

## INDUCED POVERTY: lessons that are (not) given.

### EXECUTIVE SUMMARY

Approximately 20 years ago, Angola began its first political cycle of national coverage to combat poverty<sup>1</sup>. This fact, and in summary, occurred in a period in which GDP had grown by about 1,344% between 1999 and 2018, and despite the oscillations observed from 2015 onwards resulting from the fall in the price of oil, GDP reached 145.7 billion dollars in 2014 (CEIC, 2021; NU, 2023).

There has been a double and simultaneous growth: more money, more poverty. Angola went from 3.53 million in 2000 to 9.73 million poor people in 2018 (see Figure 1). Why has the availability of money not alleviated poverty? What factors justify the apparent "poverty without protection" scenario in Angola? In the context of the current program to combat poverty, what possibilities of effectiveness does the Angolan State present?

### INTRODUCTION

Poverty in Angola is a complex issue that goes beyond a mere lack of money. This *Policy Brief* examines how the possession of money or resources affects poverty in the country. On the other hand, it highlights the relevance of the theme, considering the increase in poverty and the urgent need for structural interventions.

Poverty usually points to the "deprivation of basic capacities"<sup>2</sup> instead of fixating on the low level of income, without this presuming the explanatory power of low income in the condition of vulnerability, in fact, this precariousness groups together "accumulated disadvantages"<sup>3</sup> for the human being.

As it is one of the permanent and insistently current problems, national governments have the challenge of formulating policies that respond to the need to mitigate or combat cycles of poverty. There is a global commitment (SDG 1) that is embodied in the eradication of poverty, and Angola, as a member of the United Nations, has been ratifying this commitment since 1991.

Considering the need to better understand and reflect on the situation in Angola, the engagement of the Angolan government, and the results that can be measured from it, different statistical data were collected (despite their limitations).

### PROBLEM OVERVIEW

If combined or separated, the data presented by Our World in Data (OWID) and UNDP/OPHI allow us to apprehend a certain inefficiency of anti-poverty policies in Angola. This observation is even methodical,

in no way or at any time intended to oversimplify the degree of breadth and complexity of the "phenomenon of poverty."

The data in Figures 1 and 2, published by OWID (2019)<sup>4</sup>, indicate the increase in poverty and monetary deprivation of Angolan households, despite and in addition to the economic growth seen in the same period.

The poverty situation in Angola is much more serious when approached from a multidimensional perspective (MPI). Out of

Figure 1 – Number of people living in extreme poverty.

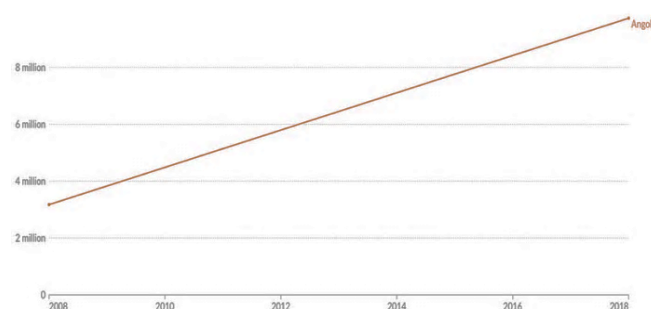
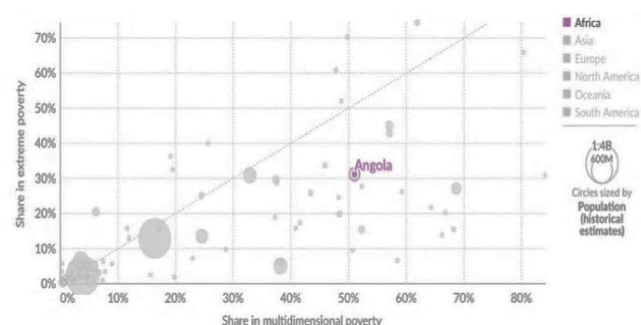
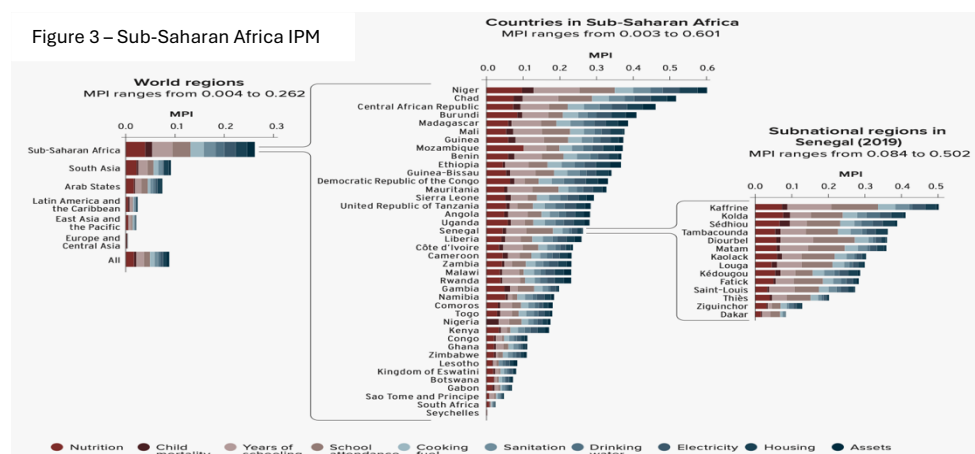


