

## Flow of Development Aid and Extreme Poverty in Sub-Saharan Africa: From MDG to SDG

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### Abstract

Consisting of 48 countries, Sub-Saharan Africa (SSA) continues to be the most poverty-stricken area of the world. SSA is a vast and diverse region (Appendix A) and home to approximately one billion people or about 13.5 per cent of the world population. Nearly half of the world population living in extreme poverty come from these 48 countries. This paper analyzes the role of development aid in relation to persistence of extreme poverty in the SSA. In doing so, we provide an evaluation of the Millennium Development Goal (MDG) pertaining to the reduction of extreme poverty and hunger leading up to an early analysis of the Sustainable Development Goals (SDGs) with a view to ending poverty and hunger toward a sustainable development.

**Keywords:** Poverty, Extreme Poverty, Millennium Development Goals, Sustainable Development Goals, Purchasing Power Parity

### Background: Millennium Development Goals

In September 2000, the United Nations held its largest Summit with 189 delegates consisting of 149 heads of state and heads of government and 40 high ranking officials in attendance ostensibly to address the issues of income inequality and hunger in the developing world

([http://www.un.org/en/events/pastevents/millennium\\_summit.shtml](http://www.un.org/en/events/pastevents/millennium_summit.shtml)). The Summit resulted in formulating 8 goals known as the Millennium Development Goals (MDGs). These goals are:

#### 1. Eradicate extreme poverty and hunger

- Reduce by half the proportion of people living on less than a dollar a day.
- Reduce by half the proportion of people who suffer from hunger.

#### 2. Achieve universal primary education

- Ensure that all boys and girls complete a full course of primary schooling.

#### 3. Promote gender equality and empower women

- Eliminate gender disparity in primary and secondary education preferably by 2005, and at all levels by 2015.

#### 4. Reduce child mortality

- Reduce by two thirds the mortality rate among children under five.

#### 5. Improve maternal health

- Reduce by three quarters the maternal mortality ratio.

#### 6. Combat HIV/AIDS, malaria and other diseases

- Halt and begin to reverse the spread of HIV/AIDS.
- Halt and begin to reverse the incidence of malaria and other major diseases.

#### 7. Ensure environmental sustainability

- Integrate the principles of sustainable development into country policies and programs; reverse loss of environmental resources.
- Reduce by half the proportion of people without sustainable access to safe drinking water.
- Achieve significant improvement in lives of at least 100 million slum dwellers, by 2020.

#### 8. Develop a global partnership for development

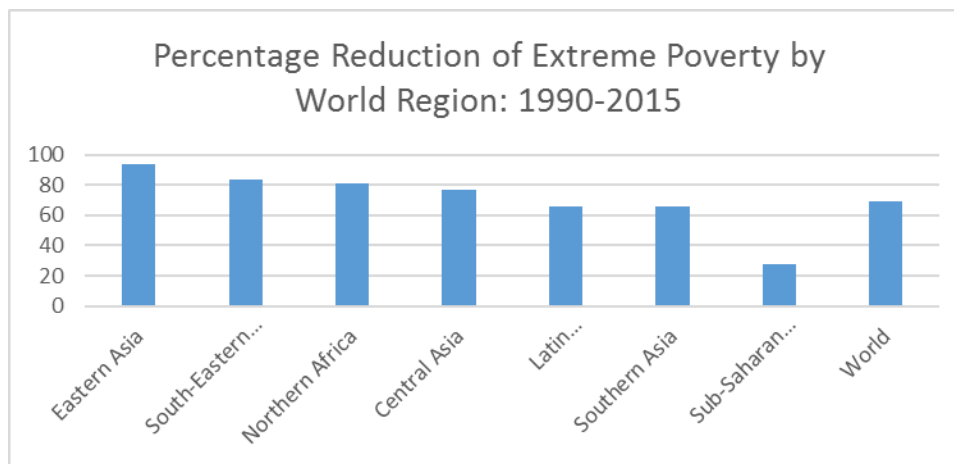
- Develop further an open trading and financial system that is rule-based, predictable and non-discriminatory. Includes a commitment to good governance, development and poverty reduction—nationally and internationally.

