



SDGs  
**AFRICA  
SUMMIT**  
2021



Thematic track 7:  
Poverty and Inequality

# Inequality, Poverty, and Growth in Africa After 2021

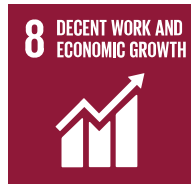
*Workshop outcomes*

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Murray Leibbrandt**



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# SDG 1 and 10: Key Messages from Workshop Break-Out Sessions

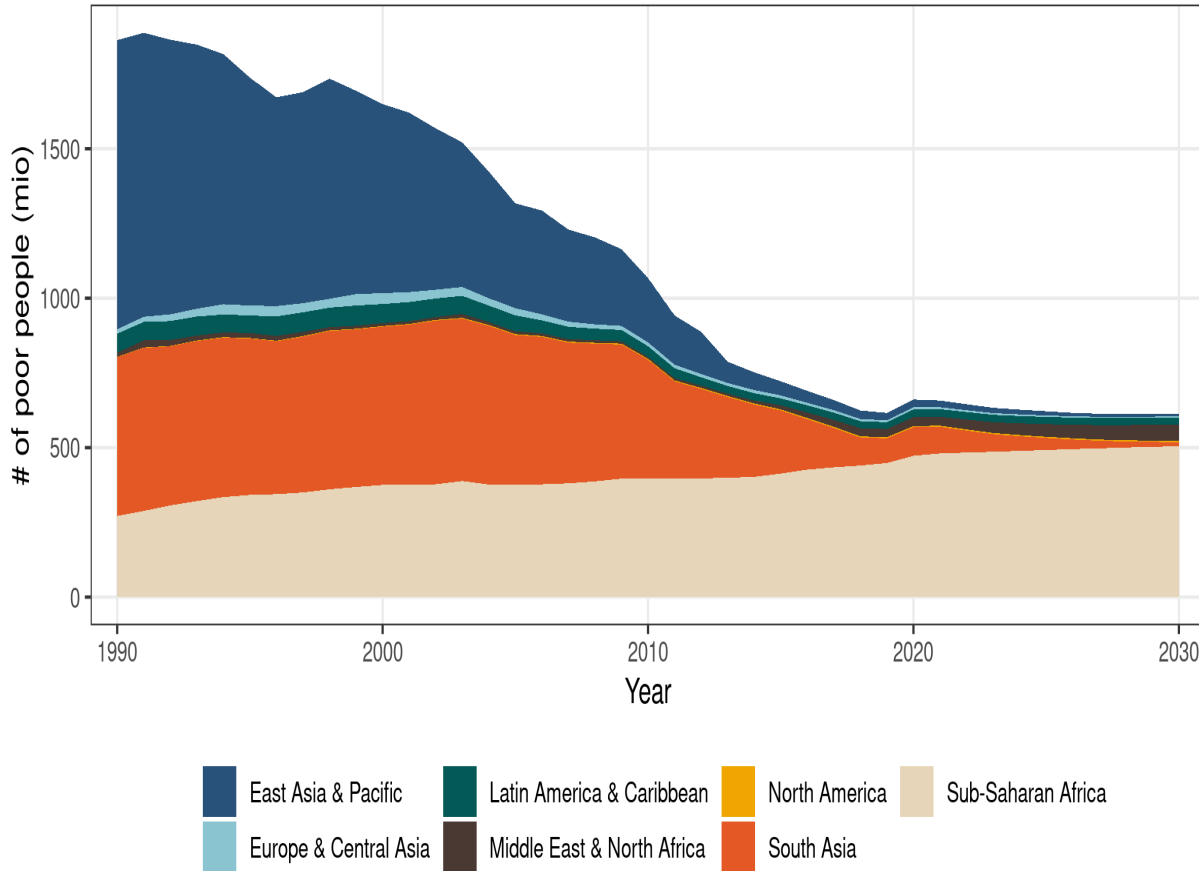


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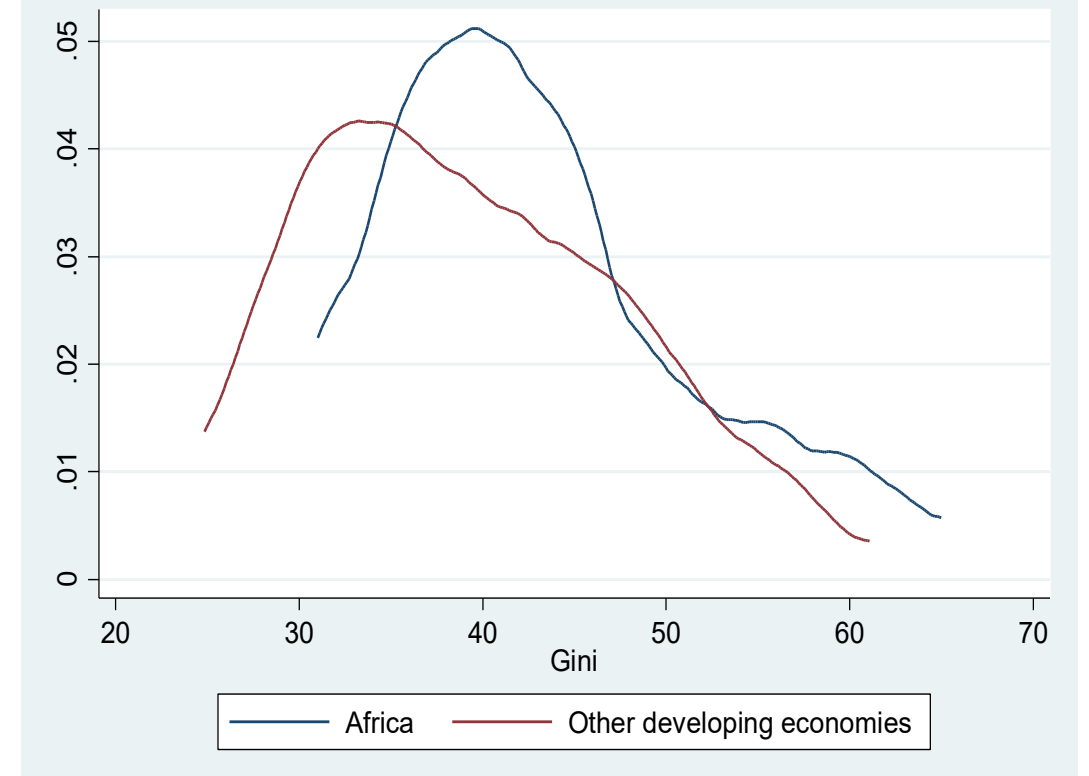
# Poverty and Inequality in Africa: A Diagnostic Summary

Number of Poor (mill.) By Region, 1990-2030



Source: Flentø (2021). Data on poverty is from Lakner et al. (2020). Projections use the baseline configuration.  
 Note: The figure shows the distribution of extreme poverty by region over time. Extreme poverty is defined as daily consumption below \$1.90 PPP. Regions follow World Bank definitions, see World Bank (2021a).

