Expert and Inter-Agency Technical Meeting on:

IMPLEMENTATION OF THE SECOND UNITED NATIONS DECADE FOR THE ERADICATION OF POVERTY (2008-17)

MONITORING INVESTMENTS FOR SOCIAL INCLUSION

SOCIAL DEVELOPMENT POLICY DIVISION (SDPD)
UNECA, ADDIS ABABA

27-29 May 2015

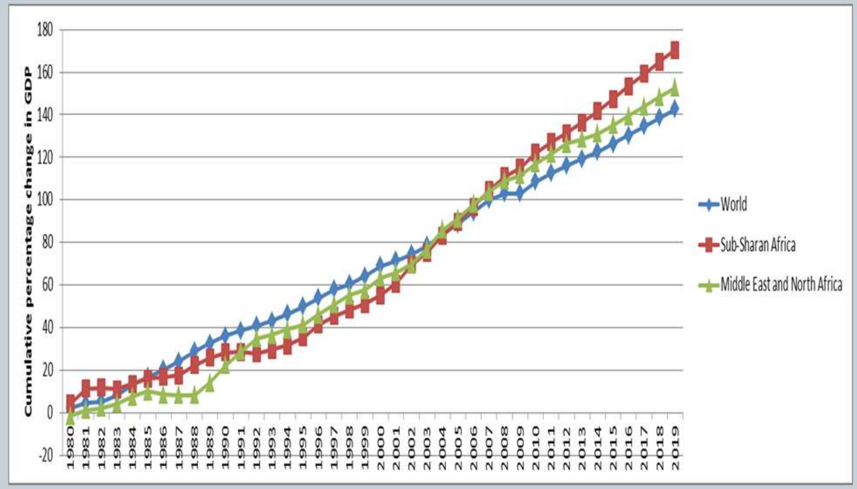
Outline

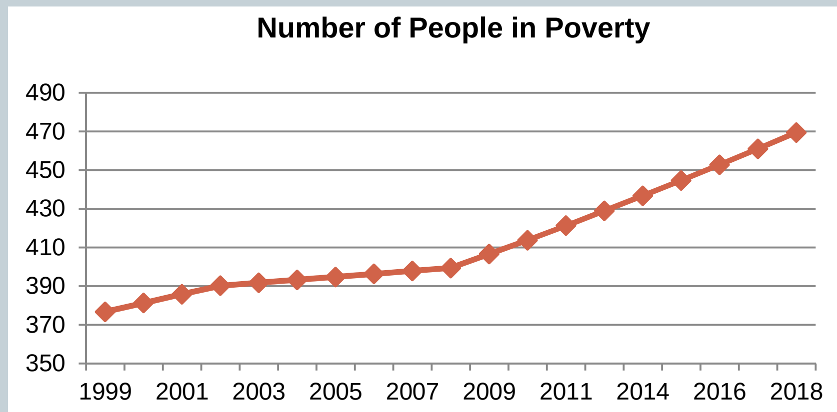
- Background
- Paradox of Growth in Africa
- Inclusive development in Africa
- Status of external flows and FDI in Africa
- ODA and social investments
- Monitoring social investments through the ASDI
- Conclusion

The Paradox of Growth in Africa

- Growth in Africa has been strong since 2000 (about 4.5% on avg.); several countries are among the fastest growing in the world.
- This growth has not always led to more jobs, social progress, or reduction in inequality.
- There has been progress on poverty, but the number of people in poverty has increased.
- Growth has not had an impact – a *transformative, inclusive* effect – on people's lives

GDP annual growth (selected regions)





