

## COMBATING POVERTY IN AFRICA

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## Summary

Progress in Sub-Saharan Africa (SSA) in terms of per capita income growth and poverty alleviation has been poor. During much of the 1980s, in Africa and elsewhere in the developing countries, “getting prices right” became the overarching theme for advocates of Structural Adjustment Programmes (SAPs). Governments tightened controls on public expenditure and removed subsidies on essential social services, which hurt mostly the poor (Boon, E.K., 2004). During the late 1980s and early 1990s, SAPs stalled in many countries – sometimes exacerbating social tensions. These reforms triggered poverty and worsened the living conditions of a large segment of the population of Africa. Today, extreme poverty ravages the lives of one in every four people (or 1.2 billion) in the developing world. Poverty continues to be pervasive, intractable and inexcusable. However, Africa is visibly the continent that is most infested with poverty. UNEP (2002) estimates that 40 per cent of the population of SSA lives below the poverty line, and both income and human poverty are increasing. Between 40-45 per cent of the region’s population live in absolute poverty, and 30 per cent are classified as extremely poor, including 70 per cent of women. In the 1980s and early 1990s, stagnation and even deterioration of economic and social indicators were widespread. Poverty problems became more visible and calls for social safety nets intensified. Globalisation, whose key concerns include integration, inclusion, and standardisation or homogenisation of the nations and people of the world, have added to the anxieties of Africa. Inappropriate economic policies in the continent and globalisation are impairing the social and ecological resilience of many communities. Although the number of poor in the developing world decreased during 1987-98 by 0.5% per year in spite of a total population growth of about 1.5% in SSA a reverse trend was experienced: poverty increased faster (by 3.3% per year) than the population growth rate of 3.1%. However, in countries that have sound economic policies, progress on reducing poverty is being made.

## 1. Introduction

According to the OECD (2001), remarkable economic and social progress has taken place in the developing world over the past thirty years. But income poverty remains a challenge. Although the proportion of people in extreme poverty in developing and transition countries fell slightly over the past decade (from 28% to 24%), the numbers of poor people steadily increased in most regions (except for East Asia). Extremely poor people continue to be heavily concentrated in South Asia, which has the largest number of the world’s poor (43% of the total) and in Africa, which has the highest proportion of its population living in poverty (48%).

Today, extreme poverty ravages the lives of one in every four people (or 1.2 billion) in the developing world. Poverty continues to be pervasive, intractable and inexcusable. One in every three children in developing countries is unable to complete five years of education. Also, one in every 12 children dies of disease or malnutrition before her or his fifth birthday. Moreover, HIV/AIDS continues its relentless spread, erasing decades of development progress and exacting immense and tragic costs from children, families and societies across the developing world (OECD, 2001, p.31). In the last 10 years alone, the number of poor people in Sub-Saharan Africa rose by more than a third.

Africa is visibly the continent that is most infested with poverty. In the 1980s and early 1990s, stagnation and even deterioration of economic and social indicators were widespread. During much of this period “getting prices right” became the overarching theme for advocates of Structural Adjustment Programmes (SAPs) in Africa and other parts of the developing world. Governments tightened controls on public expenditure and removed subsidies on essential social services, which hurt mostly the poor (Boon, E.K., 2004). Unfortunately, the SAPs stalled in many countries – sometimes exacerbating social tensions. These reforms triggered poverty and worsened the living conditions of a large segment of the population of Africa. Poverty problems became more visible and calls for social safety nets intensified. It was not appreciated that the poor could respond to appropriate incentives and become agents of growth and that they would also need interventions specially tailored to their needs. Safety nets were frequently regarded as either charity or a means of buying political stability. Globalisation, whose key concerns include integration, inclusion, and standardisation or homogenisation of the nations and people of the world, have added to the anxieties of Africa. Inappropriate economic policies in Africa and globalisation are impairing the social and ecological resilience of many communities.

This paper provides an overview of poverty in Africa, its causes, trends and principal characteristics. It examines the factors and constraints that belie this cancerous phenomenon and recommends strategies and appropriate interventions for combating its continuous increase in both the rural and urban areas in Africa. The paper is based on secondary data and reports from a wide range of sources. It is organized in seven sections. After a brief introduction and definition of poverty in section 2, while section 3 overviews poverty trends in the world and Africa, its causes and characteristics. The reality of poverty in Africa is then illustrated with the help of a case study on Ghana in section 5. The link between environment and poverty is analysed in section 6 while section 7 identifies the key poverty challenges and strategies for combating poverty in Africa. The conclusion of the paper is presented in section 8.

