

# CHAPTER ONE

## POVERTY ANALYSIS

### The Concept And Measurement Of Poverty

Poverty is the negative analogue of human development. If human development signifies the process of enlarging people's choices and opportunities that are most basic to human development, poverty signifies their denial. Such deprivations include:

- ❑ Material deprivations in terms of food and nutrition, health, education and literacy, safe water and sanitation, and clothing and shelter.
- ❑ Deprivation of security on account of vulnerability to external events such as bad weather, natural disasters, illness and economic shocks (e.g. sharp declines in terms of trade) that reinforce material deprivation;
- ❑ Deprivation of human rights through discrimination, disempowerment and exclusion that leads to loss of human dignity.

Poverty is thus multi-dimensional and can be captured only through a multi-dimensional measure. In the past, poverty was measured from three perspectives:

1. ***Income perspective:*** A person is poor if his income falls below a defined money-metric poverty line, e.g. \$1 a day.
2. ***Basic needs perspective:*** A person is poor if he falls short of the material requirements for minimal acceptable fulfilment of human needs. This concept goes beyond the lack of income.
3. ***Capability perspective:*** A person is poor if he lacks certain basic capabilities to function. Such 'functionings' include physical ones such as being adequately nourished, clothed and sheltered to more complex social achievements such as participation in the life of the community. The merit of the capability approach lies in its ability to reconcile the notions of relative and absolute poverty. Relative deprivations in incomes and material requisites can lead to absolute deprivation in capabilities.

A truly holistic measure of poverty needs to encompass elements from all the three perspectives. The traditional measures such as the headcount index that capture only income deficiency are simply not adequate. One such holistic measure is the Human Poverty Index, HPI, developed by the UNDP in its 1997 *Human Development Report*. The HPI that intends to gauge a broader notion of 'human poverty' as opposed to just income poverty, is a composite index that measures deprivation in three broad dimensions: deprivation of a long and healthy life measured by the percentage of newborns not expected to survive to 40 years of age; deprivation of knowledge measured by illiteracy; and deprivation in economic provisioning measured by the percentage of the population lacking access to health services and safe water as well as the number of children who are moderately or severely underweight.

The HPI too, however, does not measure all aspects of poverty. It excludes, for instance, lack of political freedom and personal security and inability to participate in decision-making and in the life of the community. These facets of poverty are of course not easy to measure.

Also, even a composite measure such as the HPI is not a substitute but a complement to money-metric measures. This is because, unlike a headcount measure, it is not possible to associate the incidence of human poverty with a specific group of people or number of people. An HPI value of say 25 percent merely states that on an average 25 percent of the country's population is affected by the various forms of deprivation included in the index.

At the same time a composite measure such as the HPI illustrates that poverty is not a question of income deficiency alone. Empirical evidence in different countries and regions of the world reveals that there is no necessary correlation between the values of income poverty incidence and of HPI. There is very little income poverty in the Arab States (less than 5 percent) but they have a high level of human poverty (well over 30 percent). On the other hand, human poverty is significantly lower than income poverty in Latin America and the Caribbean. In Zambia, both income and human poverty levels are high but the former is very much higher than the latter. Within the SADC region, Zambia has the highest level of income poverty but the fourth largest level of human poverty (following Angola, Mozambique and Malawi).

### **Recent Trends In Poverty In Zambia**

A series of national surveys – the Social Dimensions of Adjustment Priority Surveys of 1991 and 1993 and the Living Conditions Monitoring Surveys of 1996 and 1998 in particular – provide trends in the various dimensions of poverty in Zambia through the decade of the nineteen nineties. These data show that, in general, poverty levels in most of the critical dimensions increased during this decade in the country.

The following table portrays the recent changes in selected major indicators of poverty:

