

# Poverty in a Rising Africa<sup>1</sup>

Kathleen Beegle, Luc Christiaensen, Andrew Dabalen, and Isis Gaddis

## Chapter 1 – The State of Data for Measuring Poverty

*Data availability has improved, but major gaps remain*

1. For 5 countries in Africa (representing 5 percent of Africa's population) there are no available data to measure poverty.
2. As of 2012, only 25 of 48 countries had at least two surveys available to track poverty trends over the past decade.

*Even when data are available, they may not be comparable:*

3. The typical African country conducted only 1.6 comparable surveys between 1990 and 2012.
4. Only 27 out of 48 countries conducted two or more comparable surveys between 1990 and 2012. However, these countries represent more than three-quarters of Africa's population.

*Other core economic indicators also have serious shortcomings:*

5. Consumer Price Indexes (CPIs) are often based on outdated weights: In 2012, 13 percent of the African population was living in countries in which the CPI basket weights were based on data from the 1990s (or earlier). And one third of people are in countries that only collect urban prices.
6. The coverage of population census in Africa has improved, but 8 countries, representing 13 percent of Africa's population, had no census in the 2010 round (2005–14).
7. For GDP estimation, fewer than half of all countries in Africa (22 out of 48) use base years that are more recent than 2004.

*Good governance and statistical capacity go together*

8. A unit increase in the government effectiveness index is associated with almost 50 percent more comparable surveys.

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## Chapter 2 – Revising Poverty Trends

*Poverty rates may have declined more than current estimates suggest, but the number of poor has increased and vulnerability remains high*

1. Correcting for comparability and quality yields a 6 percentage points stronger decline in the poverty rate (from 56 in 1990 to 37 percent in 2012) compared with current Povcal estimates (from 57 to 43 percent). Nigeria accounts for more than half of this change in trend.
2. Even under the most optimistic estimates, the total number of poor people has increased from about 280 million in 1990 to 330 million in 2012.
3. Many people are just above the poverty line: Raising the \$1.90 poverty line to \$2.40 (+26 percent) adds 12 percentage points to the poverty rate.

*Beyond aggregates – profiling poor countries and poor people*

4. Poverty reduction for fragile countries was significantly lower than for non-fragile countries (by 15 percentage points), conditional on other country characteristics.
5. Both urban and rural populations have experienced declines in poverty for the period 1996 to 2012, but the (absolute) gap between urban and rural poverty rates is still 28 percentage points in 2012 (down from 35).
6. Rural populations in Western and Southern Africa experienced declines in poverty of about 40 percent.
7. Poverty rates are higher for male-headed than for female-headed households (48 vs. 40 percent). However, the comparison is sensitive to the demographic normalization of the consumption measure and there are regional differences.
8. A systematic assessment of poverty dynamics in 15 countries reveals that about 58 percent of the poor population was chronically poor (poor in every period), with the other 40 percent being transiently poor (only in one period).

### **Chapter 3 – Poverty from a Nonmonetary Perspective**

*Adult literacy rates have improved, but levels remain low and the gender gap significant.*

1. Over the past two decades, adult literacy rates increased by 4 percentage points (from 54 percent in 1995 to 58 percent in 2012).
2. More than two in five African adults are still illiterate and schooling quality is low (three quarters of sixth graders in Malawi and Zambia cannot read for meaning).
3. The gender literacy gap is about 25 percentage points (and especially high in western Africa).

*Africans are living longer, but progress is leveling off and malnutrition remains high.*

4. Newborns can expect to live 6.2 years longer than in 2000 and prevalence of chronic malnutrition among children under 5 fell by 6 percentage points.
5. Malaria remains an important cause of death among children (more than 400000 children dying annually). 38.6 percent of children under five are still stunted.
6. Boys are more malnourished than girls (by 5 % points); women can expect to live in good health 1.6 years longer.

*After a decade of relative peace, violence is rising again and domestic violence remains high*

7. The number of deaths of violent events from declined from 20 (in the late 1990s) to 4, but the number of violent events against civilians has increased fourfold to more than 4000 in 2014 (concentrated in the central Africa and increasingly also in the Greater Horn).
8. Tolerance of domestic violence in Africa declined (from 41 to 30 percent), but remains twice as high as in other developing countries.

*Africans are slightly more empowered*

9. Scores on voice and accountability rose slightly and there was a trend toward greater participation of women in household decision making processes.

*Numerous people are disabled, displaced, or deprived from one or both parents*

10. In 2012, 32.1 percent of African children were orphaned (3.5 million lost both parents). In 2013, two percent of Africa's population was refugee (3.7 million) or internally displaced. In a sample of seven African countries, almost 1 in 10 working-age adults were disabled.

*Living in resource rich countries comes along with a penalty in human development*

11. Conditional on other features, citizens in resource rich countries are less literate (by 3.1 percentage points); have shorter life expectancy (by 4.5 years), and higher rates of

malnutrition among women (by 3.7 percentage points) and children (by 2.1 percentage points), and suffer more from domestic violence (by 9 percentage points).

## **Chapter 4 – Inequality in Africa**

*The world's highest inequality countries are in Africa*

1. Of the 10 most unequal countries in the world, 7 are in Africa. These countries are geographically concentrated in Southern Africa.

*No clear trends in inequality*

2. Analysis of 23 countries with at least two comparable surveys reveals that about half the countries experienced a decline in inequality, while the other half saw an increase.

*African inequality is increasing*

3. Ignoring national boundaries, the Africa-wide Gini index rose by almost 9 percent (from 0.52 to 0.56) between 1993 and 2008; this increase reflects widening gaps between countries.

*Spatial inequalities are important – but education also matters*

4. In Senegal, for example, one-third of total inequality can be attributed to gaps between households in urban and rural areas.
5. In Nigeria, the richest state has 4 times the mean consumption of the poorest state.
6. Educational attainment of the household head also explains a large share of inequality: Up to 40 percent in Rwanda, South Africa, and Zambia.

*Opportunities are unequal but intergenerational mobility in education and occupation is rising*

7. The share of inequality that can be attributed to inequality of opportunity ranges from 8 percent (Madagascar) to 20 percent (Malawi). Due to unobserved factors, this is a lower bound estimate.
8. In the Comoros, the share of farmers' sons working in sectors other than agriculture is more than twice as large for the youngest cohort than it is for older cohorts.

*Extreme wealth is rising and not captured by household surveys*

9. According to Forbes data of 2013/14, Africa has 19 billionaires and around 50 individuals with a net worth of at least 400 million.