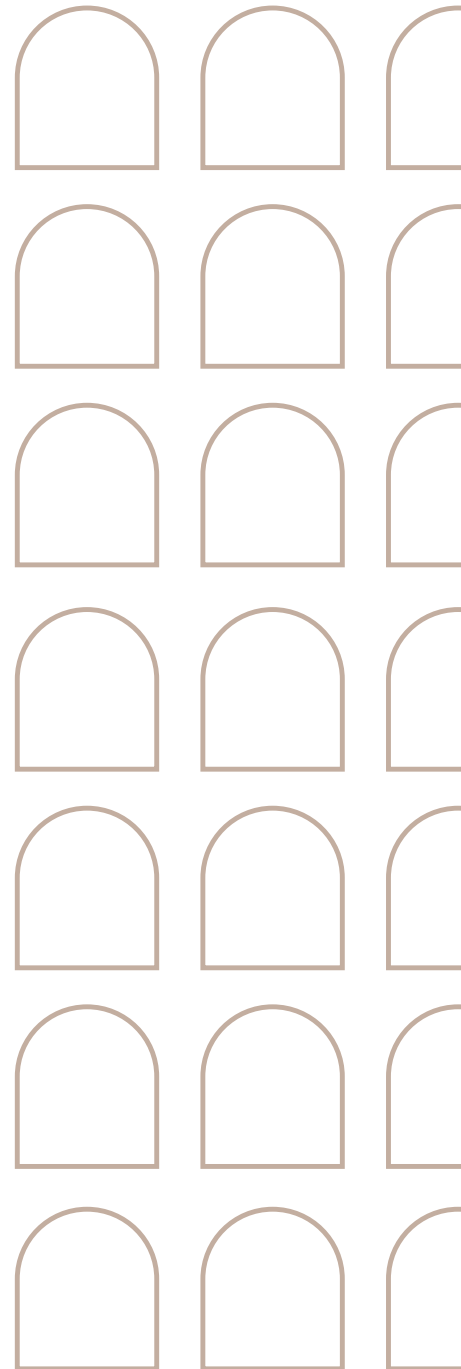STG Policy Papers

POLICY BRIEF

## BEYOND A DOLLAR: THE POVERTY GRADUATION CHALLENGE FOR SOUTHERN AFRICA

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EXECUTIVE SUMMARY

Africa continues to grapple with Poverty and Population growth. Southern Africa is reported to have 45.1% rate of Poverty. Poverty in the region is aggravated by covid 19, bad governance, instability, lack of integration among other things. To reverse the poverty trajectory, Southern Africa needs a radical integrated & holistic approach, The Poverty Graduation Model. The model is a timebound sequence of events and joint interventions from government, private sector, Development partners, Academia, and local communities that aims to graduate the poor to sustainable livelihoods in Southern Africa region. This model provides a proven gateway to ending poverty by 2030 as envisioned in the UN Sustainable Development Goal No.1of Ending Poverty.
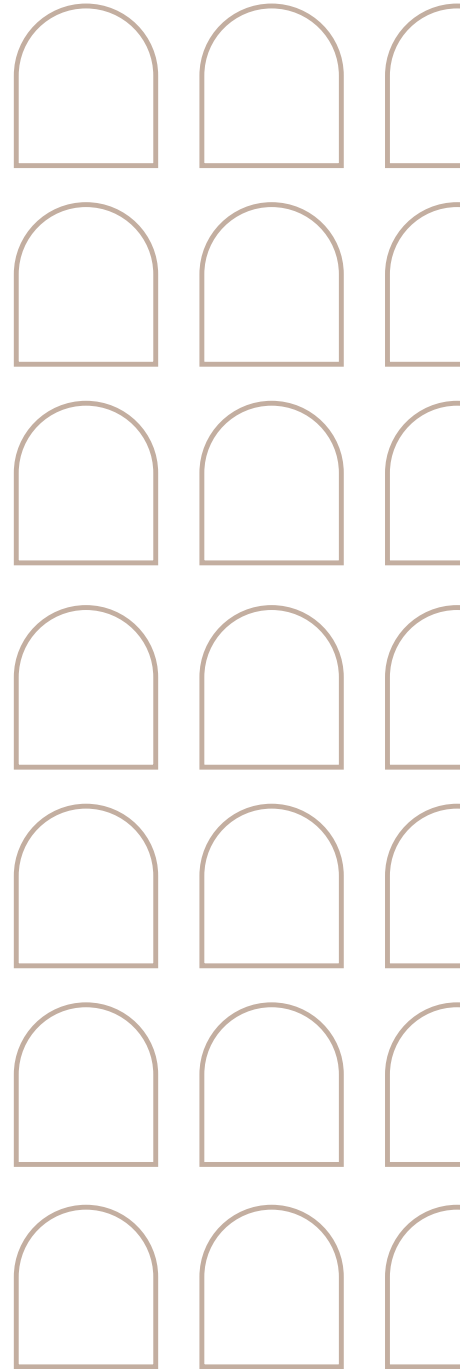
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1. INTRODUCTION