- Address the least developed countries' special needs. This includes tariff- and quota-free access for their exports; enhanced debt relief for heavily indebted poor countries; cancellation of official bilateral debt; and more generous official development assistance for countries committed to poverty reduction.
- Address the special needs of landlocked and small island developing States.
- Deal comprehensively with developing countries' debt problems through national and international measures to make debt sustainable in the long term.
- In cooperation with the developing countries, develop decent and productive work for youth.
- In cooperation with pharmaceutical companies, provide access to affordable essential drugs in developing countries.
- In cooperation with the private sector, make available the benefits of new technologies—especially information and communications technologies.

### ***Eradicating Extreme Poverty: Sub-Saharan Africa Lags Behind***

The focus of this paper is the leading MDG which calls for eradication of extreme poverty and hunger with particular reference to Sub-Saharan Africa. Goal one of MDG was set to reduce the number of people living in extreme poverty by half by the target year 2015. At the time of formulation of the MDGs, extreme poverty was defined as a person making less than a dollar a day on the purchasing power parity basis. However, the threshold of extreme poverty was later modified to be \$1.25 a day on the purchasing power parity basis for the target year. According to the United Nations Millennium Development Goal Report 2015, this goal has been achieved for the world as a whole. In 1990, nearly half of the population in the developing world lived on less than \$1.25 a day; however, that proportion dropped to 14 per cent in 2015. As Figure 1 shows, this achievement, however, has not been uniform across the poverty-stricken regions of the world.

**Figure 1: Millennium Development Goal 1 Result**



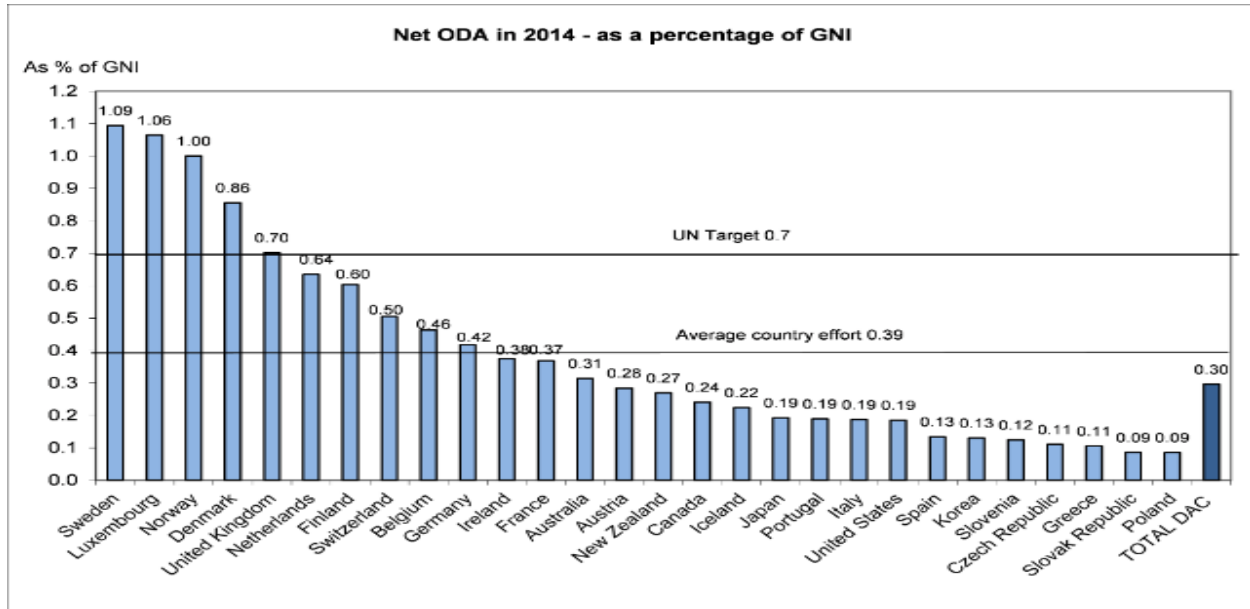
Source: <http://www.pewresearch.org/fact-tank/2015/09/24/sub-saharan-africa-makes-progress-against-poverty-but-has-long-way-to-go/> Retrieved February 15, 2017

