AFRICA 2030: SDGs WITHIN SOCIAL BOUNDARIES
LEAVE NO ONE BEHIND OUTLOOK

THE SUSTAINABLE DEVELOPMENT GOALS CENTER FOR AFRICA
The Sustainable Development Goals Center for Africa (SDGC/A) is an autonomous not-for-profit international organization that supports citizens, governments, civil society, businesses and academic institutions to accelerate progress towards the achievement of the Sustainable Development Goals (SDGs) in Africa.

Following the historic adoption of a new sustainable development agenda by the United Nations General Assembly in September 2015, African leaders decided to take quick and firm action by establishing the Center as a home-grown African institution – championing the implementation of the SDGs in line with the principles of African Union’s 2063 Agenda. By agreeing to establish an African-owned center with proven technical expertise, African leaders wanted to ensure that they act together in pursuit of a shared African development vision.

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ACKNOWLEDGEMENTS

The SDGC/A would like to thank everyone who directly or indirectly contributed to this report, with special recognition to the programme staff members of the Center that contributed and coordinated the task of compiling the report.

Special thanks go to the Korea International Cooperation Agency (KOICA), the development agency of the Korean government, for the financial support extended to the Center to organize a conference to launch this report.

We also gratefully acknowledge the generosity and continued support of all contributing donors and stakeholders.

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AFRICA 2030:
SDGs WITHIN SOCIAL BOUNDARIES
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# TABLE OF CONTENTS

FOREWORD ......................................................................................................................... ix
EXECUTIVE SUMMARY ........................................................................................................ xi

CHAPTER 1: INTRODUCTION ................................................................................................. 1
  1.1 Background ................................................................................................................... 2
  1.2 Scope and Methodology ............................................................................................. 4
  1.3 Report Structure ......................................................................................................... 6

CHAPTER 2: INCLUSIVENESS IN THE SDG 2030 AND AU 2063 AGENDAS ....................... 9
  2.1 Introduction ................................................................................................................ 10
  2.2. The Principle of Inclusiveness in Agenda 2030 ....................................................... 11
  2.3 Challenges of the Agenda 2030 in Addressing Social Inclusion ............................ 16
  2.4. The Principle of Inclusiveness in Agenda 2063 Aspirations and Goals ................. 16
  2.5 Agenda 2063 Social Inclusion at Indicator Level ..................................................... 17
  2.6 Conclusion ................................................................................................................ 18

CHAPTER 3: PROGRESS ON INCLUSIVENESS (MACRO LANDSCAPE) ............................ 19
  3.1 Poverty and Deprivation (Measure of Exclusion) ..................................................... 20
  3.2 State of Human Development .................................................................................. 36
  3.3 Inequality .................................................................................................................. 43
  3.4 Inclusion in the Labour Market ................................................................................ 52
  3.5 Social Protection State in Africa ............................................................................... 57
  3.6 Conclusion ................................................................................................................ 58

CHAPTER 4: INCLUSIVE AGRICULTURAL SECTOR ................................................................ 59
  4.1 Inclusive Agriculture and the 2030 & 2063 Agendas ............................................... 60
  4.2 The Nexus between Agriculture and Poverty ......................................................... 60
  4.3 Food Security and Nutrition ..................................................................................... 62
  4.4 Access to Inputs and other Factors of Production .................................................... 68
  4.5 Conclusion ................................................................................................................ 73

CHAPTER 5: INCLUSIVE HEALTH (SDG 3) ........................................................................ 75
  5.1 Inclusive Health and the Agendas ............................................................................ 76
  5.2 Health and Poverty .................................................................................................... 77
  5.3 Universal and Equitable Access to Health Services in Africa ................................ 79
  5.4 Financial and Social Protection ............................................................................... 97
  5.5 Conclusion ................................................................................................................ 99
LIST OF FIGURES

CHAPTER 1: INTRODUCTION
FIG 1.1 A conceptual framework for inclusion ................................................................. 5

CHAPTER 2: INCLUSIVENESS IN THE SDG 2030 AND AU 2063 AGENDAS
FIG 2.1 The 13 SDGs and social inclusiveness ............................................................... 12
FIG 2.2 List of indicators without sex disaggregation ..................................................... 13
FIG 2.3 Agenda 2063 aspirations and social inclusion .................................................. 17
FIG 2.4 Proportions of Agenda 2063 indicators with the recommended disaggregation ... 18

CHAPTER 3: PROGRESS ON INCLUSIVENESS (MACRO LANDSCAPE)
FIG 3.1 Regional headcount ratio (1990-2018) ............................................................... 21
FIG 3.2 Poverty rate, poverty gaps, and total poor in Africa (1990-2018) ....................... 22
FIG 3.3 Poverty in Africa: $1.90/day poverty line (1990, 2005, and 2018) ..................... 23
FIG 3.4 Annualized change in poverty (1990-2018) ...................................................... 24
FIG 3.5 Escaping versus falling into poverty, 1990-2018 ................................................. 25
FIG 3.6 Top 5 countries with largest share of Africa’s poor ............................................ 26
FIG 3.7 Fertility and poverty relationship .................................................................... 29
FIG 3.8 Nigeria poverty forecasts in millions (US $1.90 PPPs) .................................... 30
FIG 3.9 Working poor (employed labor force earning less than US $1.90 at 2011 PPPs) ... 31
FIG 3.10 Pre-COVID-19 rural/urban poverty in Africa, 2016-2030 ............................... 32
FIG 3.11 Pre-COVID-19 and COVID-19 poverty forecasts 2030 (Africa) ................. 33
FIG 3.12 Multidimensional poverty headcount ............................................................ 35
FIG 3.13 SDG index and HDI correlation .................................................................... 37
FIG 3.14 Human Development Index: Africa versus other regions ............................... 39
FIG 3.15 Overall loss in HDI value due to inequality ..................................................... 41
FIG 3.16 Gender development index and gender inequality index by region, 2018 ....... 42
FIG 3.17 Top 10% national income share across the Africa, 2017 ................................. 46
FIG 3.18 Share of national income across Africa (2017-2030) .................................. 47
FIG 3.19 Country comparison: Top 10% share - pre-tax national income .................. 48
FIG 3.20 Annualized growth in mean consumption or income per capita of bottom 40% 49
FIG 3.21 Wage gini for selected African countries ....................................................... 50
FIG 3.22 Ratio of top 10% share of pre-tax income to bottom 50% share ................... 51
FIG 3.24 Average real wage growth for selected African countries, 2008-17 ............. 53
FIG 3.25 Trend of working poor, 1991-2018 ............................................................. 54
FIG 3.26 Structure of the working age population ......................................................... 55
FIG 3.27 SDG indicator 1.3.1: Social protection benefit effective coverage, 2015 .... 57
CHAPTER 4: INCLUSIVE AGRICULTURE SECTOR
FIG 4.1 Agriculture productivity and poverty level in African countries, 2016 ........................................61
FIG 4.2A Prevalence of undernourishment by region, 2015-2030.................................................................63
FIG 4.2B Prevalence of undernourishment by sub-regions in Africa, 2015-2030........................................63
FIG 4.3A Prevalence of moderate or severe food insecurity in the world ..................................................65
FIG 4.3B Prevalence of moderate or severe food insecurity in Africa ........................................................65
FIG 4.4 Prevalence of moderate and severe food insecurity at country level in Africa ...........................66
FIG 4.5 Gender gaps in food insecurity .........................................................................................................67
FIG 4.6 Farmers’ participation in horticultural markets by gender ...............................................................68
FIG 4.7 Agricultural land distribution in the world .........................................................................................70
FIG 4.8 Inequalities in the distribution of agricultural land in Africa ............................................................71
FIG 4.9 Credit to agriculture ..........................................................................................................................72

CHAPTER 5: INCLUSIVE HEALTH (SDG 3)
FIG 5.1 Correlation between poverty and UHC in Africa ............................................................................78
FIG 5.2A RMNCH composite coverage index by location ..........................................................................81
FIG 5.2B RMNCH composite coverage index by education .........................................................................82
FIG 5.2C RMNCH composite coverage index by wealth ..............................................................................83
FIG 5.3A ANC coverage index by location ....................................................................................................85
FIG 5.3B ANC coverage index by education ..................................................................................................86
FIG 5.3C ANC coverage index by wealth .......................................................................................................87
FIG 5.4A Births attended by skilled health personals by location .................................................................89
FIG 5.4B Births attended by skilled health personals by education ...............................................................90
FIG 5.4C Births attended by skilled health personals by wealth ....................................................................91
FIG 5.5A Stunting prevalence in children under-five by location .................................................................94
FIG 5.5B Stunting prevalence in children under-five by education ...............................................................95
FIG 5.5C Stunting prevalence in children under-five by wealth ....................................................................96

CHAPTER 6: INCLUSIVE EDUCATION (SDG 4)
FIG 6.1 Rates of out-of-school children, adolescents, and youth (2018) ....................................................105
FIG 6.2 Rate of out-of-school children, both sexes .......................................................................................106
FIG 6.3 Primary net enrollment and attendance .........................................................................................107
FIG 6.4 Completion rate primary education ................................................................................................108
FIG 6.5 Primary completion rate ....................................................................................................................110
FIG 6.6 Lower secondary completion rate ....................................................................................................110

CHAPTER 7: INCLUSIVENESS IN BASIC SERVICES: WATER, SANITATION, ENERGY
FIG 7.1A Correlation between access to water and poverty ..........................................................................118
FIG 7.1B Correlation between access to energy and poverty .......................................................................118
FIG 7.2 Rural and urban population by the sub-regions of Africa, 2017 .....................................................123
FIG 7.3 Forecast of the basic services based on the pace of progress, 2010-2030 .................................128
LIST OF FIGURES CONT.

CHAPTER 8: INCLUSIVE INFRASTRUCTURE
FIG 8.1 Africa Infrastructure Development Index and poverty incidence, 2018 .................. 135
FIG 8.2 Africa’s falling poverty levels and rising ICT penetration .............................. 136
FIG 8.3 Country comparison based on 2006 and 2016 RAI results ....................... 139
FIG 8.4A Population covered by mobile-cellular network by region ..................... 141
FIG 8.4B Population covered by mobile-cellular network by development status ...... 142
FIG 8.5 Percentage of population covered by 3G by region ................................. 143
FIG 8.6A Technology access and inequality dynamics in Africa, 2019, mobile cellular... 144
FIG 8.6B Technology access and inequality dynamics in Africa, 2019, fixed broadband.. 145
FIG 8.7A Regional comparison of mobile broadband affordability at entry level ......... 146
FIG 8.7B Sub-regional comparison of mobile broadband affordability at entry level .. 146
FIG 8.8A Internet penetration in the world ............................................................ 148
FIG 8.8B Internet penetration in Africa ................................................................. 148
FIG 8.9A Gender disparity in mobile internet usage in LMICs by region, 2019 .......... 150
FIG 8.9B Gender disparity in mobile internet usage in LMICs by selected countries, 2019. 150
FIG 8.10 Rural-Urban Gap in mobile internet usage in LMIC by region, 2019 .......... 151

CHAPTER 9: INCLUSIVENESS IN ACCESSING FINANCIAL SERVICES IN AFRICA
FIG 9.1 Financial inclusion (account ownership) and the SDG Index ....................... 156
FIG 9.2 Account (% age 15+) by region ............................................................... 157
FIG 9.3 Account ownership by sub-region ......................................................... 158
FIG 9.4 Account ownership in Africa ................................................................. 159
FIG 9.5 Financial Inclusion 2020 score ............................................................... 161
FIG 9.6A Regional bank account ownership by gender ....................................... 163
FIG 9.6B Regional bank account ownership by young adults ............................. 163
FIG 9.7A Gender gap ......................................................................................... 164
FIG 9.7B Gender gap ......................................................................................... 165
FIG 9.8 Account ownership by gender (age 15+) .............................................. 166
FIG 9.9 Account ownership among young adults, age 15-24 ................................ 167
FIG 9.10 Regional account ownership by income status .................................... 168
FIG 9.11 Account ownership among different socioeconomic classes ................ 169
FIG 9.12 Account ownership in rural areas by region ......................................... 170
FIG 9.13 Account ownership in rural areas by country ....................................... 171
FIG 9.14: Regional state of Mobile Money, December 2019 ............................... 172
FIG 9.15 African countries mobile and digital payments performance .................. 174

CHAPTER 10: POLICY OPTIONS AND PRAGMATIC PATHWAYS
FIG 10.0 Principal recommendations ................................................................. 179
LIST OF TABLES

TABLE 2.1 Number of SDG indicators with disaggregation per the recommended variable .......... 15
TABLE 3.1 People living in monetary or multidimensional poverty ............................................ 34
TABLE 3.2 Human development index comparisons by region .................................................. 38
TABLE 3.3 Human development index ......................................................................................... 40
TABLE 7.1 Linkage between the UN SDGs 2030 (6 & 7) and the AU Agenda 2063 ............ 116
TABLE 7.2 Basic drinking water and sanitation services by the regions, 2017 ...................... 121
TABLE 7.3 Basic drinking water and sanitation services by sub-region of Africa, 2017 ........ 122
TABLE 7.4 Access basics for cooking by world regions ................................................................. 125
TABLE 7.5 Access to basics by sub-regions of Africa ................................................................. 126
TABLE 8.1 Paved road and railway density in developing countries .......................................... 137
TABLE 8.2 Road network in Sub-Saharan Africa ....................................................................... 138

LIST OF MAPS

MAP 1 Poverty rate US $1.90 PPPs ............................................................................................ 27
MAP 3.2 Gini coefficient 2010-2017 ......................................................................................... 44
MAP 3.3 Palma ratio (for select number of African countries with data) ................................. 45

LIST OF BOXES

BOX 3.1 Is poverty in Africa a demographic issue? ................................................................. 28
BOX 3.2 COVID-19 and poverty in Africa ............................................................................. 33
BOX 3.3 South Africa case study (inequality) .......................................................................... 50
BOX 3.4 Uganda case study ..................................................................................................... 55
BOX 6.1 COVID-19 and Education for All ............................................................................ 111
BOX 9.1 Empirical evidence: Role of financial inclusion in achievement of SDGs .......... 155
BOX 9.2 Barriers to financial inclusion in Sub-Saharan Africa ................................................ 175
ACRONYMS

AAAA  Addis Ababa Action Agenda
ADB  Asian Development Bank
AfDB  Africa Development Bank
AFI  Alliance for Financial Inclusion
ATM  Automated Teller Machine
AU  African Union
BMA  British Medical Association
BMGF  Bill and Melinda Gates Foundation
BoT  Bank of Tanzania
CAR  Central Africa Republic
CGAP  Consultative Group to Assist the Poor
CSDH  Commission on Social Determinants of Health
DSM  Demand Side Management
DRC  Democratic Republic of Congo
ECOSOC  Economic and Social Council
FAO  Food and Agricultural Organization
GDP  Gross Domestic Product
GDR  Global Digital Report
GEMR  Global Education Monitoring Report
GRP  Gross Regional Product
GSDRC  Governance, Social Development, Humanitarian Response and Conflict
IBNET  International Benchmarking Network
IEA  International Energy Agency
JMP  Joint Monitoring Programme
MDG  Millennium Development Goals
MNO  Mobile Network Operators
NEPAD  The New Partnership for Africa’s Development
NTIA  National Telecommunications and Information Administration
OPHI  Oxford Poverty Human Development Initiative
RF  Rockefeller Foundation
SDGC/A  The Sustainable Development Goals Center for Africa
SDGs  Sustainable Development Goals
SMEs  Small and Medium Enterprises
SPI  Social Progress Imperative
SSA  Sub-Saharan Africa
SSM  Supply Side Management
TGFD  The Global Financial Index Database
UNDESA  United Nations Department of Economic and Social Affairs
UNeca  United Nations Economic Commission for Africa
UNEP  United Nations Environment Programme
UNICEF  The United Nations Children’s Fund
UNESCO  United Nations Educational Scientific Cultural Organization
UN-OHRLLS  Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States
UNU-WIDER  United Nations University World Institute for Development and Economic Research
WASH  Water, Sanitation and Hygiene
WBG  World Bank Group
WHO  World Health Organization
WSS  Water and Sanitation Sector
Over the past five decades, the international community has been concerned with economic growth and the wellbeing of the planet’s inhabitants. A recurring theme in all of these socioeconomic initiatives has been ensuring the reduction of inequality. These initiatives frequently invoke phrases such as ‘structural adjustment with a human face’, ‘our common future’, ‘inclusive growth’, and ‘shared prosperity.’ Both the Sustainable Development Goals (SDGs) 2030 and African Union 2063 agendas, like most global initiatives in the past aimed at tackling economic growth and poverty reduction, now espouse the concept of leaving no one behind. Leaving no one behind means that development should occur within a minimum set of social boundaries. Inclusion is concerned with bringing the vulnerable and marginalized groups into the mainstream.

Progress in the different dimensions of inclusion is slow, varies by continent and in some instances, regressing, especially in per capita terms. The evidence, however, is presented in part, and in some instances concentrated at the global level, and reliant on aggregate and macro assessments. In addition to quantitative data presented, this report also brings together an extensive breadth of literature on different aspects of inclusion to provide a comprehensive review on who is excluded (those at the bottom of the pyramid) in Africa while also assessing the level of inequalities in access to basic public services, encapsulated in inequalities in human development.

The elimination of poverty is evaluated as the ultimate measure of inclusion in this report, which has systematic linkages with several goals (11 goals of SDGs 2-8, SDGs 10, 11, 13 and 15). Additionally, the analysis, to the extent of available data, takes a disaggregated front based on SDG dimensions (age, sex, income, education, race/ethnicity, urban/rural, employment, citizenship, and indigenous status) to assess the universality and inequalities in access he key areas of health, education, agriculture, water and sanitation, energy, ICT, and road infrastructure sectors as well as to evaluate progress in the indirect SDG area of financial inclusion. Inclusion realism in the SDGs and AU 2063 frameworks is also accessed, revealing that a broader aspect of social inclusiveness is at goal and target level, whereas the disaggregation at indicator level is not sufficient to address inequalities among different subgroups.

Poverty, inequality, and broader exclusions are evident everywhere in Africa. Before COVID-19, the poverty rate forecast was expected to remain over 20% in 2030, but COVID-19 adversities could push this figure to 30% and above. Inequality (wealth, income, land, consumption expenditure, and wage) remains in Africa high relative to the world. The majority of the labor force remains in vulnerable employment situations and the working poor still makes up a high proportion of the labor force. Additionally, social protection coverage remains low, and the associated fiscal provisions remain limited.

Human development inequalities are vast and commence at birth. On average, nearly 2 in 10 children born in 2000 are likely to be dead by the end of this 2020. Prior to COVID-19, 15 million children (6-11 years) lacked access to education and over 600 million people in Sub-Saharan Africa lived without food security. As a result, nearly 7 million students from primary and secondary education could drop out of school. The achievement of Zero Hunger by 2030 for Africa is becoming an increasingly daunting challenge. Further, an
estimated 6 in 10 adults do not have a bank or mobile money account.

Overall, the bottom of the pyramid is dominated by rural inhabitants, the youth, and women, who because of their low socioeconomic standing, have higher vulnerability to shocks. The exclusion of women is, in part, exacerbated by high fertility rates, which also has far reaching negative effects on poverty cycles. Development challenges are interconnected, including: financing gaps for SDGs (which are declining per capita), low spending on social sectors and basic services, poor governance and institutional operational capability, low and declining productivity (particularly in the agricultural sector), poor infrastructure and limited (yet progressing) financial inclusion. The adversities of COVID-19 have exacerbated challenges in development, basic service and utility access (energy, water, and sanitation), infrastructure, and financial access.

Deferring investment in people is eventually catastrophic – with intergenerational consequences. The higher the inequalities in human and social development today, the lower the intergenerational mobility in welfare. Therefore, this report calls for immediate accelerated human capital investment in the following areas: health, nutrition, and education. We recognize and emphasize that leveraging the power of the people begins at birth.

This report’s multi-pronged recommendations emphasize inter alia the roles of macro-economic stability, pro-poor redistributive fiscal policies including ring fenced enhanced social protection investments, structural reforms via public institutional capital, and the creation of socially and economically viable infrastructure investments. These interventions rely on conducive and inclusive political environments and governance frameworks that enforce structural reforms including effective public investment management (fiscal discipline and efficient budget allocations).

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Social inclusion requires overcoming cultural and political barriers to participation at local, national, and global levels. Both the SDG 2030 and the African Union (AU) 2063 include social inclusion targets, though the interpretation of inclusiveness at the indicator level is narrow. This narrow notion of inclusiveness addresses only a few dimensions of inequality. Agenda 2063 shows that out of the seven aspirations, five have a component of social inclusion. However, further analysis of the goals revealed that 15 of the 20 goals have inclusiveness dimensions. Out of the 17 SDG goals, 13 include social inclusion components and 97 of the SDG indicators need disaggregation to address social inclusion at individual and family level. Disaggregation by sex and age is the most common, whereas disability, race, and indigenous status are not frequently used.

Over 400 million in Africa were still in poverty (using US $1.9 in 2011 PPP) in 2015 and recently, COVID-19 adjusted forecasts reveal that nearly 460 million Africans are projected to remain poor in 2030. This translates into 8 in 10 of the world’s poor will be living on the African continent. Of those, nearly two-thirds are in rural areas. Many households in Africa remain matriarchal, and women continue to face unique adversities which leaves them more vulnerable to shocks.

Currently, 7 of the 10 most unequal economies are in Africa, with the top 10% accounting for more than 50% of the national pre-tax income while the bottom 50% account for less than 10%. The situation is not poised to change unless active, structural changes are implemented. 33 of the 36 countries in the low human development category are in Africa. Labor market exclusion is beyond unemployment nuance, with notable declining real wages over recent years, and in turn, nominal wages as exhibited by high levels of working poor remain low. Further, social protection coverage remains low and the associated fiscal provisions continue to be limited and now have an even wider funding gap due to COVID-19.

These exclusions also manifest in other human development areas including health and education. The health outcomes in Africa lag behind other continents. Additionally, the recent achievements in African health outcomes can disguise remaining disparities in health outcomes for the most vulnerable, health output, and population coverage in terms of essential services. The main three dimensions related to inequality include household wealth, place of residence, and education, factors that slow the attainment of health-related SDGs. For instance, the wealth related difference in Reproductive, Maternal, Neonatal and Child Health (RMNCH) coverage is high in most African countries with some countries like Nigeria and Angola presenting respectively 56 and 49 percentage points’ difference between the poorest and richest women in accessing the RMNCH services. The incidence of catastrophic spending, indicated by the percentage of the population spending more than 10% of their households’ incomes in health expenditure is high and, in some instances, as high as 26%.
Of all regions, Sub-Saharan Africa has the highest rates of education exclusion. Over one-fifth of children between the ages of 6 and 11 are out of school, followed by one-third of youth between the ages of about 12 and 14. Across the region, 9 million girls between the ages of about 6 and 11 have never been to school at all, compared to 6 million boys. The completion rate in primary level varies across African countries, the rural-urban divide, and socioeconomic status.

In terms of lower secondary school completion, the situation is worse in Sub-Saharan Africa as only 13% of the poorest adolescents’ complete lower secondary school compared to 66% of the richest. A combination of economic and social factors plays a major role in preventing girls from gaining access to education at the same rate as boys. Pre-COVID-19 trend analyses show that children, adolescents, and youth in Sub-Saharan Africa are more than five times as likely to be out of school compared to children, adolescents, and youth in Northern Africa in 2030. Now, in Sub-Saharan Africa, 5.3 million learners are at risk of not going back to school due to the pandemic.

Large disparities and inequalities are observed in the agriculture sector, populated mostly by Africa’s poor. 9 in 10 farmers in Africa are small scale farmers who are largely at farm gate level. However, large farmers are those with access to opportunities who in turn, have a greater ability to increase their socioeconomic status. At the outcome level, the inequalities persist. The proportion of the undernourished has been rising steadily in Africa, as is the case in almost all of its sub-regions. Africa has the highest overall prevalence of food insecurity, and it is the region where severe levels represent the largest share of the total population (nearly 1 in 4 people in Africa). About 38-80 million people in African countries were likely to experience food insecurity in 2020 as a direct result of the COVID-19 pandemic.

Unequal access to basic services (water, sanitation, energy, and clean fuel, and technology for cooking) is more pronounced in Sub-Saharan Africa. Poverty in terms of water, sanitation, and modern energy worsens all other forms of poverty. Rural areas are more disadvantaged, and the relative gap to urban access is high in Eastern Africa, when compared to other sub regions of Africa. COVID-19 has negatively affected people’s willingness and ability to pay for water and sanitation services, which will challenge the achievement of SDG-related goals.

Africa lags behind the rest of the world in all dimensions of inclusive infrastructure – quantity, quality, cost, and access. Only 25 percent of Africa’s road networks is paved compared to the world’s average of more than 50 percent. Out of the paved roads in Africa, only 49 percent are in good condition, and 85 percent of rural feeder roads remain in poor conditions, depriving many people from access to basic services.

While internet penetration trends have been increasing since 2005,
the average internet penetration rate remains lower for Africa (26%) compared to the world’s average (57%). The cost of internet-enabled devices has not significantly fallen in Africa. Only 10 out of 45 countries in Africa (22%) have affordable internet, which still falls short of the target of monthly income per capita of 1 GB by 2.3%. Issues of affordability and the ability to use the devices optimally exclude many users.

Digital rural-urban and gender gaps continue to be pronounced on the continent. Only 28% of households in urban areas had internet access at home, but that was still 4.5 times as high as the percentage in rural areas, which was 6.3%. Women are also less likely to use mobile internet than men, demonstrating that many women remain unconnected on the African continent. COVID-19 has reinforced both existing social and digital inequalities, highlighting the urgent importance of a robust and inclusive digital continent.

Financial inclusion has exhibited progress, but still, an estimated 6 in 10 adults do not have a bank or mobile account. In fact, there are roughly 5 branches per 100,000 people, which is the lowest compared to all other regions in the world. The situation is relatively dire amongst women and youth, where over 6 in 10 do not have an account, and only 3 in 10 among poor households have an account.

The time for action is now, as Africa cannot afford to defer human capital investments. Interventions that enhance inclusive education at all levels and promote health in all actionable policies must be prioritized. Prudent macroeconomic policies remain essential for economic growth, mitigating inequality and poverty, and fostering decent employment. Earmarked funding to social sectors is critical for the protection of the bottom of the pyramid. Policy and regulatory frameworks that promote financial inclusion for vulnerable segments of the population (women, youth, and rural populations) must be promoted.

Investments for structural transformation must be a priority policy undertaking. There is also a need to promote more equitable land access and rights, encourage technological inclusion in agriculture value chains, and enhance sector research and development. There is a need for effective and targeted subsidies for the development of infrastructure investments, particularly in rural and low-income urban areas in the water, sanitation, and energy sectors. Policies and frameworks in support of ICT development opportunities must be encouraged to increase internet penetration. Addressing both political and economic governance fragilities is critical for economic and inclusive development; good governance necessitates empowering communities.
1. INTRODUCTION

1.1 BACKGROUND

The SDG framework adopted in September 2015 embraces five key pillars of People, Prosperity, Planet, Peace, and Partnership – also reflected in the three underlying core dimensions of growth, inclusiveness, and environmental sustainability. The overarching theme of the SDG framework is balancing the three dimensions while embracing the mantra of “no one left behind.” One overarching proxy for leave no one behind is contained in SDG 1, that aims to end poverty, in all its forms, everywhere. Inclusiveness is reflected across the SDGs, with 13 of the 17 goals addressing inclusion (Gupta & Vegelin, 2016). The commitment is reflected in SDG 10, which aims to “reduce inequality within and among countries.” In particular, target 10.2 outlines a goal for 2030 to “empower and promote the social, economic, and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion, or economic or other status.” This is encapsulated in Judge Oberti’s 1992 Board of Education ruling that “Inclusion is a right, not a privilege for a select few.”

SDG 2030 and AU Agenda 2063 are a culmination of efforts by the international community to address global economic growth. The journey started in the early 1970s and gathered momentum with the 1987 Brundtland Commission Report that made a strong case for sustainable development (SD), which aims to promote economic growth while protecting the environment.

In subsequent years, the global community organized around the issue of economic growth. In 1992 the Rio Summit was organized, followed ten years later by the Rio +10, and then Rio +20 in 2012. During each of these events, considerable effort was put on rethinking economic growth in terms of advancing social equity and protecting the environment. The concern of reconciling economic growth and environmental goods of the society has also received attention. By the Rio +20 summit in 2012, the consensus had emerged that economic growth, environmental protection, and social improvement were the key elements for future growth trajectories.

The social implications of growth have become more urgent as the global population continues to rise. Increasing populations put pressure on available resources, and uneven growth patterns have emerged, increasing inequalities within communities. The mantra of the SDGs (also subsumed in the AU Agenda 2063) recognizes the need for a balanced approach that ensures that marginalized and vulnerable groups also experience social mobility. In the context of the African continent, which is still experiencing a slow pace of poverty reduction, it translates to ensuring that the metric of inclusion becomes an important element in measuring progress towards the achievement of the SDGs.

There is no consensus on the definition of inclusion. The growing literature often equates it to inclusive growth – which is broadly defined as “economic growth that results in a wider access to sustainable socio-economic opportunities for a broader number of people, regions or countries, while protecting the vulnerable, all being done in an environment of fairness, equal justice, and political plurality” (AfDB, 2012). Economic growth must be distributed fairly across society and must create opportunities for all, not just some. Inclusivity in this report is considered as a multifaceted aspect that embraces universal and equal and equitable access to economic and social opportunities. Therefore, we consider inclusion as both ensuring that no one is left behind and ensuring equality of access.
A growing body of literature has emerged over the last decade on inequality, but exists on narrower subjects of income inequality and social inclusion. Much of this literature is contained in World Inequality and World Social Inclusion Reports. The recently published book, Leave No One Behind: Time for Specifics on the Sustainable Development Goals, only selectively addressed the African continent (Kharas et al., 2019). Two comprehensive, Africa-specific studies have been undertaken respectively on income inequality (Odusola et al., 2017) and social inclusion (Das & Espinoza, 2019) and they both confirm that sizeable social inclusion and inequality challenges prevail across the continent. Similarly, the SDGCA (2019) Africa 2030 Report noted that the struggle for social inclusion is prevalent, and in part, attributed to the rapid population growth that has outstripped progress on most of the human based SDGs (10 out of 17 SDGs are people-centered).

The continued lack of demographic transition has negative ramifications on structural transformation and social economic development. Economic growth without equitable inclusion must be evaluated as a failure. Africa remains a continent dominated by exclusion, which is deeply rooted in income and food poverty, an increasingly African Phenomenon (Beegle & Christiaensen, 2019a). Poverty represents absolute deprivation and exclusion from access to basic needs. If inequality and lack of inclusion remain prevalent in Africa, they risk compromising other SDGs. Hence, exclusion is costly both in the short and long term (WBG, 2016).

This context suggests that Africa’s initial conditions were unpropitious, and recent empirical findings confirm that initial conditions matter for economic and social progress, especially for poverty and inequality reduction. Africa’s starting point at the adoption of SDGs in 2016 was from a disadvantaged position relative to other regions. Africa remains predominantly rural, which increases exclusion across the board (Das & Espinoza, 2019).

Africa’s population is dominated by the youth, which increases the risk of child labor and poverty, and compromises the future ability and opportunities of children born in Africa today. Without active inclusion efforts, continued economic growth will surely come at the cost of widespread exclusion. While the scope of this report does not encompass environmental inclusion and sustainability, it is cognizant that adverse climate conditions can exacerbate exclusion; poor climate conditions exacerbate poverty and hunger. Africa is poised to continue to host an increasing number of immigrants due to climate change displacements (Rigaud et al., 2018). The SDGs envision a shared and lasting prosperity for all.

The SDGs within Social Boundaries are premised on the doughnut conceptualization of “safe and just space for humanity” and are defined in the realm of SDGs (1, 2, 3, 4, 5, 6, 7, 8, 9, 10) (Raworth, 2014) and financial inclusion given its systematic importance for SDGs. The respective 2030 targets therein define the acceptable boundaries in the long run. Most of the social targets have strong ambitions to end all forms of poverty and ensure access to food, education, health care, water, sanitation, energy, work, housing, and basic services related to inequality.
This publication aims to assess to what extent the ‘leave no one behind’ conceptualization of SDGs has been translated into practice in terms of progress performance. The report will explore the diversity and depth of poverty and income inequality which also have ramifications for non-monetary elements of inequality and exclusion in other SDGs. The extent of progress on equality in health, education, infrastructure, financial, energy, water, and sanitation sectors is presented as well as the progress on cross cutting areas of gender, youth, and rural inclusion.

1.2 SCOPE AND METHODOLOGY

This section of the report reflects on the conceptual framework for inclusion, data sources, data collection strategies, and analysis.