**Table 1: Changes in selected poverty indicators/measures in Zambia, 1996-1998**

POVERTY INDICATORS/MEASURES	1996	1998
<b>INCOME POVERTY</b>		
Overall poverty ( percent) (national poverty line)	69.2	72.9
Extreme poverty ( percent) (national poverty line)	53.2	57.9
Overall poverty ( percent) (less than \$1 a day)	72.6	n.a.
<b>HEALTH AND NUTRITION POVERTY</b>		
Life expectancy at birth (years)	45.5	40.5
Infant mortality rate (per 1000 live births)	112	112
Under-5 mortality rate (per 1000 live births)	202	202
Maternal mortality rate (per 100,000 live births)	649*	n.a.
Stunted children ( percent)	46	53
<b>KNOWLEDGE POVERTY</b>		
Population 5 years and above with no education ( %)	18	27
Primary age (7-13 years) Attendance rates ( percent)	69	68
Primary grade (1-7) net attendance rates ( percent)	69	66
<b>SECURITY POVERTY/VULNERABILITY</b>		
percent Households who engaged in the following coping strategies:		
Received relief food	6	7
Ate wild foods only	10	18
Substituted ordinary meals with less nutritious meals.	40	51
Reduced food intake	46	64
Reduced other household items	46	62
Borrowed informally	23	29
Borrowed formally	6	5
Lived on church charity	4	5
Lived on NGO charity	2	-
Pulled children out of school	4	9
Sold assets	11	15
Begged from friends, neighbours and relatives	29	58
Begged from streets	1	1
<b>HUMAN POVERTY</b>		
Human Poverty Index (HPI) ( percent)	36.9**	37.9

\* The general conjecture is that maternal mortality rate has increased since 1996.

\*\* Figure is for 1995; n.a. : data not available

Source: CSO: Living Conditions Monitoring Survey 1996; Living Conditions in Zambia 1998;

CSO: Zambia Demographic and Health Survey 1996;

World Bank: World Development Report 2000/2001;

UNDP: Human Development Report 1997, 1998,, 2000;

UNICEF: State of the World's Children 1999, 2001

## Who Are The Poor?

Although poverty is pervasive in Zambia, certain categories of the population bear its brunt. However, the identification of the different categories is not simple because poverty signifies deprivation in a host of factors. For example a child that is malnourished, a child that is not sent to school, a child that is an orphan or a child that does not have a home suffers from poverty in some sense. But a malnourished orphan on the street who has no benefit of formal education suffers far more extreme poverty owing to cumulative deprivation.

Although no statistics are readily available to depict the different configurations of multiple deprivations, certain sections of the Zambian population are visibly poorer than others. Prominent groups in poverty are:

- ❑ Small-scale farming households: These constitute the largest group in income poverty. 84 percent of the small-scale farming households are below the national poverty line and 72.1 percent of them are below the extreme poverty line.
- ❑ Medium-scale farming households: 71.9 percent of the medium-scale farming households are poor and 56.4 percent are extremely poor.
- ❑ Households in low-cost areas: 61.2 percent and 40.8 percent respectively of the households in low-cost areas are poor and extremely poor.
- ❑ Large-scale households: The incidence of poverty varies directly with the size of the household. According to the 1996 Living Conditions Monitoring Survey, the incidence of poverty in one-person households was 60 percent. This rose to 71 percent in 2-3 person households, 77 percent in 4-5 person households, 80 percent in 6-9 person households and 84 percent in households with 10 persons or more.
- ❑ Female-headed households: In principle, a household need not be poor because a female heads it. A household maintained by a female with no source of financial support is more likely to be exposed to poverty. However, statistics do show that female-headed households are in fact poorer than male-headed households. 60.4 percent of the female-headed households are extremely poor while 51.5 percent of the male-headed households are in extreme poverty.
- ❑ In general, women are more vulnerable to poverty than men for several reasons. *First*, women have lower levels of education than men. While 29 percent of the female population had no education at all in 1998, the corresponding figure for males was 24 percent. And while 15.6 percent of the male population had completed grade 10 or higher, the corresponding percentage for females was only 8.5 percent. *Second*, women have a very small share in formal employment. Only 12 percent of the formal employment in 1996 accrued to females; the remaining 88 percent accrued to males. And further, 39 percent of women as opposed to only 16 percent of the men were employed as unpaid family workers in 1998. *Third*, women are at a much higher risk than men of contracting HIV/AIDS and other opportunistic infections due to factors relating to gender differences with respect to biology, roles, resources and cultural norms.
- ❑ Children: Child poverty is a conspicuous and growing phenomenon in Zambia. It takes a variety of forms: orphans, street children, working children and children who head households. 16 percent of the children in Zambia are orphans. And the number of orphans is higher in the rural areas, in small-scale-farming households and in low-cost areas where the incidence of poverty is the highest.

