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**Understanding and Reducing Persistent Poverty in Africa:
Introduction to a Special Issue**

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Understanding and Reducing Persistent Poverty in Africa: Introduction to a Special Issue

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Abstract: *This paper introduces a special issue exploring persistent poverty in sub-Saharan Africa. As a set, these papers break new ground in exploring the dynamics of structural poverty, integrating qualitative and quantitative methods of analysis and adopting an asset-based approach to the study of changes in well-being, especially in response to a wide range of different (climatic, health, political, and other) shocks. In this introductory essay, we frame these studies, building directly on evolving conceptualizations of poverty in Africa.*

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I. **THE MAGNITUDE OF POVERTY IN AFRICA AND THE NEED FOR NEW APPROACHES**

That the majority of Africans are materially poor is hardly disputable, nor very surprising. After all, the continent has been dealt a very unfavorable historical hand. A devastating and cruel global slave trade, long periods of colonial occupation, and a series of European-backed commercial ventures to exploit Africa's considerable natural wealth provided little institutional, infrastructural, and human capital when African countries began to achieve independence during the past century (Illife 1987). More recently, cold war and post-cold war politics, prolonged conflicts, a series of structural adjustment experiments, and the HIV/AIDS pandemic have left large parts of the region poorer than even twenty years ago. Unlike East Asia, which has enjoyed a dramatic reduction in the absolute number of people living in poverty over the last 15 years, or South Asia, which has seen a sharp decline in the percentage of its population which is poor, sub-Saharan Africa has seen dramatic increases in both the total number of poor people and the fraction of its population which is poor (World Bank 2000).

This reality has not gone unnoticed, and world leaders have rhetorically at least placed poverty reduction in Africa at the center of global development efforts, as embodied in the United Nations Millennium Task Force report (UN 2005). Yet the task is daunting. The most up-to-date figures available from the World Bank (2005) imply a population-weighted poverty gap of 42 per cent for sub-Saharan Africa as a whole (including the Republic of South Africa) relative to the \$2 per-day per capita international poverty line.¹ Summed together, a poverty gap of this magnitude adds up to a shortfall of more than \$200 billion per-year to bring all sub-Saharan Africans up to the modest \$2 per-day standard of living.² Equal to two-thirds of the region's gross

annual income and nearly ten times current global aid flows to Africa, this staggering sum underscores the need for a rigorous, strategic focus on how to propel self-reinforcing growth among the poor.

There is a general sense that past approaches, perhaps especially those predicated on simply getting the macro economy and prices “right”—the preoccupation of donor agencies in the 1980s and 1990s—have failed to generate the broadly based economic growth needed for sustainable poverty reduction (for example, see Williamson 2003). This recognition has in turn motivated a search for better understanding of the micro- and meso-level constraints that limit economic growth and poverty reduction.

This special issue represents an interdisciplinary attempt at advancing such an understanding, at helping shed light on how and why some African households have managed to escape or avoid persistent poverty, while others have not. This focus necessarily highlights the heterogeneity of the poor, distinguishing between different categories of poverty, the variety of structural constraints faced by distinct groups of poor peoples, and alternative growth trajectories. Such a disaggregated, dynamic approach is necessary in order to establish how donors, governments and non-governmental organizations (NGOs) might most effectively stimulate self-reinforcing growth among the poor.

The remainder of this introductory essay is organized as follows. Section II highlights novel perspectives and methods offered by the contributions to this special issue. Section III places the contributions to this issue in the context of the evolving understanding of poverty in Africa. Section IV summarizes the studies’ primary empirical findings on persistent poverty. Section V concludes with reflections on the nature and design of persistent poverty reduction strategies.

II. NOVEL PERSPECTIVES AND METHODS

Several features distinguish the set of studies in this issue from previous work in this area. First, each of the papers employs longitudinal data that permit the authors to identify those households and individuals who are getting ahead from those who are not, distinguishing transitory poverty caused by predictable life cycle effects and external events (for example, drought) from more enduring impoverishment related to structural constraints of economies that do not work for their poorest members. While prior work has used longitudinal data to establish that a subset of the poor enter and exit “transitory” poverty with some frequency,³ the papers in this special issue focus on the non-transitory poverty of structurally poor households. The goal is to distinguish who amongst the structurally poor is positioned to move ahead over time within the existing structure, who is not, and what structural modifications or other interventions are needed to nudge the latter subpopulation onto a pathway out of poverty. In the terminology of the Carter and Barrett paper, this set of papers tries to move beyond familiar, first and second generation poverty analysis, to third and fourth generation approaches that bring into focus the structural determinants of poverty and the dynamics of those underlying structural positions.

