

Human Development Challenges in Southern Africa: What is the World Bank doing?

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Speaker



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Paolo Belli is Program Leader for the Africa region based in South Africa. He joined the World Bank in May 2003. Since then, he has led several tasks, including the preparation and supervision of lending operations in India, Sri Lanka, Moldova, Belarus, and Ukraine, and analytical tasks in South Asia, Europe and Central Asia and Africa Regions, mainly in the areas of governance and health financing. An Italian national, Belli has a PhD in Economics and Public Policy from the London School of Economics. Before joining the Bank he had a tenured position in Academia in Italy, and led several research publications and initiatives, mainly in the areas of improving public sector management, health and education financing, pension reforms, and development of public private partnerships in the social sectors.

Southern Africa: Priorities for Reducing Poverty and Inequality from a Human Development Perspective



Paolo Belli, Program Leader, Human Development

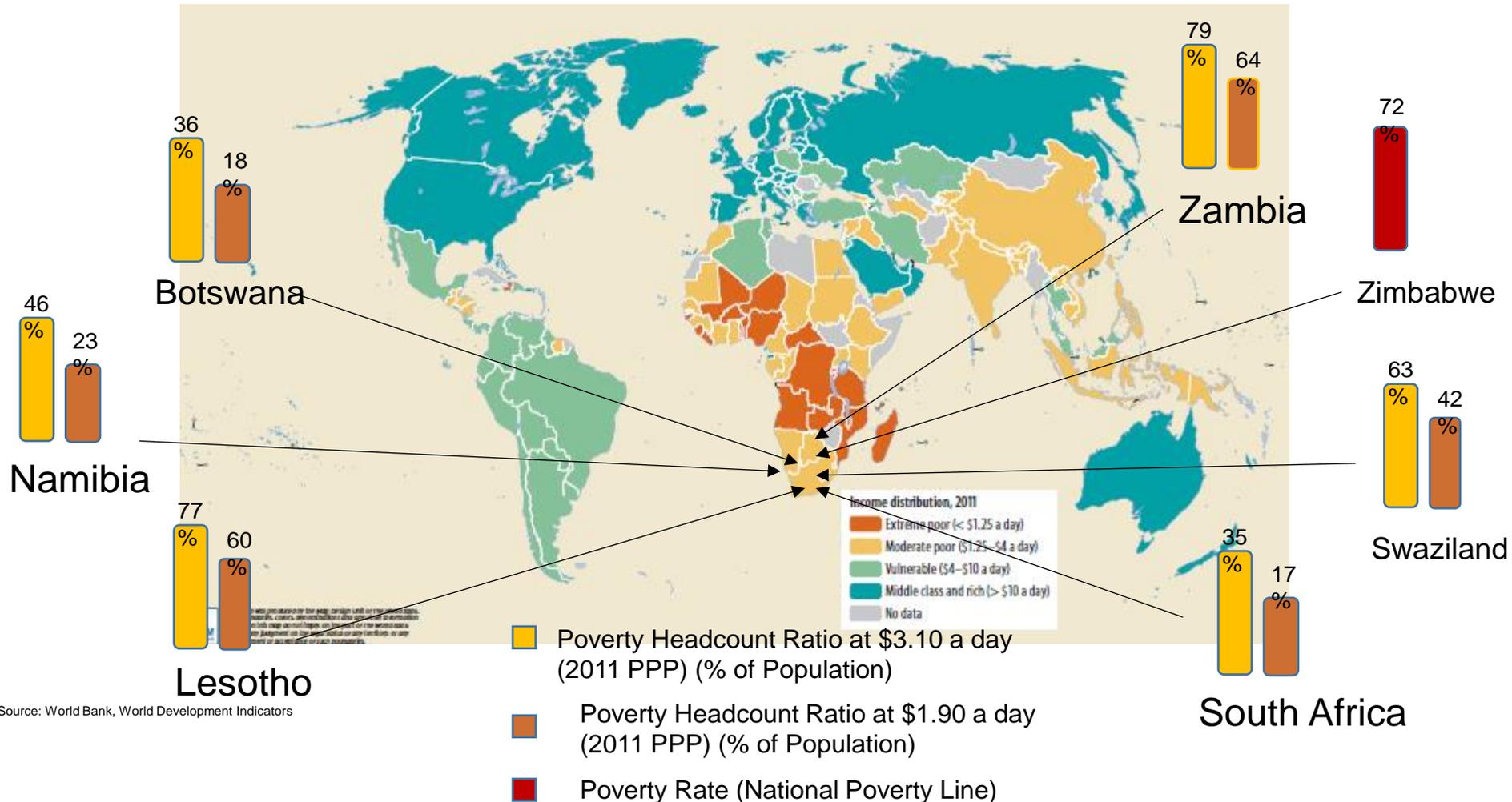
Outline:

- 1) **Key human development issues**
- 2) **Highlights of our engagement in the Southern Africa subregion**

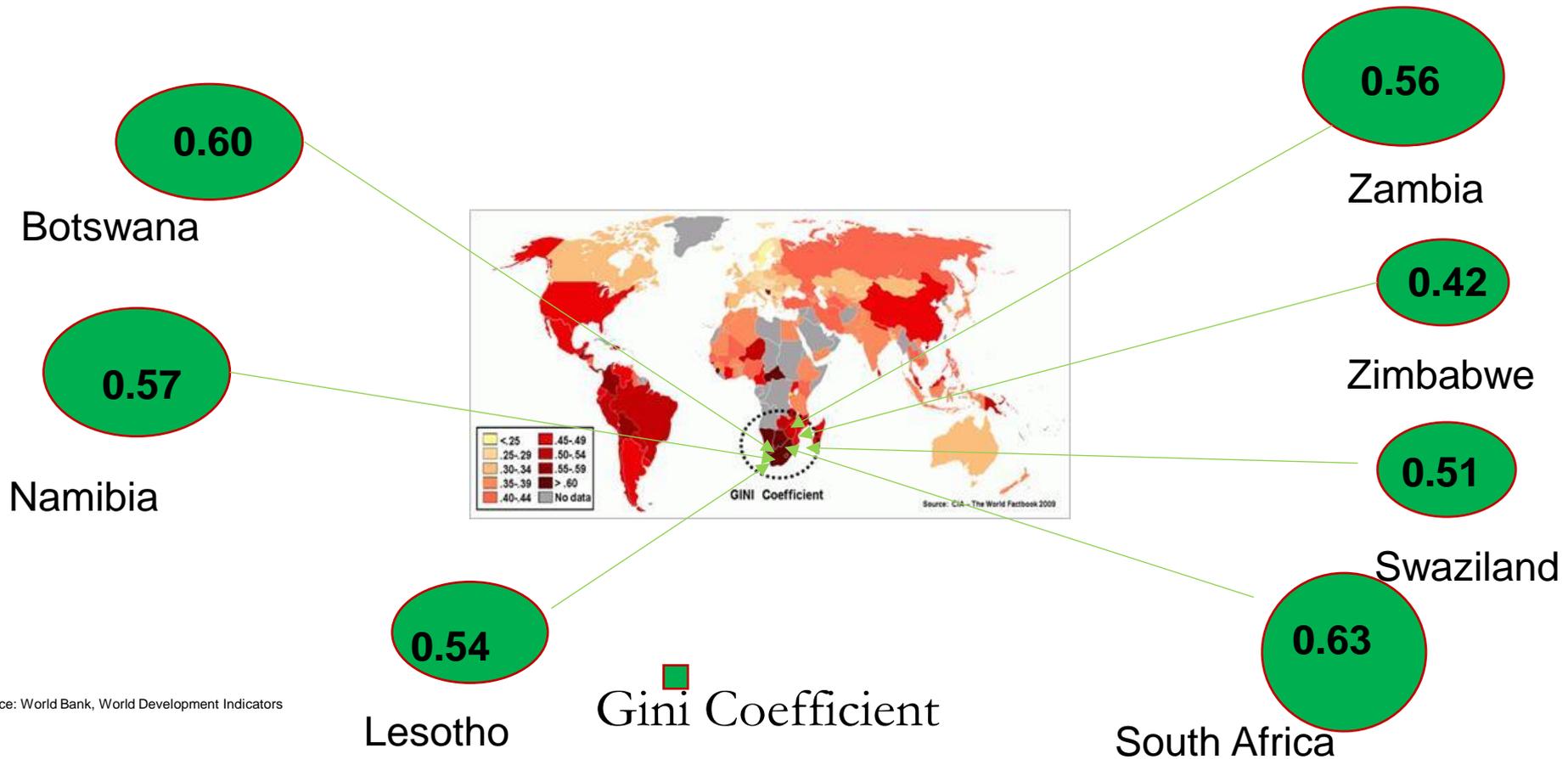
(1) Key human development issues and policy engagement areas



