But here we are with a major problem in our hands - the lack of land. We have a forest area, which the government had abandoned for a long while and that is where villagers were farming. Suddenly the government has taken back the area for an afforestation project. This is a factor which is hindering development in my council. Farmers are cramped onto small patches of land in the valleys and these farms are frequently flooded.*

**NARRATION :**

Roseline Amusu calls herself a direct victim of the government's appropriation of thousands of hectares of land, in the province. A one time retailer of game hunted from the woods, she has now taken up farming.

**NATURAL SOUND : (Filing of hoe fade under)****NARRATION :**

60-year old Roseline uses a cutlass to sharpen her hoe. And that is how the day's work begins, in her farm. But this alternative activity she has embraced, is still a tale full of problems. The piece of land she has managed to secure, is extremely small. Farming does not therefore provide her with any income.

**NATURAL SOUND : (busy city atmosphere and fade under narration)****NARRATION :**

Tales of the hardship of the last few years are not limited to Benin's rural poor, where agriculture is the mainstay.

**NATURAL SOUND : (city atmo of zems fade under narration)****NARRATION :**

In the urban areas, the hardship is equally visible with high levels of unemployment. Although national unemployment figures stand at 1.5 per cent, authorities here admit that this figure can be misleading. In addition, the private sector is almost inexistent. At the other extreme, is a very dynamic informal sector, but it is being stifled by a lack of organisation.

**NATURAL SOUND : (zems horning)****NARRATION :**

33 year old Tosu Donacien - a trained auto mechanic, today makes a living on the streets of Cotonou, rather than in a workshop. He runs a motor bike taxi, the principal means of public transport, in the country. Here they are called

Zemijang or affectionately, Zems. There are at least 40,000 motor bike taxis in Cotonou alone. Like the thousands of the other Zem drivers, Donacien does not own the bike he runs. He has been given the bike on a two year contract. On a good day, Donacien makes the equivalent of 1.5 Euros, after paying the owner of the bike. He calls it a hard way of making a living, admitting, that there are no alternatives.

#### **EXCERPT : Donacien**

Voice Over:

*I have a friend called Jerome who proposed that I get into motor bike taxis business since I had no work. I accepted and he then bought a bike for me and we signed a contract. I pay 2000 francs CFA every evening, to the owner of the bike, for a period of 2 years. If the bike has a problem, I am the one to pay for repairing it. It is a very difficult job. If you are not a dynamic and smart person you cannot do this job. I begin at 6 in the morning, take a break at 1'O clock and start again at 3 or 3.30 to close by 9 pm. Without any alternative, I have to continue with it, rather than go about stealing.*

#### **NARRATION :**

Roseline Amusu the farmer and Tosu Donacien the motor bike taxi driver, are just some of the faces of the hidden price, that has been paid in the name of economic development. But as the struggle to find a winning development formula continues, their numbers are increasing rapidly, not only in Benin, but in most developing countries.

Be it in the urban or rural areas, development workers and civil society activists are drawing attention, to the fact that, the poor are not a bunch of lazy people, simply waiting to be spoon fed. Instead, they are pointing at the resilience with which these people face their daily challenges, as a lesson of humility. In Benin, those who are the hardest hit by poverty, are demonstrating through concrete projects, that with a little push, they could be self reliant. Even in the country's poorest province, the mayor of Kusi, says there are successful community-initiated and run projects.

#### **EXCERPT : Mayor**

Voice Over:

*As far as portable water is concerned, there is no problem in my council. One of our co-operative has brought pipe born water and it is functioning very well. It is the population which runs the project. Water bills are even cheaper than those from the state owned water company. I am proud of them because of this initiative.*

#### **NARRATION :**

But faced with problems in almost every single sphere of life, a success story of this nature may pale into insignificance. It is this disturbing poverty challenge, that has pushed the Britton Woods institutions, donors and governments, to put in place the Highly Indebted Poor Countries Initiative - HIPC.

