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Fundamental Causes of Poverty in Sub-Saharan Africa

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Abstract: *This paper analyzes the fundamental causes of poverty in sub-Saharan Africa. It defines poverty and types of poverty, distinguishes between the proximate and fundamental causes of poverty, describes the vicious circle of poverty, reports poverty statistics in developing world,explains the role of government, and discusses the developmental state and growth-enhancing governance. The paper argues that pro-poorflawed policies, weak economic and political institutions, and culture may be the fundamental causes of poverty in the region.Transforming or building economic policies and institutions that aim at stimulating growth of labor income and inclusive economic growth in taking the human factors into account may improve welfare where extreme poverty is pervasive.*
Keywords: *Developmental state, governance, institutions, pro-poor policy,poverty, sub-Saharan Africa*

I. Introduction

One of the most puzzling paradoxes over the last decade is that Africa has benefited from unprecedented growth while a large part of its population remains trapped in economic poverty, facing rampant unemployment and inequality [1].The African growth did not happen in the rural areas, which are the home to 70 per cent of population in sub-Saharan Africa [2]. Chandy[3]explains that one of the factors that can account for sub-Saharan Africa's disappointing poverty numbers is the existence of mismatch between where growth is occurring and where the poor are on the continent.

Boris and de Leon [4] identified other categories of nation well-being that supplement gross domestic product (GDP) such as poverty, health, education , employment, income and wealth, political participation, economic participation, and human rights. The UN Food and Agriculture Organization [5] estimates that 239 million people in sub-Saharan Africa were hungry and undernourished in 2010 due to poverty.

Poverty is a problem in almost all nations in the world, and Africa is not an exception[6]. Much has been argued about the causes of poverty in Africa. The consensus of the economists and development practitioners is that income inequality, conflicts, location, natural disasters, ill health and disability, inheritance of poverty, education and skills, and gender discrimination may cause poverty in Africa [6]. Korf et al. [7]found that poverty is linked to lack of resource endowments such as oxen, land, and human capital.

The poverty and poverty reduction paper in sub-Saharan Africa discusses the drivers and maintainers of poverty into two broad categories: socio-economic factors such as risk and vulnerability and low capabilities, and political economic factors such as non-developmental politics, corruption, and the resource curse [8].The capabilities approach focusing on positive freedom, a person's actual ability to be or to do something, and declining wages, unemployment, rising food prices, and food-distribution systems are the causes of poverty in developing countries [9]

Batano and Bucekuderhwa [10] found that the household's socioeconomic factors, physical and human capital, per capita income are significant factors behind a household's poverty level; and the female household heads are more poorer than their male counterparts.Access to micro-credit, education, participation in agricultural seminars, livestock assets and location in high potential areas significantly influence the probability of households exiting chronic poverty [11].Baiyengunhi and Fraser [12] studied the determinants of household poverty dynamics in rural regions of the Eastern Cape Province, South Africa and found that the age, level of education and occupation of the household head, dependency ratio, exposure to idiosyncratic risks, and access to credit are statistically significant in explaining a household's vulnerability to poverty.

These previous studies focused on understanding of the causal effects on poverty. This paper pays attention to economic policies and institutions as well as topsychological, social, and cultural influences on poverty. These influences may alter human behavior and have consequences for individuals' lives and societal outcomes. More than anything, malnutrition on African continent is a failure of political leadership [13]. Promoting the productive use of labor policy that is the poor's most abundant asset by harnessing market incentives, social and political institutions and providing basic social services matters [14].

Is poverty a state of mind?

The mind is comprised of beliefs, desires, emotions, perceptions, and intentions [15].The author argues that theory of mind is the ability to attribute the mental states to self and others in order to understand and predict behavior.A central message of the World Development Report 2015 is that the causes of underdevelopment are not limited to the core factors in the standard economic framework, but psychological, social, and cultural factors are fundamental factors [16].