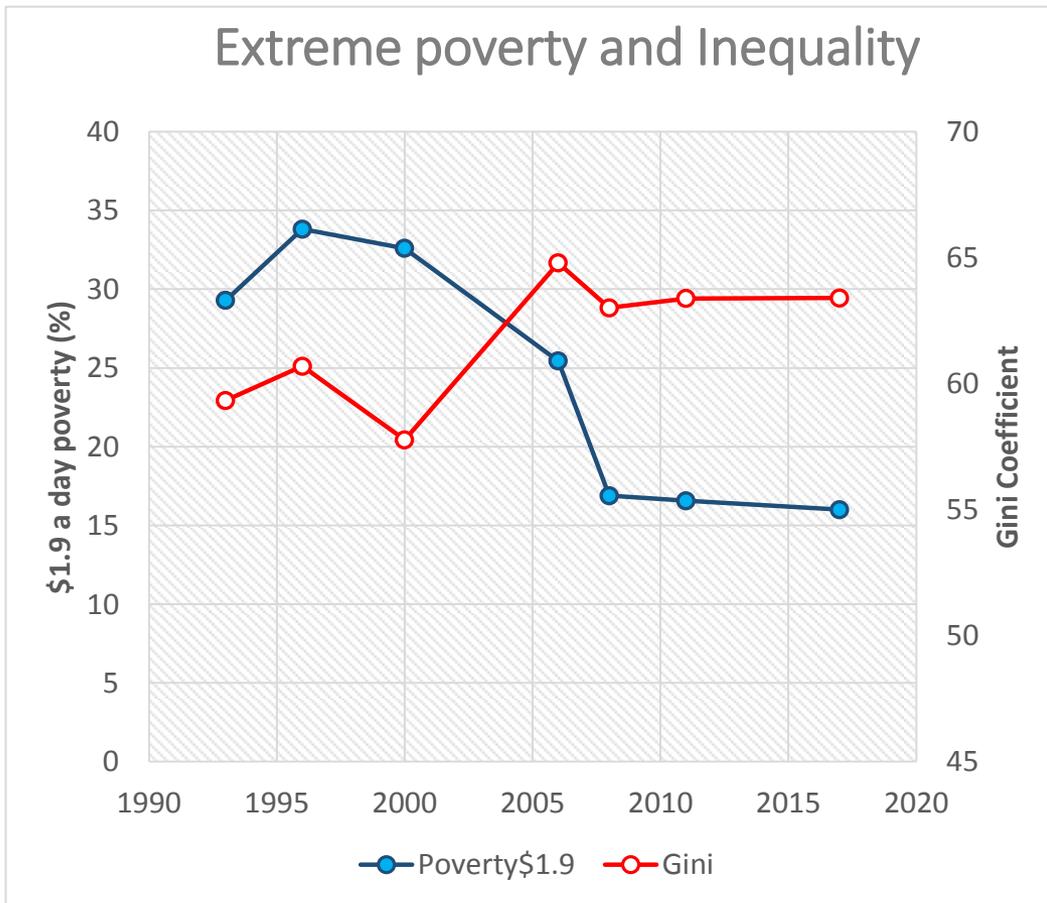
AFSC1...a cluster of 7 countries with lots of people who are still poor and extremely poor



...and with striking inequalities...



... progress on reducing poverty and inequality has stalled (example of South Africa)

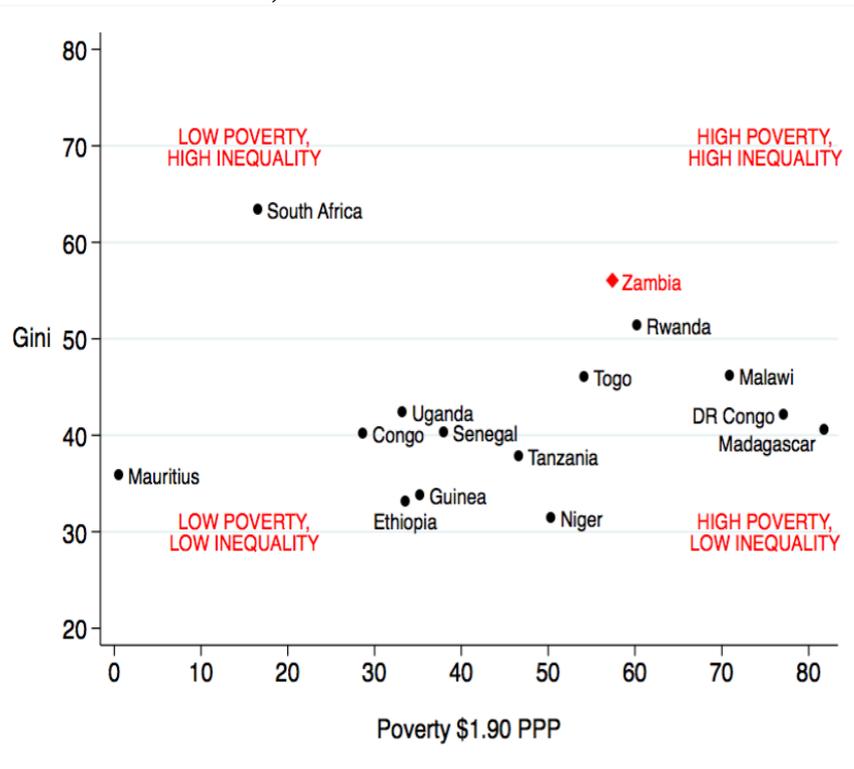


Source: Povcalnet database, 2012-2017 World Bank projections

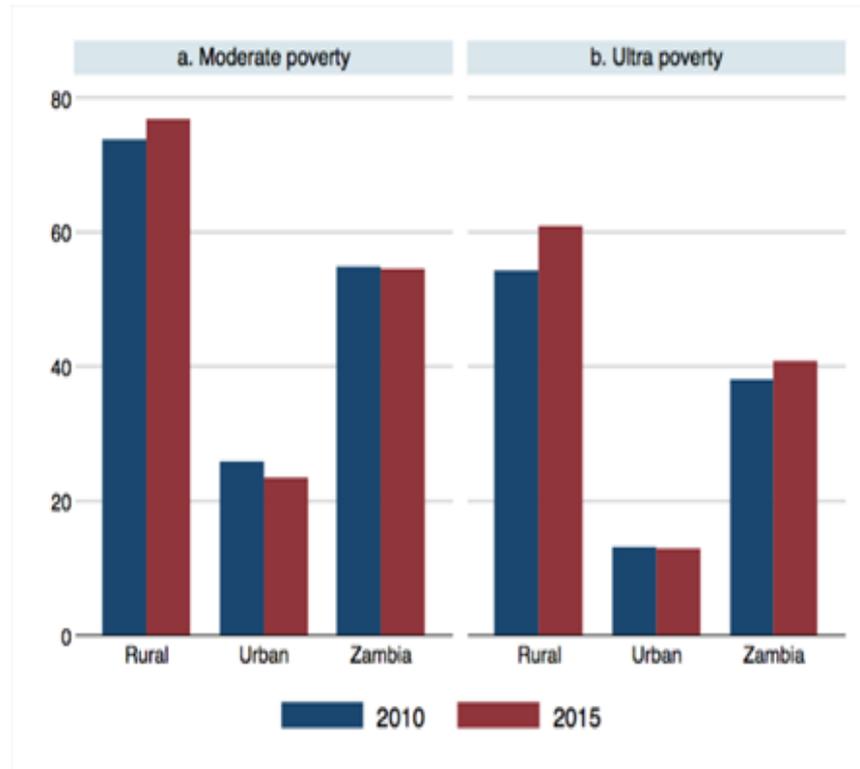
- Extreme poverty expressed in US\$ 1.9 a day reduced from 1993 to 2011, but inequality increased.
- Since 2011 estimated poverty and inequality have stalled.
- As of 2017, World Bank projects 16 percent of South African population (8.6 million people) live below NDP poverty threshold.

... progress on reducing poverty and inequality has stalled (example of Zambia)

