



# Current Path

## Poverty

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## Poverty

Due to Africa's rapid population growth, modest rates of economic growth and relatively high levels of inequality, the absolute number of extremely poor people in Africa has steadily increased since 1960 and is likely to continue to do so for several years before slowly starting to decline. However, despite the increase in absolute (headcount) poverty, the percentage of people living in extreme poverty in Africa has declined since the early 1990s largely due to the growth associated with a global boom in commodities prices. Although economic growth on the continent slowed after the 2007/08 financial crisis and contracted sharply in 2020 owing to the COVID-19 pandemic, it has generally been robust enough to reduce the portion of Africans living in extreme poverty but not enough to reduce the absolute number.

Even before the recent war in Ukraine and the associated food supply and global growth implications detracted from current prospects, it was already clear that Africa would miss the SDG goal of eliminating extreme poverty (meaning the rate is below 3%) by 2030 by a considerable margin. In this, the widening gap between Africa and the rest of the world again becomes painfully clear. Things are improving in Africa but much slower than elsewhere. Actually, by 2030, Mozambique, Madagascar, Malawi, the Central African Republic, Burundi, the DR Congo and Lesotho are all likely to still have more than 50% of their populations living in extreme poverty (using the US\$2.15 monetary poverty line).

In general, higher economic growth rates translate into higher rates of poverty reduction, but high levels of inequality limit the extent to which that can occur. If too large, wealth, income and consumption inequalities also constrain economic growth. They hinder educational opportunities, human capital formation and intergenerational mobility. A growing economy must increase the number of formal-sector jobs and the amount of money in circulation to provide more revenues to the government to invest in infrastructure, health and education (and hence improve the quality of its human capital), as well as for use in more direct measures of poverty alleviation such as through welfare programmes.

Of course, poverty does not look the same everywhere:

- It differs between and within countries. For example, in the eastern parts of DR Congo poverty looks quite different from that experienced in Mali or South Africa.
- It differs according to location. Rural Uganda's poverty differs from that in the capital city of Kampala.
- Poverty is different between men and women, and poverty among adults differs from that experienced by children. For example, since women tend to be disproportionately responsible for household chores and caregiving, poverty restricts girls' time to stay in school. It also determines whether families can afford school fees, purchase supplies, or guarantee that their children can attend school when their help is needed at home, either to help generate income or to take care of household tasks.
- Different regions also use diverse measures to reflect poverty more accurately in their member states. For example, the European Union typically uses a relative poverty line set at 50% or 60% of the national median income.

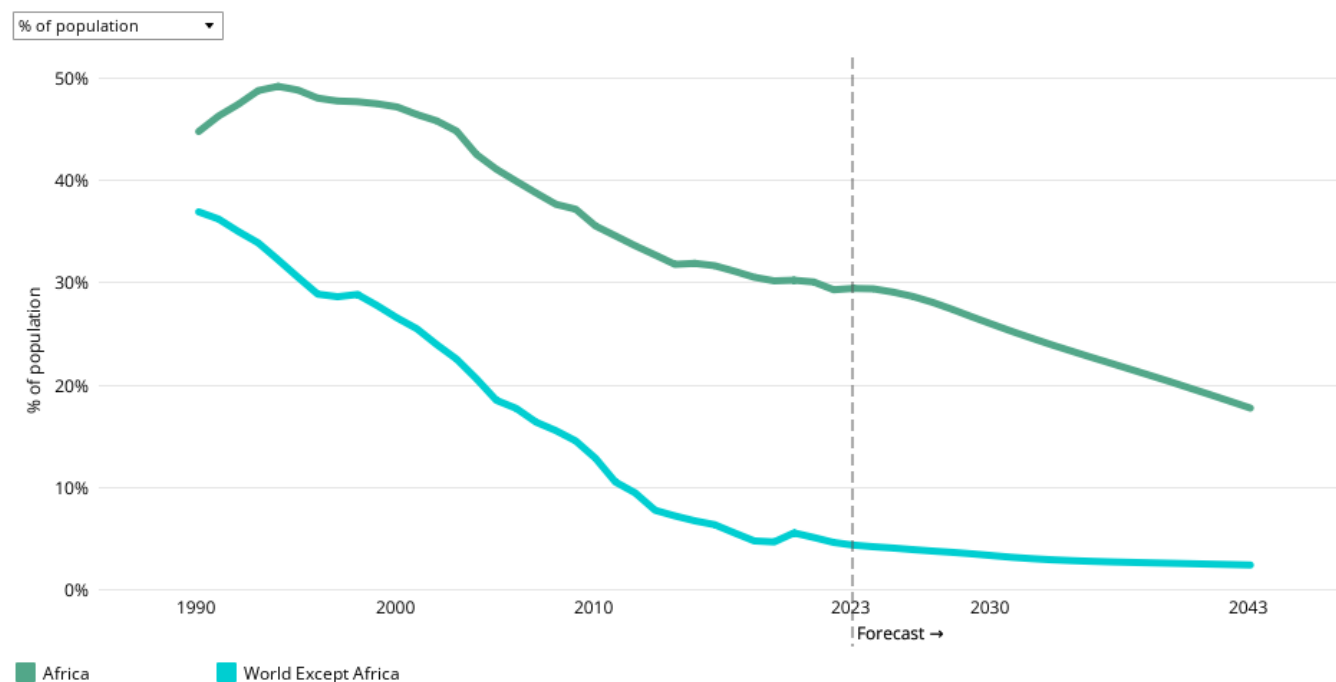
As average income is quite a blunt instrument to view poverty, new approaches and definitions have been suggested and in widespread use. For example, the [Multidimensional Poverty Index \(MPI\)](#), is focused on tangible goods and services without which people might be defined as poor.

