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## **Chronic Poverty in sub-Saharan Africa Achievements, Problems and Prospects<sup>1</sup>**

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## **Introduction: The Global Poverty Agenda and the Africa**

Despite significant progress made in reducing poverty since 2000, there is general consensus that poverty remains a major policy challenge especially in sub-Saharan Africa. On current evidence the *global* target for MDG1 (halving poverty by 2015) is likely to be achieved thanks mostly to rapid gains in China and India. It should however be remembered that there will still be another half of the ‘original 1990 benchmark poor’ living in poverty. Recent revisions suggest that the figure may be as many as 1.4 billion people, many of who will be Africans<sup>2</sup>. Probably a third of the people who will remain in poverty will have lived in poverty for most if not all their lives. These are often called the chronically poor. Estimates suggest that between 30 and 40 per cent of up to 443 million people living in chronic poverty are in sub-Saharan Africa.<sup>3</sup> Clearly present and future progress in poverty reduction after the MDGs will depend to a large extent on what happens to this core group living in chronic poverty especially in Africa. Current evidence suggests that although the proportion of people living in poverty has declined<sup>4</sup> from 58 per cent in 1990 to 51 per cent in 2005,<sup>5</sup> sub-Saharan Africa will likely miss the target for MDG1. In fact, the actual numbers of Africans living in poverty has been increasing<sup>6</sup>. This paper looks at Chronic Poverty in Africa and argues that this is likely to be the new frontier in the fight against poverty. The paper divides into three main sections. After a brief discussion of the concept the paper looks at key achievements, challenges and prospects for the future.

## **Better Knowledge, Better Policies: Making Poverty Legible**

### ***From Money Metric to Multi-dimensionality***

In 2001, the United Nations Committee on Economic, Social and Cultural Rights defined poverty as a ‘sustained or chronic deprivation of the resources, capabilities, choices, security and power necessary for the enjoyment of an adequate standard of living and other civil, cultural, economic, political and social rights’. This definition crystallises more than a century of research on poverty and shows how far our understanding of poverty has come. From the early FGT generation measures when poverty was mostly about money measures, this UN definition in 2001 shows the multi-dimensional understanding that has emerged in this paradigm shift. Stiglitz, Sen and Fitoussi (2009)<sup>7</sup> give a concise assessment of this ongoing shift identifying some of the missing dimensions of poverty. In the early 1990s the UNDP inspired by some of the earlier

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<sup>2</sup> See UN(2010) Rethinking Poverty: A Report on the World Social Situation 2010,

<sup>3</sup> Based on CPRC, (2005: 9 and CPRC, (2008:16)

<sup>4</sup> I have often wondered if this decline is mainly due to the fact that most of those who die in Africa are the poor

<sup>5</sup> See UN(2010) Millennium Development Goals Report 2010

<sup>6</sup> Largely due to high population growth rates

<sup>7</sup> See Report of the International Commission on the Measurement of Economic Performance and Social Progress

works of Amartya Sen introduced HDI had already begun to show how well being is more than just about money. There is now general consensus that we can only understand and deal with poverty if we understand its all its dimensions. A new generation of multi-dimensional poverty indexes has also begun to emerge<sup>8</sup>.

### ***Duration Matters: Chronic and Transitory Poverty***

Alongside this emergence of multi-dimensionality is also a clear sense that we need to understand how the different dimensions of poverty are expressed in space and time. It is now also important to distinguish those living in long term (durable) or chronic poverty, from those who occasionally or are sometimes poor (transitory poor) (CPRC 2005). The length of time that qualifies an individual as living in chronic poverty is variable<sup>9</sup> although emerging consensus is that it is data availability that ultimately can tell us which households have remained in poverty between measurement periods and therefore in chronic poverty. After more than a decade of work on chronic poverty we now know that the upper limit for chronic poverty is often a lifetime. In general chronic poverty will include those that have always been poor (have never been above the poverty threshold) and those that are usually poor (may occasionally be above the line but on balance are below the poverty threshold most of the time). The reason for this distinction is largely to do with the nature of policy responses to the different poverties. The term ‘extreme poverty’ is often used as a proxy for chronic poverty since it is often easier to calculate the extremely poor based on single data bases<sup>10</sup>.

Those living in transitory poverty include those whose fortunes fluctuate around a given poverty threshold. In most African agrarian societies this might include households that emerge out of poverty during a good agricultural season but fall below the line with any adverse event<sup>11</sup> to their livelihoods. Also included in the category of the transitorily poor are households that have experienced poverty before but on balance have living standards above the poverty threshold. For example, a household whose breadwinner loses a job due to the financial crisis may decline into poverty till the means of livelihood are restored at which point the household may move again above the poverty threshold. It could be argued that most of the progress made in achieving

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<sup>8</sup> See for example Alkire-Forster’s Multiple Dimensions of Poverty Index

<sup>9</sup> This often depends on data availability and the cycles of surveys. In the United States living in deprivation for a period of three to four years qualifies one to be classified as chronically poor as it was it was found that being poor for only four years was enough to reduce very substantially the chances of ever escaping poverty (Corcoran, 1995). Hulme and Shepherd (2003) suggest that an individual or a household is said to be chronically poor if they been living deprivation for a period exceeding five years.