Poverty and Inequality Across Selected Countries, 2010-15



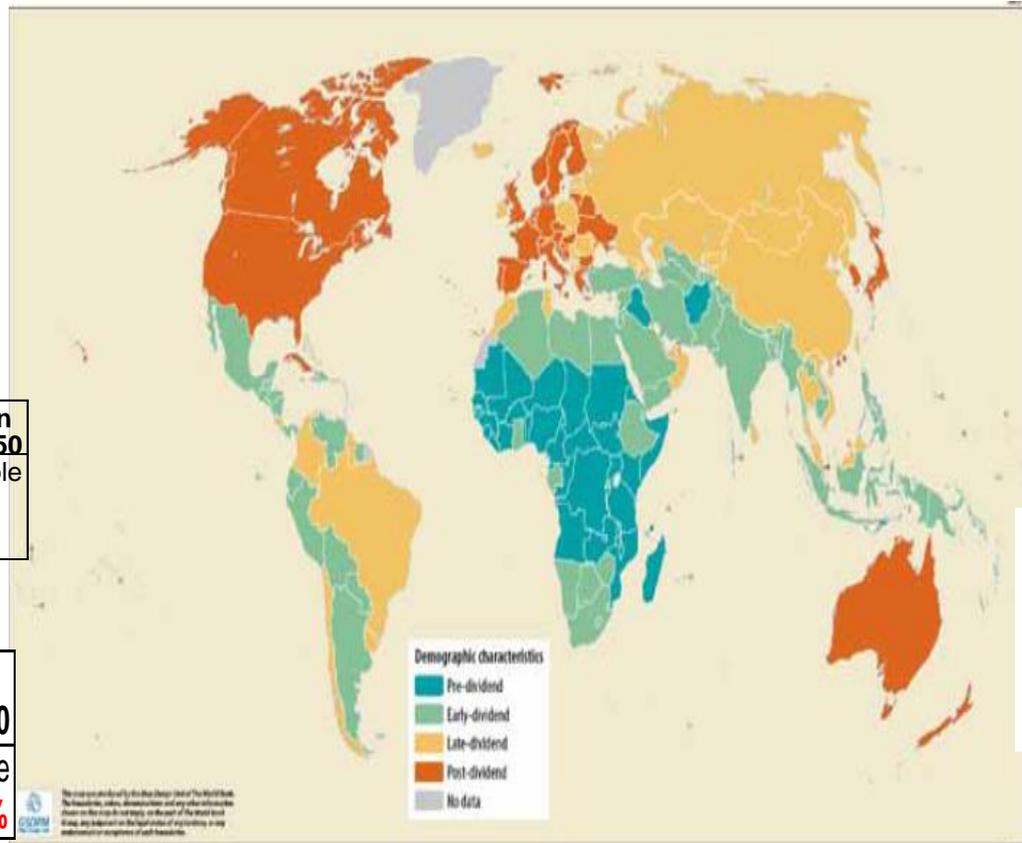
Incidence of Poverty rural and urban, 2010-2015



IFPRI Hunger index: Zambia is 116 out of 118 countries Economist Food Security Index: 102 out of 113.

Demographic dividend...?

SSA	
2030	2050
+284 mn	+846 mn



Zambia WAP	
2030	2050
+5.6 mn people	+16 mn people

Zimbabwe WAP	
2030	2050
+4 mn people	+10 mn people

South Africa WAP	
2030	2050
+5 mn	+9 mn

Nambia Working Age Population	
2030	2050
+0.5 mn people	+1.3 mn people

Botswana WAP	
2030	2050
+0.5 mn people +30%	+0.8 mn people +57%

Swaziland WAP	
2030	2050
+0.2 mn people	+0.5 mn people

Lesotho WAP	
2030	2050
+0.2 mn people	+0.7 mn people

...or “bomb”?

Current levels of unemployment among youth are staggering; and labor participation rates are extremely low

Table 1: Unemployment in South Africa

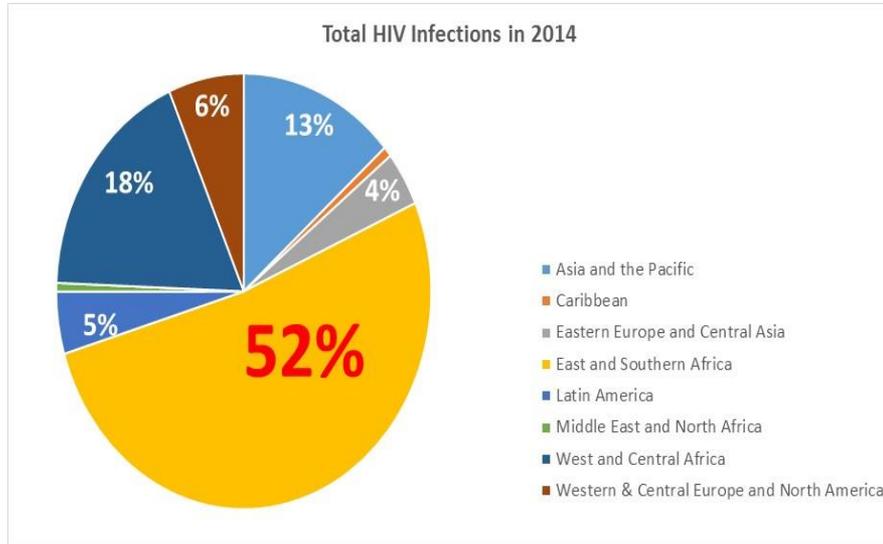
	Women & Men (Age 15-64)	Women (Age 15-64)	Men (Age 15-64)	Youth (Men & Women, Age 15-24)
Unemployment Rate	24.5%	26.9%	22.5%	50.4%
Labor Absorption Rate (Employed/Population)	44.2%	38.1%	50.4%	12.8%
Labor Force Participation Rate (LFP)	58.5%	52.0%	65.1%	25.8%

Note: LFP is the proportion of the working age population that is either employed or unemployed.

Source: Statistics South Africa, 2015 Quarter 4

Human development sectors specific issues:

Health: quadruple burden of disease! (region is “outlier” for HIV-Aids-TB, Maternal and child health, NCDs, and violent/accident related deaths)



	Infant Mortality rate ('1000)			
	2005	2010	2015	% ('10 -'15)
Lesotho	88.1	75.2	69.2	-8.0
Botswana	44.8	39.8	34.8	-12.6
Mozambique	90.4	71.9	56.7	-21.1
Namibia	45.3	37.3	32.8	-12.1
South Africa	51.5	38.2	33.6	-12.0
Swaziland	83.0	59.1	44.5	-24.7
Sub-Saharan Africa	79.5	65.9	56.4	-14.4

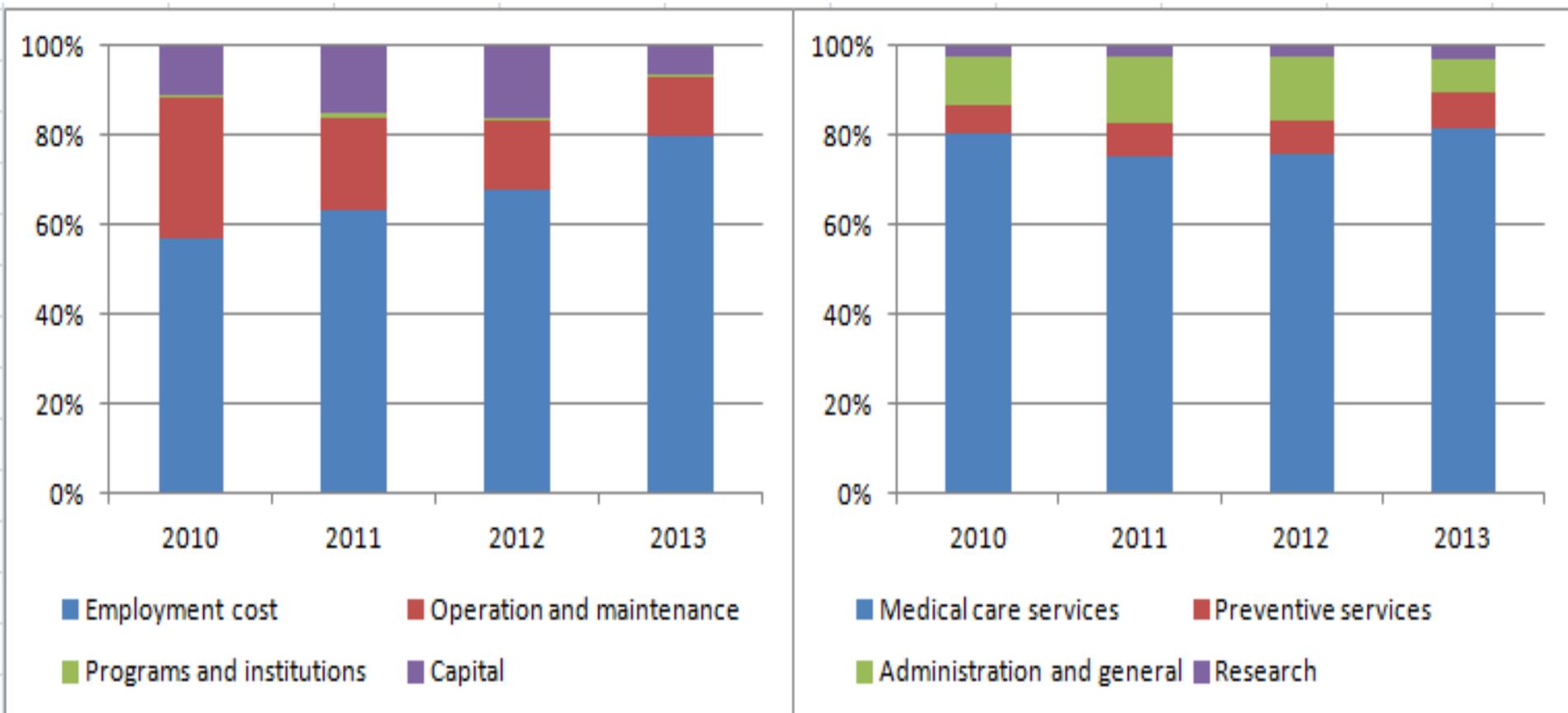
Why are health outcomes so bad?

- 1- Combination of socio-economic factors, but also inability of the health systems in SA countries to prevent and treat diseases effectively.
- 2- System is inefficient (input financed; lack of accountability for performance; drugs are unavailable or too expensive); the rich opt out and use private sector.