Some 20 years ago, street children were an unheard of but today they are a visible lot. Current estimates are not available. In 1996, they were estimated at 75,000 and the numbers have probably grown since then. Child-headed households and child labour are also phenomena indicative of children in distress. Child-headed households are the results of the death of both parents leaving a trail of children and the responsibility on the eldest child, often a teenager, to look after the younger siblings. The conditions in child-headed households are worse than those obtaining in female-headed households. Child labour is an offshoot of the declining economic conditions. In 1998, 28 percent of the persons in

the age group 12-19 years were part of the labour force. These are children one would have expected to be in upper primary and secondary schools in normal circumstances.

### Where Are The Poor?

Just as all socio-economic groups do not uniformly experience poverty, it is also not uniformly spread across the country. There is greater concentration of poverty in various forms in the rural areas than in the urban areas and in the provinces outside the country's main line of rail than in the provinces along the line of rail. There are also intra-provincial disparities. The following table serve to indicate where the poor are located.

**Table 2: Overall and extreme poverty ( percent population) in Zambia in rural and urban areas, 1998**

Location	Overall poverty	Extreme poverty
Rural areas	83.1	70.9
Urban areas	56.0	36.2
Central Province	77	63
Copperbelt Province	65	47
Eastern Province	80	66
Luapula Province	81	69
Lusaka Province	52	34
Northern Province	81	67
North-Western Province	76	63
Southern Province	76	60
Western Province	89	78

*Source: CSO: Living Conditions in Zambia 1998*

Table 2 shows that the poorest provinces are Western, Luapula, Northern, Eastern and North-Western. However, a crucial point that needs to be remembered, from the policy perspective of resource allocation, is that, in view of their relatively smaller population sizes, these provinces do not have the greatest concentration of the country's poor. In other words, these provinces have the greatest density of poverty but not the greatest concentration of poverty. This is clearly brought out by Table3.

**Table 3: Distribution of Zambia's poor ( percent population) by province, 1998**

Province	Total poor	Extremely poor
Central	10	11
Copperbelt	18	15
Eastern	13	15
Luapula	7	8
Lusaka	15	9
Northern	12	14
North-Western	5	6
Southern	13	13
Western	7	10

*Source: CSO: Living Conditions in Zambia 1998*

Table 3 shows that the five poorest provinces together account for only 44 percent of the country's poor. On the other hand, Lusaka, which has the lowest density of poverty, has the second largest concentration of the poor. And the Copperbelt, which has the second lowest density of poverty, has the highest concentration of the country's poor.

Table 4 shows the top five districts in the country in respect of some of the major dimensions of poverty.

**Table 4: Five highest ranking districts in Zambia on some major components of poverty, 1998**

Poverty component	District (Province)	Component value
Overall money -metric poverty ( percent)	Lukulu (Western Province)	98.7
	Chavuma (North Western)	95.2
	Milengi (Luapula)	94.7
	Shang'ombo (Western)	94.0
	Luangwa (Lusaka)	94.0
Extreme money -metric poverty (%)	Lukulu (Western)	97.0
	Shang'ombo (Western)	89.6
	Chavuma (North Western)	84.3
	Luangwa (Lusaka)	84.0
	Samfya (Luapula)	83.1
Child stunting (%)	Luangwa (Lusaka)	94.0
	Mpulungu (Northern)	79.0
	Kaoma (Western)	77.0
	Mkushi ( Central )	75.0
	Samfya (Luapula)	75.0
Population with no education (%)	Shang'ombo (Western)	68.1
	Mwinilunga (North Western)	53.8
	Katete (Eastern)	49.4
	Petauke (Eastern)	49.2
	Chadiza (Eastern)	48.1
	Chilubi (Northern)	97.0
	Milengi (Luapula)	97.0
	Chinsali (Northern)	87.0
	Kaputa (Northern)	87.0
	Kazungula (Southern)	86.0
Population without access to sanitation facilities (%)	Shang'ombo (Western)	89.0
	Lukulu (Western)	86.0
	Sesheke (Western)	85.0
	Kalabo (Western)	83.0
	Namwala (Southern)	83.0
Adult population that is HIV positive (%)	Kazungula (Southern)	31.0
	Lusaka (Lusaka)	29.5
	Luangwa (Lusaka)	28.7
	Kitwe (Copperbelt)	28.7
	Ndola (Copperbelt)	28.4

*Source: Seshamani (2000); Direct source: CSO: Living Conditions in Zambia 1998*

### **Main Barriers to Moving Out of Poverty** ***Lack of Growth***

The foremost barrier to moving out of poverty in Zambia is the lack of sustained levels of positive growth. This has been exacerbated by increased income inequality, the persistence of discrimination against women and the girl child, insufficient investment in

economic and social infrastructure to keep pace with requirements for rapid growth, and the HIV / AIDS pandemic.