As per Figure 1, during 1990-2015, extreme poverty for the developing world as a whole went down by 69 per cent. Secondly, while reduction of extreme poverty was not uniform across regions of the world, in six out of seven regions, reduction of extreme poverty was higher than 50 per cent; however, extreme poverty went down by only 28 per cent in the Sub-Saharan Africa.

### ***Impact of Development Assistance in Alleviating Poverty***

The global success of the United Nations in meeting its leading goal of reducing extreme poverty by half was possible because of the support of the major donors. Non-military foreign aid, notably the Official Development Assistance (ODA) provided by the Development Assistance Committee (DAC), an organ of the Organization for Economic Cooperation for Development (OECD) countries plays a crucial role in promoting economic development in poor countries. However, as shown in Figure 2, the contributions of the United States, being the wealthiest country of the world has shrunk to less than two-tenths of one per cent of its Gross National Income in 2014.

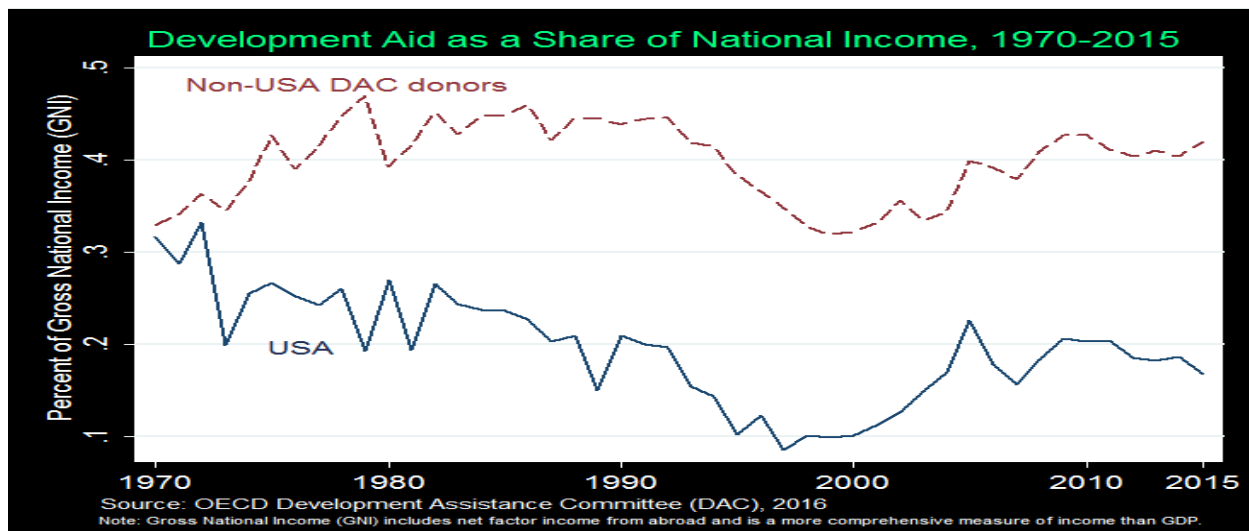
Figure 2: ODA as percent of GNI: OECD countries, 2014



