

# What do we know about growth and poverty reduction in Africa in the last two decades?

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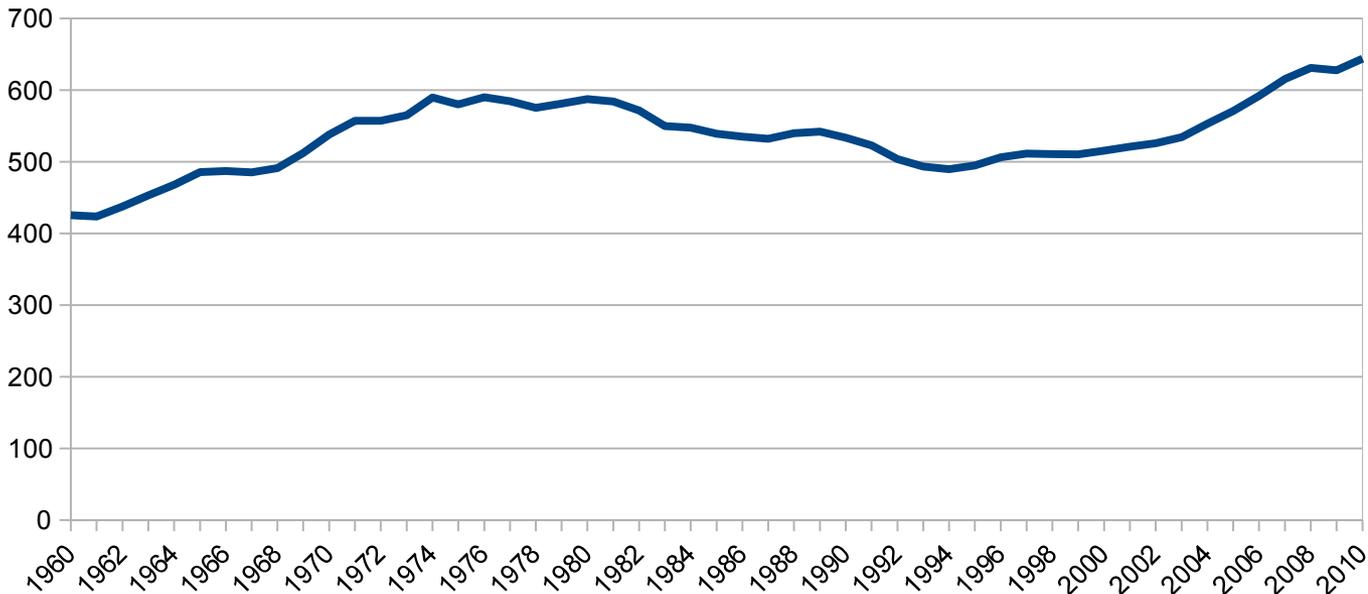
# Outline of presentation

- ◆ The growth story in brief
- ◆ Data on poverty
- ◆ Trends in non-monetary poverty
- ◆ What can we say on monetary poverty?
- ◆ What can we conclude?
  - Will refer throughout to data issues

# The growth story

◆ Substantial recovery in growth in Africa since mid 1990s (GDP increase c. 30%)

SubSaharan Africa GDP per capita  
Constant 2000 US dollars



# The growth story

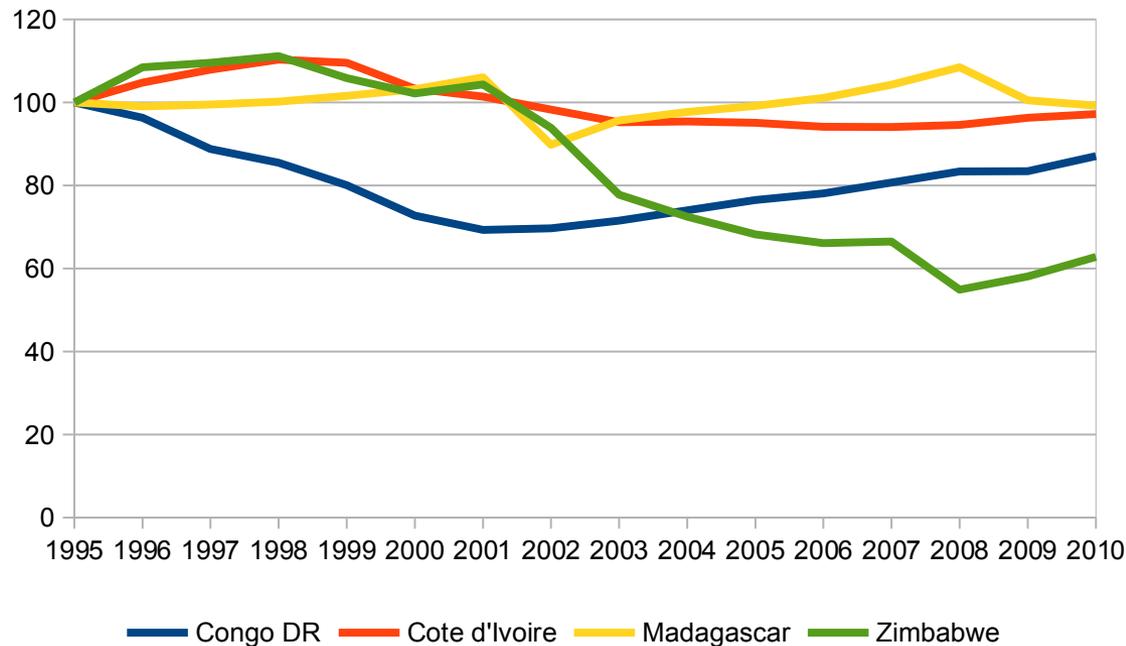
- ◆ Radelet *Emerging Africa*
- ◆ The Economist "... over the ten years to 2010, six of the world's ten fastest-growing economies were in sub-Saharan Africa"
- ◆ Much discussed; various explanations (not just commodities)
- ◆ But what about poverty?