1.2.1 CONCEPTUAL FRAMEWORK

This report adopts a modified framework for inclusion developed by Das and Espinoza (2019) to understand the way that access to services, markets, and other factors impact inclusion. As shown in Figure 1.1, the nexus between access to service provision (social protection, information, electricity, transport, education, health, and water) and inclusiveness is based on two overlapping concerns: access to markets (land, housing, labor, and financial) all of which intersect at the individual and the household level and the enabling factors (political, physical, cultural, social, economic, legal, and policy) that can either impede or contribute to universal access to social services.

Evidence shows that achieving diversity and widespread inclusiveness (poverty eradication, universal access, and equality) across all strands of SDG 2030 Agenda requires holistic actions towards harnessing the capabilities, opportunities, and self-esteem of disadvantaged people to be active participants in the development process (Messner et al., 2019). Therefore, inclusive market systems are the most powerful contributors to poverty reduction, universal access, and equality of opportunities on the continent. Inclusive and efficient markets break down barriers to access for factors of production, while country-specific enabling factors can be aligned for better and sustained access to basic services (Alam, 2017).
1.2.2 DATA SOURCES, COLLECTION STRATEGIES, AND ANALYSIS

In order to ensure cross-country, regional, and sub-regional comparisons, the report utilized data from both national and international sources for income inequality and other social inclusion indicators as envisaged in the 2030 agenda. The data sources for the study included, but were not limited to, countries’ household surveys, World Bank Inequality Database (WID), World Development Indicators (WDI), and World Bank PovcalNet database, FAO, and ITU World Telecommunication database. The study collected data on 13 out of 17 SDGs on inclusiveness in all African countries.

A multi-pronged approach consisting of both quantitative and qualitative analyses were utilized at all stages of the inclusion assessment. Desk reviews, surveys, and case studies data collection techniques were utilized to collect evidence-based secondary data in a consultative and participatory manner. The study employed both descriptive and inferential regional, sub-regional, and country specific analysis to track progress on the indicators of inclusiveness. To the extent possible, the study attempted to disaggregate data based on income, disability, race, ethnicity, origin, religion, gender, and rural-urban disparities. The analysis was complemented by exploratory reviews from national data statistics to illustrate lessons and best practices. The findings generated were further discussed and validated through regional consultations.
1.3 REPORT STRUCTURE

Chapter 2 is a synthesis of the extent to which the 2030 SDG agenda addresses inclusion at the goal, target, and indicator levels. To the extent possible, this chapter examines the AU 2063 with the same lens.

Chapter 3 examines the macro landscape of inclusion encapsulated in the poverty levels, and exclusion in the labor market as well as levels of human development. The state of social protection is also expounded in this chapter. Where data allows, disaggregated analysis is provided across the thematic areas.

Chapter 4 examines the link between agriculture and poverty. It also assesses progress made on existing inequalities in access to agriculture production factors (land, labor, improved technology) as well as other financing and markets that affect inclusiveness in agriculture. The chapter further highlights and discusses the barriers and challenges to inclusive agriculture and strategies to improve inclusiveness in agriculture.

Chapter 5 starts off by providing a descriptive definition of inclusiveness in the health sector and the nexus of poverty and other SDGs. The definition is followed by an assessment of progress related to universal and equal access to health services (both at access and outcome levels). An exploration of access among different population segments, specifically by gender, rural versus urban, and age is also provided. The chapter finally explores the challenges to inclusion in the sector and holistically underlines the critical policy options.

Chapter 6 provides an inferential and qualitative analysis of the state of inclusion in the education sector, examining not only the extent of who is left out but also inclusion at output and outcome levels. A selection practical pathways drawing on critical challenges facing the sector with respect to holistic inclusion is laid out.

Chapter 7 explores disparities in access to water, sanitation, electricity, clean fuels, and technology, focusing on SDG targets 6 and 7. Also, the chapter captures the disparity among the sub-regions of Africa and between urban and rural populations within each of the sub-regions. Furthermore, the chapter deliberates on the relationship between the basic services and SDGs related to basic human needs and overall poverty reduction. Based on the assumptions of the current pace of progress, this chapter also provides forecasts to 2030, identifying towards meeting the respective targets. The overall barriers that have contributed to the lack of access to the underlined basic services are identified in this chapter and recommended measures to be considered to overcome the challenges highlighted.

Chapter 8 provides focus on SDG 9, exploring the state of progress and constraints to infrastructure inclusiveness with a focus on transport systems and ICT connectivity in Africa. It also underlines the policy actions needed for accelerating progress in the sector.

Chapter 9 discusses the nexus between financial inclusion and SDGs. The chapter analyzes the state of financial inclusion in Africa for particularly vulnerable segments of the population and further identifies barriers and proposes policy recommendations to address the gaps.

Chapter 10 lays the conclusion for the report analysis. It also stipulates the strategies, policies, and practices for inclusiveness including but not limited to existing innovations and practices (case study on best practice).
and inclusive strategies and action plans. The chapter concludes by earmarking strategies, policies, and actions in the realms of (1) human capital development; (2) macro-economic reform; (3) fiscal policy as a distributive tool; (4) rural area investment; (5) fertility reduction; (6) role of institutions; and (7) structural change and transformation.
CHAPTER TWO

SDGs & AU 2063 AGENDA
2. INCLUSIVENESS IN THE SDG 2030 AND AU 2063 AGENDAS

2.1 INTRODUCTION

Social inclusion has long been considered an essential component for sustainable development. However, it was not explicit in the Millennium Development Goals (MDGs) era, which undermined the achievement of goals related to sustainable development (Dugarova, 2015). In contrast, the SDGs 2030 Agenda explicitly recognizes the centrality of social inclusion (Lee et al., 2016). In consistence with the SDG 2030 agenda, the African Union’s 2063 Agenda emphasizes the need for a reduction of inequalities and all forms of exclusion and discrimination, and the achievement of social justice and cohesion (AUC, 2019).

Additionally, it has been observed that there is an overall strong (86%) linkage between agenda 2030 and 2063 (SDGCA & SDSN, 2018). The global and continental agendas are aligned by 85% with 17 of the 20 Agenda 2063 goals overlapping with the SDGs. The goals in the AU Agenda 2063 that do not fully overlap with any of the SDGs are Goal 8, United Africa (Federal or Confederate); Goal 9, key continental financial and monetary institutions established and functional; Goal 15, a fully functional and operational African peace and security architecture and African Cultural Renaissance is pre-eminent. The targets and indicators are aligned at 79% and 70% respectively (Gupta, 2014). Notably, both of these agendas call for citizens’ participation in decision-making activities that affect their lives, allowing all groups to take part in this process, especially marginalized groups.

There is global consensus, among both developing and developed nations, that inclusive Sustainable Development Goals (SDGs) are essential to the development of nations; the principle of leaving no one behind is on every development agenda (Gupta, 2014). Over the past four years, debates on SDGs have paid increasing attention to the importance of social inclusiveness, which encompass the following five principles (1) adopting equity principles to share in development opportunities and benefits; (2) including the knowledge of the marginalized in defining development processes and goals; (3) ensuring a social minimum through a higher level of protection for the most marginalized; (4) enhancing capacity building to help the poor benefit from opportunities since they may not be able to otherwise use such opportunities; and (5) engaging the marginalized in the politics of development governance (Gupta & Vegelin, 2016).

This chapter presents a summary of the principal tenets of the SDG 2030 and the AU 2063 agendas, highlighting how they address the social inclusion aspect and exploring potential challenges of the two agendas in addressing social inclusion.
2.2 THE PRINCIPLE OF INCLUSIVENESS IN AGENDA 2030

2.2.1 SDGs SOCIAL INCLUSION AT GOAL LEVEL

The 2030 agenda’s call for “leaving no one behind” implies that the goals should be inclusive. A review of the SDGs from the perspective of social inclusion shows that some SDGs have strong links to social inclusion, while others have weak or no connection. Among the 17 SDGs, 13 SDGs have a strong social inclusion component including no poverty (SDG 1), zero hunger (SDG 2), good health (SDG 3), quality education (SDG 4), gender equality (SDG 5), clean water (SDG 6), affordable and clean energy (SDG 7), decent work and economic growth (SDG 8), industry, innovation, and infrastructure (SDG 9), reduced inequalities (SDG 10), sustainable cities and communities (SDG 11), life on land (SDG 15) and peace, justice, and strong institutions (SDG 16).

Similar results were also mirrored in an assessment done by Gupta and Vegelin (2016), confirming that the same 13 SDGs have a strong social inclusion aspect. However, Pittman (2019) highlighted that 14 SDGs address the ‘leave no one behind’ concept at the individual level. Pittman’s analysis is consistent with that of SDGCA, and also includes goal 13 because of its close ties with other goals, for example goals 1 and 2. Pittman (2019) identifies three goals (12, 14, 17) as having a weak inclusion aspect. However, this analysis maintains that 13 goals have strong and direct associations with social inclusion.

2.2.2 SDG INCLUSION AT TARGET LEVEL

All targets were assessed on whether they include social inclusiveness at the regional, national, individual, and family levels. Figure 2.1 summarizes 13 SDGs and the number of targets that have social inclusiveness components per goal. Out of the 7 targets on goal one, 5 of them have a component of social inclusion. However, goals 2 and 7 both have targets that don’t address social inclusion. All targets of the remaining ten SDGs have social inclusion aspects whether at regional, national, family, or individual levels.

Furthermore, our analysis discovered that of the 17 goals, 13 are particularly related to persons with disabilities, but only 7 targets have an explicit reference to people with disabilities. These seven references are among SDG 4 (quality education, two references), SDG 8 (employment), SDG 10 (reducing inequalities), SDG 11 (inclusive cities), SDG 17 (disaggregation of data by disability).

We can observe that other goals and targets use the word “vulnerable groups,” therefore indirectly including persons with disabilities. The inclusive phrasing of many goals and targets, using language such as “for all” or “all women and men,” also makes them indirectly applicable to persons with disabilities. This aligns with the conclusion of Gupta and Vegelin (2016), who found that the elaboration of some targets and indicators is inadequate in terms of meeting inclusiveness at global, regional, and national levels.
2.2.3 SDG INCLUSION AT INDICATOR LEVEL

The SDGs framework is an essential platform for delivering inclusive development activities globally. Out of the 232 indicators, only 97 are about individuals and families, hence they need a proper disaggregation to ensure no one left behind. The rest of the data however will need to be disaggregated to ensure that all segments of society are being evaluated. However, while the central purpose of the SDGs is to leave no one behind, the proposed indicators to measure progress don’t address that promise.
To leave no one behind means reaching the poorest of the poor, women, children, the elderly, indigenous people, migrants, people with disabilities, and other vulnerable groups. Proxies, aggregates, and averages are not enough to capture whether every sub-population’s needs have been met or have been diverted. Most policymakers rely on data for decision making, so if the proper disaggregation is specified for these indicators, more resources can be prioritized to ensure the promise of no one left behind is met.

In order to address inequalities within a country, we need indicators that disaggregate data by age, sex, income, education, disability, race, employment, citizenship, indigenous status, and geographical location. These categories enable countries to determine the gap among subgroups. Our analysis in Table 2.1 shows that 89 of the 97 indicators have sex disaggregation readily available for use in the UN meta data sheet updated in December 2019 (UNDESA, 2020). However, the UN metadata list of disaggregation is not complete because eight of the 97 indicators do not have sex disaggregation. These indicators are given in Figure 2.2 below:

**FIG 2.2 LIST OF INDICATORS WITHOUT SEX DISAGGREGATION**

1. 3.3.3 Malaria incidence per 1,000 population
2. 3.3.5 Number of people requiring interventions against neglected tropical diseases
3. 3.b.1 Proportion of the targeted population covered by all vaccines included in their national program
4. 7.1.1 Proportion of population with access to electricity
5. 9.c.1 Proportion of population covered by a mobile network, by technology
6. 10.1.1 Growth rates of household expenditure or income per capita among the bottom 40% of the population and the total population
7. 11.a.1 Proportion of population living in cities that implement urban and regional development plans integrating population projections and resource needs, by size of city
8. 17.6.2 Fixed Internet broadband subscriptions per 100 inhabitants, by speed

Source: REQUIRED
To ensure that policies are reaching the poor, there is a need to disaggregate data by income distribution, but our analysis found that only 42% of the 97 indicators have disaggregation by income. Disaggregation by age and gender is crucial in addressing inequalities, but the analysis of the current metadata shows that only 69% of the 97 indicators have been disaggregated by age, while 92% have been disaggregated by sex. Overall, those indicators with the lowest disaggregation are education (27%), disability (18%), race (12%), geographical location (14%), employment (10%), citizenship (8%), and indigenous status (4%).

Further to the assessment of the disaggregation of Goals as per Table 2.1, we have also found that Goal 16 (53%) has the highest percentage of disaggregation, followed by Goal 3 (51%) and Goal 5 (47%). In contrast, the goals with less than 10% disaggregation are Goal 6 (4%), Goal 7 (2%), and Goal 9 (7%).
### TABLE 2.1 NUMBER OF SDG INDICATORS WITH DISAGGREGATION PER THE RECOMMENDED VARIABLE*

| GOAL               | Sex | Age | Income/wealth | Education | Disability | Race/ethnicity | Urban/rural | Employment | Citizenship | Indigenous status | TOTAL |
|--------------------|-----|-----|---------------|-----------|------------|----------------|-------------|------------|-------------|--------------|-------------------|-------|
| 1. Poverty         | 7   | 6   | 2             | 0         | 2          | 0              | 2           | 0          | 0           | 21           | 22                |
| 2. Hunger          | 7   | 3   | 3             | 3         | 0          | 1              | 0           | 0          | 2           | 19           | 20                |
| 3. Health          | 18  | 16  | 8             | 3         | 0          | 1              | 3           | 0          | 0           | 49           | 51                |
| 4. Education       | 7   | 6   | 6             | 5         | 0          | 1              | 0           | 0          | 1           | 26           | 27                |
| 5. Gender equality | 12  | 8   | 6             | 6         | 2          | 5              | 3           | 2          | 0           | 46           | 47                |
| 6. Water           | 2   | 0   | 2             | 0         | 0          | 0              | 0           | 0          | 0           | 0            | 4                 |
| 7. Energy          | 1   | 0   | 0             | 0         | 0          | 0              | 1           | 0          | 0           | 2            | 2                 |
| 8. Decent work     | 8   | 5   | 1             | 1         | 2          | 0              | 1           | 3          | 2           | 0            | 23                |
| 9. Infrastructure  | 2   | 1   | 0             | 1         | 0          | 0              | 1           | 2          | 0           | 0            | 7                 |
| 10. Reduced inequality | 3 | 3   | 3             | 1         | 2          | 1              | 0           | 0          | 1           | 0            | 14                |
| 11. Sustainable cities | 3 | 3   | 2             | 0         | 4          | 2              | 0           | 0          | 2           | 0            | 16                |
| 12. Consumption    | 0   | 0   | 0             | 0         | 0          | 0              | 0           | 0          | 0           | 0            | 0                 |
| 13. Climate action | 0   | 0   | 0             | 0         | 0          | 0              | 0           | 0          | 0           | 0            | 0                 |
| 14. Life below water | 0 | 0   | 0             | 0         | 0          | 0              | 0           | 0          | 0           | 0            | 0                 |
| 15. Life on land    | 0   | 0   | 0             | 0         | 0          | 0              | 0           | 0          | 0           | 0            | 0                 |
| 16. Peace, justice | 17  | 14  | 7             | 5         | 4          | 2              | 0           | 0          | 2           | 0            | 51                |
| 17. Partnerships   | 2   | 2   | 1             | 1         | 1          | 0              | 2           | 1          | 0           | 0            | 10                |
| **TOTAL**          | 89  | 67  | 41            | 26        | 17          | 12             | 14          | 10         | 8           | 4            | 288               |

*NA signifies not applicable.
Goals highlighted in light blue are not among the 13 social inclusion aspects.
The percentage doesn’t add up to 100 because some indicators appear in at least three different disaggregation.

*Source*: SDGCA Analysis based on UNDESA (2020) Metadata Repository
2.3 CHALLENGES OF THE AGENDA 2030 IN ADDRESSING SOCIAL INCLUSION

For each target that addresses inclusion among the 13 SDGs, some remain too broad or don’t specifically articulate how they will address inclusion (AUC, 2015). Furthermore, there are gaps in methodologies on how some of the indicators, especially tier III, will be collected, limiting inclusion efforts in these indicators.

There is some disaggregation reported in the metadata, but it does not appear in most of the indicators, for example, citizenship and migration status is included for 8 indicators only. Indigenous communities are the most excluded groups, with only 4 indicators showing disaggregation by indigenous status. Thus, the SDGs promises of inclusion are limited with respect to certain vulnerable groups.

2.4 THE PRINCIPLE OF INCLUSIVENESS IN AU 2063 AGENDA ASPIRATIONS AND GOALS

Unlike the SDGs that are universal goals, the AU 2063 Agenda is connected to the African continent, and highlights people-centered development. It places the African people at the center of all continental efforts to ensure their participation in the transformation of the continent and to build caring and inclusive societies.

In the pursuit to realizing its full potential, the 2063 Agenda has seven aspirations: 1) a prosperous Africa based on inclusive growth and sustainable development; 2) an integrated continent, politically united, based on the ideals of Pan Africanism and the vision of Africa’s renaissance; 3) an Africa of good governance, democracy, respect for human rights, justice and the rule of law; 4) a peaceful and secure Africa; 5) an Africa with a strong cultural identity, common heritage, values, and ethics; 6) an Africa whose development is people-driven, relying on the potential of African people, especially its women and youth, and caring for children; and 7) Africa as a strong, united, resilient, and influential global player and partner. All these aspirations reflect the continent’s desire for shared prosperity and well-being, unity, and a prosperous Africa based on inclusive growth and sustainable development.

No society can reach its full potential unless it empowers women and youth and removes all barriers for full participation by women in all areas. Africa must provide a supportive environment for its women, children, and young people to flourish and reach their full potential (AUC, 2019). Figure 2.3, shows that out of the 7 aspirations, 5 have a component of social inclusion. Further analysis of the goals per aspiration revealed that 15 out of the 20 goals have inclusiveness dimensions. The most frequently used words referencing inclusion in these aspirations and goals are “citizens,” “Africa/continent,” and “all.” However, even with such references, aspirations 2 and 7 do not incorporate social inclusion in their respective goals and indicators.
2.5 AU 2063 AGENDA SOCIAL INCLUSION AT INDICATOR LEVEL

A review of the agenda 2063 handbook has shown that there are 63 indicators that the agenda is monitoring but only 49 indicators monitor national, individual, and family well-being. The most common data disaggregation components in agenda 2063 are geographical location (59%), age (55%), and sex (49%). Figure 2.4 below shows the inclusion aspect of these indicators. All the indicators for aspirations 2 and 7 are not for individuals as they don’t have any degree of disaggregation. Only 6% of the Agenda 2063 indicators with disaggregation are based on vulnerability status of the population.

Source: SDGCA Analysis based on AUC 2017, Agenda 2063 handbook
Sizeable overlaps and synergies between the agendas (SDG 2030 and AU 2063) are at 86%. However, our analysis found that the degree of addressing social inclusion differs between the two. In both frameworks, we also find that some targets and indicators weakly address social inclusion or don’t address it at all.

There is inadequate information on data disaggregation for some of the indicators, especially sex disaggregation, for eight indicators and the methodology for collecting disaggregated data for some of the indicators remains unavailable. Social inclusion, in general, has been incorporated in both agendas. Incorporation was, however, unevenly dispersed among various indicators.
CHAPTER THREE
PROGRESS
3. PROGRESS ON INCLUSIVENESS (MACRO LANDSCAPE)

3.1 POVERTY AND DEPRIVATION AS A MEASURE OF EXCLUSION

Poverty causes economic and social stagnation and by extension exclusion (Sachs, 2006). Poverty manifests itself directly or indirectly in form of lack of access to basic resources and infrastructure (roads, water for irrigation, electricity, markets, and capital). The poor who are based in rural areas are less healthy and educated than those with better access to resources and services (Beegle & Christiaensen, 2019a).

This also manifests in the World Bank’s Human Capital Index (HCI), a measure of the potential productivity (at 18 years) of a child born today shows that Africa’s HCI score is 0.4, compared to a global average of 0.57 (WBG, 2019). This implies that children born in Sub-Saharan Africa today will be only 40% as productive at 18 years compared to a child who receives complete education and maintains full health (World Bank, 2019a). The inequalities at birth have negative and adverse ramifications for this child in future, as also shown by The Great Gatsby Curve that depicts the inverse relationship between income inequality and intergenerational mobility. The same logic holds, for the higher the inequality in human development, the lower the intergenerational mobility in income (HDR, 2019).

As Nelson Mandela once said, “Overcoming poverty is not an act of charity, it is an act of justice.” This is also the spirit embedded in the SDG agenda, whereby all 193 UN member countries committed to leaving no one behind. Goal 1 aims to eradicate extreme poverty “for all people everywhere” by 2030. Target 1.1, stipulates that poverty is evaluated as people living on less than US $1.25 a day.

Reliant on World Bank (2021) poverty data, the proportion of people living in extreme poverty proxied by extreme poverty line of US $1.90 (2011 purchasing power parity) in Sub Saharan Africa has declined over the period 1990 to 2018, from 55% to 41% (see Figure 3.1) – comparing unfavorably to world poverty rates reported as 10% in 2018, having decreased from 36% in 1990. This could be attributed to the region’s slower growth rates, lack of demographic transition, conflicts, and weak institutions as well as failing to make economic growth inclusive (WorldBank, 2020).

Consequently, the share of the poor now concentrated in Africa accounts for nearly 60% of the global poor in 2015 compared to only 30% in 1990 (Beegle & Christiaensen, 2019a). Recent World Bank estimates indicate that 433 million Africans were estimated to be in extreme poverty of US $1.90 (2011 PPP) in 2018, accounting for 83% of the global poor. In 1990, there were 283 million poor Africans. Over the years, this poverty concentration has shifted from East Asia and the Pacific, which had a headcount poverty rate of 61% (977 million poor people) in 1990 to 1.2% (24.5 million poor people) in 2018.
Figure 3.2 also shows both the headcount poverty rate, poverty gap, and number of poor people in Africa decreased over the 1990 to 2018 period, revealing that though the poverty rate declined, the number of overall poor people increased. This also suggests that poverty reduction efforts over the same period were outstripped by population growth. Similarly, the poverty gap, a measure of how far incomes fall below the poverty line, declined in Africa from 25% (1990) to 15% (2018).

The squared poverty gap which gives the extent of inequality among the poor, shows that a declining share of the poor exhibit extremely low consumption levels. However, both the poverty gap and squared poverty gap for SSA region remain high, and are more than five times the respective global poverty status – indicating that the depth and severity of poverty is more in the region. In Africa, the poor live further below the poverty line (WBG, 2016).
An exposition in Figure 3.3 reveals 20 of 48 African nations with available data continued to have a poverty rate above 40% in 2018 compared to 18 in 2015 and 32 in 1990. The pace of poverty reduction is much slower than the global average, and has been declining over the last decade (2008-2018). The rate of poverty reduction declined even further over the 2018 SDG period compared to 2013 and 2015 periods (WorldBank, 2020).

The difference between the SSA and global poverty rate widened from just 18% to 31% over the 1990-2015 period (Beegle & Christiaensen, 2019a). 10 of the 48 countries with available data (See Figure 3.4) have encountered an increase in poverty over the 1990-2018 period with annualized changes; Zimbabwe (6.9%), Djibouti (3.3%), Côte d’Ivoire (2%), Guinea-Bissau (1.6%), Madagascar (1.1%), Kenya (1.1%), Zambia (0.3%), Angola (0.26%), Congo (0.01%), and Democratic Republic of Congo (0.01%). In absolute numbers, the number of poor people has increased in 41 countries while 29 countries have experienced reduced poverty rates as shown in Figure 3.5. However, in terms of number of people, Figure 3.6 shows that five countries (Nigeria, DRC, Madagascar, Ethiopia, and Tanzania) account for 50% of the additional poor people over the 1990 to 2018 period. The same five countries account for half of the poor in Africa.

Despite Nigeria accounting for the second largest share of the additional poor (14%) and the largest share (19%) of the poor reported in 2018, it has seen its poverty rate reduced by 7 percentage points (1990-2018) while DR Congo and Madagascar experienced an increase in poverty rates.
FIGURE 3.3 HEADCOUNT POVERTY IN AFRICA: $1.90/DAY POVERTY LINE (1990, 2005, AND 2018)

Source: World Bank PovcalNet data
FIGURE 3.4 ANNUALIZED CHANGE IN POVERTY (1990-2018)

Notes: The comparability considers 1990 as starting year and 2015 as the end year for annualized calculations. However, caution should be exercised, as poverty data is sensitive to the period of survey (which varied from country to country).

Source: World Bank PovcalNet data
FIGURE 3.5 ESCAPING VERSUS FALLING INTO POVERTY, 1990-2018 (MILLIONS)

Notes: Falling into poverty is equal to additional poor people (2018 poor minus 1990 poor). Escaping means that 2018 poor people were less than 1990 poor.

Source: World Bank PovcalNet data
FIGURE 3.6 TOP 5 COUNTRIES WITH LARGEST SHARE OF AFRICA’S POOR

Source: World Bank PovcalNet data
In an analysis by Beegle et al. (2016) on the characteristics of the poor, they reveal that over three quarters of the poor are adults working in agriculture in Sub-Saharan Africa, representing the highest share relative to other regions. Rural poor also make up a higher share of the overall poor. Similarly, an elevated share of the poor population below the age of 14 (nearly 50 per cent) is observed in SSA relative to other regions.
BOX 3.1 IS POVERTY IN AFRICA A DEMOGRAPHIC ISSUE?

Africa and in particular, Sub-Saharan Africa, has endured a reduction in poverty rate by 13 percentage points over the 1990-2015 period. However, this translates into annualized change in poverty of less than 1%, a reduction that is much lower than the average annual population growth of 2.7% (Beegle & Christiaensen, 2019a). As a result, the number of absolute poor has increased. Emerging evidence suggests that high population growth constrains poverty reduction (Beegle & Christiaensen, 2019a). The persistence of high fertility rates associated with high dependency ratio devastates the pace of poverty reduction. Nations like Ethiopia and Botswana demonstrate correlations between fertility decline and poverty reduction (Beegle & Christiaensen, 2019a). Empirically, a reduction age dependency associated with fertility declines leads to reduction in poverty (Cruz and Ahmed, 2016). In a non-causal estimation, if Africa’s fertility was to converge to the global average of 2.5 children per mother, this would translate into 1.8 percent reduction in poverty associated with 1 percent economic growth (Beegle & Christiaensen, 2019a).

In 2018, the five countries (Nigeria, DRC, Madagascar, Ethiopia, and Tanzania) that account for half of the poor in Africa have also endured a slow and limited demographic transition. The poor continue to have more children (three times more) than the higher income quartiles. Africa is a youthful continent with median age of 19 years and its demographic transition is expected to peak in the long term. (SDGCA, 2019). Today, 50% of Africa’s poor are below the age of 15 years of age, suggesting that the risks of exclusion at earlier years translates into productivity losses and risks of chronic or transient poverty.

Africa’s fertility rate, which remains at nearly 5 children per adult mother, is higher than average of low and middle-income countries outside Africa which are estimated at less than 4 children per mother. Evidence suggests that population growth affects economic variables through high levels of higher youth dependency ratio (Rougoor et al., 2014). Figure 3.7 shows that there is a positive correlation between fertility and poverty rates in Africa of 0.55, which is corroborated by empirical and inferential evidence (Beegle & Christiaensen, 2019a). UNDP (2017) estimated the same and found a positive correlation of 0.459. Poor households have more children (three times more) than richer clusters. It is also estimated that SSA children will account for 43% of the global poor (US $1.9 in 2011 PPP) in 2030 and 90% of global poor children (Watkins & Quattri, 2016).
Looking at the most populous nation, Nigeria has the largest number of people falling into poverty, but also accounts for 19% of the continent’s poor. The forecasts (see Figure 3.8) show that Nigeria will have more than 90 million in 2030. In a more optimistic forecast by the World Bank, a flat curve is observed with a negligible reduction in the number of poor people. In the SDGCA analysis adopting linear adaptive forecasting, we reveal that the number of poor relative to the poor in 2015 is expected to increase converging to the World Bank forecast. The World Data Lab pre-COVID-19 forecasts show more poor people expected for Nigeria relative to 2015 poor. COVID-19 is expected to have increased poverty rate in Nigeria associated with decline in household income. IFPRI estimates a 9 percentage point increase in the national poverty rate.
Half of Nigeria’s poverty increase is attributed to population growth. The larger the size of the household, the number of dependents and children in poverty, unemployment, and engagement in the agriculture sector increases. Poverty rates in rural areas remain over 50%—over 30 percentage points higher than the urban poverty rate, largely reflecting the productivity gap in agriculture sector (UNDP, 2017). Because the rural population is more susceptible to shocks, the rural non-poor population still remains vulnerable to poverty. A sizable share of the nation’s population is concentrated around the poverty line (World Bank, 2019b). Even in terms of Multidimensional Poverty, more than half of Nigeria’s population is poor (Oginni et al., 2020). With fertility remaining at nearly six children per mother, and high population growth, a delayed demographic transition will continue to constrain poverty reduction in the business-as-usual scenario.

Source: SDGCA computations based on respective data sources
Consistent with the poverty landscape, the working poor (the employed earning less than US $1.90 at 2011 PPPs) also remains pronounced in Sub-Saharan Africa compared to other regions (Figure 3.9). There is a demonstrated reduction in the proportion of employed population living below US $1.90 a day for the period 2000-2015 across all regions. Of the employed population, the working poor accounted for 33% in SSA compared to the second highest Southern Asia (18%). The ratios are much higher amongst youth.

**FIGURE 3.9 WORKING POOR (SHARE OF EMPLOYED LABOR FORCE EARNING LESS THAN US $1.90/DAY AT 2011 PPPs)**

![Graph showing working poor percentage across regions]

Is the 2030 poverty target attainable for Africa?

Despite the different studies (largely pre-COVID-19) utilizing different underlying assumptions and methodologies, there is increasing consensus among new literature on poverty in Africa that the respective 2030 target (eradicating poverty to less than 3% poverty rate) is envisaged to be missed by a significant margin. The share of Africa’s poor to global poor will increase (Bicaba et al., 2015a; Beegle & Christiaensen, 2019a). In the most recent SDGCA (2019) report, using exponential smoothing forecasts on three scenarios, the base case (median variant), the optimistic (95th percentile of the forecasts), and the SDG scenario revealed that at regional levels, only North Africa had attained the SDG target and the rest of the regions were not likely to meet the poverty target by 2030 even under the most optimistic scenario.

Similarly, in the Beegle and Christiaensen (2019b) report on accelerating poverty in Africa, they forecast that poverty would remain in the double digits, accounting for 90% of the global poor in 2030. The forecasts under three different scenarios (under a range of economic growth and distribution pathways) indicate the poverty rate in 2030 to be in the range of 19% to 23%. The 3% poverty rate is only tenable if the household per capita incomes grew by 8% per annum.
This is even higher than the most optimistic economic growth for the continent feasible (IMF, 2019a). The findings are consistent with the Sustainable Development Goals Report 2019 where poverty rates for Sub-Saharan Africa are expected to remain in the double digits (Berg & Drummond, 2008). According to Cruz et al. (2015), under different growth scenarios, the poverty rate in 2030 is projected to be between 14% and 27% in 2030. Similarly, UNICEF (2016) forecasts that 9 in 10 poor children will be found in Sub-Saharan Africa.

Pre-COVID-19 forecasts by the World Data Lab consistently indicate that the poor in Africa (26% poverty rate in 2030 or nearly 400 million poor in Africa) will represent approximately 87 percent of the global poor. This suggests a marginal reduction in the absolute number of poor, but over 240 million poor will be based in rural areas which is 63% the poor in Africa or over 80% the global rural poor (Figure 3.10).

**FIGURE 3.10 PRE-COVID-19 RURAL/URBAN POVERTY IN AFRICA, 2016-2030 (MILLIONS)**

In a Brookings Institute study by Hamel et al. (2019), the poverty rate of USD $1.90 PPP is forecasted to remain above 24% for Africa, the same as the poverty range of 25-30% for Sub-Saharan Africa indicated in the Forecast Africa 2020.