Distribution of Gini Coefficients, Africa and Other Developing Countries

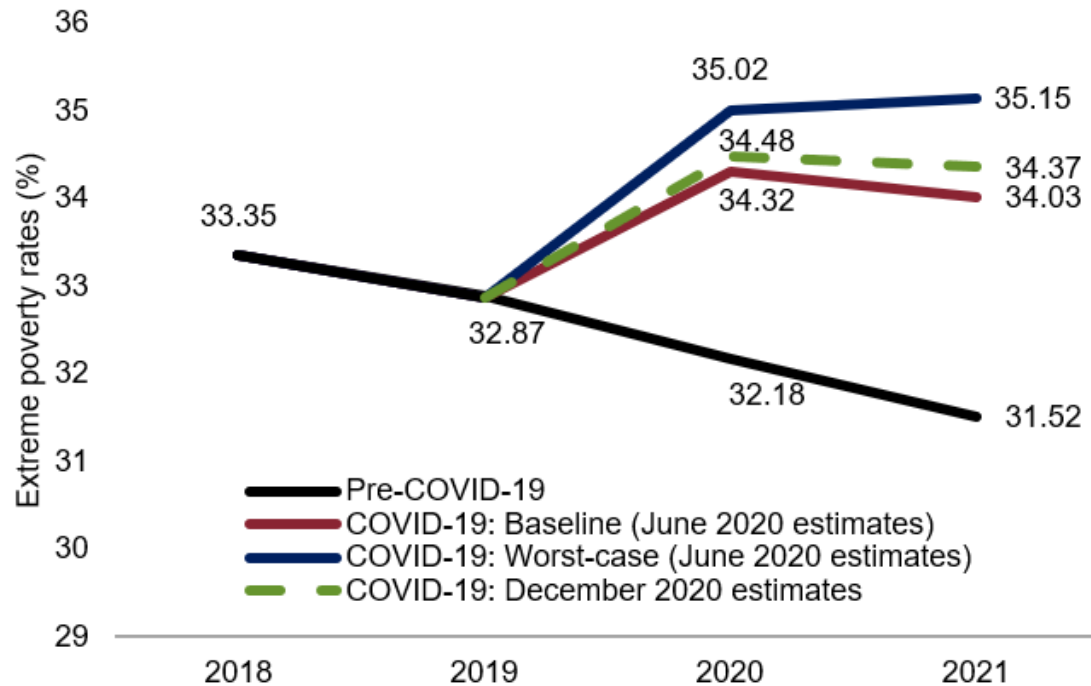


Source: WIDER Inequality Database, 2014; World Development Indicators, 2014; Own graph  
 Notes: 1. The latest available data was used for each country (after 2000). 2. Kolmogorov-Smirnov tests for equality of distributions are rejected at the 5% level.