Source:OECD <http://www.oecd.org> Retrieved November 28, 2017

As Figure 3 demonstrates, except for the three Scandinavian countries Sweden, Luxembourg and Norway, all 28 DAC donors contributed less than one percent of Gross National Income (GNI) to ODA in 2014. Because of the size of its economy, United States’ contributions to DAC had been substantial in dollar terms in the earlier years. The U.S. contributions to DAC reached its peak in the 1970s but started to decline in the 1980s due to changed priorities. The decade of 1980 and the early part of 1990 witnessed a rise of U.S. Nationalism with resources diverted away from development assistance to domestic needs. After his election in 1992, the declining trend was halted by President Clinton who is largely credited for organizing the Millennium Development Summit in 2000 along with the then Secretary-General of the United Nations. However, in terms of ODA as a percent of GNI, United States continued to lag behind other DAC donors. In 2014, the United States contributed 0.19 percent to DAC. The median contribution to DAC in 2014 was 29.5 percent of GNI and only 7 countries contributed less than the U.S. Figure 3 also demonstrates how the non-USA development assistance by DAC members moved toe-toe with the USA contributions during the past 35 years.

Figure 3: Comparison of Development Aid, U.S. versus non-U.S. DAC donors, 1970-2015



Source: O’Connell, Stephen A.(2017)

<http://econofact.org/what-the-u-s-gains-from-its-development-aid-to-sub-saharan-africa>

Retrieved November 24, 2017

### ***Prospect of Extreme Poverty Reduction in SSA: U.S. Impact***

In January 2017, the newly installed government of the United States adopted a whole new approach to foreign aid in general and development assistance in particular. On May 23, 2017 the U.S. Secretary of State articulated the budget appropriations of the State Department for fiscal year 2018 with the following priorities:

1. Defending U.S. National Security
2. Asserting U.S. Leadership and Influence
3. Fostering Opportunities for U.S. Economic Interests
4. Ensuring Effectiveness and Accountability to the U.S. Taxpayer

Source: <https://www.state.gov/documents/organization/271282.pdf>

Retrieved November 25, 2017

In the above scheme of priorities, development assistance plays a minor role in priority numbers 2 and 3. However, efforts to reduce extreme poverty in SSA became severely impacted when the United States Agency for International Development (USAID), which is responsible for administering development assistance was for the first time charged with implementing "America First" agenda. At the same time, the budget for the Agency was slashed from \$23.2 Billion in 2016 to \$15.4 Billion in 2018 (proposed), a reduction of 33.6 per cent. The proposed budget is being debated by the Congress at this time. It is unlikely the proposed budget for USAID would be revised upward.

Source: <https://www.devex.com/news/what-trump-s-budget-request-says-about-us-aid-90342>

Retrieved November 27, 2017

### ***From MDG to SDG***

With the passage of time, it became obvious that to reduce poverty and hunger, the 8 MDGs needed to be supplemented with other goals. In particular, it was suggested that such holistic measures as quality of life, climate change, gender equality, and income inequality across regions of the world needed to be included as measurable goals. With a view to capture these holistic measures, another Summit was held in Rio de Janeiro, Brazil in June 2012. This Summit known as Rio+20 (<https://sustainabledevelopment.un.org/rio20.html>) resulted in specifying 17 over-arching goals known as the Sustainable Development Goals (SDGs). These goals are:

- Goal 1 End poverty in all its forms everywhere
- Goal 2 End hunger, achieve food security and improved nutrition and promote sustainable agriculture
- Goal 3 Ensure healthy lives and promote well-being for all at all ages
- Goal 4 Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all
- Goal 5 Achieve gender equality and empower all women and girls
- Goal 6 Ensure availability and sustainable management of water and sanitation for all
- Goal 7 Ensure access to affordable, reliable, sustainable and modern energy for all
- Goal 8 Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all
- Goal 9 Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation
- Goal 10 Reduce inequality within and among countries
- Goal 11 Make cities and human settlements inclusive, safe, resilient and sustainable
- Goal 12 Ensure sustainable consumption and production patterns
- Goal 13 Take urgent action to combat climate change and its impacts\*
- Goal 14 Conserve and sustainably use the oceans, seas and marine resources for sustainable development
- Goal 15 Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss
- Goal 16 Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels
- Goal 17 Strengthen the means of implementation and revitalize the global partnership for sustainable development

It can be seen that the leading goal of MDG has been split into two leading goals of SDG. These two goals address poverty and hunger, respectively. In formulating the SDGs, specific targets were earmarked for goal 1 and goal 2 which are described below.

