How Africa can catch up with the world in the fight against poverty

By M Niaz Asadullah and Antonio Savoia
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The world is making remarkable progress in combating poverty. From 2000 to 2013, the portion of the world's population living on less than the international poverty line of $1.90 a day fell from 28.5% to 10.7%. That's about one billion people lifted out of poverty.

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In 2000 the United Nations launched the Millennium Development Goals, a coordinated international effort to eradicate poverty and raise living standards worldwide by 2030.

An even more ambitious global effort to eradicate poverty, called the Sustainable Development Goals was adopted in September 2015. This also seems to be producing significant results. An estimated 83 million people have escaped extreme poverty in the first three years after the goals were adopted – between January 2016 and July 2018.

At the same time, there's been a dramatic shift in the geography of poverty around the world.

Today, extreme poverty is mostly around Africa, where 23 of the world's 28 poorest countries are found. These countries have poverty rates above 30%.

Poverty projections up to the year 2030 (the end of the Sustainable Development Goals) suggest that even under the most optimistic scenario, over 300 million people in sub-Saharan Africa will still be in extreme poverty. Thus success in poverty eradication under these goals will depend crucially on what happens in Africa.

According to our research, the adoption of the goals in 2000 played a significant part in accelerating the process of poverty reduction in the world. The implementation of antipoverty programmes and poverty reduction strategies in individual countries became a routine part of national development plans. But, there was considerable disparity in how different countries responded to the development goals as well as in their capacity to implement these plans.

In the early 1990s, African countries such as Nigeria, Lesotho, Madagascar, and Zambia had similar poverty levels to those of China, Vietnam and Indonesia. Yet, this group has been successful in reducing poverty, while the African countries

haven't.

So, why this disparity and how can poverty reduction in Africa be accelerated?

Poverty trends

We looked at poverty trends in the developing world between 1990 and 2013. Using standard income poverty measures expressing the part of the population living on less than $1.25 and $1.90 a day, we found that poverty tended to fall faster in more poverty-ridden countries.

Good news? Yes, but such progress, although significant, doesn't imply that the end of poverty is in sight everywhere. For example, if trends continue in a poverty-ridden country such as Mali, where 86.08% of people were living below $1.25 a day in 1990, it would take about 31 more years to eradicate extreme poverty altogether.

And, even a much less poor economy like Ecuador (where 6.79% people lived on less than $1.25 a day in 1990) is predicted to take about 10 more years to eradicate extreme poverty altogether.

State capacity

Our research identifies a crucial role for state capacity in differing levels of poverty reduction. Sub-Saharan African states often suffer from limited institutional capability to carry out policies that deliver benefits and services to citizens. In other words, they have limited state capacity.

Building state capacity depends on many variables. It is greater when ruling elites are subject to effective limits on the exercise of their power through institutionalised checks and balances. It's also greater in countries with a longer history of statehood. For example, China, an experienced state which is centuries old, may have developed a greater ability to administer its territory - through learning by doing. It has thus become more effective at delivering on policies compared to less experienced African states.

And our own research suggests that countries with the most effective governments reduced income poverty at up to twice the speed than countries with the weakest states.

Fighting poverty in Africa

The weaknesses of a state affects the fight against poverty in a number of ways.

Firstly, fighting poverty requires direct policy interventions. Yet poorer African countries are less effective in reaching their poor. For example, governments in sub-Saharan Africa don't have the data and administrative know-how necessary for reliably identifying their poor. This means they can't target resources to them. Anti-poverty programmes in countries such as Malawi, Mali, Niger and Nigeria miss many of their poorest households.

The growing evidence on the gaps in state capacity and the importance of effective states for poverty reduction implies that, without significant improvement in governance, Africa may fall further behind in meeting the first sustainable development goal target of ending poverty.

To accelerate the end of poverty, African states should focus on developing enough capability for designing and delivering poverty reduction strategies. Implementing these reforms is vital. After all, improving the quality of government is not only important to accelerating poverty reduction. It's also a development goal in itself.

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