



Transform Africa Think Tank Network

Report presented to:

African Union, Economic Community of West African States,

United Nations Development Programme, World Bank,

International Monetary Fund, and USAID

DO WE HAVE TO BLAME AFRICAN POVERTY ON OUTSIDE FACTORS AND FOREIGN ENTITIES?

This document is an account of a recent Transform Africa Think Tank discussion.

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Introduction from the moderator led the panelists to approach the activity with a clear cut vision of understanding. The discussion started on a sustainable solution to poverty and on why development is difficult in Africa. We consider the word *poverty* in this discussion in order to achieve objectives of the discussion.

In order to have a clear goal and possess the tools to solve the problem of poverty in all African countries, Transform Africa Network will host a series of webinars on thematic issues confronting young adults and adults in Africa. Going into the discussion, we should understand economic concepts that determine a rich country.

1. Introduction of mineralogy and it's impact: natural resources
2. Per capita income: standard measure of wealth in countries
3. Gross domestic product (GDP): standard measure of what countries produce

From the three key points, basic economy suggests that the size of GDP is the main factor that determines whether a country is poor or rich. Why? Because goods and services are turned into wealth in the long term. And the contribution of each person in each country determines the usefulness of resources a country.

Mr. Tayo contributed a definition of what poverty is:

“Poverty in Africa refers to the lack of basic human needs faced by certain people in African society. African nations typically fall toward the bottom of any list measuring small size economic activity, such as income per capita or GDP per capita, despite a wealth of natural resources.”

The term “absolute poverty” generally refers to a specific income threshold or a fixed amount, below which individuals are unable to meet basic needs. By international standards, it is a state in which a family earns less than a minimum amount of income – typically US\$1.25 per day per person in low-income countries.

VIEWS FROM PANELISTS

AFRICA AT A GLANCE

Africa has the richest natural resources and yet we are poor and stagnant in development. Poverty is defined by the dictionary as “The state or condition of having little or no money, goods, or means of support”. This is an extremely vague definition.

What causes poverty? There are many reasons why it occurs, the most prevalent of these being corruption and lack of resources in the region. Corruption occurs in Africa when governments do not use money responsibly and instead use it for themselves. Corruption destroys trust between the government and its people in ensuring that money is used responsibly.

Despite all the wealthy resources in its possession, Africa is the world's poorest continent. It is the mind set of people that changes a nation. Africa’s problems and solutions are within grasp yet many are still living below poverty level.

The challenges of this continent can be classified into groups.

- ❖ Education.
- ❖ Individuals: From research done by our foundation, it was discovered that human beings are the centre of poverty in Africa
- ❖ Leadership

Yes, foreign entities are a major factor that has led Africa to the poor state it is in now, but the attitude of the citizens and their leaders has contributed to the state we find ourselves in.

Poverty in Africa is caused by a number of factors. The leading causes are corruption and poor governance, limited employment opportunities, poor infrastructure, poor resource usage, wars

and unending conflicts, poor World Bank and IMF policies, and other reasons.

Most African nations received their independence long ago, yet they have not been able to develop the necessary capacity to push for good governance and ownership of their nations and are still depending on foreign countries.

Our leaders refuse to think outside the box, they always think with the misappropriation of priority.

FIRST VIEW

Poverty in Africa from the definition above is far beyond external factors and foreign entities, not to say they have no influence by looking from the Pareto principle of 20/80.

Poverty in its various forms in Africa is very shameful, despite all the natural resources, Africa is blessed with but this forum after this section should be empowered to take proactive actions to contribute to possible solution to poverty in Africa.

Another point is our mindset, we believe so much that the acquisition of physical wealth is an indication of being free from poverty.

SECOND VIEW

Corruption and poor governance, coupled with dictatorial regimes, are key factors. Poverty can only be fought in the presence of strong institutions, and the equitable distribution of resources. This requires a non-corrupt government. However, in Africa, programs designed to fight poverty are not fully implemented because the funds end up in the hands of corrupt individuals, who pocket the majority. And because of poor governance, those in authority have failed to apprehend the corrupt. This creates an imbalance in society and leads to more poverty because of more influential and powerful individuals oppressing the poor (the majority).

Poor land utilisation is another factor. In most African countries, people own large chunks of land that are underutilized or sometimes not even used at all. This is partly because they are either not educated on what to do with the land, or because some people are just stuck in their rudimentary ways of doing things. Some people just use large amounts of land to grow crops which are only enough for subsistence survival.

THIRD VIEW

Civil wars and unending political conflicts are another issue. Africa is infamous for its wars, either between neighbouring countries or civil war within the one country. Such incidences render war zones unproductive, in addition to scaring away investment that would otherwise help foster economic development and create employment, which would help people get out of poverty.

Africa has very poor infrastructure in the majority of regions. There are poor roads, railways, water systems and more, yet these are normally some of the major drivers of economic development. As a result, only a few areas with better facilities (such as urban areas) have developed over the other (rural) areas, which are occupied by the largest percentage of the population.

Diseases and poor health facilities contribute to the prevalence of diseases (such as malaria, HIV/AIDS, TB etc). When a household is affected by disease, the little resources they have are spent on treating the sick. In a worst case scenario where the breadwinner dies, those who are left behind have no resources to support themselves, thus leading a poorer lifestyle. And the situation is worsened by poor health facilities.