That being said, using the US\$2.15 monetary extreme poverty threshold, 29% of Africa's total population was considered extremely poor in 2023—a ratio that will decline to 26% by 2030 and to 18% by 2043. Owing to rapid population growth the absolute numbers only change modestly. By 2043, 409 million Africans will live in extreme poverty compared to 437 million in 2023. By contrast, in 2043, extreme poverty in the rest of the world will only number 174 million, having declined by almost half from 292 million people in 2023.

Chart 5 presents extreme poverty in Africa from 1990, with a forecast to 2043. The user can toggle between absolute numbers and per cent of the population for different regions and countries. North Africa has effectively eliminated extreme poverty with the result that most extremely poor Africans live in Sub-Saharan Africa which is by far the region with the largest burden of extremely poor people globally.

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Chart 5: Extreme poverty, using US\$2.15 threshold, 1990-2043



Source: IFS 8.34 initialising from UNPD WPP data estimate, WDI data and PovcalNet World Bank data

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Within the sub-Saharan region, Central Africa has the highest extreme poverty rate (average at 49% in 2023), followed by Southern Africa, Western Africa and Eastern Africa which has the lowest at 33%.

Eight African countries had extreme poverty rates above 50% in 2023, with Madagascar recording a 78% rate. Other countries with high rates include South Sudan, Burundi, Malawi and Mozambique, all above 70%.

Although the percentage of people living in extreme poverty has declined since the early 1990s, the absolute number continues to rise. The COVID-19 pandemic exacerbated the situation, pushing about 30 million more Africans into extreme poverty in 2020.

The continent's inability to reduce extreme poverty is attributed to factors such as over-reliance on natural resources, low asset ownership, restricted access to public services, bad governance, corruption and high-income inequality. High fertility rates also mean that economic growth translates into smaller per capita income increases. However, with the right policy interventions, significant reductions in extreme poverty could be achieved over the next two decades as we model in various themes on the website.

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## About the authors

Dr Jakkie Cilliers is the ISS's founder and former executive director. He currently serves as chair of the ISS Board of Trustees and head of the African Futures and Innovation (AFI) programme at the Pretoria office of the Institute. His 2017 best-seller *Fate of the Nation* addresses South Africa's futures from political, economic and social perspectives. His three most recent books, *Africa First! Igniting a Growth Revolution* (March 2020), *The Future of Africa: Challenges and Opportunities* (April 2021), and *Africa Tomorrow: Pathways to Prosperity* (June 2022) take a rigorous look at the continent as a whole.

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Scenarios and forecasting can help Africa identify and respond to opportunities and threats. The work of the African Futures & Innovation (AFI) program at the Institute for Security Studies aims to understand and address a widening gap between indices of wellbeing in Africa and elsewhere in the world. The AFI helps stakeholders understand likely future developments. Research findings and their policy implications are widely disseminated, often in collaboration with in-country partners. Forecasting tools inspire debate and provide insights into possible trajectories that inform planning, prioritisation and effective resource allocation. Africa's future depends on today's choices and actions by governments and their non-governmental and international partners. The AFI provides empirical data that informs short- and medium-term decisions with long-term implications. The AFI enhances Africa's capacity to prepare for and respond to future challenges. The program is headed by Dr Jakkie Cilliers.