Background paper on Sustainable Development
Goal 1: End poverty in all its forms everywhere

I. Key messages

1. Following are the key messages that have emerged from the integrated analysis of the Sustainable Development Goals, set out in the 2030 Agenda for Sustainable Development, and the corresponding goals of Agenda 2063: The Africa We Want, of the African Union, that are covered by this sub-theme:

   (a) COVID-19 has exposed development deficits in Africa and increased the number of poor, reversing gains made towards 2030 Agenda;

   (b) The economically vulnerable, especially women, are particularly at risk of falling into poverty;

   (c) Building a better and more resilient future by strengthening understanding of systemic risk and the cascading impacts of disasters is required;

   (d) Opportunities presented by COVID-19, such as accelerated uptake of digital solutions and smart investments in human capital, need to be enhanced;

   (e) Leveraging the African Continental Free Trade Area for sustainable development and poverty reduction could be a game changer.

II. Introduction

2. This background paper was prepared by the Economic Commission for Africa (ECA), with contributions from the United Nations Development Programme and the United Nations Office for Disaster Risk Reduction.

3. The paper focuses on Sustainable Development Goal 1 of the 2030 Agenda: “End poverty in all its forms everywhere”. Goal 1 sets out 7 targets and 14 indicators, and was adopted with a view to increasing human well-being.

* ECA/RFSD/2021/1/Rev.1.
4. Poverty reduction is a theme addressed under several aspirations of Agenda 2063, including aspiration 1, a prosperous Africa based on inclusive growth and sustainable development of Africa 2063; and in particular Goal 1, a high standard of living, quality of life and well-being for all citizens; and Goal 4 on transformed economies and jobs.

III. Interlinkages and synergies among the Sustainable Development Goal 1 targets and the targets of other Sustainable Development Goals

5. Sustainable Development Goal 1 is closely aligned with many other Sustainable Development Goals, and progress on those Goals can therefore facilitate the achievement of Goal 1 targets. Progress on target 1.1 on the eradication of extreme poverty for all people everywhere, currently measured as people living on less than $1.25 a day and 1.3/1 of the proportion of population covered by social protection floors/systems, by sex distinguishing children, unemployed persons, older persons, persons with disabilities, pregnant women, newborns, work injury victims and the poor and the vulnerable. Sustainable Development Goal 1 is also linked to disaster preparedness with a target on the number of countries with national and local disaster risk reduction strategies important for synergies with environmental goals and targets. In particular, Sustainable Development Goals 8 (Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all), 3 (Ensure healthy lives and promote well-being for all at all ages) and 4 (Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all) are all aligned to support the eradication of poverty through the provision of basic services and the creation of jobs.

6. The linkages between Sustainable Development Goal 5 (Achieve gender equality and empower all women and girls) and Goal 1 are clear – not so much in the gender separation of households living below the poverty line as in the disproportional representation of women in vulnerable groups, and in informal employment and inequitable access to social services. Progress towards the eradication of poverty necessarily has to align with the provision of assets towards participation in labour markets.

IV. Key trends and progress towards the achievement of selected targets of Sustainable Development Goal 12: Ensure sustainable consumption and production patterns

7. Poverty in Africa is declining, as it is everywhere, though not significantly. After increasing from 54.3 per cent in 1990 to 55.6 per cent in 2002, the African poverty headcount ratio declined to 36 per cent in 2016 (African Union Commission and OECD, 2018). The share of Africans living in extreme poverty has fallen substantially – from 54 per cent in 1990 to 41 per cent in 2015 – but, due to high population growth during the same period (2.6 per cent per year), the number of poor people in Africa has actually increased, from 278 million in 1990 to 413 million in 2018 (Beegle and Christiaensen, 2019). With this rate, and prior to the COVID-19 pandemic, the poverty rate is expected to decline to only 23 per cent by 2030, far from the target of 3 per cent. Global poverty will become increasingly African, rising from 55 per cent of total global extreme poverty in 2015 to 90 per cent in 2030. In this regard, there needs to be a decomposition of poverty numbers in Africa. Using the benchmark of $1.90 a day, there is a clear distinction between sub-Saharan and North African countries, with the latter having a low poverty figure.
of 4 per cent on average, and therefore on track to reach the 2030 target of 3 per cent.