## **2. What is Poverty?**

### **2.1. The World bank View**

It is generally agreed that there is no universally accepted definition of poverty. However, several attempts have been made by different authors and international institutions to find an “acceptable norm” for defining poverty – the “poverty line”. It is expressed in terms of the income that a household or individual would require to purchase goods and services deemed necessary to sustain her / his physical and social existence. The World Bank Development Report (1990) used \$370 per person per year (or US\$1 a day) as the *absolute poverty line* in developing countries and estimated that 1,116 billion people or 33 percent of the population in the developing world were poor.

However, the methodology used by the World Bank to establish the international poverty line of US \$1 a day sparked off high controversy and was subject to lots of criticism. For example, poverty is said to be a multidimensional problem, which means that income and consumption cannot be the only criteria to be taken into account. Also,

very different outcomes result from looking at national poverty lines or looking at *relative* instead of *absolute poverty*. In its second comprehensive report on poverty, the World Bank (2001a) declared that the data it used were fairly reliable. Data of 1998 pointed to a substantial decrease in poverty from 33 percent in 1985 to 23.4 percent in 1988, even if the total number of extremely poor people had slightly increased. Much of this progress was registered in China and India. However, in Sub-Saharan Africa and Eastern Europe, poverty was on the increase. Using a poverty line of US \$2 a day, poverty also decreased from 61 percent in 1987 to 56.1 percent in 1998 (World Bank, 2001b). Despite improvements in its empirical database, the World Bank these days focuses more and more on the non-monetary aspects of poverty. It now uses wide-ranging participatory assessment of social indicators. This new orientation sees poverty in terms of vulnerability, voicelessness and powerlessness (World Bank, 2001a)

## **2.2. UNDP's View on Poverty**

Several Human Development Reports of the UNDP have shown the significant difference between income development and human development, and the lack of correlation between GDP per capita ranking of countries and their human development ranking. Since the 1990s, the United Nations Development Programme (UNDP) introduced two relevant concepts into the poverty debate. These are human development and human poverty. The former is seen as a process that enlarges peoples' choices, including freedom, dignity, self-respect and social status. Human poverty refers to deprivation of essential capabilities such as a long and healthy life, economic resources, knowledge and community development. A Human Development Index (HDI) has been calculated to measure different aspects of human development. It brings together in one index deprivation in four basic dimensions of human life – a long and healthy life expectancy, knowledge, economic provisioning and social exclusion.

The HDI trends show that the speed of human progress is uneven. Between 1975 and 1997 most countries made substantial progress in human development, reducing their shortfall from the maximum possible value of the HDI. However, African countries conspicuously occupy the lowest positions in the HDI ranking (see Table 1). In 1997, the UNDP also devised a Human Poverty Index (HPI), which reflects achievements in the most basic human capabilities – leading a long life, being knowledgeable and enjoying a decent standard of living. While the HDI measures average achievements in basic dimensions of human development, the HPI measures deprivations in those dimensions. The HPI is a multidimensional measure of poverty; income is only a means to human development and not an end (UNDP, 1999).

## **2.3. OECD's View on Poverty**

The OECD (2001) describes poverty as an unacceptable human deprivation in terms of economic opportunity, education, health and nutrition, the lack of empowerment and security.