**Goal 1. End poverty in all its forms everywhere**

1.1 by 2030, eradicate extreme poverty for all people everywhere, currently measured as people living on less than \$1.25 a day

1.2 by 2030, reduce at least by half the proportion of men, women and children of all ages living in poverty in all its dimensions according to national definitions

1.3 implement nationally appropriate social protection systems and measures for all, including floors, and by 2030 achieve substantial coverage of the poor and the vulnerable

1.4 by 2030 ensure that all men and women, particularly the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership, and control over land and other forms of property, inheritance, natural resources, appropriate new technology, and financial services including microfinance

1.5 by 2030 build the resilience of the poor and those in vulnerable situations, and reduce their exposure and vulnerability to climate-related extreme events and other economic, social and environmental shocks and disasters

1.a. ensure significant mobilization of resources from a variety of sources, including through enhanced development cooperation to provide adequate and predictable means for developing countries, in particular LDCs, to implement programs and policies to end poverty in all its dimensions

1.b create sound policy frameworks, at national, regional and international levels, based on pro-poor and gender-sensitive development strategies to support accelerated investments in poverty eradication actions

**Goal 2. End hunger, achieve food security and improved nutrition, and promote sustainable agriculture**

2.1 by 2030 end hunger and ensure access by all people, in particular the poor and people in vulnerable situations including infants, to safe, nutritious and sufficient food all year round

2.2 by 2030 end all forms of malnutrition, including achieving by 2025 the internationally agreed targets on stunting and wasting in children under five years of age, and address the nutritional needs of adolescent girls, pregnant and lactating women, and older persons

2.3 by 2030 double the agricultural productivity and the incomes of small-scale food producers, particularly women, indigenous peoples, family farmers, and fishers, including through secure and equal access to land, other productive resources and inputs, knowledge, financial services, markets, and opportunities for value addition and non-farm employment

2.4 by 2030 ensure sustainable food production systems and implement resilient agricultural practices that increase productivity and production, that help maintain ecosystems, that strengthen capacity for adaptation to climate change, extreme weather, drought, flooding and other disasters, and that progressively improve land and soil quality

2.5 by 2030 maintain genetic diversity of seeds, cultivated plants, farmed and domesticated animals and their related wild species, including through soundly managed and diversified seed and plant banks at national, regional and international levels, and ensure access to and fair and equitable sharing of benefits arising from the utilization of genetic resources and associated traditional knowledge as internationally agreed

2.a increase investment, including through enhanced international cooperation, in rural infrastructure, agricultural research and extension services, technology development, and plant and livestock gene banks to enhance agricultural productive capacity in developing countries, in particular in least developed countries

2.b. correct and prevent trade restrictions and distortions in world agricultural markets including by the parallel elimination of all forms of agricultural export subsidies and all export measures with equivalent effect, in accordance with the mandate of the Doha Development Round

2.c. adopt measures to ensure the proper functioning of food commodity markets and their derivatives, and facilitate timely access to market information, including on food reserves, in order to help limit extreme food price volatility.

While the SDGs have been hailed as comprehensive and holistic, evaluation of extreme poverty continues to pinpoint the SSA as the most poverty-stricken region with issues diverse from other regions of the world. Table 4 below provides major indicators of sustainability across six regions of the developing world.

**Table 1: Sustainability Indicators**

Geographic Region	Access to improved water source % of population 2015	Access to sanitation facilities % of population 2015	Access to electricity % of population 2012	Renewable energy Consumption % of total final energy consumption 2012	Ambient PM2.5 air pollution Micrograms per cubic meter 2015	Carbon dioxide emissions Per capita metric tons 2013	Protected Marine areas % of total territorial areas 2014	Internet users per 100 people 2014
East Asia and Pacific	94	77	96.1	17.6	43.1	6.3	18.0	46.7
Europe and Central Asia	98	93	100	11.3	18.4	7.3	9.6	69.5
Latin America and Caribbean	95	83	96.4	27.7	17.3	3.0	16.1	48.8
Middle East and N. Africa	93	91	96.2	20	56.8	6.0	10.0	39.7
South Asia	92	45	78.0	40.9	71.8	1.4	4.5	19.3
Sub-Saharan Africa	68	30	36.3	69.9	32.3	0.8	13.5	19.6
World	91	68	84.8	18.1	42.3	6.0	12.8	40.8

