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## “3RD INDIA-AFRICA FORUM SUMMIT WILL LAUNCH NEW ERA OF PARTNERSHIP”

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# LEARNING FROM THE INDIAN EXPERIENCE

## Building capacity for Domestic Resource Mobilization to achieve the Sustainable Development Goals



**By Ashwajit Singh**

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The current Development agenda is driven by five transformative shifts, first to leave no one behind; second, to put sustainable development at the core, third to transform economies for jobs and inclusive growth, fourth, to build peace and effective, open and accountable institutions for all and fifth, to forge a new global partnership. The 17 specific goals with 169 targets recently adopted by the member countries across the globe binds the nations together under the universal framework of Sustainable Development Goals (SDGs).

According to the African Development Board (AfDB), the transformative vision of the SDGs is to meet the dual challenge of overcoming poverty and protecting the planet, which requires an estimate of 7 trillion USD per year globally out of which around 3 to 4 trillion USD per year will be required by developing countries. Economists across the world advocate that with such large financial implications the world especially the developing part must find ways to raise

funds in addition to the available aid. While the debate continues on the financial commitment by the developed countries through Official Development Assistance (ODA) to meet SDG targets, it is recognized that Domestic Resource Mobilization (DRM) will play an important role in achieving the upcoming Goals.

Most African countries like India are at a critical juncture in their development and steps towards reducing dependency on foreign aid needs to be taken in parallel to increasing public investment in development initiatives. India has been successful in mobilizing domestic resources mostly after the economic liberalization carried in the 1991. India's dependence on the Net ODA has dropped from 1% in 1991 to 0.13% in 2013, (World Bank 2014). The gradual turnaround in the economic situation of India provides for great learnings to Africa, who is experiencing similar conditions which India faced during 2000's.

### **"Enhancing DRM in Africa is not just desirable, but necessary".**

Some critical steps that African countries must take to enhance DRM are in the areas of 1) Policies through Tax Reforms; Savings; and Pro-Business Reforms; 2) Administrative prudence including measures like Capacity Building & Institutional Strengthening; and lastly 3) Effective Implementation

supported by Private Sector; CSOs; Regulatory and Monitoring Bodies.

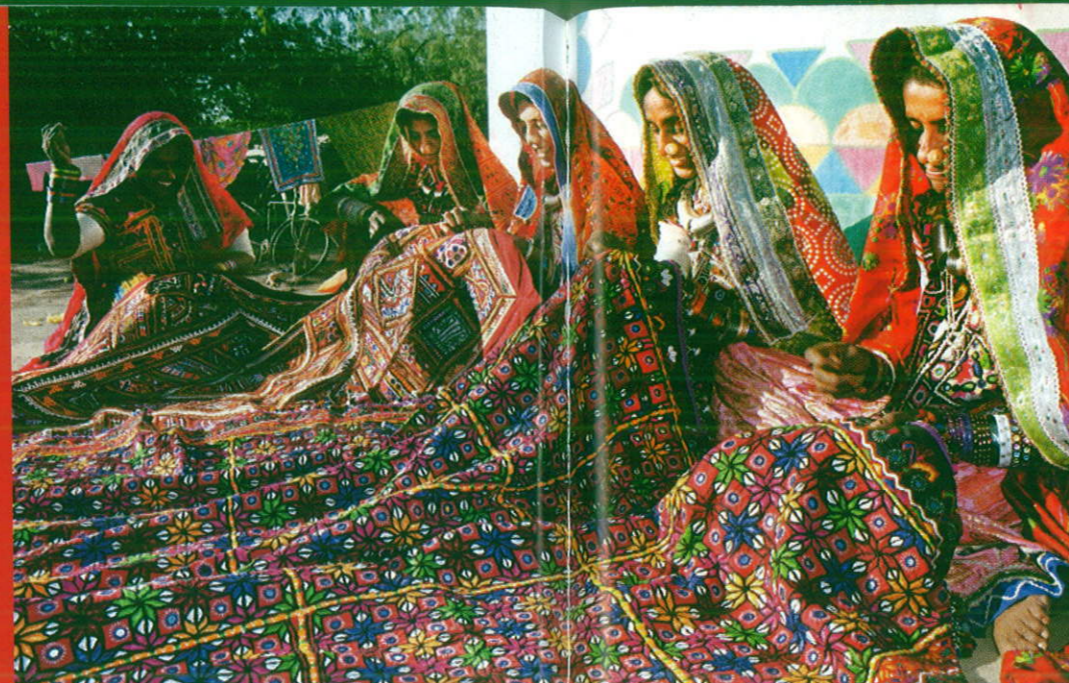
The Indian story in improving Domestic savings can prove to be instrumental in fueling Africa's overall economic growth and poverty alleviation. In India, the biggest source of savings is the household sector, followed by the private corporate sector and the public sector. The Self Help Group (SHG) Model, which promotes - thrift and credit, financial literacy, financial inclusion amongst women living in poor communities who otherwise do not have access to savings provides an opportunity to also enhance the share of Household savings.