A second novel feature of the studies presented here is that they share an asset-based approach to the study of poverty dynamics. Economists typically analyze poverty with reference to flow variables, income or expenditures reflecting budget constraints and consumption choices, respectively. However, flow measures tend to be more subject to considerable measurement error than stock variables, even in well-run surveys, because they can only rarely be directly observed and verified. Moreover, productive assets are the durable inputs used to generate income and offer the collateral base for expenditures based on credit rather than income. The stock of

productive financial, physical, natural, social, and human assets that households and individuals control largely determines their structural position in a society, and their ability to avoid poverty, or to escape from it if they find themselves falling backwards in the face of adverse shocks. As the Barrett *et al.* contribution demonstrates, the random noise inherent to flow-based measures can mask important features of the dynamics of household-level well-being. Understanding the dynamics of assets is thus fundamental to understanding persistent poverty and longer-term socio-economic dynamics.

The challenges posed by this asset-based approach to understanding poverty dynamics lead to a third distinguishing feature of the studies in this issue: they employ multiple methods and disciplinary approaches, mixing qualitative and quantitative information to better understand the problems of persistent poverty. The existing literature on African poverty has typically emphasized one or the other: the interpretive and historical (see Broch-Due and Anderson 1999, Illife 1987) or the quantitative, especially econometric dimensions (Grootaert and Kanbur 1995, Baulch and Hoddinott 2000). Recent work on poverty analysis has nonetheless underscored inherent methodological complementarities between qualitative and quantitative approaches in (cross-sectional) poverty analysis (Kanbur 2003).

The papers in this issue try to take this integration to the next level, exploring the synergies between different ways of studying the dynamics of poverty and well-being across communities and countries. Measuring human well-being is inherently problematic, and becomes further complicated when trying to measure intertemporal changes in well-being. In this context, triangulation using multiple methods offers important advantages over single methodology approaches. That said, incorporating both qualitative and quantitative methods without strongly privileging one over the

other is difficult to achieve. The Adato *et al.* article on poverty dynamics in South Africa gives one example of how to achieve this by comparing a poverty transition matrix based on econometric analysis with one constructed using qualitative methods.

A fourth and final distinguishing feature of the work in this issue is that it offers an in-depth look at a wide range of countries from across Africa, encompassing periods of political, climatic, and economic policy shocks that have had the potential to sharply impact poverty. These include successive and devastating droughts (Ethiopia, Kenya, Malawi and Zimbabwe), major political transitions (Ethiopia, Ghana, Madagascar, Malawi, South Africa and Uganda), and a range of different economic reform programs (Ghana, Kenya, Madagascar and South Africa). Each of these macro-level processes have been previously linked with changes in poverty (Grootaert and Kanbur 1995, Collier and Gunning 1999, Carter and May 2001, Elbers *et al.* 2002, Hulme and Shepherd 2003, Dercon 2004, Lybbert *et al.* 2004, Sachs *et al.* 2004). The explicit linkage of poverty dynamics to a wide range of different shocks (climatic, health, political, and other) represents an important step forward in linking the typically disparate literatures on risk and growth. In this sense we try to build directly on evolving conceptualizations of persistent poverty in Africa.

III. EVOLVING CONCEPTUALIZATIONS OF POVERTY IN AFRICA

The conceptualization and measurement of poverty have been substantially rethought since most African states became independent in the early 1960s. Earlier anthropological assessments of poverty and rural differentiation highlighted labor and its organization ('wealth in people') as the main measure of wealth, and control over people as the key to accumulating wealth (Guyer and Belinga 1995; Meillassoux 1981). The so-called 'wealth in people' argument remains important in relatively land

abundant/low population savannah farming areas, as the Whitehead and Peters contributions emphasize. The converse problem, that the loss of labor power can precipitate a collapse into poverty, has become especially widespread in recent years with the rise of the HIV/AIDS pandemic and of increasingly drug-resistant malaria. As Krishna *et al.* document, health shocks are, in many places, the leading reason why previously non-poor households suffer a structural decline into persistent poverty. The ‘wealth in people’ perspective is therefore resurgent in much contemporary analysis of African poverty.

However, as population pressure has grown in important sections of Africa, and as rural economies have become more diversified, control over land, non-farm employment, and other key resources have become increasingly significant measures of wealth status. Ownership of livestock assets has been (and still is) a key wealth indicator in many parts of Africa, especially in the arid and semi-arid lands, as Barrett *et al.*, Hoddinott and Little *et al.* document. Land and livestock have long been especially important in determining household food security and marketable surpluses.