Africa is still grappling with increasing numbers of people living in extreme poverty. In 2019 478 million people were reported to be living in extreme poverty, over 40% of the total African population. The current demographic trend and growth scenario exacerbated by the Covid-19 pandemic indicate that over 30 million African people fell into extreme poverty in 2021. Extreme poverty data further indicates that most of the poverty is concentrated in the Central Africa region with a poverty rate of 54.8%, which is followed by Southern Africa's poverty rate of 45.1%. With the present outlook, Africa is unlikely to achieve Sustainable Development Goal No.1 of *"Ending poverty by 2030"*. This article argues that a holistic scalable poverty graduation model needs to be applied to allow the poor African population currently living below a dollar a day to enjoy sustainable livelihoods and thus expedite the agenda to end poverty by 2030.

Poverty in Africa has both monetary and non-monetary dimensions. To alleviate poverty, Africa needs an integrated approach that fosters a demographic transition, expands quality education, addresses bad governance, combats corruption, facilitates regional integration and focuses on infrastructure development. This holistic approach requires adoption of a household-focused poverty graduation model aimed at sustainably improving vulnerable households' livelihoods, incomes, health and skills.[1] Focusing on Southern Africa and the poverty in the region, this policy brief makes policy recommendations for interventions using a holistic poverty graduation model targeting marginalised vulnerable households in Southern Africa below $1.90 a day.

2. DEFINING POVERTY

Poverty is a complex and difficult to define concept. There are many definitions and measurements of poverty. Poverty is defined as having insufficient income or resources. Poverty has also been defined as a lack of basic human needs to sustain useful working efficiency such as adequate and nutritious food, clothing, housing, clean water and health services. The United Nations Human Development Report (1998) defines poverty as a complex phenomenon generally involving inadequacy of resources and deprivation of choices that would enable people to enjoy decent living conditions. Yunus (1994) focuses on human rights, defining poverty as a denial of human rights relating to fulfilment of basic human needs. The World Bank defines poverty as hunger, lack of shelter, being sick and not being able to see a doctor.

3. MEASURING POVERTY

Income poverty is measured in either relative or absolute terms. Other types of poverty are assessed using a Human Poverty Index (HPI). Absolute poverty measures poverty in relation to the amount of money necessary to meet basic needs such as food, clothing and shelter while relative poverty defines poverty as living below the prevailing economic standard in a given society, which is currently set at $1.90/day.[2] A HPI conceives poverty as more than a lack of income but rather a denial of choices and opportunities for a tolerable life. A HPI looks at mortality rates, illiteracy, malnutrition and access to health care and safe water. Examining these definitions and measures of poverty, one sees that economics cannot be the sole measure and determinant of poverty.[3]

Clearly, poverty is not merely a lack of financial resources. It is also a lack of holistic services, a lack of hope and a lack of productive resources that support a sustainable livelihood. The United Nations (UN) definition of poverty goes beyond the conventional one: "The multidimensional nature of poverty includes social aspects such as housing, health and time." The World Bank has developed tools to assess the non-monetary dimensions of poverty, which include education, health, access to social services, vulnerability, social

