

## **Governance and Multidimensional Poverty in Sub-Saharan Africa**

Abdulhakeem, A. Kilishi,<sup>†</sup> Abdulrahman, Idris Abdulganiyu<sup>‡</sup> & Oniyide, Gbenga Daniel<sup>§</sup>

### **Abstract**

This paper investigates the impact of six governance indicators published by the World Bank on multidimensional poverty, poverty headcount ratio, intensity of poverty, vulnerability to poverty, severity of poverty, as well as inequality among the poor. Unlike previous studies, this study first considered non-monetary measures of poverty which captures various dimensions of deprivations experienced by poor people. Secondly, the paper examines the impact of different components of governance successively on six different measures of poverty. Unbalance panel data covering 43 countries in Sub-Sahara Africa (SSA) is analysed using Fixed Effect within and Random Effect GLS estimators. The most appropriate method between the two is chosen using the Hausman specification test. The findings reveal that voice and accountability is the most influential political institutional factor in reducing poverty in Sub-Sahara Africa (SSA). It is also revealed that government effectiveness is influential in reducing the intensity and severity of poverty, while the rule of law is significant in reducing inequality among the poor and improvement in regulatory quality is equally important in reducing the severity of poverty. Therefore, it is recommended that political reform should focus on making governance more participatory with sufficient freedom for the majority of the people. It is also important to improve the quality of public service to enhance government effectiveness, while judicial reforms that will augment adherence to the laws of the land should be undertaken across the SSA sub-region.

**Keywords:** multidimensional poverty; poverty headcount ratio; intensity of poverty; severity of poverty; governance; SSA

**JEL Classification Codes:** P 46, P 48

---

<sup>†</sup> Department of Economics, Faculty of Social Sciences, University of Ilorin; Ilorin Nigeria, email: [kilishi-a@unilorin.edu.ng](mailto:kilishi-a@unilorin.edu.ng) / [meetkilishi@yahoo.com](mailto:meetkilishi@yahoo.com), Phone: +2348050221980  
<https://orcid.org/0000-0001-5460-4772>

<sup>‡</sup> Department of Economics, Faculty of Social Sciences, University of Ilorin; Ilorin Nigeria, email: [agrahman@unilorin.edu.ng](mailto:agrahman@unilorin.edu.ng), Phone: +2348036127131

<sup>§</sup> Department of Economics, Faculty of Social Sciences, University of Ilorin; Ilorin Nigeria, email: [danieloniyide@gmail.com](mailto:danieloniyide@gmail.com); Phone: +2348161863704

## **1. Introduction**

The literature on the importance of governance has grown tremendously in recent times, and there is near consensus that good governance is critical to winning the war against poverty and other developmental challenges. However, the conclusions in most studies are too general to make any policy relevance. Thus, it is necessary to further investigate the effects of different components of governance. This will inform policymakers where to kick-start governance reforms since gargantuan reforms are cumbersome and almost unachievable. Therefore, this paper examines the impact of different indicators of governance on poverty. Instead of using the monetary measures of poverty, the paper considers the multidimensional poverty index. This measure captures the various deprivations experienced by poor people beyond just lack of money. Specifically, the purpose of the paper is to investigate the relative influence of the six indicators of governance as measured by the World Bank Governance Indicators on aggregate multidimensional poverty index, poverty headcount ratio, intensity of deprivation, vulnerability to poverty, severity of poverty, and inequality among the poor respectively.

The incidence and intensity of poverty are persistent in several countries across the globe, though some countries have made significant progress in poverty reduction in the past two decades. According to the 2023 report of the Global Multidimensional Poverty Index (Global MPI), 25 countries have halved their Global MPI scores in the past 15 years before COVID-19. However, over 1.1 billion people out of 6.1 billion people living in 110 countries are still experiencing multidimensional poverty. The majority of these poor people live in Sub-Saharan Africa (SSA) and South Asia. Nearly half of the total poor people live in SSA. According to the report, 47.8% (534 million people) of the total multidimensionally poor people live in SSA, and about 34.9% (389 million people) live in South Asia. These two regions account for over 82% of poor people. These figures show that 8 out of every 10 poor people live either in SSA or South Asia. It is even more disturbing to note that the intensity of poverty is highest in places where the incidence of poverty is highest. It is stated in the 2023 Global MPI report that 10 million people out of 12 million poor people who experience between 90 to 100% deprivations live in SSA. Hence, SSA is not only the home to the highest number of poor people but also home to the poorest of the poor.

There is no doubt that good governance is indeed an essential variable that formed the navigating direction needed to improve the living conditions of the masses and consequently eradicate poverty. Achievement of good governance is a function of vibrant and well-effective institutions through which development outcomes or policies are formulated and implemented by the stakeholders. It could be recalled that poor governance and dysfunctional institutions, on the other hand, may not only weaken the delivery of basic services but also curb the misappropriation of resources by selfish leaders (Acemoglu and Robinson, 2010). Hence, good governance and vibrant institutions are inseparable two sides of the coin provided by the state for its inhabitants. The issues of effective institutions in terms of robust administration of the rule of law, adequate social service delivery, and participatory democracy are major key elements in poverty reduction. These are mechanisms through which the energies and creativity of the poor can be unbounded. In this way, they can acquire voice and power and make the state answerable to their needs and demands (Gonfa, 2011).