8. This notwithstanding, the slow drop in poverty figures on the continent was partly driven by a number of factors. While economic performance was approximately 5 per cent from 2000 to 2014, largely backed by the commodity boom, it dropped to approximately 3 per cent from 2014 to 2019 (ECA, 2017). The 7 per cent economic growth target required for positive effects on poverty was not reached. Furthermore, the growth performance dependent on the capital-intensive extractive sectors limits their capacity to create enough jobs to absorb the rapidly growing labour force. In most cases, the extractive sectors operate as enclaves, with weak linkages with domestic suppliers and the rest of the economy. Employment has been expanding at a rate of less than 1.8 per cent per annum, which is less than the nearly 3 per cent annual growth in the labour force (African Development Bank, 2019). Evidently, employment creation is therefore not expanding fast enough to keep up with the growing labour force. Finally, the “jobless growth” reiterated the structural feature of precarious and vulnerable employment. Although unemployment rates in Africa are generally low, averaging 6.8 per cent in 2018 (ILO, 2019), underemployment and informal employment are widespread. Most of the employment opportunities in Africa are created in the informal economy, which is normally characterized by low productivity and poor working conditions. Informality in Africa is more concentrated in the rural economy, which is largely agriculture-based. Africa has the highest rate of estimated informality in the world, at 85.8 per cent of total employment, and the highest rate of vulnerable employment globally, averaging 66 per cent (ILO, 2018a).

9. In line with the above, most of the poor (82 per cent) live in rural areas, earning their living primarily in farming. Non-wage microenterprises are the main source of non-agricultural employment and income for the poor and near poor. Furthermore, low labour productivity in both rural economies and in informal types of employment stems the growth and poverty-reducing effects.

10. Various estimates have been produced of the likely impact of COVID-19 on poverty using different approaches. ECA estimates – using the growth elasticity of poverty change approach, and with economic growth contractions of 1.8–5.4 per cent in 2020 (figure 1) – in 49 million–161 million new poor in Africa, with an estimated 100 million as the most likely scenario (ECA, 2020). The gross domestic product (GDP) contraction caused by COVID-19 is likely to be felt first by those who are vulnerable to poverty, those just above or close to the extreme poverty threshold of $1.90 per person per day. This is particularly important in Africa, as three out of five poor households are chronically poor, while an estimated two out of five poor households are transiently poor – that is, moving into or out of poverty as their income fluctuates as they are exposed to shocks.
The variations across countries and subregions in the pace of poverty reduction are indicative of certain country and subregional specificities. In 10 African countries—largely North African and middle-to-high-income countries—Cabo Verde, Gabon, and Mauritius, but also including the Gambia, have a low poverty rate of 4 per cent, but average vulnerability is higher, at 13.5 per cent. North Africa has a high level of vulnerable households that earn between $1.90 and $3.20, and more than 30 per cent of all confirmed COVID-19 cases. This is particularly relevant when we consider the category of the newly vulnerable groups that fall into poverty given COVID-19 (ECA, 2020a).

Nearly two thirds of Africa’s economically vulnerable population is in 10 countries with an average GDP per capita of less than $4,000. These are: Nigeria, Ethiopia, Egypt, the United Republic of Tanzania, Kenya, the Sudan, Uganda, the Democratic Republic of the Congo, South Africa and the Niger. Seven of the 10 countries—Egypt, the Sudan, Ethiopia, Kenya, Uganda, the United Republic of Tanzania and the Democratic Republic of the Congo—are in a contiguous stretch. These 10 countries represent 19 per cent of the population of Africa. In terms of the vulnerable and the poor, figures are reversed, with an average poverty rate of 63 per cent and a vulnerability rate of 16 per cent. The economically vulnerable have been the population group particularly prone to the COVID-19 pandemic, with uncertain income streams and lack of social protection coverage. In particular, the inequitable access to public services of the vulnerable further reinforces their exposure to the pandemic.