1   Innovation for Poverty Action, The Ultra Poor Graduation Approach, https://www.poverty-action.org/impact/ultra-poor-graduation-model
2   Seipel. M, Global Poverty – No longer an untouchable problem, *International Social work* 46(2):192:191-207,
3   *Ibid.*

exclusion and access to social capital.[4] In generic terms, therefore, to be poverty-stricken is to be afflicted and overwhelmed by need in any or all areas of life. Summarising the definition and measurement of poverty, Englama and Bamidele (1997) assert that poverty in both relative and absolute terms refers to a circumstance where a person is not able to provide sufficiently for his or her necessities or fundamental human requirements such as clothing and decent accommodation, food, fulfilment of social and economic responsibilities, productive employment, skills, resources and confidence; and has restricted access to economic and social infrastructure.[5] This includes access to health, education, drinking water, sanitation and roads. These preclude the person from advancing in welfare, which is limited by the scarce availability of economic and social infrastructure.

4. VIEWS OF POVERTY

In addition, in engaging with the poverty problem, there are two broad views on poverty. First, the 'equal opportunity' view holds that the poor and non-poor have fundamentally different traits (talents and motivations). Therefore, the poor choose different activities and occupations.[6] The second view is the 'poverty trap' view. This view holds that there are poverty traps. Those who start with a low amount of wealth (i.e. are born poor) have different opportunities to those who start with wealth above some critical level.[7] These two views have different implications for poverty reduction policy and programming.

5. THE STATUS OF POVERTY IN SOUTHERN AFRICA

Southern Africa is the region of the African continent south of the Congo and Tanzania. It comprises Angola, South Africa, Lesotho, Swaziland, Mozambique, Malawi, Zimbabwe,

Zambia, Madagascar, Botswana and Namibia.

The extent of poverty varies across the countries in Southern Africa. According to The World Factbook, about 41% of the population live below the poverty line in Angola, 35.9% in South Africa, 72.3% in Zimbabwe, 57.1% in Lesotho, 60.5% in Zambia, 52% in Mozambique, 52.4% in Malawi, 30.3% in Botswana and 28.7% in Namibia. These figures show that the burden of extreme poverty in the region is heavy.

Furthermore, Southern Africa accounts for only 2.5% of the world population but 9% of global extreme poverty. Estimates show that nearly 88 million people (45% of the population) live in extreme poverty in the region. UNFPA reports show that population trends and dynamics have enormous effects on the prospects of poverty reduction and sustainable development. Poverty is influenced by – and influences – population dynamics.[8] Where rapid population growth far outpaces economic development as is the case in Southern Africa, it is difficult to speedily invest in the human capital needed to secure the well-being of citizens and stimulate further economic growth.[9] Southern Africa does not register high enough rapid economic growth to meet the demands exerted by the rapid population growth and raise people out of poverty. The region is expected to average 3.5% annual growth while population growth is expected to average 2%, presenting a bleak picture of overcoming poverty.[10]

Clearly, rapid population growth in the region is stretching both national and family budgets. There are increasing numbers of children to feed and educate and workers to provide with jobs, slower per capita income growth, lack of progress in reducing income inequality, and more poverty.

However, Southern Africa presents an interesting poverty case. Relative poverty is decreasing while absolute poverty is on the

4   Mahler D. et al., 2018. Does Monetary Poverty Capture all aspects of poverty, Accessed at: https://blogs.worldbank.org/developmenttalk/does-monetary-poverty-capture-all-aspects-poverty
5   Korank-Addae, A., 2014. American International Journal of Social Science Vol. 3, No. 7, December 2014, p.148
6   Parry, K. Why do People Stay Poor, https://www.lse.ac.uk/research/research-for-the-world/economics/why-do-people-stay-poor
7   Ibid.
8   UNFPA 2014, Population and Poverty, https://www.unfpa.org/resources/population-and-poverty.
9   The Borgen Project, Poverty and Overpopulation, https://borgenproject.org/poverty-and-overpopulation/.
10   Aikins et al., 2022. Africa is losing the battle against poverty https://issafrica.org/iss-today/africa-is-losing-the-battle-against-extreme-poverty

increase with an indicative projection of 130 million people living in extreme poverty by 2040. The proportion of the population living in relative poverty in the region has dropped by 9 percentage points while the number of those in absolute poverty has nearly doubled over the past 25 years.[11]

Porter (2017) projects that all countries in the region will experience an increase in absolute poverty. This trend of increased absolute poverty will be more prevalent and concentrated in the region's poorer countries (Madagascar, Malawi and Zimbabwe).