In other words, when people participate actively in making decisions that affect their livelihoods, the government would be made to introduce empowerment programmes that are considered essential to improve the well-being of people. Hence, good governance provides the institutional, legal and political framework that is not only designed for poverty reduction but also for capacity enhancement of the poor to deal decisively with their material conditions.

Also, improvement in governance indicators would produce efficient, effective, transparent and accountable public administration which would in turn create more responsible public service. Responsible public service is critical to improvement in the quality and coverage of public infrastructure. Furthermore, quality public infrastructure creates an enabling and conducive environment for private sector advancement. Arguably, private sector development is critical for economic growth and poverty reduction. Similarly, efficient regulatory quality which is another indicator of good governance is necessary for the protection of the market system.

Transparency International, (2013) and the World Bank, (2018) argued that weak governance in terms of the high levels of corruption, political instability and occurrence of violence including political related violence, absence of accountability and transparency, feeble implementation of the rule of law, the ineffectiveness of the government and a weak regulatory system, are main factors responsible for the high incidence of poverty in Sub-Saharan Africa. In the same vein, a number of empirical studies have shown that improvement in governance is necessary for the eradication of poverty in the SSA sub-region (See for example Hammadi et al, 2019; Aloui, 2019; Workneh, 2020).

The rest of the paper is arranged in four sections. A brief review of literature is presented in section 2, while the empirical strategy and discussion of results are presented in sections 3 and 4 respectively. Finally, section 5 concludes the paper.

## **2. Brief Review of Literature**

In recent times, the analyses of the role of good governance in poverty reduction have been strengthened by numerous studies. A good number of these studies focused on the link between poverty and governance in developing countries. For instance (Akram, et al, 2011) investigated the short-run and long-run impacts of governance and income inequality on poverty in Pakistan using Autoregressive Distributive Lag (ARDL) method. The study established that persistent bad governance exposed Pakistanis to long-run chronic poverty. In the same vein, (Sittha, 2012) examined the relationship between governance and poverty reduction in Thailand. He concluded that significant poverty reduction in Thailand cannot be achieved via only economic growth but a pro-poor growth policy that is supported by improvement in three composite indicators of governance, viz voice and accountability, political stability and absence of violence, as well as rule of law. (Ronaghi and Scorsone, 2023) examined the influence of governance on poverty following the outbreak of Covid-19 in the United States. Their results showed that the governance index with a negative sign has the greatest impact on poverty.

In Nigeria, (Omoyibo, 2013) studied how bad governance has contributed to poverty in Nigeria. His study observed that incompetent leadership and bad governance have led to poverty among the majority of Nigerians over the years. (Leke and Oluwaleye, 2015) examined the roles of governance in poverty reduction in Nigeria. This study revealed that lack of good governance appears to be the missing link in the road to development and poverty eradication. The study by (Adegbami and Uche, 2016) equally revealed that the lack of good governance, vis-à-vis committed; competent; and visionary leadership has contributed to the situation of poverty in Nigeria. Similarly, (Daoud, Halleröd and Guha-Sapir, 2016) established that effective governance can be linked with lower levels of multidimensional child poverty.

(Casimir, Omeh and Ike, 2014) examined the connection between governance and poverty in Africa. Their study revealed that bad governance has been a consistent leading contributor to increasing poverty and underdevelopment in the African continent. Similarly, (Hammadi et al,

2019) found a strong correlation between governance and growth in per capita income and by extension reduction in poverty. They concluded that strengthening governance and mitigating corruption in SSA to the global average could increase the region's GDP per capita growth by about 1-2 percentage points. (Aloui, 2019) examined the relationship between governance and poverty reduction in SSA. His results showed that governance indicators have a significant effect on poverty reduction in SSA countries. This result implies that governance factors play an important role in poverty reduction in the continent. However, he noted that the effect of governance on poverty varies across different sub-regions. For example, the relationship between government effectiveness and poverty reduction is positive and significant for Central and Eastern Africa, it is not significant in Southern Africa, it is negative and significant in West Africa. (Workneh, 2020) also found that improvement in good governance, particularly higher levels of government effectiveness, voice and accountability, and rule of law would yield a remarkable reduction of poverty in SSA.

Ahmad, Bashir, and Hussain, (2018) examined the impact of human capital and governance on poverty using a sample of 44 developing countries. Their findings showed that overall governance level, as well as political governance, institutional governance, and economic governance, all have significant impact on poverty in developing countries. Similarly, (Jindra and Vaz, 2019) critically examined the relationship between good governance and multidimensional poverty using hierarchical models and survey data across 71 countries. The study revealed that government effectiveness is negatively correlated with the incidence of multidimensional poverty in middle-income countries, but has no correlation with multidimensional poverty in low-income countries. (Hassan, Bukhari and Arshed, 2020) also used a sample of 73 developing countries to examine the impact of the six World Bank Governance Indicators on poverty. They found that all governance indicators have a significant negative impact on poverty.