The forecast includes potentially lower economic growth, dwindling funding for the social sectors, a high population growth rate (lack of demographic transition – with full transition forecast to be beyond 2030), and the reducing growth poverty elasticity or annualized change in poverty rate (Beegle et al., 2016; UNECA, 2019). COVID-19 also threatens to reverse recent already decelerating progress towards poverty reduction in Africa (see Box 3.2).
BOX 3.2 COVID-19 AND POVERTY IN AFRICA

Different estimates indicate that COVID-19 pushed between 20 and 80 million more Africans into extreme poverty in 2020 (SDGCA, 2020). SDGCA own estimates reveal that COVID-19 could push more than 20.4 million into extreme poverty in 2020 in an optimistic scenario and in the worst case, 82 million additional poor people. The World Bank estimates that between 26 million and 40 million additional people in Sub-Saharan Africa have fallen into extreme poverty in 2020 (WorldBank, 2020). World Data Lab reports indicate that 481 million people in Africa were poor in 2020 compared to 439 million pre-COVID-19 forecasts, translating into 42 million additional poor. This is relatively consistent with the AfDB forecasts that nearly 50 million more Africans would be pushed into extreme poverty in 2020.

Pre-COVID-19 estimates indicated that 390 million in Africa were expected to be still in poverty (using US $1.90 in 2011 PPP) in 2030. However, COVID-19 estimates indicate that 452 million people in Africa will be in absolute poverty, accounting for over 80% of poor to be found in Africa (Refer to Figure 3.11). Consequently, the Pre-COVID-19 2030 poverty forecast, which was 26 percent, is now forecast at 30 percent in 2030, from current COVID-19 adjusted estimate of 38 percent (512 million) in 2020.

FIGURE 3.11 PRE-COVID-19 AND COVID-19 POVERTY FORECASTS 2030 (AFRICA)

Source: World Bank Povlnet and World Data Lab
3.1.1 Multi-dimensional Poverty

In Sub-Saharan Africa, there is an associated relationship between headcount poverty and non-monetary or multidimensional measures of poverty. SDG target 1.2 indicates that by 2030, the number of men, women, and children of all ages living in poverty in all its dimensions according to national definitions will be reduced by at least half. Utilizing 2013 data from 119 nations (29 from Sub-Saharan Africa), the multidimensional poverty measure also considers access to education, health, basic infrastructure, and security. The World Bank (2018b) revealed that two thirds of people in Sub-Saharan Africa are poor, which is significantly higher than the headcount measure – increasing by 20 percentage points. SSA accounted for two thirds of the global multidimensional poor (See Table 3.1).

### Table 3.1 People Living in Monetary or Multidimensional Poverty

<table>
<thead>
<tr>
<th>Regions</th>
<th>Monetary</th>
<th></th>
<th>Multi-dimensional</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Head count ratio</td>
<td>% share of the poor</td>
<td>Head count ratio</td>
<td>% share of the poor</td>
</tr>
<tr>
<td>East Asia &amp; Pacific</td>
<td>5.3</td>
<td>8.1</td>
<td>7.5</td>
<td>7.3</td>
</tr>
<tr>
<td>Europe and Central Asia</td>
<td>0.3</td>
<td>0.4</td>
<td>1.1</td>
<td>0.8</td>
</tr>
<tr>
<td>Latin America and the Caribbean</td>
<td>3.9</td>
<td>5.7</td>
<td>6.1</td>
<td>5.8</td>
</tr>
<tr>
<td>Middle East and North Africa</td>
<td>3.2</td>
<td>2.2</td>
<td>5.9</td>
<td>2.6</td>
</tr>
<tr>
<td>South Asia</td>
<td>11.9</td>
<td>12.3</td>
<td>26.6</td>
<td>11.7</td>
</tr>
<tr>
<td>Sub-Saharan Africa</td>
<td>44.9</td>
<td>70.9</td>
<td>64.3</td>
<td>65.4</td>
</tr>
<tr>
<td>Rest of the world</td>
<td>0.5</td>
<td>0.5</td>
<td>0.5</td>
<td>0.3</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>11.8</strong></td>
<td><strong>100</strong></td>
<td><strong>18.3</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

Notes: The analysis relied on available data for 119 Economies, circa 2013. 29 economies from Africa representing 61% of the 119 economies’ population were considered.

Source: Beegle et al. (2016)

We adopted and analyzed data produced for the United Nations Development Programme’s Multidimensional Poverty Index (Global MPI), produced in conjunction with the Oxford Poverty and Human Development Initiative (UNDP & OPHI, 2019), which considers a person’s deprivations in 10 areas across health, education, and standard of living. The MPI shows that poverty is everywhere with the global headcount rate at 23.1% but it is more concentrated in SSA with a headcount of 57.5% as shown in Figure 3.11.
FIGURE 3.12 MULTIDIMENSIONAL POVERTY HEADCOUNT

Notes: Due to data gaps on some indicators, cross country comparisons should be treated cautiously. Technical details on computation of the Index are found on http://hdr.undp.org/sites/default/files/hdr2019_technical_notes.pdf.

Source: Global Multidimensional Poverty Index 2019
However, the incidence of poverty is wide, ranging from as low as 1.3% for Tunisia to as high as 91.9% for South Sudan. The intensity of deprivations and inequality among the poor is highest in SSA. Child poverty is increasingly pronounced in Sub-Saharan Africa with nearly 63.5% of children in the region multidimensional poor.

Overall poverty is present across the world, but is increasingly concentrated in Africa, and expected to be an “African phenomena” in 2030, with the poverty rate projected to remain higher than 20% at USD 1.90 in PPPs. Everywhere, it is predominantly the rural that are poor as 80% of the poor are based in rural areas (Davis et al., 2017). Child poverty is equally pronounced and at risk of perpetuating poverty trap or chronic poverty which is estimated at 60% of the African poor and the rest is transitory (40%). Women have experienced the fastest poverty reduction and currently as many women as men relative to respective populations are poor. However, this measure does not provide a holistic picture, as women remain prone to more risks than men. Poverty has also negative consequences for human development, including poor nutrition, education, and health outcomes. Many may escape poverty but lack sustainable opportunities and resources, and an all too frequent scenario is falling back into poverty (HDR, 2019). Similar to the adverse effect on headcount poverty, COVID-19 has reversed progress on multidimensional poverty (WorldBank, 2020).

It is important to note that Africa has experienced impressive growth since the 1990s, but its translation into poverty reduction has not been automatic. In the recent book on the quality of growth in Africa (Noman et al. 2019), three clusters were earmarked. The first cluster includes countries (Ethiopia, Ghana, Malawi, Rwanda, and Uganda) with a good history of growth and an associated impressive poverty reduction. The second cluster includes countries (Burkina Faso, Mozambique, Nigeria, Tanzania, and Zambia) with impressive growth but limited poverty reduction. The last group included countries (Cameroon, Côte d’Ivoire, Kenya, Madagascar, and South Africa) with impressive poverty reduction but poor growth.

However, Africa’s growth to poverty elasticity over the period 1990-2010 was less than half the rest of the world’s (minus China) average of 2% (UNDP, 2017). The same trend is observed in a study by Beegle and Christiaensen (2019a), implying that poverty reduction is lower because Africa is poor, in large part because of unfavorable initial factors. This has proven true with other countries with similar poverty levels. The composition of growth also matters with agricultural-led growth more poverty reducing than capital intensive sectors (Loayza & Raddatz, 2010).

### 3.2 STATE OF HUMAN DEVELOPMENT

Human development measures represent the level of social economic welfare of humans. The commonly used measure is the Human Development Index by the UN, which assesses the long-term national achievements in health, education, and income (UNDP, 2016). It focuses on four key areas: gross national income per capita, life expectancy at birth, mean years of schooling for adults aged 25 years and more, and expected years of schooling for children of school entering age. This implies that lack of inclusion in health and education sectors means low scores in the index computed using geometric mean over the aforementioned areas.

Adequate education and health fosters people’s capabilities as well as future productivity, while poor health and exclusion have downside implications for life expectancy (UNDP, 2016; HDR, 2019). Low human development traps people into exclusion and poverty– compromising future opportunities (Bhalotra &
Rawlings, 2013; Barrett et al., 2016). Human development is imperative for long-term poverty reduction (Beegle & Christiaensen, 2019b).

Inequalities in human development are a serious concern and considered a constraint towards realization of the 2030 goals. In a recent study, Lusseau and Mancini (2019) found that inequalities are a key hurdle in achieving the Sustainable Development Goals across all countries and that reducing them would have compound positive effects on the entire set of Sustainable Development Goals. Adopting Pearson Correlation methodology on 2018 data, it reveals a positive and highly significant correlation (0.715) between the SDG Index and Human Development Index (also see Figure 3.12). Similarly, human development is important for poverty reduction as low human development is associated with high levels of poverty (Wild et al., 2015; UNDP, 2016). Countries with the highest percentage of their population in multidimensional poverty are all low human development countries.

**FIGURE 3.13 SDG INDEX AND HDI CORRELATION**

Table 3.12 shows Human Development Index data for 2018, underlining that Africa compares unfavorably to the other regional peers. An exposition analysis of the data from UN Human Development Index 2019 reveals that Sub-Saharan Africa continues to lag behind all other regions, and also its Human Development Index score of 0.54 continues to be lower than the mean the average score for other regions for the period (1990-2018) despite exhibiting a relatively better average annual HDI growth of over 1% over the respective period. The average annual growth of HDI has however slowed down between 2010 and 2018 compared to 2000 and 2010.

Source: SDGCA computation based on the respective indices
Human development inequalities are indeed wide and vast but with Africa still predominantly low human development category (HDR, 2019). 33 of 36 nations in the low human development category are in Africa, particularly SSA (Figure 3.13). Emerging evidence suggests that nearly 2 in 10 children born in 2000 in the low human development category are likely to be dead by 2020. In Africa, only one country, Seychelles, is in the very high human development category and six are in high human development category. Consequently, the mean average for Africa remains low, positioned at the lower boundary of the medium human development category (0.55) but only two regions North Africa (0.682) and Southern Africa (0.595) have a higher than mean average.

### TABLE 3.2 HUMAN DEVELOPMENT INDEX COMPARISONS BY REGION

<table>
<thead>
<tr>
<th>REGIONS</th>
<th>HDI MEAN VALUE</th>
<th>AVERAGE ANNUAL HDI GROWTH (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arab states</td>
<td>0.56</td>
<td>0.61</td>
</tr>
<tr>
<td>East Asia and the Pacific</td>
<td>0.52</td>
<td>0.60</td>
</tr>
<tr>
<td>Europe and Central Asia</td>
<td>0.65</td>
<td>0.67</td>
</tr>
<tr>
<td>Latin America and the Caribbean</td>
<td>0.63</td>
<td>0.69</td>
</tr>
<tr>
<td>South Asia</td>
<td>0.44</td>
<td>0.51</td>
</tr>
<tr>
<td>Sub-Saharan Africa</td>
<td>0.40</td>
<td>0.42</td>
</tr>
</tbody>
</table>

Source: UNDP HDI database
FIGURE 3.14 HUMAN DEVELOPMENT INDEX: AFRICA VERSUS OTHER REGIONS

Source: UNDP HDI database
To account for losses in human development – it is imperative to consider the Inequality-Adjusted HDI levels between women and men in different health and education outcomes. The Inequality-Adjusted Human Development Index allows one to compare levels of inequality within countries, and the greater the inequality, the more a country’s HDI falls. IHDI reveals that inequalities are still evident across and within sub-regions. The loss in human development due to inequality given by the difference between the HDI and the IHDI (%) shows that Sub-Saharan Africa exhibits the highest loss of 31% compared to other regions as shown in Table 3.3.

**TABLE 3.3 HUMAN DEVELOPMENT INDEX**

<table>
<thead>
<tr>
<th>REGIONS</th>
<th>Human Development Index (HDI)</th>
<th>Inequality-adjusted Human Development Index (IHDI)</th>
<th>Overall loss in human development (from inequality) (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arab states</td>
<td>5.3</td>
<td>5.3</td>
<td>5.3</td>
</tr>
<tr>
<td>East Asia and the Pacific</td>
<td>0.3</td>
<td>0.3</td>
<td>0.3</td>
</tr>
<tr>
<td>Europe and Central Asia</td>
<td>3.9</td>
<td>3.9</td>
<td>3.9</td>
</tr>
<tr>
<td>Latin America and the Caribbean</td>
<td>3.2</td>
<td>3.2</td>
<td>3.2</td>
</tr>
<tr>
<td>South Asia</td>
<td>11.9</td>
<td>11.9</td>
<td>11.9</td>
</tr>
<tr>
<td>Sub-Saharan Africa</td>
<td>44.9</td>
<td>44.9</td>
<td>44.9</td>
</tr>
</tbody>
</table>

Source: UNDP HDI database

However, the losses in human development from inequality have been reduced since 2010 across all regions, with Sub-Saharan Africa reducing from 35% to 31% compared to a reduction in the world average from 23% to 20% (HDR, 2019). However, the concentration remains in Sub-Saharan Africa with 27 nations of 30 with over 30% loss found in the region (Figure 3.14).
FIGURE 3.15 OVERALL LOSS IN HDI VALUE DUE TO INEQUALITY

Source: UNDP HDI database
3.2.1 GENDER AND HUMAN DEVELOPMENT

Health and education inequalities based on gender triggers human development gaps. Gender equality and empowerment fosters enhanced capabilities and opportunities for both men and women, leveraging future productivity, inclusive growth, and enhanced human development in any country. Correlations exist between low human development and high gender inequality (UNDP, 2016). However, while Africa has made great human development progress over the last two decades, there are still predominating challenges particularly related to gender disparities. Using the Gender Development Index, women in Sub-Saharan Africa achieve 89 per cent of male human development outcomes relative to the world average of 94 percent (Figure 3.15).

FIGURE 3.16 GENDER DEVELOPMENT INDEX AND GENDER INEQUALITY INDEX BY REGION, 2018

Source: SDGCA calculations based on UN HDI
Regional GDI shows that Eastern and Southern Africa (which have higher levels of income inequality) have a higher percentage share relative to North, West, and Central Africa (in that order). However, in terms of gender disparities, measured by differences in sub-regional income as measured by GNI per capita for male and females (USD PPP 2011) are highest in Northern, Southern, and Central Africa, followed by West Africa and Eastern Africa (UNDP, 2016).

The Gender Inequality Index that considers gender-based inequalities in three dimensions – reproductive health, empowerment, and economic activity – reveal that losses in human development are due to inequality between female and male achievements in the three GII dimensions, which are high for Africa relative to other regions. An increase in GII is associated with a decline in HDI (UNDP, 2016). There is notable gender inequality in almost every African country. Additionally, the gender inequality proxied by GII has movement with Social Institutions and Gender Index (SIGI), suggesting that institutions matter for gender equality.

Overall gender gaps remain vast in Africa in terms of access to economic opportunities (income), health, and education. Low human development is associated with high levels of gender inequality, but the same is not true with the high human development category. Institutions matter for gender empowerment and delivery of gender goals encapsulated in SDG 5 that aims to “achieve gender equality and empower all women and girls” (UNDP, 2016).

### 3.3 INEQUALITY

**3.3.1 INCOME INEQUALITY**

Increasing consensus points to the fact that inequality matters for poverty reduction. In cases where growth has been associated with rising income inequality, poverty reduction has been muted (Noman et al., 2019). Greater equality is associated with greater social cohesion, inclusion, and social development. Unequal societies are detrimental to everyone (Wilkinson & Pickett, 2009). Pronounced and obstinate levels of inequality have far-reaching negative social, political, and economic consequences for development (Hollanders, 2015).

Data on income inequality remains sparse, particularly with historical data on the continent. An analysis by the World Bank (2016a), on 23 comparable surveys from African nations, found that income inequality measured by Gini coefficients had increased in 12 countries (Mauritius, Cameroon, Zambia, Senegal, Côte d’Ivoire, Madagascar, Ghana, Nigeria, Chad, Togo, Ethiopia, and Malawi) and had reduced in 11 countries (Burkina Faso, Sierra Leone, Tanzania, Uganda, Botswana, Namibia, Dem. Rep Congo, Mozambique, South Africa, Swaziland, and Rwanda).

Based on the Gini coefficient (see Map 3.2), income inequality in Africa is high and predominantly concentrated in three regions of Southern Africa, Central Africa, and Eastern Africa. 70% of the top 10 unequal societies are found in Africa, the region with the second most unequal society after Latin America.
Similarly, the Palma ratio (the richest 10% of the population’s share of gross national income [GNI] divided by the poorest 40% of the population’s share) shows that South Africa has the highest level of inequality amongst African countries, followed by Botswana (Map 3.3). South Africa Palma is placed at 7.4 (compared to median Palma ratio for the selected 43 countries of 2.2), implying that the richest 10% of the population’s share of GNI is more than seven times that of the poorest 40% of the population’s share.
MAP 3.3 PALMA RATIO (FOR SELECT NUMBER OF AFRICAN COUNTRIES WITH DATA)

Source: Author’s computation based on UNDP Human Development Database (2018)
### 3.3.2 Consumption and Income of Top 10% vs Bottom 40%

Figure 3.17 shows that the top 10% income shares across Africa (1990–2017) has reduced only marginally and still accounts for more than half of the share total national income. On the regional level, the respective share has risen in Southern Africa (16% percentage points), Central Africa (3.3 percentage points), and Western Africa (nearly 2 percentage points). Eastern Africa has seen a commendable reduction by 7 percentage points. However, only North Africa still has its share of top 10% account for less than 50% of national income.

**FIGURE 3.17 TOP 10% NATIONAL INCOME SHARE ACROSS THE AFRICA, 2017**

Over the 1990-2017 period, the top 10% continue to account for more than 50% of national income while the bottom 50% account for less than 10%. The top 1% alone account for more than twice what the bottom 50% account for.

Similarly, the flat curves (depicting marginal changes) are shown for the middle 40% and bottom 50%, with the latter continuing to account for 10% of the national income. The SDG framework uses the shared prosperity measured as the growth in the income or consumption of the bottom 40 percent of the population in a country (the bottom 40); this analysis adopts the bottom 50% as the proxy – thereby concluding that shared prosperity remains a myth and unlikely to be attained by 2030 (See Figure 3.17).
FIGURE 3.18 SHARE OF NATIONAL INCOME ACROSS AFRICA (2017-2030)

Notes: Forecasting – uses adaptive linear methodology on historical data, which assumes no major policy and implementation measures undertaken.

Source: SDGCA’s computations based on World Inequality Database
FIGURE 3.19 COUNTRY COMPARISON: TOP 10% SHARE - PRE-TAX NATIONAL INCOME

Source: SDGCA’s computations based on World Inequality Database
Drawing also on the data from the Global Database on Shared Prosperity for selected SSA (13 nations) circa 2011-2016 shows that the mean consumption or income per capita of the bottom 40% increase in more than half of the select countries with data and decreased in five of them (see Figure 3.19).

**FIGURE 3.20 ANNUALIZED GROWTH IN MEAN CONSUMPTION OR INCOME PER CAPITA OF BOTTOM 40% USD/A DAY (PPP), 2011-2016**

Source: The Global Database on Shared Prosperity
**BOX 3.3 SOUTH AFRICA CASE STUDY (INEQUALITY)**

Inequality in South Africa has remained high since the 1990s, with the Gini coefficient hovering over 60% and increasing by multiple percentage points during the same period. The same trend is shown by data from the World Income Inequality Database (WIID). The Gini for South Africa is now ranked the highest in the World and relative to African peers. Similar to the overall Gini, the Wage Gini for South Africa is the highest in the world amongst the 64 countries included in the survey conducted by ILO in the Global Wage Report 2018/19. The wage Gini for SA is sizably higher than low income country average and the world average (see Figure 3.20).

**FIGURE 3.21 WAGE GINI FOR SELECTED AFRICAN COUNTRIES**

An analytical exposition of the data from World Income Databases (also see Figure 3.21), shows the ratio of the share of pre-tax national income earned by the top 10% to bottom 50% in South Africa has increased over the 1990–2017 period, reaching over 10 in 2017, compared to 6.2 for Africa. This demonstrates increasing levels of income inequality skewed towards the top 10%. The bottom 50% in South Africa owned only 6.3% in 2017 compared to 66% owned by the top 10%. The same trend of inequality coupled with high unemployment and poverty in part attributed to low growth rates is corroborated by a recent IMF report (2019a).
Overall, using both income, asset, and expenditure as well as measures of labor market inequalities, the recent survey by Statistics South Africa reveals that the level of inequality remains pronounced. However, the more elevated levels of income inequality are, in part, attributed to dismal economic performance over the recent medium term past with negative GDP per capita growth experienced 2015-2019 and a higher unemployment level at nearly 30% (with youth unemployment over 50%).

Inequality, unemployment, and poverty are not only affecting the youth, but also Black people and people of color are predominantly registered as poor. Rural and urban differences in income inequality are vast as are income levels for men versus women; women continue to earn less than men, and in some instances, receive about half what men in the same cluster earn (with no formal education). Across different measures (income, wealth, expenditure) of income inequality, women continue to account for more inequality than their male counterparts.

Source: SDGCA’s computations based on World Inequality Database
3.4 INCLUSION IN THE LABOR MARKET

Labor market dynamics matter for the human wellbeing and social welfare (ILO, 2019). It is also encapsulated in the SDG targets 8.5 to 8.8. **Africa has over 40% of its population outside the working age population** (below 15 years) suggesting a high level of dependency. Equally, considering the working age population (estimated at 764 million in 2018), labor participation (employment to working population), is relatively low compared to other regions.

Employment accounts only for **58% of the working population**, with North Africa’s share reported at 46% and SSA at 68%. The labor participation rates are much lower (over 10 percentage points) for the youth (15-24 years) and even more amongst women (World Bank, 2019c). Most women of working age (three quarters) are outside of the labor force in North Africa. Overall, the employment to population (1.3 billion people) ratio in Africa is only at 34% — nearly as many people who are in absolute poverty. This also reveals a high level of dependency on the small segment of the population that is employed.

According to ILO (2019), Africa had an estimated employed population of 33 million in 2018 (4.3% of the working age population), of which more than 70% were in Sub-Saharan Africa. The unemployment rate for the continent is approximately 7%. However, North Africa has a higher unemployment rate of 11.8% compared to the rate of SSA at 5.9%. The unemployment rate for women is substantially higher in North Africa (accounting for 41% of the unemployed yet representing only a quarter of the labor force). Overall, unemployment in Africa has reduced by only one percentage point since 1990.

However, in the African context, unemployment is not a good indicator of the economic well-being of its population given the nature of employment; often work is a last resort and there is a lack of social welfare benefits (social protection). Most could not afford to stay unemployed even in the short term, and COVID-19’s adverse impact has led to various types of handouts across the continent. Wage employment accounts for less than a third of the total employment in 2018. However, formal employment still remains small and accounted for only 14% of the total employment (ILO, 2018). The agriculture sector continues to account for over 50% of the employment, and predominantly in low value or subsistence economic activities.

Elementary occupations and skilled agricultural, forestry, and fishery workers continue to account for 58% of the employment. This also manifests in the large number of own-account workers and contributing family workers – jointly accounting for two thirds of the employment in Africa. 6 in 10 women in Africa are employed in agriculture, a sector characterized by poor pay or unpaid work (ILO, 2016). On the other end, the ratio of Parliamentarians’ pay to the nation’s GDP per capita is over 60, in some countries for example Nigeria and Kenya. It is much lower in South Africa at about 15, but this is still high compared to countries in Europe in particular that are predominantly at less than 5 (UNDP, 2017).

A recent analysis by ILO (2019) based on a sample of African countries (Figure 3.4.1), showed a notable decline in average annual real wage growth in Africa from 2013 to 2017 with negative growth over the 2015-2017 period. However, after removing the economies of Egypt and South Africa, real wages increased. The decline was also attributed to inflation changes in the respective economies. Refer to Figure 3.22 for country wages, where average real wage growth for the selected African countries declined in 9 countries over the period of 2008–2017.
FIGURE 3.23 ANNUAL AVERAGE REAL WAGE GROWTH AFRICA, 2006-2017

![Graph showing annual average real wage growth in Africa, 2006-2017.](image)


FIGURE 3.24 AVERAGE REAL WAGE GROWTH FOR SELECTED AFRICAN COUNTRIES, 2008–17 (PERCENTAGE CHANGE)

![Bar graph showing average real wage growth for selected African countries, 2008–17.](image)

Real wages are declining and, on average, remain low as indicated by the majority of working poor also shown in figure 3.23. Additionally, poverty amongst youth remains relatively high – six percentage points higher than the total average of 33% in 2018 (see Figure 3.24). However, working poverty rates have consistently reduced since 1991, respectively reducing the rates for both youth and general average at an annualized rate of 1% and 1.4%.

**FIGURE 3.25 TREND OF WORKING POOR, 1991-2018**

The prevailing high levels of working poor corroborates the narrative that unemployment and employment growth are not sufficient indicators to determine labor market outcomes (Noman et al., 2019). Nearly 70% of the working poor in the world are found in Sub-Saharan Africa and the working poverty for those in agriculture is 56% compared to 28% in industry and 22% in services (Noman et al., 2019). 69% of the working poor are employed in the agriculture sector. Working poverty also remains higher amongst women, particularly in North Africa, revealing large gender disparities in the labor market. This is also, in part, reflected by the large shares of vulnerable employment amongst women which remains 15% higher than men at the continent level.

The 2016 Global Estimates of Child Labor reveals that 20 percent of children in Africa (72.1 million) are entrapped in child labor, and 9 percent (31.5 million) are in hazardous unemployment. These percentages are higher than all other regions in the world (ILO, 2016). 7 percent of children in Asia and the Pacific are child laborers, compared to 5 percent of children in the Americas, 4 percent in Europe and Central Asia, and 3 percent in the Arab States (ILO, 2017a). This suggests that Africa still continues to struggle with SDG Target 8.7 that aims for the immediate prohibition and elimination of the worst forms of child labor and, by 2025, an end to child labor in all its forms.
BOX 3.4 UGANDA CASE STUDY


During the most recent household survey in 2017, the Ugandan labor force of 10 million reported a labor participation rate of 52% which is lower than SSA average and also lower than the LPR in 2013. Only 920,000 members of the labor force were unemployed (9.2%) with the highest unemployment recorded in the capital city Kampala (an indicator of urban migration and feasibly lack of matching structural change in the city). Unemployment was highest amongst persons aged 15-24 years (17%) while the age group 31-64 years had the lowest recorded (5%). The employed, while they represent 48 percent of the working age population, also represent just 25% of the population – suggesting a high level of dependence on the few who are employed. However, African labor market dynamics continue to suggest that employment is not a good proxy for social welfare. The current metrics for labor force exclude subsistence farming (6 million or 31% of the working population). This is reflected in relatively low levels of LPR and Employment to Population Ratio (EPR) (Figure 3.25).

FIGURE 3.26 STRUCTURE OF THE WORKING AGE POPULATION (14-64 YEARS)

Source: Uganda National Household Survey 2016/17
Vulnerable employment (inadequate earnings, low productivity, and difficult working conditions) continues to be high, constituting 61% at the national level but that percentage increases when isolation for women (71%) and rural areas (68%). Wage employment constitutes nearly 40% of the labor force (8% of which was employment in agriculture). However, female wage employment was only 28% compared to 46% male wage employment. The wages for rural employed (which are 75% of the national wages) is in the threshold of working poor using the national poverty line. The educated earned higher wages than those with lower education levels. Compared with the last household survey in 2013, real wages had declined.

The Uganda Revenue Authority’s PAYE (Pay As You Earn) register of 1.33 million in 2017-2018 accounts for only approximately 10% of the labor force, which represents a good measurement of formal jobs in Uganda. Average household nominal cash incomes at equivalent of US $115 in 2017 had declined by 8.2% for Ugandan shillings since 2013. The rural average wage was about US $80 compared to the Kampala city average, which was 3 times higher.

While ratifying several conventions concerning minimum wage, Uganda’s minimum wage was last set in 1987 at about US $4.35. In principle, there is no minimum wage in Uganda and yet minimum wage practice is extensive across the world with 9 in 10 countries having some sort of minimum wage. All EU countries and 97% of countries in the Americas have minimum wages. The continents with the lowest usage of minimum wage is Africa where 89% of countries have standards and 73% of Arab countries. The current proposed bill suggests a peripheral amount, below which one would be in the working poor category using the national poverty line.

A fast-growing population dominated by adolescents and youth could hamper the prospects of realizing social economic change. The recent Uganda youth monograph report of November 2017 (UBOS & UNFPA, 2017) based on the 2014 National Census indicates that of the population of 36.4 million Ugandans, 23% were of youth (18-30 years) and 26% are adolescents (10-19 years). The total youth population (10-30 years) accounted for 44% of the population. 78% of Ugandans are below the age of 30 years. 75% of Uganda’s youth are engaged in vulnerable work (own work or supporting family), often characterized by inadequate earnings, low productivity, and difficult conditions of work that undermine workers’ fundamental rights. Only 4.5% had paid employment. Professionals, technicians, and associate professional workers constituted 4% of the working youth (78%). Youth employment stands at 13.3% (higher than the national average of 9.2%). This means that many youths are not meaningfully engaged in economic activities. 1 in 2 youth of working age are idle (non-utilized labor potential). Overall, Uganda continues to struggle on SDG targets 8.5 to 8.8.
3.5 SOCIAL PROTECTION STATE IN AFRICA

Universal social protection is a potent development policy tool that can alleviate poverty, inequality, and social exclusion. Social protection is also deeply rooted in both the Global Agenda 2030’s Sustainable Development Goals (SDGs) and Africa’s Agenda 2063. In particular, target 1.3 aims to implement nationally appropriate social protection systems and measures for all, including floors, and by 2030, achieve substantial coverage of the poor and the vulnerable. Social protection is also interconnected with seven of the SDG goals; SDG 1 eliminating poverty, SDG 2 ending hunger, SDG 3 ensuring healthy lives, SDG 4 quality education, SDG 5 achieving gender equality, SDG 8 promoting decent work, and SDG 10 reducing inequality (ILO, 2019). In this report, the definition scope is consistent with the conventional definition of social protection systems – defined as all public measures providing benefits to guarantee income security and access to essential health care, such as unemployment insurance, disability benefits, old-age pensions, cash and in-kind transfers, and other contributory and tax-financed schemes.

Figure 3.26 presents analysis of the data on effective social protection coverage per population segment (SDG indicator 1.3.1), for the latest available year – which reveals that Africa trails other regions, with only 18% receiving at least one cash social protection benefit compared to the Europe and Central Asia (84%), the Americas (68%), and the Asia Pacific region (37%). The low coverage is in part attributed to large informal and rural employment that is often not covered by any social security schemes. Even the non-contributory cash transfers remain with limited penetration at 9.5% of the vulnerable population (ILO, 2017a).

FIGURE 3.27 SDG INDICATOR 1.3.1: PERCENTAGE OF THE TOTAL POPULATION COVERED BY AT LEAST ONE SOCIAL PROTECTION BENEFIT (EFFECTIVE COVERAGE), 2015

Source: ILO, World Social Protection Database, based on SSI; ILOSTAT; national sources. See also Annex IV, table B.3.
Social protection for children remains low in Africa. SDG indicator 1.3.1 focuses on effective coverage for children and families. The latest available reports of children and households receiving child and family benefits, by region, shows only 13.1% of children in SSA are covered, compared to Africa (15.9%), Europe and Central Asia (87.5%), Americas (66.2%), Asia and the Pacific (28.1%), and global average (34.9%). Similarly, the public social protection expenditure (excluding health) for children (percentage of GDP) is 0.6% for Africa, almost half the world average (ILO, 2017b), yet the share of children aged 0-14 in total population (percentage) in Africa is over 40%—the highest of any region.

The public social protection expenditure (excluding health) for people of working age (percentage of GDP) is low for Africa at 1.1% (ILO, 2017b). SDG indicator 1.3.1 focuses on effective coverage for mothers with newborns. The percentage of women giving birth who received maternity cash benefits in 2015 was lowest in Africa (15.8%) compared to Europe and Central Asia (81.4%), Asia and the Pacific (33.4%), and the world average (41.4%). Unemployment benefits through legal provisions are lowest in SSA: the percentage of workers covered by unemployment legal protections is only 4.2% compared to North Africa at 38.4%, and a global high in Europe at over 80%. In North Africa, the share of effectively covered maternity benefits is lower than regional average by 10 percentage points.

In terms of pension coverage, Africa’s share of persons above the statutory pensionable age receiving a pension of 30% is less than half the world average and one third of Europe’s rate. This is in part due to low public expenditure on the respective pension with only 2.3% of GDP spent on pension and other related benefits (excluding health benefits). The older population (older than 65 years) receiving benefits is also relatively low at 3.5% compared to the world average at 8.4%. Only 9.5% of the vulnerable population in Africa receives non-contributory cash benefits (ILO, 2017b).

ILO statistics indicate 92.7% of the countries in Africa have adopted social protection measures, compared to the global average (92.9%), Arab States (91.7%), Asia and Pacific (87%), Europe, and Central Asia (98.3%). The related responses in Africa are largely special allowances and grants (20.3%), and food and nutrition assistance (16.3%). Only 4.4% is allocated for unemployment and 8.8% for income assistance and job protection. Assistance for illness and access to education social protections were the least reported.

