



Economic Commission for Africa
Africa Regional Forum on Sustainable Development
Second session
Cairo, 17-19 May 2016

Inclusive transformation for sustainable development

1. Inclusion: A priority for sustainable development

The concept of inclusion in the context of sustainable development refers to a process that ensures equal opportunities for all citizens in order so that they can achieve their potential in life regardless of background, including through full and active participation in civic, social, economic and political aspects of decision-making processes.ⁱ Inclusion underpins the global agenda for sustainable development founded on the principle that unless it is inclusive, development will not be sustainable.

The importance of an inclusive development agenda for shared global prosperity and well-being was clearly articulated by world leaders in the context of the 2030 Agenda for Sustainable Development as they pledged to ensure that “no one will be left behind”. They further committed to prioritize the needs of those that were “the furthest behind first”, namely the poorest and most vulnerable. While inclusion underpins the overall vision of Agenda 2030, it is also expressed explicitly in 5 of the Sustainable Development Goals, thus illustrating the importance accorded to it by world leaders. Likewise, inclusion is at the core of Africa’s growth and transformation vision as encapsulated in the African Union’s Agenda 2063, which states the continent’s aspiration for “a prosperous Africa based on inclusive growth and sustainable development”.

The focus on inclusive development echoes earlier commitments including those made at the 1995 World Summit on Social Development where governments committed to build “a society for all” and “place people at the centre of development and direct ... economies to meet human needs more effectively”.ⁱⁱ Recognizing the vulnerability and marginalization faced by significant proportion of the global population, the summit made a clear call for policies that empower people to maximize their capacities, resources and opportunities by addressing challenges of poverty, unemployment and social exclusion. Importantly, the summit articulated the interdependent and mutually reinforcing social and economic dimensions of inclusion whereby sound, broad-based economic policies are necessary to achieve sustained social development.

The emphasis on the need for an inclusive development agenda is based on a recognition that the Millennium Development Goals (MDGs) have neither sufficiently addressed issues of exclusion and inequality, nor considered the means of implementation required for addressing these key issues. It is further premised on the persistence and rise of inequality and exclusion globally, and within and between countries. Disparities manifested through high rates of

unemployment, precarious livelihoods and exclusion from decision-making processes have, in turn, exacerbated tensions and fueled unrest and even conflict in many instances.ⁱⁱⁱ Inclusion is therefore, not simply a moral imperative, but a necessary element for peaceful and prosperous societies.

2. Inclusion in the 2030 Agenda for Sustainable Development and Agenda 2063

Ensuring inclusion in the context of sustainable development requires tackling the multidimensional drivers of exclusion related to access to opportunities, decision making processes and human development outcomes. A key factor of exclusion is the lack of access to livelihood opportunities, services, skills and capacities to realize one's productive potential, suitable standard of living and well-being. Exclusion can also manifest itself through from a lack of engagement and participation in decision-making processes with disempowering and debilitating effects. Ultimately, the result is individual and societal poverty, inequality and disenfranchisement. Taking these elements into account, both the Agenda 2030 on sustainable development and Agenda 2063 outline commitments to ensure inclusion through poverty eradication and reduction of inequality, access to opportunities and dialogue and engagement.

In the 2030 Agenda for Sustainable Development, the need to ensure that economic growth is sustainable and inclusive, resulting in shared prosperity and decent work for all is emphasized. Likewise, Agenda 2063 emphasizes the need for structural transformation of African economies to create growth, provide decent jobs and economic opportunities for all. Towards this end, both Agendas consider the provision for of inclusive and sustainable education and skills as a necessary foundation for people to create and take advantage of livelihood opportunities. They also both underscore the importance of leaving no one behind. This is embodied in Agenda 2030 which aims 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*”.

Agenda 2030 also seeks to ensure responsive, inclusive, participatory and representative decision-making at all levels as a key element of inclusive societies. Likewise, Agenda 2063 articulates the need for inclusive and accountable nation states and institutions at all levels, and in all spheres, while seeking to ensure African people's ownership of the continental vision through mobilization, engagement and dialogue. A related dimension of inclusion given prominence in both Agendas is access to justice and respect for human rights based upon the rule of law, good governance, and institutional transparency. In this regard, in Agenda 2063, African leaders have articulated their determination to “foster peaceful, just and inclusive societies”.