# Growth and poverty

- ◆ Focus here on poverty change biggest 24 SSA countries: 91% of population
- ◆ Growth records:
  - Positive per capita growth since 1995 in 20/24 countries
  - 11 increase by more than 50% from 1995 to 2010
- ◆ Of course issue of data reliability...

# Negative growth cases

- ◆ 4 cases GDP p.c. lower in 2010 than 1995, but only one disastrous case



# Data on poverty

- ◆ DHS: generally comparable non-monetary indicators (although some changes)
- ◆ Accessible, generally regarded good quality
- ◆ Can compare changes over at least 2 points in time in 21/24
  - (exc. Angola, DR Congo and Sudan)

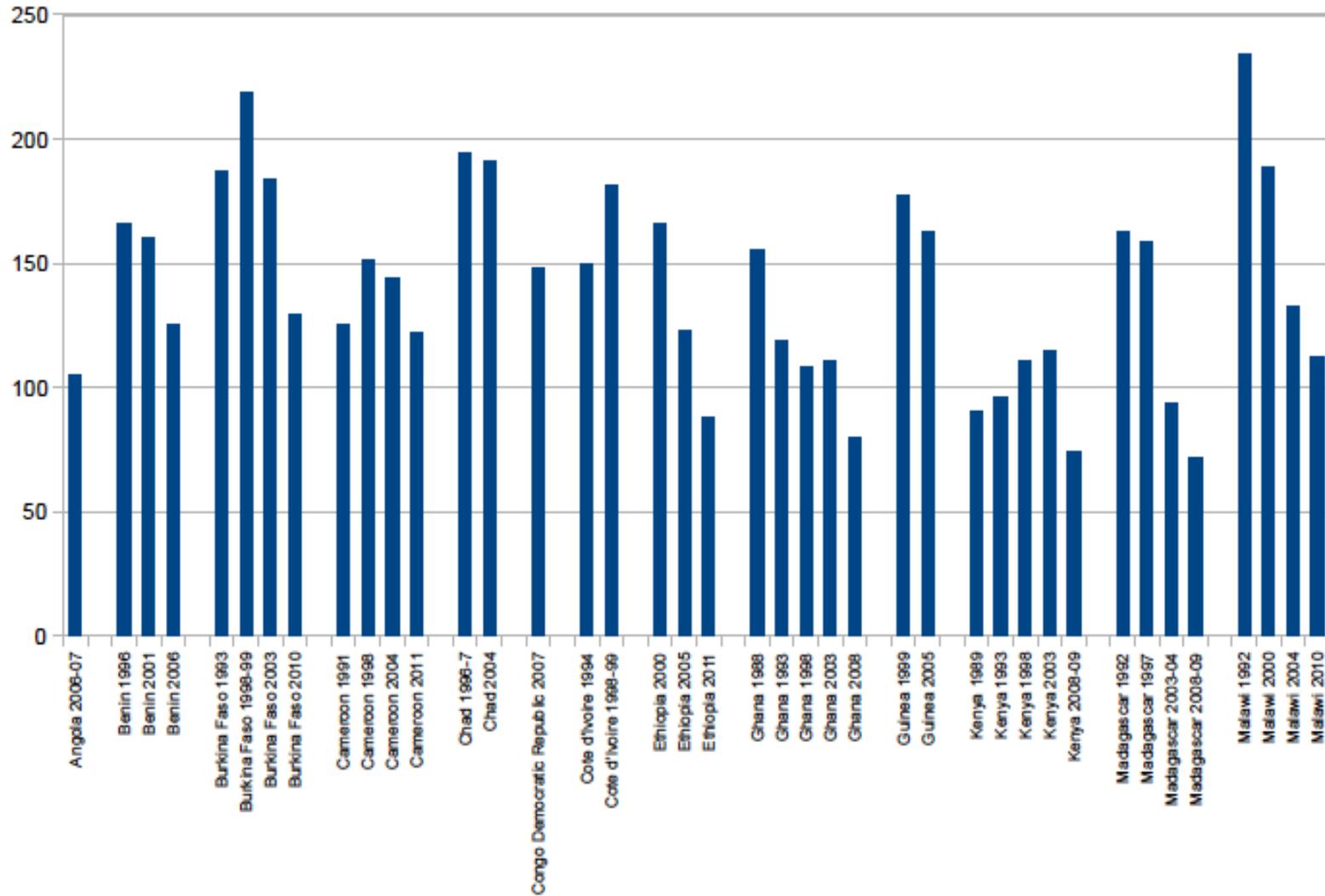
# Data on poverty (2)

- ◆ Monetary poverty: surveys differ between countries and often over time within countries
- ◆ And need to allow for price changes
- ◆ PovcalNet/WDI, but ...
- ◆ Comparable data in 18 or 19 out of 24
  - Angola, Chad, DR Congo, Niger?, Sudan and Zimbabwe
- ◆ GAPP project gives new findings