3.6 CONCLUSION

Poverty, low human development, inequality, unemployment, and underemployment, in tandem with limited social protections in Africa, suggests that holistically, the social and economic wellbeing of Africans remains lower than other regions and average global levels. This is also demonstrated in the Social Progress Index that measures the social well-being of 149 countries. The index revealed that no African country is in the top 40 and 17 of the bottom 20 are in Africa (ISP, 2018). Though Africa has made economic progress over the past few decades, many Africans continue to be left behind, and the inclusion process is slow and unequal. The current pace is not congruent with the respective SDG 2030 targets, and this has been exacerbated by COVID-19.
CHAPTER FOUR

AGRICULTURE
4. INCLUSIVE AGRICULTURAL SECTOR

4.1 INCLUSIVE AGRICULTURE AND THE 2030 & 2063 AGENDAS

Inclusive agriculture is defined as the widespread access to food, sustainable socio-economic opportunities, assets, and resources. Access must be achieved for those that are vulnerable so that they too can benefit from economic growth and develop their potential (Benedict et al., 2014). Inclusive agriculture is therefore fundamental to the achievement of the SDGs and aspiration 1 of Agenda 2063 – a prosperous Africa based on inclusive growth and sustainable development (Benedict et al., 2014; FAO, 2018). This definition is most appropriate in Africa, where a majority of the population is rural-based and depends on agriculture for both food and livelihoods (Byerlee et al., 2007; Qbal, 2015; FAO, 2019). An inclusive agriculture sector has the potential to provide economic transformation that brings food security, sufficient employment, and higher incomes among groups who have traditionally been left behind by non-inclusive growth processes (Suttie & Benfica, 2016).

Fostering inclusive outcomes in agriculture is therefore in line with the SDG, particularly SDG Target 2.1 that focuses on ending hunger and ensuring consistent access to safe, nutritious, and sufficient food by 2030 for all people, and especially for the poor and vulnerable, including infants. The SDG 2.1.1 indicator focuses on the prevalence of undernourishment (PoU) while SDG 2.1.2 indicator aims to ensure access to adequate food that brings in the perspective of the right to nutritious and sufficient food to the SDG monitoring framework. Although there are efforts to improve household livelihoods and reduce poverty in Africa, food security issues continue to disproportionately affect smallholder farmers compared to other categories (Ghanem, 2011; FAO, 2019).

Recent research has also paid limited attention to the importance and associated progress towards inclusive agriculture (FAO, 2016). In order to better understand inclusive agriculture and its contribution to sustainable development and poverty reduction, this report has taken a broader food system approach in analyzing inclusiveness in the agricultural sector and, to the furthest extent possible, considering the impacts of COVID-19.

4.2 THE NEXUS BETWEEN AGRICULTURE AND POVERTY

Most of Africa’s poor are based in rural areas, and depend on agriculture for both their livelihood and source of food. Therefore, the link between poverty and agriculture is critical. The extreme rural poor are different from the urban extreme poor and the non-poor whose incomes greatly depend on agricultural activities, either from work on their own farms, or in agricultural wage employment.
Several studies confirm agricultural productivity as an effective pathway to poverty reduction. For instance, studies by Bresciani and Valdés (2007) and Ogundipe et al. (2016) posit that rising farm incomes through increased agricultural productivity is a key channel that links agricultural growth to poverty. Therefore, measuring the productivity and incomes of small-scale food producers is critical for tracking progress towards SDG target 2.3, which calls for doubling both incomes and productivity. Empirical evidence from 35 African countries suggests that agricultural productivity proxied by agricultural value-added per worker contributes significantly to reducing rural poverty in Africa (Figure 4.1).

**FIGURE 4.1 AGRICULTURE PRODUCTIVITY AND POVERTY LEVEL IN AFRICAN COUNTRIES, 2016**

Specifically, the results indicate that if the African continent improved agricultural productivity by one percent, poverty levels would reduce by 0.533 percentage points per annum. This finding indicates that about 34 percentage points per annum would be attributed to increased agricultural productivity and the remaining 66 percentage points would be explained by other factors such as improved infrastructure. However, pre-COVID-19 estimates showed that Sub-Saharan Africa had the lowest agricultural productivity of $9,967 but the highest poverty gap of 15.8 percent compared to other regions.

Additionally, pre-COVID-19 evidence further shows that the productivity of small-scale producers is systematically lower on average than that of larger food producers. In most African countries, the incomes of small-scale producers are less than half those of larger food producers, supporting the central call of SDG target 2.3 for doubling their incomes (FAO, 2020). Large inequalities in the distribution of income, assets,
and resources explains the higher poverty levels among small-scale food producers compared to larger food producers. In Africa, where 90 percent of the population depends on agriculture for food and their livelihoods (Benedict et al., 2014), these inequalities are likely to worsen with the disruption in the agriculture supply chain activities due to COVID-19 control measures, making the achievement of inclusive agriculture fundamental to other goals including poverty elimination (SDG-1), zero hunger (SDG-2), and the AU Agenda.

4.3 FOOD SECURITY AND NUTRITION

The focus is on SDG Target 2.1 and SDG indicator 2.1.1. Prior to COVID-19, the number of people affected by hunger globally had been slowly rising since 2015. More than 820 million people – approximately one out of every nine people (10.8%) in the world were hungry. One in every five people in Africa (approximately 250 million) had already suffered from hunger prior to the COVID-19 outbreak (FAO, 2019a).

Hunger rates in Africa and Asia remain above the world average with a significant proportion of undernourished people at 19.9% and 11.3%, respectively. Additionally, more than 150 million children are affected by stunting, limiting their education and employment opportunities. Although rates of undernourishment have since 2015 increased for Oceania and Latin America and the Caribbean, they still fall below the global average (Figure 4.2). The situation of Latin America and the Caribbean (LAC) is partly explained by the food insecurity crisis in South America. In Asia, the proportion of undernourished has been steadily decreasing, reaching 8.3% in 2019. In contrast, the situation in Africa is more intense given the fact that since 2015, the proportion of undernourished has steadily risen, reaching 19.1% in 2019, which has been true in almost all sub regions. The proportion of undernourished in Eastern Africa remains higher than Sub-Saharan Africa’s average of 22% in 2019 (Figure 4.2).
FIGURE 4.2 A PREVALENCE OF UNDERNOURISHMENT BY REGION, 2015-2030

Notes: Projected lines represented by dotted lines.
Source: SDGC/A computations based on FAOSTAT Database

FIGURE 4.2 B PREVALENCE OF UNDERNOURISHMENT BY SUB REGIONS IN AFRICA, 2015-2030

Notes: Projected lines represented by dotted lines.
Source: SDGC/A computations based on FAOSTAT Database
As of 2019, 52.4 million children under the age of five were stunted and the number of children under the age of five who are classified as wasted is 10.6 million. This could be attributed to the underlying economic slowdowns and downturns as well as persisting inequalities in the distribution and consumption of food (FAO, 2020). These findings suggest that there are inequalities in access to safe and nutritious food in Africa as some sub-regions, for instance, Northern Africa, have a lower reported prevalence of undernourishment compared to others.

The results are consistent with the findings by FAO (2019) which indicate that in conflict-affected countries in Sub-Saharan Africa, the number of undernourished people increased by 31.7 million between 2015 and 2019. In Northern Africa, undernourishment increased from 13.8 to 15.6 million in the same period (FAO, 2019). Rates of undernourishment have also been rising in drought-sensitive countries in Sub-Saharan Africa, increasing from 17.4 to 21.8 percent over the last six years (FAO et al., 2019). With the COVID-19 pandemic, the number of people facing hunger could more than double as countries implement COVID-19 control measures up to 43 million people, with the urban poor most at risk (WFP, 2020). Furthermore, the number of undernourished people in 2030 could exceed 25.7% (433.2 million) in Africa with Sub-Saharan Africa representing the largest share at 29.4% (411.8 million people) making the achievement of Zero Hunger by 2030 an increasingly daunting challenge (Figure 4.2).

With regard to SDG Target 2.1 and SDG indicator 2.1.2, prevalence of moderate or severe food insecurity in the population based on the Food Insecurity Experience Scale (FIES) is considered. Globally, recent estimates show that prior to the COVID-19 pandemic, moderate or severe food insecurity rose between 2015 and 2019, and now affects an estimated 25.9 percent of the world population, roughly 2 billion people (Figure 4.3), with women more likely than men to face moderate or severe food insecurity.

The distribution of food insecure people indicates that of the 25.9% food insecure people globally; 22.3% (1.04 million) are in Asia, 51.7% (676 million) are in Africa, and 31.7% (634 million) are in Latin America and the Caribbean (Figure 4.3). There are also notable differences across regions in the distribution of the population by food insecurity. For example, in Latin America and the Caribbean, and even more in Northern America and Europe, the proportion of food insecurity experienced is much smaller. However, Africa has the highest overall prevalence of food insecurity, and it is the region where severe levels represent the largest share at 22% of the total population (FAO, 2019).

The complex dynamics triggered by the lockdowns intended to contain the disease are creating conditions for a major disruption to food systems, giving rise to a dramatic increase in hunger. The most recent estimates indicate that between 83 and 132 million additional people (FAO et al., 2020) including 38-80 million people, mostly in African countries, will experience food insecurity as a direct result of the pandemic.
FIGURE 4.3 A PREVALENCE OF MODERATE OR SEVERE FOOD INSECURITY IN THE WORLD

Source: SDGC/A computations based on FAOSTAT Database

FIGURE 4.3 B PREVALENCE OF MODERATE OR SEVERE FOOD INSECURITY IN AFRICA

Source: SDGC/A computations based on FAOSTAT Database
At the sub-regional level, food insecurity has consistently risen between 2015 and 2019. The pre-COVID-19 evidence on the distribution of food insecure people in Africa indicates that of those that are food insecure, 605 million people were in Sub-Saharan Africa, representing 47% of Africa population; 44.7% (29.8 million) were in Southern Africa; 61.4% (266 million) were in Eastern Africa; 53.2% (208 million) in Western Africa, and 28.6% (69 million) in Northern Africa (Figure 4.3).

The impact of COVID-19 compounds the negative impacts of conflict, locust resurgences, and climate change that were already slowing food insecurity progress in the region. The COVID-19 pandemic is estimated to push an additional 28 to 80 million people in Africa into acute food insecurity (FAO et al., 2020). The most affected countries are those with weak health and social protection programs or those that cannot scale up available programs to meet the needs of the population.

The distribution of food insecurity at the country level before the pandemic also shows that 35 million people were food insecure in Egypt, 28 million in South Africa, and 27 million in Kenya (Figure 4.4). However, Botswana has the lowest moderate and severe food insecurities based on the available data.

**FIGURE 4.4 PREVALENCE OF MODERATE AND SEVERE FOOD INSECURITY AT COUNTRY LEVEL IN AFRICA**

![Bar chart showing food insecurity levels in various African countries](source: SDGC/A computations based on FAOSTAT Database)
The high level of food insecurity in many African countries has been attributed to high population growth, war and political instability, locust infestations, climate change, and poor agriculture development (FAO, 2014). Available evidence further confirms that more than 73 million people from 46 African countries could experience crisis and worse levels of acute food insecurity due to secondary socio-economic impacts of the pandemic (WFP, 2020).

Gender gaps in food insecurity still persist and pre-COVID-19 evidence indicates that globally, 7.3 percent of the world’s men suffered from severe food insecurity, as opposed to 7.9 percent of the world’s women (Figure 4.5). Decreasing gender gaps at a global level is partly explained by progress on gender discrimination in North America and Europe. The gender gap in food insecurity was greatest in Africa at 1.5 percentage points, with Latin America and Asia following at 0.7 and 0.6 percentage points respectively. The smallest difference between men and women was observed in North America and Europe at 0.1 percent. According to FAO, the agricultural activities of rural women have been affected more than those of men (FAO, 2020b) with the COVID-19 pandemic. Therefore, the gender gap in food insecurity could worsen due to disruptions in food supply chain activities, translating into reduced household consumption overall and disproportionately lower incomes for women. The incredible burden of COVID-19 is imposing severe gender based violence (GBV) with women-head households most at risk of experiencing food crisis (FSIN, 2020).

**FIGURE 4.5 GENDER GAPS IN FOOD INSECURITY**

Source: FAOSTAT, 2020
4.4 ACCESS TO INPUTS AND OTHER FACTORS OF PRODUCTION

4.4.1 ACCESS TO MARKETS

Available evidence before the COVID-19 outbreak shows that African economies have had little involvement in global value chains (Dollar, 2016). The low involvement of Africa in global value chains has been attributed to institutional quality, deficient infrastructure, unreliable power, poor roads and highways, among other causes. Although smallholder farmers in Africa produce over 80 percent of the total food production, they have been excluded from global value chains and mostly rely on informal markets (Beghin et al., 2015) due to lack of financial resources, opportunities, skills, high quality and safety standards, and delivery schedules (Maertens et al., 2011).

As a result, global value chains have had little impact on poverty and food security. The results in Figure 4.6 show the distribution of farmers in agriculture value chains by gender for African countries where data was available. The results show that Malawi had the lowest female participation at 2%, compared to a relatively high participation rate in Zambia at 29%. Furthermore, in Mozambique female participation in agricultural value chains is 26% compared to a 27% male participation rate. These results suggest that women are benefitting less from agricultural value chains compared to men.

**FIGURE 4.6 FARMERS’ PARTICIPATION IN HORTICULTURAL MARKETS BY GENDER**

![Graph showing farmers' participation in horticultural markets by gender across various African countries.](source: Oxfam, 2019)
Information asymmetry also limits smallholder farmers’ participation in agriculture markets (IFAD, 2010). Pre-COVID-19 evidence demonstrates that the rate of mobile ownership was 74% in Sub-Saharan Africa compared to 82% in Middle East and North Africa; the unconnected are disproportionately women, rural smallholders, and those with less education. Furthermore, the gender gap in mobile ownership and mobile internet use in Sub-Saharan Africa was 8% and 37% respectively (GSMA, 2020). As a result, many smallholder farmers suffer from food insecurity and malnutrition due to a lack of access to markets (IFAD, 2010). Given that 78% of the extreme poor people are located in rural areas and live in relative isolation (Avery et al., 2017), access to markets is difficult and expensive, further lowering producer prices and rural incomes.

The COVID-19 pandemic has exacerbated the situation further with the disruption of local agriculture markets (inputs/output), albeit to a varied extent across countries, but which will overall likely drive a reduction in production, crop yields, and food access (Mustaka, 2020). Agriculture extension and advisory services have also faced severe disruptions due to COVID-19 movement restrictions, further reducing farmers’ access to services. In pastoral regions, livestock-rearing households are also negatively impacted by movement restrictions, especially those preventing cross-border movements, which have interrupted their access to grazing and watering points. The impact is felt mostly by smallholder farmers and low-income urban households who rely on local markets. Furthermore, countries that depend on imported supplies, such as Burundi, Djibouti, Eritrea and landlocked countries, including South Sudan and Uganda, are most affected.

Available evidence also shows an increased use of digital marketing during COVID-19 pandemic. Nevertheless, women are 20% less likely to use mobile internet than men, down from 27% in 2017; a key barrier is smartphone ownership, which is also 20% lower for women than for men (GSMA, 2020).

### 4.4.2 ACCESS TO LAND

In primarily agrarian societies, access to agricultural land provides a means of food production which makes a fundamental contribution to food and nutrition security and the ability to withstand shocks (Carter, 2003). Globally, 25% of agricultural land is owned by smallholder farmers (Figure 4.7). There are notable differences across regions in the distribution of the agricultural land with Asia Pacific (35 percent), North America (26 percent), Europe (17 percent), and Latin America (19.3 percent). However, in Africa, only 14 percent of agricultural land is owned by smallholder farmers.
Pre-COVID-19 pandemic evidence in Sub-Saharan Africa shows that the number of farms below five hectares have declined except in Kenya whilst medium-scale farms are growing rapidly. Furthermore, medium-scale farms control roughly 20% of total farmland in Kenya, 32% in Ghana, 39% in Tanzania, and over 50% in Zambia. The rapid rise of medium-scale holdings in most cases reflects increased interest in land by urban-based professionals or influential rural people which may have exacerbated land scarcity and inequality in rural areas. At the country level, for countries for which data was available, inequalities in the distribution of agricultural land between smallholder farmers and other categories as measured by the Gini Coefficient are higher in South Africa, Egypt, and Tunisia with Gini coefficients of 0.7, 0.69, and 0.69, respectively. However, Swaziland, Namibia, and Congo DR have the lowest inequalities as measured by Gini coefficient of 0.3, 0.36, and 0.37, respectively (Figure 4.8).

Note: 0 = equity and 1 = inequity
Source: FAOSTAT, 2020
Inequalities in land distribution are high in Africa between men and women in terms of land ownership. Women lack control over important household assets, such as land. Globally, less than 15% of all agricultural landholders are women compared to 85% for men. Similarly, in Africa, on average, 15% of landholders are women and 85% are men (FAO, 2018). The distribution of women landholders ranges from 5% in the Middle East and North Africa to 18% in Latin America and the Caribbean (FAO, 2018).

Inequalities in land ownership are due to unequal land distribution systems including traditional land inheritance systems and a lack of adequate administrative systems that have also relegated a growing population of smallholder farmers, especially women, into marginal areas, leading to lower productivity and income levels (Jayne et al., 2014). Land provides a source of financial security, furnishing collateral to raise credit. However, inequalities in land ownership may also suggest large gaps in terms of access to credit. No data is available on the impact of the COVID-19 pandemic on access to land.
4.4.3 Agricultural Finance

Access to financial services (credit, savings, payments, and insurance products) for all types of agricultural producers and agribusinesses is key to unleashing Africa’s agricultural potential in the sector. Globally, total credit to agriculture disbursed by commercial banks operating in the countries increased from 2.4% in 2016 to 2.9% in 2017, yet in Africa, only about 10% of the total portfolio of commercial banks goes to agriculture including agro-industries (FAO, 2019). In Sub-Saharan Africa, only 6% of the rural households have access to formal credit and the majority rely on friends and family or informal lenders (Okonjo-Iweala & Madan, 2016).

Furthermore, smallholder farmers, in comparison to large scale farmers, face negative bias in access to credit, and credit and loans are rarely extended to smallholders who dominate the agriculture sector in Africa. The results (Figure 4.9) at a country level for which data was available show that, in Africa, the average share of agriculture in total credit only increased in Gambia from 3.64 to 37.45 percent, Ghana 3.84 to 4.07 percent, Uganda 9.5 to 12.10 percent, and Zambia 17.27 to 20.23 percent between 2015 to 2017 respectively. However, Lesotho and DRC recorded the lowest share of agriculture in total credit between 2015 to 2017 (Figure 4.9).

**Figure 4.9 Credit to Agriculture**

Note: 0 = equity and 1 = inequity

Source: FAOSTAT (accessed January 2020)
Gender inequalities in access to credit also exist, as women are less likely to access credit or borrowed capital for productive purposes even though women make up 70% of farmers (World Bank, 2015). Gender gaps in access to agricultural credit in Africa is high, as women who accessed credit were 5-10 percentage points lower than male smallholder farmers (World Bank, 2016c). In terms of insurance access, only 20% of smallholder farmers have agricultural insurance coverage globally and less than 3% (1.5 million smallholder farmers) in Sub-Saharan Africa (ISF, 2018). To reduce inequalities in agricultural insurance in developing countries, it will require US $60-80 billion in agricultural insured value coverage to cover over 270 million smallholder farmers (ISF, 2018). The low coverage gap in insurance is attributed to information asymmetry, lack of trust in complex financial products, and high costs of insurance and complex payment mechanisms (ISF, 2018). Therefore, making insurance markets inclusive contributes both directly and indirectly to increased investment in agriculture.

4.5 CONCLUSION

There has been little progress towards implementing inclusive agriculture; inequalities prevail among smallholder farmers, mostly affecting women though those gaps vary within the sub-regions and countries. The proportion of undernourished has steadily risen in Africa and almost all its sub-regions. Africa has the highest overall prevalence of food insecurity, and it is the continent where severe levels represent the largest share, at 22% of the total population. Poverty, climate change, and pandemics like COVID-19 create and reinforce inequalities and are among the main barriers to inclusiveness in agriculture. Furthermore, data gaps exist and constrain objective assessment of the root causes of inequalities in agriculture which are needed in order to sustainably address them.
Health has always been central to the development agenda for Africa predating the Millennium Development Goals (MDGs) that were adopted in 2000. Before the MDGs in 2000, the United Nations (UN) had launched many international initiatives to improve health outcomes. Efforts to achieve this included health interventions and involving the communities in the management of health facilities. These initiatives also tried to include social economic determinants and equality in accessing health services. The hospital-based healthcare systems were far from being inclusive, and as a result, the UN adopted the Primary Health Care (PHC) (WHO & UNICEF, 1978) through the Declaration of Alma-Ata in 1978.

The Selective Primary Health Care (SPHC) through UNICEF Declaration of a Children’s Revolution in 1982 promoted a package of low cost interventions including Growth Monitoring, Oral Rehydration, Breastfeeding, Immunization (G.O.B.I) and Food Supplementation, Female literacy and Family Planning (FFF); the Health for All by the Year 2000 strategy adopted by the World Health Assembly in 1979 (WHO, 1981); and the Bamako Initiative sponsored by UNICEF and WHO and adopted by African ministers of health in 1987 (UNICEF, 2008). The main challenge has always been, and still is, to protect the poorest and ensure that the cost of health services do not prevent access to essential primary healthcare services for poor and marginalized communities.

In the post-2015 SDG Framework, health-related SDGs, “Ensure healthy lives and promote well-being for all at all ages.” This idea epitomizes the foundation of more inclusive health more specifically, and mainly through the target 3.8 related to Universal Health Coverage (UHC). UHC acts as a key driver for achieving all targets. The SDG 3 is central among the other SDGs and healthy populations are critical to sustainable development. Social determinants such as working conditions, income, education, and housing are essential for the achievement of health outcomes.

Progress in health outcomes will only be achieved with progress in other related sectors (SIDA, 2019). Specifically, at the African level, the AU Agenda 2063 in goal 3 (healthy and well-nourished citizens) aims to substantially reduce the malnutrition rate, child and neonatal mortality, and the proportion of deaths attributable to HIV/AIDS and malaria. Access to antiretroviral drugs for people in need will be immediate. In addition, the AU agenda envisages that 9 in 10 people will have access to safe drinking water and sanitation. The health goals are designed to contribute to the improvements in living standards across the continent.

Inclusive health is based on two main principles: equitable access and universal participation. It entails health for all with health services that are efficacious, affordable, and equitable (CSDH, 2008). Equitable means that services are provided on the basis of people’s needs – that those most in need can access the service as easily as those least in need. Inclusive health aims to mitigate differences in health across population subgroups (including vulnerable groups such as the disabled) (Hosseinpoor et al., 2018). A core value of health for all is equity; health policies built on equity will prioritize vulnerable and socially marginalized groups (Amin et al., 2011). Vulnerable groups are defined as social groups with limited resources and a high relative risk for morbidity and premature mortality (Flaskerud & Winslow, 1998).
Similarly, according to Marmot (2018), the socially excluded populations have a mortality rate that is nearly eight times higher than the average for men, and nearly 12 times higher for women.

5.2 HEALTH AND POVERTY

Kofi Annan, the former UN General Secretary, said in 2001 that “The biggest enemy of health in the developing world is poverty.” A wide range of evidence corroborates this, revealing that poverty and social exclusion exacerbate inequalities in the health sector (WHO, 2010). It enhances risks, the chance of malnutrition, disease, and poor mental health, especially among children (Bonds et al., 2010; Evans & Cassells, 2014). Poor health is often associated with groups that are poor and unemployed, who are more likely to suffer long-term health conditions than those in high-income quartiles and are prone to cognitive development problems (BMA, 2017). The poor have little to no access to critical services and poor children are more likely to be stunted (Filmer et al., 2018). However, evidence also suggests that health and poverty have a bi-causal relationship as health can also trigger poverty in various ways. Poor health at birth also translates into dampened future levels of productivity which persists in the long run, even when corrective measures are undertaken (Checkley et al., 2003).

Overall, poverty and inequality is connected, and both have the potential to negatively impact health outcomes in the long term. Furthermore, health inequalities can perpetuate mental problems as well as reduce productivity and constrain employment, thereby leading to a cycle of poverty (Bhalotra & Rawlings, 2013). Poverty in Africa is estimated at over 40% of population, and with its multidimensional nature, high population growth, and limited social protection, there is a need to understand the extent of inequalities in the health sector.

Figure 5.1 below, shows that there is a negative correlation between poverty and UHC, indicating that improving the UHC leads to a reduction of the poverty rate.
According to Atake (2018), poverty is the leading cause of economic loss from health shocks as the poor cannot afford to purchase sufficient quantities of quality food, preventative and curative health care, and education. Avoiding user fees of health care at the point of service or expansion of health insurance could mitigate vulnerability to poverty.

According to WHO and World Bank (2019) reports, out-of-pocket (OOP) health spending contributes to pushing more people below the poverty line. In 2015, according to the same report, about 89.7 million people globally (1.2%) were pushed into extreme poverty (below $1.90 per person per day in 2011 PPP terms), 98.8 million (1.4%) were pushed below $3.20 per person per day, and 183.2 million were pushed into poverty defined in relative terms (below 60% of median daily per capita consumption or income in their country). Out-of-pocket health spending contributed to increased global poverty between 2000 and 2015 when using the relative poverty line at the 60% of median daily per capita consumption or income relative poverty line.

Evidence from WHO and World Bank (2019a) reports indicates that when considering the poverty line at $1.90, 1.51% of the African population (14.8 million) has been pushed into poverty due to OOPs in 2015. This percentage surpassed the percentage of impoverished people globally which is 1.23%. Direct payment made by patients at the point
of care (out-of-pocket payment) is an indicator of lack of fully fledged financial or insurance provisions for the patients. Out-of-pocket payments (OOPs) for health can lead households into catastrophic expenditures, impeding them in their ability to satisfy other needs of their family and pushing them into poverty. OOPs are not only a simple barrier to access health services, it is also a matter of equity and right for all to benefit from a basic human need such as health.

In addition, preventable and amenable diseases and deaths can be avoided by removing the OOPs (WHO, 2019b). Higher OOP expenses are also usually associated with women, high socioeconomic status, and large household size (Attia-Konan et al., 2019). OOPs tend to correlate with the catastrophic expenses. Of the estimated 930 million people globally that incurred catastrophic health spending (SDG 3.8.2) in 2015, defined as out-of-pocket health spending exceeding 10% of the household budget (total consumption or income), 110 million people were found in Africa (more than double the number in the year 2000). A similar trend is observed for catastrophic spending, using out-of-pocket-health spending that exceeds 25% of the household budget. Of the 209 million people globally, 23 million were found in Africa. OOP by rural populations in Africa is more than half the total health expenditure, and in some instances, is as high as 80%, for example in Chad (Scheil-Adlung, 2015).

From SDGCA computation using the GHO database, the incidence of catastrophic spending as share of households’ budget, when considering the percentage of the population spending more than 10% of their households’ incomes in health expenditure OOPs ranged from 0.29% in Zambia to 26.2% in Egypt.

5.3 UNIVERSAL AND EQUITABLE ACCESS TO HEALTH SERVICES IN AFRICA

This section will focus on the inequality dimension related to UHC in Africa and relies on the commonly used coverage indicators in the realm of reproductive, maternal, newborn, and child health. It also discusses the health output and outcomes-related inequality as well the level of social and financial protection.

5.3.1 UNIVERSAL HEALTH COVERAGE

Universal health coverage is central to better health and wellbeing for all and paramount to achieve the SDGs. UHC is encapsulated primarily in target 3.8 that aims to provide for all the essential health services that they need, without being exposed to financial hardship. In particular, two indicators 3.8.1 and 3.8.2 respectively a) the coverage of essential health services b) the proportion of population with large household expenditures on health as a share of total household expenditure or income used to measure the progress in UHC (UN-ECOSOC, 2016).

Coverage of essential health services is defined as the average coverage of essential services based on tracer interventions that include reproductive, maternal, newborn, and child health, infectious diseases, non-communicable diseases, and service capacity and access, among the general and the most disadvantaged population (UN-ECOSOC, 2016). In relation to essential health services coverage and inequality dimension in health, we will limit our analysis to the reproductive, maternal, newborn, and child health (RMNCH) coverage. Some limitations in the analysis will be due to the unavailability of data as disaggregated data on
UHC on the continent is not always available.

5.3.1.1 REPRODUCTIVE, MATERNAL, NEWBORN AND CHILD HEALTH (RMNCH) COVERAGE AND INEQUALITY

“Infancy, childhood and women’s childbearing years are widely recognized as critical junctures for lifelong health, and by extension, thriving and productive populations. Any level of preventable maternal or child mortality is unacceptable, and inequities associated with RMNCH interventions and outcomes warrant action” (WHO, 2015).

5.3.1.1.1 RMNCH COMPOSITE INDEX

We adopt the WHO (2015) RMNCH composite coverage index which is based on a weighted score that incorporates the following eight RMNCH intervention indicators: demand for family planning satisfied, antenatal care coverage (at least one visit), births attended by skilled health personnel, Bacillus Calmette–Guérin (BCG) immunization coverage among one-year-olds, measles immunization coverage among one-year-olds, Diphtheria-tetanus-pertussis third dose (DTP3) immunization coverage among one-year-olds, children less than five years with diarrhea receiving oral rehydration therapy and continued feeding, and children less than five years with pneumonia symptoms taken to a health facility. The composite coverage index captures both the provision and use of key RMNCH intervention. The disaggregation of the composite coverage index score across the dimensions of education, place of residence, and wealth show lowest RMNCH coverage for most disadvantaged women as indicated in the Figure 5.2 below.

The RMNCH coverage index by place shows that women in rural areas are less covered by RMNCH intervention than women in urban areas. The percentage point difference is more than 20 in seven countries: Ethiopia, Angola, Nigeria, Central African Republic, Guinea, Niger, and Mali. The biggest percentage point difference is 29.34 in Ethiopia and the smallest is 1.81 in Tunisia. The difference in RMNCH coverage index by education between uneducated women and women with secondary school level or higher is high in most African countries; in 16 countries, uneducated women are less covered by RMNCH intervention than women with secondary school level or higher with a percentage point difference of more than 20. A maximum percentage point difference is 45.6 in Ethiopia and a minimum percentage point difference is 1.92 in Tunisia. The difference in RMNCH coverage by wealth is high in most countries. Poor women are less covered than the rich women with a percentage point difference of more than 20 in 24 African countries; Nigeria with 55.41 percentage point difference and Angola with 48.6 percentage point are the most unequal in RMNCH coverage by wealth. Malawi with 3.54 percentage point difference and Eswatini with 4.65 percentage point difference are the least unequal countries for the RMNCH coverage by wealth in Africa.
FIGURE 5.2 A RMNCH COMPOSITE COVERAGE INDEX BY LOCATION

Source: SDGCA computation based on GHO-WHO database
FIGURE 5.2 B RMNCH COMPOSITE COVERAGE INDEX BY EDUCATION

Source: SDGCA computation based on GHO-WHO database
FIGURE 5.2 C RMNCH COMPOSITE COVERAGE INDEX BY WEALTH

Algeria
Angola
Benin
Burkina Faso
Burundi
Cameroon
Central African Republic
Chad
Comoros
Congo
Côte d’Ivoire
DR Congo
Egypt
Eswatini
Ethiopia
Gabon
Gambia
Ghana
Guinea
Guinea-Bissau
Kenya
Lesotho
Liberia
Madagascar
Malawi
Mali
Mauritania
Morocco
Mozambique
Namibia
Niger
Nigeria
Rwanda
Sao Tome and Principe
Senegal
Sierra Leone
Sudan
Tanzania
Togo
Tunisia
Uganda
Zambia
Zimbabwe

Percentage

Q1  Q5  Gap Q1  Q5

Source: SDGCA computation based on GHO-WHO database
When disaggregated, the selected specific RMNCH indicators such as the coverage of Antenatal Care (ANC) with four or more visits and the births attended by skilled health personnel are comparable to RMNCH composite coverage in regard to three inequality dimensions (wealth, place of residence, education). Poor households, uneducated women, and women from rural areas are less covered by those services— as shown in Figure 5.3 for ANC and Figure 5.4 for births attended by skilled health personnel.

5.3.1.1.2 Antenatal Care (Four or More Visits) Coverage

The ANC (four visits and plus) coverage by place of residence shows that the women in rural settings are less covered than women in urban places. The percentage point difference is more than 20 between these categories in 16 countries. The highest percentage point difference is 37.65 in Ethiopia and a minimum percentage point difference is 0.1 in Rwanda. The education-related difference in ANC (four or more visits) coverage is more than 20 percentage points difference between educated (secondary or higher) and uneducated women in 24 countries.