<sup>10</sup> It is however acknowledged that this proxy measure under-estimates the number of chronically poor households in some cases by up to a third(see CPRC 2008)

<sup>11</sup> This might include natural adverse weather events; life cycle events or any misfortunes.

MDG1 more people from this group than from among the chronic poor. The suggestion here is that chronic or durable poverty often has deep seated structural causes and is more entrenched and therefore more difficult to deal with compared with transitory poverty. The point here is that chronic poverty often has structural causes that require greater political purchase to address and the MDGs would have been caught up in the politics of structural change. CPRC (2009) identify some of these structural factors (traps) to include insecurity, limited citizenship, spatial disadvantage, social discrimination and poor work opportunities and suggest that these require strong political commitment to deal with. Perhaps there is a case here for MDGs to have distinguished the different poverties with a view to avoiding the chronic poor being missed by general policy responses. In some sense it can be said that under the contemporary post-Washington consensus state-society discursive constructions it has been easier to build consensus and galvanise public support for transitory poverty than for chronic poverty<sup>12</sup>. ..

A key question however is whether this improved or better understanding of poverty has led to better policy responses. At a conceptual level a link has been made between better understanding of poverty and its emergence as a policy problem worthy of attention. In fact, some have argued that it is this better understanding that among other factors have led to the emergence of the post-Washington consensus thinking now commonly referred to as inclusive (neo) liberalism<sup>13</sup>. It is one thing to understand poverty but equally another to find solutions. The next section looks at the state of knowledge after more than a decade of trying to deal with chronic poverty.

## **Issues and Prospects for the Future**

### ***Public Actions: Global Vs National Public Spheres***

It is clear that the MDGs influenced poverty discourses at the global public sphere level. Creating such global targets helped galvanise support but, this global discourse still needed local expression. We now know that it is national policy and action (and thus national context) that is much more important than international policy and action – the latter is a key support but cannot substitute for the former. A look at countries that have made progress and been more successful with the MDGs shows that most of these were able to translate the MDGs into pliable actions through their own national programmes often of the PRSP genus. Similarly we also know that

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<sup>12</sup> Sometime seen as a third way compromise to resolve tensions between the state/welfare and market/growth-led versions of development

<sup>13</sup> Adapted here after Craig and Porter(2006)

most progress with chronic poverty has occurred in countries that have identified it as an issue and dealt with it often outside the PRSP frameworks.

Although efforts to eradicate chronic poverty in sub-Saharan Africa have mostly be based in national political and policy debates and choices driven by the (PRSs) process research evidence also suggests that conditionalities around PRGFs and PRSCs) often compromise the quality of PRSs – reducing their capacity to deliver pro-poor growth because of their focus on short-term stability and aggregate growth (regardless of its quality). This also undermines domestic policy debates and weakens moves towards more democratic policy processes especially in emerging polities.

### ***Does the Silence of MDGs on Distribution Harm Achievement?***

There is mounting evidence that poverty rates declined faster in countries with a more even distribution of income<sup>14</sup>. A key question that still needs to be asked is whether the compromise environment of inclusive (neo) liberalism has not displaced focus on inequality and the distribution of the benefits of growth. If there is one key lesson to emerge from the past decade of growth it is that not all growth is good for poverty reduction. Growth that increases economic opportunities and the tax base while contributing to changing existing economic and social structures (so that they are more inclusive and just) is what works best for those living in chronic poverty. We know in the case of some African countries that growth has not been ‘inclusive’. It has privileged the non-poor and has entrenched inequality rather spread the benefits of growth. For example, there have been suggestions that economic growth in South Africa has clearly benefited the top ten per cent much more than it has benefitted the bottom twenty per cent hence a rise in its gini index from 59.3 in 1994 to 65 in 2005. This compares with growth in Brazil that has not only been inclusive but has also been transformative as the biggest gains in income have been made by the bottom 25 per cent. This calls for better analysis of growth and its implications for poverty reduction. Perhaps new forms of analysis that decompose national figures can tell us more create conditions for policy debates on income distribution especially in Africa where income inequality is increasing.

### ***Transformative Growth***

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<sup>14</sup> See UN(2010); Fosu (2010)

Having regards to the above, it is still important to highlight that growth is central to the eradication of chronic poverty but it needs to be transformative growth that changes pre-existing economic and social structures through strategic public policy interventions that raise the capacity of, and opportunities for the employment of, the poorest. What constitutes transformative growth is subject to various views but in essence transformative growth is one that:

- fosters labour productivity (through education, basic health services, social protection and other policies) especially in agriculture and the SME sector and in disadvantaged rural and urban areas;
- improves the functioning of labour markets by removing subsidies to capital intensive approaches, connecting poor people to the economy through key infrastructural investments and improves access to information on rights, services and employment opportunities; and,
- facilitates redistribution (usually by fiscal means) that builds the human capital and assets of the poorest people, increases the demand for the goods and services poor people need and supports progressive social change for the poorest.