Ultimately, both agendas articulate the need for inclusive societies where human development outcomes are equitably enjoyed by all individuals. At the core of this in both agendas is a commitment to eradicate poverty and ensure higher living standards, quality of life, health and well-being of citizens. Importantly also, the need to reduce inequality within and between countries is recognized in both agendas with a specific goal dedicated to this in Agenda 2030.

3. Inclusive transformation in Africa

A core priority for Africa as agreed by its leaders in the framework of Agenda 2063 is to structurally transform national economies to generate equitable and inclusive prosperity and well-being for its citizens. Structural transformation is considered as an essential condition for advancing inclusive and sustainable

development in the region. So far however, the performance of African economies has largely not addressed underlying drivers of exclusion as well as root causes of poverty in the region.

In recent years, Africa has registered impressive economic performance and future prospects remain strong. In 2016, a real GDP growth rate of 4.3 per cent is projected, considerably higher than the world growth rate of 2.9 per cent. Yet, significant concerns remain about the inclusiveness and sustainability of Africa's economic growth in recent years. Far from delivering inclusive benefits for all, Africa's growth patterns have been accompanied by many challenges including high unemployment, inequality, poverty, marginalization among others. Opportunities are often not created for those living in poverty and facing social and economic vulnerabilities. Unemployment remains widespread amid inadequate opportunities for decent work and for those employed, many struggle to earn sufficient income in vulnerable jobs.

In addition, Africa is faced with specific regional and global mega -trends creating specific challenges for inclusion. Chief amongst these is Africa's population dynamics including continued population growth; major changes in age structures, including the youth bulge, and in some countries, ageing population; and significant changes in spatial redistribution associated with migration and urbanization. These population trends will have far reaching implications - presenting significant opportunities and/or exacerbating challenges for achieving inclusive and sustainable development.

Accelerated structural transformation will enable African countries to respond to such challenges and opportunities of building inclusive societies. To create economies that are resilient, inclusive and sustainable, it is imperative to transform African economies. For this, the continent needs to promote economic diversification as well as the efficient utilization of its abundant human, physical and natural resources. Structural transformation of the continent through industrialization and high value -added services is imperative. Rudimentary agriculture practices and provision of low value services dominate the structure of the economies in most countries. Industrialization with its potential to generate direct and indirect employment, strong backward and forward linkages with other sectors, including agriculture, could ensure growth that translates into more inclusive development through increased job opportunities and enhanced fiscal space.

The state of inclusion in Africa

Africa has made considerable progress towards achieving the Millennium Development Goals. To highlight a few: poverty rates declined in Central, East, Southern and West Africa from 56.5 to 48.4 per cent from 1990 to 2010; The share of population facing hunger and malnutrition fell by 8 per cent from 1990 to 2013; universal primary enrollment increased with over 68 percent of the 25 countries (with data) achieving net enrolment of at least 75 per cent in 2013 and; Between 1990 and 2012, under-five mortality fell from 146 deaths per 1,000 live births to 65 in 2012. In addition, the MDG target to bring about a significant improvement in the lives of at least 100 million slum dwellers by 2020 was achieved 10 years in advance and then surpassed, by 100 million. Significant progress has also been made in promoting gender equality and the empowerment of women and girls especially in education and political representation. The gap in enrolment in primary education between girls and boys has narrowed considerably since the year 2000, with Africa as a whole almost reaching parity in primary education in 2015. As of January 2015, 4 African countries were ranked in the top 10 in terms of women in parliament; in Rwanda, women hold more than 60 per cent of parliamentary seats.

Despite progress made, inequities persist with respect to a number of human development outcomes exacerbating social, spatial and economic exclusion

including in relation to poverty, employment, social protection, youth, gender, access to and use natural resources, and urbanization. Although the proportion of people living below the \$1.25-a-day poverty line fell from 56.5 per cent in 1990 to 48.4 per cent in 2010, because of population growth during that period, the absolute number of people living in poverty grew from 350 million to 505 million.^{iv} Inequality has also worsened over the same period, in line with rising global trends in this respect. Moreover, Africa is plagued by both unemployment and underemployment, mutually reinforcing and exacerbating widespread informality in countries. Unemployment rates are often higher for women, reflecting gender differentiated access to labour markets. Structural barriers that hinder labour from flowing to the areas where it is most needed are driving unemployment in African labour markets.

The majority of jobs in Africa are concentrated in the informal sector and characterized by non-existent or limited social protection schemes, unsafe working conditions and low wages. Often the most vulnerable groups—the poor, migrants, women, and youth—end up in informal self-employment. The ILO estimates that three out of four jobs in Africa, excluding North Africa, can be labeled ‘vulnerable’ due to informal self-employment or as unpaid family workers. The high share of working poor in total employment is a reflection of poor quality employment. In 2011 more than 80 % of workers in Africa were classified as working poor, compared to the global average of 39 %.