Ethiopia is the most unequal country for that indicator with a maximum percentage points difference of 56.49. In three countries (Zimbabwe, Ghana, Eswatini), the ANC coverage of uneducated women tends to be better with a percentage point difference respectively of -3.98, -4.48, and -12.73. The ANC coverage (four or more visits) by wealth shows that the poorest 20% of women are less covered than the wealthiest 20% of women. In 33 countries, the percentage point difference in ANC coverage between the two categories of women is more than 20. Nigeria has the highest percentage point difference of 61.74. A minimum percentage point difference is about 1.54 in Rwanda.
FIGURE 5.3 A ANC COVERAGE INDEX BY LOCATION

Source: SDGCA computation based on GHO-WHO database
FIGURE 5.3 B ANC COVERAGE INDEX BY EDUCATION

Source: SDGCA computation based on GHO-WHO database
FIGURE 5.3 CANC COVERAGE INDEX BY WEALTH

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<tr>
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<th>Q5 (Richest)</th>
<th>Gap Q1 Q5</th>
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Source: SDGCA computation based on GHO-WHO database
5.3.1.1.3 BIRTHS ATTENDED BY SKILLED HEALTH PERSONNEL

Births attended by skilled health personnel is recognized to be a key intervention to prevent maternal and newborn deaths because the highest risk for new mothers is immediately postpartum during the 24–48 hours after birth (WHO, 2015). Close surveillance is needed by the skilled health personnel. In 2012, about 40 million births in developing regions were not attended by skilled health personnel (UN, 2014). Only 59% of the births in Sub-Saharan Africa were attended by skilled health personnel between 2012-2017 (GHO, 2019). Inequality in births attended by skilled health personnel could make maternal and child health outcomes worse.

Inequality in births attended by skilled health personnel based on place of residence shows that women in rural areas have less coverage than those in urban areas. Rural women are less covered than urban women with a percentage point difference of more than 20 in 29 countries. The percentage point difference is more than 40 in 14 countries. Niger (gap 61.23), Ethiopia (gap 59.61), Djibouti (gap 54.44), Somalia (gap 50.46), and Togo (gap 49) are the five most unequal countries for place-related inequality in births attended by skilled health personnel. Better rates for inequality in birth attendance by skilled health personnel in terms of percentage point differences were reported in Tunisia (2.8), Algeria (2.95), Malawi (5.11), Egypt (5.95), and Rwanda (6.33).

Related to education-related inequalities in births attended by skilled health personnel, uneducated and less educated women are less covered than those that are educated (secondary school level or higher) in most African countries. 34 countries show more than 20 percentage point difference including 8 countries with more than 50 percentage point difference. Chad and Ethiopia respectively reported a 77.4 and 71.48 percentage point difference between these two categories of women. The less unequal countries for education-related inequalities in births attended by skilled health personnel in terms of percentage point difference are Algeria (3.51), Djibouti (3.8), and Tunisia (6.73). Gabon with the negative percentage point difference of -13.85 appears to have lower inequality of births attended by skilled health personnel based on education level.

For wealth-related inequalities in births attended by skilled health personnel, women in the 20% poorest households are less covered than women in the 20% richest households. Wealth related inequalities are high in most African countries with a percentage point difference of more than 20 in 37 countries including 17 countries with percentage point difference of more than 50. Cameroon, Nigeria, and Angola with percentage point differences of 76.61, 72.06, and 70.44 respectively, are the most unequal countries for the wealth-related inequalities. Countries that are doing relatively better for that indicator are Algeria, Tunisia, and Malawi with a percentage point difference of 4.07, 5.82, and 7.84 respectively.
FIGURE 5.4 A BIRTHS ATTENDED BY SKILLED HEALTH PERSONALS BY LOCATION

Source: SDGCA computation based on GHO-WHO database.
FIGURE 5.4 B BIRTHS ATTENDED BY SKILLED HEALTH PERSONALS BY EDUCATION

Source: SDGCA computation based on GHO-WHO database
FIGURE 5.4 C BIRTHS ATTENDED BY SKILLED HEALTH PERSONALS BY WEALTH

Source: SDGCA computation based on GHO-WHO database
5.3.1.2 MAIN CHALLENGES TO ACHIEVE UNIVERSAL HEALTH COVERAGE

Shortages of health workers, low geographical accessibility to health, financial inaccessibility, and shortages in medical products are the most common barriers that impede the full realization of universal health care. The lack of full implementation of social determinants of health policies and interventions are also failure factors in universal health care. Below is a description of some of the barriers that play a critical role in UHC.

Human Resources for Health (HRH) shortages and accessibility to health care: Scheil-Adlung (2015) shows that (i) the population in both rural and urban areas without access to health services due to health workforce shortages is relatively high in Africa compared to other regions; (ii) 77% of the rural population in Africa does not have access to health care due to health worker shortages compared to 50% of the African urban population for the same reason; (iii) the world average for rural populations without access to health care due to healthcare worker shortage is about 52% compared to 24% of the global urban population which do not have access due to the same shortage; (iv) nearly all rural populations in Central and Eastern Europe, Western Europe, and North America have access to health care, so there are little to no healthcare worker shortages.

Similarly, the population above 65 years without long-term care due to workforce shortages is over 90% compared to the world (50%), Asia and Pacific (60%), Europe (30%), and the America’s (15%).

Geographic and timely accessibility to emergency care in Africa: Accessibility to emergency care in Africa is used as a proxy for geographic accessibility to health care. This specific accessibility is important to improve health service coverage as well as health outcomes. According to The Disease Control Priorities Project, “improvement of quality, access, efficiency, and administration of timely emergency services has been suggested to lead to a 45% reduction in mortality and a 36% reduction in disability in low-income and middle-income countries” (Ouma et al., 2018).

To be effective, emergency hospital care for obstetrics and emergency surgical interventions should be at a maximum of two hour travel times when there is need to access them (WHO et al., 2009; Meara et al., 2015). Through a study led by Ouma et al. (2018), only 16 countries met the international recommendation of more than 80% of the population within a two-hour travel time to a hospital, and found that most SSA countries were well below the benchmark set for 2030: less than 80% of the population lived within a two-hour travel time to emergency hospital care.

5.3.2 INEQUALITIES IN HEALTH OUTPUT AND OUTCOMES

Increasing essential health coverage significantly improves health outcomes and in supplement, eliminating socioeconomic-related inequality improves health outcomes. For example, according to Akachi et al. (2018), full vaccination coverage was associated with a 30% reduction in the odds of child mortality. According to WHO (2015), by eliminating economic-related inequality in eight RMNCH interventions and increasing coverage to the level of the richest quintile, around half of study countries could potentially achieve an increase in their composite coverage index of about 10 percentage points from current levels. Countries with greater inequities see worse health outcomes. IMF (2017) estimates that the biggest global gains in health outcomes from eliminating health coverage inequality would occur in Sub-Saharan Africa.
From the above description, the health output and outcomes in Africa are still low and unequal. The Maternal Mortality Rate (MMR) in Africa is still high at about 542 per 100,000 live births, which is up to 34 times higher than the MMR in Europe (WHO, 2019). “In countries where MMR are high, it is the rural population that is most concerned” (Scheil-Adlung, 2015b). In Africa, the rural MMR is about 1.9 times more than in urban areas (Scheil-Adlung, 2015b). The under-five mortality rate in Africa in 2016 was approximately 5 times higher than in Europe.

U5MR related inequality is still prevalent. From a SDGCA computation based on GHO data, in most African countries, the under-five mortality rate is higher in rural areas, for uneducated women (compared to women with secondary school or higher), and for the poorest. For example, U5MR is higher in children under-five living in the poorest households (20% poorest) than in the richest (20% richest) households with a difference between those quintiles from 4.3 more deaths per 1000 live births in Tanzania to 74.9 more deaths per 1000 in Togo.

Inequality in stunting prevalence in children under-five: Stunting in children under five years of age remains prevalent in Africa. The joint study by UNICEF et al. (2017) estimates that the stunting prevalence in Africa was 31.2% in 2016. In absolute terms, the number of stunted children less than five years on the African continent is high, at about 59.0 million in 2016.

This number hides some inequalities, when data is disaggregated the main inequality dimensions are revealed (Figure 5.5): (i) Stunting prevalence by place of residence; while in most African countries, stunting is a rural phenomenon, Burundi has the highest inequality-related place of residence with a percentage point difference of 31.1 more in rural areas than in urban areas. Most countries have a percentage point difference from 10 to 19. The less unequal countries for stunting in relation to place are Algeria, Sao Tome and Principe, Liberia, Central African Republic, Tunisia, and Zambia with a percentage point difference range from 1.06 to 6.06; (ii) Stunting prevalence in children under five by education-related inequality. Stunting is less prevalent in children with educated mothers (secondary and higher) than children of uneducated (none) or less educated mothers (primary). The education-related difference in the prevalence of stunting among children between uneducated and educated mothers is particularly high in nine countries with a percentage point difference of more than 20 with a maximum of 35.8 in Burundi; (iii) Stunting prevalence and wealth related inequality; stunting is prevalent in the poorest under five children living in the 20% poorest households. The five highest unequal countries for stunting in relation to the wealth are Nigeria (gap 44.5), Burundi (gap 37.8), Lesotho (gap 32.3), Benin (gap 28.4), and Rwanda (gap 27.7). The five countries with lowest inequality for stunting in relation to the wealth are Tunisia (gap 7.8), South Sudan (gap 4.8), Madagascar (gap 4.5), Algeria (2.01), and Egypt (gap 0.6). Countries such as Madagascar, Chad, and South Sudan with a percentage point difference of 4.5, 9.6, and 4.84 respectively have a high national prevalence of stunting respectively at 48.9%, 39.8%, and 31.3%; the poorest and richest children in these three countries are all affected without a significant percentage point difference and even the prevalence of stunting in the 20% richest households is close to the national prevalence.
**FIGURE 5.5 A STUNTING PREVALENCE IN CHILDREN UNDER-FIVE BY LOCATION**

Source: SDGCA computation based on GHO-WHO database
FIGURE 5.5 B STUNTING PREVALENCE IN CHILDREN UNDER-FIVE BY EDUCATION

Source: SDGCA computation based on GHO-WHO database
FIGURE 5.5 C STUNTING PREVALENCE IN CHILDREN UNDER-FIVE BY WEALTH

Source: SDGCA computation based on GHO-WHO database
5.4 FINANCIAL AND SOCIAL PROTECTION

5.4.1 HEALTH INSURANCE AND SOCIAL PROTECTION IN AFRICA

Ensuring the prepayment and pooling of resources for health, rather than relying on people paying for health services out-of-pocket at the time of use is essential for protecting people. Health insurance is the best way to ensure financial protection.

5.4.1.1 HEALTH INSURANCE AND INEQUALITY

The formal health insurance coverage in Africa is low (only 17% of the selected eight countries with a third of Africa’s population have some form of health insurance), and is also disproportionately varied between the richest and poorest quartiles (Beegle et al., 2016). The richest 20% enjoy more than three times that of the lowest 20% and twice the middle 20% (3rd quartile). The exclusions from health coverage are more pronounced in rural areas, with 17% of the rural population included relative to 40% in urban populations. Lack of health insurance coverage had a significant effect by increasing the incidence of welfare loss from health shocks (Atake, 2018).

5.4.1.2 MATERNITY PROTECTION

Maternity protection prevents women and children from economic hardships and health risks during maternity. The share of women giving birth who received maternity cash benefits in Africa stood at only 15.8% compared to world average (41.1%), Americas (68.6%), Asia and the Pacific (33.4%), and Europe and Central Asia (81.4%) (ILO, 2017). The shares are below 1% were reported in Mozambique, Tanzania, Burkina Faso, Nigeria, and Cameroon.

5.4.1.3 LONG-TERM CARE FOR OLDER PEOPLE IN SUB-SAHARAN AFRICA

About 46 million older people live in Sub-Saharan Africa. By 2050, this number is expected to triple to roughly 165 million (WHO, 2017a). Most of the older populations will possibly need long-term care. According to WHO (2017b), for people older than 65 years living in Sub-Saharan Africa, care needs are far higher than for people of similar ages in more developed settings. WHO estimated that in Ghana, more than 50% of people between the ages of 65 years and 75 years require some assistance with daily activities. For those 75 years and older, the percentage jumps higher than 65%. In South Africa, more than 35% and 45%, respectively, of those at similar ages require assistance, while in Switzerland the proportion is less than 5% and 20%, respectively. Social protection for older populations needs to be implemented and scaled in Africa.
5.4.1.4 HEALTH AND COVID-19

The health crisis in an epoch of dwindling health per capita spending, and weak health systems are expected to reverse recent gains against SDG 3. Pre-COVID-19 SDGCA (2019) forecasts projected that Africa in the business-as-usual trajectory would struggle to meet the health SDG targets by 2030. The same fact was corroborated in the Africa SDG index 2019 where Africa failed to meet health targets. The COVID-19 pandemic exacerbated an already fragile health system in Africa, categorized by under governed and underfunded institutions, with a shortage of health workforce and medical products, weak health infrastructure, and weak service delivery. The service delivery is less accessible, inefficient, low quality and overall less capable of effectively addressing population’s healthcare needs. Other threats include the increase in non-communicable diseases and emerging diseases like Ebola. Already, over 100 outbreaks and health-related emergencies have occurred annually in Africa with high morbidity and mortality rates as a result (WHO, 2017).

The African health system is also underfunded. The per capita government expenditure on health in Africa, is very low at US $51.6 compared to US $1,858.3 in Europe. The burden of health expenditure continues to burden households rather than governments, as exhibited by increasing out-of-pocket expenditures (UNECA, 2019). 110 million people were found in Africa in the category of catastrophic expenditure with the out-of-pocket health spending exceeding 10% of the household budget (total consumption or income), a number that is expected to increase owing to dwindling of income and increased health risks. Increased poverty, reduced physical access, lack of health resources, and disruptions in the supply chain of health inputs because of COVID-19, combined with a lack of social safety nets exacerbates financial, psychological, and physical barriers to healthcare access. The health system will be faced with a decrease in the coverage of the essential services and an associated increase in the mortality rate.

Significant disruptions to vaccination efforts and surveillance of vaccine-preventable diseases may lead to the outbreaks of vaccine-preventable diseases; and children may pay a heavy price, leaving around 21 million children who would have been vaccinated, unprotected. Measles preventive mass vaccination campaigns in Chad, Ethiopia, Nigeria, and South Sudan have been suspended because of COVID-19. Malaria, one of the leading killer diseases in Sub-Saharan Africa, is expected to cause nearly 800,000 deaths in 2020 – regressing the region to the mortality rate of the 2000s (WHO, 2020). The economic crisis following COVID-19 could have critical implications for the health of millions of already malnourished children in Africa. As COVID-19 spreads, assuming poverty and food insecurity grow dramatically, in a more optimistic scenario (IFPRI, 2020a) Africa could witness an additional number of undernourished of 64.9 million people – an increase of 23% from 282 million people in 2020. This suggests that without social and economic relief measures, the global health crisis could pose real challenges to people in such fragile contexts in terms of access to food and medical care.

Accessibility to sexual and reproductive health services has been limited mostly due to the measures taken to contain the virus. Women reduced their contact with the health facilities for fear of being exposed to the virus (UNFPA, 2020). Over 47 million women in 114 low-and middle-income countries have been projected to be unable to use modern contraceptives if the average lockdown, or COVID-19-related disruption, continues for six months with major disruptions to services (UNFPA, 2020). A recent study targeting 118 low-income and middle-income countries revealed that 253,500 additional child deaths and 12,200 additional maternal deaths are expected from the least severe scenario (coverage reductions of 9.8–18.5%
and wasting increase of 10%) over six months, while for the most severe scenario (coverage reductions of 39.3–51.9% and a wasting increase of 50%) over six months would lead to an additional 1,157,000 child deaths and 56,700 maternal deaths (Roberton et al., 2020).

There is a risk of reversing the HIV/AIDs progress because of the COVID-19 pandemic (WHO, 2020c). In 2018, about 25.7 million people were living with HIV globally, 16.4 million (64%) were on antiretroviral therapy (ART), and 470,000 in Sub-Saharan Africa. The COVID-19 pandemic and related economic and social crisis, such as the loss of livelihoods and employment combined with the lack of access to health services, could increase unprotected sex, sexual violence and exploitation, transactional sex, and sex work. This could lead to an increase in new HIV infections. In addition, there is a risk of interruption of supplying ART to those on treatment because of disruptions to the supply chain or inaccessibility to the service because of the COVID-19. Africa could register 500,000 extra deaths from AIDS-related illnesses, including from tuberculosis during the period 2020–2021. While the incidence of the COVID-19 is still relatively low in Africa and the hospitals seem to operate as usual, the unabated increase would overwhelm health infrastructure, inevitably translating into deaths. The hospital bed capacity in Africa is very low at 1.2 per 1000 people compared to 6.1 in Europe. In addition, they are underequipped in personal protective equipment and ventilators to take care of patients. Such situations will collapse the system in case of severe COVID-19 waves in the continent. The occurrence of a COVID-19 vaccine and the expansion of its use in Africa is likely to revert the catastrophic scenario.

### 5.5 CONCLUSION

Despite recent improvements in health outcomes and accessibility in essential healthcare services, Africa is still lagging behind. Health outcomes and health services accessibility remain very low compared to other regions. Apart from that, inequalities in accessing essential care services are still prevalent which is reflected in health outcome inequalities. Population segments including the poor, uneducated and less educated, and rural-based continue to pay a heavy price to access the essential healthcare due to the unavailability of health services at close proximity, required direct payment at the point of care, catastrophic health spending, lack of knowledge on health literacy, and cultural factors.

The consequences are of grave importance for people, communities, and countries. Those consequences are worsening health outcomes, especially for those already living in poor health, those with disabilities, and the poor. Health insurance for all people and other social protections for specific groups, such maternity protection, and long-term care for aging populations, must be expanded in order to overcome the ongoing inequalities in the African health sector and improve the SDGs-related health outcomes by 2030. Public health spending must be increased and services should be equally distributed among the populations and sub-national regions. Countries should start working more on social determinants of health, and health in all policies must become a priority for African countries.
CHAPTER SIX
EDUCATION
6.1 INCLUSIVE EDUCATION AND THE AGENDAS

Inclusive education refers to ensuring the right of all children and adults to access education regardless of their ability, age, gender, ethnicity, or other characteristics. Inclusive education responds to educational underachievement and lessened social opportunities for vulnerable student identities (Slee, 2018). Vulnerable identities include indigenous and first nations children, the girl child, children displaced by conflict or natural disasters, children from minority ethnic, religious, or tribal groups, children living in poverty, and children with disabilities. To achieve sustainability, inclusive education must develop a practical understanding of exclusion, its structures, and culture (Pearson, 2012).

“Inclusive education is about embracing all, making a commitment to do whatever it takes to provide each student in the community—and each citizen in a democracy—an inalienable right to belong, not to be excluded. Inclusion assumes that living and learning together is a better way that benefits everyone, not just children who are labeled as having a difference.” (Falvey et al., 1995)

The approach of inclusive education in an African context would have to begin with an acknowledgement of social and economic differences. African education systems must embrace and address what social difference entails, mostly its linkage with the educational and learning processes. The scope for inclusive education is captured in SDG 4 which aims to ensure inclusive and equitable quality education for all and promote lifelong learning opportunities for all. All ten targets of Goal 4 address social and economic inclusion; and data is disaggregated by sex, age, income, and education status for almost all indicators. Inclusive education is also reflected in the Agenda 2063, Goal 1: a prosperous Africa based on inclusive growth and sustainable development; and Goal 2: well-educated citizens and skills revolution underpinned by science, technology, and innovation.

Advocating holistic prosperity for excluded and marginalized groups and providing them with quality education requires the development and implementation of inclusive policies and programs. The effort to provide equity education has been hampered and obstructed due to COVID-19 measurements. UNICEF and UNESCO estimations and projections highlight an increase in the number of drop-outs among marginalized and vulnerable groups across the continent. There is a pressing call now more than ever before to promote inclusive education systems that remove all obstacles to access, participation, and achievement for all learners, and the elimination of all forms of inequalities and discrimination in the learning environment. This is a time for a strong and pragmatic collaboration between all practitioners for addressing the exclusion and inequality in education.
6.2 INCLUSIVE EDUCATION, POVERTY, AND INEQUALITIES

6.2.1 EDUCATION AND POVERTY

Education is crucial to poverty reduction, economic growth, and gender equality. Ensuring equality in education can further accelerate the achievement of most SDGs. One way to achieve this is to guarantee equality of opportunity for learning which could assure a better future, especially for the poor. Good quality education that improves learning outcomes increases economic growth (Hanushek & Rivkin, 2012). Economic growth reduces poverty because it tends to increase wages and the amount people can earn from work in agriculture and the urban informal sector (Ravallion, 2001). It has been proven that extreme poverty could be halved if universal primary and secondary education were achieved (UNESCO & GEMR, 2017).

UNESCO estimates that each year of schooling raises earnings by around 10% and this figure is even higher for women. In Tanzania, having a secondary education reduces the chances of being poor as a working adult by almost 60% (UNESCO, 2016). In Uganda, owners of household enterprises who had completed primary education earned 36% more than those with no education, and those who had completed lower secondary education earned 56% (UNESCO, 2016). According to Dercon et al. (2012), education at all levels reduces the chance of people living in chronic poverty even after considering other factors that can have an influence, such as household land holdings and other assets. For example, after the apartheid era, education helped people to escape poverty in KwaZulu-Natal province of South Africa – each additional year of schooling increased consumption expenditure by 11% (May et al., 2011).

6.2.2 INCLUSIVE EDUCATION AND INCOME INEQUALITY

The relationship between inclusive education and income inequality is receiving increased attention with an expected negative nexus. Higher education levels translate into reduced income inequality in the long run. Data trends are represented by a curved shape, with increasing income inequality at lower levels of schooling and decreasing at higher levels of schooling. Empirically, inequalities in education translate into higher income inequality in the long run (Coady & Dizioli, 2017).

Education can mitigate economic inequality as studies have shown that extreme income inequality is preventable through investment in quality and equitable education (Dabla-Norris et al., 2015). An IMF cross-country analysis found that, while spending on education is ‘always inequality reducing,’ expansion in developing countries over the last few decades accounts for much more (Coady & Dizioli, 2018). The IMF noted that continuing to tackle inequality in education will put ‘strong downward pressure on income inequality’ (Coady & Dizioli, 2018). Income gaps are attributed to a difference in early education investment and consequently affecting intergenerational mobility in income (Yang & Qiu, 2016).

Wage disparities are also associated with inequalities in educational attainment. Finn and Leibbrandt (2018) found that income inequality widened in the three years preceding 2014 because of education gaps – with higher wages and wages increases accruing for the highly educated. In South Africa, recent statistics showed that both the females and males earning higher wages had, on average, higher levels of education.
Men with tertiary education earned 7 times more than those with no education while the women respectively earned 8 times more. Men with high school education earned 2 times and 2.5 times more than those with no education (DSSA, 2019).

Gender disparities also exist despite the same cluster of education levels. Tertiary qualification was earning almost 1.6 times more than their female counterparts. In Uganda, median monthly nominal earnings for employees with no formal education accounted for only 19% of the earnings of employees with post-secondary school qualification and only 9% for those with a degree and above. Education strategies and reforms that foster inclusive education are effective leverage for better income distribution outcomes in the long run (Checchi & Van de Werfhorst, 2014).

### 6.3 UNIVERSAL AND EQUITABLE ACCESS

Inequality indicators capture various aspects of education diverging from access, participation, and attainment. We focus on a selected few indicators largely based on relevance and available data at country and regional levels. This section covers analysis of indicators with available data such as rate of out of school, completion rate, and net enrollment and attendance.

#### 6.3.1 OUT OF SCHOOL

Sub-Saharan Africa continues to have high levels of educational exclusion (see Figure 6.1). The rate of children, youths, and adolescents out of school is double compared to the rate in Northern Africa.

According to UNESCO (2017b), almost 60% of youth between the ages of about 15 and 17 are not in school. Across Sub-Saharan Africa, 9 million girls between the ages of about 6 and 11 will never go to school at all, compared to 6 million boys (UNESCO, 2017b).
In Sub-Saharan Africa, 31.72% of children, adolescents, and youth were out of school in 2013 while in Northern Africa the rate is almost half at 17.96% (Figure 6.2). The rate has decreased only slightly since 2013, reaching 31.2% in 2018 and the pace is estimated to remain the same at about 29.75% in 2030. The scenario will be totally different in Northern Africa, reflecting a decrease of 12% (from 18% in 2013 to 6% in 2030) which is a promising situation. Children, adolescents, and youths in Sub-Saharan Africa are 5 times more likely to be out of school compared to those in Northern Africa in 2030.
6.3.2 UNIVERSAL PRIMARY EDUCATION

More than a quarter of African countries have nearly achieved universal primary education – that is, the net enrollment rate or net attendance rate among these countries is more than 95%. The net attendance is less than 80% in most West African countries (Figure 6.3). Countries with conflict have low enrollment rates, and none of these countries had achieved gender parity in primary education enrolment. According to Colclough et al. (2000), children who do not attend school are overwhelmingly from poor households in poor countries.
The completion rate at the primary level varies across African countries; location and wealth gaps are widening for more than half of the countries. A combination of economic and social factors plays a major role in preventing girls from gaining access to education at the same rate as boys. The figure below shows that the primary completion rate is low for both rural and urban areas across all countries for the poorest quintile. The reason for these low numbers in rural Africa is connected to poverty and other inequalities. Rural areas in Africa are repeatedly characterized by poor infrastructure and insufficient critical social services.

Educational completion remains tilted in favor of the richest across countries (Figure 6.4). This is predominantly amongst the poorest countries and especially those affected by conflict. Disparity by location is compounded in the poorest quintile, in contrast to the richest quantile. The completion rate is practically comparable in rural and urban areas in all countries. At current rates, it could be another 100 years before all girls in Sub-Saharan Africa have the opportunity to complete a full 12 years of education, which is a commitment in the SDGs (Coldlough et al., 2000).

Source: SDGC/A analysis based on UIS database
FIGURE 6.4 COMPLETION RATE PRIMARY EDUCATION, RURAL & URBAN, POOREST AND RICHEST QUINTILE, BOTH SEXES (%)

Source: SDGc/A analysis based on UIS database
Children from high-income families tend to perform better than those from low-income families. Financial endowment determines both the number of out of school children and school dropout rates. Vulnerable children need financial support in the form of bursaries or grants to effectively universalize primary and basic education (Colclough et al., 2000).

Also, to promote educational attainment, the educational backgrounds of parents should be reinforced through adult education programs, as parents play a significant role in the education attainment of their children. Children also tend to imitate their parents and aspire to be as highly educated as their parents. Other social factors such as religion, ethnicity, and stereotypes create barriers that make inclusive education difficult to attain.

Government investment in free education is crucial for building equality because it gives every child a fair chance and not just those who can afford to pay. Fees of any kind at pre-primary, primary, and secondary levels exclude the poorest, especially girls. In Ghana, after fees for senior high school (upper secondary) were dropped in September 2017, 90,000 more students came through the school doors at the start of the new academic year.

6.3.3 DISPARITIES IN EDUCATION

There are wide disparities between the rich and the poor in low-income countries. For 100 children in each category, 79 in the richest quintile complete primary school compared to 34 children in the poorest quintile (see Figure 6.5). In Sub-Saharan Africa, the richest are twice as likely to complete primary school compared to the poorest. The richest are 4 times more likely to complete lower secondary compared to the poorest (Figure 6.6).

When it comes to lower secondary school completion, the situation is worse in Sub-Saharan Africa as only 13% of the poorest adolescents’ complete lower secondary school compared to 66% of the richest. Relative disparities tend to decline as countries become rich and completion rates increase. As per Figure 6.6, for every 100 of the richest adolescents who complete lower secondary school, the comparable numbers for low-income and lower-middle-income countries are 59 and 91, respectively.
**FIGURE 6.5 PRIMARY COMPLETION RATE**

Source: SDGC/A analysis based on UIS database

**FIGURE 6.6 LOWER SECONDARY COMPLETION RATE**

Source: SDGC/A analysis based on UIS database
Disparities by wealth appear to be the largest. In terms of location, adolescents who complete lower secondary in rural areas are half of those living in urban areas in Sub-Saharan Africa. With respect to sex, for every 100 adolescents’ men who complete lower secondary school, the comparable numbers of women for low-income and Sub-Saharan Africa countries are 83 and 86 respectively.

**BOX 6.1 COVID-19 AND EDUCATION FOR ALL**

The pandemic has intensified not only the weak education systems in Africa but also existing inequalities. Poor families, young girls, children with disabilities, and children living in fragile countries are likely to be affected the most by pandemics. As a result of schools’ closure, sustained disconnection from the education system combined with a loss of livelihoods, forced many vulnerable children to drop out. Globally, close to seven million students from primary and secondary education could drop out of school (Azevedo et al., 2020). This number is likely to change as estimates of the extent of this economic crisis are revised (Azevedo et al., 2020).

The long-term social and economic impact of COVID-19 measures in Sub-Saharan Africa could result in lifetime earning losses of $4,500 per child. Children living in precarious conditions do not have the resources to adapt and fulfill the measures needed to continue education during school closures, including access to the internet, radio, devices, and technologies. According to the UNESCO Global Monitoring of School Closures (UNESCO, 2020b), a number of countries have reopened learning institutions. As of January 26, 2021, schools are fully open only in 37 African countries. At the peak of school closures, nearly 300 million African students (previously enrolled) were out of school, of which 10 million were in higher education (UNICEF, 2020).

Even before COVID-19 disruptions to education systems, about 33% (41 million) of the world’s out-of-school children and adolescents were from west and central Africa countries. The majority of learners at risk of not going back to school is in South and West Asia (5.9 million) and Sub-Saharan Africa (5.3 million). Across Sub-Saharan Africa, a higher percentage of girls at all education levels is likely to be affected (1.99%), compared to boys (1.90%), and pre-primary education enrollment will be the most affected with an expected drop of 7.9%. The UNESCO advocacy paper pointed out that learners who may be disproportionately affected are those living in fragile and conflict-affected states as well as displaced and migrant populations. These learners face challenges in accessing and staying in school and completing learning (UNESCO, 2020a).
6.4 CONCLUSION

Overall, inequalities in education prevail, especially in Sub-Saharan Africa, as shown by gaps in educational outputs and outcomes. The number of children who are out of school is higher in Sub-Saharan Africa than everywhere else in the world. The level of school attainment also remains a great challenge for the region. Few African countries have achieved close to universal primary education in terms of net enrollment or attendance rates. Due to COVID-19, gaps in attainment and affordably are expected to widen as are obstinate levels of enrollments in school and dropout rates. In general, inclusive education has to be undertaken seriously by governments across the continent especially in Sub-Saharan Africa. There is a need to develop or enhance policies that can respond to the needs and backgrounds of all learners for effective equitable education.
CHAPTER SEVEN

BASIC SERVICES
7. INCLUSIVENESS IN BASIC SERVICES: WATER, SANITATION, AND ENERGY

7.1 INCLUSIVE WATER, SANITATION, AND ENERGY AND THE AGENDAS (SDG AND AU 2063)

An indicator of good governance is achieved when citizens cease to be passive recipients of services and become engaged in issues that matter to them. One of the fundamental principles of good governance is inclusiveness and equity (Sheng et al., 2007). This chapter discusses inclusiveness from a water, sanitation (SDG 6), and energy (SDG 7) perspective. The analysis focuses on indicators related to targets 6.1 and 6.2 of SDG 6 and target 7.1 of SDG 7.

Target 6.1 is universal and equitable access to safe and affordable drinking water for all. The indicator is the percentage of the population using safely-managed drinking water services. WHO and UNICEF (2017) defined the use of safely-managed drinking water services those that are located on-premises, available when needed, and free from contamination.

Target 6.2 is access to adequate and equitable sanitation and hygiene for all and the end of open defecation, paying special attention to the needs of women and girls and those in vulnerable situations. The three relevant indicators are the population using safely managed sanitation services, the population practicing open defecation, and the population with a basic hand-washing facility with soap and water available in the premises. As per WHO, safely managed sanitation service refers to the use of improved facilities that are not shared with other households and where excreta are safely disposed of on site or transported and treated offsite.

For benchmarking and comparison of progress across countries at different stages of development, the WHO and UNICEF Joint Monitoring Programme (JMP) report introduced the water and sanitation “ladders” that designate the different stages of service levels (WHO & UNICEF, 2017). For drinking water, the ladders include surface water, unimproved, limited, basic, and safely managed. For sanitation, the ladders are open defecation, unimproved, limited, basic, and safely managed.

Under SDG 7, target 7.1 is ensuring universal access to affordable, reliable, and modern energy services. The two indicators of this target are the proportion of the population with access to electricity and the population with primary reliance on clean fuels and technology.

