

# Policies and Poverty in Southern Africa

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## ABSTRACT

*Policies can address poverty, but policies are not a guarantee to eradicate poverty. Many factors figure into the poverty policy scene. Government's understanding of poverty, the particular type of poverty and the environment will naturally determine the nature of the policies. In some instances policies are blamed for the failure to address poverty, but at the same time the type of poverty makes it cumbersome for government to address all types of poverties with a single policy. This article is going to take an overview of policies and poverty in a Southern Africa context. Poverty remains one of the biggest challenges in Africa. The poorer one is, the more difficult it is to escape poverty, despite the policy of government. There are quite a number of different policies addressing poverty, but there still seems to be a lack of a single holistic policy to address poverty in all its facets. The question is whether the South African poverty policies are overly optimistic or is poverty just too vast a problem.*

## INTRODUCTION

Poverty policies consistently run over a long-term. The eradication of poverty is therefore a long-term project. In the Southern African context approaches to anti-poverty issues tend to somehow align with the millennium development goals. Poverty, however, will go beyond the millennium development timelines. Real poverty eradication policies and interventions are mainly dependent upon governments and NGOs.

Millennium Development Goal 1 is indeed to eradicate extreme poverty and hunger. Certain targets have been set for 2015 and governments in sub-Saharan Africa and Southern Africa are to pursue these goals. It is still an open question whether these goals are realistic. The global economic crisis has definitely slowed progress towards these goals, but the target is still to reduce poverty to certain levels.

The definition and capacity to address poverty is one issue, but the understanding of policy-makers of the nature of poverty and the different types of policy is still a huge



challenge. A proper anti-poverty policy requires a thorough understanding of the incidence, causes and gaps in the knowledge about poverty.

The different dimensions of poverty complicate the task of policy-makers. One need for instance to identify the chronically poor which are intuitively those who are most likely to remain in poverty in the absence of anti-poverty policies and interventions. The effort to distinguish between the chronically poor and episodically poor often require precious resources. The governments in Southern Africa do not have resources in over abundance.

This article attempts, amongst others, to illustrate how an appreciation of different kinds of poverty might affect the policy-making design.

## **DEFINING POVERTY**

Defining poverty normally involves much controversy. There does not seem to be a single, all-encompassing definition of poverty. Poverty is a multidimensional and multifaceted concept. Often the definition will be tainted by the position of the definer. Important for this discussion to note, is that the manner in which one defines poverty, will certainly affect the policies to address it. In South Africa the Government has not yet adopted a comprehensive definition of poverty (Open Society Foundation for South Africa 2009:8).

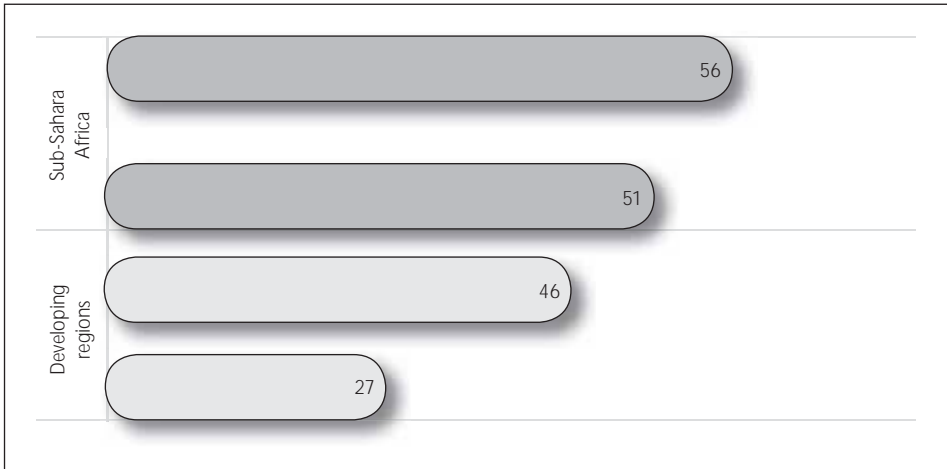
The conceptual understanding of poverty could be conceived in three main categories: absolute poverty, relative poverty and capabilities poverty. Absolute poverty means that the person lives on subsistence, or below what is minimally required to live an integrated life. Relative poverty makes a comparison between the lowest income group and a higher income group's living conditions. It thus captures the relative inequalities in a given study and can include some normative analysis of acceptable levels of inequality. Capabilities poverty refers to an understanding that people need to have the wherewithal to meet basic needs in a manner and to a degree that enables them to participate socially and economically (Open Society Foundation for South Africa 2009:8).