### **3. The Empirical Strategy**

The general model for this study follows (Doran and Stratmann, 2020) which is specified as:

$$MPov_{it} = \beta GOV_{it} + X'_{it}\gamma + \mu_i + \varepsilon_{it} \quad (1)$$

Where  $MPov$  denotes measures of multidimensional poverty,  $GOV$  is the vector of governance indicators,  $X$  stands for control variables which includes per capita GDP, education, trade openness, foreign financial aid, and natural resource rent,  $i$  represents individual country,  $t$  denotes time,  $\mu_i$  is individual country specific effect, and  $\varepsilon$  is the Gauss Markov error term. More specifically, the baseline model is given as:

$$MPov_{it} = \alpha + \beta_1 GDPPC_{it} + \beta_2 EDUC_{it} + \beta_3 FFA_{it} + \beta_4 TOP_{it} + \beta_5 NRR_{it} + \beta_6 GOV_{it} + \mu_i + \varepsilon_{it} \quad (2)$$

The baseline model is then re-estimated by replacing the overall governance index ( $GOV$ ) with each of the six indicators of governance plus two measures of quality of governance system.

$$MPov_{it} = \alpha + \beta_1 GDPPC_{it} + \beta_2 EDUC_{it} + \beta_3 FFA_{it} + \beta_4 TOP_{it} + \beta_5 NRR_{it} + \beta_6 VA_{it} + \mu_i + \varepsilon_{it} \quad (3)$$

$$MPov_{it} = \alpha + \beta_1 GDPPC_{it} + \beta_2 EDUC_{it} + \beta_3 FFA_{it} + \beta_4 TOP_{it} + \beta_5 NRR_{it} + \beta_6 PSAV_{it} + \mu_i + \varepsilon_{it} \quad (4)$$

$$MPov_{it} = \alpha + \beta_1 GDPPC_{it} + \beta_2 EDUC_{it} + \beta_3 FFA_{it} + \beta_4 TOP_{it} + \beta_5 NRR_{it} + \beta_6 GE_{it} + \mu_i + \varepsilon_{it} \quad (5)$$

$$MPov_{it} = \alpha + \beta_1 GDPPC_{it} + \beta_2 EDUC_{it} + \beta_3 FFA_{it} + \beta_4 TOP_{it} + \beta_5 NRR_{it} + \beta_6 RQ_{it} + \mu_i + \varepsilon_{it} \quad (6)$$

$$MPov_{it} = \alpha + \beta_1 GDPPC_{it} + \beta_2 EDUC_{it} + \beta_3 FFA_{it} + \beta_4 TOP_{it} + \beta_5 NRR_{it} + \beta_6 RL_{it} + \mu_i + \varepsilon_{it} \quad (7)$$

$$MPov_{it} = \alpha + \beta_1 GDPPC_{it} + \beta_2 EDUC_{it} + \beta_3 FFA_{it} + \beta_4 TOP_{it} + \beta_5 NRR_{it} + \beta_6 CC_{it} + \mu_i + \varepsilon_{it} \quad (8)$$

$$MPov_{it} = \alpha + \beta_1 GDPPC_{it} + \beta_2 EDUC_{it} + \beta_3 FFA_{it} + \beta_4 TOP_{it} + \beta_5 NRR_{it} + \beta_6 DEM_{it} + \mu_i + \varepsilon_{it} \quad (9)$$

$$MPov_{it} = \alpha + \beta_1 GDPPC_{it} + \beta_2 EDUC_{it} + \beta_3 FFA_{it} + \beta_4 TOP_{it} + \beta_5 NRR_{it} + \beta_6 POL2_{it} + \mu_i + \varepsilon_{it} \quad (10)$$

Where  $MPov_{it}$  is measures of multidimensional poverty comprising of overall multidimensional poverty index, headcount ratio of people living in poverty, intensity of deprivation among the poor, vulnerability to poverty, severity of poverty, and inequality among the poor. On the right-hand side,  $GDPPC_{it}$  is GDP per capita,  $EDUC_{it}$  is education,  $FFA_{it}$  is foreign financial aid,  $TOP_{it}$  is trade openness, and  $NRR_{it}$  is natural resource rent. The governance indicators are voice and accountability ( $VA_{it}$ ), political stability and absence of violence ( $PSAV_{it}$ ), government effectiveness ( $GE_{it}$ ), regulatory quality ( $RQ_{it}$ ), rule of law ( $RL_{it}$ ), control of corruption ( $CC_{it}$ ), while the additional two variables are measure of democracy ( $DEM_{it}$ ) and openness of constitutions and exercise of executive power measured by polity II ( $POL2_{it}$ ).

The study employed a one-way error component model and two estimation methods, viz, fixed effect and random effect GLS (Generalised Least Squares) are considered for the estimation. The Hausman specification test is used to choose between the two alternative methods.

#### 4. Results and Discussion

A total of forty-eight regressions are estimated using both the Random Effect GLS estimator and the Fixed Effect Within estimator. However, Hausman specification tests are conducted on all forty-eight regressions to determine the most appropriate estimation method between Random Effect and Fixed Effect. Table I presents the results of the Hausman specification tests. The results reveal that Fixed Effect is appropriate for thirty-two regressions while Random Effect is suitable for sixteen regressions. Hence, the Fixed Effect method is used to gauge thirty-two regression models, while the Random Effect GLS method is used to estimate the remaining sixteen models.