Why are health outcomes so bad (cont.): biased allocation of resources in poorer countries:

In general, countries spend too much on poor quality curative care and too little on prevention, while communicable and public health responses are largely donor dependent in poorer countries (Lesotho, Swaziland, Zam and Zim)

Zim Ministry of Health and Child Care Expenditures by Economic Classification (US\$ millions)

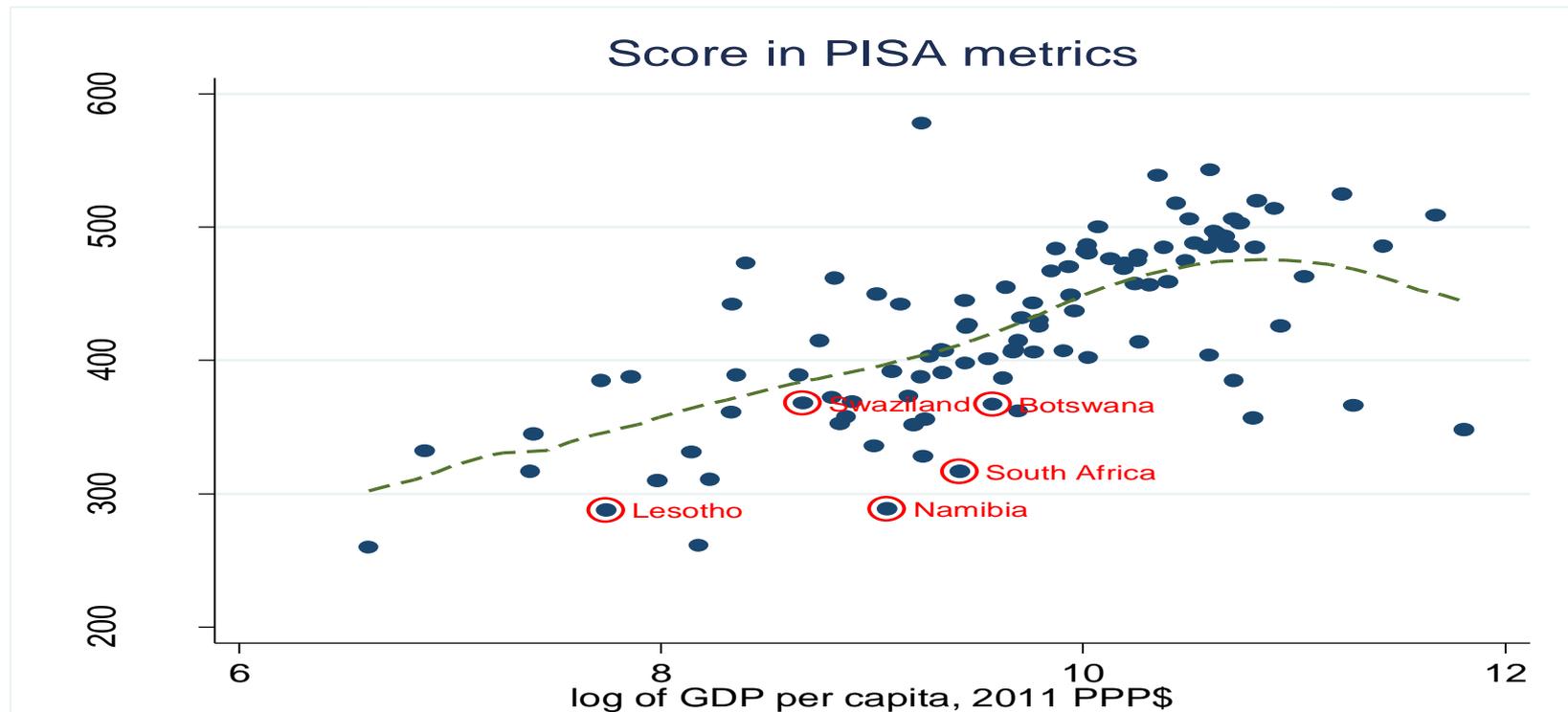


In education the challenges are improving the quality of education and increasing the supply of relevant skills. There is also a critical equity agenda, to increase access to quality education for the poor

Improved learning outcomes through:

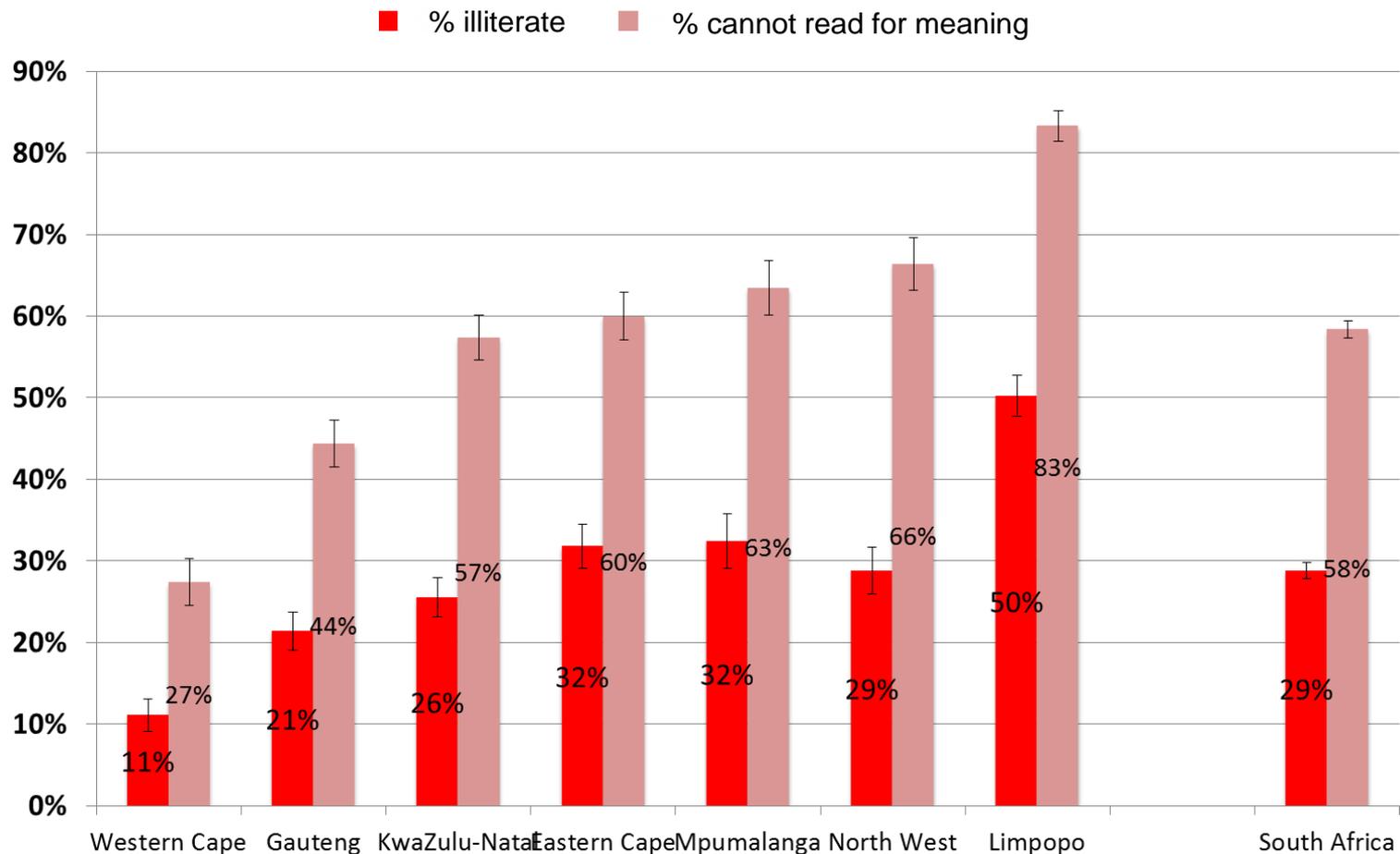
- Human resource overhaul (training, deployment, incentives)
- “Turn on the lights” (more data on learning, on service delivery, EMIS)
- Focus on early years: expansion of high-quality Early Childhood programs
- Continue to support universal school enrolment in primary and secondary education, reduce drop-outs and repetition rates.

Country performance in international educational evaluations in PISA metrics by per capita GDP (PPP\$), 2011



Poor performance starts early (example of SA)

% of Grade 4 students who are illiterate or who cannot read for meaning (home language)



Social protection

The overarching objective is to develop comprehensive, well targeted and efficient social protection systems based on a number of fragmented Government funded programs

- Botswana, Namibia and South Africa have SP systems in place and expenditure in SP (100% Government funded) is above average in AFR, but there is significant scope for improving efficiency, equity and effectiveness;
- Lesotho and Zambia are making progress with flagship cash transfer programs; and improving livelihoods for women (Zambia);
- Swaziland and Zimbabwe are in the early stages of system development.