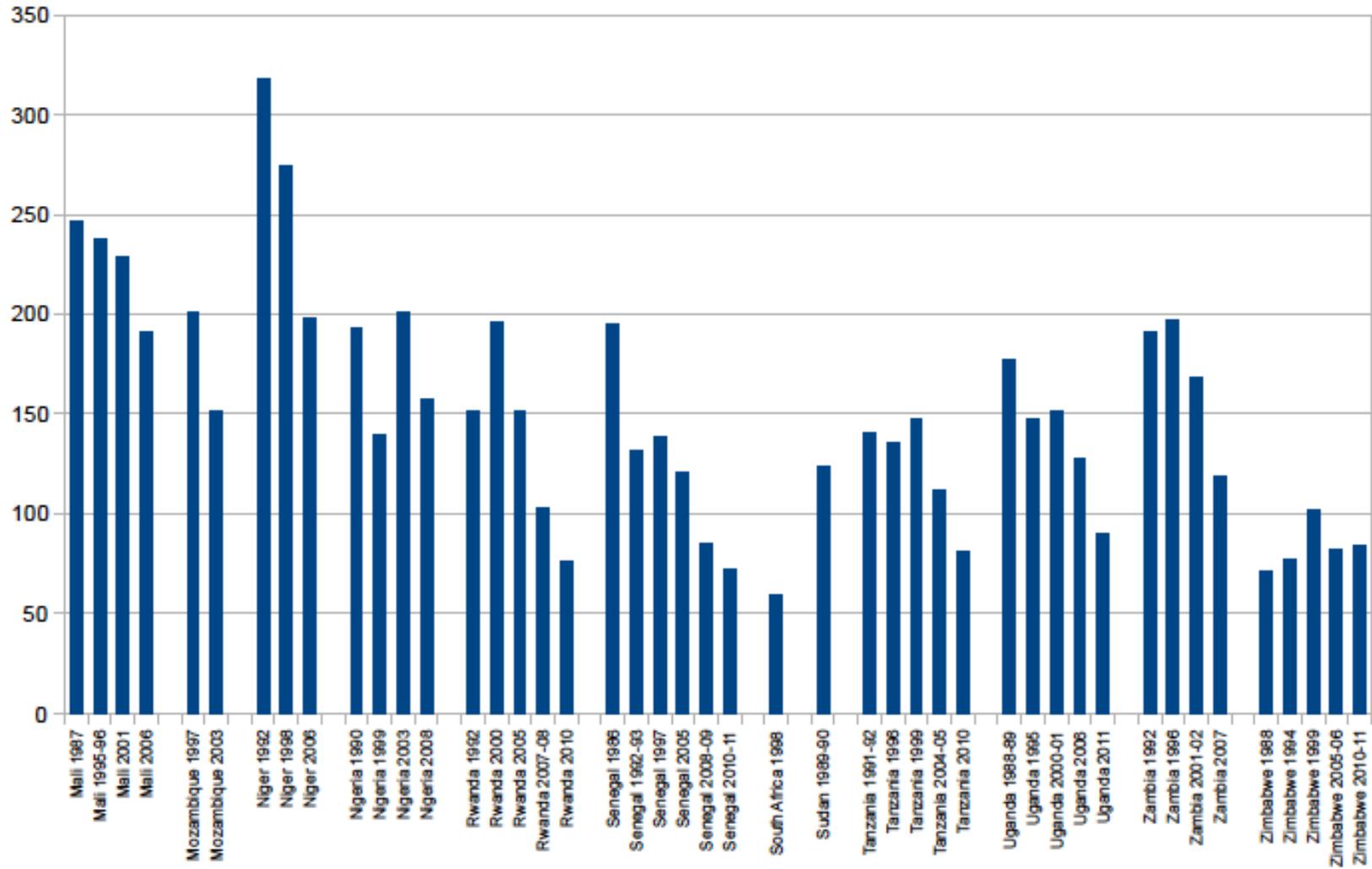
# Non-monetary indicators

- ◆ Under five mortality falls significantly in many places; in other volatile; but rises in Côte d'Ivoire, Zimbabwe; v slow change in Chad
- ◆ Secondary enrolment increases almost everywhere (but level often very low)
- ◆ Malnutrition generally improves (though Cameroon, Kenya)