One reason endowments of assets such as labor, land and livestock matter is that they condition households’ ability and willingness to take advantage of emerging opportunities (see the Carter and Barrett paper). Technological change has played a central role in improvements in all measures of human well-being—income, life expectancy, health and nutritional indicators—throughout recorded human history (Fogel 2004). Technological change in agriculture and natural resource management has played an especially important role in rural poverty reduction, not least of which in recent decades in Asia and Latin America (David and Otsuka 1994, Datt and Ravallion 1998, de Janvry and Sadoulet 2002, Ravallion and Datt 2002, Evenson and

Gollin 2003). Yet, the Green Revolution largely bypassed sub-Saharan Africa, with patterns of adoption of improved practices and higher-yielding technologies closely associated with household's endowments of land, labor and livestock (Barrett *et al.* 2002). The opportunities afforded by liberalized domestic and international trade can likewise increase well-being through specialization of production according to patterns of comparative advantage, helping reduce poverty where the micro-foundations of local factor and product markets permit poor households to seize the new opportunities (de Janvry and Sadoulet 1993, Barrett and Carter 1999). Where technologies remain rudimentary and terms of trade do not improve, households commonly remain poor.

The attention paid to markets and technologies as prospective handmaidens of rural poverty reduction has spawned increased attention to the geographic and sociopolitical determinants of poverty that condition market access and uptake of improved technologies. The relevant literature on Africa has focused especially on biophysical characteristics, such as how humidity and temperature affect agricultural productivity and health, and how population density, road infrastructure and distance to ocean ports affect commerce at the individual firm level (Sachs and Warner 1997, Gallup and Sachs 1998, Bloom and Sachs 1998), but also on ethnic divisions, histories of political violence and patrimonial rule, and the complex, long-term effects of colonialism (Bates 1981, Easterly and Levine 1997, Collier and Gunning 1999, Herbst 2000, Acemoglu *et al.* 2001, 2002). The conclusion of much of this literature is that areas less-favored by nature and by states (both colonial and modern) have commonly become geographic poverty traps plagued by widespread destitution with limited opportunities for households to escape. Several papers in this volume offer

evidence in support of this hypothesis of geographic poverty traps (Barrett *et al.*, Little *et al.* and Whitehead).

The observation of geographically-based poverty pockets has motivated increased attention to the more general problem of persistent poverty in Africa. While much of the recent empirical work has been done by economists (Grootaert and Kanbur 1995, Dercon 1998, Baulch and Hoddinott 2000, Carter and May 2001, Elbers *et al.* 2002, Deininger and Okidi 2003, Dercon 2004, Lybbert *et al.* 2004), contributions have also come from anthropologists (Anderson and Broch-Due 1999), political scientists (Chambers 1997, Krishna *et al.* 2004), sociologists (Hulme and Shepherd 2003), geographers (Watts 1991) and historians (McCann 1999).

Like many concepts in development studies, the term ‘persistent poverty’—and synonymous terms such as “chronic poverty”—is a convenient simplification of a very complex set of historical, social, and political relations and is represented by a variety of empirical definitions in the literature. For the purposes of general policy analysis, one can isolate the distinguishing features and behavioral patterns associated with persistent poverty without naively assuming that history and political economy do not matter, nor getting caught up in complex webs of case-specific interpretations or sample-specific empirical operationalizations of the concept that so privilege context that comparison becomes implausible. This special issue attempts to balance site-specific social and cultural (‘qualitative’) and statistical (‘quantitative’) analyses with broader interpretations and generalizations about poverty dynamics in Africa.

Toward that end, the contributions to this volume explore a range of different measurements and indicators of poverty that reflect the considerable diversity in Africa’s rural economies and societies. In South Africa, for example, (cash) pension transfers to the elderly play a key role (Adato *et al.*), while in the arid and semi-arid

lands of Ethiopia, Kenya, and Zimbabwe livestock are central to well-being (Little *et al.* Barrett *et al.* and Hoddinott) and in Ghana, Madagascar and Malawi households' labor and land endowments heavily condition household well-being (Barrett *et al.*, Peters, and Whitehead). Despite these and many other differences, the papers reveal a remarkable unity in showing how the mobility and immobility of certain households and individuals over time reflect their initial asset positions, the incomes and security that a greater initial asset stock generates, and the resulting cross-sectional variation in households' experience of shocks and their propensity to take up promising new technological and market opportunities.

