



United Nations
Economic Commission for Africa

Round Table Discussion: Regional Economic Commissions' support to the implementation of the Third United Nations Decade for the Eradication of Poverty (2018-2027)

Progress, gaps and challenges in poverty eradication: The case of Africa

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**DECADE
OF >>>
ACTION**

Context: Poverty reduction in Africa has reversed after years of relative progress.....

- ❖ Prior to the pandemic, Africa had made considerable gains in poverty reduction.
- ❖ Between 2000 and 2019, the share people on the continent living extreme poverty **decreased from 53.4 per cent to 40.1 per cent**
- ❖ However, a confluence of recent crises - the COVID-19 pandemic, the Russia-Ukraine crisis and climate change - have reversed the trend and exacerbated poverty and inequality
- ❖ There is an urgent need to foster a development model centered around people and mainstream poverty and inequality into national and regional development strategies.

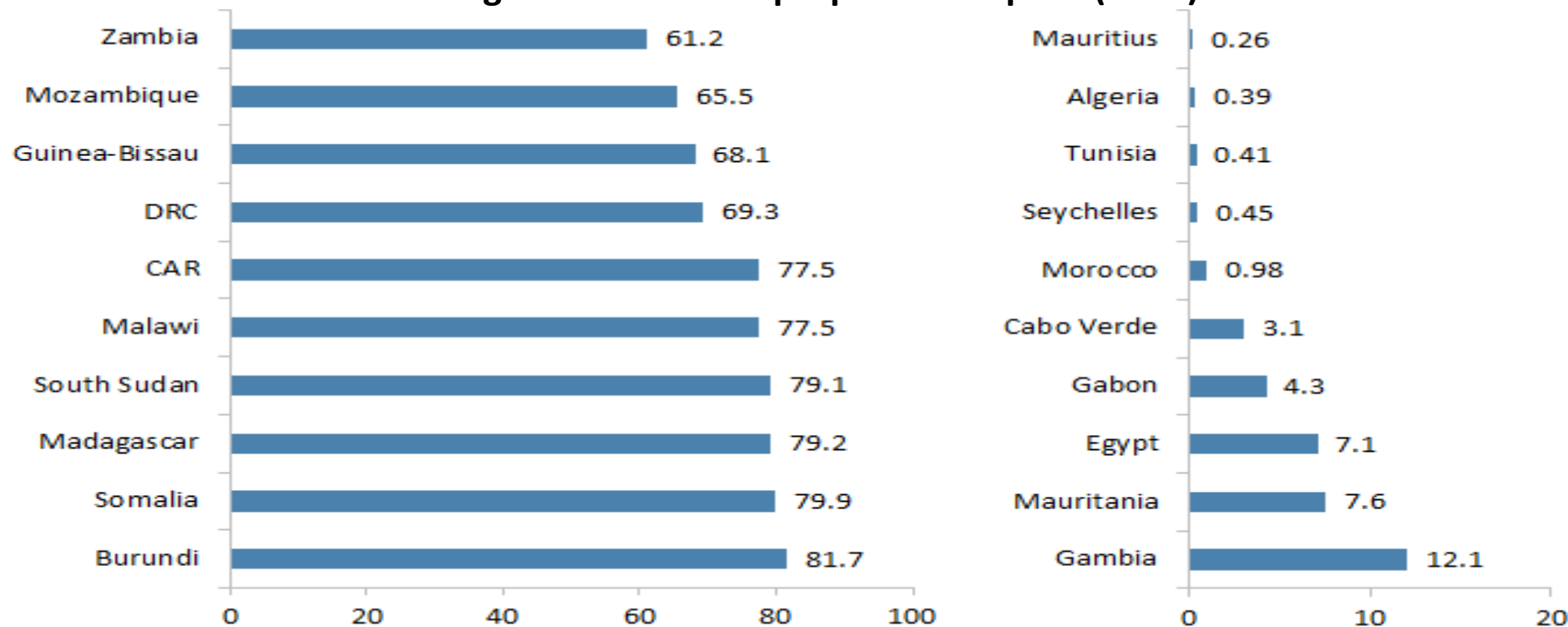
... and has increased drastically since 2020 due to the pandemic and other crises