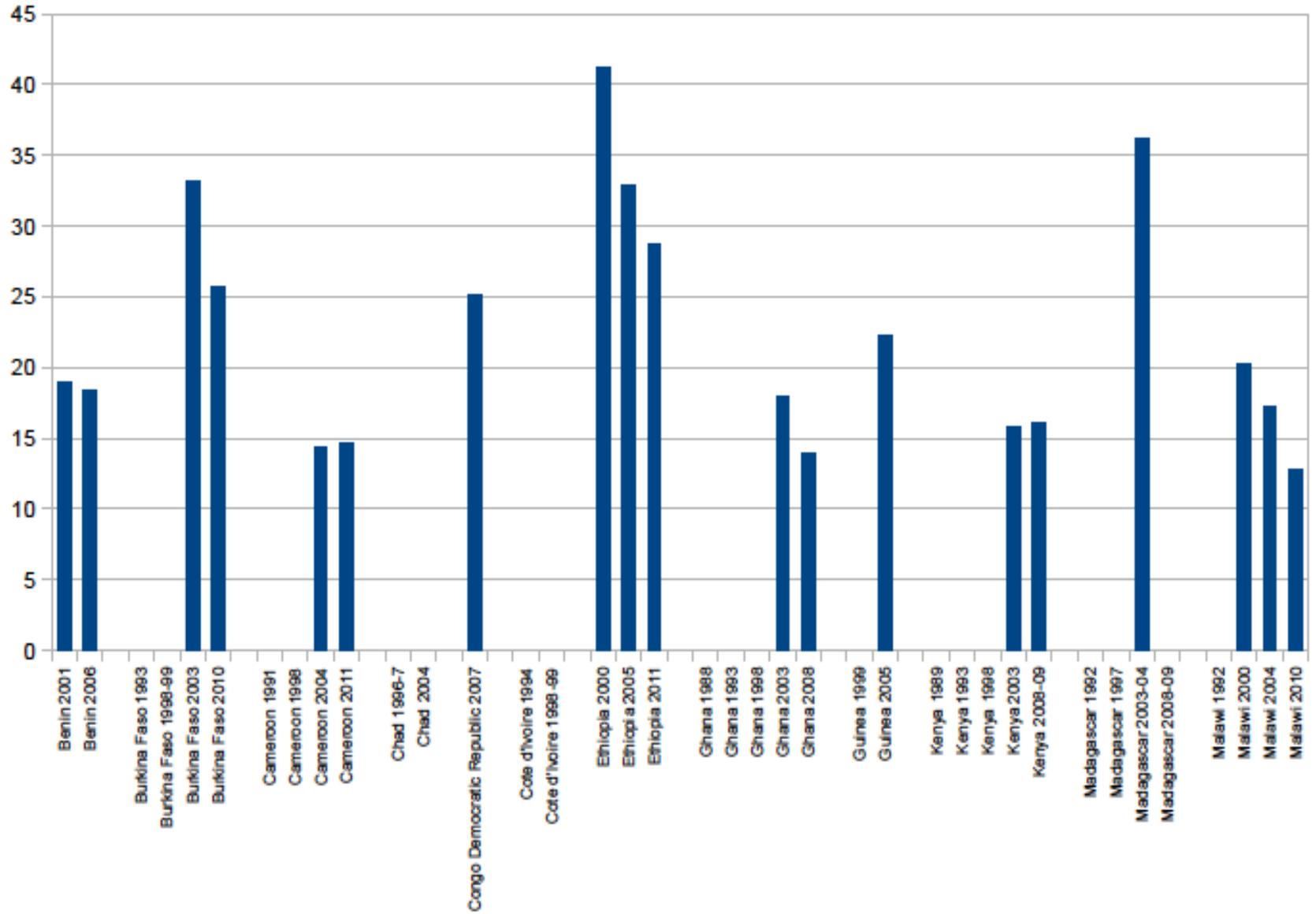
## Under five mortality rates



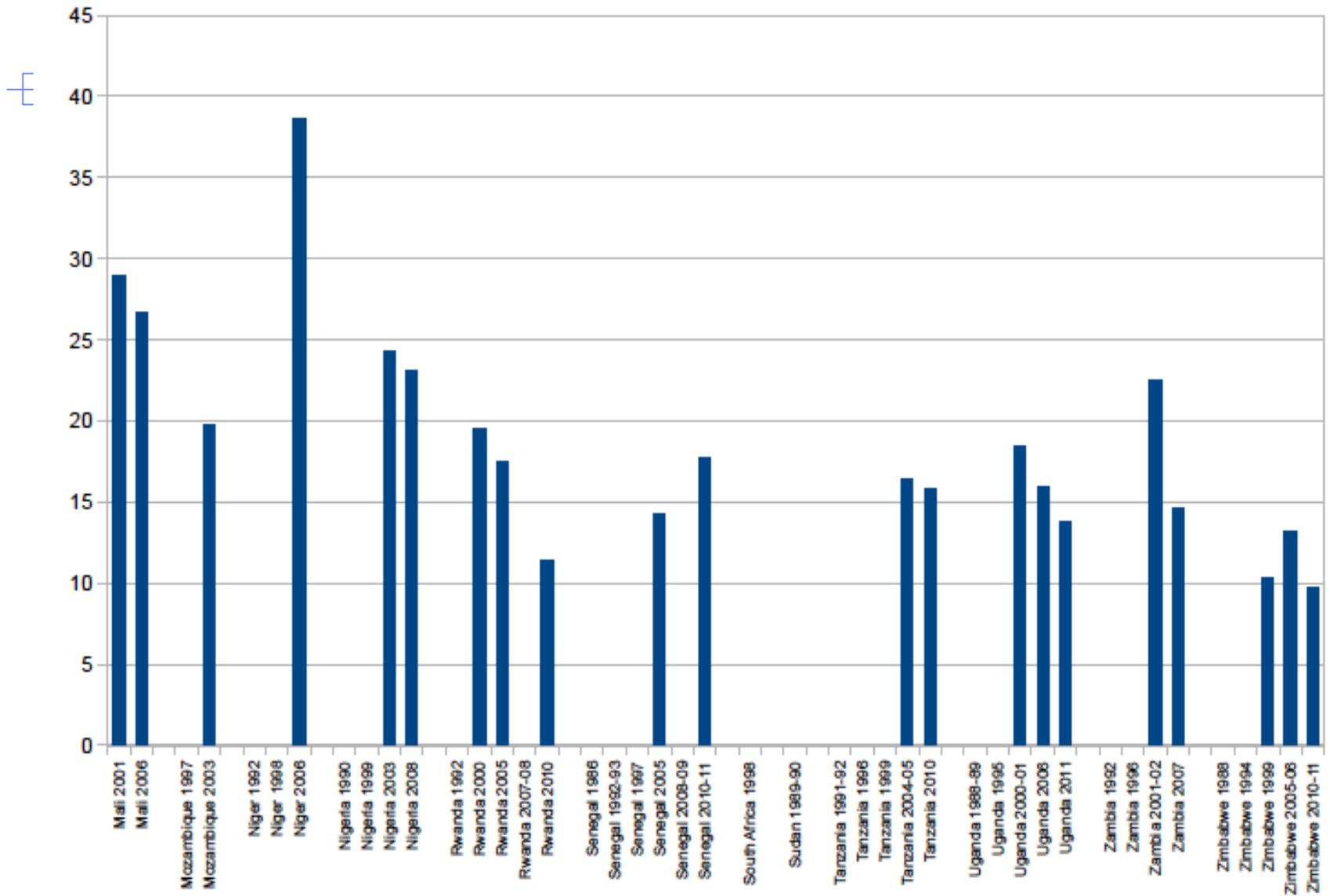
## Under five mortality rate



## Percent of children underweight



## Percent of children underweight



# Non-monetary indicators (2)

- ◆ Percentage of children vaccinated mostly increases
- ◆ Use of contraception remains very low in many cases
- ◆ Pattern of general improvements in many indicators (e.g. under 5 mortality, education, usually malnutrition) but not all (e.g. some health care indicators)
- ◆ Percentage improvement in U5MR  $>$  % growth rate in 12/19 cases of positive change