Poverty

Poverty is not easy concept to define. As a result, a range of definitions exist, influenced by different disciplinary approaches. These approaches include the basic needs approach, the capabilities approach, and the human development approach [6].Poverty is multidimensional and not only a deficit in material resources but also a context in which decisions are made [17]. The report points out that poverty can impose a cognitive burden on individuals that makes it especiallydifficult for them to think deliberatively. Poverty is what prevents people from leading a long, healthy, and creative life as well as from enjoying dignity, self-respect and the respect of others [18].

Type of poverty

Poverty comes in different forms: (1) Absolute poverty, (2) relative poverty, (3) chronic poverty, and (4) transient poverty [19]. Absolute poverty is subsistence poverty when a person is short of basic foodstuff, shelter, and clothing and adequate or sufficient health care. What is poverty under relative terms is what a person lacks in relation to others. Relative poverty is often defined based on comparison of particular aspects of life such as household expenditure, family budget, and household livelihood [20].

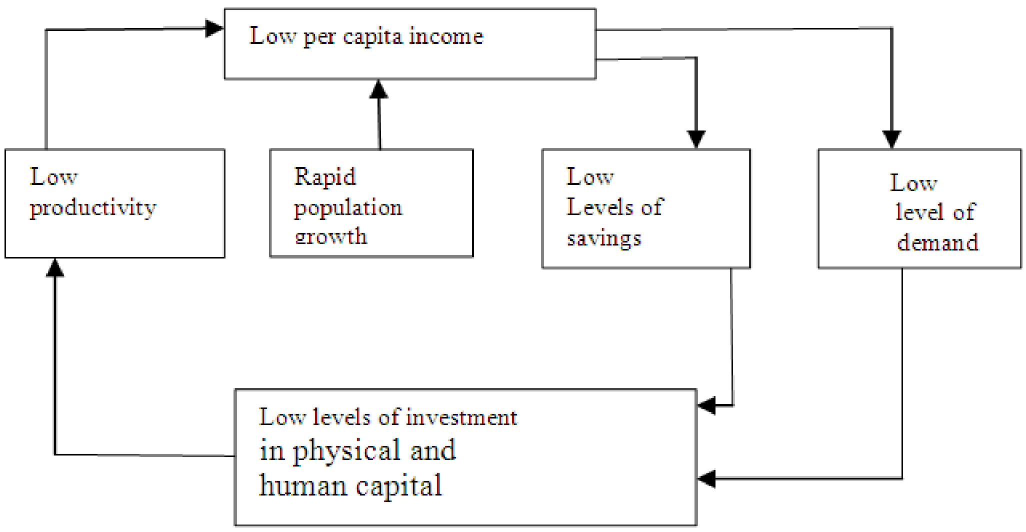
When poverty is handed over to individuals and families from generations before them becomes chronic or generational poverty. People are rapped in chronic poverty's causes and have no access tools that will help them get out of it. People can be in transitory or situational poverty because of one unfortunate event. People can help themselves out of this type of poverty quickly if they are given a bit of assistance [6].

Proximate versus fundamental causes

The proximal or most likely causes and underlying causes have been studied in the social science arena to design effective interventions.Acemoglu [21] explains that focusing on proximate causes (correlates orintervening variables) would be tantamount to dealing with symptoms of disease without understanding what the diseases themselves are. Understanding the fundamental causes such as policies, institutions and culture could one day offer pragmatic solutions to poverty in the sub-Saharan region.

The vicious circle of poverty

The vicious circle of poverty illustrates how poverty causes poverty and traps people in poverty in sub-Saharan Africa unless an intervention from governments or private organizations step in. Low per capita income makes it extremely difficult for African nations to save and invest, a condition that perpetuates low productivity and low income. Furthermore, rapid population growth may quickly absorb increases in per capita real income and thereby may negate the possibility of breaking out of the poverty circle.



Source [6]

Extreme poverty by region

The sub-Saharan Africa region is going to remain the poorest region with the highest percentage of population below US$1.25 for the 2020 and 2030 projections [22]. East Asia and Pacific and South Asia regions are making progress.