- ❖ Africa accounts for **the highest proportion of the world's poor – more than 60 per cent** in 2022 (overtaking South Asia – 37.6 per cent)
- ❖ **546 million** people were living **in poverty** in 2022, a 74% increase since 1990
- ❖ **149 million** non-poor Africans (whose consumption was 20 per cent above the poverty line) are at **risk of falling into poverty** in 2022
- ❖ with East and West Africa accounting for high numbers of non-poor people at risk of falling into poverty in 2022 (**52 and 48 million**, respectively)

...with Least Developed Countries bearing the brunt

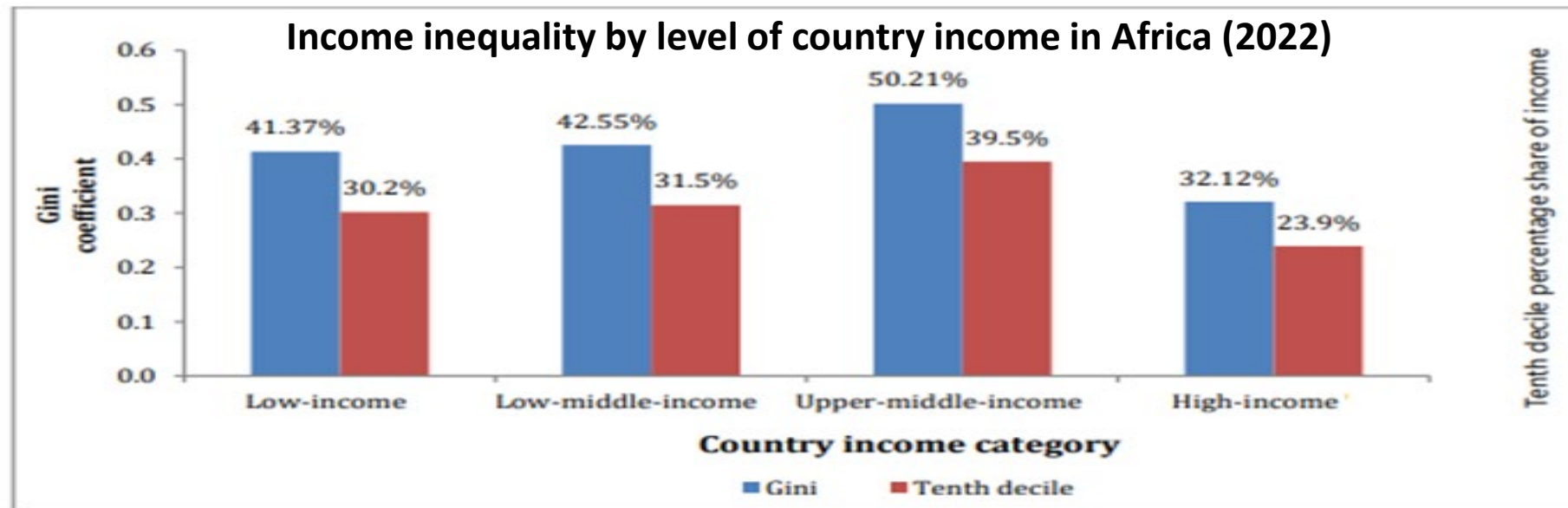
- ❖ Two-thirds of the continent's poor are concentrated in 10 Least Developed Countries (LDCs)
- ❖ Middle-Income Countries having the lowest shares (less than 10%)

Countries with the highest and lowest proportion of poor (2022)



Poverty has exacerbated inequality

- ❖ While Africa's robust economic growth in the last two decades contributed to poverty reduction, inequality widened and remains pervasive across the continent. There are clearly **inequality of opportunities** linked to location, gender, age, race and historical factors (i.e., land ownership) → lack of access to education, health and economic opportunities → contributed to persisting inequality in the region over time.
- ❖ Income inequality is particularly stark in Southern Africa and is elevated in upper-middle income countries on the continent.