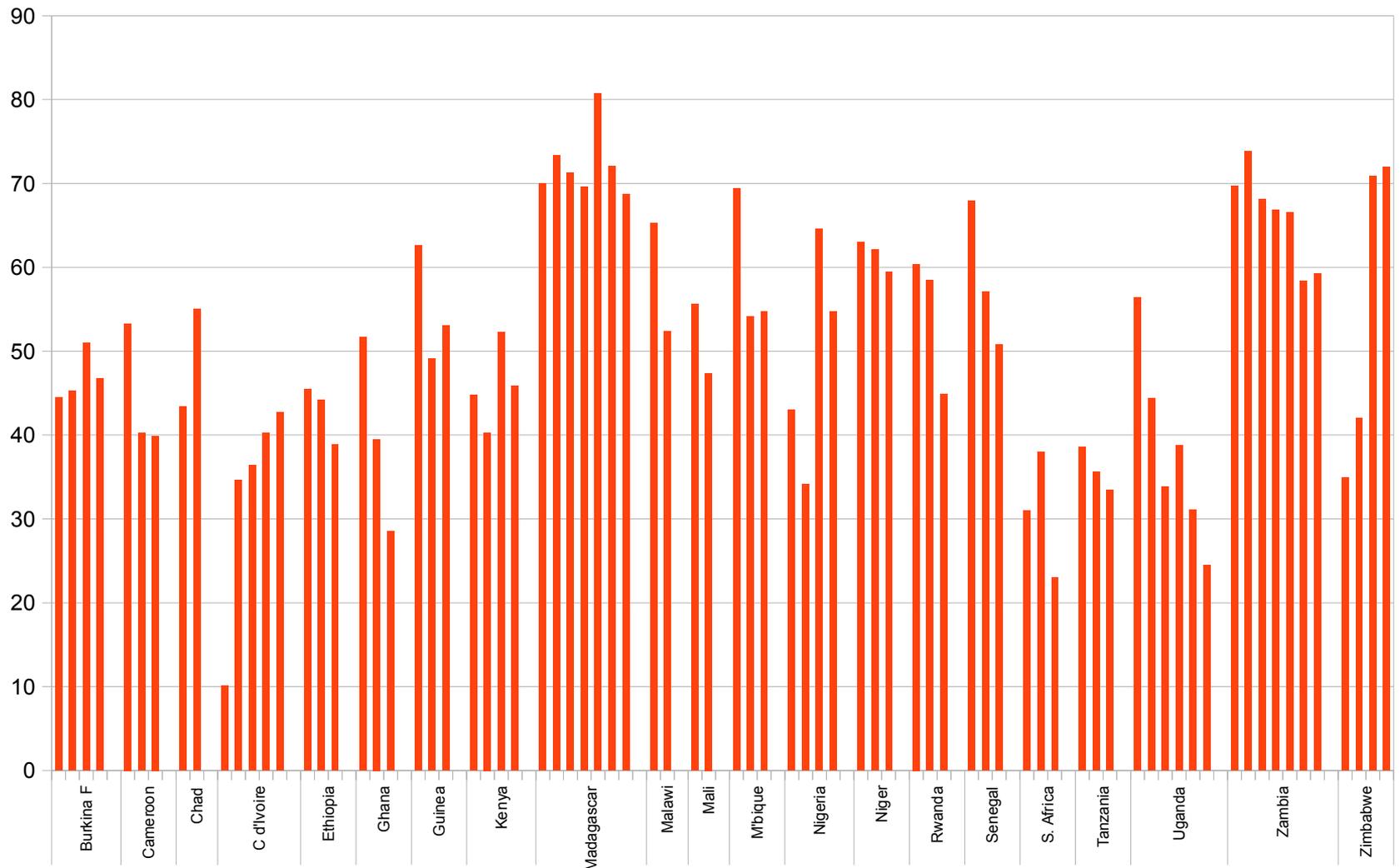
# Non-monetary indicators (3)

- ◆ Non-monetary data seem quite good and may be indicative of longer term trends
- ◆ DHS story generally positive ... though less positive than Young!
- ◆ Non-monetary indicators less more strongly linked to growth ... though resources still critical
- ◆ And often indicators worsen in negative growth countries ... Côte d'Ivoire, Zimbabwe

# Monetary poverty

- World Bank data (Feb 2012): SSA headcount fell from 59.4% (330m) in 1993 to 52.3% (395m) in 2005 and 47.5% (386m) in 2008
- But look at survey data at country level
- World Bank data on poverty relative to dollar denominated lines and national lines (PovCalNet, WDI), but no information on sources and questions of comparability
- So rely on careful country studies, focused on over time comparability and on national poverty lines