In addition, Rwomire observes that in the Southern Africa region, poverty is a product of colonialism, neo-colonialism, imperialism and mal-distribution of wealth and income across racial, social and regional groups. Poverty seems to be perpetuated by socio-economic structures which create continued inequalities in society.

Other factors identified as contributing to the high poverty levels in this region are poor attitudes to education, high unemployment rates, inadequate access to productive land, inadequate capital and financial services, neglected female participation in the labour force, poor health facilities, urbanisation, gender differentials and insecurity resulting from civil unrest and armed conflicts across the continent.[12]

According to Venkatasubramanian (2001), universal basic education (UBE) systems are in place in Botswana, Malawi, Tanzania and Uganda, but these countries experienced an approximate 12% drop in education attendance between 1990 and 2002. Another report reveals high unemployment rates of about 20% in Zimbabwe and Botswana, about 30% in South Africa and 40.5% in Lesotho, while in Namibia the unemployment rate rose from 19% in 1991 to 34.8% at the end of 1997.

Since 1970, the continent has experienced 30 different wars. The longest of these wars were in Mozambique and Angola, both of which were characterised by political strife and armed conflict. They endangered nearly a fifth of Africa's citizenry. These conflicts were crucial underlying determinants that hugely contributed to hunger and poverty in the region. As the continent with the largest mining industry in the world (in South Africa, Swaziland, Angola, Mozambique, Malawi, Namibia, Zambia and Zimbabwe), this violence fatally affected mining activities in the region.[13]

Rural-urban migration in pursuit of white-collar jobs or greener pastures also has an adverse effect on poverty rates. The United Nations Development Programme (UNDP, 2002) reported that in Malawi, Botswana, Zimbabwe and South Africa in 1975 the percentages of the population which were urbanised were as low as 7.7%, 12.8%, 19.6% and 48% respectively. By 2000 these percentages had risen to 14.7%, 49%, 35.3% and 56.9%. This mass movement exposed urban dwellers to impoverished living conditions that are best described as random settlements with insufficient facilities, environmental pollution and/or industrial hazards.[14]

Southern Africa also has huge inequalities. A World Bank report (2016) states that ten of the most unequal countries in the world are in Africa, mostly in Southern Africa. The six most unequal countries in the world are South Africa, Namibia, Zambia, Eswatini, Mozambique and Botswana. The economic growth registered is not trickling down to the most vulnerable in the region. Inequality is prevalent in Africa in terms of both outcomes and opportunities.

The current inequalities, demographic trends and growth scenarios exacerbated by the Covid-19 pandemic, bad governance, corruption, and shortages of infrastructure all point to an urgent need for an aggressive holistic policy to reverse the trajectory of absolute poverty in Southern Africa at the regional, national and household levels. The Poverty Graduation Model provides Southern Africa with a multi-sectoral approach aimed at holistically raising the population below $1.90/

11   Ibid.
12   Bekun et al, 2019, Poverty and Agriculture in Southern Africa revisited: A panel causality perspective, Sage Journal, p.2
13   Ibid
14   Ibid

day to sustainable livelihood levels in both monetary and non-monetary terms.

In the last decade efforts in Southern Africa to alleviate poverty by providing poor households with either credit or training have failed to record significant sustainable results. Initial poverty, high fertility rates, over-reliance on natural resources at the expense of agricultural and rural development and poor governance have contributed to increased risk and conflict.[15]

The solution to the challenges in ongoing efforts to end poverty in Africa is to adopt a poverty graduation model that ensures sustainable livelihoods.

6. THE GRADUATION MODEL: THE HOLISTIC APPROACH TO ENDING SOUTHERN AFRICAN POVERTY

The poverty graduation model is a comprehensive, time-bound, integrated and sequenced set of interventions that enable extremely poor households to achieve socioeconomic resilience and to progress along a pathway to sustainable livelihoods.[16]

Figure 1: Poverty graduation model

This holistic poverty graduation model has been used to uplift over 3.1million households and over 14 million people from poverty to sustainable livelihoods in 18- 36 months by addressing multidimensional causes of poverty.