While income inequality is an important feature in driving slow poverty reduction, the inequalities of opportunities, in particular gender inequalities, have been exacerbated by the COVID-19 pandemic. This is because women predominate in many of the “non-essential” retail and service occupations that have been severely affected by the crisis, which cannot be performed remotely, such as those in the personal care, restaurant, hospitality and domestic work sectors (Alon and others, 2020; Hupkau and Petrongolo, 2020). Further, people’s ability to undertake paid work, or work the same hours as before, will be influenced by what is happening in the home. The unprecedented closure of schools and child-care facilities, and the scaling back of many non-COVID-19 health-care services, resulted in a dramatic increase in care work within...
households. Given entrenched social norms about who should be responsible for care, it has been predicted that women would bear much of this additional burden. According to the Demographic Health survey, almost one in five women (17 per cent) aged 18 to 24 years had experienced violence from a partner in the previous 12 months; 6 per cent of women older than 18 years experienced sexual violence by a partner; while a woman is murdered every four hours in South Africa, where half of the cases identified were perpetuated by an intimate partner.

14. An important feature of the slow decrease in poverty is the weaknesses in translating growth into employment creation. The fast and sustained growth spurs Africa has achieved in the past two decades have not resulted in commensurate employment creation. Over the period 2000–2014, a 1 per cent increase in GDP growth was associated with only 0.41 per cent growth in employment, meaning that employment was expanding at a rate of less than 1.8 per cent a year, which is far below the nearly 3 per cent annual growth in the labour force (ILO, 2019). Due to the supply-and-demand shock caused by COVID-19, annual formal job creation (currently 3.7 million) is forecast to drop by 1.4 to 5.8 per cent, compared with the baseline 2020 African growth scenario. An increase in informal and vulnerable employment is expected (more than 60 per cent of men, and nearly 75 per cent of women are informally employed in Africa) (ECA, 2020b). While the 2008 financial crisis increased vulnerable employment by 10 per cent, a more systemic shock such as COVID-19 is expected to increase vulnerable employment considerably more, with the International Labour Organization (ILO) anticipating 19 million job losses in Africa as workers face full or partial workplace closures (ILO, 2020).

15. In Africa, poverty is a mix of chronic and transitory: about 60 per cent of the poor in the continent are chronically poor, and 40 per cent are in transitory poverty. Furthermore, the poverty effect of COVID-19 through various transmission channels – including increases in vulnerable employment, higher health costs, and low social risk protection – will push households just above the $1.90 a day into poverty. The previous HIV pandemic affected vulnerable households with an increased probability of moving into transient poverty by 17.1 per cent, a 4.2 per cent increased probability of staying in poverty for a decade or longer, and a fall in the probability of moving out of poverty by 5.9 per cent. The effect of COVID-19 and its higher effect on economic losses and livelihoods are expected to have higher negative effects on poverty. Increased poverty levels will also exacerbate existing income inequalities (ECA, 2020a). For low-income households, which already spend an average of 36 per cent of their incomes on health-care-related expenses, access to health care will become increasingly unaffordable in the wake of COVID-19, leading to an increase in the number of households falling below the poverty line.

16. Measured gender gaps in monetary poverty are modest, though the data underpinning reflects a methodological issue at the household level. The COVID-19 pandemic has exposed the structural gender inequalities in the non-monetary aspects of poverty. African women continue to encounter disadvantages in education, health, empowerment and income-generating activities. They tend to have significantly lower human capital endowments than men (although, among the youngest cohort, this gap has narrowed, with girls having caught up to boys in some countries); worse access to labour markets; lower wages; more limited access or title to productive assets (such as land, credit and other inputs); fewer political and legal rights; and more stringent constraints on mobility and socially acceptable activities. As a result, gender inequality can trap women in poverty and generate a vicious cycle for their children.