The multi-dimensional nature of poverty will always result in a difference of opinion between people and communities. Attempts to define poverty often result in agglomerated indices in order to reflect the multiple domains of poverty and a threshold of need for each domain. Perhaps, a more simple way is to frequently measure the poverty line. In the South African context the data measuring about poverty and the poverty line should be more frequent. South Africa is a signatory to the 1995 United Nations Copenhagen Declaration which adopted two different definitions of poverty – a narrow, absolutist definition and a broader one that referred to the reduction of overall poverty. In essence, any anti-poverty policy should contribute disproportionately in favour of poorer people, and address the causes and drivers of poverty to effect longer term poverty eradication.

## **THE GLOBAL ECONOMIC CRISIS**

The first half of the previous decade saw a reduced number of people living in poverty in developing countries. Table 1 illustrates the reduction in the poverty rate.

Table 1 Proportion of people living on less than 1.25 a day, 1990 and 2005 (Percentage)



Source Adapted from United Nations 2010:6

Whilst the poverty rate dropped from 46% to 27%, the global economy and financial crises sparked abrupt declines in exports and commodity prices. These factors slow down growth in developing countries. Besides all these economic factors, developing countries are still on their way to a target of reduced poverty (United Nations 2010:6). The MDG is still expecting a fall of 15% in the overall poverty rate by 2010. In reality this translates to 920 million people living under the international poverty line (United Nations 2010:7)

In spite of all the policies in place to address poverty, the economic crisis leaves an additional 50 million people in extreme poverty in 2009 and an expected 64 million will live in poverty in 2010 (United Nations 2010:7). Proper anti-poverty policies are dependent on good and reliable information. The lack of good quality surveys carried out at regular intervals (South Africa only every five years) continues to hamper the monitoring of poverty. Policy-makers should be conscious of the poverty gap that measures the shortfall in incomes of people living below the poverty line. The average income of people living below the poverty line stood at \$0,88 per day. The depth of poverty is the greatest in sub-Saharan Africa (United Nations 2010:7).

The question is whether policy can really make a difference to the poverty situation in a country. Policies and institutions that promote a good environment for households and firms to save, invest, and increase productivity will indeed contribute to poverty alleviation (Collier & Dollar 2001:1787). Foreign assistance is also important in the reduction of poverty.

## THE CHRONICALLY POOR

Chronic poverty is indeed poverty that is transmitted from one generation to the next. This implies that children from poor households are likely to become poor adults, whose children will in turn risk remaining in poverty (Aliber 2003:476). Intergenerational poverty could often be caused by specific policies. This is especially the case in Southern Africa that inherited colonial policies. These policies may sometimes be the reason for the lack of opportunities,

or issues such as deprived infrastructure and amenities (Aliber 2003:476). Chronic poverty is often linked to quantitative data like income dynamics and the changing pattern of employment over time.

## THE CAUSES OF POVERTY

To understand the causes of poverty it is important to comprehend the problem and eventually design a proper policy. A national data base about the nature of policy can be a powerful tool in the implementation of a national programme aimed at addressing poverty. The causal factors of poverty will indeed have important implications for a national programme addressing poverty. The following causal factors of poverty should be pivotal in a Southern African context.

**Table 2 Indicators linked to unemployment and insufficient income**

Personal per capita income
Percentage of the population below MSL
Dependency rate
Percentage of economically active population in the informal sector
Percentage of economic active population unemployed
Ratio of job seekers versus job opportunities
Economic growth rate versus population growth rate
The current inflation rate
The Gini coefficient
Percentage of the population receiving statutory social security

Source Olivier 1994:48

## Unemployment and insufficient income

Income is viewed as the commodity which is obtained as reward for labour or services that are rendered (Olivier 1994:45). In any market economy, such as the economies in Southern Africa, individuals and families must have enough income-generating employment to afford an adequate diet, unless they produce their own food. This brings one to the point of basic human needs in a market economy. The individual or family without the means to buy food, health services and medicine or the equipment to construct shelter, to pay for education, water, firewood or electricity, and the like, can suffer from effects of poverty (Olivier 1994:46).