Figure 2 – Extreme monetary poverty compared to multidimensional.



a total of 41 countries in the Sub-Saharan African region, as shown in Figure 3, Angola ranks 26th, with 32.5% of the population living in severe multidimensional poverty and 15.5% in a situation of vulnerability. On average, the population suffers about 46.8% of interconnected deprivation, with the

Figure 3 – Sub-Saharan Africa IPM



<sup>1</sup> MEP (2004)

<sup>2</sup> Sen (2010)

<sup>3</sup> Wagle (2008)

<sup>4</sup> Data retrieved on <https://ourworldindata.org/grapher/total-population-in-extreme-poverty?tab=chart&country=-AGO>, on 11 May 2024

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dimensions of living standard and education being those that present the most critical indicators.

#### ANALYSIS OF RESULTS

Angola, being characterized as an economy that survives on oil revenues and excessive imports, is an unequivocal case of "landlocked underdevelopment".<sup>5</sup>

The poverty traps that surround Angola and several African countries impose a more structuring and sustainable dynamic of intervention, similar to what occurs in developed countries<sup>6</sup>, whose policy measures to combat poverty are promoters of the decisive sectors (*big push*), of which education and science are part, the maturation of democracy, industrialization, technological advances, among others.

The increase in poverty in Angola, in addition to revealing the weak condition of the State agent, is also interpreted and explained from the marginalization of social dynamics and mechanisms of solidarity, survival, and resilience of vulnerable groups. In these terms, poverty also has a cultural or symbolic dimension, in addition to "economic, political and social (family)"<sup>7</sup>.

In Angola, since 2004, the isolated overvaluation and protagonism of the "political and economic restructuring remedies" for socio-economic injustices have underpinned the measures to combat poverty<sup>8</sup>. This only means claims that assume part of the problem, confusing the "economy of poverty with the poor economy" by the fact that, since the poor have "very little or almost nothing," it is assumed that there is "nothing interesting about their economic existence."<sup>9</sup>

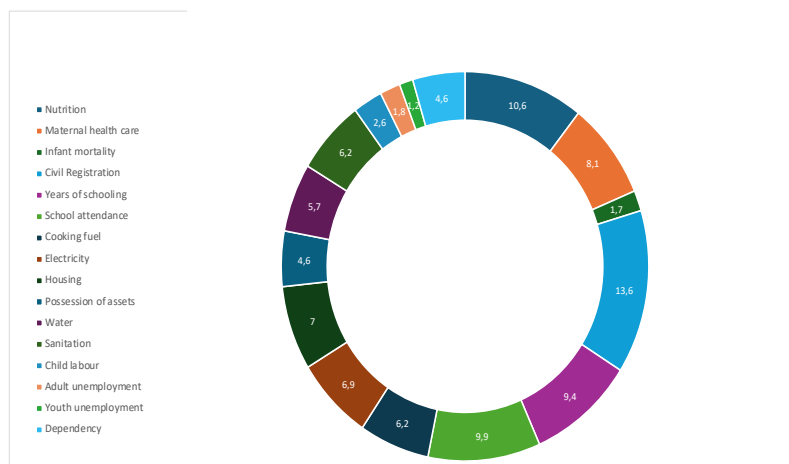
#### CURRENT TREND: Kwenda<sup>10</sup>

As the situation of Angolan households is continuously critical, the government's strategy to reverse this situation – see Figure 4 on the distribution of multidimensional poverty indicators in Angola (MPI) – must be reformulated. Redistribution policies alone have proven incapable of overcoming the poverty trap or at least alleviating poverty. In other words, the government still believes it is possible to alleviate poverty through the distribution of money.

The Kwenda, as a "hat" policy measure for the fight against poverty, is proof of this insistence. The causal links between the "resources and the activities" are based, on the one hand, on the belief and the conditions for starting, maintaining, and developing the program within the legally defined deadline (2019-2024) and, on the other hand, in my view, on the solitary supremacy that sustains the Condition of Agent of the Angolan State: "oil money." And with this, the country presents an economy vulnerable to external shocks.

The transfer of money seems to be a measure of anticipated failure for the "context of non-developed countries"<sup>11</sup>, as is the case of Angola and Mozambique, whose programs consist of distributing money, and the results remain low. Angola, in particular, is captured from the degree of displacement of the Kwenda program to the extent that the

Figure 4 – Contribution of each deprivation in Angola's MPI



capacities and the Source: Adapted from INE (2020) "sectors considered

decisive" are not structurally and sustainably enhanced<sup>12</sup>.