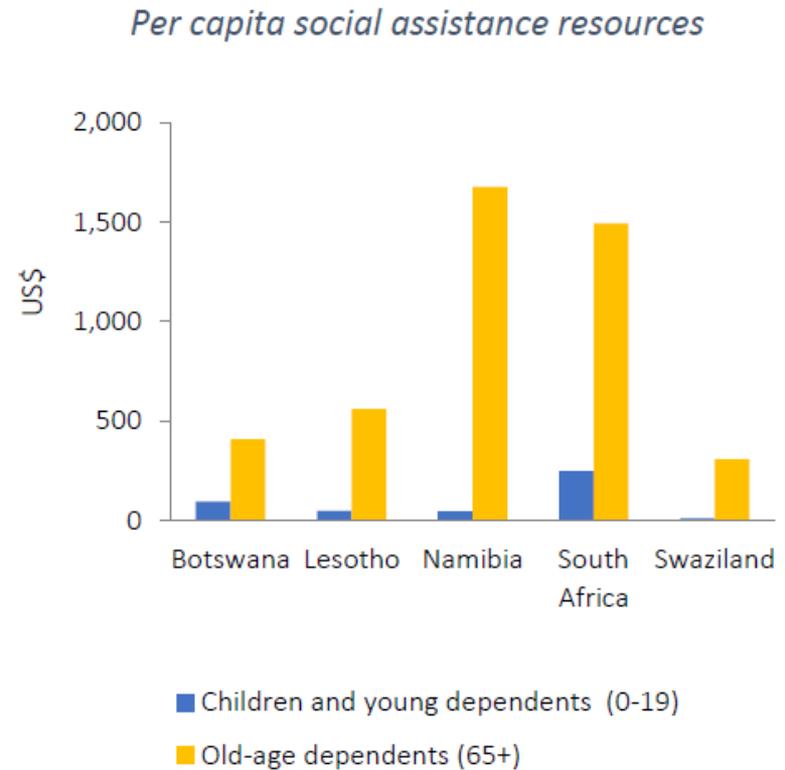
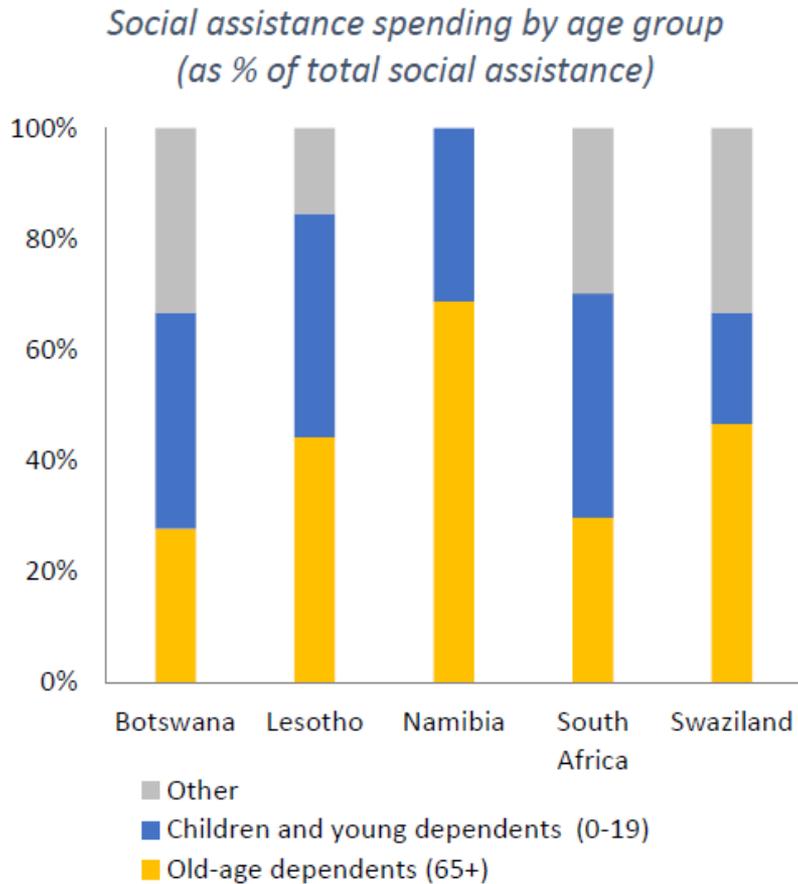
Social protection (cont.)

1. Modernize systems to make them progressive and fair
 - Improve targeting and registry, reduce double dipping, reach out to yet uncovered vulnerable populations
 - Develop and implement efficient operational tools (selection and enrollment of beneficiaries, delivery of benefits, monitoring and evaluation)
 - Strengthen sustainability: policy level, fiscal, institutional (adequate institutions and clear roles and responsibilities) and operational

2. Leverage new technologies to lower costs and raise efficiency

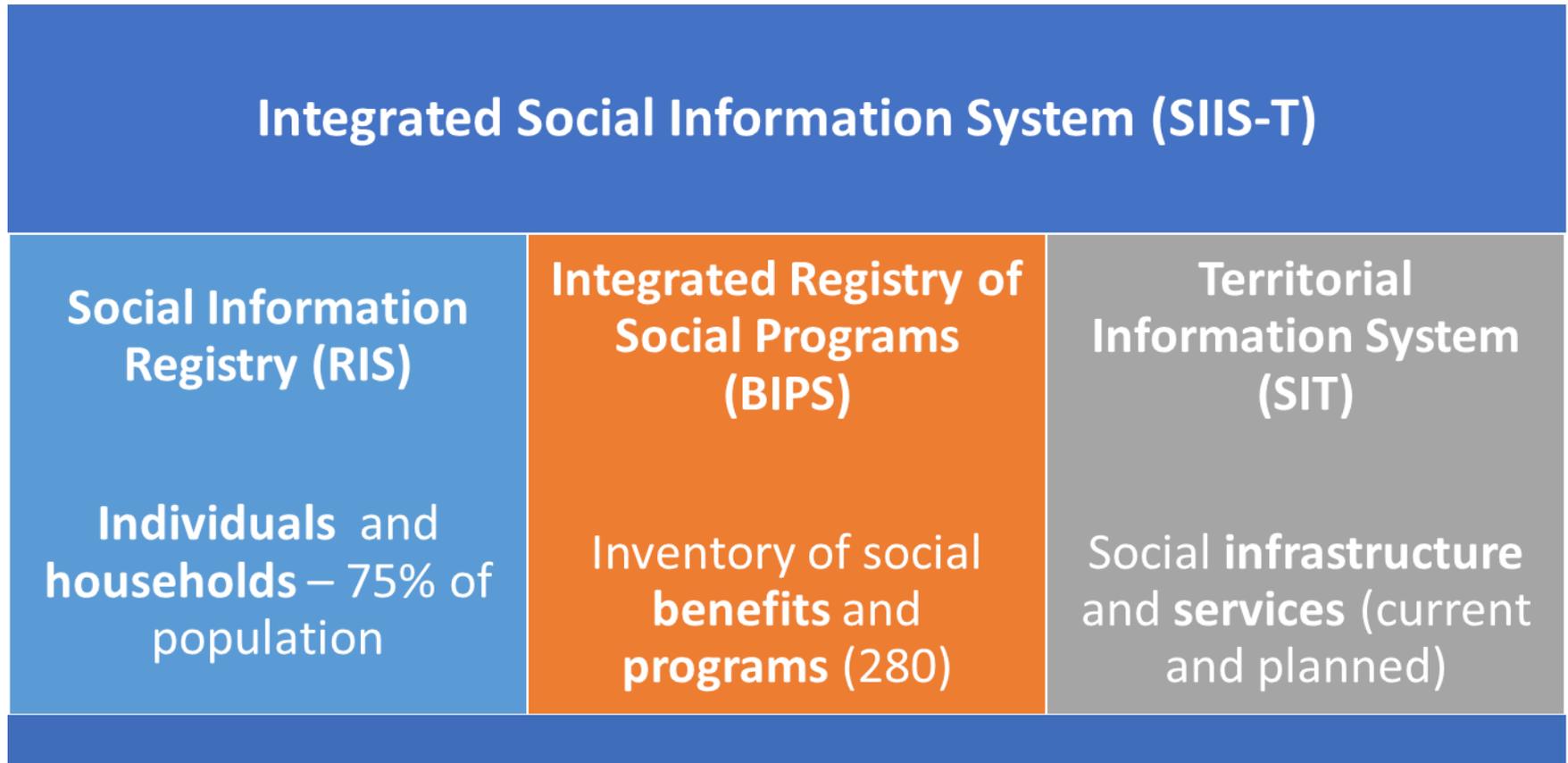
Inequitable distribution of SP benefits

Figure 27: The elderly are the largest recipient of social assistance



The Need for Program- and Client-Based Registries

Chile



Source: Adapted from “ Integrating Social Protection Programs and Delivery Systems” (Villalobos 2016)