Insufficient income and employment are linked in terms of poverty, but at the same time these two casual factors often lead to other symptoms of poverty. It seems that the major cause of poverty in Southern Africa is unemployment and a consequent lack of sufficient

income (Olivier 1994:46). Table 2 provides a number of indicators that are linked to unemployment.

Unemployment and underemployment are still the most serious economic problems in the world (United Nations 1993). This is also the most important cause of poverty in all countries. The economic and social development of the world have placed additional pressure on urban employment because countries are unable to absorb the large increase in the labour force caused by rapid population growth, refugees and urban migration (Olivier 1994: 46).

In sub-Saharan Africa the average urban employment figure rose to 18% and it is estimated to rise to 31% over the next 20 years. Globally the young unemployed and specifically school-leavers (under 25 years), women, and former professionals suffer most from the lack of employment opportunities (United Nations 1993). It is noticeable that the unemployment of adults coexists with child labour. According to the United Nations report (1993) 80 million children are globally employed of whom approximately 30 million are street children.

Insufficient income is a close by product of unemployment. The worldwide recession is marked by the dip in total world output. The rapid population growth in sub-Saharan Africa adversely affects the personal per capita income (United Nations 1993). In sub-Saharan Africa most rural families survive on a relative low income, obtained mostly from agriculture and livestock and due to low productivity, aimed at subsistence only. Agriculture constitutes the largest sector in the cross national products in most sub-Saharan countries (Olivier 1994:48).

Unemployment proves to be the biggest cause of poverty in Southern Africa. The formal sector employs approximately 58,1% whilst the informal sector accommodates 26% (Olivier 1994:50). It should be noted that the figures about the informal sector is difficult to obtain and therefore not reliable. In Southern Africa the biggest problem of unemployment and the consequent attempts of create jobs, is to keep pace with the population growth (Olivier 1994:51). The next aspect that causes poverty is the lack of ability to acquire food.

## Lack of food

Food is considered to be the most basic need of human beings. The ability to access food and a balanced diet are essential for the long-term survival. Since the earliest times of humankind, food is the most precious resource. This is evident in the drawings, sculptures, art-work, religious and cultural ceremonies and festivities that celebrate the harvest. In analysing food as causal factor of poverty, a whole range of interrelated factors come into play. There are interrelated factors such as household income, agricultural production versus population growth, distribution of food, malnutrition, and food-aid (Olivier 1994:56). The vulnerable groups to food shortages are families living in rural areas, children under five years and lactating and pregnant mothers (United Nations 1993). In Southern Africa the vulnerable groups are the same, with the elderly also coming into the picture. About 30 per cent of the world's hungry people reside in Africa. Africa receives 70% of the world food-aid (Olivier 1994:61). It is interesting to note that Olivier (1994:61) identified the first cause of hunger and malnutrition as poverty. South Africa and Southern African can learn certain lessons from China. In China ideology has given way to the pragmatic pursuit of economic



advancement. Policy was, therefore, evidence based. In China the focus was on the primary sector (mainly agriculture) to reduce poverty. The primary sector growth reduced poverty four times the impact of secondary (mainly manufacturing) or tertiary (mainly services) sectors. The only complication of progress with poverty is the rising problem of inequality (Ravallion 2008:305).

## Lack of shelter and basic services

The lack of shelter as another cause of poverty, is again intertwined with other factors like basic services and poor sanitation. Policies addressing these factors are most of the time addressing all these factors simultaneously. Several indicators related to shelter, sanitation and the provision of basic services are depicted in Table 3.