**Table I: Hausman Specification Test Results**

S/No.	Variable	MPI	HR	ID	VP	SP	IP
1	<b>VA</b>	41.48***	70.93***	49.69	12.22	23.44***	45.46***
2	<b>PSAV</b>	41.33***	114.73***	48.62	14.86	52.19	33.70***
3	<b>GE</b>	74.28***	25.70***	44.91	26.61***	10.37	32.69***
4	<b>RQ</b>	25.56***	57.70**	50.51	18.10**	22.34***	31.00***
5	<b>RL</b>	4.83	40.34***	47.41	13.47*	13.61***	41.97***
6	<b>CC</b>	609.65***	41.40***	47.13	23.19***	24.79***	32.82***
7	<b>DEM</b>	190.71***	33.39***	47.14*	25.28***	23.29***	45.33***
8	<b>POL2</b>	49.50***	10.33	48.68	10.16	21.39***	43.72***

Source: Computed by authors, \*\*\* p<0.01, \*\* p<0.05, \* p<0.1

Tables II through VII present the regression results. The results on the overall Index of Multidimensional Poverty are presented in Table II, while results on Poverty Headcount Ratio,

Intensity of Deprivation, Vulnerability to Poverty, Severity of Poverty, and Inequality among the Poor are presented in Tables III, IV, V, VI and VII respectively.

A horizontal view of all the results reveals that voice and accountability have significant and negative effects on Multidimensional Poverty, Poverty Headcount Ratio, Severity of Poverty, and Inequality among the Poor. This implies that progress in the component of voice and accountability which measures the extent to which a country's citizens are able to participate in selecting their government, as well as freedom of expression, freedom of association, and freedom of the media would significantly reduce multidimensional poverty in SSA.

Political stability and absence of violence is not statistically significant in all the regressions except in the case of the overall index of multidimensional poverty where it is barely significant at 10 percent. Unfortunately, the significant coefficient of political stability and absence of violence came out with a positive sign which is contrary to expectation. By and large, there is no evidence from the results that political stability and the absence of violence do reduce poverty in SSA. This finding may not be unconnected with the fact that there are pockets of violence across the sub-region including unconstitutional takeover of government which makes the measures too low to have any significant effect on poverty.

The government's effectiveness depicts negative signs in almost all the models except the model of vulnerability to poverty. However, the coefficient of government effectiveness is statistically significant only in models of intensity of deprivation and severity of poverty. Hence, the intensity of deprivation and severity of poverty would reduce with improvement in government effectiveness. Improvement in government effectiveness requires better quality of public services and civil service as well as progress in the degree of independence of civil service from political pressures, the quality of policy formulation and implementation, and the credibility of the government's commitment to such policies.

Regulatory quality is significant only in the model of severity of poverty, while it is not statistically significant in all the rest of the regressions. Similarly, the rule of law is not statistically significant except in the model of inequality among the poor. It implies that the severity of poverty would reduce in SSA with improvement in regulatory quality. On the other hand, the inequality of the poor people would reduce significantly with better administration and enforcement of the rule of law. Improvement in regulatory quality necessitates enhancing the ability of the government to formulate and implement sound policies and regulations that permit and promote private sector development.

Progress in the rule of law involves improving the extent to which agents have confidence in and abide by the rules of society, and in particular the quality of contract enforcement, property rights, the police, and the courts. The rule of law is one of the measures to combat discrimination in society. Hence, improvement in the administration of the rule of law can contribute to equity, thereby improving prospects for social development and poverty reduction. Finally, the last indicator of governance which measures the extent to which public power is exercised for private gain, including both petty and grand forms of corruption, is not statistically significant in any of the regressions. This finding may not be unconnected to the fact that the fight against corruption is very weak in most countries in the SSA region.

Improvement in democracy would significantly reduce inequality among the poor. The finding under democracy is in conformity with the findings in (Tavares and Waczaig, 2001) which deduced that democracy reduces income inequality by improving the accumulation of human capital. While the quality of democracy measuring the extent to which the constitution of the chief executive and exercise of executive power is open as well as constraint capture by Polity II has a significant negative influence on the overall index of multidimensional poverty, the severity of poverty, and inequality among poverty.

Among the control variables, education is the most influential factor in reducing poverty. Education has significant negative effects on all the indicators of poverty (multidimensional poverty, poverty headcount ratio, intensity of deprivation, severity of poverty, and inequality among the poor) considered in this paper except vulnerability to poverty. Implying that improvement in education would substantially reduce the level of poverty in SSA.