The poverty graduation model was first pioneered in 2002 by BRAC in Bangladesh. The success rate was over 95%. This holistic model has now been tested in 45 different countries, two of which are in Africa: Ghana and Ethiopia. The model has shown consistent results across countries, guiding poor households from poverty to self-reliance. A six-country study on the poverty graduation model released in 2015 provides evidence that a "big push" intervention that addresses the many challenges of poverty simultaneously boosts livelihoods, income and health among the extreme poor. The study was conducted over a 3-year period in Ethiopia, Ghana, Honduras, India, Pakistan and Peru. Evidence from the study also indicates that the model works and has similar effects in multiple settings. The biggest drawbacks of the model are its complexity, high costs of designing and delivering tailored interventions, and its labour-intensive and time-consuming nature. Therefore, replicating the model is easy but scaling up the model will require participants to be categorised according to their needs[17] and treating them differently, which will vary from country to country in the region.

The model combines support for consumption, asset and cash transfers, training and mentorship, and facilitates financial inclusion (financial literacy and access to financial services) and access to social services.[18]

The graduation model has four main components:

- Social protection: it provides preventive, protective and promotive mechanisms to support basic income security such as
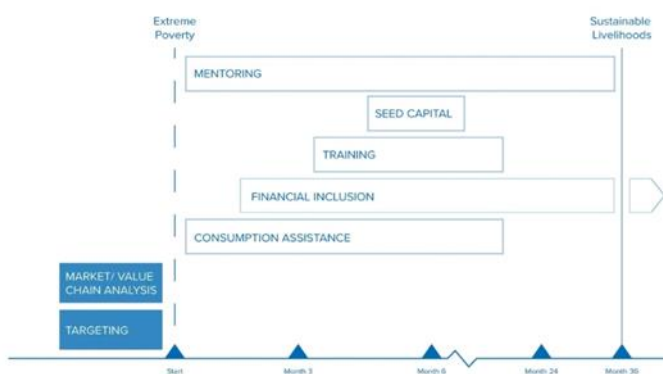
15   Fox, L., 2019. Assessing Past and Future Strategies for Reducing Poverty in Africa, https://www.brookings.edu/articles/assessing-past-and-future-strate-gies-for-reducing-poverty-in-africa/
16   LNOB, 2022. BRAC Graduation Programme, https://www.shareweb.ch/site/Poverty-Wellbeing/leave_no_one_behind/brac-graduation-programme
17   Apolitical, 2018. The Only Scheme Proven to End Poverty – but too Bespoke to Scale, https://apolitical.co/solution-articles/en/the-only-scheme-proven-to-end-poverty-but-too-bespoke-to-scale
18   LNOB, 2022. BRAC Graduation Programme, https://www.shareweb.ch/site/Poverty-Wellbeing/leave_no_one_behind/brac-graduation-programme

support for consumption, crisis relief and access to health and education.

- Livelihood promotion: an asset transfer, cash transfer or loan, with which to procure a market-viable asset along with technical skills training to manage the asset or access employment opportunities.

- Financial inclusion: direct access to convenient formal or informal financial services, accompanied by financial literacy training.

- Social empowerment: regular check-ins and life skills support that build confidence and resilience, and promote social inclusion and positive behavioural change towards self-sustainability, security and well-being.

These interdependent interventions lead to strong outcomes at the household level such as increased/improved assets, food security, savings, financial inclusion, health outcomes, social integration and productive skills.

7. POLICY RECOMMENDATION: TOWARDS ZERO POVERTY USING THE GRADUATION MODEL

The poverty graduation model has already shown to be effective in a wide range of geographical, institutional and cultural contexts. Southern African countries should therefore lead the deployment of resources to adopt and design a poverty graduation programme for poor households so as to chart a sustainable pathway out of extreme poverty and reduce the poverty rates in the region.

Southern Africa needs to come up with 'big push' policies on extreme poverty. These big push policies facilitate an asset transfer, cash transfer or loan with which to procure a market-viable asset along with technical skills training for poor households to manage the asset or access employment opportunities. These big push policies are key to sustainably uplifting the poor to sustainable livelihoods.

Poor households and individuals need to show agency in fighting poverty to sustainably lift themselves out of it. This agency will be seen in full participation and commitment to the four holistic components of the poverty graduation programme, especially training/coaching and mentorship.