### ***Governmentality of Poverty and Progressive Social Change***

One of the key lessons to emerge from the past decade of research is that poverty reduction programmes can become engines for social and political action that directly challenges the social orders (caste, gender, race and class relations etc) that underpin and perpetuate chronic poverty. For example the governmentality<sup>15</sup> of poverty reduction in Uganda has been linked local actions that can be said to enhance at the local level, progressive social change.<sup>16</sup>In many African countries despite being ritualised and controlled by the state, the participatory poverty reduction programmes have helped produce forms of citizenship that go beyond the programmatic intentions. Apart from enhancing demand side accountability, and claim making the process itself is often seen as having brought politics back into development. It can be argued that this has been the unseen and perhaps un-intended impact of the MDGs ‘process’<sup>17</sup>

Progressive social change is essential for tackling chronic poverty as existing social orders (caste, gender, race and class relations etc) that underpin and perpetuate social discrimination; poor work opportunities and, limited citizenship that stop the poorest from improving their circumstances

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<sup>15</sup> Used here in the Foucault sense implying the way governments have tried to produce forms of citizenship amiable to the types of poverty programmes they want to implement. The thinking here includes use of participatory and devolved governance and how this has created new forms of citizenship engagement with development.

<sup>16</sup> See Hickey(2010)

<sup>17</sup> The argument here is that MDGs were always about a benign non-politicised form of development delivery

are entrenched within social structures. Chronically poor people do not just need ‘good policies’ they need societies that give them voice and facilitate their rights. However, the achievement of progressive social change depends primarily on domestic actors - social and political leaders, social movements and political parties/formations. From the experiences of the past decade we know that some initiatives based on decent work, gender equality, social protection and secure rights to assets for the poorest (including inheritance laws). Addressing these issues will require redistribution – in most circumstances ‘redistribution by stealth’, through the fiscal system, rather than radical redistribution is likely to achieve the best results. Outsiders can provide some direct support and more broadly contribute to the evolution of an international social norm that judges the existence of extreme poverty to be morally unacceptable in an affluent world.

### **Giving Money to the Poor: Building Citizenship Through Social Protection**

One of the key innovations to (re)emerge over the past decade is the idea that robust social protection programmes are crucial in stabilising lives of those in chronic poverty (see Hulme et al 2010). When well designed social protection can improve the economic and social security of the poorest, support their efforts to create human capital and assets, and provide the space to mobilise for social and political change. Apart from these direct welfare effects social protection programmes when well designed can enhance citizenship formation. Current estimates suggest that between 750 and 1 billion people have access to some form of social protection. For many African countries the ‘new generation’ of social protection programmes are only starting to replace the largely ineffective ‘social welfare schemes. Social protection coverage in Africa coverage is very varied but it ranges from 10 per cent in Ethiopia to 50 per cent in South Africa and almost 96 per cent in Lesotho<sup>18</sup>. There is some variability in experience and practice with institutionalised South Africa style universal and unconditional old age pension and child care grant schemes co-existing alongside a new generation of projectised ‘conditional’ schemes targeting only those living in chronic poverty in countries like Kenya and Ethiopia.

Reviewing, redesigning, reforming and expanding existing systems is a policy priority. In the longer term the goal is to move from patchworks of programmes to ‘systems’ that provide support to all vulnerable people and households. While social protection programmes must be nationally-specific this can be encouraged by:

- reviewing, redesigning and expanding existing programmes (non-contributory old age pensions, child grants, widows and disability grants and others):

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<sup>18</sup> Old age pension transfer for the over 70

- learning from successful programmes in neighbouring countries and other regions. More specifically Latin America can provide some key lessons here;
- innovative approaches to delivery (eg post offices, rural banks, mobile phones, lottery-ticket agencies etc);
- using domestic taxation, supplemented by foreign aid in very poor countries, for finance.

The growing knowledge base on social protection means that the design and implementation of such programmes is much less challenging than it was in earlier times. CPRC research has shown that social protection programmes can be afforded (usually through domestic public revenues, but supplemented by foreign aid in the poorest countries. For example, the social programmes in Ethiopia and Kenya are rooted in national budget with some support from external funders. While capacity problems can be identified in some contexts innovative service delivery options are providing mechanisms to overcome such obstacles while strengthening existing systems. There is a great opportunity to roll out social protection programmes in terms of coverage and services (links to education, food security, health, labour markets, etc) in many countries.

Focussing on making social protection programmes more effective and scaling them up provides an ideal entry point in many contexts. While transformative growth and progressive social change are over-arching issues practical entry points to engage with these issues must be identified and pursued. Social protection provides both a *practical 'solution'* in most countries to meeting some of the immediate needs of the chronic poor. A focus on social protection also helps develop capacities to deal with shocks (at the national and household level) an increasingly important issue in n unpredictable world experiencing climate change.