	% of population below US$1.25 a day (2005 PPP)						**Projections**	
Region	1990	2005	2008	2010	2011	2015	2020	2030
East Asia and Pacific	58.2	16.7	13.7	10.3	7.9	4.1	1.5	0.1[a]
Eastern Europe and Central Asia	1.5	1.3	0.4	0.6	0.5	0.3	0.2	0.1[b]
Latin America and the Caribbean	12.0	7.4	5.4	4.8	4.6	4.3	3.6	3.1
Middle East and North Africa	5.8	3.0	2.1	1.7	1.7	2.0	1.8	2.4
South Asia	53.2	39.3	34.1	29.0	24.5	18.1	13.8	2.1
Sub-Saharan Africa	56.6	52.8	49.7	48.2	46.8	40.9	34.2	23.6
Total (developing world	43.5	24.8	21.8	19.1	17.0	13.4	10.5	5.7
Total	**36.4**	**21.1**	**18.6**	**16.3**	**1 4.5**	**11.6**	**9.1**	**4.9**

Source [22]

a. The statistic for 2030 is 0.11 for East Asia and Pacific. It has been rounded to 0.1

b. The statistic for 2030 is 0.06 for Europe and Central Asia. It has been rounded to 0.1

The Role of government

What is the appropriate role for government is basic question, and one that involves a great deal more than economics. The standard justifications for government action in the economy are monopolies, externalities, public goods, asymmetric information, redistribution, and macroeconomic stabilization [17]. The report goes on to say that governments should act when inadequate engagement, situational framing, and social practices perpetrate poverty. These efforts should themselves be guided by respect for individuals to articulate and implement their own vision of a good life and for a respect for human rights.

The Developmental State

The Developmental state is one that takes an active role in promoting development [23]. The state has to play a central role in early stage of development. A developmental state cannot, of course be imposed from outside; it has to emerge from the political economy of a country. Avoiding the anti-growth syndrome that consists of some combination of (1) excessive regulation; (2) inappropriate redistributive policies; and (3) state failure is necessary condition for growth and sufficient for alleviating poverty [24]. The authors go on to say that African governments need to play a role in all markets by creating the rules of the game that allow markets to function, including a legal system that enforces property rights and contracts, and ensuring competition and regulating financial markets.

Growth-enhancing governance

Saha [25] argues that economic growth and social expenditures on the part of both national governments and international donors have been ineffective in fighting poverty in sub-Saharan Africa due to lack of participatory governance. The author points out that governance can be said to be participatory when poor people themselves participate in the anti-poverty policy making process.

The inadequacy of governance capabilities is to be a major cause of poor economic performance and transformation of Africa [24]. The growth-enhancing governance becomes necessary for the region to achieve, sustained, rapid, poverty-reduction growth. The emphasis should be on the transformative institutions that development requires.

Good governance is an essential condition for pro-poor growth that promotes equity with positive distributive impacts [2]. Myrdal [26] does not discount the value of capital flows and technical assistance from the industrialized countries, his theoretical and empirical analysis finds that the solution to the poverty of nations requires first and above all else radical changes in the social and economic institutions and attitudes of the South and Southeast Asian countries themselves.

II. Conclusion

The sub-Saharan Africa is expected to remain the poorest in the world. Climate changes, globalization effects and HIV/AIDS pandemic plague the region. Recognizing the flawed economic policies and institutions of the past as fundamental causes of poverty is a good thing. African leaders should consider the developmental state that is concerned not just with promoting growth for its own sake, but because it can enhance the well-being of its citizens, especially the poor.

For sub-Saharan Africa, increases in agricultural productivity have to be a central element of poverty reduction. By the same token, agriculture is vital not only for growth but also for making it pro-poor. Culture that is relatively fixed characteristic of a group or nation affecting beliefs and preferences shouldevolve as times change. Transforming or building economic policies and institutions that aim at stimulating growth of labor income and inclusive economic growthin taking the human factors into account may improve welfare where extreme poverty is pervasive.

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