IV. KEY FINDINGS ON PERSISTENT POVERTY

Although these papers share a common perspective on the problem of persistent poverty in Africa and, at a methodological level, are bound together by a common reliance on longitudinal data and an effort to triangulate using mixed data and analytical methods, the specific cases studied are quite distinct. We can crudely lump these into three different sorts of cases, each yielding important findings that, together, help flesh out a coherent picture of the nature of persistent poverty in sub-Saharan Africa.

In several cases, macro and sectoral level political and economic reforms or the introduction of improved technologies or new crops opened up new opportunities accessible and attractive only to some relatively better-off households. A key common denominator to this subset of the studies that encompass this special issue is their focus on identifying who has been able to take advantage of promising new opportunities, who has not, and what seem to be the keys to distinguishing between these two subgroups.

For example, Peters carefully documents how liberalization in Malawi led to a boom in burley tobacco production, but that only a subset of the rural population was well-positioned to take advantage of these new opportunities. The benefits of policy change accrued mainly to those with requisite land, labor and access to cash or credit for seed and fertilizer, and who could join the growers' clubs that afford access to the auction floors and world market prices. Barrett *et al.* (2001) similarly found that only those farm households that were better-off ex ante were able to take advantage of the improved terms of trade generated by massive exchange rate devaluation in Côte d'Ivoire in 1994.

A very different sort of opportunity emerged in South Africa with the end of apartheid, which brought promise of new economic opportunities open to all South Africans. Yet Adato *et al.* demonstrate the existence of poverty traps caused by insufficient productive asset holdings and how social capital proves effective only for the relatively privileged in escaping that trap. Durable patterns of social exclusion and ineffective social capital impede upward mobility for the rest, leaving large numbers trapped in poverty or back-sliding into poverty even though they are temporarily non-poor.

The introduction of improved production technologies and higher-return livelihoods represent a third sort of opportunity – distinct from that created by market-oriented economic liberalization or the removal of legal barriers that kept the majority of South Africans down – but one that likewise fails to stimulate a broad-based climb out of poverty among the poor. Barrett *et al.*, building on Moser and Barrett (2003) and Barrett *et al.* (2004), discuss how poorer households in rural Madagascar have been effectively excluded by credit, insurance and labor constraints from uptake of a

promising production technology that wealthier farmers have been able to use to raise rice yields by 60-80 per cent.

Whitehead similarly documents systematic patterns in who was able to take advantage of new higher-value crops and improved bullock plough technologies in rural Ghana. Those with relatively large initial holdings of land, livestock and, above all, adult male labour power were systematically better able to enjoy better yields and terms of trade and to accumulate wealth and remain secure in their livelihoods.

Other papers in the special issue study how major adverse shocks may differentially impact different subpopulations. Following northeastern Ethiopian households during and in the wake of the major 1999-2000 drought, Little *et al.* document a range of recovery patterns. Pre-drought livestock holdings provide a strong predictor of post-drought household wealth, a finding echoed in Barrett *et al.*'s empirical analysis of northern Kenyan households. And like Adato *et al.*, Little *et al.* demonstrate the important role social networks play in assisting recovery from shocks while underscoring that this assistance nonetheless does not seem to offer a viable ladder out of long-term poverty. In Little *et al.*'s setting, social capital appears only to facilitate recovery to a low-level equilibrium. The drought had a devastating short-term impact on households, particularly among the poorest, but did not increase overall rates of poverty in the area in the medium term as households recovered reasonably quickly to their initial, albeit-impoverished state.

Hoddinott, utilizing longitudinal data from rural Zimbabwean households, and Barrett *et al.*, studying northern Kenyan households, both find strong evidence of wealth-differentiated risk management behaviors consistent with the existence of poverty traps. In particular, they posit that the churning evident in expenditure or income-based measures of well-being could partly reflect households' choice not to

smooth consumption, as mainstream economic theory posits, but rather to smooth assets so as to defend one's structural position and future earning potential, as Zimmerman and Carter (2003) posited. Each paper presents strong evidence that while wealthier households indeed appear to smooth consumption as the standard theory hypothesizes, as households approach what appears to be an asset poverty threshold, poorer households cease to use the few assets they possess to stabilize consumption, instead holding on to their limited assets, even if it entails destabilization of consumption often through reduced food intake.