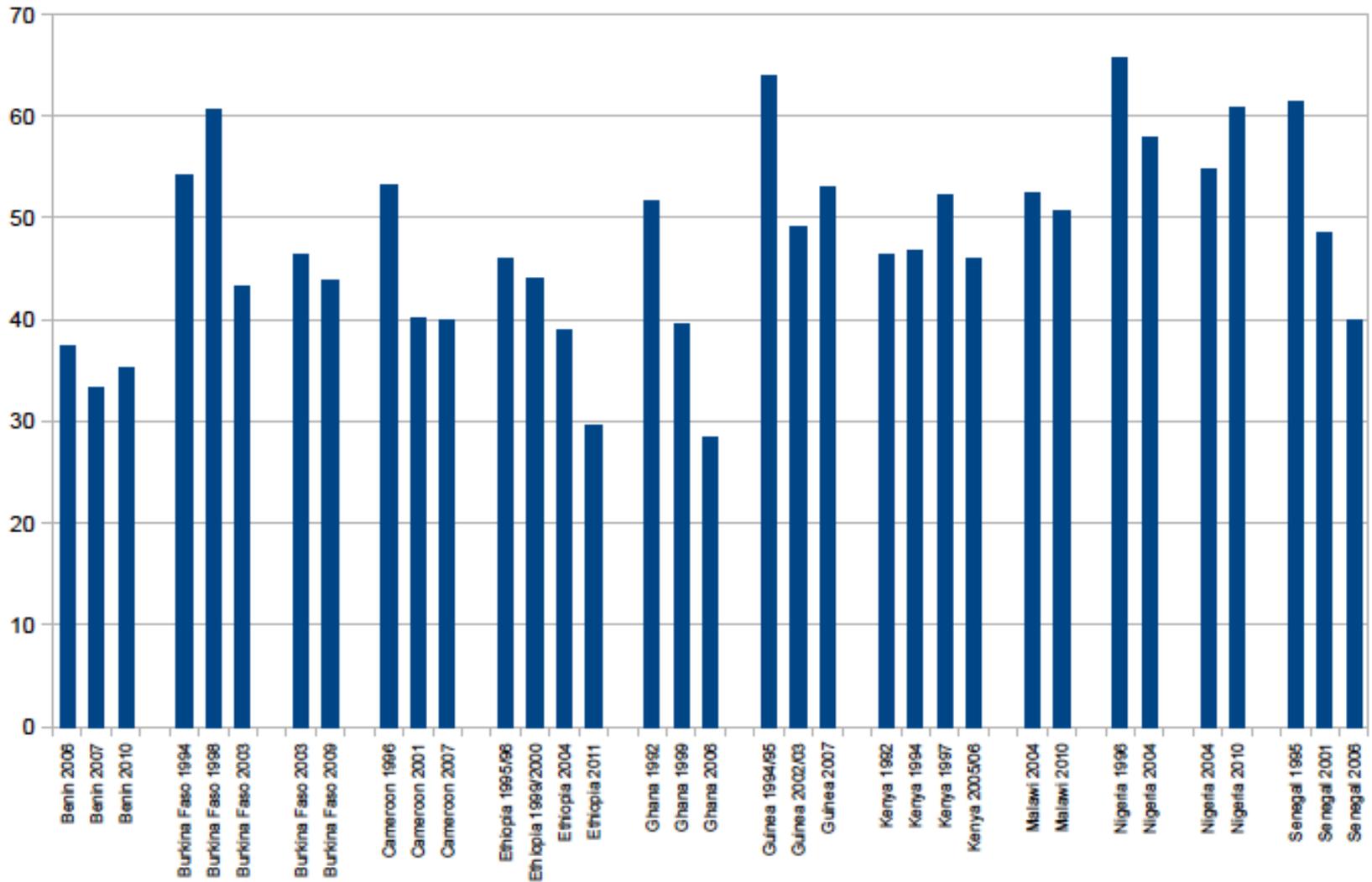
# National poverty headcounts (WDI)



# Monetary poverty (2)

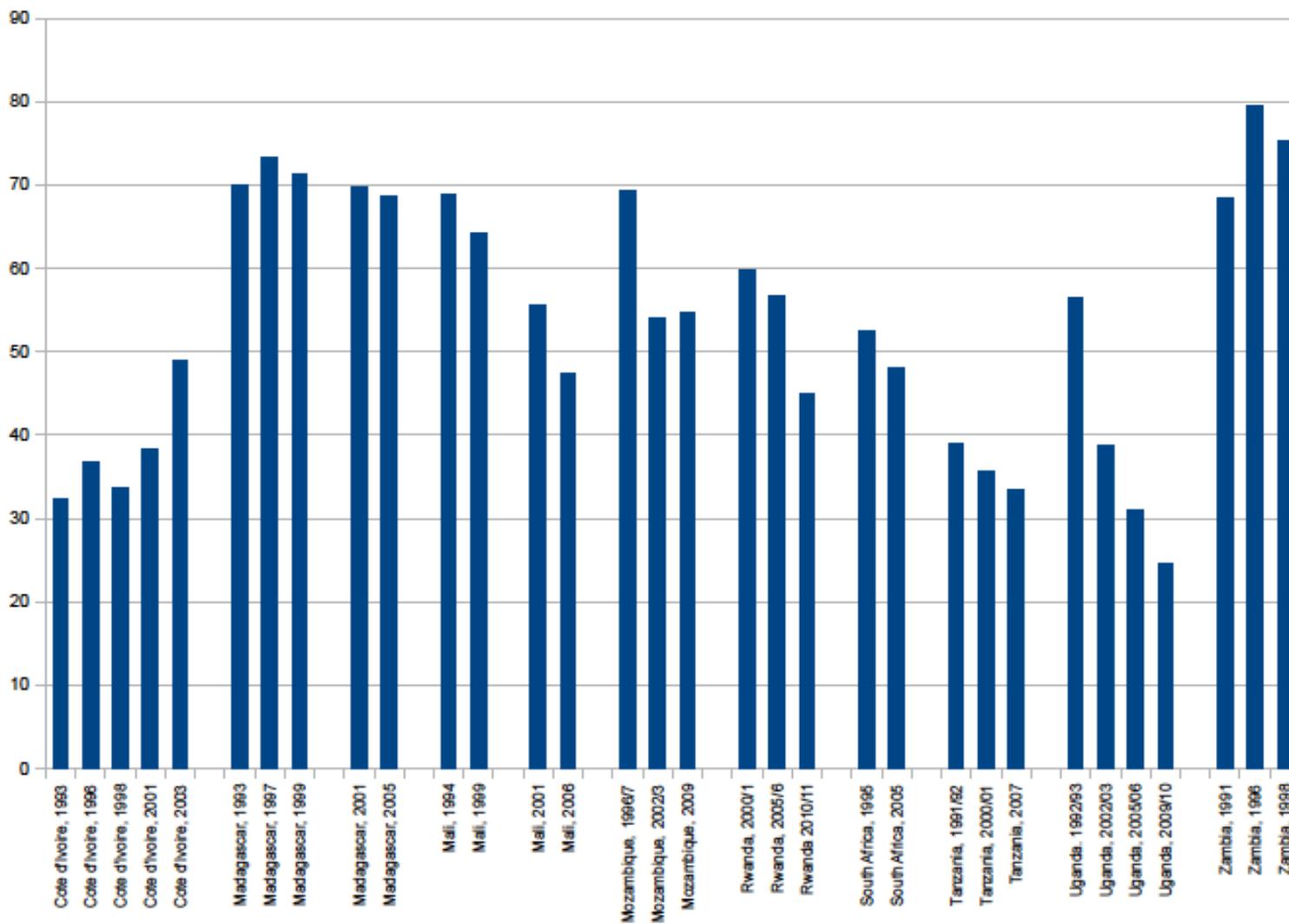
- Monetary poverty analysis though is highly contested: many things need to be done carefully
- Here focus on 9 of 24 countries studied as part of an AERC project (plus Benin), and 9 others conducted to similar standard
- Only covers 18/24 and omits 3rd and 5th largest countries