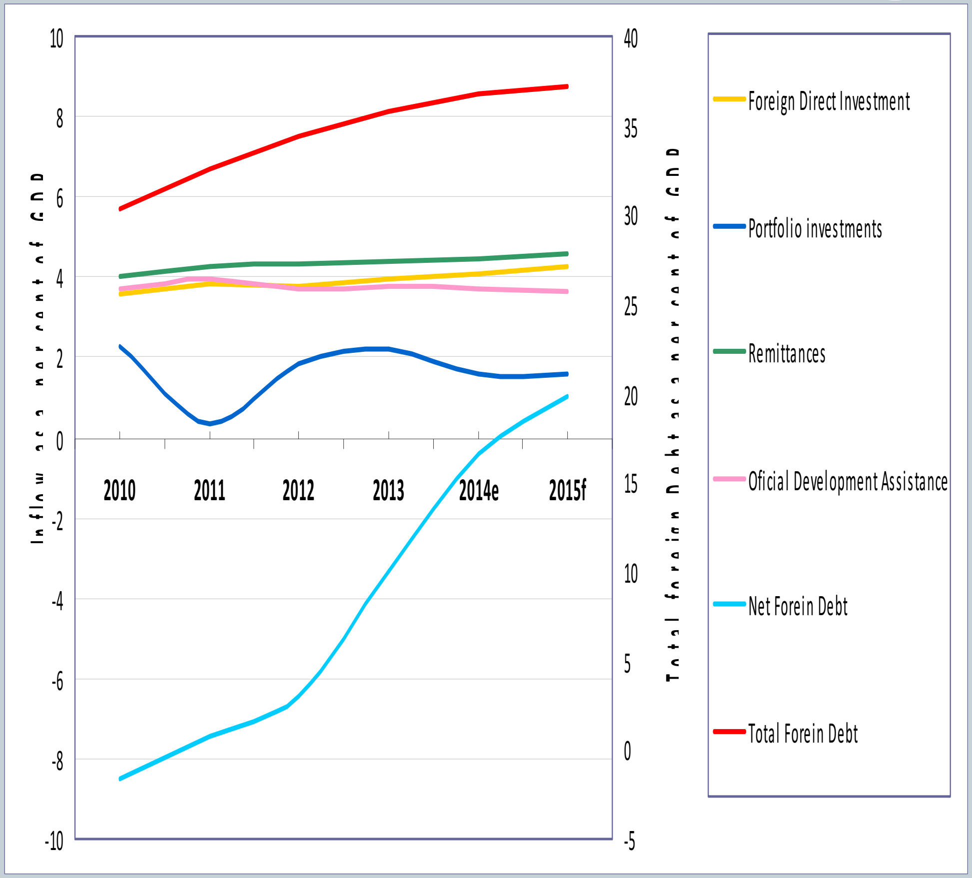
Inclusive Development in Africa

- Like the developing world, countries in Africa characterised by unemployment and under-employment – especially among the youth, and increasing inequality.
- Demographic window of opportunity can become a challenge for Africa as more than 12 million young people likely to join the labour market per year in 2014-2024.
- Informal sector with low productivity, low wages and poor working conditions often the only alternative to youth unemployment.
- Access to decent jobs and social protection necessary for inclusive, equitable and sustainable development as emphasized in Agenda 2063.

Monitoring Social Investments

- Inclusive development - as envisioned in Africa 2063 – requires **robust monitoring and evaluation mechanisms** on the impact of social policies and investments.
- **Monitoring improves information flows, effectiveness** and mutual accountability of development interventions and investments
- **But first, how is development financed in Africa?**