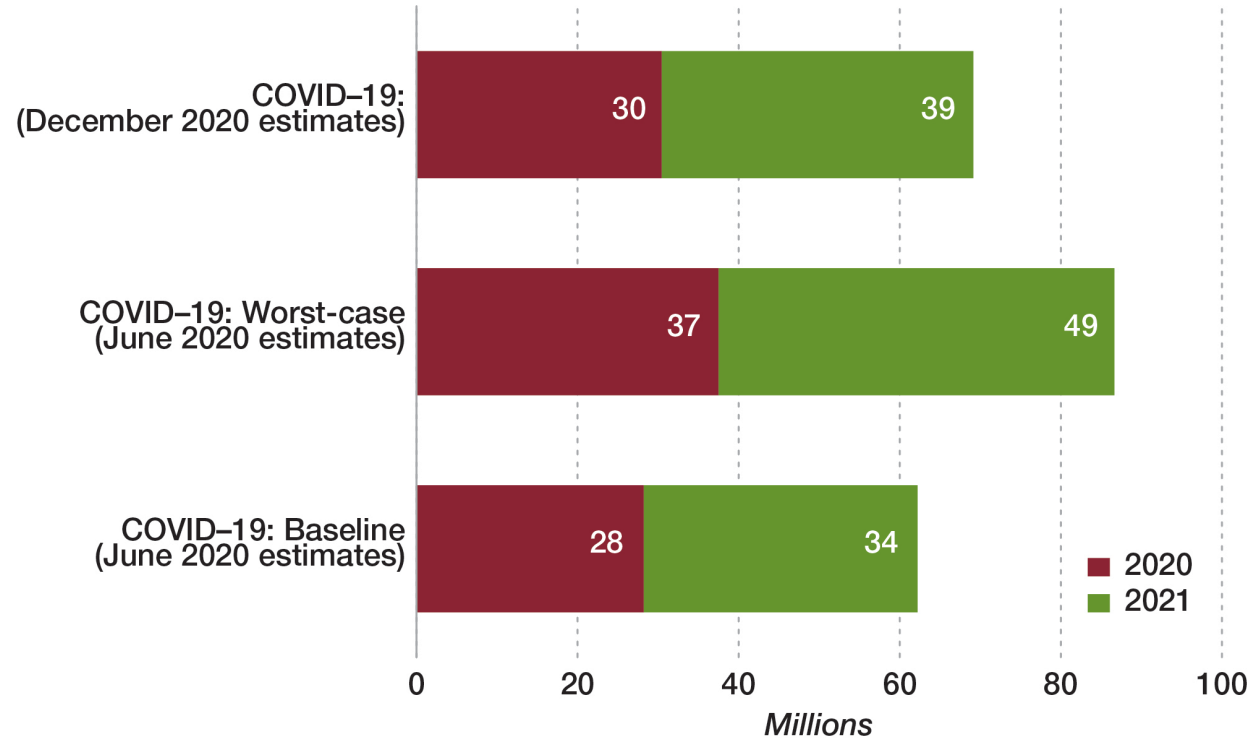


# Poverty and Inequality in Africa: A Diagnostic Summary

Extreme Poverty Incidence To Increase to 34.4% in 2021



About 39 million more Africans Could Slip Into Extreme Poverty in 2021

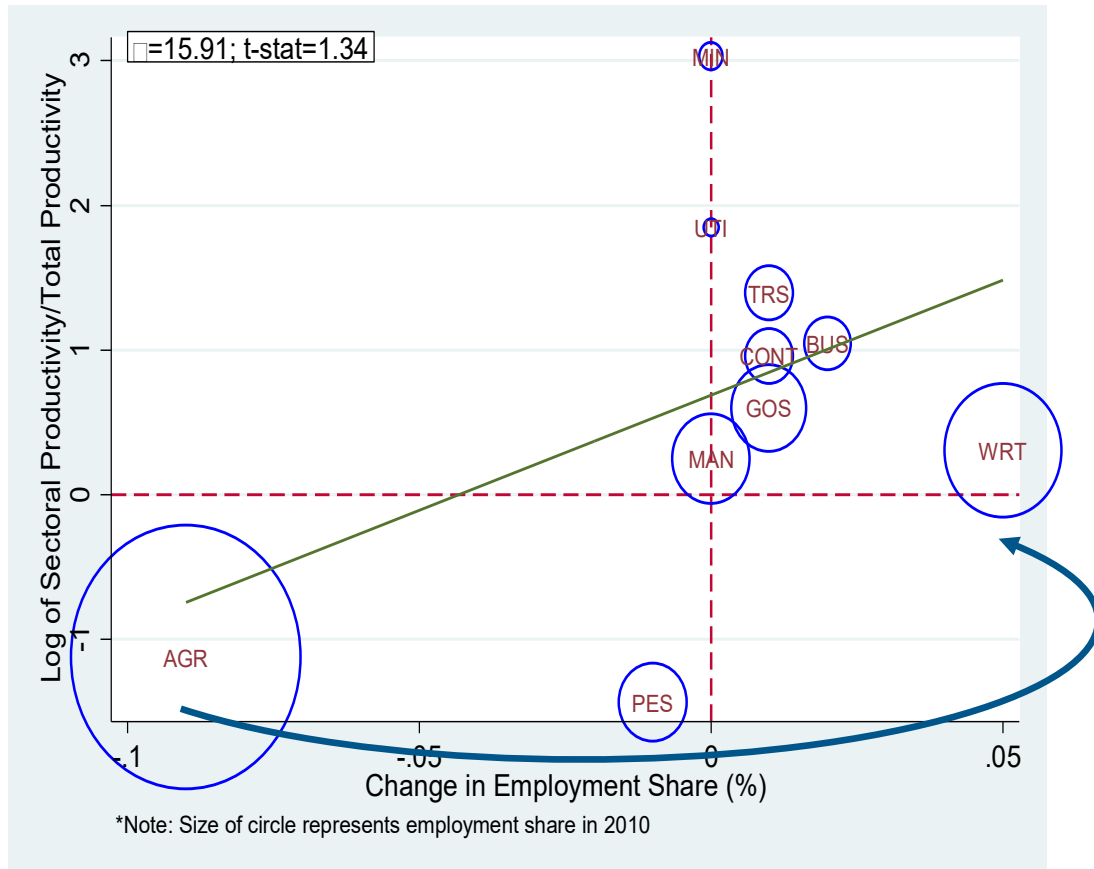


Source: Hanan Morsy (2021) and AfDB Staff calculations based on World Bank PovcalNet datasets, growth projections by African Development Bank Statistics Department, and population projections by United Nations Population Division.



# Poverty and Inequality in Africa: A Diagnostic Summary

Sectoral Productivity and Employment Changes in Africa 1975 - 2010



- The Structure of Economic Growth Matters
  - Resource Curse;
  - Elasticity of Growth-Poverty-Inequality; and
  - Patterns of Structural Transformation.
- African labor markets, exhibit an exceptionally high rate of informality by international standards (it is estimated that 86% of African Employment is informal).
  - Main reason for the prevailing low labor market earnings and consequent poverty is insufficient work hours.
  - Fields concludes that *“Africa has low-quality employment problem - much more than it has an unemployment problem”*.
- By 2059, African labor force projected to be larger, much younger than that of China. Challenge and Opportunity.

Source: Own calculations using Groningen Growth and Development Centre 10-sector database (see Timmer et al., 2014).  
 Notes: 1. African countries included: Botswana, Ethiopia, Ghana, Kenya, Malawi, Mauritius, Nigeria, Senegal, South Africa, Tanzania and Zambia. 2. AGR = Agriculture; MIN = Mining; MAN = Manufacturing; UTI = Utilities; CONT = Construction; WRT = Trade Services; TRS = Transport Services; BUS = Business Services; GOS = Government Services; PES = Personal Services.