Benin is one of more than 30 countries, which have qualified for the Highly Indebted Poor Countries Initiative. Claude Leroy, is a senior World Bank official in Benin. She explains how the HIPC programme, is expected to help Benin's poor.

**EXCERPT: Claude Leroy**

Voice Over:

*I think everyone is agreed that, to actually solve the problems of under development and make an impact on poverty, there is need for additional resources. The Highly Indebted Poor Countries Initiative is aimed at reducing the burden of debt servicing for countries and this is very concrete. For example, each installment owed the World Bank is reduced by 50% so this leaves the country with some resources. In the case of Benin, 20 - 25 billion francs CFA is saved, which remains in the national coffers and can then be used for other expenses rather than for debt servicing.*

**NARRATION :**

In the case of Benin, we are talking of a huge foreign debt of about 1.4 billion dollars. A successful completion of the HIPC programme, would lead to a 460 million dollars debt reduction, over a 20 year period.

But to access these funds, Benin like any other country, which has qualified for HIPC, must present a crucial document, called the Poverty Reduction Strategy Paper. It can be likened to a road map of a country's fight against poverty, within a given period. It presents the actual situation of poverty in the country, identifies strategies to be adopted in the implementation of targetted projects, aimed at tackling the root causes of poverty.

The Bretton Woods institutions insist that the population, civil society and donors must be directly involved in the conception, elaboration, implementation and supervision of the process. For many of these development stakeholders, this approach is relatively new. Benin has not been an exception. Claude D'Almeida of the NGO Espace Liberal, took part in the drafting of Benin's strategy paper. He points out that in this first experiment, civil society groups encountered difficulties in working with both the donors and the government.

**EXCERPT : D'Almeida**

Voice over :

*What we learnt which is most important for us is a better understanding of the problems of our own country because we worked with lots of NGOs in different nsectors from varioust parts of the country. As to what concerns our relations with various stakeholders, the government for example, there was a lot of resistance even when it meant heading in the same direction because it is the first time the government is being asked to work in this manner. It has been used to having monopoly over the diagnosis and the cure. You see, even the strategy paper is not made public which shows the reticene to provide the public with information. (. . .)*

*Then comes the donors. They are also a problem. Because each donor has its own idea of what it considers to be development in our countries. If you have 100 donors you have 100 approaches.*

#### **NARRATION :**

The strategy paper contains a number of objectives the government wishes to pursue together with donors, as far as poverty reduction is concerned. These objectives have been translated into projects. Some areas of project emphasis include, education, health, micro credit, environment and private sector development.

It is already two years since the Benin government has been working on the elaboration of this strategy paper. It is presently nearing completion. A first draft in January of 2002 and a second version in July, left many donors unsatisfied with the quality of the work. The head of the European Commission Delegation in Benin, Franco Nulli, highlights some of the concerns they expressed to the government, after reading through these initial drafts.

#### **EXCERPT : Nulli**

Voice over:

*First of all, the weak analysis of poverty. The document should have made a deep analysis of the causes of poverty instead of a simple statement. Also it should have taken into account non-monetary aspects such as governance, gender, environment, access to credit, land ownership. The second main problem is related to the definition of the priorities and the major axes of the strategy. In fact the link between the analysis and the strategic axis were not clear. The third point has to do with the implementation and evaluation or follow up mechanism. We noted a lack of coherence between sectorial strategies and the follow up mechanism. For example it was not clear how the evaluation will be carried out and how civil society will be involved in the process.*

#### **NARRATION :**

Call it Structural Adjustment Programme, Highly Indebted Poor Countries Initiative or the Poverty Reduction Strategy Paper, these initiatives are increasingly being greeted by observers with cynicism. Across the African continent, voices of caution are already being heard, warning that the highly indebted poor countries initiative - HIPC, may not deliver any positive results. Many call it another one size fit all remedy. But even more important, are the divergences in perception of poverty and appropriate remedies that are beginning to emerge between some African civil society leaders and donors. Claude D'Almeida explains.