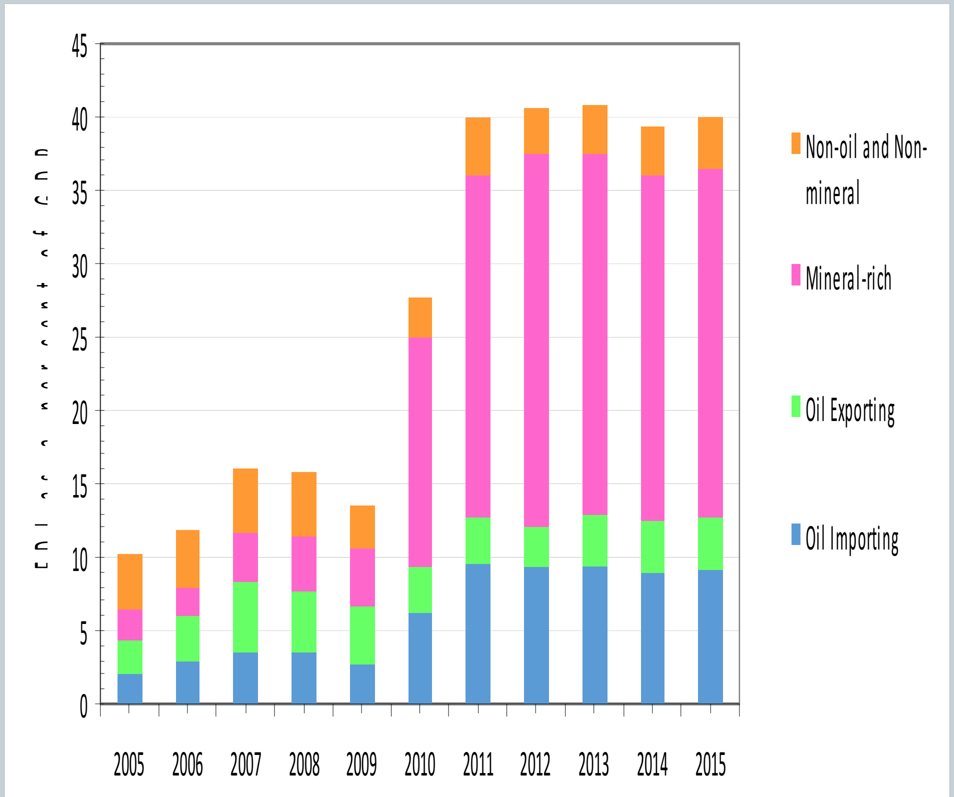
Status of external flows in Africa



Note: e = ECA estimates; Source: Calculations based on EIU, 2014, UNCTADstats, 2014.
Note: f = ECA forecast.

- Foreign direct investment (FDI) has cataylzed growth in Africa – it is approx. 4% of GDP and is growing
- ODA is declining and expected to continue this negative trend
- Remittances are an important contributor to financing development
- Total foreign debt and debt service remain relatively high

