Poverty in Sub-Saharan Africa: Issues and Recommendations

Concerns about poverty in Sub-Saharan Africa are not new and poverty reduction efforts have been documented fairly extensively. However, this report, Taking Action for Poverty Reduction in Sub-Saharan Africa, commissioned in 1993 by the Bank's Africa Region differs from others in that it focuses on the Bank's operational program to reduce poverty. It analyses the connections between its poverty assessments, country assistance strategies and the content of the lending program. It also examines actions that the Bank--in partnership with governments and donors--can take to reduce poverty. The report reflects numerous discussions with the Bank's development partners -- Africans, the donor community, and nongovernmental organizations (NGOs).

Background

Profile of Poverty

On average, 45 to 50 percent of Sub-Saharan Africans live below the poverty line -- a much higher proportion than in any region of the world except South Asia. In 1993, an estimated 40 percent lived on less than a dollar (US) a day. At least 50 percent of these people are from five East African countries and Nigeria. Also, the depth of poverty -- that is, how far incomes fall below the poverty line -- is greater in SSA than anywhere else in the world.

Beyond low income, a principal indicator of poverty is inadequate access to social services. Currently, the availability of social services in most SSA countries is the lowest in the world. The average gross primary school enrollment rate, which declined in many countries in the Sahel during the 1980s, is currently only 67 percent compared with 94 percent for South Asia and 117...
percent for East Asia. Health services are falling behind demand in most countries in SSA. This is reflected in an average infant mortality rate of 93 per 1,000, which is higher than South Asia's 84 per 1,000, Latin America's 46 per 1,000 and East Asia's 36 per 1,000.

**Economic growth rates**

The growth of income in Sub-Saharan Africa during recent years has been dismal. Between 1970 and 1992, average per capita Gross Domestic Product (GDP) grew by only $73 in relation to purchasing power parity. In contrast, during the same period, South Asia's per capita GDP increased by $420 (2.3 percent per year) and East Asia's by $900 (3.1 percent per year). In 1970, average per capita GDP for these two regions was similar to Africa's.

**Causes of Poverty in SSA**

The consequences of poverty often reinforce its complex causes, exacerbating the problem. The study has identified the following as the main causes of poverty:
Inadequate access to employment opportunities

Inadequate physical assets, such as land and capital, and minimal access by the poor to credit even on a small scale

Inadequate access to the means of supporting rural development in poor regions

Inadequate access to markets where the poor can sell goods and services

Low endowment of human capital

Destruction of natural resources leading to environmental degradation and reduced productivity

Inadequate access to assistance for those living at the margin and those victimized by transitory poverty

Lack of participation; failure to draw the poor into the design of development programs

**Identifying the gaps**

*The World Bank’s lending program*

The study reviewed the Bank's lending program for the fiscal years 1992-97 to determine if it reflected statements that poverty reduction is the Bank's overarching objective. Projects were classified into three categories according to their objectives: enabling growth, broadly-based services and narrowly-targeted services for the poor. This made it possible to examine the effectiveness of poverty assessments, other economic analyses, country assistance strategies and business plans as the basis for designing the Bank's lending programs; assess whether the emphasis of the Bank's lending program for poverty reduction needs to be modified; and identify the actions most likely to reduce poverty.

Of the Bank's lending assistance to African countries in FY92-97, almost 58 percent has been (or will be) focused on creating the enabling conditions for growth through policy

---

**Criteria for Classification of Bank Projects**

A project for *enabling growth* is one oriented toward providing the enabling policy and phy necessary for improved growth of the economy and one that will eventually lead to increased opportunities for all sections of the community, including the poor.

A project for *broadly based services* to the poor provides services or similar benefits to the includes the poor.

A project for *narrowly targeted services* to the poor focuses benefits on particular segments
change and large-scale investments. On average, 24 percent was (or will be) for broadly-based services while 18 percent was (or will be) for narrowly-targeted services. This distribution of the Bank's lending program reflects aggregate growth as an end in itself. Increased growth—assuming it generates employment opportunities for the poor—is indeed essential for reducing poverty in Sub-Saharan Africa. But preoccupation with growth, particularly if it is not distributed widely, can mean insufficient attention to development of human capital—one of the factors that sustain growth in the long term. At issue, however, is not the distribution of lending among the three broad categories but the extent to which lending in each category benefits the poor.

Strong and logical connections among poverty assessments, country assistance strategy (CASs), and the lending program should form the core of the Bank's operational program to reduce poverty. The study reviewed the influence of country assistance strategies and poverty assessments on lending programs for each country in SSA and reached the following conclusions:

Poverty reduction is rarely a central or motivating theme in the business plan or country assistance strategy, although attention to poverty has improved in recent months.

Even though the operational cycle begins correctly with a poverty assessment, the poverty focus is often lost by the time a lending program is implemented.

Country assistance strategies are generally not specific enough to ensure that the lending program actually addresses the causes and consequences of poverty.

The lending program often changes, and for about three-quarters of the projects, even a tentative outline is not available as little as one year prior to appraisal.

**Recommendations**

To address these concerns and increase its operational emphasis on poverty reduction the Bank must implement four key changes:

Focus clearly and unequivocally on growth and poverty reduction including human capital development.

Make poverty, gender, and environmental issues the heart of macroeconomic and sectoral strategies—not "add-ons".

Arrange to monitor poverty systematically in all countries that receive Bank lending.

Hold management and staff accountable for ensuring the participation of all stakeholders in the formulation of assistance strategies and for achieving the Bank's stated objective of poverty reduction.
Other key messages

Achieving high rates of sustained growth is undoubtedly the most important strategy for reducing poverty in Africa. Growth rates of at least 6.5 percent per year are necessary if typical Sub-Saharan countries are to reduce poverty at an acceptable rate. Yet high aggregate growth, in itself, will not reduce poverty. The pattern of growth must benefit the poor, either directly through increased employment and incomes or indirectly through improved social services. The distribution of growth in turn, is critical in determining which groups benefit from expanded employment and income-earning opportunities. Emphasizing growth in agriculture, remote poor regions, or urban slums could improve the extent to which various groups, including and especially the poor, benefit.

Poverty is not likely to be reduced in Sub-Saharan Africa without considerable improvement in government commitment and ownership of programs to support this goal. Yet only a few Sub-Saharan African governments (a quarter of the total number) have explicitly identified poverty reduction as important policy objective in their programs with the Bank.

Discussions with government officials and NGOs on the issue of government commitment have led to three conclusions:

Africans must take the lead in reducing poverty, and donors must accept and facilitate that leadership.

The failure of many African governments to define poverty reduction as their central objective is a major shortcoming. Donors including the Bank, must accept some responsibility for this failure because of their willingness to lend despite the weak commitment of governments to poverty reduction.
Understanding the problems of the poor and their needs, and taking action to improve their circumstances requires the involvement of all stakeholders.

In effect, the study emphasizes the point that poverty reduction is good economics and good politics. It must, therefore, be at the heart of any economic and social development strategy.