



Session 6 25 February 2021

- 15:00 - 16:45 Lilongwe
- 16:00 - 17:45 Addis Ababa
- 14:00 - 15:45 Paris
- 08:00 - 09:45 New York

SESSION 6

SOCIAL AND HUMAN DEVELOPMENT IN THE AFRICAN LDCs - REDUCING INEQUALITY AND ADVANCING WELLBEING OPPORTUNITIES

This session will explore the factors contributing to the high prevalence of poverty and inequality in the LDCs and explore the multiple dimensions limiting their poverty eradication efforts. It will discuss how progress towards human development can be accelerated through addressing aspects contributing to poverty and inequality in the African LDCs.

POVERTY AND INEQUALITY TRENDS

Over the last three decades the world made major progress on human development and poverty reduction. The proportion of the poor fell from 35% in 1990 to 9.4% in 2020. This represents 689 million people living in extreme poverty in the world today down from 1.9 billion in 1990.[1] But income is only one of a series of deprivations affecting the poor. Measured by the global multidimensional poverty index (MPI) that sheds light on who is poor and how across several dimensions, the number of people living in poverty is higher at 1.3 billion: two-thirds live in middle-income countries and half are children under the age 18 (UNDP et. al., 2019).

Africa's development achievements over the last three decades have been remarkable. Strong economic growth at 4.5% on average supported advances in poverty reduction: Income poverty fell from 54% in 1990s to 41% in 2015 (World Bank 2019). Non-monetary measures of poverty show similar progress with standards of living, health and education improving significantly. The region's Human Development Index (HDI) increased by 35% between 1990 and 2018.

African LDCs have contributed to the notable development achievements registered by the continent. At times, progress has been faster leading to convergence towards the results of non-LDCs in Africa and beyond. African LDCs achieved a positive HDI change of 46% between 1990 and 2018, 10 percentage points higher than the average for the region. Their HDI which represented 82% of Africa's in 1990, represents 89% today.

Despite this progress, the number of poor in Africa has increased by almost 50% since 1990 to 431 million due, in part, to high population growth.[2] Demographic and poverty trends indicate a concentration of extreme poverty in Africa (70% of the world's poor) and in conflict affected countries. 305 million people in African LDCs live in extreme poverty or 43%[3] - above the average in Sub-Saharan Africa.

[1] Or below the international poverty line of \$1.90 per day. See: <https://ourworldindata.org/extreme-poverty>

[2] Eight of the ten countries with the highest number of people living in extreme poverty are in Sub-Saharan Africa: Nigeria, Democratic Republic of Congo, Ethiopia, Tanzania, Madagascar, Mozambique, Kenya, and Uganda.

[3] <https://www.worldpoverty.io/map>



The poor suffers from overlapping deprivations beyond income which reinforce each other and cumulate along the lifecycle. Multidimensional poverty indices such as the MPI published by UNDP and the Oxford Poverty and Human Development Initiative (OPHDI) since 2010, help understand the nature of multiple deprivations affecting the poor and assess progress on SDG1.2.[5] Measured by the MPI, the proportion of poor in Africa stands at 58% and 63% in African LDCs, the highest among all regions. There are wide cross-country variations on the incidence of poverty in Africa and among African LDCs both in income and multidimensional poverty.

Within country differences in poverty are equally striking. Income inequality in Sub-Sahara Africa has remained relatively stable at very high levels: the share of income concentrated in the top 10% of the income distribution have oscillated between 55-60% over the last two decades. To eradicate poverty in Africa, households' annual consumption expenditure of the bottom 40% of the population should increase at an annual rate of 8%, way above of the rate experienced over the last decade (WIL and UNDP, forthcoming).

THE WORLD IN DEVELOPMENT EMERGENCY PROMPTED BY COVID-19

The COVID-19 pandemic is exacerbating pre-existing vulnerabilities. The crisis is deepening inequality worldwide. Two out of three COVID-19 deaths happened in developing countries.[6] 100 million people is estimated to have fallen into extreme poverty in 2020 alone (UNDESA, UNDP and WB 2020) whereas the number could reach 1 billion by 2030 if the worst scenario of delayed economic recovery materialized and the most vulnerable were left behind. Global human development – a composite of standard of living, education and health- is set to fall for the first time since 1990.

Overall, 400 million full-time jobs worldwide are estimated lost as a result of the pandemic with the most vulnerable - the poor, women, elderly, disabled, migrant population, informal workers – hit the hardest. Informal employment in Africa is estimated to account for 86% of total employment (ILO 2020). This population group is particularly vulnerable to impoverishment in the face of the crisis, due to the lack of safety nets, such as social protection, and other support mechanisms if they lose their livelihoods. More than half (4 billion) of people worldwide had no access to social protection even before the COVID-19 crisis hit, with serious implications for economic and social development (ILO 2017).

