Research Programme Consortium for Improving Institutions for Pro-Poor Growth

IPPG Briefing Note
March 2009

Growth and Multi-dimensional poverty in Sub-Sahara Africa: does Legislative Democracy Play a Role?

Sub-Saharan African (SSA) countries' experience of the last two decades shows that to be able to reduce income poverty, growth needs to be explicitly pro-poor. However, even with effective pro-poor growth strategies, there are some factions of the population that cannot directly benefit from growth. Highly marginalised citizens cannot participate in economic activities: for them, both pro-poor and redistributive policies are needed in order to improve the living conditions of all. In current times, redistributive policies regularly take the form of public financing of the essential social services (primarily education and health) for the poor and the need for social interventions by governments is emphasised when poverty is considered as a multidimensional phenomenon. Economic growth is therefore most likely to reduce poverty when the two categories of policies are jointly implemented. In a democratic context, considering that the objective of government is to stay in power, the incumbent political party is more likely to implement pro-poor policies when there are effective opposition parties who also propound such policies.

Given this, what has been the poverty reduction experience of SSA countries which experienced multiparty democracy since the early 1990s? Has the poverty reduction impact of growth been reinforced? If not what institutional reforms are needed? We have tried to answer these questions for a set of 32 SSA countries.

Firstly we propose a three-dimensional poverty index: Human Poverty Index (HPI). The first dimension is the economic one, represented by income; with two other dimensions being education and health. We have computed an annual HPI for each of our panel countries and the figures below present the HPI for some of them. We considered average values of five year periods, so in Angola, for example – in the years 1990–1995 – the average value of HPI is 0.779, indicating that around 78% of the population should be considered as poor; in Benin for this same sub-period, almost 81% of the population should be considered as poor.

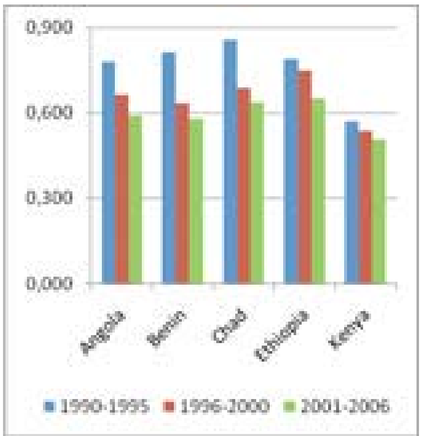

Figure 1: Evolution of HPI

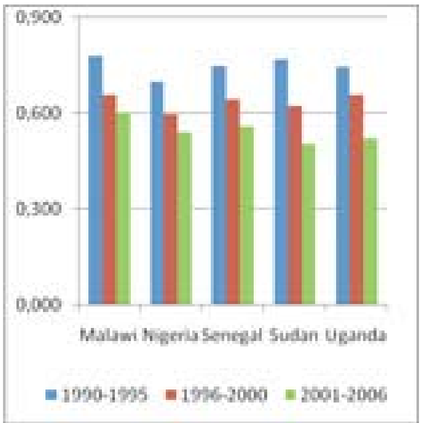

Figure 2: Evolution of HPI

Secondly, we have computed a political competition index at the parliamentary level. Our Legislative Competition Index (LCI) is equal to the proportion of parliamentary seats occupied by the major political party: the higher the LCI, the lower is political competition at the Parliament (Figures 3 and 4).

Using an econometric model, we have analysed the influence of this legislative competition as captured above, on the poverty-reduction impact of growth in SSA countries? From our estimations, Ethiopia emerges as a success story and Congo Republic as a failure.

In Ethiopia where growth has been fundamentally poverty-reducing thanks to good governance, the introduction of competition in the parliament has by itself reduced poverty and reinforced the specific impact of growth. The

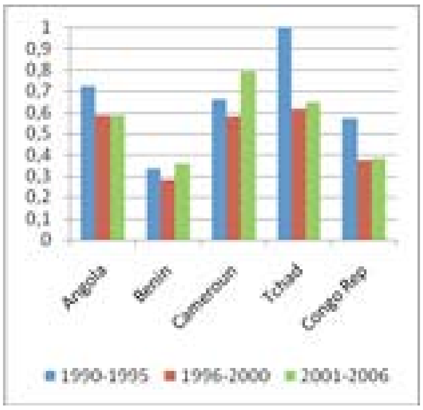

Figure 3: Evolution of LCI

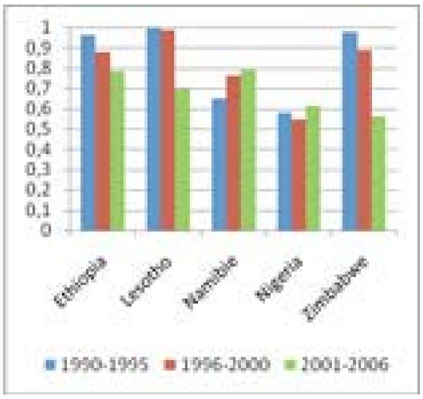

Figure 4: Evolution of the LCI

Ethiopian Government is implementing pro-poor strategies, and can thus be considered as a pro-poor government. Ethiopian legislative institutions also favour the poor, as the competition among parliamentarians a pro-poor approach. There are also pro-poor synergies between Ethiopian Government and Parliament, which bring the government to place the situation of poor people at the core of all political, economic and social decisions. Consequently, all other things being equal, reinforcing growth can eliminate poverty in this country. Two main characteristics of Ethiopia's legislative institutions should be mentioned so that other countries may learn from them: (1) Ethiopia has a bicameral parliament; and (2) the social components of the Ethiopian population are equitably represented at the Parliament. Advantages related to these characteristics of legislative institutions are reinforced by an efficient administrative organisation: Ethiopia is a federation of ten autonomous states.

In the Republic of Congo, on the other hand, the introduction of legislative competition has by itself aggravated multidimensional poverty: competition among parliamentarians negatively impacts the poor. Between the Government and the Parliament, the there exist anti-poor synergies – not only are they all preoccupied with staying in power, but they are able to hold onto power whatever the situation and the opinion of the poor. Other countries should try to avoid this bad example, the main characteristics of which are: (1) the composition of the parliament only depends on the political parties' landscape and does not guarantee the representation of all components of the population; (2) since 1993, the country has experienced atomistic competition at the National Assembly, as no party has won the majority of seats; and (3) the country has also experienced a very unstable coalition in the Assembly. Without stability, pure political preoccupations are permanent, and developmental problems are ignored by politicians.

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IPPG: The IPPG Programme is the shorthand name for the inter-disciplinary Research Programme Consortium on Improving Institutions for Pro-Poor Growth. The DFID-funded IPPG supports innovative scholarly research, and seeks to influence development policy and practice that contributes to the UN Millennium Development Goals (MDGs). IPPG Programme partners are based in South Asia, Sub-Saharan Africa and Latin America. IPPG funds research projects across all these regions.

If you would like to know more about the Research Programme Consortium for Improving Institutions for Pro-Poor Growth (IPPG), please contact the programme office: email ippg@manchester.ac.uk; telephone +44 (0)161 306 6438. Alternatively, please see the IPPG website at **www.ippg.org.uk**