**Source:** World Bank, 2015, 2016 Table 1.3

Table 1 provides mixed signals about sustainable development in the SSA region. The region falls behind the world as well as other developing regions in terms of the traditional indicators of sustainability, namely access to improved water source, access to sanitation facilities and access to electricity; however, SSA ranks high in renewable energy consumption. Long before the Rio+20 Summit, Karekazi and Kithyoma (2002) argued that SSA being largely rural and agrarian, biomass fuel policies aimed at rural income generation would yield greater benefits to the rural poor. A Study by the World Bank

(<http://www.worldbank.org/en/news/feature/2017/02/13/making-renewable-energy-more-accessible-in-sub-saharan-africa>) argued that a “Solar Revolution” in SSA would provide more electricity to the SSA population, and at the same time, enhance economic growth of the region.

The SSA region is endowed with a variety of coastal ecosystems including mangroves, coral reefs, estuaries and wetlands. A study by Boisrobert and Viridin (<http://siteresources.worldbank.org/INTENVMAT/Resources/3011340-1238620444756/5980735-1238620476358/11AFR.pdf>) describes these marine resources to be vital for the economic welfare of many SSA countries and encourage more investment in these areas. Fisheries provide a significant source of income to many poor communities of the region. We believe these are significant recommendations which would step up efforts by the development community in looking for innovation in non-formal sectors in boosting economic growth of the region. In addition to these efforts, the growth of business and entrepreneurship also have the potential to boost the growth of the SSA region (Mondal, 2009).

Poverty issues are intimately related to many socio-economic phenomena including gender equality and work environment. In a collection of essays in *Economic Growth and Poverty Reduction in Sub-Saharan Africa: Current and Emerging Issues*, McKay and Thornbecke (2015) observe that Sub-Saharan Africa has demonstrated potentials for impressive economic growth in recent years; however, many issues relating to development of the region are still not fully understood. The Africa Human Development Report 2016 concludes that gender inequality costs Sub-Saharan Africa \$95 Billion (UNDP, 2016). The study finds that even though 61 per cent of African women are working, they are underpaid and undervalued and they work mostly in the informal sector.

### **Summary and Conclusions**

Sub-Saharan Africa remains to be the most poverty-stricken region of the world.

Even though the Millennium Development Goal of reducing global extreme poverty by half was achieved by the target date, the SSA region consisting of 48 countries and containing 13.5 per cent of world population fell short of achieving this leading goal. This paper evaluated Goal 1 of MDG in comparison with Goal 1 and Goal 2 of the SDGs with a view to an early evaluation of the SDG goals. Our early evaluation of SDGs suggest that Sub-Saharan Africa has potentials for economic development which would reduce extreme poverty and hunger. However, such an optimism rests on continuous flow of development assistance by the world community. We evaluated the contributions of all DAC donors and then isolated the contributions of United States from the rest of the 28 donors in 2015. While the non-USA DAC donors maintained their contributions for development assistance at a level above .4 per cent of GNI, the contributions of United States remained below .2 per cent of GNI. The drastic cut of USAID budget by over 33 per cent would lower U.S. contributions even further in coming years. As evidenced by the long-term trend of development assistance provided by the United States, non-U.S. DAC contributions have moved toe-to-toe with U.S. contributions. Further, the new agenda of the U.S. Government in providing development assistance is "America First". This agenda has been delegated to the USAID which administers development assistance throughout the world. In view of these observations, we conclude, even though an early evaluation of the Sustainable Development Goals articulated by the Rio+20 Summit indicate that the SSA region has potential for economic development and reduce extreme poverty, the future progress will depend on the non-DAC donors' continued flow of development assistance to the region.