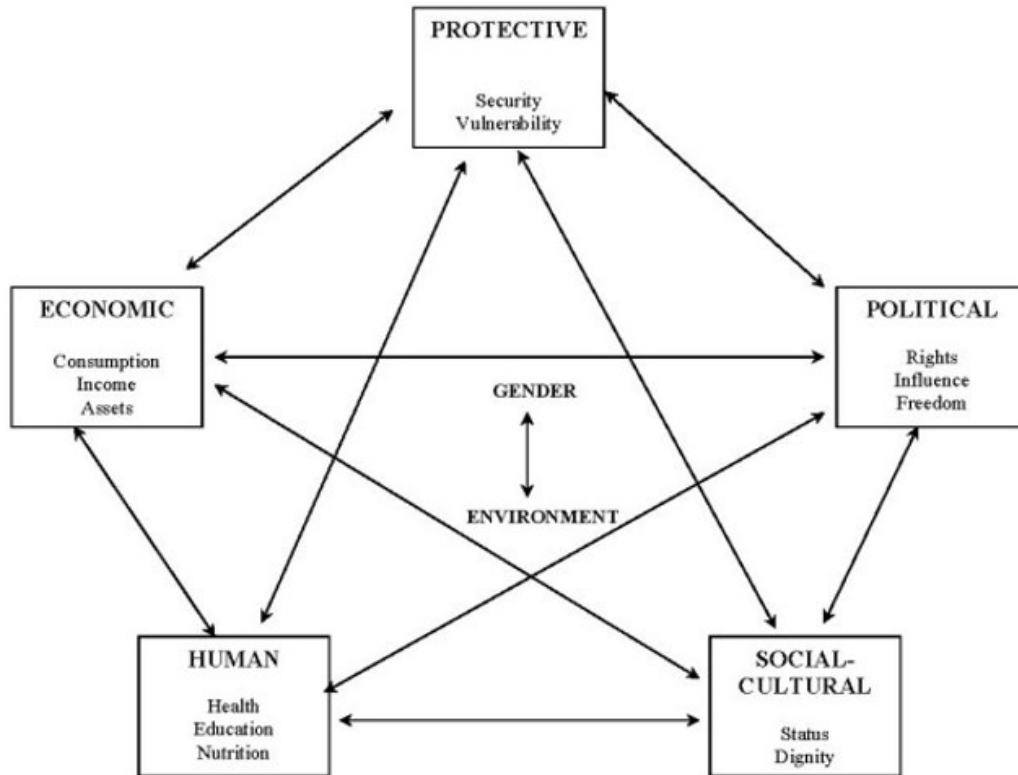


Figure 1: Interactive dimensions of poverty and wellbeing

In general, poverty is the inability of people to meet economic, social and other standards of well-being. It covers measures of *absolute poverty* such as child and infant mortality rates, and *relative poverty*, as defined by the differing standards of each society. Figure 1 depicts a broader framework of the concept of poverty developed by the OECD. It includes the most important areas in which people of either gender are deprived and perceived as incapacitated in different societies and local contexts. The framework encompasses the causal links between the core dimensions of poverty and the central importance of gender and environmentally sustainable development.

The core dimensions of the framework include economic capabilities, human capabilities, political capabilities, socio-cultural capabilities, protective capabilities. Each component

represents an important dimension of poverty, which affects – and is affected by all the others. These dimensions are summarised below:

- Economic capabilities, meaning the ability to earn an income, to consume and to have assets which are all key to food security, material well-being and social status. It also includes the secure access to productive financial and physical resources, for example, land, implements and animals, credit and decent employment.
- Human capabilities based on health, education, nutrition, clean water and shelter meant to improve livelihood. Education for example is regarded as one of the most effective means for defeating poverty.

- Political capabilities, which include human rights, a voice and some influence over public policies and political priorities.
- Socio-cultural capabilities concern the ability to participate as a valued member of a community. Geographic and social isolation are major causes of poverty.
- Protective capabilities enable people to withstand economic and external shocks and they include such issues as hunger and food insecurity, natural disasters, economic crises, etc.

#### **2.4. IFAD's Definition of Poverty**

IFAD (2001) also defines poverty as the situation of households with persons having the lowest incomes per person, usually one half to two thirds of GDP per person. IFAD also distinguishes between absolute poverty and relative terms. For absolute poverty, the value of the minimum food intake for survival and some non-food requirements are translated into a corresponding income level that constitutes the poverty line. The relative poverty concept is based on the notion that minimum needs vary with increasing stratification, with changes in the division of labour in a society, and with increasing overall poverty.

The difference between absolute and relative poverty is that the former ignores the distributional aspects of poverty. In some cases, absolute poverty may be reduced while at the same time inequality is rising. This appears to happen more frequently in Sub-Saharan Africa than in other regions. Relative poverty means pitching individuals or groups against others contextually, along selected indicators. In other words, relative poverty is measured by the differing standards of living of each society. Relative poverty will continue to exist in any society in spite of the fact that high standards of living are achieved.

It is also generally recognised that poverty is not just a matter of income or expenditure shortfalls. A growing literature stresses the importance of local perceptions and attitudes in defining poverty and its characteristics. Aspects not commonly included, such as dignity and being part of a social mutual network, are turning out to be as important as the income and social parameters usually considered. Some approaches also focus on the dynamics of poverty on vulnerability. Vulnerability is defined as the probability of an acute decline in access to food on consumption, which leads to the inability to meet minimum survival needs. Vulnerability includes two main elements, the exposure to and the inability to cope with it.

### **3. Poverty Trends in the World**

According to the World Bank (2001), probably 250 million people (about 45% of the population) are living on \$1 a day. Africa's poor, along with those in Asia, remain among the most impoverished in the world. In South Asia, real GDP per capita levels, which in 1970 were much lower than those of SSA, increased to \$420 or 2.3% a year between 1982 and 1992 and raised the purchasing power in the region above those in SSA.

In 1995, world leaders at the World Summit for Social Development in 1995 committed

themselves to reduce the proportion of people living in extreme poverty by half between 1990 and 2015 (World bank, 2002). The world community adopted the Millennium Development Declaration and its objectives referred to as the Millennium Development Goals (MDGs) in September 2001 as a means of accelerating sustainable development. The MDGs focus on:

- Eradicating extreme poverty and hunger.
- Achieving universal primary education.
- Promoting gender equality and empowerment of women.
- Reducing child mortality.
- Improving maternal health.
- Combating HIV/AIDS, malaria, and other diseases.