**Table II: Regression Results for overall Multidimensional Poverty Index**

VARIABLES	(1) VA	(2) PSAV	(3) GE	(4) RQ	(5) RL	(6) CC	(7) DEM	(8) POL2
<b>GDP per Capita</b>	-0.000115 (0.00107)	-0.000702 (0.00113)	5.57e-05 (0.00113)	0.000314 (0.00112)	0.000582 (0.00110)	0.000182 (0.00112)	-3.63e-05 (0.00114)	-0.000127 (0.00106)
<b>Education</b>	-0.027*** (0.00479)	-0.027*** (0.00482)	-0.028*** (0.00487)	-0.027*** (0.00487)	-0.042*** (0.00404)	-0.028*** (0.00485)	-0.028*** (0.00487)	-0.026*** (0.00477)
<b>Foreign Financial aid</b>	0.00106 (0.000926)	0.000496 (0.000928)	0.000769 (0.000940)	0.000898 (0.000935)	0.00251*** (0.000858)	0.000910 (0.000948)	0.000721 (0.000938)	0.000976 (0.000909)
<b>Trade Openness</b>	0.0229 (0.0283)	0.0397 (0.0296)	0.0242 (0.0290)	0.0101 (0.0308)	-0.0306 (0.0258)	0.0224 (0.0289)	0.0251 (0.0292)	0.0222 (0.0280)
<b>Natural Resource</b>	0.000543 (0.000759)	0.000552 (0.000765)	0.000575 (0.000775)	0.000806 (0.000783)	0.000937 (0.000644)	0.000640 (0.000772)	0.000595 (0.000775)	0.000569 (0.000751)
<b>Voice and accountability</b>	-0.0440** (0.0195)							
<b>Political Stability</b>	0.0186* (0.0108)							
<b>Government effectiveness</b>	-0.0132 (0.0257)							
<b>Regulatory Quality</b>	-0.0381 (0.0274)							
<b>Rule of law</b>	-0.0180 (0.0203)							
<b>Control of Corruption</b>	-0.0286 (0.0270)							
<b>Democracy</b>	-5.61e-05 (0.000318)							
<b>Polity II</b>	-0.005*** (0.00181)							
<b>Constant</b>	0.512*** (0.0574)	0.549*** (0.0557)	0.538*** (0.0589)	0.518*** (0.0597)	0.687*** (0.0535)	0.525*** (0.0598)	0.547*** (0.0564)	0.539*** (0.0547)
<b>Observations</b>	167	167	167	167	167	167	167	167
<b>R-squared</b>	0.381	0.370	0.355	0.365		0.360	0.354	0.394
<b>No. of c_id</b>	43	43	43	43	43	43	43	43

Source: computed by authors, Standard errors in parentheses, \*\*\* p<0.01, \*\* p<0.05, \* p<0.1



**Table III: Regression Results for Poverty Headcount Ratio**

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>VARIABLES</b>	<b>VA</b>	<b>PSAV</b>	<b>GE</b>	<b>RQ</b>	<b>RL</b>	<b>CC</b>	<b>DEM</b>	<b>POL2</b>
<b>GDP per capita</b>	0.0235 (0.156)	-0.0575 (0.166)	0.0344 (0.166)	0.0705 (0.165)	0.0375 (0.160)	0.0587 (0.164)	0.0278 (0.167)	0.109 (0.164)
<b>Education</b>	-4.05*** (0.702)	-4.14*** (0.708)	-4.21*** (0.715)	-4.12*** (0.717)	-4.06*** (0.742)	-4.18*** (0.713)	-4.20*** (0.716)	-6.22*** (0.601)
<b>Foreign Financial aid</b>	0.0253 (0.136)	-0.0574 (0.136)	-0.0253 (0.138)	-0.00775 (0.138)	-0.0120 (0.138)	-0.00470 (0.139)	-0.0283 (0.138)	0.277** (0.133)
<b>Trade openness</b>	6.717 (4.141)	9.086** (4.347)	7.091* (4.265)	5.477 (4.539)	6.443 (4.345)	6.773 (4.250)	7.168* (4.290)	-1.366 (3.960)
<b>Natural resource</b>	0.0567 (0.111)	0.0587 (0.112)	0.0636 (0.114)	0.0873 (0.115)	0.0668 (0.113)	0.0699 (0.114)	0.0646 (0.114)	0.108 (0.0989)
<b>Voice and accountability</b>	-6.714** (2.862)							
<b>Political stability</b>	2.574 (1.585)							
<b>Government effectiveness</b>	-0.690 (3.781)							
<b>Regulatory quality</b>	-4.093 (4.035)							
<b>Rule of law</b>	-2.829 (3.881)							
<b>Control of corruption</b>	-3.318 (3.972)							
<b>Democracy</b>	-0.00117 (0.0466)							
<b>Polity II</b>	-0.284 (0.250)							
<b>Constant</b>	85.59*** (8.408)	91.33*** (8.188)	90.51*** (8.659)	87.87*** (8.793)	87.72*** (9.391)	88.46*** (8.787)	90.97*** (8.283)	114.6*** (7.312)
<b>Observations</b>	167	167	167	167	167	167	167	167
<b>R-squared</b>	0.384	0.369	0.355	0.360	0.358	0.358	0.355	
<b>No. of c_id</b>	43	43	43	43	43	43	43	43

Source: computed by authors, Standard errors in parentheses, \*\*\* p<0.01, \*\* p<0.05, \* p<0.1