#### **EXCERPT : D'Almeida**

Voice Over:

*When we are discussing the problem of development there is even no agreement with donors about the strategy. To some of them poverty reduction*

*means offering some meager resources to a few people here and there who will be helpless once it stops coming. There are many such contradictions because they think that poor countries like us deserve only petite projects. When you start mentioning huge long term investment projects they are simply not willing to entertain any discussion with you. (. . .).*

*It is by enabling people to multiple their productivity by giving them better access to various capacity to produce that global productivity can be increased. It is through infrastructural development and large scale projects carried out in various parts of the country, that this is possible. (. . .).*

*After all the studies we have carried out we do not, think that it is by carrying out small projects here and there that we will reduced poverty in a sustained manner. On the contrary we think that it is by taking on board big projects, say in infrastructure, that we will create the necessary dynamics for the economic take off, and by so doing, progressively attain economic development which will in turn lead to effective poverty reduction in the long term.*

#### **NARRATION :**

Is there any reason to believe that the HIPC initiative will deliver where others have failed? Claude Leroy says the success of the programme depends on what the government decides to make of it.

#### **EXCERPT : Claude Leroy**

Voice Over:

*Be it for economic development or for poverty reduction, the need for additional resources is evident because of the enormous problems. The Highly Indebted Poor Countries Initiative - HIPC, frees resources that would have otherwise been used to pay for debt servicing, while the Poverty Reduction Strategy Paper, ensures that those resources are used for projects which tackle the problems of poverty. And that is where the will and ability of the government and the population, becomes a decisive factor. Debt relief can be an effective instrument in the fight against poverty, it all depends on how it is used by the country.*

#### **NARRATION :**

Very much in agreement with that point of view, Claude D'Almeida of Espace Liberal, says debt relief can only provide short term relief to the continent. But for Africa to develop indeed, he stresses that its leaders must abandon the thinking that aid can develop the continent. Claude D'Almeida invites the continent to embrace free market economy as the way to the future. That requires hard work to attract investors as well as build the necessary conditions that will make them to come to the continent and invest.

**EXCERPT : D'Almeida**

Voice over:

*The fundamental problem is what shall we do for local and foreign investors to come and invest more and more in our countries. This means moving away from the era of aid and debt, to a new era of investments. We are talking about people who believe in us, in our potentials and who believe that they can make good business in our countries and thus come to invest their money to make profits. (. . .).*

*It is not debt relief that will develop our countries. It is the consistent effort of our own countries to attract investors. (. . .).*

*The world capital market is extremely huge, very powerful and important. It is towards that huge pool of resources that we should be going rather than continuing with bilateral negotiations with this or that country, for a bit of aid.*

**NARRATION :**

Today, the government of Benin is pointing at its use of funds raised through earlier poverty reduction programmes as a testimony of its good will. In the year 2000 children all over Benin went to government primary schools without paying any School fees. More staff were recruited in health services, with 67,000 US dollars accumulated over two years in one of its poverty reduction programmes. Romain Degla, who presides over the Technical Committee of the National Commission for the Fight Against poverty says, there is a thorough and transparent oversight, in the implementation of the projects identified.

**EXCERPT : Degla Romain**

Voice Over:

*Budgetary follow up is an important aspect of the programme. We have also made provision for an independent audit so the media and civil society groups, with the competent resources can evaluate what the government is doing.*

**NARRATION :**

Benin's Poverty Reduction Strategy Paper, was adopted by the government on September 20, 2002. It has taken 24 months to reach this point, but for many of Benin's poverty-stricken people, waiting to see the fruits of this endeavour, may still be a long while.

It is in the hands of a joint World Bank/International Monetary Fund board of directors, that the fate of this exercise, now rests. But above anything else, the bigger lesson is probably that the fate of any people, lies first and foremost, in its own hands.

**You have been listening to a co-production of Radio Deutsche Welle and Office de Radiodiffusion et Télévision du Benin ORTB. The authors have been Wongibe Emmanuel and Liberator Doscof Aho in Cotonou, Benin.**