### 3.1. Poverty Trends in Africa

As has already been mentioned, SSA is one of the poorest regions in the world, and poverty seems to be increasing, at least when measured by the poverty line of US \$1 per day per person. The World Development Report of 2000 says more than 46 per cent of the world's population or an equivalent of almost 300 million people live on less than US\$1 per day in SSA, which makes it one of the regions most affected by poverty. Moreover,  $\frac{2}{3}$  of Africans live in rural areas and the rural poor account for 80% of African poverty (World Bank 2000; World Bank Institute 2001). UNEP (2002) estimates that 40 per cent of the population of SSA lives below the poverty line, and both income and human poverty are increasing. Between 40-45 per cent of the region's population live in absolute poverty, and 30 per cent are classified as extremely poor, including 70 per cent of women. The process of globalisation has further marginalised Africa, and this has contributed to the increasing incidence of poverty in the region. Although poverty remains a serious problem in SSA, in countries that have sound economic policies, progress on reducing poverty is being made.

By 1998, all developing regions together accounted for about 1.2 billion poor persons, amounting to 23.4% of the total population in these areas. Since 1990, both the absolute number of the poor and the proportion of the total population seem to have declined. In SSA, on the contrary, the total number of poor has risen from 217 million to 302 million persons, and by 1998 the poverty incidence had reached 48.1% of the total population. SSA has the highest poverty incidence among all developing countries (See Table 1). While the incidence of poverty has declined since 1990 in all developing regions together, primarily due to progress in Asia, in SSA its incidence continued to increase. The number of poor in the developing regions decreased during 1987-98 by 0.5% per year in spite of a total population growth of about 1.5%. However, in SSA a reverse trend can be seen: poverty increased faster (by 3.3% per year) than the 3.1% population growth rate.

Furthermore, contrary to all developing regions together, the poverty gap in SSA remains constant at about 20%, while it dropped to 7.2% for all developing regions together. This implies that the Africa's poor are remaining on average at 20% below the poverty line, while in other areas the poor are moving towards the income poverty line.

	Number of Poor	Poverty Incidence	Poverty Gap
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Region	(millions)			(%)			(%)		
	1987	1990	1998	1987	1990	1998	1987	1990	1998
Sub-Saharan Africa	217.2	242.3	301.6	46.6	47.7	48.1	20.0	20.0	20.1
All developing regions	1227.1	1276.4	1176.4	28.3	29.0	23.4	8.6	9.0	7.2

Source: IFAD, 2001

Table 1: Poverty Incidence and Poverty Gap, 1987-98

Indicators	1970	1980	1990	1999
<b>Western and Central Africa</b>				
Female illiteracy (%)	90	82	71	54
Infant mortality	150	126	108	88
Life expectancy (years)	42	46	49	48
Primary enrolment	52	78	68	-
<b>Sub-Saharan Africa</b>				
Family illiteracy	82	72	60	47
Infant mortality	137	115	101	92
Life expectancy (years)	44	48	50	47
Primary enrolment	51	81	76	-

Source: IFAD, 2001.

Table 2: Social Indicators of Poverty

Poverty is, however, not only a matter of low incomes, it also relates to social conditions, which are usually measured through outcome indicators in health and education. Most frequently used social indicators include the infant mortality rate (IMR), life expectancy, gross enrolment in primary schools and female illiteracy rates (see Table 2). The disadvantage of these measures is that their improvement over time does not necessarily mean that the conditions for all the poor have improved. For instance, the overall literacy rate for women or life expectancy may improve nationally, while the conditions of the poorest portion of the population remain the same or even become worse.

Moreover, social indicators are not established according to income groups. Consequently, a generalised improvement in, say, primary school enrolment should not therefore be taken as an indication of reduced poverty because the beneficiaries may be wholly or largely the non-poor. Using average national social indicators to further the understanding of poverty may therefore increase the risk of conceptual confusion, taking overall social improvements for the non-poor as reductions in poverty.

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### **Biographical Sketch**

**Emmanuel Kwesi Boon** obtained his B.A. in Economics and Geography at the University of Ghana in 1979. He also has a Master's in Industrial Location and Development from the Free University of Brussels. After obtaining an M.B.A. Degree from the University of Antwerp (UFSIA), he received his Ph.D. in Economic Sciences from the Free University of Brussels (VUB) in 1986. He lectures at the School of Administration of the University of Ghana in Accra and is a visiting professor to several universities and institutions in Africa, Asia, Europe, and South America. Currently, he teaches three courses to the postgraduate students of Human Ecology at the VUB: "Environment and Development," "Communication, Leadership Skills, Multi-media, and GIS," and "Issues on Gender, Youth, Age, Culture, and Ethnic Groups." He is also actively involved in research, consultancy, and extension projects. He is the founder and chairman of the International Centre for Enterprise and Sustainable Development (ICED) based in Accra, Ghana.

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