These trends are particularly worrying in light of the demographic transition that is underway in the region. Specifically, the fact that 19.4 per cent of Africa’s population is aged between 15-24 years will play a major role in the region’s transformation agenda. The continent continues to face daunting challenges in empowering and engaging young women and men, the vast majority of whom remain at the margins of political, social and economic mainstream. Youth are particularly disadvantaged in access to employment opportunities. They constituted about 35 % of Africa’s working -age population in 2015, but three fifths of the total unemployed. In Botswana, Congo, and South Africa, more than one in three young people are unemployed, and the average unemployment rate for the youth is about 30 % in North Africa compared to the world average of 14 %.

The mismatch between skills demanded and supplied is one of the common hurdles for young people trying to enter the labour market. Quality and emphasis of education hinders the fair and inclusive participation of African youth in the labour markets causing them to be more likely to be stuck in low paying, low productivity jobs. Young people, aged 15 to 24 years, account for 40 percent of new HIV infections. These social and economic challenges faced by the youth, are compounded by their limited participation or exclusion in decision-making and political processes. High unemployment and lack of economic opportunities is one of the major factors driving irregular and unsafe migration particularly amongst Africa’s young people.

Considerable challenges also persist with regards to the gender dimension of inclusive transformation in Africa. More than half of the countries with gender disparity in primary education in 2012 were in Africa. Girls also remain at a disadvantage in secondary enrolment, excluding North Africa, and in tertiary education in Africa as a whole. Even though maternal mortality has declined in Africa, excluding North Africa, from 830 deaths per 100, 000 live births in 2000 to 510 deaths per 100,000 live births in 2013, this is still high compared to 230 deaths per 100, 000 live births for the developing region as a whole. In most of Africa, excluding North Africa, just 52 per cent of babies are delivered by a skilled health worker. Despite the important participation of women in the agricultural labour force, large and persistent gender disparities remain in asset and land ownership in agriculture. For example, women control and operate only 15 per cent of agricultural landholdings in most countries, excluding North

Africa, and 5 per cent in North Africa.^v Furthermore, the land that women have access to tends to be smaller and of lesser quality than that which is available to men. Furthermore, women continue to shoulder the heavy burdens of unpaid work leaving less time to spend on income-generating activities. Research by ECA using time-use survey data in 7 African countries shows that on average women spent between 3 to 17 times more on non-Satellite National Accounts production (nonmarket production), compared to men.^{vi}

Urbanization also poses specific challenges for Africa's inclusive transformation. The region is the fastest urbanizing in the world and is expected to have an urban growth rate of 3.4 per cent from over the five years from 2015 to 2020 compared to a global rate of 1.84 per cent. The share of the continent's population that is urban increased climbed from 27 per cent in 1980 to 40 per cent in 2015, and is expected to pass 50 per cent in less than 20 years by 2035.^{vii} In absolute terms, Africa's urban population is projected to more than double between 2015 and 2040, reaching 1.02 billion. This will be matched by a considerable rise in demand for urban services, infrastructure and employment, whose provision is already severely constrained. Moreover, Africa is urbanizing rapidly amidst declining, or at best stagnant industrial or manufacturing output. The contrast between high urbanization growth and low growth in GDP per capita is striking, relative to other world regions. Therefore, instead of serving as nodes of social and economic transformation by enhancing productivity and inclusive growth, Africa's cities face a host of challenges. An estimated 63 % of Africa's urban population lives in slum conditions characterized by overcrowding, inadequate housing, insecure tenure and lack of access to basic services such as water and sanitation. Most African urban areas face severe backlogs in the provision of infrastructure and basic urban services. In addition, rapid urban growth is occurring amidst high unemployment and under-employment, insecure and unhealthy jobs, poverty, and rising inequality, all likely to become further pronounced with the youth bulge in the region. Evidence shows that African cities have some of highest levels of inequality in the world.^{viii}