At the same time, Taxes are an important domestic resource and have a role to play that is distinct and complementary to the role of household and private savings. In India, tax reforms involving lowering of tax rates, broadening the tax base and reducing loopholes are undertaken and are successful in raising the tax ratio in the case of personal and corporate income taxation. Most African countries collect only a fraction of potentially available taxes. While some countries such as Botswana have a high tax revenue to GDP ratio (27% in 2012), there are many African countries whose performance is closer to Chad's tax ratio of 4% of GDP. Hence, the efficiency and effectiveness of the tax system can be considerably improved in many countries through tax policy innovations. Instruments like Technology Transfer and Knowledge Sharing in areas of tax reforms provide the developing countries with opportunities to engage with each other in addressing domestic issues. ■



# SUSTAINED ACTION TO BRIDGE GENDER GAPS

Collaborating for Women's Social and Economic Empowerment



BY N. HAMSA, POLICY LEAD- WOMEN & GIRLS, KNOWLEDGE PARTNERSHIP PROGRAMME, IPE GLOBAL AN INTERNATIONAL DEVELOPMENT CONSULTING GROUP

Development experts and policy analysts have claimed that empowering women and girls is quintessential to promoting quick and equitable economic growth and long-term stability. The Millennium Development Goals (MDGs), included promoting gender equality and empowering women as its Goal 3. According to the MDG Report 2012 – "Assessing the Progress in Africa towards the MDGs", the consequences to society of not investing in gender equality and female empowerment can be heavy.

Over one third of the world's poor reside in Africa and though over the last century African countries have made significant strides in promoting gender equity, in terms of access and control over resources and say in decision making, significant gaps persist. Economic and cultural factors, coupled with institutional factors dictate the gender-based division of labour, and denial of rights and opportunities.

Women's economic empowerment hence requires bold and sustained action to bridge gender gaps. This is especially true for women living in rural areas and vulnerable

environments.

Sustainable Development Goals (SDGs) which were recently adopted at the UN meet in September, 2015, further emphasize on engendering every development goal. In order to ensure that the SDGs are achieved, it is imperative that global partnerships are nurtured.

As developing regions with high potential for cooperation on social, economic and political matters, India and Africa can mutually benefit each other through collaborations around knowledge sharing and capacity building. Over the years women empowerment in India has made huge strides, especially through policy initiatives and focused interventions, which can be replicated in Africa.

## Using SHGs for Women's Economic Development

Women's Self-Help Group (SHG) is a widely accepted model of women empowerment. We can trace the origin of the concept of SHGs in Bangladesh, which has been acknowledged as a pioneer in the field of microfinance with its 'Grameen Bank' concept. India has adopted the Bangladesh's model in

a modified form.