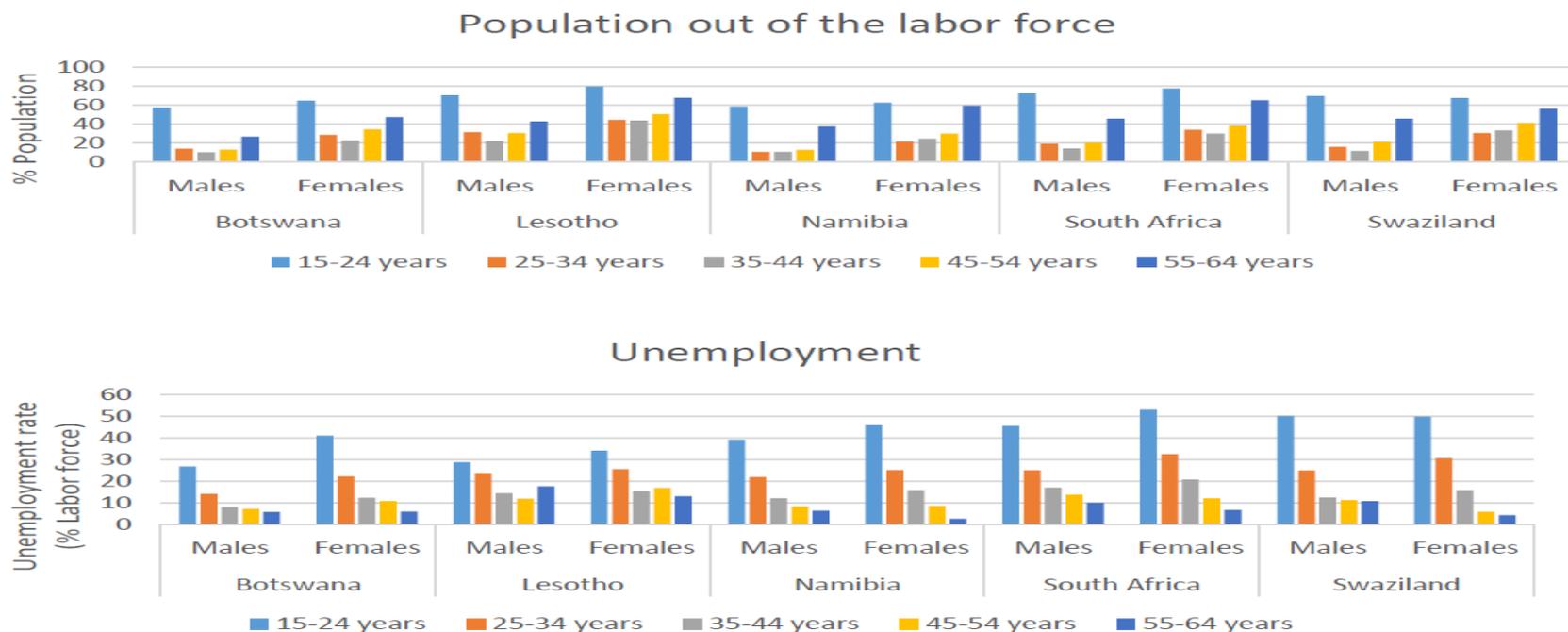
Job creation and employment

- Challenges

- Rapid (youth) population growth (see graph)
- High informality;
- Low productivity; Low labor market participation; high unemployment
- Segmented labor market

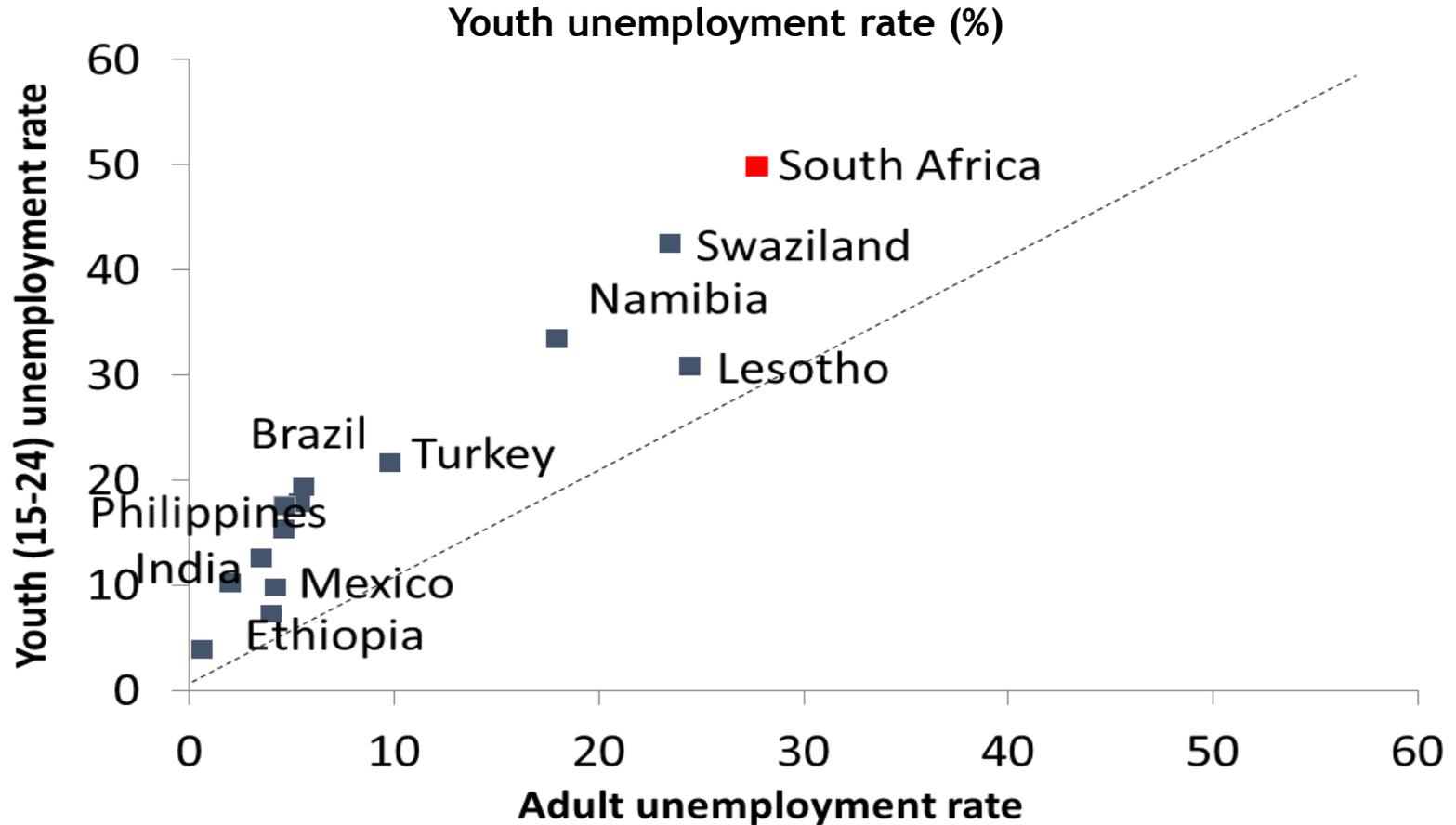
- Engagement Areas

- Build a robust analytical base on jobs, skills and productivity
- Interventions to increase productivity, focusing on women, youth and rural areas
- Support governments to better link safety nets and SP systems to job creation and ALMP.



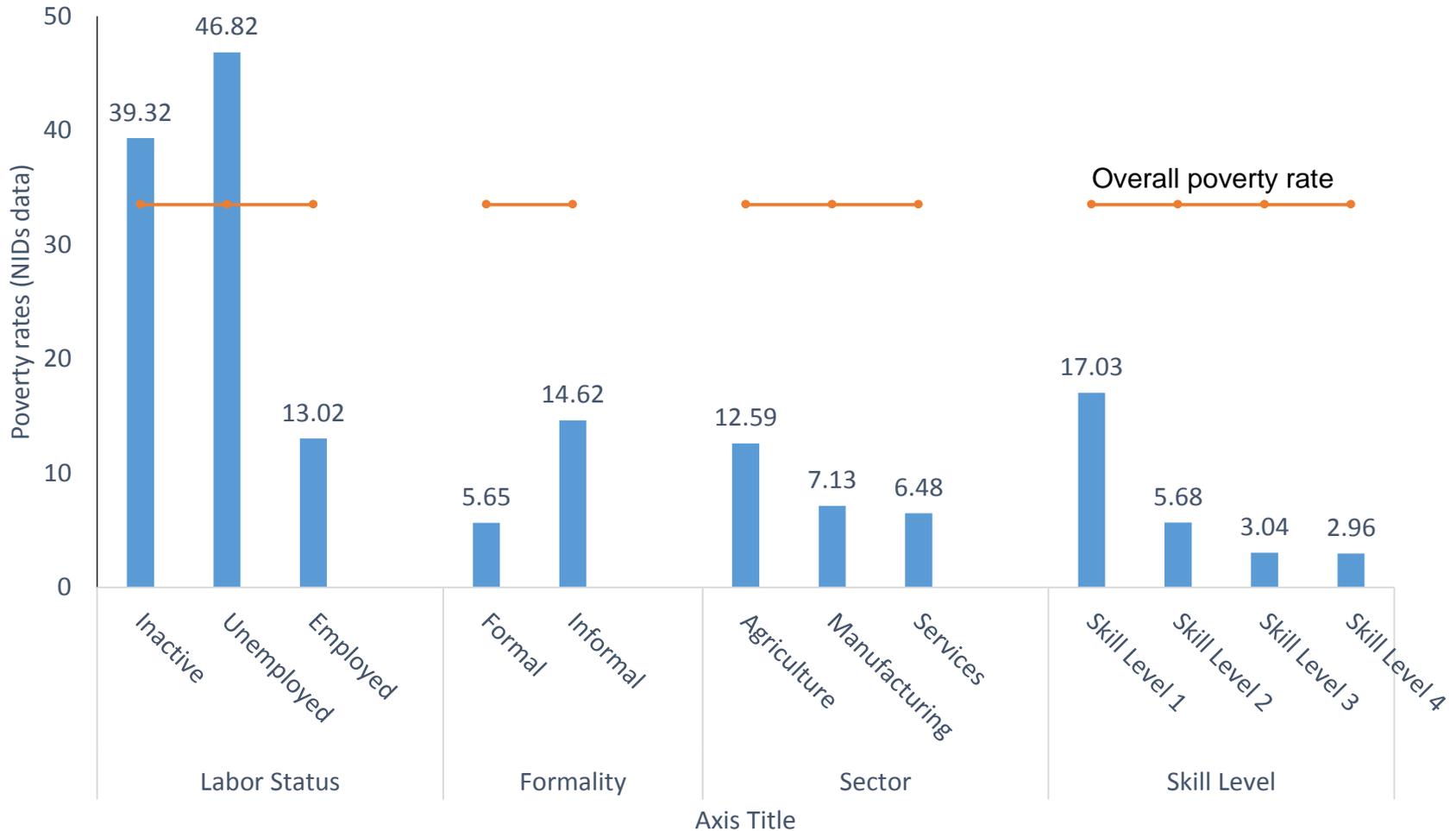
Source: Own elaboration based on Margolis and Yassine (2016).