In addition to SDG 6 and 7, we find basic services as targets of SDGs 1 and 11. Under SDG 1 target 1.4 is to ensure that all men and women, and, particularly the poor and vulnerable, have equal rights to
economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, and appropriate new technology and financial services, including microfinance. The target’s indicator related to basic services is the population living in households with access to basic drinking water, sanitation and hygiene, and modern energy. Most of all, the inclusion of basic services among Goal 1 targets emphasizes its direct impact and contribution in ending poverty.

SDG 11 is to make cities and human settlements inclusive, safe, resilient, and sustainable. The related target 11.1 is to ensure access for all to adequate, safe, and affordable housing and basic services and improve slum conditions. The basic services component of this target indicates the need to acquire houses with sufficient and affordable drinking water, sanitation, and electricity services. Another target of SDG 11 is 11.6.1, which is urban solid waste management. This target also contributes to the achievement of the targets of sanitation and water quality, which impacts safely-managed sanitation and drinking water services.

Together with the SDGs, African countries will implement the AU Agenda 2063 — The Africa We Want — that African leaders adopted in January 2013. We explored the linkage between the two agendas (UN SDGs 2030 and AU Agenda 2063) focusing on water, sanitation, and energy. We have identified Goal (1) and Priority Area (4) targets in AU Agenda 2063 linked to the two UN SDGs 6 and 7 targets. Table 7.1 shows the linkage between the two agendas (SDG 2030 and Agenda 2063). The AU Agenda 2063 has five ten-year plans that guide the implementation process, and the first ten-year plan targets the period 2014-2023. Accordingly, the AU Agenda 2063 has planned to achieve the targets shown in Table 7.1 by 2023.
### TABLE 7.1 LINKAGE BETWEEN THE GOALS AND TARGETS OF THE UN SDGS 2030 (6 & 7) AND THE AU AGENDA 2063

<table>
<thead>
<tr>
<th>UN SDGs</th>
<th>AU AGENDA 2063</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>LEVELS</strong></td>
<td></td>
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<tr>
<td><strong>Goals</strong></td>
<td></td>
</tr>
<tr>
<td>6. Ensure availability and sustainable management of water and sanitation for all</td>
<td>(Goal 1) A high standard of living, quality of life, and well-being for all citizens</td>
</tr>
<tr>
<td>7. Ensure access to affordable, reliable, sustainable, and modern energy for all</td>
<td>(Priority Area 4) Modern and livable habitats and basic quality services</td>
</tr>
<tr>
<td><strong>Priority areas</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Goals</strong></td>
<td></td>
</tr>
<tr>
<td>6.1 By 2030, achieve universal and equitable access to safe and affordable drinking water for all</td>
<td>Reduce 2013 level of proportion of the population without access to safe drinking water by 95%</td>
</tr>
<tr>
<td>6.2 By 2030, achieve access to adequate and equitable sanitation and hygiene for all and end open defecation, paying special attention to the needs of women and girls and those in vulnerable situations</td>
<td>Reduce 2013 level of proportion of the population with poor sanitation facilities by 95%</td>
</tr>
<tr>
<td>7.1 By 2030, ensure universal access to affordable, reliable, and modern energy services</td>
<td>Access to electricity and internet is increased by at least 50% of 2013 levels</td>
</tr>
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</table>


7.2 NEXUS BETWEEN POVERTY REDUCTION AND BASIC SERVICES (WATER, SANITATION, AND ENERGY)

Water is a vital factor of production, so diminishing water supplies can translate into slower growth that clouds economic prospects. Some regions could see their growth rates decline by as much as 6% of GDP by 2050 as a result of water-related losses in agriculture, health, income, and property—sending them into sustained negative growth. Similarly, economic growth and energy demand are linked.

A study on the impact of electricity on economic development concludes that while electricity access, by itself, is likely an insufficient condition for economic growth, the data shows that electricity usage and GDP tend to go hand-in-hand. The theory also suggests that electricity access is likely to be an important enabler of economic growth (Stern et al., 2019). The same study describes the experiences of the electrification success stories and reviews evidence of development dividends resulting from this success.

In South Korea, the increase of electrification of rural households from 1965 (12%) to 1979 (98%) had resulted in considerable improvements in the quality of life of the rural household with incomes increasing at a real annual average rate of 27% in the 1970s. In China, provinces with high investment in rural electricity infrastructure experienced faster poverty reduction and higher incomes. Through its National Plan for Accelerated Rural Electrification Program, Thailand achieved near-universal electricity access, and the economy underwent a significant transformation, with extreme poverty falling close to 0% as measured using the 2011 PPP US $1.90 a day poverty line (Stern et al., 2019).

In Africa, Egypt had an electricity access rate of 99% by 2014 and the associated infrastructure has “undoubtedly supported the relatively strong economic growth performance of the country.” In Sub-Saharan Africa, “a severe shortage of essential electricity infrastructure is undermining efforts to achieve more rapid social and economic development.” However, the study highlights some low-income Sub-Saharan African countries where a positive association between electricity availability and GDP is observable. The World Bank (2016b) took Ethiopia as an example and concluded that investment in infrastructure in electricity, transport, communications, and other sectors had been “key structural [drivers]” of Ethiopia’s boom (Stern et al., 2019).

Since growth and poverty reduction are empirically prevalent, we deduce, following Kaur (2018) that access to water and energy are essential for the reduction of poverty and income inequality (Kaur, 2018). Consequently, we tested the correlation between poverty levels and lack of access to these basic services. As evidence, we considered the percentage of the population of poverty headcount ratio at US $1.90 a day (2011 PPP) of 23 selected African countries for which data are available between 2013-2015. We assumed the linkage between poverty levels and access to modern energy and basic drinking water services.

We estimated the correlation coefficient of the percentage of the population of poverty headcounts ratios to the access to energy and access to basic drinking water services. Accordingly, countries with a high percentage population of poverty headcounts ratio at US $1.90 a day (2011 PPP) have a low level of access either to energy or basic drinking water services and vice versa. The relationship is further presented in Figure 7.1, revealing negative and significant relationships between access to water services and poverty...
as well as access to energy and poverty.

**FIGURE 7.1A** CORRELATION BETWEEN ACCESS TO WATER AND POVERTY

**FIGURE 7.1B** CORRELATION BETWEEN ACCESS TO ENERGY AND POVERTY

Source: SDGCA calculations based on the World Bank Open Data
The Water, Sanitation and Hygiene (WASH) Poverty Diagnostic initiative undertook a study on 18 countries across six regions which revealed that the poor are often far away from functioning clean water sources and have limited or no access to any form of sanitation (UNICEF et al., 2017). Significant productive time is lost while fetching water – estimated at 40 billion hours per year in Sub-Saharan Africa. Improved water management facilitates poverty reduction (Ezbekhe, 2018). Improving access to WASH is critical to increasing the income of individuals and households living in poverty. Better health and nutrition enable people to work more productively at home, school, and in the workplace, maximizing their earning potential. Reducing the time spent collecting water is a critical first step in the economic empowerment of poor women and girls (WaterAid, 2015).

There are several transmission mechanisms through which water access affects poverty, mainly through its interlinkages with other SDGs. Increased water for agriculture for the rural population has the potential to shield them from poverty while building sector resilience. Irrigation impacts at the micro and macro level in terms of poverty reduction has been well documented empirically in the past (Smith, 2004; Sinyolo et al., 2014).

Water and energy access are profoundly interdependent, and water and energy are connected with SDG linkages to affect poverty reduction. The lack of access to clean energy leads to out-of-school propulsion, inducing children to spend more of their time gathering biomass. It also constrains access to other economic opportunities, thereby leading to poverty entrapment (Karekezi et al., 2014).

Eliminating energy poverty leverages creation on investments and employment with higher productivity, and in turn, reduces poverty. The intertwined relationship also exhibited in our correlation analysis is corroborated by empirical findings (Figure 7.1). Pronounced energy poverty constrains irrigation opportunities, further limiting the bankability of the respective agriculture projects and restricting access to bank loans. All of these factors adversely affect poverty (Mashnik et al., 2017).

Limited or lack of access to energy or water and sanitation results in lower productivity, lower quality education, worsened quality health services, lower living standards, weaker gender equality, and higher exclusion of marginalized people, particularly those living in rural and low-income urban areas. Subsequently, impoverished communities with less access to safe drinking water, improved sanitation services, and clean energy are more likely to remain poor. Therefore, we conclude that poverty in terms of water, sanitation, and modern energy results in poverty in all forms. Conversely, ending unequal access to at least basic drinking water, basic sanitation, and modern energy is critical for ending poverty in all its forms and everywhere by 2030 (Goal 1).

7.3 ASSESSMENT OF ACCESS TO BASIC SERVICES

7.3.1 BASIC DRINKING WATER AND SANITATION SERVICES

As of 2017, Sub-Saharan Africa was the lowest in terms of the proportion of the population with access to basic drinking water and sanitation services compared to the rest of the regions in the world (Table 7.2).
While basic drinking water service coverage was above 90% for all other regions, it was 61% for Sub-Saharan Africa. Likewise, the access to basic sanitation in Sub-Saharan Africa was the lowest (31%) followed by South Asia (59%), while the rest of the regions had coverage in the range of 84-100%. This situation is a clear indication of unequal access to basic services among the regions of the world, Sub-Saharan Africa being the most underprivileged in terms of access to basic services. In 2017, between 400 and 700 million people in Sub-Saharan Africa did not have access to basic water and basic sanitation services, respectively.

Also, a wide gap was observed between the rural and urban populations of Sub-Saharan Africa with access to the least basic drinking water and sanitation services. The rural population in Sub-Saharan Africa was disadvantaged compared to the urban population. In 2017, of the total rural population of Sub-Saharan Africa, 30% was practicing open defecation, while this level was only 6% for the urban population. In other words, for every person practicing open defecation in urban areas, there were 7.4 persons practicing the same in rural areas of Sub-Saharan Africa.

Note also that the estimates of water and sanitation coverage in urban areas include those living in urban slums, who are mostly deprived of such basic amenities in terms of quantity and quality standards. As a consequence, the statistics tend to mask the disparity between the slums and the affluent settlements within the urban settings.
### TABLE 7.2 PEOPLE USING AT LEAST BASIC DRINKING WATER AND BASIC SANITATION SERVICES BY THE REGIONS OF THE WORLD (% OF THE RESPECTIVE POPULATION), 2017

| REGION                        | **BASIC DRINKING WATER** | **BASIC SANITATION** |  |
|-------------------------------|--------------------------|----------------------|  |
|                               | Total  | Rural | Urban | Total  | Rural | Urban |  |
| World                         | 90     | 81    | 96    | 73     | 59    | 84    |  |
| East Asia & the Pacific       | 93     | 86    | 98    | 84     | 74    | 89    |  |
| Europe & Central Asia         | 98     | 97    | 99    | 97     | 93    | 98    |  |
| Latin America & Caribbean     | 97     | 87    | 99    | 87     | 68    | 91    |  |
| Middle East & North Africa    | 94     | 87    | 97    | 91     | 81    | 94    |  |
| North America                 | 99     | 97    | 100   | 100    | 100   | 100   |  |
| South Asia                    | 92     | 91    | 96    | 59     | 53    | 71    |  |
| Sub-Saharan Africa            | 61     | 46    | 84    | 31     | 22    | 45    |  |

*Source: The World Bank Open Data*
Table 7.3 shows the drinking water and sanitation coverages of the sub regions of Africa. Northern Africa performs better than the rest of the sub-regions regarding the population with access to drinking water and sanitation services. While Central Africa was the lowest in terms of access to drinking water (49%), Eastern Africa was the lowest (21%) regarding the proportion of the population with access to basic sanitation. Except for Northern Africa, the population with access to basic sanitation was below 50% in all the sub-regions. We expect that in those sub regions with a low level of coverage, the likelihood of lack of access to either drinking water or sanitation services by poor people was high, which implies the lack of inclusiveness.

**TABLE 7.3 PEOPLE WITH AT LEAST BASIC DRINKING WATER AND BASIC SANITATION SERVICES BY SUB REGION OF AFRICA (POPULATION %), 2017**

<table>
<thead>
<tr>
<th>SUB-REGION</th>
<th>BASIC DRINKING WATER</th>
<th>BASIC SANITATION</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total</td>
<td>Urban</td>
</tr>
<tr>
<td>Eastern Africa</td>
<td>51</td>
<td>39</td>
</tr>
<tr>
<td>Central Africa</td>
<td>49</td>
<td>27</td>
</tr>
<tr>
<td>Northern Africa</td>
<td>89</td>
<td>82</td>
</tr>
<tr>
<td>Southern Africa</td>
<td>75</td>
<td>58</td>
</tr>
<tr>
<td>Western Africa</td>
<td>70</td>
<td>55</td>
</tr>
<tr>
<td>Africa Total</td>
<td>66</td>
<td>51</td>
</tr>
</tbody>
</table>

*Source: The World Bank Open Data*
African urbanization is taking place at a record pace, but still, the majority of the population is living in rural areas. As per SDGCA’s forecast based on UNECA’s data on the demographic profile of African countries (UNECA, 2016), in 2017 the rural and urban population of Africa was 60% and 40% respectively (Fig 2). Eastern Africa had the highest share of the rural population (75%) as compared with other sub-regions. Northern Africa, with an equal percentage of 50% of the rural and urban population, is the relatively more urbanized sub-region in the continent.

In Eastern Africa, of the rural population that accounted for 75% of the total population, only 39 and 17 percent had access to drinking water and sanitation services, respectively. On the other side, the urban population that accounted for 25% of the total population, had access of 83 and 33 percent for basic water and sanitation services, respectively. In all the sub regions, the rural population had a relatively low level of access to basic drinking water and sanitation services. The inequality of access to these services between the urban and rural population was relatively high in Eastern Africa as compared to the other sub regions of Africa.

The disparity between rural and urban populations can be determined by calculating the ratio of coverage of rural to urban for each sub region. In Eastern Africa, for every person without safe drinking water in urban centers, there were 10 unserved people in rural areas. This ratio was 9 for Southern Africa, 4 for Central and Western Africa, and 2 for Northern Africa. Again, in Eastern Africa, for every person without improved sanitation services in urban areas, there were 4 unserved people in rural areas. The sanitation ratio was 2 for the rest of the sub-regions.
This finding signifies that the disparity in rural and urban Africa in both cases (drinking water and sanitation services) was high in Eastern Africa as compared to the rest of the sub-regions. One of the contributing factors for the relatively high level of unequal access and hence high disparity between the rural and urban population of Eastern Africa sub-region was the low level of coverage of Ethiopia, a country with a population of more than 100 million.

In line with Agenda 2063, the Africa Union produced the first continental report on the implementation of the program in February 2020 (AUDA-NEPAD, 2020). The report indicated that Africa registered a modest performance (from 68.4% in 2013 to 77% in 2019) in increasing access to safe drinking water. Based on the reported coverage rates, we estimated that, of the total population of Africa of 1.308 billion (UNDESA, 2019), more than 300 million people were excluded from accessing safe drinking water in 2019.

### 7.3.2 ELECTRICITY AND CLEAN FUEL & TECHNOLOGY

In 2017, with coverage level of 44.6 percent, Sub-Saharan Africa had the lowest population with access to electricity as compared to the rest of the world (Table 7.4). The world average was 88.8 percent. Except for South Asia that had close to 90%, all other world regions had the proportion of the population close to universal access to electricity. Therefore, apart from Sub-Saharan Africa, meeting the SDG target of ensuring universal access to affordable, reliable, and modern energy cannot be an issue for all the regions of the world. All the regions are already there but still a long way to go for Sub-Saharan Africa.

Also, there is inequality in per capita electricity consumption among the regions of the world. In Sub-Saharan Africa, the average per capita consumption of electricity power was 1.5 times lower than the next most underprivileged region, South Asia, and more than 27 times lower than the most privileged region, North America. This low level of per capita consumption of electricity in Sub-Saharan Africa points to the heavy dependence of the population on unclean fuel & technology for cooking. Accordingly, Sub-Saharan Africa is the lowest in terms of the proportion of the population using clean fuels & technology for cooking. In 2016, the percentage of the population of Sub-Saharan Africa using clean fuel & technology for cooking was only 14%, while the world average (59%) was more than four times that of Sub-Saharan average, according to the International Energy Agency report (IEA, 2017).

Sub-Saharan Africa is the region with the least progress on clean cooking. Almost 80% of the population still cooks with solid biomass, a share that has declined by just three percentage points since 2000. Population growth means that, despite this small percentage decline, the number of people still cooking with solid biomass actually has increased by 240 million to reach around 780 million. Of the 25 countries in the world where more than 90% of the population cooks with solid biomass, 20 are in Sub-Saharan Africa (IEA, 2017). Based on the World Bank open data, in 2016, of the total 977.4 million population of Sub-Saharan Africa only 13.2% had access to clean cooking and technology, whereas the majority (86.8%) were excluded from such facilities.

From the data of the world regions (Table 7.4), we can observe the existence of a direct relationship (with a correlation coefficient of 83%) between access to electricity and access to clean fuels and technology. Those regions with relatively high access to electricity have a high proportion of the population with access to clean fuel & technology for cooking.
Examing the sub-regions of Africa, Northern Africa with 91% of the total population with access to electricity was the highest, and a significant disparity was reported between this sub-region and the rest of the sub-regions of Africa (Table 7.5). The lowest was Central Africa (31%), followed by Eastern Africa (39%). The other two regions had almost similar status, and the respective coverages were close to the total Africa average (53%).

There is a strong correlation (90%) between the sub-regions of Africa of the population with access to electricity and population with access to clean fuel and technology for cooking. Northern Africa, the sub-region with the highest access to electricity also unveils the population with the highest access to clean fuels and technology for cooking. Measured by the ratio of rural to urban access to electricity by sub-regions indicates that in Eastern Africa for every person without electricity in urban centers, there were 9 people without electricity in rural areas. This ratio was 7 for Southern Africa, 6 for Western Africa, and 4 for Central and Northern Africa.
The disparity between rural and urban access to electricity was high in Eastern Africa as compared to the rest of the sub-regions of Africa. Similarly, the sub-regions with significant disparities in terms of electricity access between rural and urban, also have disparities in terms of clean fuels and technology access. This finding confirms that rural Africa has remained underprivileged in terms of access to electricity, and generally access to clean fuels and technology, as compared to urban Africa.

**TABLE 7.5 ACCESS TO ELECTRICITY, ELECTRIC POWER CONSUMPTION, AND CLEAN FUELS AND TECHNOLOGY BY THE SUB-REGIONS OF AFRICA**

<table>
<thead>
<tr>
<th>SUB-REGION</th>
<th>ACCESS TO ELECTRICITY (% of population), 2017</th>
<th>ACCESS TO CLEAN FUELS AND TECHNOLOGIES FOR COOKING (% of population), 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total</td>
<td>Rural</td>
</tr>
<tr>
<td>Eastern Africa</td>
<td>39</td>
<td>26</td>
</tr>
<tr>
<td>Central Africa</td>
<td>31</td>
<td>4</td>
</tr>
<tr>
<td>Northern Africa</td>
<td>91</td>
<td>86</td>
</tr>
<tr>
<td>Southern Africa</td>
<td>52</td>
<td>24</td>
</tr>
<tr>
<td>Western Africa</td>
<td>51</td>
<td>23</td>
</tr>
<tr>
<td>Africa Total</td>
<td>53</td>
<td>31</td>
</tr>
</tbody>
</table>

Source: SDGC/A estimates

i) population forecast for 2017 based on the UNECA-The demographic profile of African countries (March 2016), and

ii) percentage of population with access to electricity and clean cooking & technology of 2017 from the World Bank Open Data

Data by country level shows that in 2017, a total of 29 countries in the world had access to electricity below 50%. Of this total, 27 countries were in Sub-Saharan Africa. Among the 27 countries in Sub-Saharan Africa, there were countries with access even below 20% (Burundi 9.3%, Chad 10.9%, Congo, Democratic Republic of Congo 19.1%, and Malawi 12.7%).

The African Union’s (AU) first continental report on the implementation of Agenda 2063 (AUDA-NEPAD, 2020) indicated that, at the continent level, a weak performance (57.4% in 2013 to 62% in 2019) was recorded in increasing access to electricity. Consequently, it is estimated that, of the total population of Africa (1.308 billion), more than 497 million people were excluded from accessing modern energy services in 2019 (UNDESA, 2019).

Providing electricity for all by 2030 would require an annual investment of $52 billion per year. Of the additional investment, 95% needs to be directed to Sub-Saharan Africa (IEA, 2017). Furthermore, there are solutions to increase access to modern energy and reduce the risk of health hazards of dirty fuel for low-
income and remote areas. However, IEA argues that affordability, in particular, remains a critical barrier to scaling up these solutions. Even though people without electricity access often pay a lot for their energy sources, such as kerosene and candles – sometimes more than they would pay for the same service if they had electricity access – the upfront costs for off-grid systems may still be higher than most consumers are willing or able to pay (IEA, 2017).

### 7.3.3 TREND ANALYSIS

At the current pace of progress, the future is not promising in terms of universal access to essential services, water, sanitation, and energy. Based on the World Bank data on the populations with access to basic water, sanitation, and electricity services up to 2017 (and for clean cooking and technology up to 2016), we carried out the trend analysis. We estimated the average annual growth rate for each of the three basic services (access to drinking water, sanitation, and electricity) between 2010 and 2017 and between 2010 and 2016 for clean fuels and technology.

Accordingly, we found the annual increase of access to basic water to be 1.6%, basic sanitation 1.7%, electricity 4.1%, percent and clean cooking and technology 2.7%. With this information and applying the linear regression model, we have forecasted the proportion of the population with access to the four essential targets (drinking water, sanitation, electricity, and clean cooking and technology) up to 2030. The forecast model assumes the growth trend of 2010-2017 to continue up to 2030. The forecast results, as shown in Figure 7.3 below, indicate that Sub-Saharan Africa will not achieve the targets of universal coverage in all the four areas (basic drinking water, basic sanitation, electricity, and clean fuel and technology for cooking).

To meet the targets, Sub-Saharan Africa needs to undertake extraordinary efforts. Unless countries take drastic measures, the current level of inequalities and lack of inclusiveness in access to basic services will remain a challenge in 2030. Consequently, if we consider 2020 as a benchmark to reach the targets of each service by 2030, access to drinking water services will need to grow by 4.6% per year, access to basic sanitation by 11.9% per year, access to electricity by 7.4% per year, and access to clean cooking and technology by 20.3% per year.
7.4 BARRIERS TO EQUAL ACCESS OF BASIC SERVICES

The data on access to basic services shows disparities among world regions, sub-regions of Africa, and countries, as well as disparities between rural and urban populations within countries. We should now focus on why access to basic services is not inclusive.

The unequal access to basic amenities and the failure of effective service delivery to the poor is driven by a combination of demand and supply-side factors. From the demand side, population growth is one of the factors contributing to the lack of access to basic services. The mismatch between population growth and the rate of increase of access to basic services creates a gap between demand and supply, leading to an increase in the number of unserved populations. Even if services are available, lack of affordability can be a barrier to access the services. The costs of connecting water supplies and electricity networks, constructing latrines, and constructing modern cookstoves can be high and the poor may not have the ability to pay, therefore inhibiting their access to such services.

Growing populations, rising incomes, and expanding cities will converge upon a world where the demand for water rises exponentially, while supply becomes more erratic and uncertain (WBG, 2016c). In addition, warmer temperatures caused by climate change can have an impact on both the demand and supply sides...
of the basic services. For instance, temperature rise can increase the rate of evaporation of water and may dry out some areas and affect the water supply sources. Also, temperature rise can increase the demand for water as people and animals need more water to maintain their health and thrive.

Economic activities, including producing energy at power plants, can be affected by water supply shortages that can be caused by warmer temperatures and competition for water resources by various users. Under circumstances such as a water supply shortage, those who have the economic power (those with high incomes) can have means of controlling and obtaining scarce resources because of institutional deficiency or corruption. At the same time, disadvantaged people remain without obtaining the required service at affordable prices. Therefore, the impact of population growth, climate change, and institutional deficiency have significant roles in contributing to the unequal access to basic services.

Efforts to increase the annual coverage rate of the basic services, among others, requires considerable financial resources. In this report, it may not be possible to come with the near to actual estimates of the costs that Africa needs to achieve the targets. However, a study sponsored by the World Bank indicates that meeting the WASH-related SDG targets will require considerably more capital resources in all regions, but in Sub-Saharan Africa, the requirement is 2% of the Gross Regional Product, which is far higher than any other region in the world. This amount was estimated to be 0.58% of GRP in Northern Africa, and ranged from 0.15 in Eastern Asia to 0.85 in Southern Asia (Hutton & Varughese, 2016).

However, there are low financial commitments for Africa to support the development of the requisite infrastructure of basic services. Even what the continent has secured may not have been directed toward supporting people most in need, including the most vulnerable such as those living in rural areas, low-income settlements, or urban slums.

Moreover, people’s willingness and ability to pay for water and sanitation services can be a big challenge to achieving the SDGs for water and sanitation. Unless the infrastructure development’s capital cost is covered through government subsidies or donor grants, the poor cannot afford the full cost recovery tariff rates. However, we cannot rule out situations where the subsidy fails to reach the poor. Mainly, poor people who have no private water connection or lack access to community water taps buy water from private vendors at a price higher than what the rich people pay for the utility’s water. Accordingly, poor people are not benefiting the social tariff and hence the purpose of inclusiveness is defeated from affordability’s principle.

COVID-19 has resulted in a reduced internal revenue generating capacity for many countries. This reduction, in tandem with the declining of the flow of external financial resources, has highly impacted Africa’s infrastructure development.

The lockdowns, which have been imposed by many African countries to protect people’s health, have disrupted businesses that contribute to the internal financial flows of the African countries in the form of various tax revenues. It has inhibited the internal revenue generating capacity of virtually all sectors. As a result, the size of the governments’ tax revenue, expressed as a percentage of country GDP (tax-to-GDP ratios), is expected to decline. The IMF has predicted that as a result of the pandemic, developing countries are likely to see a significant decline in their average tax-to-GDP ratio in 2020 (IMF, 2020). Such a decrease in African governments’ tax revenue has an impact on the national budget allocations for infrastructure projects, including water, sanitation, and energy.
The Foreign Direct Investment (FDI) and the Official Development Assistance (ODA) are the two main external financial sources that can have a direct impact on the Africa’s water, sanitation, and energy infrastructure development.

According to UNCTAD (2020) Global Investment Trends Monitor, the Global Foreign Direct Investment (FDI) flows fell 49% in the first half of 2020 compared to 2019, due to the economic fallout from COVID-19. Flows decreased by just 12% in Asia but were 28% lower in Africa and 25% lower in Latin America and the Caribbean compared to 2019 levels. Despite the 2020 drop, FDI remains the most important source of external finance for developing countries (UNCTAD, 2020).

Some countries have legally set their Official Development Assistance (ODA) budget as a percentage of their Gross National Income (GNI). For instance, the UK has set 0.7% of its GNI for ODA budget. Regardless of the pandemic crisis, the UK government reiterated its commitment to maintaining the 7% of GNI as contribution to ODA. However, with COVID-19 halting much of the country’s economic activity, the UK’s GNI is expected to decrease next year (2021), and with it, the cash value of the 0.7%. This prediction has become real, with the UK’s decision to slash overseas aid by at least 50% within the next few weeks as reported by The Guardian on January 27, 2021. Such decisions will bring major challenges to the poorest countries that depend on the UK’s bilateral aid program, particularly in fighting the COVID-19 pandemic.

The COVID-19 pandemic’s negative impact on the financing of water, sanitation, and energy sectors across Africa can be seen from the perspective of aggravating inequalities among the continent’s population. Protecting against the spread of the COVID-19 outbreak requires the provision of safe water, improved sanitation, and heightened hygienic conditions. Frequent and proper hand hygiene prevent the spread of the COVID-19 virus. People with suspected or confirmed COVID-19 disease should be provided with their own flush toilets or latrine that has a closing door to separate it from the patient’s room. If it is not possible to provide separate toilets, the toilet should be cleaned and disinfected at least twice daily by a trained cleaner wearing PPE including a gown, gloves, boots, mask, and a face shield or goggles (WHO & UNICEF, 2020).

Even before the COVID-19 pandemic, quite a significant proportion of Africa’s poor and vulnerable population were deprived of access to safely managed water and sanitation services. Weakened financial flows from internal and external sources for water and sanitation sectors caused by the pandemic will further increase the number of populations without access to these essential services, which in turn, will widen the level of inequality among the population. Under such circumstances, the prevention of the spread of the virus critically includes the implementation of basic hygienic practices among poor and vulnerable groups, but the reality of such implementation remains doubtful.

In contrast, the WASH campaign that has been carried out globally has a positive impact as well. There are many co-benefits that can be realized. One of these benefits will be the prevention of other infectious diseases as a result of safely managing water and sanitation services and applying good hygiene practices (WHO & UNICEF, 2020).

Africa’s energy sector is characterized by lack of access to modern energy services, poor infrastructure, low purchasing power, low investments, and overdependence on traditional biomass to meet basic energy
needs. The Ministerial Forum of the African Union Commission (AUC and International Energy Agency) highlighted the impact of COVID-19 on African economies and particularly its impact on the energy sector (IEA et al., 2020). Accordingly, due to COVID-19, in 2020, Africa's GDP fell by 6% compared to the previous year. In Africa, energy investment decreased by 30%. After seven years of successive decline of the number of people without electricity access, the situation reversed and people without access to electricity increased in 2020. Therefore, energy poverty and investment will continue to be a serious obstacle to economic and human development in Africa, which will have a direct result of expanding inequality among the population.

The spread of the COVID-19 pandemic is still increasing in Africa. No one is certain when the pandemic will cease. Consequently, it is nearly impossible to complete a comprehensive impact analysis at this stage. We need to continue collecting information and routine updates from countries through the duration of the pandemic, and subsequently a comprehensive impact analysis will be carried out.

7.5 CONCLUSION

Overall, unequal access to basic services (water, sanitation, energy, and clean fuel and technology for cooking) exists globally, but Sub-Saharan Africa is the most disadvantaged region. Within Africa, in 2017, Northern Africa was better than the other sub-regions in terms of the population with access to drinking water, sanitation, electricity, and clean fuel and technology. The Central Africa sub-region had the lowest percentage of population with access to drinking water and electricity, and Eastern Africa had the lowest percentage of the population with access to basic sanitation. The inequality of access to basic drinking water, sanitation services, and electricity between the urban and rural population was relatively high in the Eastern Africa sub-region as compared to the other sub-regions of Africa.

The COVID-19 pandemic has impacted the African water, sanitation, and modern energy sectors by affecting the flow of resources both from internal and external sources. Reduced financial resources will hamper the expansion and extension of the services to reach Africa’s poor and vulnerable population. The trend will further aggravate the inequality of access to basic services between the poor and rich in Africa.

The issue of addressing unequal access to basic services is about removing physical, legal, financial, socio-cultural, and political barriers, in particular for poor and disadvantaged groups. There is a need to introduce strategies to remove such barriers and examine principles of good governance in which poor and disadvantaged groups are involved and empowered as agents of their development able to participate in decision-making. Empowered communities understand their rights to access specific services and the means of obtaining them. Accordingly, empowerment needs to include the right of access to information, especially the policies and standards related to the provision of services to the poor.

There is a need for government interventions. These interventions can take different forms, including subsidizing the development of infrastructure, scaling-up the use of modern cook stoves, and introducing biogas technology. As is case with other areas, domestic resource mobilization strategies must be strengthened to bolster resources into basic services. Poverty in terms of water, sanitation, and modern energy results in poverty in all forms. Therefore, ending unequal access to, at a minimum, basic drinking water, basic sanitation, and modern energy elucidates ending poverty in all its forms and everywhere by 2030 (Goal 1).
8. INCLUSIVE INFRASTRUCTURE

8.1 INCLUSIVE INFRASTRUCTURE, POVERTY, AND INEQUALITY

Infrastructure is a key driver for economic growth and economic development (Gurara et al., 2018), and the lack of inclusive infrastructure is a constraint to social and economic development (AfDB, 2012a). Inclusive infrastructure is any infrastructure development that enhances positive outcomes in social inclusivity and ensures no individual, community, or social group is left behind or prevented from accessing other benefits enabled by the infrastructure (Callicott et al., 2015).

Delivering inclusive and sustainable infrastructure contributes to the global effort of reducing poverty, income inequality, and improving quality of life, especially for the most marginalized segments of the population (Bielenberg et al., 2016). Recent research, however, shows that robust and inclusive growth in infrastructure investments over a given decade translates into a reduction in income inequality (Hooper et al., 2017). In line with the Sustainable Development Goals (SDGs) 2030 Agenda and the AU Agenda 2063, inclusive infrastructure in terms of accessibility, availability, and quality has a catalytic role in the achievement of other aspirations and SDGs related to job creation, poverty reduction, sustainable livelihoods, improved health, technology and skills development, gender equality, food security, green technologies, and climate change because of its strong interlinkages (Thacker et al., 2018).