**Table 3 Indicators related to shelter, sanitation and the provision of basic services**

Percentage of shelters with flushable toilets or other sanitation systems inside or within 50 meters of residence
Percentage of shelters with potable water inside or within 100 meters of residence
Percentage of population with access to electricity
Percentage of shelters utilising other sources of energy
Estimated backlogs for housing
Projected housing need per annum

Source Olivier 1994:66

A rather common experience with rapid urbanisation is the increase in the cost of shelters and the formation of uncontrolled settlements and overcrowding. Governments and policies are tested beyond their capabilities to provide in the need for sanitation and delivery of basic services. Because their inability to cope with the demand, environmental degradation becomes a common sight (Olivier 1994:66). In sub-Saharan Africa potable water is becoming scarce. Rivers, lakes and oceans are being polluted. Hydrologists are worried that several countries, especially in Africa, may rapidly be approaching acute water shortages (Olivier 1994:68). The next casual factor reviews the health conditions and its relation to poverty.

## Health conditions related to poverty

According to Olivier (1994:75) the common definition of health is the absence of disease and promotion of well being. In this discussion health will only be explained in its relation to poverty. Joó (1990:52) describes the relationship between poverty and illness as the 'Teufelskreis' (cross-of-the-devil). This implies that poverty leads to illness, this again leads to lower productivity and worse poverty. The following illnesses have been identified as being related to poverty: gastro-enteritis, cholera, typhoid, dysentery, measles, tuberculosis, colds, flu, bronchitis, pneumonia and malnutrition. The indicators for health are depicted in Table 4.

**Table 4 Indicators for health related to poverty**

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Life expectancy rate
Infant mortality rate
Incidence of gastro-intestinal diseases in infants as per 1000 on live births
Incidence of measles as per 1000 of the population
Incidence of tuberculosis as per 1000 of the population

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Source Olivier 1994:75

In sub-Saharan Africa the life expectancy rate is approximately 50 years. Recently a drop in the Infant Mortality Rate was reported. This was mainly ascribed to policy measures taken by governments. These policy measures referred to programmes of primary health care, growth promotion, oral rehydration, promotion of breast feeding, immunisation, female education, family planning and food aid. Despite the drop in the Infant Mortality Rate, Africa still has the highest incidence of Infant Mortality Rate in the world (Olivier 1994:76).

HIV and AIDS are factors that can lead to the economic downfall of both individual households as well as a country's economy. It is well known that the highest number of HIV and AIDS is in Southern Africa (Olivier 1994:77). AIDS leaves many single parent families and orphans. This will not only have a devastating effect on family-life, but also on the income of households impacting on public expenditure (Oliver 1994:78) and consequently on the possibility to address AIDS with a particular policy.

Sub-Saharan Africa has the highest incidence of HIV and AIDS, as 70% of the 42 million people living with AIDS live in sub-Saharan Africa. HIV and AIDS also contribute to the high mortality rate among women and children and high expenditure in the health sectors. SADC countries are also among the countries classified as highly diseased with Malaria and Tuberculosis topping the list. This influenced the standard of living. Existing policies have addressed the medical needs of diseases, but not the social needs associated with diseases like access to clean water and subsidised quality food. A more holistic approach to HIV and AIDS and other diseases is necessary to minimise the relationship between disease and poverty (SADC 2008).

## Illiteracy

Illiteracy is often linked to poverty, although not necessarily the main cause for poverty. Throughout the world illiteracy principally affects the least privileged groups, frequently as an accompaniment to poverty. The highest rates of illiteracy are encountered in the rural areas

**Table 5 The indicators for literacy**

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Literacy rate of persons older than 13 years who completed standard 5
School enrolment figure as % of the population
Education as percentage of government expenditure

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Source Olivier 1994: 82



**Table 6 South African pieces of educational legislation and policy tools**

South African Schools Act, 1996
National Policy Act, 1996
Higher Education Act, 1997
Programme for the Transformation of Higher Education (Education White Paper)
Education White Paper, 1998
Norms and Standards for School Funding, 1998
National Students Financial Aid Scheme, 1999
Adult Basic Education and Training Act, 2000
National Policy of Whole School evaluation, 2000
Education White Paper of Early Childhood Development, 2001
Improving Access to free and quality Basic Education for all
Education Laws Amendment Act, 2005
National Education Policy Act, 1996

Source Open Society Foundation for South Africa 2009:14

where two-thirds of the world's population live, often in extreme poverty (Olivier 1994:81). The indicators for literacy are listed in Table 5.