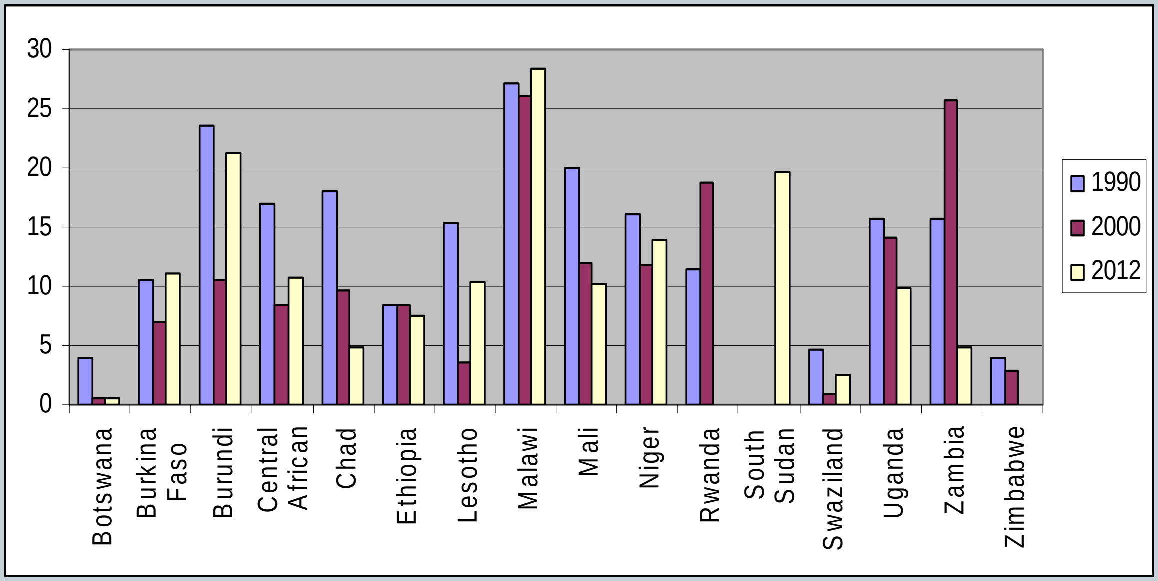
Status of FDI in Africa



Source: Calculations based on EIU, 2014,

- FDI increasing, but skewed towards mineral rich and oil exporting countries
- Growth employment elasticities less than 1 in many countries – i.e. economic growth has not created enough jobs
- Social inclusion is limited and policies for improved inclusion are “residuals”

ODA – Quantity and composition



Source: UNSD 2015 (Note: Missing data for Rwanda and Zimbabwe for 2012)

- ODA is decreasing relative to 1990, and reflects a changing donor landscape
- Aid to the African continent fell by 5.6% to USD 28.9 billion.
- Excluding debt relief, net aid to sub-Saharan Africa rose by 1.2% (in real terms) but fell by about 1% in Africa as a whole.

ODA – Quality and composition

- ODA is increasingly become MDG-oriented - in most African countries, ODA exceeds 25% of government expenditure
- Education and health allocation among aid recipients has remained stable since 2000 at around 8 and 6 percent respectively
- Investment in public services has pushed school enrolment figures up to nearly 80% on average and reversed HIV prevalence in most African countries
- Still, lack of sufficient ownership by countries and most ODA driven by an external agenda

Africa's Agenda 2063: Based on the Guiding Principles of SDGs

Agenda 2063

Achieving a <u>prosperous, inclusive and sustainable development</u>

Social development in line with structural economic transformation

Social development central to development planning

Post-2015
Common African Position
and the SDGs

Leaving no one behind

Equity

Social cohesion

Inclusion

Equality

NEED FOR MONITORING

POLICIES AND INVESTMENTS

Monitoring Investments in Africa

How can we ensure that sufficient investments are channelled and effective in reducing exclusion and implement inclusive development policies?

The Marrakech Consensus (9th ADF 2014) provides a roadmap which can be useful in the discussions during the International Conference on Financing for Development (July 2015)

A roadmap for
"Innovative Financing for Africa's Transformation"

- Reaffirm the value of the principles of the 2002 Monterrey Consensus and the Doha Declaration
- Exploit the potential of the extractive industries to ensure that current and future generations benefit from resource earnings
- Commit to using fiscal policies to address poverty and unemployment
- Improve the necessary internal conditions for increasing domestic savings
- Establish strong institutions and efficient regulatory and enforcement frameworks
- Develop and implement innovative policies to encourage public-private partnerships
- Explore ways to lower the cost of remittances, introduce diaspora bonds, and employ insurance and pension funds for social investments

From the *Marrakech Consensus,* 9th African Development Forum (Oct 2014)

Monitoring Social Investments through the ASDI

- The **<u>African Social Development Index (ASDI)</u>** developed to measure exclusion and assess the impact of social policies and investments. ASDI:
  - A tool to identify the drivers of exclusion
  - Maps out and improve the effectiveness of social policies
  - Monitors/enhances investments in social sectors
- Social investments can be monitored through a policy mapping exercise

Key features of the ASDI

- Focused on exclusion/inclusion
- Based on the life-cycle
- Disaggregated by gender, location and sub-national levels
- Anchored on Africa's priorities

ASDI for Social Policy Mapping

Assess the "inclusiveness" of social policies

Analyse the drivers of exclusion (improving targeting of social programmes)

ASDI

Guide social budgeting at sub-national levels

Enhance the impact of social investments

Application of the ASDI in Africa

- ASDI piloted in five countries: Cameroon, Kenya, Morocco, Senegal and Zambia
- Roll-out underway in the rest of the region - through a series of subregional training for national experts