Youth Unemployment is More Severe Than in Most Emerging Countries

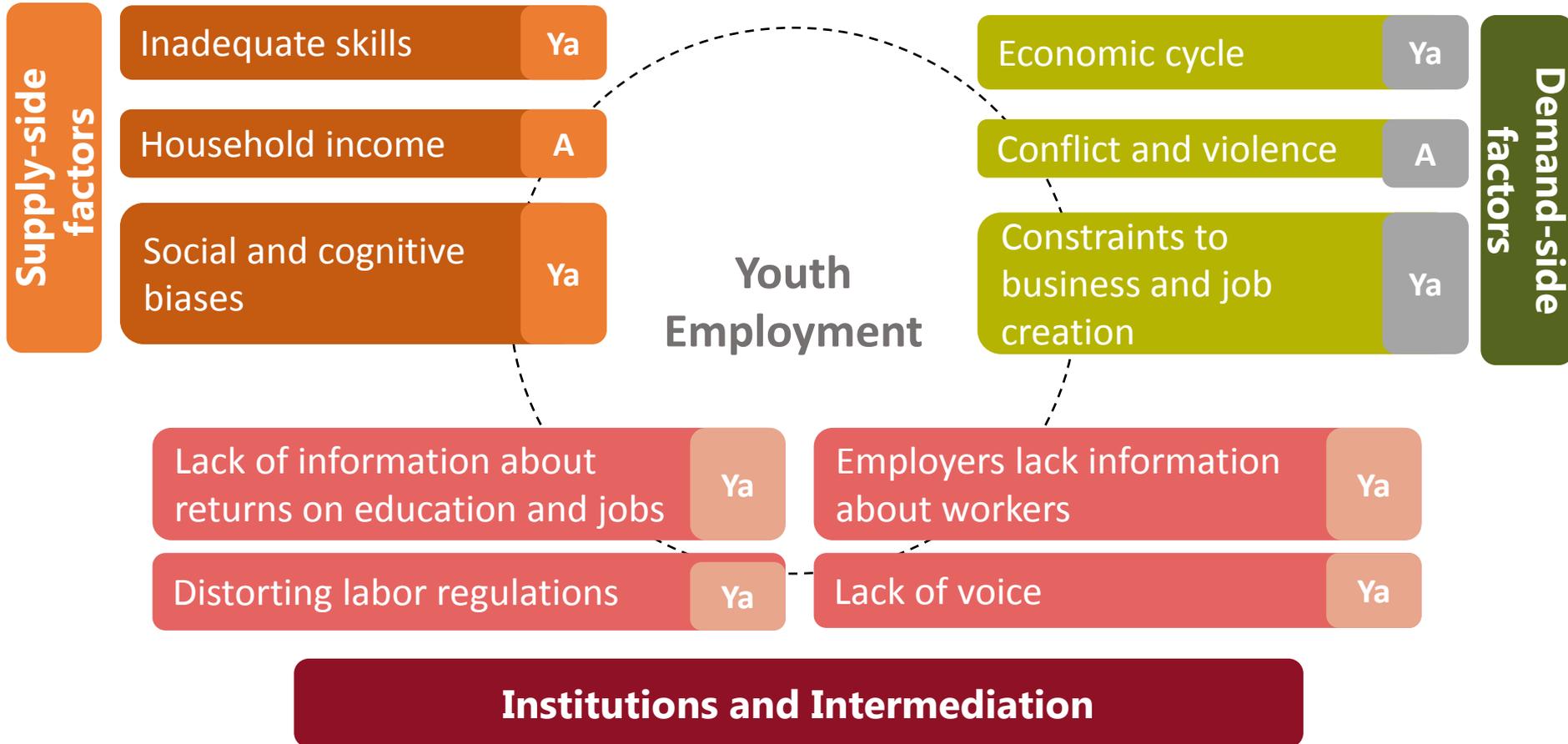


Source: Forever Young? Social policies for a changing population in Southern Africa (Bruni et al., 2016)

Employment reduces poverty significantly (example of South Africa). Among employed getting formal employment and getting skills are crucial



There are Many Constraints to Productive Youth Employment



Y=constraint affects only youth; Ya=affects all workers, but youth more than others; A=affects all workers.

Source: adapted from Solutions for Youth Employment (World Bank, 2015)

(2) Highlights of our engagement in the Southern Africa subregion:

Three key questions and three key challenges across HD sectors drive our objectives:

How to:

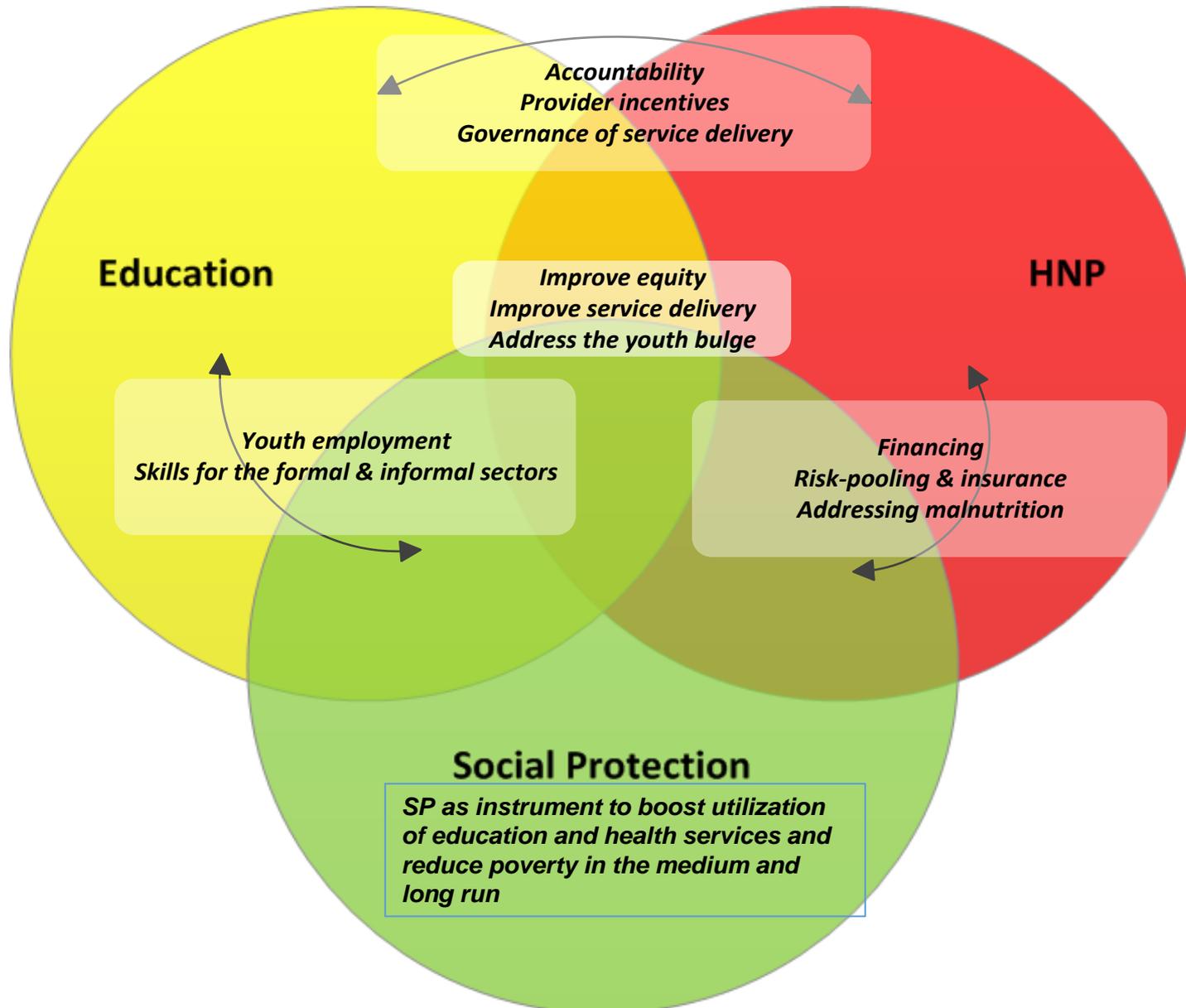
- Reduce poverty and inequality and build resilience?
- Provide opportunities to respond to the Youth Bulge?
- Improve quality and equity of service delivery?