**Table IV: Regression Results for Intensity of Deprivation**

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>VARIABLES</b>	<b>VA</b>	<b>PSAV</b>	<b>GE</b>	<b>RQ</b>	<b>RL</b>	<b>CC</b>	<b>DEM</b>	<b>POL2</b>
<b>GDP per Capita</b>	0.0438 (0.0930)	0.0501 (0.0950)	0.0852 (0.0954)	0.0296 (0.0952)	0.0473 (0.0940)	0.0582 (0.0957)	0.0548 (0.0974)	0.0430 (0.0927)
<b>Education</b>	-1.97*** (0.255)	-1.96*** (0.260)	-1.83*** (0.264)	-1.99*** (0.256)	-1.95*** (0.268)	-1.942*** (0.257)	-1.977*** (0.250)	-1.974*** (0.252)
<b>Foreign Financial aid</b>	0.0757 (0.0635)	0.0769 (0.0625)	0.0655 (0.0622)	0.0761 (0.0626)	0.0756 (0.0624)	0.0739 (0.0624)	0.0784 (0.0630)	0.0739 (0.0637)
<b>Trade openness</b>	-2.580 (1.816)	-2.633 (1.814)	-2.449 (1.802)	-2.502 (1.821)	-2.604 (1.813)	-2.393 (1.838)	-2.703 (1.838)	-2.571 (1.819)
<b>Natural resource</b>	0.0867* (0.0445)	0.0862** (0.0427)	0.0560 (0.0464)	0.0954** (0.0445)	0.0843* (0.0449)	0.0779* (0.0454)	0.0879** (0.0425)	0.0881** (0.0429)
<b>Voice and accountability</b>	-0.0814 (0.985)							
<b>Political stability</b>	-0.201 (0.673)							
<b>Government effectiveness</b>	-2.149* (1.300)							
<b>Regulatory quality</b>	0.721 (1.213)							
<b>Rule of law</b>	-0.307 (1.300)							
<b>Control of corruption</b>	-0.831 (1.357)							
<b>Democracy</b>	-0.0105 (0.0278)							
<b>Polity II</b>	0.00753 (0.110)							
<b>Constant</b>	70.04*** (3.274)	69.87*** (3.339)	67.31*** (3.574)	70.74*** (3.366)	69.74*** (3.643)	69.13*** (3.579)	70.18*** (3.165)	70.09*** (3.177)
<b>Observations</b>	167	167	167	167	167	167	167	167
<b>R-squared</b>	43	43	43	43	43	43	43	43
<b>No. of c_id</b>	43	43	43	43	43	43	43	43

Source: computed by authors, Standard errors in parentheses, \*\*\* p<0.01, \*\* p<0.05, \* p<0.1

**Table V: Regression Results for Vulnerable to Poverty**

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>VARIABLES</b>	<b>VA</b>	<b>PSAV</b>	<b>GE</b>	<b>RQ</b>	<b>RL</b>	<b>CC</b>	<b>DEM</b>	<b>POL2</b>
<b>GDP per capita</b>	-0.0348 (0.0774)	-0.0369 (0.0815)	-0.0901 (0.0858)	-0.0903 (0.0885)	-0.0265 (0.0797)	-0.0457 (0.0870)	-0.0624 (0.0840)	-0.0269 (0.0767)
<b>Education</b>	0.130 (0.332)	0.195 (0.331)	0.153 (0.480)	0.156 (0.483)	0.227 (0.349)	0.114 (0.492)	0.181 (0.322)	0.156 (0.326)
<b>Foreign Financial aid</b>	-0.101 (0.0677)	-0.0900 (0.0678)	-0.139* (0.0777)	-0.130* (0.0779)	-0.0882 (0.0677)	-0.124 (0.0800)	-0.0977 (0.0686)	-0.103 (0.0671)
<b>Trade openness</b>	0.852 (2.068)	0.883 (2.106)	1.702 (2.508)	2.271 (2.609)	0.740 (2.094)	1.245 (2.565)	1.294 (2.118)	0.876 (2.055)
<b>Natural resource</b>	-0.104** (0.0484)	-0.120** (0.0472)	-0.0803 (0.0605)	-0.107* (0.0620)	-0.122** (0.0484)	-0.0873 (0.0616)	-0.122*** (0.0468)	-0.113** (0.0468)
<b>Voice and accountability</b>	1.550 (1.127)							
<b>Political stability</b>	0.235 (0.685)							
<b>Government effectiveness</b>	4.226* (2.184)							
<b>Regulatory quality</b>	3.685 (2.376)							
<b>Rule of law</b>	-0.229 (1.595)							
<b>Control of corruption</b>	0.484 (2.101)							
<b>Democracy</b>	0.0265 (0.0224)							
<b>Polity II</b>	0.237* (0.124)							
<b>Constant</b>	21.35*** (3.991)	20.17*** (3.953)	22.12*** (5.316)	21.49*** (5.342)	19.51*** (4.500)	19.63*** (5.598)	20.33*** (3.800)	19.37*** (3.818)
<b>Observations</b>	144	144	144	144	144	144	144	144
<b>R-squared</b>			0.105	0.092		0.069		
<b>Number of c_id</b>	43	43	43	43	43	43	43	43

Source: computed by authors, Standard errors in parentheses, \*\*\* p<0.01, \*\* p<0.05, \* p<0.1