Structural factors and overlapping and recurring crises in recent years have contributed to persistent poverty in Africa

- ❖ **Low poverty-reducing effect of economic growth** – Africa has a low poverty-elasticity of growth (-0.30 to -0.60) - insufficient for reducing poverty
- ❖ **Limited fiscal space to tackle poverty and inequality** – Recent global crises have narrowed countries' fiscal space, further constraining the capacity of governments to finance social protection. In 2022, the government debt-to-GDP ratio in Africa was 64.5 per cent that increased from the pre-pandemic figure 57.1 per cent. Africa's budget deficit is 4.6 per cent of GDP increased from the pre-pandemic level of 4.2 per cent.
- ❖ **Global financial and trade barriers** – Most countries face global trade barriers that impede their ability to expand their productive capacity. On average, trade costs are higher for African countries relative to other developing countries and have a negative impact on the affordability of tradable goods, which, in turn, reduces the welfare of the poorest.
- ❖ **Cost-of-living crisis** – African reliance on imports makes the continent vulnerable to commodity price shocks. In 2021, 39 African countries were net importers of food products. Given that households in Africa spend up to 40 per cent of income on food, the impact of global crises has hit the poorest households severely. 310 million Africans experienced some form of food insecurity and 6 million Africans faced extreme hunger in 2022.
- ❖ **Conflict and insecurity** - In 2021, armed conflicts occurred in 46 States worldwide, of which 18 were in Africa (excluding North Africa). In the same year, there were 19 high-intensity armed conflicts worldwide, of which 12 were in Africa (excluding North Africa).
- ❖ **Climate change contributes to poverty through its impact on lives, livelihoods and economies** – Drought-related hazards in Africa have claimed over half a million lives and led to economic losses of over \$70 billion in the past 50 years. Over 85 million people in Africa have been displaced or forced to migrate due to climate related events

People-centered recovery and transformation are needed for eradicating poverty in Africa

- ❖ Global crises have exacerbated levels of poverty and inequality, which were already high and persistent. The shocks, combined with underlying structural factors, have further increased poverty and the vulnerability of the non-poor to falling into poverty.
- ❖ Majority of countries on the continent - 39 out of 54 countries are facing major challenges in achieving SDG 1 on poverty alleviation.
- ❖ **Four pillars of a people-centred recovery and transformation needed for eradicating poverty in Africa:**
 - A. Pursue pro-poor and inclusive macroeconomic policies
 - B. Ensure access to finance for an inclusive recovery
 - C. Carve a structural development path that is just and addresses people's needs
 - D. Advance reforms for a more just and inclusive global financial architecture

A. Pursue pro-poor and inclusive macroeconomic policies

1. Targeted and efficient fiscal spending for poverty reduction
2. Reduce vulnerability to poverty and build resilience against future shocks
3. Contain the impact of inflationary pressures on the poor
4. Accelerate financial inclusion to reduce poverty and vulnerability

B. Ensure access to finance for inclusive recovery

1. Tax fairly, close loopholes and expand the tax base
2. Shift the tax burden to tackle wealth inequality
3. Leverage climate financing to reduce risk for the poorest and the most vulnerable

C. Carve a structural development path that is just and addresses peoples' needs

1. Guide structural transformation towards a job-rich path
2. Implement the AfCFTA to reduce poverty and inequality

D. Advance reforms for a more just and inclusive global financial architecture

1. Reform the global debt architecture and regulatory framework
2. Promote the rechanneling of SDRs
3. Revamp the tools for dealing with the evolving nature of shocks

UNECA's Work on Poverty Reduction

Think Tank Function

- ❖ ECA's flagship report **Economic Report on Africa (2021) “Addressing Poverty and Vulnerability in Africa during the Time of the COVID-19 Pandemic”** examined the causes and consequences of growing poverty on the continent due to the pandemic.
- ❖ **The Economic Report on Africa (2023) “The impact of global economic shocks on Africa – how to build resilience”** focuses on the impacts of multiple and recurring global shocks on African economies and the extent to which these shocks impede Africa's prospects of achieving the targets set in the Sustainable Development Goals (SDGs).

Convening Function

- ❖ During the 55th Commission Session of the ECA held in March 2023 titled **Fostering recovery and transformation in Africa to reduce inequalities and vulnerabilities**, African Ministers of Finance, Planning and Economic Development convened to deliberate growing poverty and inequality on the continent.

UNECA's Work on Poverty Reduction

Operational Function

- ❖ ECA is supporting 3 member States - Ethiopia, Egypt and Namibia - to conduct diagnostic assessments of poverty and vulnerability in their countries following crises in order to formulate robust, evidence-based policies that can effectively address poverty and the risks associated with vulnerability and build resilience.
- ❖ In response to country demand for technical assistance in strengthening policymakers' capacities to address poverty and inequality in countries, ECA will conduct capacity building workshops to support the assessment and estimation of poverty and vulnerability in Ghana, Namibia, Tanzania and Uganda.



Thank you!

Ideas
to
Action