4. Strategic policy anchors for inclusive transformation

The demographic, gender, economic and spatial dimensions elaborated above threaten to derail Africa's transformation agenda if not addressed through deliberate policies and strategies. The realization of the goals and targets of Agenda 2030 for Sustainable Development and Agenda 2063, will, thus, have to address the fundamental drivers and manifestations of exclusion on the continent if prosperity and well-being are to be shared by all. Policy responses to ensure inclusive transformation should seek to address exclusion related to three dimensions: opportunities, decision making processes and human development outcomes. Some of these policy measures and responses required to ensure that Africa's growth and transformation is inclusive are well articulated in the first 10 year implementation plan of Agenda 2063. With a view to achieving the first aspiration of Agenda 2063 "A Prosperous Africa Based on Inclusive Growth and Sustainable Development", the implementation plan identified 7 goals. The first four focus on ensuring high standards of living, quality of life and well-being; that citizens are well educated and skilled, healthy and well nourished; and that economies are transformed for job creation. The next three goals seek to advance the first four specifically through agriculture, the blue economy and climate resilience. Such responses to ensure inclusion need to further shape the implementation, follow up and review of both the 2030 Agenda for Sustainable Development and Agenda 2063. Some of the key priorities to ensure inclusive transformation for sustainable development are elaborated further below.

Economic transformation for decent jobs

An element of the 2030 Agenda for Sustainable Development of importance for Africa is the recognition that sustainable development means among others, creating decent jobs- i.e., jobs that pay living wages, offer dignity of work, and create a chance to develop new skills (Goal 8). Agenda 2063 also prioritizes access to decent jobs as a fundamental condition for eradicating poverty and building inclusive societies, especially as regards women and youth. To create the jobs envisaged in both agendas, Africa will need accelerated industrialization, but for more than 40 years, industrial development in Africa has stalled. Africa's renewed commitment to a new generation of industrial policies offers opportunities to generate the jobs, and by implication improved well-being. However, industrialization cannot succeed without the 'basics' such as infrastructure, skills, and functioning institutions. In addition, African governments need to develop new policies to diversify away from commodities, promote exports, build the capabilities of domestic firms, and foster industrial clusters to compete in regional and global markets for manufactured goods. These are areas where financial support and new ideas from the development partners have been lacking, but they are also areas where African governments have failed to implement policies that have succeeded elsewhere.

Harnessing the demographic dividend: Healthy, educated and skilled individuals

In order for Africa's citizens to take advantage of jobs created by structural transformation, higher levels of investments are needed for improving the skills and capacity of citizens through education and the provision of adequate health care. In Agenda 2063, access to education, health and skills are seen as essential ingredients for access to employment. This is particularly urgent in the case of the continent's youth and women. Most youth do not have access to the skills building education and healthcare limiting their employment to the informal sector. The concentration of women and youth in lower-skilled employment mostly in the informal sector can be remedied by increasing access to Science, Technology, Engineering, and Mathematics courses at tertiary level and technical and vocational training and education. This is important to improve the skills of social groups, such as youth and women, skills and access to the well-paid jobs in formal labour markets.

Ageing

Africa's population is largely youthful, but it is also undergoing rapid demographic changes, and the proportion of older persons (60 years and above) has increased over the past few decades. The demographic changes are occurring at the same time as other equally significant economic and social transformations. Many of these changes raise concerns about a possible weakening of traditional extended family, which, historically, has been the foundation of economic security and social protection for the older generation. The greater life expectancy for both older men and women necessitates greater social protection for them in the form of old age pensions, health services, and housing.

Redistributive social policies

Addressing inequality in the context of Africa requires redistributive policies which can reduce wealth, income, and public service disparities. A key policy priority in this regard is social protection. Cash transfers are dominating the social protection agenda in Africa, but these transfers are delivered as social assistance, and not grounded in entitlement-based claims or citizenship rights. What is needed is transformative social protection, centered on the empowerment and inclusion of individuals in the development process transforming individuals from passive beneficiaries to key actors of

development. This approach encompasses measures that aim to address power imbalances and structural inequalities, and will be essential in achieving meaningful and inclusive development. By providing universal access to basic guarantees, social protection can help indeed to enhance individual productivity and incomes, build resilience, reduce inequalities and stigma, and ultimately sustain economic growth.

Sustainable urbanization for inclusive transformation

Given the urban transition underway in Africa, there is an urgent need to transform the continent's urban areas into drivers of inclusive prosperity and well-being. Worldwide, evidence shows that urbanization and economic growth and transformation go hand in hand, generating wealth and improved living standards for citizens. In Africa, the productive potential of urban areas is yet to be realized or tapped into to drive the region's transformation agenda and specifically agricultural modernization and industrialization. If well planned, urbanization offers considerable opportunities to advance industrial and agricultural productivity. This requires cross-sectoral planning taking into account the advantages generated by urban agglomeration. Urban areas concentrate innovation, technology, skills, markets and services all of which are essential for structural change. Furthermore, the concentration of populations in urban areas reduces costs of services provision while enabling learning, exchange and matching in terms of skills and innovation. Urgent and strategic measures are thus needed to transform Africa's urban areas, especially its intermediate cities and towns, into nodes of inclusive growth rather than the chaotic, unplanned, informal and impoverished spaces they have become.