Education for the growing population of Southern Africa is a daunting task. Public expenditure on education in developing countries increased from 3,85% of the GDP to 4,1% of the GDP (Olivier, 1994:82). Section 29 of the *Constitution of the Republic of South Africa, 1996* provides the legislative and policy foundations that require the state to progressively address the right to basic education. The question of education is addressed quite comprehensively in South Africa by pieces of legislation and policy tools as indicated in Table 6.

In South Africa, education receives the largest slice of the budget: R105,5 billion for 2007/2008 (Open Society Foundation for South Africa 2009:16). This is 5% of the Gross Domestic Product. The current levels of poverty in South Africa mean that many people are not able to access the quality of education that others can. South Africa has, therefore channelled massive financial resources towards education, but the challenge really lies with the implementation of the educational policies. The Whole School Evaluation Policy, 2001, was introduced to monitor and evaluate the progress of schools to comply with and in maintaining the standard of schooling required by national policy (Open Society Foundation for South Africa 2009:16).

## **SOUTHERN AFRICAN REGIONAL POVERTY NETWORK (SARPN)**

The Southern African Regional Poverty Network (SARPN) is a non-profit organisation that promotes debate and knowledge sharing on poverty reduction processes and experiences



in Southern Africa. SARPAN aims to contribute towards effective reduction for poverty in the countries of the South African Development Community (SADC) through creating platforms for effective pro-poor policy, strategy and practice. SARPAN achieves this goal through widening participation, bringing people together across the region to exchange ideas, and disseminating information to deepen understandings of poverty issues and improve policy practice.

## Poverty and regional integration

The SADC region is one of the poorest regions in the world despite being endowed in a variety of natural resources. Approximately 45% of the total population lives on \$1 per day. Malnutrition is on average around 36,1% with a range of 44% to 72% across the region. Life expectancy has been declining over the years from about 60 years to slightly below 40 years at present. Infant mortality rates remain for most countries in the SADC region above 50 per 1000 births (SADC 2008).

The ADC has recognised that the biggest challenge facing the region is not necessarily conflict and political instability as the case in other regions of Africa. Rather, it is high levels of poverty and inequalities. When SADC was transformed in 1992, the primary impetus was to establish an effective governance mechanism for a concerted fight against ubiquitous poverty in the region (DBSA 2009:12). It is interesting to note that at the formation of SADC the following anti-poverty related issues were the common goals:

- lack of access to income and productive resources necessary for human progress;
- the vulnerability of many to chronic hunger and malnutrition;
- susceptibility of the population to endemic diseases;
- inadequate shelter and access to water and sanitary services;
- limited access to education and training;
- social exclusion and alienation; and
- exclusion from decision-making and tracking processes in civil, economic and political arena (DBSA 2009:12).

From the onset, discussions at the SADC were informed by a holistic view of poverty as both the shortage of assets as well as lack of voice for the people. SADC acknowledges that poverty meant that many people in the region lacked basic capacity to participate effectively in society due to these limitations. It seems that the member states of SADC experience worsening food insecurity in the region due to drought in the late 1970s as well as the devastation of peace in some countries due to the faction fights and insecurity liberation. The global economic crisis expanded into areas of the economy. The collapse of commodity prices in the world market impacted heavily on countries in the region because they depended on commodity exports for revenues. The economic recession led to shortages of food and rising prices of essential staple foods as the domestic retail market responded to supply constraints (DBSA 2009:13)

It is interesting to note that SADC has as its overall goal poverty eradication. An overwhelming number of legal and policy instruments established at SADC deal with these matters. The Gaborone-based Secretariat was meant to provide strategic policy coordination between the Sectorial Coordinating Units. This centre of SADC simply could not effectively



implement Summit decisions and therefore SADC policies simply could not be effectively implemented (DBSA 2009:15). In 2003/2004 SADC designed a Regional Indicative Strategic Development Plan that consists of twelve priority areas of policy action, namely: poverty eradication, combating HIV and AIDS; gender equality, science and technology, environment and sustainable development, private sector, statistics, trade liberalisation, infrastructure, food security, and social/human development. The question remains if those were too ambitious targets (DBSA 2009:17). SADC also recognises the critical importance of data gathering and decided to establish a legal framework for governing statistical data in 2006. A monitoring and evaluation mechanism was established in 2007. Both these targets have missed the target because of the problematic interface between SADC and national statistical institutions (DBSA 2009:17). Lesotho, Malawi, Mozambique, Swaziland, Tanzania and Zambia each prepared a Poverty Reduction Strategy in broad consultation with stakeholders and continue to monitor poverty reduction and growth strategies (DBSA 2009:22).