## Monetary Poverty in AERC Case Study Countries



# Monetary poverty in non-AERC study countries

[-



# Monetary poverty (3)

- Big sustained reductions in Ethiopia, Ghana, Rwanda, Senegal, Uganda
- Poverty falls significantly (not monotonically) over full period in Burkina Faso, Guinea, Mozambique
- Also quite large reduction over period in Cameroon
- Smaller reductions in Benin, Malawi, Nigeria, South Africa, Tanzania

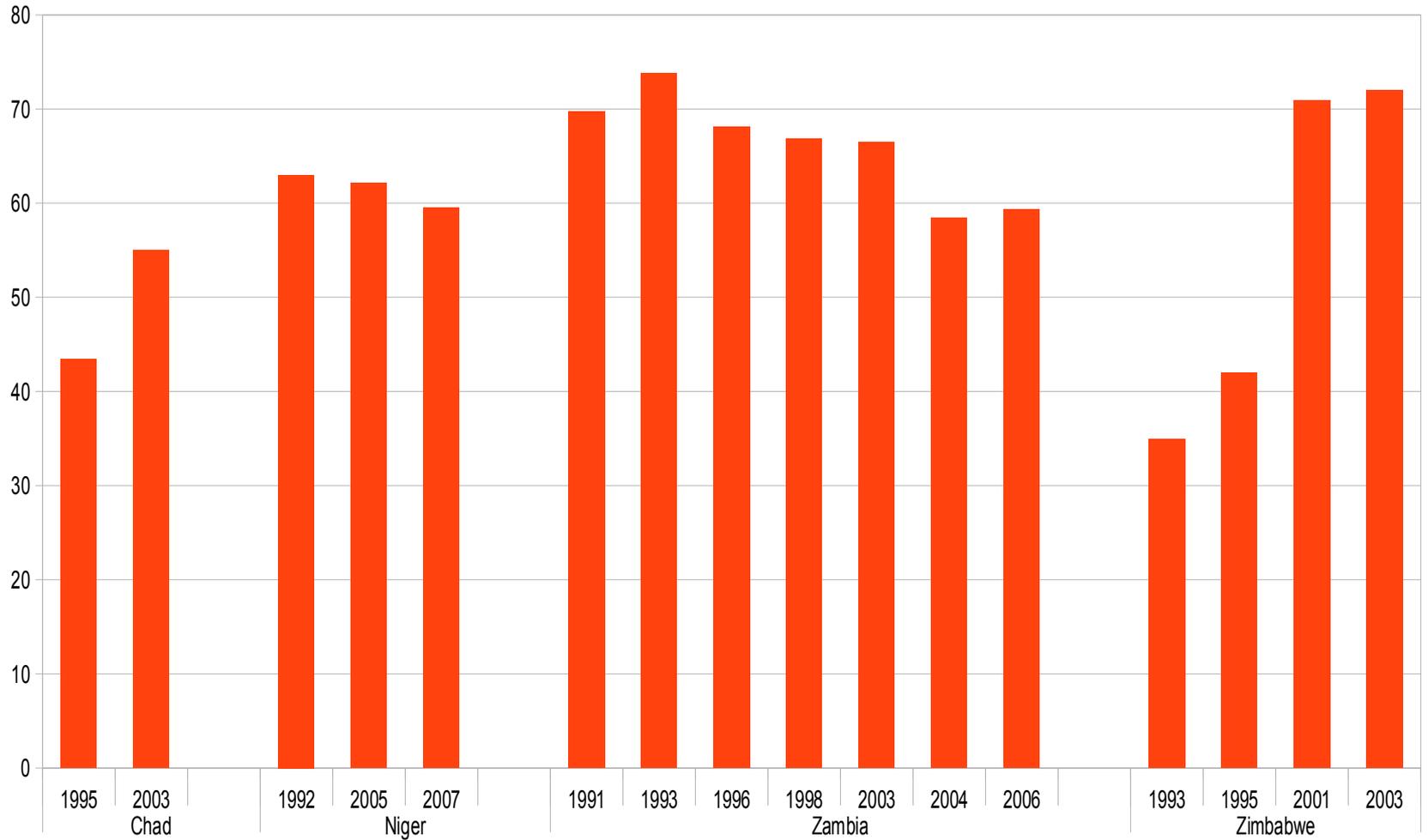
# Monetary poverty (4)