- Demography
- Urbanization
- Climate change

Objectives:

- Deepen our engagement with innovative operations to address the subregion key development challenges of poverty and inequality;
- Broaden our analytical and knowledge base (for example on youth employment issues), and develop new cross-sectoral effective interventions.

... Common issues, objectives and strategies across HD





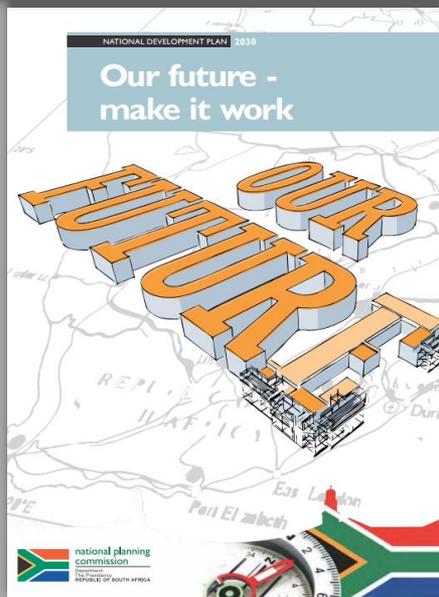
**Our
priorities
are
rooted in
global
priorities:**

- Reach the poorest with adequate, timely and predictable benefits;
- Ensure against the adverse events in people's lives;
- Set the human development micro-foundations of growth (education/skills, health, jobs; other human capital investments);
- Improve service delivery in a fiscally constraint environment

...and are rooted also in National priorities

By 2030

- Eliminate income poverty – Reduce the proportion of households with a monthly income below R419 per person (in 2009 prices) from 39 percent to zero.
- Reduce inequality – The Gini coefficient should fall from 0.69 to 0.6.



MISSION

The World Bank Group has two ambitious goals:

End extreme poverty within a generation and boost shared prosperity.



Our Engagement:

We lead in:

- **Rigorous impact evaluations**
- **Strong analytical basis**
- **Focus on results with innovations (RBF, P4R) in our lending program**

Ongoing World Bank Group engagement in Southern Africa

Poverty and inclusion

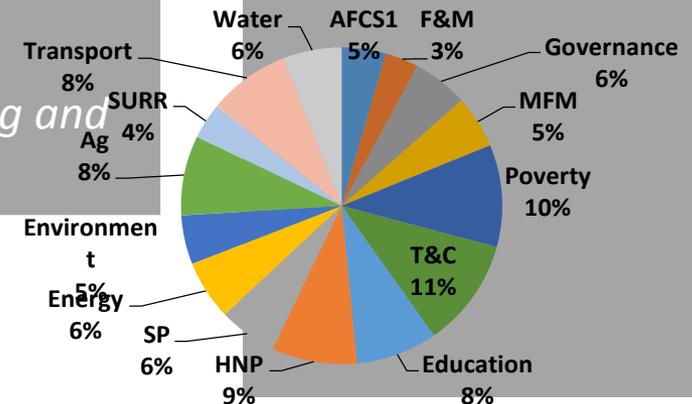
- ✓ Poverty Assessment
- ✓ Basic education
- ✓ Social Protection & Active Labor Market Policies
- ✓ Financial inclusion
- ✓ Rural advisory services
- ✓ Health Systems Development and Reforms

Economic growth

- ✓ Economic Update
- ✓ Urban Development Program
- ✓ Competition policy
- ✓ Innovation policy
- ✓ Global and regional value chains
- ✓ Energy
- ✓ *IFC private sector financing and MIGA guarantees*

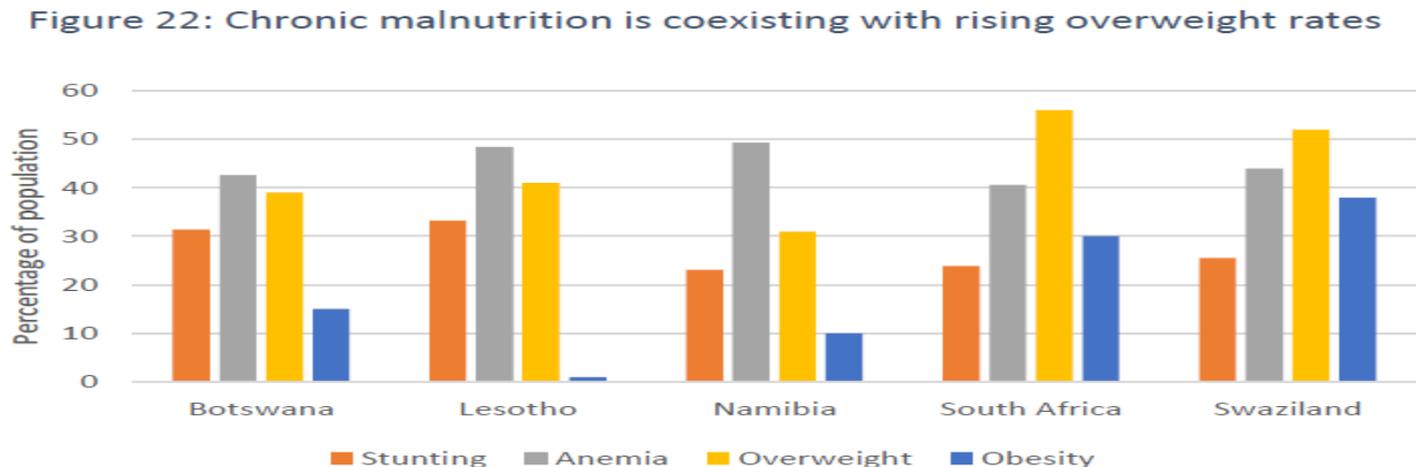
Sustainability

- ✓ Fiscal liability management
- ✓ Financial stability
- ✓ Climate change mitigation & adaptation
- ✓ TB in mining sector



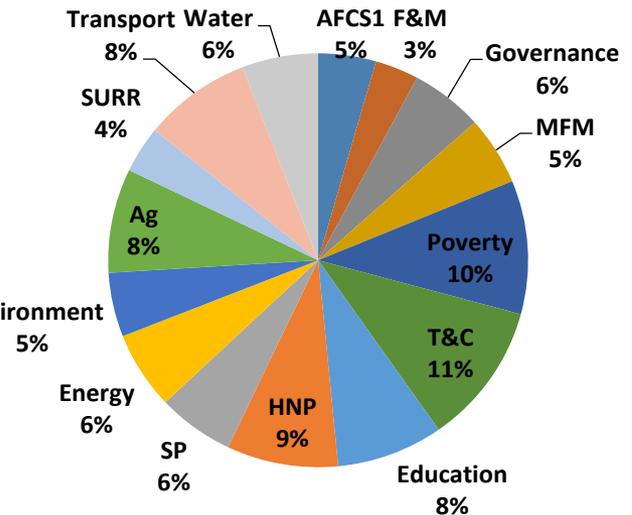
New frontiers:

- Implementation of transformative projects on the youth employment/skills agenda.
- Work more on gender-specific issues (for example, gender-based violence or gender employment issues).
- Work on nutrition, where our engagement doesn't match the size of the problem.





WPA Budget: we are small...total WPA budget in AFSC1 in FY 16 around 12 million dollars, of which around 21 percent is allocated to HD sectors. Total portfolio of approximately 4.5 billion



HD Greatest Hits in AFCS1:

- Girls Education and Women's Empowerment and Livelihoods Project in Zambia: innovative, cross-sectoral project to improve capital accumulation and productivity, and keep girls in secondary school;
- TB in the Mines and Regional TB project: opportunity to make a difference for miners and ex-miners;
- Zimbabwe Health RBF: Great impact and opportunities to scale up;
- Lesotho health RBF and support to the PPP: opportunity to modernize the health sector and achieve results;
- Swaziland: contribute to modernize health and SP systems;
- HIV-Aids: analytical contribution to treatment adherence and stopping the epidemic;
- Cross-sectoral and cross-country demographic study led by SP;
- New and potentially transformative ASAs on nutrition, health financing, skills and labor markets.
- New education operations in Zambia, and Lesotho, and potentially in Botswana: expansion of our education engagement in AFCS1, based on solid analytical work (PER in Zim and Zam in Fy 16);



Q&A





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Thank You!

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