The year 2001 in India was declared as a 'Year of Women Empowerment'. Efforts were made to provide women opportunities, with special incentives and schemes. One such initiative was by National Bank for Agriculture and Rural Development (NABARD). This initiative was made possible with earlier policies such as the Reserve Bank of India (RBI), India's apex bank, allowing SHGs to open saving accounts in banks in 1993. Facility of availing bank services was a major boost to the movement.

## Indian SHGs Success Stories

Successful community based poverty alleviation programmes in India, include amongst others; Kudumbashree, Kerala; Society for Elimination of Rural Poverty (SERP), Andhra Pradesh; and Jeevika, Bihar.

» The 'Kudumbashree' programme of Kerala is amongst the earliest participatory poverty alleviation programmes in India and has served as a model for later programmes. The Mission follows an inclusive development approach, especially targeting women

in the poorest and the weakest families, and reaches the community through families. Kudumbashree revolves around three key principles – micro-finance, entrepreneurship and empowerment of women.

- » The Society for Elimination of Rural Poverty (SERP) established by the Government of Andhra Pradesh is unique for working exclusively by bringing in a new paradigm through an empowerment process of the rural poor, by building and nurturing self-help-groups (SHGs) of women and their federations.
- » The 'Jeevika' programme in Bihar focuses on nurturing livelihood opportunities around agriculture and allied sectors.

## India –Africa Connect

The Ethiopian microfinance sector is characterized by its rapid growth, an

aggressive drive to achieve scale, a dominance of government backed Microfinance Institutions (MFIs), an emphasis on rural households and the promotion of both credit and savings products (Deribie et al, 2013). After the 1996, Proclamation on 'Licensing and Supervision of the Business of Micro Financing Institutions', various institutions have legally been registered and have also started delivering microfinance services. Today, the MFIs in Ethiopia are motivated to extend the frontier of financial intermediation to those traditionally excluded from conventional financial markets, the poor. This backdrop of SHG and microfinance in Ethiopia created an ideal situation for collaboration and cooperation with India.

One such successful attempt of cooperation between nations for addressing a development goal has been under the Knowledge Partnership Programme (KPP) implemented by IPE Global and supported by Government of UK's Department for International Development (DFID) through which Ethiopia evinced interest in adapting the Indian Kudumbashree model to further strengthen existing vibrant women groups in Ethiopia. Both the countries have agreed to sign an MoU to take this effort forward.

The engagement will start with Kudumbashree undertaking a scoping visit to Ethiopia in November, 2015.

The initiative is led by the Ministry of Women Children and Youth Affairs, Ethiopia and endorsed by the Government of India. Recently Her Excellency, Ms Zenebu Tadesse Woldetsadik (Minister of Women, Children and Youth Affairs, Ethiopia) inaugurated Kudumbashree's first International Conference in Kerala, India. This further strengthened the ties between Kudumbashree - MoWYCA where Her Excellency spoke of the existing cultural and economic ties between India and Ethiopia and how the two nations would further collaborate on women's issues.

**"Governments must pay special attention to women's issues and carry out poverty eradication endeavours. Nations across the globe are aware of sustainable growth that can be achieved when men and women work together. Women empowerment has taken centre stage in the agenda of governments and Ethiopia is no exception."** (Her Excellency Ms. Zenebu Tadesse Woldetsadik)

**IPE Global Limited** is an international development consulting group providing expert technical assistance and solutions for equitable development and sustainable growth in developing countries. Over the last 17 years, IPE Global has successfully implemented 700 projects in over 100 countries, across 5 major continents. The group partners with multilateral and bilateral agencies, governments, corporates and not-for-profit entities in anchoring development agenda for sustained and equitable growth. IPE Global (Africa) Limited, a wholly owned subsidiary, builds indigenous local expertise of African nationals in the development sector to meet the needs and priorities of national and sub-national governments in Africa. For more details contact [raishram@ipeglobal.com](mailto:raishram@ipeglobal.com) or visit [www.ipeglobal.com](http://www.ipeglobal.com)