In conclusion, in designing and adopting the poverty graduation model, governments should ensure that all the necessary interdependent
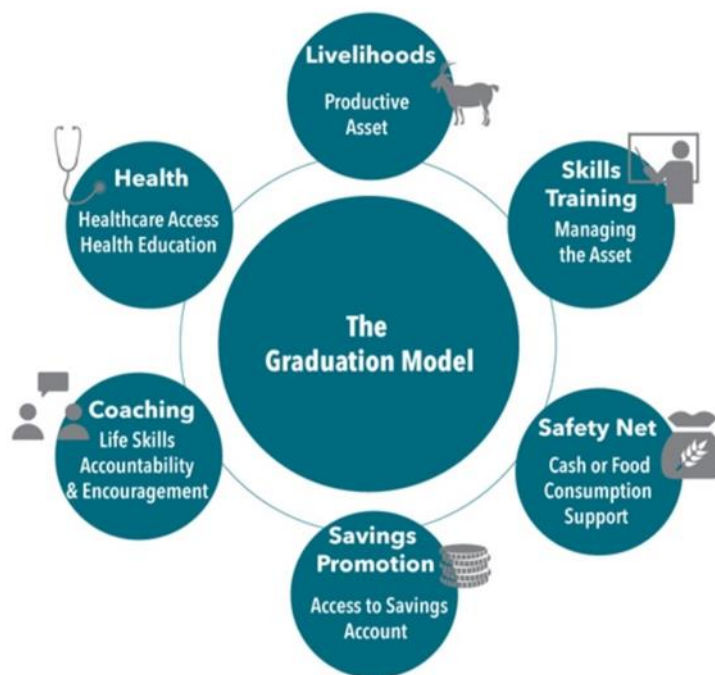

Figure 2: Components

components of the model are present in order to have a meaningful and sustainable economic impact on the poor. Applying the individual components alone would be less successful and would not create any meaningful and sustainable impact on reducing poverty levels in the Southern Africa region.

Poverty graduation models in Southern Africa should primarily do the following:

- target the poorest and most vulnerable households, prioritising those in the extreme poverty category and then extending programme coverage to all vulnerable households nationwide;

- apply coaching and mentorship in the sustainable livelihood components that support the big push interventions – managing assets, cash transfers/loans for self-employment initiatives and livelihood support interventions;

- strengthen monitoring systems in government programmes;

- collaborate between social protection, various line ministries and various implementing stakeholders;

- apply group coaching to reduce the cost and increase the impact of the program; introduce technology into the process by distributing tablets to communities and designing apps that teach participants financial literacy and business management. The apps should be for an illiterate audience that may have never used a digital device. This will replace the in-person coaching but maintain the impact while minimising costs. Technology will greatly reduce costs while expanding reach and standardise a high level of training in the app for all beneficiaries.[19]

A genuine political will to eradicate extreme poverty will mean the governments of the Southern African countries launching a poverty graduation model pilot with technical assistance from relevant stakeholders to implement all the components of the poverty graduation model. Governments should champion the formulation and adoption of a multi-sectoral economic inclusion policy to support implementation of 18-36-month poverty graduation programmes. The drafting and implementation of a multi-sectoral economic inclusion policy to eliminate extreme poverty should be championed by governments but should include key stakeholders such as development agencies, the private sector, civil society, anti-poverty advocates, researchers and local communities to effectively address the multidimensional poverty challenges and opportunities in each unique context in Southern Africa.

The above policy will support a multi-sectoral approach so as to spread responsibility among a broad range of institutions at the national and local levels to achieve sustainable outcomes and poverty graduation for poor households in defined time frames.

In addition, there should be joint funding by governments, donors and development partners of these extensive national poverty graduation programmes in Southern Africa.

By implementing this model, Southern Africa governments will have a framework to address poverty in a comprehensive government approach in partnership with relevant stakeholders. The poverty graduation model will also provide tools to determine the progress and impacts of the poverty graduation programmes. Importantly, the model developed for each country in the region should be tailored to the nature of the poverty and income distribution.

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19   Apolitical, 2018. The Only Scheme Proven to End Poverty- but too Bespoke to Scale, https://apolitical.co/solution-articles/en/the-only-scheme-proven-to-end-poverty-but-too-bespoke-to-scale

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