- Little change over periods in Kenya and Madagascar
- Poverty increases in Côte d'Ivoire and Zambia in 1990s (though latter seems more positive in later periods)
- All these results of course specific to period where data is available

# Monetary poverty (5)

- World Development Indicators can add poverty data for Chad, Niger, Zimbabwe and more recent data for Zambia
- Chad surveys not comparable
- Small reduction in poverty in Niger 1992 to 2007
- Latest Zambia story is more positive (if data comparable)
- Increases in poverty in Zimbabwe
- Still omitted: Angola, DR Congo, Sudan

## Poverty changes based on WDI national poverty estimates



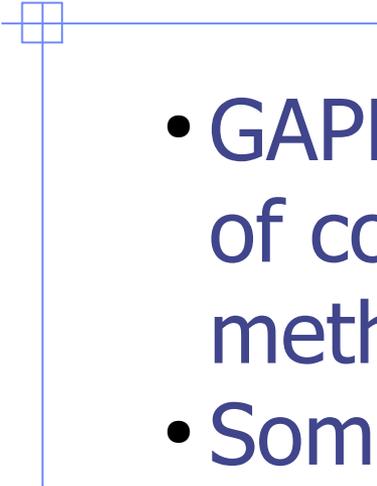
# Monetary poverty (6)

- Household surveys probably mostly now quite good quality in Africa .. but many adjustments in calculating poverty (e.g. prices) and comparability issues
- But serious questions remain about monetary poverty data: sometimes well documented/explained but frequently do not know how poverty is estimated
  - Including in some studies used above

# Monetary poverty (7)

- Results often debated e.g. Mozambique or inexplicable e.g. Nigeria
- And point remains that results only relate to years when data are available
- Example of Madagascar or Rwanda

# GAPP study



- GAPP study based on careful analysis of country data, often with comparable methodology
- Some results similar to before e.g. Madagascar, but some new results e.g. Malawi; others still in progress

# Consistency of growth with poverty reduction

- ◆ Discussion about magnitude of growth elasticity of poverty reduction in Africa
- ◆ If we take above poverty data at face value: some relative success cases:

<b>Country</b>	<b>Annualised percentage reduction in poverty</b>	<b>Annualised per capita growth rate</b>
Benin 2006-2010	-1.5%	1.1%
Cameroon 1996-2007	-2.6%	1.7%
Ghana 1992-2006	-4.2%	2.1%
Mali, 2001 to 2006	-3.1%	1.8%
Senegal 1995-2006	-3.8%	1.5%
Uganda, 1992/3 to 2009/10	-4.8%	3.9%

# Consistency of growth with poverty reduction (2)

◆ Some fail to reduce poverty at all:

<b>Country</b>	<b>Annualised percentage reduction in poverty</b>	<b>Annualised per capita growth rate</b>
Cote d'Ivoire, 1993 to 2003	4.2%	-0.3%
Madagascar, 1993 to 1999	0.3%	-0.5%
Nigeria 2004-2010	1.4%	2.9%
Zambia, 1991 to 1998	1.4%	-2.4%

# Consistency of growth with poverty reduction (3)

◆ But in the biggest number poverty reduction is small relative to growth:



<b>Country</b>	<b>Annualised percentage reduction in poverty</b>	<b>Annualised per capita growth rate</b>
Burkina Faso 1994-2003	-2.5%	3.6%
Burkina Faso 2003-2009	-0.9%	1.7%
Ethiopia 1995/6 – 2011	-2.8%	4.0%
Guinea 1994/5 – 2007	-1.5%	1.7%
Kenya 1992-2005/6	-0.1%	0.2%
Madagascar, 2001 to 2005	-0.4%	-1.7%
Mali, 1994 to 1999	-1.4%	2.9%
Malawi 2004-2010	-0.5%	3.9%
Mozambique, 1996/7 to 2009	-1.9%	5.0%
Nigeria 1996-2004	-1.6%	2.0%
Rwanda 2000/1 to 2010/11	-2.8%	4.5%
South Africa, 1995 to 2005	-0.9%	1.4%
Tanzania, 1991/2 to 2007	-1.0%	2.1%

# Consistency of growth with poverty reduction (4)

- ◆ Need to be a bit careful: limited poverty observations only for years for which surveys are available
- ◆ We also have limited poverty data for recent period
- ◆ But point remains that ability of recent African growth to translate into poverty reduction seems disappointing
- ◆ High poverty may imply low growth elasticity of poverty (and lower growth)

# Consistency of growth with poverty reduction (5)

- ◆ Is this about an increase in inequality?
- ◆ Available data would suggest no: increases in e.g. Ghana, Rwanda, Uganda, but reductions in many other cases
- ◆ Though serious questions about the reliability of inequality data

# What can we conclude?

- ◆ Need for much greater clarity on monetary poverty trends
- ◆ To the extent we can trust data ... growth in last 15-20 years seems to have generated monetary poverty reduction
  - But significant variability and often limited (low growth elasticity of poverty)
- ◆ Growth in non-monetary indicators has often been more positive and across a wider range of countries

# What can we conclude? (2)

- ◆ Monetary and non-monetary not necessarily in line
- ◆ Non-monetary indicators are key outcomes in their own right, and may enable faster growth and maybe a higher elasticity?
- ◆ Some countries have been successful in both (e.g. Ghana, Senegal): good institutions, policy environments
- ◆ Often also cases with significant fertility reduction



Thank you very much!

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