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# Poverty and Inequality in Africa: A Diagnostic Summary

- *Inequality of Opportunities* in areas such as education, health, sanitation and so on – reinforce patterns of poverty and inequality. Hence provision of improved opportunities in SSA which benefit the poor could help level the playing field and generate a more inclusive pattern of growth.
- *Fiscal Policy*: In order to result in a more equitable redistribution, revenue sources should be progressive as well as the expenditure pattern.  
*Fiscal Impoverishment* should be avoided.
  - Fiscal reforms are needed to make revenues and the expenditure pattern more progressive.
- **New Topics and Additional Ideas:**
  - The Inequality-Inducing (Job-Destroying) Impact of Technology.
  - Migration (Cross-Border, Role of remittances).
  - Move from 1<sup>st</sup>-Order Concerns (Primary Schooling Enrollment), to 2<sup>nd</sup>-Order Concerns (Quality of Secondary Schooling Outcomes).
  - Role of Firms (Across the Size Continuum) in the Growth-Poverty-Inequality Nexus.
  - Focus on industrial policy, ALPs and skills development.
- **Climate Change: Overarching Threat to achieving SDGs.**
  - Received insufficient attention from several groups of social scientists, notably economists.
- Sustainability of Growth and its Effects.
- Climate Indicators heading in wrong direction.
- ‘Climate Unfriendly Growth’ Expected to have Significant Negative Impacts on Poverty and Inequality.
  - Effects expected to be concentrated in Africa → further widening global inequalities.
- Trade-offs between poverty + inequality reductions and environmental goals?
  - In the post-pandemic world, countries may prioritise the former at the expense of the latter.
  - BUT these need not be mutually exclusive.
- Urgent need for a *just* transition to a low-carbon economy.
  - May be challenging in very unequal societies where a minority elite harness political influence at the expense of the majority.
- Policy must be used to manage these transitions in accordance with people’s needs.





# The Pursuit of Knowledge Partnerships: Research Universities, Institutions and Networks Summary

- Impact on and understanding of the progress on SDGs, must have a solid knowledge base which is of a sufficiently high quality.
- Research universities are expected to significantly increase the quality of research through regional and interdisciplinary collaboration, increased mobility amongst researchers and the development of a critical mass to conduct research in a unified system.
  - ARUA Centres of Excellence are for that purpose.
  - ACEIR undertakes research relevant to SDGs 1 & 10.
- Research Universities (RUs) need to provide relevant, innovative, value-added research.
  - But there are very few of them, and ARUA provides the network to aggregate expertise across these RUs.
  - African Centre for Excellence for Inequality Research (ACEIR) and its hub system drawing other institutions together.
- Centrality of Good Quality Research to effective and optimal policy-making:
  - Examples of bad research in the areas of education, agriculture.
- The need for policy-focused, evidence-based research to impact on policy.
  - Policy Reform in turn then, can be growth-enhancing and poverty- and inequality-reducing.
- The Good Research-Bad Research Dichotomy which can lead to incorrect policy outcomes.
- Relevant research which has a direct country policy relevance, necessitates working with country governments.
- Research being shaped by donor focus areas, which may not be the same as what countries need.



# The Pursuit of Knowledge Partnerships: Partnerships and Data

- Example of a UN Research institution (UNU-WIDER) working through country governments in two African countries – to foster an SDG-relevant research programme.
  - Replicability of this partnership for Policy-Relevant Research?
- Outputs beyond journal articles, such as social media portals are critical – to formalize the notion of the engaged scholar.
- Explicit focus on building capacity for researchers in Africa, but also within Africa (ARUA model) and through global partnerships (LSE example).
- UCT needs to play a leadership role in partnerships with collaborating African universities.
  - ARUA can serve as the instrument for such new collaborative ventures.
- Data shows us how close we are to achieving the SDGs, but not necessarily how to achieve them.
  - *How* is fundamentally a question of causality, which itself has data and skill requirements.
- Data necessary to measure outcomes and see how far we've come.
  - Unequal access to data between countries → different levels, depth, linkages between data sources.
  - Even when data is available in developing world, often insufficient to accurately measure GIP outcomes.
  - Uneven Statistical Capacity at Country Level.
- Many key groups excluded from Data Collection.
- Ensuring data availability is critical, but also sufficient depth, coverage and frequency of data as well as skill-sets + knowledge of local contexts for optimal analysis.





# The Pursuit of Knowledge Partnerships:

- African Development Bank
- ARUA
- Agence Française de Développement
- UNDP
- Brookings Institution
- Kenya National Bureau of Statistics
- African Economic Research Consortium (AERC)
- University of Nairobi
- University of Ghana
- University of East London
- University of Michigan
- University of Cape Town
- UNU-WIDER
- London School of Economics
- Gordon Institute of Business Science
- International Inequalities Institute
- International Growth Centre (IGC)
- ACEIR-UCT
- University of Maryland (UMBC)
- Cornell University
- GGDC, University of Groningen
- University of Copenhagen
- University of Bristol



# Thank you

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## #TheAfricaWeWant



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