Significant infrastructure gaps continue to prevail in Africa, with only about 25% of Africa’s road networks being paved; and inadequate transport infrastructure adds around 30-40% to the cost of goods traded among African countries (EXIMBank, 2018). This compares unfavorably to the world’s average whereby 50% of the roads are paved (Gwilliam, 2011). Africa remains the least competitive global region as 60% of Africa’s population does not have access to modern and quality infrastructure. The limited access to all-weather roads excludes most of the population from direct access to basic services such as education, health, information, water, trade hubs, and economic opportunities (WEF, 2019). The predominating infrastructural gaps imply the exclusion of the bottom of the pyramid from access to transport services, making it more difficult for the poor people to escape from poverty. This undermines access to resources and other social infrastructures such as markets and information, education, and health facilities.

Several studies have drawn attention to the link between infrastructure and growth, poverty reduction, and income inequality; increased access to essential infrastructure services reduces inequality, fosters inclusion, and supports poverty reduction efforts (Bicaba et al., 2015b). Evidence from 45 African countries further confirms a high negative and significant correlation between poverty incidence and Africa infrastructure development index. The evidence suggests that a unit improvement in infrastructure results in a unit reduction in poverty, holding other factors constant (Figure 8.1). Specifically, the results show that if the African continent were to close infrastructure gaps relative to certain benchmarks, poverty levels would reduce by 0.36 percentage points per annum—of which about 50 percentage points per annum would be attributed to improved access and quality of infrastructure and the remaining 50 percentage points would be explained by other factors such as poor governance and corruption, among others.
Given the country’s infrastructure conditions, enhanced investment in inclusive public infrastructure is fundamental in making transport networks, rural electrification, and information and communications technologies more feasible, accessible, and affordable, and addresses constraints faced in stimulating economic activities and shaping domestic firms’ investment decisions. This result concurs with findings from India that revealed infrastructure highly impacted poverty and well-being for the regions that were lagging, suggesting that investing in infrastructure translates into poverty reduction and reduced income inequality (Majumder, 2012). This result further indicates that while infrastructure may be a necessary condition for poverty reduction, it is not sufficient since greater poverty reductions through infrastructure can be realized by designing more pro-poor investments.

The analysis further explored the link between ICT penetration (proxied by access to internet active mobile broadband and mobile-cellular subscriptions) and poverty reduction. Based on Figure 8.2, the proportion of individuals using the internet increased from 9.9% in 2010 to 28.6% in 2019, while ICT subscriptions per 100 inhabitants increased from 45.9 in 2010 to 81.3 in 2019. Worth noting, the growth in ICT penetration per 100 inhabitants has been accompanied by reducing extreme poverty levels over the period 2010 to 2018 (Figure 8.2).
More recent analyses linking ICT penetration (mobile broadband and its intensity of use) to poverty reduction shows a statistically significant correlation between ICT and poverty indicators. For instance, recent studies found the strongest effect on all poverty indicators with the largest effect of internet penetration among ICT indicators (Yilmaz & Koyuncu, 2018). This result indicates that improving internet access through affordable and diverse content can reduce poverty and income inequality. With greater internet connectivity, rural and underserved groups are able to gain access to information and opportunities including access to microloans, participating in e-banking and applying for jobs, all of which contribute to income generation and improved livelihood outcomes.

Although macroeconomic growth effects of ICT penetration indicators have attracted significant attention at the national level, emerging microeconomic analyses in developing countries continue to observe and explain how ICT penetration can drive income growth at the bottom of the economic pyramid (Garrity, 2015). For instance, survey results revealed that low-income households spend large proportions of their income on communications—averaging from 27% for Kenyans to 11% for South Africans (Elder et al., 2013). In this section of the report, we present the current state of infrastructure and the extent to which investment in infrastructure has fostered and supported inclusive growth, poverty reduction, and income inequality with a focus on transport and ICT sectors.
8.2 TRENDS AND INEQUALITIES IN TRANSPORT INFRASTRUCTURE IN AFRICA

Reliable transport infrastructure including roads, railways, air transport, and ports are a prerequisite for linking less developed communities in Africa to markets in a sustainable way (Ondiege et al., 2013). Reliable, accessible, and affordable transport must be in place for developing countries in Africa to exchange goods and services and fill gaps in what they do not produce domestically. We assess and track SDG Target 9.1: developing quality, reliable, sustainable, and resilient infrastructure, including regional and trans-border infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all. The relevant indicator under consideration is the proportion of the rural population who live within 2 km of an all-season road.

8.2.1 ROAD NETWORK CONNECTIVITY

Roads are the predominant mode of transport system in most African countries, covering 80-90% of passenger and freight traffic (EXIM Bank, 2018). Africa has an average road network of 204 km of roads per 1,000 square km, of which only a quarter is paved. The density of national roads for African countries lags behind the world’s average of 944 km per 1,000 square km, of which more than half of the roads are paved (Gwilliam, 2011).

Low road density in the region implies that fast-growing cities in Africa are affected by increasing congestion, which reduces cities’ competitiveness and economic prospects. This results in isolation where the marginalized population, particularly the poor and low-income in urban areas, are unable to utilize a wide range of basic services, pushing more people into extreme poverty. We measure the quantity of infrastructure in terms of lengths of road networks expressed in kilometers (km) and normalized by the surface area of the country (square km) (Table 8.1).

**TABLE 8.1 PAVED ROAD AND RAILWAY DENSITY IN DEVELOPING COUNTRIES**

<table>
<thead>
<tr>
<th>REGION</th>
<th>Km per 1,000km²</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Road density</td>
</tr>
<tr>
<td>South and Eastern Asia</td>
<td>85.9</td>
</tr>
<tr>
<td>Eastern Europe</td>
<td>181.1</td>
</tr>
<tr>
<td>Latin America</td>
<td>10.6</td>
</tr>
<tr>
<td>Africa</td>
<td>38.2</td>
</tr>
<tr>
<td>Transit Countries</td>
<td>191.4</td>
</tr>
<tr>
<td>Global</td>
<td>151.0</td>
</tr>
</tbody>
</table>

Note: North Africa excluded.

*Source: SDCA computations based on Exim Bank Report (2018) and UN-OHRULS (2018)*
The percentage of paved roads in Sub-Saharan Africa is still low in comparison with transit developing countries and the global average—estimated at 20 and 25 percent for transit and global, respectively (Table 8.1). As such, most of Africa’s road network remains unpaved and in poor condition, increasing the cost of transporting goods over long distances. Relatedly, half of all the staple food in Africa is lost in the post-harvest stage or before they hit the market due to a poor road network (Rockefeller Foundation, 2019). Limited access to quality roads excludes a significant number of producers and traders in the food supply value chain from the monetary economy, which forces them to continue to operate at the subsistence level and thus in poverty. However, recent research finds that long distances remain a burden even after adjusting for the availability and quality of road networks (Atkin & Donaldson, 2015).

Previous studies have also shown that poor road, rail, and port facilities add 30 to 40 percent to the costs of goods traded among African countries (EXIMBank, 2018). For African land-locked developing countries (LLDCs) to reach the global average paved road and rail densities, an additional 107,000 km of roads and 20,700 km of the railway at the cost of about US $0.23 trillion would be required (UN-OHRLLS, 2018). At the sub-regional level, East Africa is ahead of others in terms of their road network density followed by Southern, Western, and lastly, Central Africa. However, the road to population ratio in Sub-Saharan Africa remains low at 2.7 km per 1,000 people compared with a world average of 7.1 km per 1,000 (Table 8.2). With the current population growth rate, many more people will be left behind in terms of access to other benefits enabled by infrastructure since expansion of the road network has not kept pace with population increases.

**TABLE 8.2 ROAD NETWORK IN SUB-SAHARAN AFRICA**

<table>
<thead>
<tr>
<th>REGION OF AFRICA</th>
<th>Existing network (km)</th>
<th>Share (%)</th>
<th>Paved roads (km)</th>
<th>Paved roads (% of total)</th>
<th>Paved roads in good condition (%)</th>
<th>Road network density per 1,000 persons</th>
<th>Road Network Density Per Land Area (km/1,000km²)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Central</td>
<td>344,083</td>
<td>12.1</td>
<td>79,139</td>
<td>23.0</td>
<td>58.7</td>
<td>2.1</td>
<td>36.5</td>
</tr>
<tr>
<td>Eastern</td>
<td>850,710</td>
<td>30.0</td>
<td>250,959</td>
<td>29.5</td>
<td>49.0</td>
<td>1.2</td>
<td>127.9</td>
</tr>
<tr>
<td>Southern</td>
<td>998,334</td>
<td>35.3</td>
<td>353,410</td>
<td>35.4</td>
<td>47.8</td>
<td>5.5</td>
<td>99.8</td>
</tr>
<tr>
<td>Western</td>
<td>638,982</td>
<td>22.6</td>
<td>116,934</td>
<td>18.3</td>
<td>43.2</td>
<td>2.3</td>
<td>83.7</td>
</tr>
<tr>
<td>TOTAL</td>
<td><strong>2,832,109</strong></td>
<td><strong>100.0</strong></td>
<td><strong>800,442</strong></td>
<td><strong>28.3</strong></td>
<td><strong>48.6</strong></td>
<td><strong>2.7</strong></td>
<td><strong>36.5</strong></td>
</tr>
</tbody>
</table>

Note: World average of road to population ratio was estimated at 71; North Africa road density per land area (km/1,000km²) was estimated at 71.2 (UNECA, 2017).

Source: Exim Bank (2018)
In terms of quality of infrastructure, evidence indicates that a small proportion, 0.8 million km out of the 2.83 million km road network in Sub-Saharan Africa, are paved; of the total paved roads, only about 49% are in good condition (Table 8.1).

Results in Table 8.2 further indicate that Southern Africa (35.4%) outperforms other regions in terms of percentage of paved roads in the total road network, but Central Africa (58.7%) outperforms in terms of the proportion of paved roads in good conditions followed by Eastern Africa (49%). Limited access to roads in good condition deprives most people of universal access to basic services including health, education services, water and sanitation, and information, among others. The perception of road quality in Africa compared to other regions shows an improving trend from 2018 to 2019. The World Economic Forum (WEF) scores for Africa on perceived road quality with (1 = extremely poor—among the worst in the world and 7 = extremely good—among the best in the world) increased from 3.37 in 2018 to 3.43 in 2019. Nonetheless, Africa remains behind other regions in terms of road quality, well below the scores of Asia (4.38), Europe (4.51), North America (3.93), and South America (3.57) (WEF, 2019).

With respect to equality of opportunity and poverty reduction, the Rural Access Index (RAI) has been adopted as the most relevant global indicator for measuring access to all-weather roads in rural areas. This proxy indicator is appropriate because it reflects the importance of access to all-weather roads in rural areas. Figure 8.3 shows the current state of rural roads from the dimension of accessibility.

**FIGURE 8.3 COUNTRY COMPARISON BASED ON 2006 AND 2016 RAI RESULTS**

![Bar chart showing RAI comparison between 2006 and 2016 for selected countries.](Source: SDGCA extractions based on World Bank data, 2016)
Relatively little progress has been made with respect to local roads providing access for rural communities in selected African countries between 2006 and 2016. This is evident in countries such as Ethiopia, Mozambique, Tanzania, and Zambia where the Rural Accessibility Index (RAI) for 2016 is lower than of 2006 suggesting that less people would be likely to live beyond the 2 km threshold (Figure 8.3). However, countries including Bangladesh, Nepal, Kenya and Uganda had higher RAIs in 2016 compared to 2006 implying that a significant population would be covered by rural road networks. It is estimated from the eight countries in the pilot study that about 32% of the rural population on average are connected, which is down 7 percentage points from the estimate in 2006.

This implies that about 68% of people are left behind due to the lack of transport infrastructure. Access to the road network is uneven and, with rural areas largely underserved, connectivity to and from rural areas imposes huge transaction costs beyond the capacity of the rural poor. Many more people are excluded from participating in social and economic opportunities as they are unable to use local resources, create decent jobs, and strengthen local commerce. This has adverse implications for local economic and social development as well as sustainable poverty reduction (OECD, 2019).

While there are attempts to increase access to road networks, maintenance has also been inadequate and when done, it’s often inefficient (Donnges et al., 2007). Rural roads play a key role in supporting livelihoods for the population in the rural areas. If they are not well maintained, then direct benefits for rural populations are reduced, and the economic and social benefits of universal access are lost. Evidence from Kenya and Mozambique reveals a high and negative relationship between rural accessibility index (RAI) and poverty incidence (WBG, 2016b).

More evidence on the impact of improved rural access on poverty reaffirms that access to all-weather roads increases consumption growth by 16% and reduces the incidence of poverty by 6.7% (Dercon et al., 2007). There is potential for African countries to match other regions’ current state of infrastructure in the realization of SDG Target 9.1 by 2030. However, more resources and capacity are required for infrastructure to support more inclusive and poverty reduction. Specifically, the high cost of investing and maintaining infrastructure systems makes it particularly important for the decision makers to identify priorities for action (ADB, 2012).

### 8.3 TRENDS AND INEQUALITIES

#### INFORMATION AND COMMUNICATION TECHNOLOGY SECTOR

While SDG 9 encourages innovation and infrastructure improvements, including ICT, it also recognizes businesses and people at risk who could be left behind. SDG Target 9.c calls for increased access to information and communications technology (ICT), striving to achieve universal and affordable access to the internet in the world’s least-developed countries by 2030. To this end, SDG indicator 9.c.1 proposes to measure the proportion of population covered by a mobile network and by technology.
8.3.1 ICT’S POTENTIAL AND INEQUALITY DYNAMICS

Information and Communication Technologies (ICTs) are essential for inclusive growth and structural economic transformation in African developing countries (UNCTAD, 2019). Although developing countries in Africa continue to make progress in terms of technology, with increasing proportions of the population with mobile phone and internet access, Africa lags behind both developed and other developing countries in several ICT indicators. For instance, it is estimated that 47% of the world’s population (more than 3.5 billion people) have access to the internet which is higher than the 24% of people in Sub-Saharan Africa (SSA).

The region also accounts for a significant proportion (11%) of the population not covered by a mobile network. Mobile cellular network coverage in Africa has experienced a consistent growth rate over the last three years, increasing from 86.6% in 2015 to 89% in 2018, then declining to 88.7% 2019 and it was projected to decline further to 88.4% in 2020. (Figure 8.4, extreme-left panel). Nevertheless, Africa remains the continent with the lowest mobile cellular network compared to other developing regions and the world average. This indicates that a significant number of people are missing out on the life-changing benefits of internet connectivity ranging from financial services to health and education. Due to COVID-19 restrictions, people without a reliable connection may be disconnected entirely or risk their health to find internet connection. This corroborates the findings that countries with low internet coverage are generally poorer (Guerriero, 2015). This suggests the need for policies and regulatory frameworks to support increases in coverage.

FIGURE 8.4 A PERCENTAGE OF POPULATION COVERED BY MOBILE-CELLULAR NETWORK BY REGION

Source: SDGCA computations based on ITU World Telecommunication/ICT Indicators database, 2020
In terms of access to broadband internet through third generation (3G) systems, 75.6% of the population of the Africa region was covered by 3G mobile broadband in 2019, an increase from 51.3% in 2015 (Figure 8.5). While Africa has witnessed growth in coverage, it still lags behind other developed regions and the world average. Within Africa, inequalities of access to 3G exist, as one third of the population in Sub-Saharan Africa remains out of reach of 3G networks compared to about 2% in North Africa (ITU & UNESCO, 2019b). Limitations in accessibility and affordability to 3G connections have deprived the majority of the people from participating in social and economic opportunities. Hence, achieving universal, affordable, and good quality broadband internet access in Africa by 2030 would require an additional investment worth US $100 billion to connect the 1.1 billion people in the region (ITU & UNESCO, 2019).

The COVID-19 pandemic has tested all networks around the continent and African countries cannot afford to wait even in the times of social distancing and working from home. In the ICT sub-sector however, COVID-19 has increased internet traffic and bandwidth usage as more people are working from home and rely on video conferencing to hold meetings. Evidence shows that growth of international bandwidth usage in some developing regions outstripped growth in developed regions. For instance, the highest international bandwidth usage occurs in Asia and the Pacific, with over 300 Terabit per second, followed by Europe (over 150 Tbit/s), the Americas (over 140 Tbit/s) and Africa over 101Tbit/s (ITU, 2020). Traffic growth has generally demonstrated an increased reliance on connectivity and digital services.
FIGURE 8.5 PERCENTAGE OF POPULATION COVERED BY 3G BY REGION

<table>
<thead>
<tr>
<th>Region</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Africa</td>
<td>51.3</td>
<td>74.6</td>
<td>79.6</td>
<td>70.1</td>
<td>94.3</td>
<td>95.4</td>
</tr>
<tr>
<td>Arab States</td>
<td>77.4</td>
<td>90.1</td>
<td>96.1</td>
<td>95.9</td>
<td>88.7</td>
<td>98.3</td>
</tr>
<tr>
<td>Asia &amp; Pacific</td>
<td>75.6</td>
<td>86.9</td>
<td>90.5</td>
<td>93.9</td>
<td>87.8</td>
<td>98.4</td>
</tr>
<tr>
<td>CIS</td>
<td>64.2</td>
<td>74.6</td>
<td>79.6</td>
<td>74.2</td>
<td>94.3</td>
<td>95.4</td>
</tr>
<tr>
<td>Europe</td>
<td>59.1</td>
<td>74.6</td>
<td>79.6</td>
<td>70.1</td>
<td>94.3</td>
<td>95.4</td>
</tr>
<tr>
<td>The Americas</td>
<td>51.3</td>
<td>74.6</td>
<td>79.6</td>
<td>70.1</td>
<td>94.3</td>
<td>95.4</td>
</tr>
</tbody>
</table>

Source: SDGCA computations based on ITU World Telecommunication/ICT Indicators database, 2020

However, the SDG 9.c.1 indicator reflects a minimum requirement for ICT access considering coverage of the population but this does not necessarily imply that those covered are actually using the ICT services. An analysis focusing on the number of subscribers to ICT services relative to the population provides a holistic picture. Globally, the number of active mobile broadband subscriptions per 100 inhabitants has risen steadily with an 18.4% continuous yearly growth from 2005 to 2018 (ITU, 2019). After substantial growth in the last three years, it was found to be 1.1% higher than in 2019 (ITU, 2020).

While mobile cellular subscriptions have also continued to grow, fixed telephone subscriptions per 100 inhabitants have continued to decline steadily, attributed to the cost and availability of fixed network connections. According to the ITU 2020 report, growth in fixed-broadband subscriptions slowed down from 5.7% in 2019 to 2.7% in 2020. Due to the COVID-19 pandemic, there has been a transition from fixed office internet to data bundles provided by mobile broadband that led to the incline, with mobile service providers reducing the cost of internet bundles due to losses in disposable income.

Overall, Africa still lags behind other developing regions and further behind the world’s average in terms of mobile-cellular and mobile-broadband subscriptions per 100 inhabitants—estimated at 33% for active mobile-broadband and 82% for mobile-cellular, compared to 65% and 99% for developing regions and 75% and 105% respectively for the world’s average (ITU, 2020). These findings demonstrate persisting and widespread inequalities in technological access, suggesting that the higher the level of human development, the greater the access to technologies (Figure 8.6, right panel). This further suggests that as services and technologies become more sophisticated, issues of affordability and the ability to use services and devices optimally leads to the exclusion of many other users.

Though access to technology is a necessary condition for social and economic inclusion, it is insufficient
if a large number of socially and economically marginalized segments of the population are unable to harness the benefits of the internet to improve their wellbeing. In most regions of the world, inequalities in access to technologies at basic entry level such as mobile phone subscriptions are dwindling, reflecting rapid expansion at the bottom and slow growth at the top (Figure 8.6 A, left panel). This result is supported by evidence that convergence remains in access to basic technologies though unequal and divergence in access to and use of advanced technologies (HDR, 2019).

FIGURE 8.6 A TECHNOLOGY ACCESS AND INEQUALITY DYNAMICS IN AFRICA, 2019: MOBILE CELLULAR SUBSCRIPTIONS PER 100 INHABITANTS

Note: Convergence and divergence are tested by using correlations and the slope of an equation that regresses the changeover 2010–2019 with respect to the initial value in 2010 in left panel Figure 8.6 A. For mobile-cellular subscriptions there is convergence in basic technology (p-values below 0.05) while for fixed broadband subscriptions there is divergence (p-values greater than 0.05).

Source: SDGCA computations based on ITU World Telecommunication/ICT Indicators database subscriptions, 2020
Available research studies show that access to mobile money services has increased daily per capita consumption levels of households, lifting 2% of Kenyan households out of extreme poverty with more impact observed in female-headed households in terms of increased financial resilience and saving and labor market outcomes (Suri & Jack, 2016). With less than one third (28%) of the population in Sub-Saharan Africa online, the potential of the internet to reduce inequalities and poverty in developing countries in Africa is not optimally tapped.

Only 10 out 45 countries (22%) in Africa have affordable internet with an average cost of 1 GB of mobile data as a percentage of average monthly expenditure estimated at 4.3% compared to 2.5% in the Americas and 1.4% in Asia (Figure 8.7 A, left panel). Across the African continent, internet data remains unaffordable for millions of people, especially women, suggesting that more people are being left even further behind as the digital revolution steams ahead. High connectivity costs remain one of the biggest obstacles to achieving affordable access to technology, which is part of SDG Target 9.c set for 2030.
FIGURE 8.7 A REGIONAL COMPARISON OF MOBILE BROADBAND AFFORDABILITY AT ENTRY LEVEL

Note: Threshold of 2% defined as 1 GB for no more than 2% of average monthly income.

Source: SDGCA extracted from Alliance for Affordable Internet Report, 2020

FIGURE 8.7 B SUB-REGIONAL COMPARISON OF MOBILE BROADBAND AFFORDABILITY AT ENTRY LEVEL

Note: Threshold of 2% defined as 1 GB for no more than 2% of average monthly income.

Source: SDGCA extracted from Alliance for Affordable Internet Report, 2020
While broadband prices continue to decline for the African continent, with the cost falling from 10.9 in 2015 to 4.3 in 2019 (calculated as a percent of average monthly income), these costs are not dropping fast enough (Figure 8.7 A, top panel). Meanwhile, broadband costs remain high in Sub-Saharan Africa above the threshold of 2% — defined as 1GB for no more than 2% average monthly income. This suggests that income inequalities in these sub-regions combine to ensure that only the relatively rich can afford private internet subscriptions and public access solutions remain largely limited.

Despite healthy progress across the board, Asia and North Africa are the only region and sub-region that have reached the United Nations ‘1 for 2’ threshold for internet affordability in 2020 (Figure 8.7). Available evidence from 29 African countries indicates that there is a negative and statistically significant correlation between the Affordability Drivers Index (ADI) score and the cost of 1GB as a percentage of average monthly income of prepaid data. Higher affordability driver index scores imply the existence of a combination of factors that contributes to lower the cost of broadband services and lower prices (A4AI, 2020).

While internet access is still unaffordable in most low and middle-income countries, only one sub-region has met the target across the continent (see Figure 8.7 B). The pace of broadband policy change leaves millions unable to access the internet due to cost, coverage, and other reasons. Therefore, if the majority of sub regions are failing to take the action needed to drive prices down to make universal access possible, it is unlikely that universal and affordable access to internet services will be realized by SDG target 9c by 2030.

More broadly, adequate infrastructure development has a direct impact on internet penetration and access, and hence can enable the poor to leapfrog the infrastructure gap. Despite the slow development of broadband technology in the region, many developing online markets continue to rely on mobile phone connections for internet access. There is clear evidence that the African continent continues to lag behind other regions in the world in terms of internet penetration over the period 2005 to 2019 (Figure 8.8).
FIGURE 8.8 A INTERNET PENETRATION IN THE WORLD

Source: SDGCA computations based on ITU World Telecommunication/ICT Indicators database and Statistica, 2020

FIGURE 8.8 B INTERNET PENETRATION IN AFRICA

Source: SDGCA computations based on ITU World Telecommunication/ICT Indicators database and Statistica, 2020
As of 2019, only 28.6% of African residents have generally used the internet compared to 44% in the Asia and Pacific region, 54.6% in the Arab states, 76.7% in the Americas, and 82.5% in Europe (Figure 8.8). While internet penetration trends have increased since 2005, the world’s average internet penetration rate remains higher (57%) than that of Africa (26%) which is still lower than all other regions confirming, the existence of digital inequalities across both countries and regions (GDR, 2019).

Internet penetration in Africa remains below the proportion necessary for meaningful benefit from network effects and significant economic growth and poverty reduction. This result is supported by After Access Survey findings across twenty (22) Global South countries in Africa which reiterates that internet contributing directly and indirectly to economic growth and job creation might not be realized (Gillwald & Mothobi, 2019). This further suggests that only more productive firms in African countries can overcome unobserved barriers to using internet more effectively.

At a sub-regional level, the results demonstrate that more than half of the mobile phone users on the continent do not have access to the internet from their mobile phone. Results in Figure 8.8 indicate that South Africa is a clear continent leader with an online penetration rate of 51%, accounting for a majority of the share. This is followed by North Africa with an online penetration rate of 50%, slightly above the continent average, which stood at 37%. On the other hand, West Africa, East Africa, and Central Africa were found to have less than 50% online penetration rate, suggesting that the majority are excluded from internet connection, resulting in reduced chance of accessing online information that could boost employment and earnings potential in the sub-regions.

In terms of gender and access to internet services, there are significant variations within regions in overall mobile internet use and the magnitude of the gender gap. Evidence indicates that gender gaps in internet usage have persisted and these gaps vary significantly by region; Africa has the largest disparity by gender (46% of women are less likely to use mobile internet than men), followed by Asia and the Pacific (23% of women are less likely to use mobile internet) (Figure 8.9, left panel). Results further show that more males than females had access to internet services across the selected countries in Africa (Figure 8.9, right panel). For instance, Uganda has the widest gender gap as women are 46% less likely than men to use mobile internet. This could be attributed to differences in incomes, literacy, and education levels that vary between men and women within the continent. COVID-19 has reinforced both existing social and digital inequality; barriers to accessibility of technology continue to affect people’s access to opportunities and inclusion in their communities. Nevertheless, supporting reliable and useful information and communication about COVID-19 on the internet is the best policy option to mitigate digital inequality.
Figure 8.9A Gender disparity in mobile internet usage in LMICS by region, 2019

Figure 8.9B Gender disparity in mobile internet usage in LMICS by selected countries, 2019

Source: SDGCA Extractions based on ITU Facts and Figure 2020

Note: The gender gap refers to how much less likely a woman is able to use mobile internet than a man.
Gender disparities for internet usage are widening in most African countries and narrowing in other regions. Results in Figure 8.9 B (bottom panel) indicate that Uganda (46%), Mozambique (37%), and Kenya (35%) show the highest gender gaps in use of the internet and are more than double the rates of other African countries such as South Africa. This demonstrates that many women remain unconnected on the African continent.

On average, the proportion of women using internet services based on the selected African countries is about 6% lower than the proportion of men. This could be attributed to the fact that women generally have less access to employment, education, and other factors that increase the likelihood of ownership and access to mobile phones and hence inequality between men and women. Similar studies have revealed that women generally have less access to internet services than men, suggesting that as the technologies and services become more sophisticated and expensive, greater levels of income and education to access and utilize are required (Deen-Swarray et al., 2013).

Furthermore, an analysis of sex-disaggregated statistics on internet use in Africa found that being a woman had a negative effect on internet access and usage (Colley & Maltby, 2008). This suggests that gender disparities were heightened by not only differences in the level of income and education but also unequal access to and use of ICT related services. The responses to COVID-19 provided an excellent opportunity to propel efforts towards bridging the digital divide. Disparities in mobile internet usage between rural and urban populations continue to prevail despite the rural gap narrowing in 2019. Across the regions, there were significant variations in urban-rural divide in the internet usage at the household level.

**FIGURE 8.10 RURAL-URBAN GAP IN MOBILE INTERNET USAGE IN LMIC BY REGION, 2019**

Note: Rural gap refers to how much less likely a person living in a rural area being able to use mobile internet than person living in an urban area.

Source: SDGCA computations based on ITU World Telecommunication/ICT Indicators database and Statistica, 2020
Nevertheless, a rural-urban divide remains significant, especially in Africa, estimated to be 78% and with the smallest disparity reported in The Americas (Figure 8.10). This concurs with NTIA’s findings that rural residents are also less likely to use the internet from home and at work (Carlson & Goss, 2016).

8.4 CONCLUSION

Africa lags behind the rest of the world in all dimensions of infrastructure. Relatively little progress has been made with respect to local roads providing access for rural communities in African countries, and three-quarters of Africa’s population are still unable to realize the social and economic benefits that mobile internet can provide. In the new normal, COVID-19 is reinforcing existing inequalities; people with better access to the internet are more likely to use the information and communication opportunities provided by the internet to their benefit, while less advantaged individuals are less likely to benefit. In fact, growth in data traffic has demonstrated increased reliance on connectivity and digital services.

Because infrastructure has a catalytic role, infrastructure barriers such as physical and non-physical, financial, and socio-cultural continue to undermine the achievement of other SDGs and aspirations of the 2063 Agenda. Therefore, making infrastructure inclusive fosters productivity and sustainable economic growth, enhances competitiveness within the continent and beyond, and supports absolute poverty mitigation efforts to ensure no one is left behind in the development process.
9. INCLUSIVENESS IN ACCESSING FINANCIAL SERVICES IN AFRICA

9.1 FINANCIAL INCLUSION AS AN ENABLER IN ADDRESSING POVERTY, INEQUALITY, AND THE ACHIEVEMENT OF THE SDGs

Financial inclusion is multidimensional, superseding universal access but also regular usage in meeting the needs of the clients (individual and businesses) with quality services. Financial inclusion is achieved when individuals and businesses have both access and use of affordable financial services by responsible and regulated financial service providers in a sustainable manner (AFI, 2017). This should encompass provision of financial services to vulnerable sections of the population including women, youth, and other vulnerable groups.

Financial inclusion as a global priority is considered as a conduit for inclusive, balanced, and sustainable economic growth. The financial framework for the SDG Agenda 2030, the Addis Ababa Action Agenda (AAAA), recognizes and underscores the critical importance of financial inclusion and working towards “full and equal access to formal financial services for all” (UN, 2015). Among the specific SDG targets embedded in the SDG framework, include SDG1-Target 1.4: commitment to have equal access to financial services; SDG2-Target 2.3: financial inclusion as a means to boost agricultural production and income of small scale producers; SDG3-Target 3.8: as means for financial risk protection and achieve universal health coverage; SDG5-Target 5: as a means to address gender inequality; SDG 8-Target 8.10: to promote decent work for all; and SDG9-Target 9.3: as a means to promote small scale industries and other enterprises. Agenda 2063 also aspires to address all challenges related with owning and managing a bank account by 2063 (AUC, 2015b).

Access to financial services such as owning a bank account is believed to encourage people to save, improve management of their income and expenses, access credit, start businesses, and generate income (Ky et al., 2018). Accumulation of saving and access to credit helps in smoothing consumption over time and makes better investment in basic services such as health care, education, water, energy, and other related services. When such services are combined with access to insurance products, households are in a better position to manage shocks including job loss or sudden illness and related risks (Ellis et al., 2010). It also helps farmers mitigate agricultural risks; increase agricultural production through use of improved seeds, fertilizer, and use of modern agricultural tools; and develop resilience to climate variability and natural disasters (Klapper et al., 2016).

The vulnerable and poor households who represent the majority of the population in Africa continue to lack access to financial services, and thereby opt for informal financing mechanisms (such as family, friends, rotating savings schemes, pawnbroker, and moneylenders) which carry risks, uncertainty, inefficiency, and often higher costs (CGAP, 2013). Consequently, these poor households fall under the trap of poverty
because they lack adequate finances to start a productive business that would enable them to generate adequate income and save money for investment in basic services (Beck et al., 2004).

There is increasing empirical evidence on the role of financial inclusion in addressing poverty, reducing inequality, and the achievement of SDGs. A brief summary of some of the empirical evidence is presented in Box 9.1

**BOX 9.1 EMPIRICAL EVIDENCE: ROLE OF FINANCIAL INCLUSION IN ACHIEVEMENT OF SDGs**

**SDG 1 (No Poverty)**
When poor people are provided with the financial services they need, it facilitates investment in business or education or other services or to manage unexpected expenses, and they are better able to climb out of poverty by curbing income inequality (Beck et al., 2004; CGAP, 2013; Park & Mercado, 2015).

**SDG 2 (Zero Hunger)**
Expansion of access to credit and insurance helps farmers to access improved seeds and other agricultural inputs, make bigger investments, and increase their production to bolster greater food security, particularly in the planting season (Cole et al., 2013). A study conducted in Malawi and Zambia indicated increased output due to increased access to financial services, particularly savings, credit, and insurance (Klapper et al., 2016).