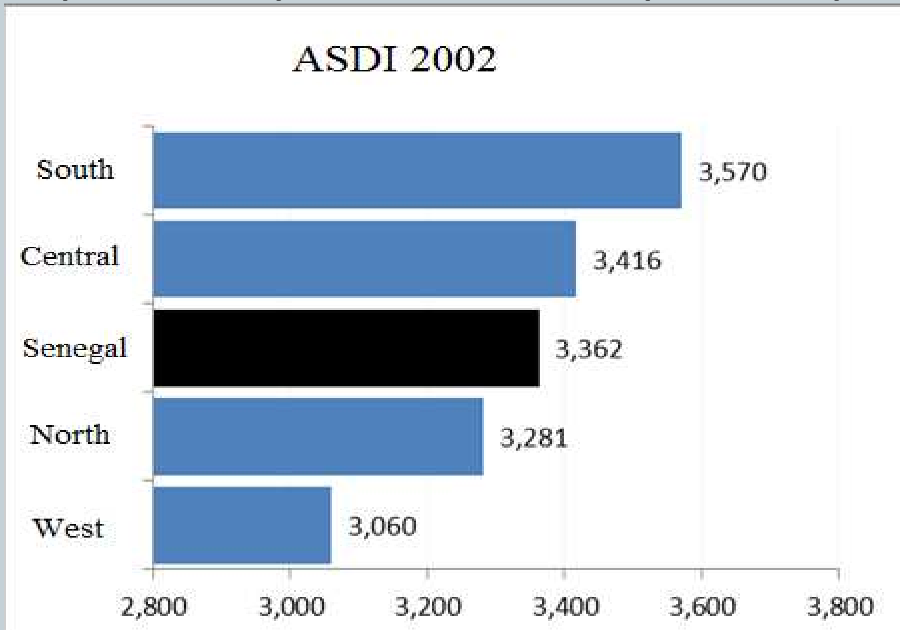
Key Objectives:

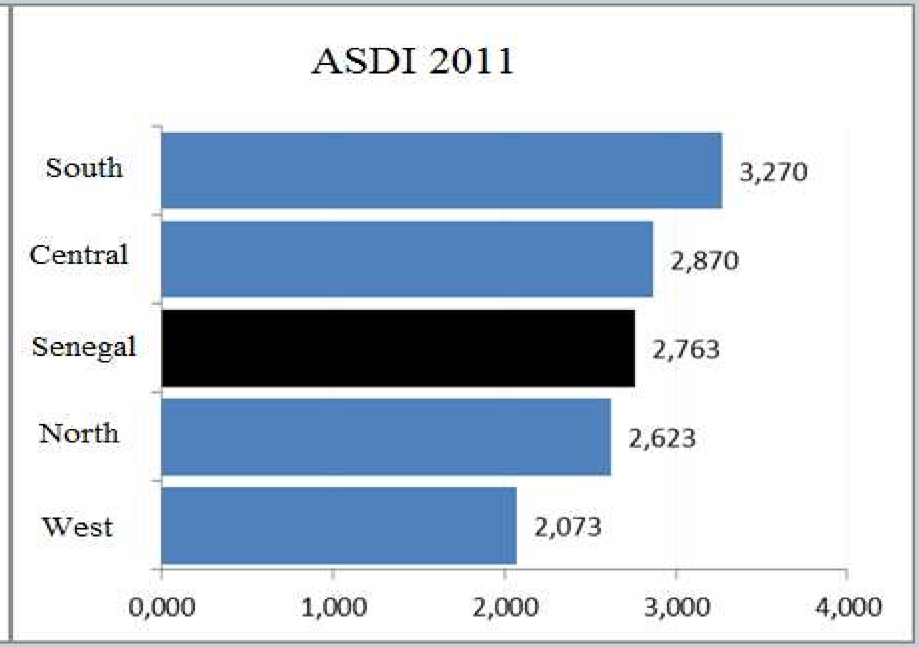
- Build national capacities for tracking exclusion within countries and groups of population
- Equip member States with a tool to monitor and enhance the effectiveness of social policies and investments - at national and subnational levels