Hoddinott's work also sheds light on intra-household variation in the experience of shocks. In the Zimbabwean households he studies, adult men suffered no observable change in nutritional status as a result of drought. Women, on the other hand, experienced a short-term decline in nutritional status, but recovered quickly. The greatest concern arises with respect to children younger than two, who lost, on average 15-20 per cent of growth velocity and are likely to have suffered permanent loss of stature – which is related to long-term educational attainment, health status and earnings – as a result of a short-term drought. Much as the experience of shocks varies across households, so too does it appear to differ within them according to relative initial power and wealth.

Covariate shocks such as drought are not the only adverse experiences that strike poor households. Individual and household-specific shocks such as injury and illness lead to loss of income, assets and, in extreme cases, life. Krishna *et al.*, Barrett *et al.* and Whitehead all document how health shocks are managed differently by households in different economic positions and that such episodes are disproportionately responsible for knocking previously non-poor households into persistent poverty. Among the central and western Ugandan households Krishna *et al.*

study, health shocks and associated costs and deaths of adult income earners account for nearly two-thirds of all household descents into poverty. Initial poverty is associated both with households' objective exposure to health risks, and with the ability and willingness to pay for preventive and curative care, sometimes sacrificing long-term prospects in the process.

Finally, while the above two kinds of cases look for bifurcated outcomes within a single region, a last class focuses more on the contrast between areas, emphasizing the additional constraints that emerge in more remote areas. Barrett *et al.* exploit inter-site variation in Kenya and Madagascar to demonstrate higher rates of poverty and lower rates of escape from poverty in settings less favored by nature and governments. Whitehead emphasizes the extraordinary challenges faced by households in one of Ghana's most remote areas. Such places raise difficult policy questions as to whether and how to invest in less-favored – not always “lower potential” – lands.

V. PERSISTENT POVERTY REDUCTION STRATEGIES

The challenge of poverty reduction is both most vexing and most urgent with respect to those who appear trapped indefinitely in a deplorable standard of living. The collection of papers that comprise this special issue offer important insights on the processes by which people become and remain persistently poor, and on interventions that might effectively help nudge them onto a sustainable growth trajectory. As donors, government policy makers and researchers struggle to understand and design appropriate policies to reduce persistent poverty in sub-Saharan Africa, it will become ever more important to clearly distinguish true structural mobility from simple, transitory churning around the poverty line, to identify the targetable characteristics of

those who are structurally persistently poor, and to focus attention on the key productive assets and exclusionary processes that constrain the persistently poor's access to steady improvement in well-being.

The asset-based perspective brought by these papers suggests two broad classes of policy to address the problem of persistent poverty. The first is safety net policies that directly reduce the risks that may drive poverty-perpetuating survival strategies or that provide protection against loss of key assets to effectively insure vulnerable people, including the presently non-poor, against potentially catastrophic downside risk.

The second class might be termed “cargo net” policies that help the persistently poor:

- (i) Build up their base of productive assets through education, land reform or other means so that they can reach a minimum threshold of wealth necessary to self-finance or self-insure in ways that do not replicate their initial poverty:
- (ii) Improve the productivity of the assets held by the persistently poor through improved technologies or market access, thereby increasing their capacity to generate investible surpluses and to self-finance and self-insure; or,
- (iii) Access the finance (insurance and capital) necessary to protect and invest in assets and thereby to relax the constraints that often drive persistent poverty.

This conceptual view of poverty—with its implication that there may be minimum wealth thresholds that vary by location, group and types of capital—may imply a tradeoff between helping more people versus helping a smaller number of people get over the threshold. For example, cargo net asset transfer programs that are “a mile wide and an inch deep” may be predictably ineffective in the presence of critical wealth thresholds that define structurally bifurcated accumulation trajectories. On the other hand, policies that try to relax risk directly, or to enhance access to finance, may

not face such a tradeoff. A safety net policy that successfully created a bankable index insurance mechanism would become cheaper—not more expensive— per beneficiary as it reached more people.

There is much yet to understand about persistent poverty and policies to combat it. With their focus on assets and the structural determinants of poverty, and their reliance on multiple methods of inquiry, the papers in this special issue offer some important first steps. We hope that these steps will help others advance further in order to allow communities, governments, NGOs and donors to take proactive, effective steps to reduce persistent poverty in Africa.

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Notes

¹ The poverty gap index gives the mean percentage distance below the poverty line average over the entire population, counting the non-poor as having a zero poverty gap.

² Data and computations available from authors by request.

³ See Baulch and Hoddinott (2000) or Hoddinott (2003) for excellent summaries of that literature.