17. Due to COVID-19, these development deficits were further exposed, with nearly 34 million girls (38 per cent) between the ages of 12 and 14 years,
and 60.5 per cent of girls aged 15 to 17 years, not in secondary school. This further exacerbated gender inequalities in education. Almost half (11.2 million) of the estimated 24 million learners around the world at risk of not returning to school are girls and young women. Africa is one of the regions in which learners are most at risk (5.3 million overall), with adolescent girls facing a higher risk of not returning to school. A total of 24 per cent of young women 15–24 years of age are not in employment, education or training. For young women who work, the conditions, pay and income security their jobs offer are poor. Overall, faced with limited family resources, girls are more likely than boys to be withdrawn from school, thus widening the literacy gender gap. Plan International and the United Nations Educational, Scientific and Cultural Organization have warned of the potential for increased dropout rates, which will disproportionately affect adolescent girls, further entrench gender gaps in education, and lead to increased risk of sexual exploitation, early pregnancy and early and forced marriage.

18. Globally, 3.2 per cent of GDP is allocated to non-health public social protection expenditure, ensuring income security during working age; in Africa, this figure is 1.1 per cent, covering a little over half the working-age population with maternity benefits, unemployment benefits, employment injury benefits, disability benefits and general social assistance. Only 7 per cent of those identified as vulnerable are covered by social assistance. This becomes particularly relevant due to the supply and demand shocks induced by the COVID-19 pandemic.

19. The lack of job opportunities created by both insufficient level and quality of growth has further entrenched the vulnerable and informal workers in Africa. This is further exacerbated by the lack of coverage of informal workers by social protection. As per ILO estimates, 82 per cent of Africans are without social protection (figure II) – 61 per cent in North Africa and 87 per cent in the rest of Africa – and only a small part of the economically active population is covered by statutory social security schemes, most of which are old-age pension schemes.

Figure II
Population covered by at least one social protection benefit (percentage)


20. The lack of social protection prior to the COVID-19 pandemic has also exposed the distributional effect of the young working poor. Working poverty among young people in Africa fell by a little over 15 per cent, compared with a fall of 20 per cent among those aged 25 years or over between 2000 and 2019. The consequence is that, in 2019, 63 per cent of young workers lived in poverty in Africa, compared with 51 per cent of adult workers (aged 25 years and over). In Arab States, including North African countries, working poverty among young people not only did not fall, but nearly doubled, increasing by 88 per cent over the same period. It is interesting to note that the age distribution of
COVID-19 infection rates is much younger than global figures, and does indicate a transmission channel of younger vulnerability.

21. Responsive social policy frameworks across Africa have been adapted, as a temporary measure in the immediate response to COVID-19. For example, Egypt announced a targeted support initiative for irregular workers in the most severely hit sectors, with a monthly grant of 500 Egyptian pounds for three months. Uganda introduced fiscal policy interventions, including permitting delayed payment of the corporation tax for small and medium-sized enterprises, and deferred payment of “Pay As You Earn” (PAYE) by businesses in heavily affected sectors such as tourism and floriculture. Within these responses there has been a need to recognize the most vulnerable people with special needs – such as the elderly, people with disabilities, the chronically ill, people living with HIV/AIDS, injured persons and adolescents – as particularly vulnerable and needing special protection measures, in addition to risk mitigation of gender-based violence.

22. The specific objectives of many of the immediate policy responses has been to prevent and address the loss in income and livelihood due to the COVID-19 outbreak, through coordination and support, providing, for example, social protection services for the economically vulnerable households affected by COVID-19, care and treatment strategies, and risk mitigation of all forms of violence, exploitation and neglect, among others.

23. The type of social assistance, and its coverage of the vulnerable, have lacked attention to the economically vulnerable, who have particularly been exposed by the COVID-19 pandemic. Social assistance in the form of cash transfers remains the main form of government, or donor, assistance, reflective of the high levels of informality and vulnerable employment and their exposure to COVID-19. Strengthening labour market policies to the provision of income that maintains more resilience means consumption levels should be of an increased priority. Examples of this could include one-off monetary compensation for fixed periods of times, such as three months – as in the case of Egypt, when informal workers register at the database of the Ministry of Labour and Manpower.

24. The recourse to enlarged social protection schemes in Africa through income support, waivers and other consumption-related interventions should be complemented by investment-related social protection measures to build back better and achieve a more resilient system. The inclusion of the informal sector and the creation of contributory schemes in a more resilient and sustainable social protection schemes over the medium term are positive responses.