**Table VI: Regression Results for Severity of Poverty**

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>VARIABLES</b>	<b>VA</b>	<b>PSAV</b>	<b>GE</b>	<b>RQ</b>	<b>RL</b>	<b>CC</b>	<b>DEM</b>	<b>POL2</b>
<b>GDP per capita</b>	-0.101 (0.152)	-0.00712 (0.157)	0.0695 (0.155)	0.0121 (0.165)	-0.0748 (0.158)	-0.0566 (0.162)	-0.0996 (0.167)	-0.116 (0.153)
<b>Education</b>	-3.25*** (0.904)	-5.83*** (0.637)	-5.52*** (0.643)	-3.65*** (0.899)	-3.304*** (0.949)	-3.484*** (0.917)	-3.579*** (0.924)	-3.424*** (0.902)
<b>Foreign Financial aid</b>	0.289** (0.144)	0.392*** (0.130)	0.389*** (0.128)	0.275* (0.145)	0.269* (0.147)	0.280* (0.149)	0.253* (0.150)	0.269* (0.145)
<b>Trade openness</b>	0.782 (4.640)	-4.150 (4.051)	-4.175 (3.953)	-1.411 (4.856)	0.161 (4.818)	0.471 (4.779)	1.048 (4.906)	1.130 (4.669)
<b>Natural resource</b>	0.187 (0.113)	0.240*** (0.0909)	0.183* (0.0940)	0.265** (0.115)	0.217* (0.115)	0.219* (0.115)	0.222* (0.116)	0.217* (0.113)
<b>Voice and accountability</b>	-6.166** (2.761)							
<b>Political stability</b>	-0.538 (1.317)							
<b>Government effectiveness</b>	-5.954** (2.951)							
<b>Regulatory quality</b>	-8.379* (4.421)							
<b>Rule of law</b>	-4.256 (4.080)							
<b>Control of corruption</b>	-3.869 (3.914)							
<b>Democracy</b>	-0.00194 (0.0426)							
<b>Polity II</b>	-0.556* (0.288)							
<b>Constant</b>	53.00*** (9.918)	84.48*** (7.607)	77.48*** (8.166)	54.27*** (9.941)	53.70*** (11.20)	55.73*** (10.43)	59.55*** (9.766)	59.86*** (9.530)
<b>Observations</b>	144	144	144	144	144	144	144	144
<b>R-squared</b>	0.298			0.288	0.269	0.268	0.261	0.289
<b>Number of c_id</b>	43	43	43	43	43	43	43	43

Source: computed by authors, Standard errors in parentheses, \*\*\* p<0.01, \*\* p<0.05, \* p<0.1

**Table VII: Regression Results for Inequality among the Poor**

VARIABLES	(1) VA	(2) PSAV	(3) GE	(4) RQ	(5) RL	(6) CC	(7) DEM	(8) POL2
<b>GDP per capita</b>	0.00918** (0.00367)	0.00555 (0.00357)	0.00557 (0.00359)	0.00526 (0.00358)	0.00659* (0.00345)	0.00532 (0.00357)	0.00752** (0.00343)	0.00798** (0.00353)
<b>Education</b>	-0.075*** (0.0253)	-0.092*** (0.0274)	-0.087*** (0.0265)	-0.088*** (0.0268)	-0.0824*** (0.0255)	-0.0883*** (0.0268)	-0.0970*** (0.0251)	-0.0873*** (0.0250)
<b>Foreign Financial aid</b>	0.00839* (0.00438)	0.00433 (0.00435)	0.00430 (0.00436)	0.00440 (0.00437)	0.00390 (0.00418)	0.00447 (0.00437)	0.00497 (0.00409)	0.00731* (0.00428)
<b>Trade openness</b>	-0.0335 (0.114)	0.0643 (0.125)	0.0404 (0.118)	0.0377 (0.121)	-0.00256 (0.115)	0.0352 (0.120)	0.0339 (0.111)	-0.0143 (0.113)
<b>Natural resource</b>	0.00306 (0.00251)	0.00366 (0.00265)	0.00358 (0.00266)	0.00374 (0.00275)	0.00331 (0.00255)	0.00362 (0.00269)	0.00275 (0.00251)	0.00398 (0.00251)
<b>Voice and accountability</b>	-0.164** (0.0647)							
<b>Political stability</b>	-0.0303 (0.0514)							
<b>Government effectiveness</b>	-0.0428 (0.0824)							
<b>Regulatory quality</b>	-0.00509 (0.0885)							
<b>Rule of law</b>	-0.154** (0.0741)							
<b>Control of corruption</b>	-0.0159 (0.0789)							
<b>Democracy</b>	-0.00307** (0.00119)							
<b>Polity II</b>	-0.0142** (0.00583)							
<b>Constant</b>	0.627** (0.305)	0.843*** (0.311)	0.818** (0.317)	0.851*** (0.313)	0.691** (0.308)	0.853*** (0.311)	0.922*** (0.293)	0.883*** (0.294)
<b>Observations</b>	97	97	97	97	97	97	97	97
<b>R-squared</b>	0.563	0.505	0.505	0.502	0.545	0.502	0.564	0.558
<b>Number of c_id</b>	43	43	43	43	43	43	43	43

Source: computed by authors, Standard errors in parentheses, \*\*\* p<0.01, \*\* p<0.05, \* p<0.1

### 5. Concluding Remark

This paper investigates the impact of governance indicators on poverty in Sub-Saharan Africa. The paper specifically examines the effect of six governance indicators viz voice and accountability, political stability and absence of violence, government effectiveness, regulatory quality, rule of law, and control of corruption on multidimensional poverty, poverty headcount ratio, intensity of deprivation, vulnerability to poverty, severity of poverty, and inequality among the poor respectively. The empirical results show that improvement in voice and accountability would significantly reduce multidimensional poverty, poverty headcount, severity of poverty, and inequality among the poor. Similarly, a more effective government with better delivery of public services would assist in reducing the intensity and severity of poverty in SSA countries. The results equally show that improvement in administration and adherence to the rule of law would significantly reduce inequality among the poor. Better regulatory quality is also important in reducing the severity of poverty in SSA. Furthermore, there is ample evidence in the results which suggests that progress in education would significantly reduce poverty in almost all its forms. However, there is no evidence from the results that control of corruption and political stability significantly influence the level of multidimensional poverty in the SSA sub-region.