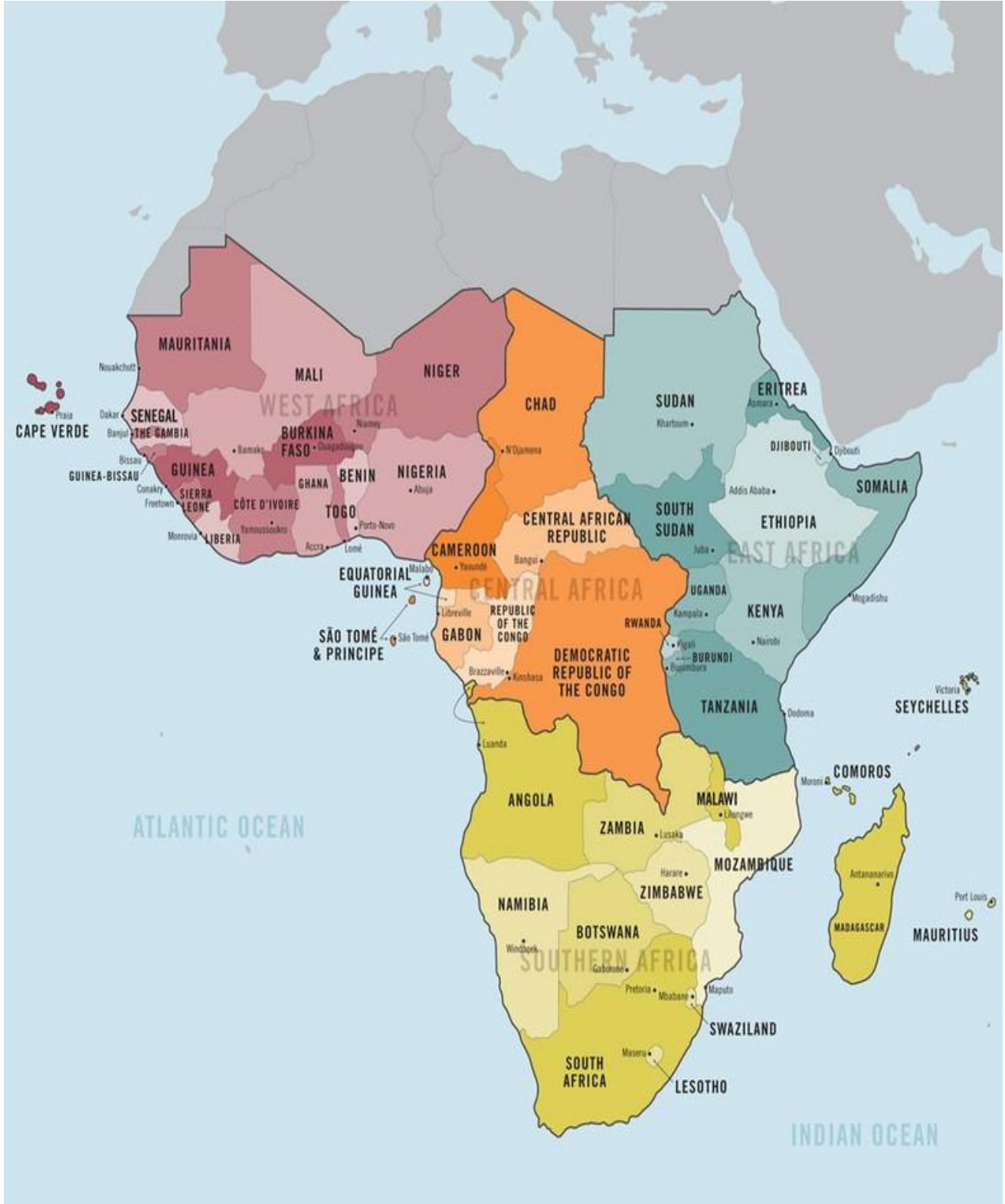
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Appendix A: Sub-Saharan Africa