25. Therefore, asset-building and the generation of income opportunities, as well as effective risk management strategies, are both important for poverty reduction, particularly as a medium-term response to COVID-19. They often also interact with each other. Human capital investments yield substantial long-run benefits, and are critical in the agenda to reduce poverty in Africa. A human development trap initiates a cycle of poverty that runs across generations and traps families in poverty. (For example, low education and poor health results in low adult income and poor human development for children).

26. A total of 25 African countries have started reporting against this indicator, using the online Sendai Framework Monitor. Data from these countries are being analysed. In Africa, economic cost calculations are available for less than 14 per cent of all disasters. Some progress has been observed, with 25 countries in Africa having national disaster risk reduction strategies and plans aligned with the Sendai Framework for Disaster Risk Reduction. There are ongoing efforts to build the capacities of national and local governments – as well as stakeholders, tools and methodologies – to support the development of local disaster risk reduction strategies. At least 100 cities trained on self-assessments and action planning. Seven cities have drafted
disaster risk reduction strategies, and two cities have adopted integrated resilience strategies.

27. Total spending on health care in Africa remained within a narrow band of 5–6 per cent of GDP in 2000–2015, on average, though in per capita terms it almost doubled, from $150 to $292 (in purchasing power parity). The distribution of this financing is critical, as out-of-pocket expenditure is slightly higher than government expenditure, at an average of 36 per cent and 35 per cent, respectively. External financing follows, contributing 22 per cent (ECA, 2019).

28. The pre-COVID-19 situation of spending on essential services remained largely inadequate, given the initial conditions and the larger remit of the 2030 Agenda. The additional health costs imposed by COVID-19 have exposed certain development deficits, but also presented some opportunities for improved resilience.

29. At higher income levels, less of the total spending is out-of-pocket, but there is no clear trend. This could be because, while transitioning from low-income to middle-income status, countries receive less development assistance, despite an inability to domestically raise sufficient government resources to replace the lost external resources.

30. Adopting a broad threshold of government health expenditure of 5 per cent of GDP, there is a financing gap of $66 billion per year in Africa. More than half of this amount is required by Egypt (19 per cent, or $12 billion) and Nigeria (32 per cent, or $21 billion). The additional estimated required health-care costs caused by COVID-19 in a best-case scenario, with suppression and intense early physical distancing interventions, would be $44 billion for testing and personal protective equipment. Under the best-case scenario, this figure declines to only a 31.8 per cent increase, which is much closer to the impact previous epidemics – such as Ebola and SARS-CoV-2 – imposed on health expenditures (ECA, 2020). Furthermore, Africa is import-dependent on many of the medical products that are essential to test for, protect against and treat COVID-19. Access to these supplies is perilously constrained by export restrictions imposed by at least 71 countries. International leadership is urgently required to decongest trade flow restrictions and ensure access to medical supplies for some of the world’s most vulnerable populations.

31. It is important to highlight a continental response in this regard, which has improved overall accessibility. This response is based on the project of the African Continental Free Trade Area – along with ECA, the African Union Commission, the World Health Organization, the Joint United Nations Programme on HIV/AIDS (UNAIDS) and other partners – of leveraging the ratification of the Agreement Establishing the African Continental Free Trade Area in 2019 for pooled procurement and local production and quality assurance of child and maternal health products. The African Medical Supply Platform was established for COVID-19-related products and bringing on board external assistance and the private sector to ensure all African Governments get access to personal protective equipment and other urgent medical supplies they need, at fair prices.

32. Public expenditure on education follows a similar pattern as health care, but the effect of government spending is mixed. Currently, African Governments spend about 5 per cent of GDP on education. Notably, almost half of all African countries are meeting both recommended education financing

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2 On average, it is estimated that the West African countries most affected by the Ebola outbreak experienced an 11 per cent increase in their health expenditure during the period 2014–2016 (authors’ estimation based on data in three countries: the Democratic Republic of the Congo, Liberia and Guinea).
targets set by the United Nations. While higher spending for quality of education remains a serious challenge, the region currently faces an annual $40 billion gap in education financing.