In April 2020, schools closed for 85% of children worldwide in efforts to suppress the spread of the virus. With the poor lacking access to on-line education, the digital divide may exacerbate inequality in education. Estimates by UNDP of the 'effective out-of-school rate' or the percentage of primary school-age children adjusted to capture those with no internet access, suggests that 60 percent of children are not receiving an education.[7] COVID-19 compounded pre-existing vulnerabilities. For instance, in the Sahel region, 12 million children are estimated to have lost four months of schooling associated to the response to the pandemic whereas close to 800,000 were unable to attend school for a full year due to insecurity (Norwegian Refugee Council 2020). Women and girls are disproportionately affected: According to UNESCO, additional 11 million girls may leave school by the end of the crisis and many may never return (UNDP 2020). Based on the evidence from previous health crisis suggests that women and girls will suffer multifaceted negative secondary impacts from COVID, including higher poverty rates, increase in unplanned pregnancies, surge in school dropouts rates and reduced access to healthcare.

[4] The Multidimensional poverty index (MPI) is published by UNDP since 2010 in cooperation with the Oxford Poverty and Human Development Initiative. The index assesses deprivations in relation to 10 indicators. For more information see: <http://hdr.undp.org/en/2019-MPI>

[5] The MPI is a composite index of 10 indicators which assess multiple deprivations on health, education and standard of living. For details on the indicators and the methodology see: <http://hdr.undp.org/en/2019-MPI>

[6] As of 25 January 2021.

[7] <http://hdr.undp.org/en/content/covid-19-human-development-course-decline-year-first-time-1990>



The climate and biodiversity crises remain unchecked. No continent is expected to be more severely impacted by climate change than Africa. In addition to the intensity and frequency of disasters, climate change is “predicted to reduce the income of the bottom 40 percent by more than 8 percent by 2020” (World Bank, 2019, p.210) undermining poverty reduction efforts and increasing inequality. On the other hand, inequalities play a role on the way individuals and communities interact with the environment. The more disadvantaged groups have limited choices leading to behaviour that undermine nature. At the same time, they suffer the most from environmental degradation and climate change, with limited coping capacity. The self-reinforcing relationship between socio-economic and environmental imbalances indicates that reducing inequalities is not only intrinsically valuable, but also instrumental in reducing pressure on the environment thus building more resilient societies.

Recovery from COVID-19 – in terms of income per capita, trade flows, remittances, tourism, etc. - is expected to take at least three years (UNDP 2020). The path towards recovery is unlikely to be linear but to show instead, episodes of progress and regress depending on the speed and success across countries of the vaccination and improved therapeutics roll out.

Analysis of the more than 140 COVID-19 socio-economic impact assessment (SEIA) carried out in 97 countries show the devastating effect of the crisis on the socio-economic fabric of countries and the rapidly shrinking fiscal space in the most vulnerable countries to be able to respond. Governments in LDCs have mobilized on average, 2% of their fiscal resources to respond to the crisis. However, many faced debt distress before COVID-19: 44 percent of low-income and LDCs were assessed as being at high risk of external debt distress or already in debt distress in 2019 (UN 2020). Falling commodity prices and remittances, falling tourism receipts, etc. compound to constrain the ability of LDCs to effectively respond to a protracted COVID-19 crisis and invest on the attainment of the SDGs.

BUILDING FORWARD BETTER TO REALIZE THE SDGS BY 2030 IN AFRICAN LDCS

COVID-19 pandemic has reversed two decades of steady progress on poverty reduction and exacerbated pre-existing vulnerabilities such as trends in inequality and climate change, undermining the realization of the SDGs. There is an urgent need for bold, collective and coordinated action by individual countries and the international community, in solidarity, to correct course and build forward better with the SDGs in sight.



Guiding questions:

1. What policy and programmatic interventions are needed to accelerate transformation in African LDCs in order to reduce poverty and inequality and furthering human development?
2. Given the heterogeneity of LDCs, what should the priority actions be for the new programme of action for LDCs that would accelerate sustainable development?
3. What innovative enablers can be used to achieve wellbeing that can simultaneously address the issues of poverty, inequality, including the empowerment of women and girls, and human capital in African LDC?
4. In fragile and conflict affected settings, what interventions would be most effective to transition out of fragility towards resilient development?
5. What policies and programmes are needed to build resilience and futureproof development (from conflict, climate change, drought and hunger) in African LDCs?
6. How can continent-wide initiatives such as the AfCFTA be leveraged to reduce poverty and inequality?
7. How can Africa leverage its youth and women to accelerate development and well-being and to harness the demographic dividend?
8. What role can technology and digitalization play to support structural transformation and accelerated development while reducing and managing risk?
9. What are the key interventions needed to escape the human development trap in the region?