The most important political institutional variable in winning the war against poverty in SSA is voice and accountability. The policy implication of this finding is that there is a need for restructuring the political system to allow: a free and fair process of selecting/electing political office holders; level playing political ground for all categories of people; ensure that politicians do not use their political power to promote narrow interest but be used to the best interest of majority; allow the citizens to hold politicians accountable; allow free association, expression, and access to government information. This can be achieved by strengthening the level of citizen participation in the process of selecting and monitoring government; and making openly and timely available information concerning government activities, major policy decisions, programmes, including budget information.

It is also recommended to intensify efforts towards improving the quality of public service and the credibility of government to enhance government effectiveness. Furthermore, it is recommended that policymakers undertake judicial system reforms that will make justice broadly accessible, affordable and equitable to ensure quick, fair, effective, efficient and impartial delivery of justice to all.

## References

- Acemoglu, D. and Robinson, J.A., 2010. Why is Africa poor?. *Economic history of developing regions*, 25(1), pp.21-50. doi:10.1080/20780389.2010.505010
- Adegbami, A. and Uche, C.I., 2016. Poverty and crimes in Nigeria: indices of governance failure. *Public Administration Research*, 5(1), pp.37-44. doi:10.5539/par.v5n1p37
- Ahmad, R., Bashir, F., and Hussain, A., 2018. Human capital, governance and poverty reduction: A panel data analysis. *Review of Economics and Development Studies*, 4(1), pp. 103-113, DOI:10.26710/reads.v4i1.285
- Akram, Z., Wajid, S., Mahmood, T. and Sarwar, S., 2011. Impact of poor governance and income inequality of poverty in Pakistan. *Far East Journal of Psychology and Business*, 4(3), pp.43-55.
- Aloui, Z., 2019. The impact of governance on poverty reduction: Are there regional differences in Sub-Saharan Africa?. *MPRA Paper* No. 94716, posted 27 Jun 2019 09:34 UTC <https://mpra.ub.uni-muenchen.de/94716/>
- Casimir, A., Omeh, E. and Ike, C.C., 2014. Poverty and Governance—A Critical Appraisal of a Philosophy and Practice of Development in Africa. *Open Journal of Political Science*, 4, pp. 164 - 179. doi.org/10.4236/ojps.2014.43018
- Daoud, A., Halleröd, B., and Guha-Sapir, D., 2016. What is the association between absolute child poverty, poor governance, and natural disasters? A global comparison of some of the realities of climate change. *PLoS one*, 11(4), e0153296. <https://doi.org/10.1371/journal.pone.0153296>
- Doran, C., and Stratmann, T., 2020. The relationship between economic freedom and poverty rates: cross-country evidence. *Journal of Institutional and Theoretical Economics*, 176(4), pp. 686–707, pp. 686 - 707
- Gonfa, A. S., 2011. *Corruption, Governance, and Poverty in Sub-Saharan Africa: Panel Evidence* (Doctoral dissertation, Addis Ababa University).
- Hammadi, A., Mills, M., Sobrinho, N., Thakoor, M.V.V. and Velloso, R., 2019. *A governance dividend for Sub-Saharan Africa?*. International Monetary Fund Working Paper WP/19/1
- Hassan, M.S., Bukhari, S. and Arshed, N., 2020. Competitiveness, governance and globalization: What matters for poverty alleviation?. *Environment, Development and Sustainability*, 22(4), pp.3491-3518. doi:10.1007/s10668-019-00355-y
- Jindra, C. and Vaz, A., 2019. Good governance and multidimensional poverty: A comparative analysis of 71 countries. *Governance*, 32(4), pp.657-675. <https://doi.org/10.1111/gove.12394>
- Leke, O. and Oluwaleye, J. M., 2015. Governance and poverty reduction in Nigeria. *Developing Country Studies*, 5(4), pp. 42-49.
- Omoyibo, K. U., 2013. Leadership, governance, and poverty in Nigeria. *Mediterranean Journal of Social Sciences*, 4(6), pp. 126 - 131.

- Ronaghi, M. and Scorsone, E., 2023. The impact of governance on poverty and unemployment control before and after the Covid outbreak in the United States. *Journal of Poverty*, pp.1-21. DOI:[10.1080/10875549.2023.2173708](https://doi.org/10.1080/10875549.2023.2173708)
- Sittha, P. V., 2012. Governance and poverty reduction in Thailand. *Modern Economy*, 3(05), pp. 487 - 497. <http://dx.doi.org/10.4236/me.2012.35064>
- Tavares, J. and Wacziarg, R., 2001. How democracy affects growth. *European economic review*, 45(8), pp.1341-1378. [https://doi.org/10.1016/S0014-2921\(00\)00093-3](https://doi.org/10.1016/S0014-2921(00)00093-3)
- Transparency International, 2013. Corruption perceptions. Retrieved from <http://cpi.transparency.org/cpi2013/results/>
- UNDP (United Nations Development Programme) and OPHI (Oxford Poverty and Human Development Initiative), 2022. *Global Multidimensional Poverty Index 2023: Unstacking global poverty, data for high impact action*. New York and Oxford, UK.
- Workneh, M. A., 2020. Gender inequality, governance, and poverty in sub-Saharan Africa. *Poverty & Public Policy*, 12(2), pp 150-174. <https://doi.org/10.1002/pop4.278>
- World Bank, 2018. *Poverty and shared prosperity: Piecing together the poverty puzzle*, Washington, DC: World Bank.