33. Although COVID-19 has affected all of the education sectors – early childhood, primary, secondary, higher and vocational – and all have suffered because of the pandemic, each sector has suffered in different ways and with different consequences. It would be facile to say that higher education suffered the least, because the students are adults, and they are much more likely to have access to the Internet and e-learning than others. But it would be true to say that, without underestimating the challenges, provided the universities are proactive and thoughtful, they can probably reduce the educational impact of COVID-19 on their students more easily than other sectors can.

34. COVID-19 indirectly affects human capital formation by delaying graduates and their graduation timelines, resulting in lost labour market opportunities. There are also “knock-on effects” throughout the education system, as dropouts in primary school affect the pool available for entry into secondary school and subsequently for tertiary education. The recourse to digital learning has provided both an opportunity and a challenge. It is possibly applicable at higher levels of education – secondary and tertiary – and decreases the cost of provision and hence does contribute to the reduction of the financing gap. An estimated 3.6 billion people are completely offline, mainly in the least developed countries, with girls less likely to have access to a mobile telephone or Internet. The Inter-Agency Network for Education in Emergencies notes that telephones are likely to be for multiple users, and that girls may not have priority, even if hardware is owned at the household level. In addition to access, a second divide is highlighted in terms of the skills – the digital literacy and competencies to benefit effectively from access – which girls may lack.

35. Public expenditure on social protection took centre stage in the response to COVID-19, with increases to mitigate income losses for the most vulnerable caused by the pandemic. In Africa, the spending target on social protection arises from the ILO study on the African Union Commission Social Policy Framework endorsed in Windhoek, Namibia, in 2008. The first session of the African Union Conference of Ministers in charge of social development held in Windhoek, Namibia in October 2008 agreed on the provision of a minimum package of social protection that includes basic health care and specific programmes for elderly people, among others. The cost estimate for social protection as set out in Windhoek was carried out by ILO, which estimated an average of 4.5 per cent of GDP (ILO, 2008).

36. The actual expenditure (figure III) shows the inadequacy of allocation to social protection. The age distribution of coverage is towards old age and the productive phase in a life cycle; hence, focusing on employment and unemployment is absent. Due to COVID-19, the job and income losses, and the exposure of the vulnerably and informally employed, both the quantity and quality of social protection public expenditures are needed.

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3 The two health expenditure targets are 4 per cent of GDP and at least 15 per cent of government expenditure allocated to education.
V. Gaps, constraints and emerging issues

37. The main gaps and constraints to achieving the eradication of poverty remain (a) the chronic lack of effective means of implementation – finance, technology and capacity development; (b) a lack of reliable data to measure and track progress, including a lack of clear methodologies of sharp increases in poverty; and (c) poor governance, weak institutions and a lack of institutional arrangements for the achievement of the targets. Those gaps and constraints have, to a certain extent, been exposed by the COVID-19 pandemic.

VI. Stepping up the pace and scale of implementation: opportunities for accelerated actions and transformative pathways

38. Sustainable development and the centrality of the economically vulnerable are critical if African countries are to achieve sustained economic growth and reduce poverty. With less than 10 years to go until the 2030 deadline for the achievement of the Sustainable Development Goals, more needs to be done to accelerate implementation of the 2030 Agenda. The COVID-19 pandemic, which has hampered economic activity around the world, provides an opportunity for African countries to reassess their priorities and build back better by adopting sustainable and inclusive, resource-efficient and climate-resilient consumption and production patterns in all sectors of their economies.

39. A recalibration of social protection and social services towards active labour markets and job creation is central towards building a more resilient future. The recently operational African Continental Free Trade Area – the creation of a single market of $3.4 trillion and 1.3 billion people – can be further leverage for an African-led response towards sustainable development. This includes harnessing the youthful population complemented by the portability of skills across national boundaries. This is underpinned by leveraging the continental health market in pooling procurement and local production, as has been seen in the establishment of the African Medical Supply Platform, where the in-pooling of COVID-19-related products created savings of 30 per cent on international prices.
40. There is also a need to close gaps in the technological capabilities of countries to promote sustainable development through the use of digital technologies. The efficiency gains and reduced costs garnered by the use of digital tools in providing education and health services is vital. North–South and South–South partnerships in research and development, innovation and policy development can complement national and regional efforts in that area.
References