Policy, Legislative and financing frameworks for inclusion

If the desire to ensure that Africa's transformation is inclusive is to be realized, deliberate policy, legislative and financing frameworks have to be put in place and implemented. For example, in order to ensure gender equality and women's empowerment in line with the related commitments in the 2030 Agenda and Agenda 2063, targeted policies and legislation are needed to address discrimination, all violence against women and girls, harmful practices, unpaid care and domestic work, participation in decision making, opportunities for leadership, access to sexual and reproductive health and reproductive rights, rights to economic and environmental (such as land) resources and technology. This needs to be backed by financing mechanisms in line with commitments within the Addis Ababa Action Agenda (AAAA) adopted at the 3rd International Conference on Financing for Development in July 2015, where member states committed to promote gender equality and women's and girls' empowerment at all levels in most of the action areas of the financing for development agenda. Inclusive outcomes will not simply be achieved as by-products of economic growth and structural transformation, but will require concerted and targeted action backed by resources, while being positioned as intrinsic to overall development planning at national and regional levels.

Evidence -based and participatory implementation, monitoring and review

Agenda 2030 clearly points to the need for quality, accessible, timely and reliable disaggregated data as a key requirement to measure progress and ensure that no one is left behind. The robustness of data and statistics is essential for monitoring whether Africa's growth and structural transformation is indeed inclusive and generating equitable benefits for all. Disaggregated data is of particular importance to the achievement of Africa's global, regional and national commitments. Sex-and gender- disaggregated data for all the issues tackled by Africa's agenda for inclusive and sustainable transformation is especially important.

The need for follow up and review framework for Agenda 2030 to be participatory and transparent is considered vital to ensure that no one is left behind. It further encourages member states to conduct inclusive review of progress at the national and sub-national levels involving indigenous peoples, civil society, the private sector and other stakeholders, among others. There is an urgent need to identify suitable opportunities for civil society and community-based organizations to influence government policies and strategies for more effective implementation and inclusive results in the context of both the 2030 Agenda for Sustainable Development and the 2063 Agenda.

5. Concluding remarks

The imperative of inclusion is no more evident globally than in Africa, where poverty, inequality and exclusion across social and economic dimensions persist despite progress made in recent times. The harmonized implementation, follow up and review in Africa requires a conscious and deliberate attention to and monitoring of whether the continent's transformation is inclusive. This is neither a luxury nor an option, but a necessity if transformation is to be sustainable in the long term. The destabilizing effects of development pathways, which are exclusive are evident not only in Africa, but also globally.

Both Agenda 2063 and Agenda 2030 have placed a high premium on the achievement of inclusive and equitable development across all countries, addressing the needs of the most vulnerable and "leaving no one behind". Today, these frameworks provide today a unique opportunity to re-think and re-strategize development pathways towards inclusion, and to transform the lives of Africa's citizens in equitable and meaningful ways.

ⁱ DESA 2009, *Creating an Inclusive Society: Practical Strategies to Promote Social Integration*

ⁱⁱ Declaration and Programme of Action of the world Summit for Social Development, 1995

ⁱⁱⁱ UNRISD (2014), *Social Inclusion and the Post-2015 Sustainable Development Agenda*, <http://www.unrisd.org/unitar-social-inclusion>; UNDESA (2010) Report on the World Social Situation

^{iv} ECA (2016) Economic Report on Africa

^v Food and Agriculture Organization (FAO) (2013). *FAO Statistical Yearbook 2012: Africa food and agriculture*, page 10. Available at: <http://www.fao.org/docrep/018/i3137e/i3137e00.htm>.

^{vi} Economic Commission for Africa (Forthcoming). *Time-Use Surveys in Africa: Assessment and Policy Recommendations*.

^{vii} United Nations, Department of Economic and Social Affairs, Population Division (2014). *World Urbanization Prospects: The 2014 Revision, Highlights*, UN-DESA, New York

^{viii} United Nations Human Settlements Programme (2012) *State of the World's Report: Bridging the Urban Divide*, UN-Habitat, Nairobi, Kenya