Discrimination and social inequality are contributing factors. Poverty and inequality are two different things, but inequality can feed widespread poverty by barring groups with lower social status from accessing the tools and resources to support themselves. According to the United Nations Social Policy & Development Division, “inequalities in income distribution and access

to productive resources, basic social services, opportunities, markets, and information have been on the rise worldwide, often causing and exacerbating poverty.” The U.N. and many aid groups also point out that gender discrimination has been a significant factor in keeping many women and children around the world in poverty.

FOURTH VIEW

The World Bank and International Monetary Fund policies feature loans given out that have contributed to the poverty problem in Africa. Such loans come with strict conditions, which usually require governments to adjust some of their economic decisions. For instance, the requirement to reduce total government spending has affected major social sectors such as education, health and infrastructure, which are drivers of economic development.

Most African countries have not possessed a true leader to lead them. What we have are selfish and greedy politicians that are out for embezzlement and personal gain.

These are the seven key points contributing to poverty in Africa based on our foundation research. Such research is fundamental towards a measurable impact in bridging poverty gaps across Africa. The seven points discussed are solid and well-known. Does education fall under anyone of them? It definitely should be included.

The key solutions can end poverty through action taken by every one of us - on this platform or in everyday life.

Creating jobs is a great way to reduce poverty. When people have jobs, they have income, and when people have income, they can more easily get themselves out of poverty. The UN says that “unemployment and underemployment lies at the core of poverty. For the poor, labor is often the only asset they can use to improve their well-being.”

QUALITY EDUCATION

The education of girls and women impacts the rest of the society in which these girls and women live. Degree of education is linked to the age at which women marry and have children, to their health and diseases, to their economic opportunities, to their social standing, and to their general future wellbeing. Educating girls and women can reduce poverty in developing nations in Africa.

**Do we all agree that the problem of poverty in Africa is internal and not foreign entities?
Or is it mixed?**

One panelist has agreed that it is a mix of both, while another panelist stated it is completely internal. Based on the discussion, it is agreed as mostly internal, with a small percentage of external/foreign factors. In conclusion it certainly appears that more of the problem is internal, though there are external influences.

SOLUTIONS

Micro financing

Microfinance is defined as the “supply of loans, savings, and other basic financial services to the poor.” Right now, only about “10 percent of the global population has access to traditional banking,” according to the Gates Foundation. However, using microfinance, people who are unemployed or who have a low income could get small loans to help themselves become self-sufficient. An organization called Kiva has provided over \$329 million to 786,000 lenders, with a repayment rate of 98.97%. Microfinance is a promising way to alleviate poverty.

Gender equality

As the U.N. Development Programme says, “when women have equal access to education, and go on to participate fully in business and economic decision-making, they are a key driving force against poverty.” Not only this, but increases in gender equality raises household incomes and “translates into better prospects and greater well-being of children”. This is a smart way to reduce poverty for future generations, as well as our own generation.

NOTE: We have many more solutions to discuss through the Transform Africa Network

CONSULTATIVE CHALLENGE

Can we break it down to understand how this can be adopted in grassroots projects?

1. Attitude of citizens: The attitude of the people in the country can be the downfall because our attitude towards work and commitment is not encouraging to nation-building. This is sometimes labelled laziness towards work, but will always result in poor productivity. And this is the cause of African problems. So without the change of *attitude* things will be difficult for us. Also *favoritism* and *nepotism* contribute because of the way this puts square boxes to round holes. I appoint the person knowing that the person is incompetent but because he or she is a relative. This has to stop.
2. The youth: Young individuals should be more creative and innovative. But this is easier said than done. They do require support.
3. Quick actions: As individuals we need to start contributing towards our national quota. We at Transform Africa Think Tank are optimistic that Africa is a great continent and we have to live by that standard. There is a lot that can be incorporated into my everyday thinking.

THE BIG BLOW FROM PANELISTS

Creating transparency in government finances can help reduce corruption. When governments are accountable to their citizens for their action, or inaction, in different areas of the federal budget, citizens will be able to accurately assess how well their leaders are leading their country. Also, it allows citizens to see if money is being taken away from poverty reduction plans and into the pockets of their leaders, which could be a cause of a stagnant economy or job market.

Access to Clean Water and Nutrition

Access to clean water and sanitation is one of the most cost-effective development interventions, and is critical for reducing poverty. The reasons for this are that women can use the time that they would have spent fetching water to work. Agricultural production could increase, and the costs of services and goods could go down. Not only that, but because diseases caused by unsafe drinking water and poor sanitation are the most significant child health problems worldwide, having access to clean water could significantly lower the health care costs of many children.

You can start by volunteering with your community to contribute toward drilling a portable water or supporting NGOs around you and start advocating good nutrition, especially in infants in your community.

Adequate nutrition is an incredibly important indicator of a person's ability to get out of poverty, especially later in life. Those who are malnourished from the time of conception to 24 months, have a higher risk of lifelong physical and mental disability. Because of this, they are often trapped in poverty, and are not able to make full contribution as adults to the socio-economic development of households and communities. This is a cause of poverty for many people, and in many countries, the GDP goes down due to this early malnutrition in infants.

The contributions during the discussion are much appreciated by Transform Africa Think Tank. We look forward to participation increasing for the next panel discussion and welcome suggestion for new topics.