In this program, a poor household receives a total of 4 cumulative benefits, i.e., AO33,000 (equivalent to €35.75<sup>13</sup>) per quarter, before being replaced by a new household. Thus, it is difficult to foresee a successful relationship between "money and poverty" that responds to the aspirations of a "decent life" because, in addition to Angola experiencing increasing inflation (galloping effect of the depreciation of the kwanza), the distribution of money does not combat poverty, not even monetary poverty, when articulated with the high degree of financial illiteracy, high unemployment rate (higher among young people), low levels of education, a huge gap of asymmetries, and high birth rates predominant in the communities, considering that Angola is a country with 91.5% of its territory covered by rural areas<sup>14</sup>.

#### CONCLUSIONS

Based on the data and concepts mobilized, it is possible, on the one hand, to perceive that the ways of thinking about poverty are increasingly distant from historical and exclusively economic connotations. On the other hand, the description of poverty strongly associated with access to and consumption of goods and services, guaranteed by the availability of resources on which a "decent life" depends, is still evident.

<sup>5</sup> Gonçalves (2014)

<sup>6</sup> Hanlon et al. (2010)

<sup>7</sup> Diogo et al. (2021)

<sup>8</sup> Fraser (2022)

<sup>9</sup> Banerjee & Duflo (2011)

<sup>10</sup> Program for the Strengthening of Social Protection – Presidential Decrees No. 125/20 of 4 May and 175/20 of 19 June (amending the first decree)

<sup>11</sup> Sachs (2005)

<sup>12</sup> Sen (2010)

<sup>13</sup> According to the exchange rate of the National Bank of Angola, dated April 20, 2024.

<sup>14</sup> INE (2016)

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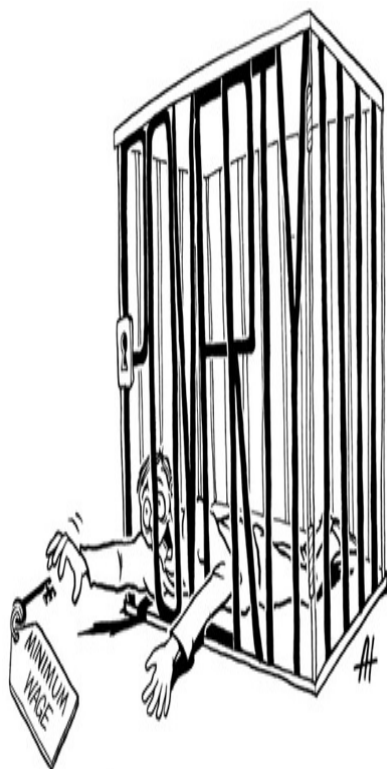
The absence of money aggravates the socio-economic condition of the poor, however, its possession, in itself, is also not a guarantee of an improvement in the quality of life, let alone for its mitigation.

Defining public policies to combat poverty is not an easy or hurried task. However, as Townsend & Gordon (2002) put it, the "yawning gap in human knowledge" is probably really the lack of tracking of the effects or contributions of policies to reduce or promote poverty.

#### RECOMMENDATIONS

Considering the results and data explored in this Policy Brief and the need for the State to reposition itself in the way it has sought to alleviate poverty in Angola, I leave/subscribe to three recommendations that can be widely discussed and questioned:

1. Regarding the measure (current trend) to combat poverty, it is known that Angola still does not have a culture/system for monitoring and evaluating the impact of results (M&E). Therefore, inspired by Mayne's (2011; 2019) proposal, it seems to me that the exploration of COM-B is indicated as an analytical and methodological model that allows the identification of potential areas of intervention, synergies of implementation, and the specific contributions of the program in the different areas of application. With this, in addition to allowing the construction of a theory of change in the program, the model is assumed to be capable of giving rise to new learnings about the Kwenda program, provided that the Angolan State has started the diagnosis that will result in the restructuring and expansion of the program.
2. The Angolan State looks for examples or success stories of countries that have overcome the "poverty trap," focusing on the "big push" factors. Despite this, it is suggested that Angola, like South Africa (since 1994) and China (since 1978), focus its efforts on the structuring bases of social and economic development: continuous investment in infrastructure and human capital, in robust education and health systems, in agricultural reforms and food security, in global economic integration, in the transparent fight against corruption and integrated reforms of public administration and the political regime for the promotion of democracy and the rule of law. China (a country quite "in love" with the government of Angola),<sup>15</sup> although not an



example of a democratic political regime, managed, between 1981 and 2020, to lift more than 850 million people out of poverty, reducing the poverty rate from 88.3% to 0.2%, and achieving a literacy rate of 98.6%. South Africa, with a similar set of policies, has managed to reduce poverty to 18.9% and has a literacy rate of 87.6%<sup>16</sup>;

3. To compensate for part of the weaknesses of the condition of being an agent of the Angolan State, platforms for the participation of the poor in the formulation, monitoring, and evaluation of public policies should be created and expanded. This recommendation aims to value and elevate the protagonism of poor and vulnerable communities, criticizing the *current mainstream in Angola*, characterized by the standardization of the approach and fight against poverty, disregarding the plurality of territorial units in Angola.

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<sup>15</sup> Ang (2016), and The World Bank (2020)

<sup>16</sup> Leibbrandt et al. (2010), and The World Bank (2021)