## **MONITORING AND EVALUATION**

The alignment of policies between departments is important, but the budget, institutions and socio-economic rights, should also aim at equitable distribution of resources. Anti-poverty policies in South Africa are not sufficient for the progressive realisation of socio-economic rights and the rights of equality, life and human dignity. For the rights to be given full effect, measures for the implementation of the policies and continuous progress in this regard must be in place. These measures include, amongst other, aspects like planning for implementation, monitoring and evaluation tools and the capacitating of public servants (Open Society Foundation for South Africa 2009:51). Monitoring and evaluation should ensure accountability, improved performance and encouragement to do more. It is critical that the intergovernmental relations among departments should be streamlined and an effective communication effort should be launched. In addressing anti-poverty policies the different departments should supplement each other, in the respective areas of operation.

The World Bank's Country Policy and Institutional Assessment (CPIA) assess the conduciveness of a country's policy and institutional framework for poverty reduction, sustainable growth, and the effective use of development assistance. The CPIA's 16 criteria are grouped into four clusters – economic management, structural policies, policies for social inclusion and equity and public sector management and institutions – that are weighted equally to derive the overall CPIA rating (IEG 2009). Assessing the reliability of the CPIA ratings is intrinsically difficult if not impossible task, given that a true benchmark does not exist. CPIA ratings are found to be more reliable in some countries depending on the information that is available (IEG 2009).

## **CONCLUSION**

Poverty is complex and takes a variety of forms, it is characterised by lack of income, lack of access to means of production and livelihood systems and general deprivation and exclusion arising from socio-political and socio-cultural circumstances. SADC as a sub-

region faces uneven prospects in achieving the MDGs. Lack of data presents problems for comprehensive assessments in the individual countries. Available information indicates that most countries will fail to meet all their MDGs by 2015. Progress however has been made towards achieving some of the goals identified. More still needs to be done in achieving food security related goals in the region as the import gap is still significant. Good policies and systems of governance are important for reducing poverty and achieving the MDG's.

The Southern Africa history has led to a distinct configuration of poverty. The specific types of poverty require, therefore, a particularly tailored policy to address the situation. Different kinds of poverty policies from governments attempt to address poverty with mixed successes. These policies also come with a hype of expectations only to be replaced or fade away as new ones come on the horizon. Governments change focus or become pre-occupied with aspects of policy, like unemployment, shelter, health and so on, and in the end fail to provide a comprehensive policy on poverty. The different types of policy and also the specific situation require a timely and comprehensive kind of policy.

Most of the national pro-poor policies in South African departments do indeed provide content referring to socio-economic rights required to obtain an equitable distribution of resources, and the unification of systems of delivery. The policies, however, do not provide for successful implementation. In short, no coherent roadmap for policy implementation exists. Is this perhaps because the problem of poverty is too vast? The lack of alignment between institutions is not only horizontally, but especially in terms of intergovernmental relations. The lack of proper communication and a proper understanding of the policy are aggravated by cases of mismanagement of funds, corruption and theft of assets.

Improvements in governance remain largely cosmetic at SADC. The same can be said of reforms at national levels as well. Evidence of pro-poor development strategies and plans in Southern African countries is there for all to see. All these countries have dedicated poverty eradication policies and strategies. South Africa has integrated poverty eradication into its economic and social policies too. Most of the countries have also undergone governance reforms of one form or another, ostensibly to enhance their substantive legitimacy and their capacity to deliver essential goods. It could be stated that unless countries in SADC take steps to translate these cosmetic changes into substantive moves towards governance, the people of the region will not experience the changes ushered in by the post-Cold War environment.

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