**SDG 3 (Good Health & Well Being) & SDG 4 (Quality Education)**
Financial services help to promote good health and wellbeing through financial risk protection, access to health insurance services and saving as a tool for managing medical expenses. In a field experiment in Kenya, providing people with a safe yet informal place to store money increased their health savings by 66% (Dupas & Robinson, 2013). There are research findings which indicate that improved education levels and higher professional aspirations among daughters of female account holders was associated with access to savings accounts (Chiapa et al., 2015) and improved education associated with small, short-term loans, commitment products, and direct debit services (Karlan et al., 2003; Klapper et al., 2016). SDG 5 (Gender Equality): When women are able to access to financial services, it gives them greater control over their assets, contributing to gender equality (Karlan et al., 2003). Field experiments also show that insurance has helped female farmers increase yields and better manage food insecurity and shocks (Delavallade et al., 2015). Financial services improve productive investment for female entrepreneurs (Dupas & Robinson, 2009).

**SDG 6 (Clean Water & Sanitation) & SDG 7-A (Affordable & Clean Energy)**
The provision of affordable finance promotes access to access and usage energy services such as renewable energy products including off-grid solutions and products. Innovations in digital financial services are likely to accelerate access to these resources, although the literature does not yet document this impact (Klapper et al., 2016).
SDG 8 (Decent Work & Economic Growth)
According to King and Levine (1993), effective financial systems can mobilize savings to finance productive economic ventures and improve the probability of successful innovations.

SDG 10 (Reduced Inequality)
Financial services help people to better position themselves to succeed economically and build a decent life, which contributes to reducing inequality. According Beck et al. (2007), financial development causes the incomes of the poor to increase faster than average per capita GDP, which contributes to reduce income inequality.

Limited information and evidence is available on the link between financial inclusion and SDG 11, SDG 12, SDG 13, SDG 14, SDG 15, SDG 16, and SDG 17, which requires further research. Further mapping, as indicated in Figure 9.1 below, has been done to understand the relationship between financial inclusion and SDG using SDG index as a proxy. Mapping the account ownership against SDG index shows a positive and significant correlation (except a few outliers) with a coefficient of 0.623.

FIGURE 9.1 FINANCIAL INCLUSION (ACCOUNT OWNERSHIP) AND THE SDG INDEX

Source: SDGC/A based on data from World Bank Findex Database 2017 & SDGC/A SDGC Index & Dashboard 2019
9.2 STATE OF FINANCIAL INCLUSION IN AFRICA: WHO IS LEFT BEHIND

9.2.1 OVERALL STATE OF FINANCIAL INCLUSION: HOW LARGE IS THE GAP IN AFRICA?

At the end of 2017, 42.6% of adults reported holding an account, which is significant progress compared to previous reported rates of 34.2% and 23.2% in 2014 and 2011, respectively. However, Africa stands the lowest in terms of proportion of adults with a bank account compared to the global average (69%) and the rest of the other regions in the world as depicted in Figure 9.2. Within Africa there exists large variations across countries and regions, which ranges from account ownership of 57% in Southern Africa to 28% in Central Africa sub-region (Figure 9.3).

FIGURE 9.2 ACCOUNT (%AGE 15+) BY REGION

Source: SDGC/A based on World Bank Findex Database 2017
Major variations in adult account ownership by individual countries exist, ranging from 90% in Mauritius to 9% in South Sudan as indicated in the Figure 9.4 below. Of the 39 African countries considered for this analysis, 28 of them reported adult account penetration at levels below 50% (Figure 9.4). This indicates that many people across Africa are excluded from accessing formal financial services to save, manage daily finances, conduct business, and plan for the future.
FIGURE 9.4 ACCOUNT OWNERSHIP IN AFRICA

Note: This report is based on World Bank Findex 2017 database and does not consider results of recent Finscope Survey. For example, as per Finscope survey 2020, financial inclusion in Rwanda stands at 93% of adults.

Source: SDGC/A based on World Bank Findex Database 2017.
SSA also reports the lowest number of commercial bank branches and ATMs per 100,000 people. SSA reported nearly 5 branches per 100,000 people, which is the lowest in the world, compared to global average (12.72) and Europe and central Asia (23.44), Latin America and Caribbean (13.74), and East Asia and the Pacific (9.08). Significant variation exists among African countries on the level of branch penetration by commercial banks with Morocco reporting the highest (24.87) number of branches per 100,000 people and the Central African Republic (CAR) with the least (0.68) (IMF, 2019). People located in rural areas must travel long distances to access bank branches in countries with low levels of bank penetration, which poses a challenge (Demirgüç-Kunt & Klapper, 2012b). Among the top three countries which reported the highest number of ATMs per 100,000 people are Namibia (71.94), South Africa (66.66), and Mauritius (43.20). Mobile financial services are partially filling this gap by expanding financial services in rural areas. 27 of 44 countries considered for this analysis reported below 10 ATMs per 100,000 people (IMF, 2019).

Creating an environment that facilitates financial inclusion is essential. Tanzania (73), Rwanda (68), and South Africa (64) were listed as the top three in an assessment of 15 African countries in SSA with respect to the enabling environment for financial inclusion across five dimensions: 1) government and policy support; 2) stability and integrity regulation; 3) products and outlets regulation; 4) consumer protection; and 5) infrastructure (TEIU, 2020). Whereas DRC (21), Sierra Leone (32), Uganda (38), and Ethiopia (41) were reported with the lowest scores which implies that there is significant work remaining to create an enabling environment for financial inclusion.
FIGURE 9.5 FINANCIAL INCLUSION 2020 SCORE

Source: SDGC/A based on The Economist Intelligence Unit Microscope 2020 Database (TEIU, 2020)
COVID-19 has created a significant challenge for financial inclusion efforts at both regional and global levels (Machasio, 2020). The lockdown measures imposed to contain the spread of the virus limited access to financial services by closing the branch offices of financial service providers and disrupting operations of mobile money agents. This was particularly constraining for low-income segments of the population. On the other hand, COVID-19 has created opportunities to make a more urgent transition from cash and bank accounts to digital payments with potential benefits to enhance financial inclusion (Barajas et al., 2020; Benni, 2021).

The COVID-19 pandemic has damaged SMEs in Africa, which constitutes the majority of businesses and remains an important driver of growth. The affected sectors include hospitality, tourism, manufacturing, trade, transportation, restaurants, rentals, and other related sectors. This has spillover effects into financial markets as SMEs are facing continued challenges in managing their cash flows and financial commitments. Financial service providers are at the frontline, fulfilling the dual task of mitigating the impact of the epidemic on the economy by supporting struggling businesses and managing the heightened risks to which they are exposed. An additional challenge from COVID-19 is loan repayments across sectors, posing setbacks to the survival of financial institutions (Barajas et al., 2020). Financial service providers will continue to face challenges as they balance supporting the economy during the crisis while remaining financially robust institutions.

### 9.2.2 STATE OF FINANCIAL INCLUSION FOR WOMEN AND YOUTH

The most unbanked adults in Africa are women and youth. 37% of adult women and youth reported to have an account in SSA, which is the lowest rate reported in any region, especially compared to the global average and the rest of world. This indicates that the majority of women and youth, who represent significant segments of the population, are disproportionately excluded from access to financial services, which creates difficulties for economic and personal success. Africa stands second in account ownership gaps based on gender (11%), after only the Middle East and North Africa (19%). This implies that many women in Africa do not have an account compared to the rest of the world, depriving them of the potential for business ownership, economic empowerment, and active roles in the economic development space.

*Africa is 2nd in account ownership gaps based on gender: 11%*

*37% adult women and youth report owning an account in SSA*
FIGURE 9.6 A REGIONAL BANK ACCOUNT OWNERSHIP BY GENDER

Source: SDGC/A based on data from World Bank Findex Database 2017

FIGURE 9.6 A REGIONAL BANK ACCOUNT OWNERSHIP BY YOUNG ADULTS

Source: SDGC/A based on data from World Bank Findex Database 2017
Even though account ownership significantly improved in the period between 2011 and 2017 in SSA (Figure 9.6), the account ownership disparities by gender have persisted and widened over time. The gender gap in account ownership, which was 5% in 2011, increased to 9% and 12% in 2014 and in 2017, respectively. This implies that more men are benefiting from the positive progress made in financial inclusion than women in the period between 2011 and 2017. There are huge variations among regions in terms of account ownership disparities by gender, which ranges from 17% in North Africa to 6% in South Africa (Figure 9.).

**FIGURE 9.7 A GENDER GAP**

[Bar chart showing account ownership and gender gap percentages from 2011 to 2017]

*Source: SDGC/A based on data from World Bank Findex Database 2017*
Mauritius reported the highest account ownership (87%) by adult women and South Sudan the lowest (5%). Algeria reported the highest (27%) gender gap and more than 90% of the women in South Sudan, Niger, and CAR do not have an account. South Africa, Lesotho, and Namibia reported significant progress closing the gender gap in account ownership. The number of women with accounts doubled in Ghana and Kenya; tripled in Gabon, Lesotho, and Tanzania; increased fourfold in Uganda and Togo; and increased eight times in Senegal in the period between 2011 and 2017.
There is huge variation in youth account ownership among African countries. The three top countries which reported improved performances in account ownership are Mauritius (79%), Namibia (76%), and Kenya (76%). However, more than 85% of the youth do not have an account in Morocco, Egypt, Mauritania, South Sudan, CAR, and Niger.
FIGURE 9.9 ACCOUNT OWNERSHIP AMONG YOUNG ADULTS, AGE 15-24 (%)

Mauritius
Namibia
Kenya
South Africa
Gabon
Uganda
Libya
Ghana
Zimbabwe
Botswana
Tanzania
Mozambique
Zambia
Rwanda
Lesotho
Burkina Faso
Liberia
Senegal
Benin
Cote d'Ivoire
Mali
Nigeria
Malawi
Algeria
Ethiopia
Congo, Rep.
Cameroon
CDR
Guinea
Tunisia
Sierra Leone
Chad
Madagascar
Morocco
Egypt, Arab Rep.
Mauritania
South Sudan
CAR
Niger

Account, young adults (% ages 15-24)

Source: SDGC/A based on data from World Bank Findex Database 2017
9.2.3 STATE OF FINANCIAL INCLUSION BY INCOME STATUS

In SSA, poorer adults are less likely than wealthier adults to have an account. Among the richest 60% of adults within SSA, 50% have an account. On the other hand, among the poorest 40% of households in SSA, 32% had an account at the end of 2017, which is the lowest in the world, compared to other regions and the global average of 61%. This shows a continental gap of 18% in account ownership between the rich and the poor, which is relatively high compared to the global average (13%), South Asia (6%), Europe and Central Asia (9%), and Middle East and North Africa (13%). This means that many poor adults in Africa do not have an account, depriving them of business opportunities, economic empowerment, and active roles in the economic development space.

FIGURE 9.10 REGIONAL ACCOUNT OWNERSHIP BY INCOME STATUS

A huge variation exists in account ownership by the poor people among African countries. Mauritius reported the best performance in terms of account ownership by the poor and the account ownership gap between the rich and the poor. Among the poorest 40% households in Mauritius, 86% have an account. Most African countries have reported very low account ownership by the poor, which has also contributed to more than double digit gap in account ownership between poor and rich people. In South Sudan, Niger and CAR, the account ownership with the specified measure is less than 10% which implies more than 90% of the poorest people in these countries do not have an account.

Source: SDGC/A based on data from World Bank Findex Database 2017
FIGURE 9.11 ACCOUNT OWNERSHIP AMONG DIFFERENT SOCIOECONOMIC CLASSES

Source: SDGC/A based on data from World Bank Findex Database 2017
9.2.4 STATE OF FINANCIAL INCLUSION FOR RURAL AREAS AND AGRICULTURE

In Sub-Saharan Africa, financial services are disproportionately concentrated in urban centers. 39% of adults in rural areas had account ownership in SSA at the end of 2017, which is the lowest in the world compared to the global average (66%) and all other regions.

FIGURE 9.12 ACCOUNT OWNERSHIP IN RURAL AREAS BY REGION

There is a large variation among SSA countries in terms of rural account ownership. Mauritius has the highest at 89% rural account ownership while CAR reported 7%, which is the lowest in the region. A majority of African countries have reported below 50% rural account ownership which signifies the majority of people in rural areas of Africa who depend on subsistence agriculture are exposed to acute shortage of financial services (Figure 9.12). More than 85% of rural populations in CAR, South Sudan, Madagascar, Niger, Sierra Leone, and Mauritania do not have an account. Low accessibility of financial services exposes the majority of the people living in the rural areas in Sub-Saharan Africa to depend on informal financial mechanisms which are high risk, expensive, and less productive.
FIGURE 9.13 ACCOUNT OWNERSHIP IN RURAL AREAS BY COUNTRY

Source: SDGC/A based on data from World Bank Findex Database 2017
9.2.5 STATE OF DIGITAL AND MOBILE BANKING

There have been significant strides and shifts made from cash to digital payments in Sub-Saharan Africa (SSA). The digital landscape is evolving rapidly, driven by continued investments and digital transformation. COVID-19 has created new opportunities for digital finance which has accelerated and enhanced financial inclusion, and is associated with higher GDP growth (Agur et al., 2020). Digital financial services are becoming more relevant and useful due to social distancing and containment measures, and these e-commerce opportunities are changing consumer behavior.

Enhancing financial services and inclusion through mobile money platforms has created opportunities for digital financial operators to grow their presence and revenue. At the end of 2019 (see Figure 9.13), SSA accounted for more than 45% (469 million) of the total population globally that was subscribed to mobile money, and it is expected to grow to 500 million people by 2020. East Africa accounts for 53% of the registered mobile money accounts followed by West Africa (35%), Central Africa (10%), and Southern Africa (2%). SSA accounted for 66% (US $456.3 billion) of the total value of mobile money transactions, which reached US $690.1 billion globally in 2019 (GSMA, 2020).

FIGURE 9.14 REGIONAL STATE OF MOBILE MONEY, DECEMBER 2019

Source: SDGC/A based on data from State of Industry Report on Mobile Money, GSMA 2020
Among the factors that contributed to the success of mobile money in countries like Tanzania and Ghana, were enhanced governance structure, introduction of regulatory frameworks that support innovation, and the introduction of a non-bank model that allows non-banks actors such as mobile network providers (MNOs) to issue e-money and establish their own service offerings and agent network. Additionally, this expanded the agent presence, enhanced customer awareness, fostered a healthy competitive atmosphere, and contributed to the interoperability of the services (Mattern & Mckay, 2018; TEIU, 2020).

However, there is a lot to be done in terms of inclusiveness and conducting such digital services at scale. There is still a significant digital divide in SSA as nearly 800 million people in the region are not connected to the mobile internet (GSMA 2020b). The vast majority of smallholder farmers still depend on cash-based transactions, contributing to inefficiencies their businesses and in agricultural value chains generally.

Kenya performed the highest (73%) in mobile banking penetration which contributed to better financial access in the country. As indicated in Figure 9.14, most African countries still have a low mobile financial service penetration rate which is expected to be improved to expand financial services in unreached areas. In Mauritius and South Africa, people tend to use other digital payment systems rather than mobile money.
FIGURE 9.15 AFRICAN COUNTRIES MOBILE AND DIGITAL PAYMENTS PERFORMANCE

Source: SDGC/A based on data from World Bank Findex Database 2017
9.3 FINANCIAL INCLUSION CONSTRAINTS, RISKS, AND OUTLOOK FOR 2030

There are a number of constraints that hindered expansion of financial inclusion in Africa. Box 9.2 below summarizes those key constraints.

BOX 9.2 BARRIERS TO FINANCIAL INCLUSION IN SUB-SAHARAN AFRICA

Africa has a long way to go in the area of financial inclusion, particularly reaching the vulnerable sections of the population. A multitude of factors underpin the lack of bank accounts among significant segments of the population but insufficient regular income is the most frequently cited problem by most adults without a formal bank account. Other factors include cost of services, distance, and Know Your Customer (KYC) documentation requirements (Demirguc-Kunt & Klapper, 2012; Demirguc-Kunt et al., 2018). Other related challenges to lack of access to financial services include lack of enabling environment, poor infrastructure and telecommunications, availability of close door financial services, limited financial literacy, and gaps in understanding of innovative banking solutions including mobile and branchless banking (Demirguc-Kunt & Klapper, 2012; Bill and Melinda Gates Foundation, 2019; Makina, 2019). The barriers to financial inclusion vary depending on the population. There are empirical studies indicating that the most important barrier for young adults to open an account is insufficient documentation, however, distance from financial institutions, poor infrastructure, and telecommunications are commonly cited barriers for adults living in rural areas (Demirguc-Kunt & Klapper, 2012; Makina, 2019). In East and Southern Africa, fixed fees and high costs to open and maintain accounts are important factors (Demirguc-Kunt & Klapper, 2012). Such barriers make it difficult for youth and rural populations to access financial services. Additionally, women also face a number of challenges in accessing financial services which include lack of formal identification, lower rates of mobile phone ownership, low literacy levels, and a lack of gender specific policies and practices (Bill and Melinda Gates Foundation, 2019).

Though technology is one of the most promising means to advance financial inclusion in SSA including rural areas, there are a number of challenges which have hindered the development of appropriate technology for its expansion. Among the factors that have hindered the advancement of technology for financial services include stringent regulations that govern mobile banking and technology based financial services, limited interoperability, scarce qualified agents, low levels of financial literacy, and income (Makina, 2019). The other critical challenge in SSA is the low literacy rates which creates challenges in easily understanding technology based financial services.

During the SDG time frame which covers up to 2030, it is expected that there will be massive and fundamental changes in the financial service industry through digitalization of the banking system. The entire world will be moderated through the blockchain, which will bring massive changes in the entire finance industry (KPMG, 2018). How to include vulnerable sections of the population, who still constitute a significant portion of the population, remains a challenge. The cost of serving these segments is high, and ultimately requires more investments as looking for alternative solutions as commercial approaches may not be sufficient (Lahaye et al., 2017).
**9.4 CONCLUSION**

Despite the positive progress made, the current level of financial inclusion in Africa is the lowest in the world which is unacceptable. If vulnerable portions of the population including women, youth, and rural areas are disproportionately excluded, it would be difficult if not impossible to achieve Agenda 2063 and SDGs. Persisting low levels of financial inclusion continues to hinder access to formal financial services to save money, manage daily finances, run businesses, and be active participants in socioeconomic development which will impact the achievement of Agenda 2063 and SDGs.

COVID-19 has created new opportunities for digital finance which has helped to accelerate and enhance financial inclusion. In order to leverage digital technology in SSA, there remains significant work to be done including the adoption of flexible know Your Customer (KYC) requirements while adhering to Anti-Money Laundering and Countering Financing for Terrorism (AML/CFT) regulations, promoting the use of mobile saving platforms, enhancing financial literacy, and including perspectives of gender when designing financial support policies (Benni, 2021; Machasio, 2020). Moreover, as digital financial services create new risks for financial inclusion, there should continue to be proper regulations, which is critically important and can be enhanced through better partnership arrangements between policy makers and fintech firms (Benni, 2021).

Given the increasingly clear link between financial inclusion and sustainable development, African leaders, policy makers, and development actors need to take urgent action in enhancing financial inclusion in Africa for the acceleration of progress and ultimate achievement of SDGs and Agenda 2063.
CHAPTER TEN
PATHWAYS
10. POLICY OPTIONS AND PRAGMATIC PATHWAYS

The recommendations and lessons proposed here draw largely from the literature’s empirical evidence on the respective research themes this report addressed. Given that the causal factors are multi-dimensional, the actionable recommendations are also multi-pronged in nature. In making recommendations, we are cognizant of the fact that while policies aimed at reducing poverty will feasibly mitigate inequality of employment and human development as other social inclusion challenges, this is not always the case. This report underlines six critical areas for sustainable and inclusive development – leaving no one behind. These include: a) human capital development, b) macro policies and finance for development, c) governance and institutional efficiency, d) agricultural productivity, and e) infrastructure investment.

The principal recommendations are summarized in Figure 10.1.
FIGURE 10.1 PRINCIPAL RECOMMENDATIONS

Structural transformation linked to economic diversification

Efficient public education for all

A healthy life is a productive life

Social protection is a must

Productivity-focused reform, especially in the agriculture sector

Fertility decline leverages gender inclusion

Infrastructural investments are critical

Macro-stability remains necessary

Strong and efficient institutions
A. HUMAN CAPITAL DEVELOPMENT

Human capital investment cannot be deferred; timely action is now and will serve as a buffer for the much-needed future boost in productivity. From the wisdom of Nobel Prize winner in Physics and Chemistry (1903 and 1911), Marie Curie, you cannot hope to build a better world without improving the individuals. This report reiterates its call for the scaling of human capital investments in nutrition, health, and education to optimize individual’s economic productivity and leverage breaking of the poverty traps associated with low human or social capita per person (Sachs, 2006).

HEALTHY, LONG AND PRODUCTIVE HEALTH OUTCOMES

- Expand health insurance for all, with a particular focus on vulnerable segments, ensuring financial protection and limiting payment at the point of care.
- Design and expand innovative approaches to ensure that the essential health services reach people in hard-to-reach areas by dealing with different strategies to reduce geographical barriers to access. Proven innovative approaches already exist, such as community health workers and other lay health workers, mobile clinics, e-health using mobile phones, telemedicine, motorbike ambulances, etc. When these innovative approaches are implemented, governments must increase the production and availability of skilled health professionals and extend the availability of health facilities in rural and hard-to-reach areas.
- Promote health in all actionable policies, expand social mechanisms for reducing social and cultural barriers to health services, particularly in terms of age, gender, ethnicity, sexual orientation, disability, and other sources of marginalization. Social determinants of health are paramount to improving health outcomes including accessibility and inequalities.

EDUCATION

- Focus on interventions that enhance inclusive education. Interventions such as school feeding, free school uniforms, and provisional textbooks have been documented as factors to reduce drop-out rates. Interventions that address barriers to education for girls and marginalized children must devote more resources, including equipping schools with separate bathrooms for boys and girls, providing menstruation kits, developing curricula that promote positive gender roles, and supporting students of low socioeconomic status, minorities, and children with disabilities with extra and appropriate support respective to their context, for example, the provision of free meals.
- Implement and expand policies that deliver quality education for all. Develop local policies that respond to the needs and backgrounds of all learners. Teaching and learning policies should focus on establishing market-oriented curriculum goals to ensure effective pedagogy which requires investing in relevant teaching materials appropriate for the language of instruction and the changing needs for quality education.
B. MACRO-ECONOMIC STABILIZATION AND INCLUSIVE FINANCE FOR DEVELOPMENT

Prudent macroeconomic policies remain essential for growth, mitigating inequality, and reducing poverty, and increasing viable employment opportunities. The analysis mentioned above underpins the relevance of growth for poverty reduction and inequality. However, the quality of growth should remain central to the policy framework. Macro policies are necessary but not sufficient; it is essential to ensure policy coordination (monetary and fiscal) while concurrently ensuring that fiscal rules are adhered to. Research suggests that low and stable inflation mitigation is empirically conducive for reduction of poverty reduction and inequality.

Prudent and inclusive fiscal policy is a critical tool for addressing the exclusion of the different segments of the population. The current landscape is at crossroads with a vast development agenda and low domestic revenue. The financing gaps across all areas examined is an urgent call for increased fiscal spending with a particular emphasis on holistic domestic revenue reform targeting the informal sector, agriculture optimal taxation, illicit financial flows, property taxation, and raising both personal income tax and Corporate Income Tax. Consider progressive taxation incentivizing the bottom of the pyramid, which has the potential to actualize inclusive development. Efficient fiscal policies both from the expenditure and tax can foster economic efficiency while enhancing distributional scope.

On the expenditure side, earmarked funding to social sectors must be prioritized. Evidence from UNECA (2019) report shows that increased expenditure on health and education leverages people out of poverty. Earmarked spending on these sectors has demonstrated experiences in the late 1990s and early 2000s. For example, Uganda has experience using the Poverty Action Fund (ring-fenced allocations for poverty-reducing sectors including education, health, and service delivery units) which consequently, in part, coincided with poverty rates reducing by over 10 percentage points since 2000 (Kisaame & Nampewo, 2016; World Bank, 2016b).

- UNICEF (2015) recommendations emphasize that governments must raise education spending to 20% of total government budgets, or alternatively, to 6% of GDP, predominantly in low- and middle-income countries, to deliver quality and equity in education. Like the education sector, the health sector requires earmarked financing more than 6% of GDP for low-income countries—consistent with IMF recent estimates for additional financing for SDGs (Gaspar et al., 2019).
- Social protection measures (in the form of cash transfers to pensions, unemployment, poverty, and the protection of children) that reinforce economic dynamism, human dignity, and wellbeing associated with poverty reduction should be institutionalized.

FINANCIAL INCLUSION AND PROSPERITY FOR ALL

- Introduce a policy and regulatory framework that promotes financial inclusion for vulnerable segments of the population (women, youth, and rural populations): The policy and regulatory intervention should focus on the provision of well-designed incentive schemes that attract vulnerable and low-income sections of the population to be a part of the formal financial system. Also, it should promote downscaling of commercial banks, microfinance, and other financial institutions, and address consumer
• **Promote financial literacy and education focusing on vulnerable and marginalized populations:** Develop and implement appropriate financial literacy and financial education strategies with a clear plan of action, enhancing knowledge and understanding of the financial services and stimulate demand.

• **Making markets, payment systems, and technology viable for vulnerable segments of the population:** Work with financial inclusion key stakeholders (both supply and demand side) in areas with the best possibility for positive business models, and disseminate innovative technologies that will help to efficiently reach a large number of farmers along the agricultural value chain and other vulnerable groups.

• **Strengthening regulation and supervision:** Financial service providers and supervisors must remain vigilant in light of the evolving nature of COVID-19, regularly assessing vulnerabilities and financial and supervisory implications to ensure the financial system remains financially and operationally resilient. As digital financial services can create unknown risks to financial inclusion, there should be proper regulation, which is critically important and can be enhanced through appropriate partnership arrangements between policy makers and fintech firms.

• **Rescue packages for microfinance institutions:** Central banks, social investors, and other key stakeholders in development finance should consider rescue packages, including the provision of liquidity support and recapitalization of microfinance institutions to continue the provision of their financial services to lower-income segments of the population during COVID-19 and beyond.

• **Economic and structural reform:** Investment for structural transformation must be a priority policy undertaking in the wake of the political endorsement of the African Continental Free Trade Area. These structural transformation reforms and initiatives should foster a diversification of the economic base, leverage youth employment, and strengthen the backward and forward linkages between the sectors. Policies for urbanization, infrastructure development, and industrialization should be coordinated to allow meaningful and productive transformation. This is feasible and also addressing informal channels. Technology is a proven conduit of leveraging formality while also enhancing data collection around the informal sector.

### C. AGRICULTURAL PRODUCTIVITY

Improving inclusiveness in African agriculture requires systematic and well-integrated interventions to strengthen technical, financial, and business management skills and capacities of rural populations and their institutions. Specific measures include:

• Support institutional development in rural Africa through the formation of and capacity development for farmer groups or local institutions for rural populations, including the poor and disadvantaged to increase access to markets and services.

• Promote more equitable land access and rights. This action requires that land registration and legal recognition of customary rights and administration issues are addressed through governments’ development strategies, and that comprehensive people-driven land policies and reforms confer full political, social, economic, and environmental benefits to the majority of African farmers, including women.

• Diversify African technologies to increase agricultural productivity and in tandem, strongly emphasize innovative and participatory approaches combining local and traditional knowledge and new research
results. Adequate training and capacity development should also be provided to farmers and their
groups to improve their skills and knowledge. Food fortification technologies should also be promoted
to improve food security
• Given the low financing of the agriculture sector in Africa, governments and DFIs should increase their
investments in the sector. Priority should be on ‘catalytic finance’ where public sector investment stimulates
more private sector investments into agriculture and rural areas. In addition, there is a need to promote
innovative financing that addresses the constraints inhibiting the flow of finance through rural areas to
foster economic growth with significant smallholder participation.

D. SOCIAL AND ECONOMIC VIABLE INFRASTRUCTURE INVESTMENT

BASIC SERVICES (WATER, SANITATION, AND ENERGY)
• There is a need for effective and targeted subsidies for the development of infrastructure investments,
particularly in rural and low-income urban areas in the water, sanitation, and energy sectors. This policy
should supplement other efforts to empower communities so that they understand the rights they possess
to specific services and the means of obtaining them. Accordingly, empowerment needs to include the
right to access information, especially the policies and standards related to the provision of services to
the poor.
• Scale up the dissemination of improved cookstove programs in rural Africa and introduce biogas
technology. Embracing sustainable models of energy and water-saving technologies is important.
However, there is a need to increase the socio-economic benefits by carrying out environmental-social-
economic-impact analysis of these projects to match them with available financing.

ROAD NETWORKS
• Invest and expand in rural transport infrastructure: More policies must support investment in roads
that directly connect to locations that are relevant for rural populations (e.g. places of social-economic
importance) or that connect to all-weather roads. This strategy will reduce transport costs and improve
access to markets and social services.
• Improve existing rural road networks: Most African states have established dedicated Road Funds and
Roads Authorities to undertake maintenance and development of roads for both regional and national
road networks. Given this, priority in maintenance and rehabilitation works should focus on core rural
roads that combine being in the worst condition and serving most of rural people.
• Improve access through modern logistic chains: Over 70% of the population in developing countries
African is engaged in agriculture, thus, ensuring investments in modern logistic chains allows smallholder
farmers and traders to access regional markets and integrate with modern value chains and earn higher
incomes. Because of strong interlinkages, investing in inclusive infrastructure will elevate agricultural
productivity, business profitability, and employment, which reflects the aims of SDG Target 2.3: doubling
the agricultural productivity and incomes of small-scale food producers.
ICT CONNECTIVITY

- Encourage policy, regulatory, and legal frameworks to support ICT development opportunities to create an enabling environment for ICT internet penetration: Rural-oriented policy and legal framework for ICT must be promoted, as is the case of gender sensitive strategic planning and budgeting. Some countries (for example, Uganda) have already adopted annual gender compliance certificates in the budgeting process. Education policy can accelerate literacy and digital skills training in primary, secondary, and tertiary education. Targeted financing, policy, and programs targeting connectivity in public libraries, schools, and higher learning institutions should be espoused as they equip students and adults with technical skills to participate in ICT employment.

- Reduce the cost of broadband internet access through effective public-private partnerships: There is a need to entrench competition policies that will incentivize collaboration with cellular service providers to reduce the cost of broadband internet access. The government should make the necessary public ICT infrastructure investments that will reach rural segments. Specifically, broadband development, including the enhancement of basic digital skills, promotion of digital inclusion, and the increased adoption and uptake of ICT applications and services can assist in closing the digital divide.

E. GOVERNANCE AND INSTITUTIONAL REFORM

Good governance matters for development. Good governance is achieved when citizens cease to be passive recipients of services and become engaged in issues that matter to them. One of the key principles of good governance is inclusiveness and equity. Addressing both political and economic governance fragilities is critical for economic and inclusive development. Governance also entails empowering communities. Sheng et al. (2007) noted, “Empowered communities understand the rights they possess to certain services and the means of obtaining them. They are also aware of the levers they have to hold both the government and service providers accountable for service provision.” Frailty is associated with countries’ low human development and, by extension, exclusion. A compelling case is made in Acemoglu and Robinson (2012) that inclusive institutions foster not only political inclusiveness but also inclusive development.

Lastly, there is now an urgent call to accelerate the demographic transition, which rests on reinforcing and pursuing the synergistic pathways underlined above. In particular, addressing human development gaps in education, health (child health) and nutrition, while also addressing women empowerment and persistent inequalities between men and women especially in rural areas, is crucial.
Over the past five decades, the international community has been concerned with economic growth and the wellbeing of all humans. A recurring theme in all of these initiatives has been ensuring that disparities in inequality are reduced. Common descriptors have included ‘structural adjustment with a human face’, ‘our common future’, ‘inclusive growth’, and ‘shared prosperity.’ Both the SDGs 2030 and African Union 2063 Agendas, like most global initiatives in the past, target economic growth and poverty reduction and espouse the concept of leaving no one behind, in which the latter means that development should occur within a minimum set of social boundaries. Inclusiveness is concerned with bringing vulnerable and marginalized groups into the mainstream. Lack of inclusion now translates into limited inclusion tomorrow. Deferring investment in people is eventually catastrophic as it has intergenerational consequences. The higher the inequalities today in human and social development, the lower the intergenerational mobility in welfare. It is a matter of urgency for governments and other state and non-state actors to design and implement policies and actions that spur inclusiveness. Consultatively and inclusively, the SDG Center for Africa is committed to developing detailed annotated action plans consistent with the planning and budgeting process of the respective nations.
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