Initial Results - Senegal

Historical trends, by sub-regions

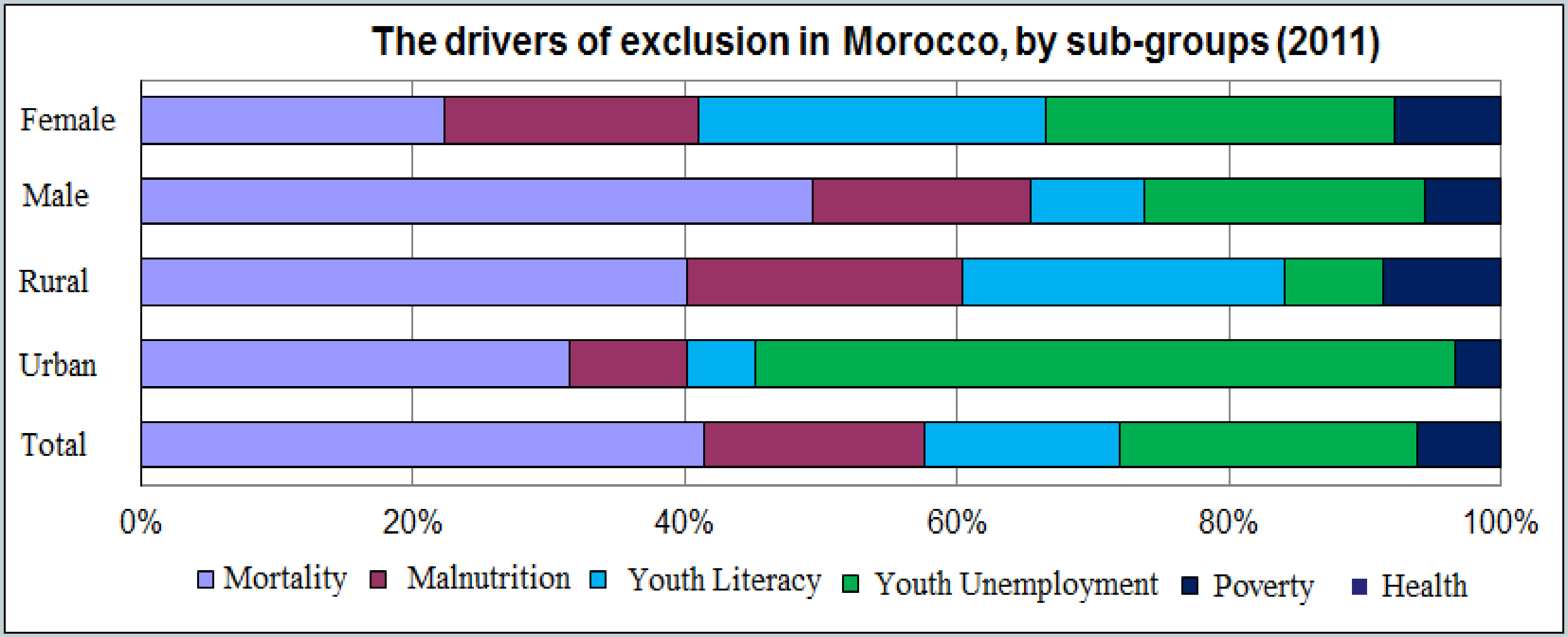
- Overall, exclusion in Senegal has dropped by 21% between 2002 and 2011
- South and Central regions remain the most affected, but their situation improved by 9 and 19% respectively





Initial Results - Morocco

The drivers of exclusion vary significantly across subgroups…



Unemployment is the most important driver of exclusion in urban areas, while men face challenges with **survival in infancy.**

Conclusion

- Need to **refocus the development agenda towards a more people-centered**, inclusive and sustainable path
- **Increase** the quantum of domestic and foreign **resources to social programmes**
- Develop robust **M&E mechanisms to carefully monitor social investments**
- **ASDI a useful tool to guide implementation and monitoring of Agenda 2063 and design of socially inclusive national policies.**