Significant poverty reduction requires a substantial injection of resources into poverty reduction activities and that is not possible without growth. In its absence, there can be little increase in domestic resources either through savings or tax revenues. Despite the comprehensive macroeconomic reforms that have been implemented in Zambia in the past ten years, there has not been any significant growth in the economy. Within this, there has not been significant improvement in savings and tax revenues. To the contrary, savings declined from 17 percent of GDP in 1990 to 6 percent of GDP in 1999. Tax revenues too have remained static around 17 percent of GDP over the past decade. The Zambian economy will need sustainable high growth over a long period of time as a condition, though not sufficient, for reducing poverty.

### ***Debt Burden***

The second major factor that has reduced resources for poverty reduction is the heavy debt burden, which has exerted a significant crowding out effect on social expenditures. Over the years, debt service has on average accounted for 10 percent of the GDP while all the social sectors together have accounted for only 5 percent. The inadequate expenditures on economic and social services have contributed to the debilitation of the country's stock of human and economic capital and this in turn has constrained growth. Zambia needs debt relief.

### **Excessive External Dependence**

The absence of growth and the huge debt burden have made external funding a necessity. External funding constituted, for instance, 89 percent and 84 percent respectively of the total spending in the water and sanitation sector in 1995 and 1996 compared to 31 percent in 1990. In 2001, 53 percent of the national budget is expected to be funded from outside.

External funding, however, has tended to create a paradoxical situation in Zambia. Funds from international cooperating partners would be forthcoming only if the country is current on debt servicing. As a result, nearly half the inflow of external assistance has tended to flow out again in the form of debt service payments.

External funding also depends on the donors and the Zambian Government being congruent in their views on economic and political governance. The lack of such congruence has led to a drastic reduction in donor assistance since the latter half of the nineties. In any case Zambia is today dangerously dependent on aid although even so she cannot finance all her needs. Should donor sentiments err towards reducing aid further then poverty levels will rise sharply. It is important, therefore, that the economy grows and generates sufficient tax revenue controlled by Zambia herself.

### **Unsatisfactory Prioritisation**

Even within the limited available resources, poverty reduction may not get its due share if there is wrong prioritisation, misdirection of resources and lack of transparency in their utilisation. For instance, to date, Zambia has severely fallen short of fulfilling the

benchmarks for allocation to areas of priority human concerns prescribed by the Human Development Ratio and the 20:20 Initiative. Strong political will and commitment is required in order to fulfil these benchmarks and to ensure that there is no leakage of resources through corruption and resource channelling to areas or activities that have little bearing on poverty reduction.

### ***HIV/AIDS and the Tripod of Barriers***

Human capital formation that is necessary to generate sustained growth is impeded not only by lack of adequate social sector expenditures but also by another major factor, namely the high incidence of HIV/AIDS. 20 percent of the adult population is stricken by this disease and related opportunistic infections.

In essence, the high levels of poverty, the high debt burden and the high incidence of HIV/AIDS are mutually reinforcing and together constitute a tripod of formidable barriers to the country's development. Hence, efforts at poverty reduction cannot bear sufficient fruit unless complemented by simultaneous efforts to address the problems of debt and HIV/AIDS.

### **Views of The Poor on Causes of Poverty**

Various groups in Zambia have conducted extensive work on the poor peoples' views on poverty, including its causes. On top of that, there have been many consultations, including under the PRSP with rural people.

Although the poor have given many varied explanations for poverty's the existence, their general explanation for rural poverty is closely linked to a liberalised agriculture policy that is considered a failure. The system of providing inputs is unclear and if they arrive, they do so late and are too expensive. Other agriculture support services like credit, extension and research are said to be almost dead. Further, farmers feel cheated by maize buyers who pay too little or simply steal their produce. Other rural major concerns include livestock diseases in some areas, poor roads and infrastructure, lack of jobs, poor access to health due to distance to health centres, distant water sources and poor quality teaching although access is usually enough.

In urban areas, the greatest concern is lack of gainful employment opportunities and poor and expensive health and education facilities despite the proximity of the service stations, Common causes of poverty in both areas are poor national and local planning, the disease burden (especially HIV/AIDS) and late payments of retirement benefits.