VIEWPOINT

Economic inclusivity: Africa's MDG progress and lessons for SDGs

Economic
inclusivity

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1. Introduction

The issue of economic inclusivity (EI) is at the centre of both what is deficient about current global economic arrangements and what is most required for sustainable economic progress. Africa, as a region, is most challenged in this regard. The neoclassical “supercapitalist” framework lacks economic equity and brought the global economy to a cross-road (Reich, 2007). When resources are finite, and production and consumption keep on escalating, it leads to self-destruction. For decades, Africa tried to keep up with the speed of globalisation with the Millennium Development Goals (MDGs) planned to play a significant role. However, most African economies find themselves vastly excluded from mainstream global economic activity. Global inequality is accelerating in tandem with capitalist expansion, resulting in increased economic exclusion (Stiglitz, 2013; Klein, 2014). This reality has catapulted EI to the forefront.

The study evaluates Africa's MDG progress through the lens of EI. It first explores the concept and interpretation of EI, providing a theoretical basis to identify EI criteria. The paper then examines how inclusive Africa's MDG progress was by means of these criteria. Lessons from this evaluation fulfil the study's objective of providing direction to how the newly introduced Sustainable Development Goals (SDGs) should be pursued in Africa. The SDGs present a valuable opportunity to successfully pioneer inclusive economic progress in Africa. The global community can learn from this to address the limitations of current capitalism.

2. What is EI?

EI is a discerning balance of economic priorities geared towards genuine progress: a highly productive market is valued as much as the distribution of the benefits – in a way that economic justice and social needs are met (Pouw and McGregor, 2014). This sees economic inequality as uneconomic due to how it excludes many and something to be rinsed out of the economy.

EI include into the “economic equation” two key assets that are mostly neglected: community and the environment. Humans and supplies are the unmissable – yet underappreciated – resource base of the economy. If communities fall apart, and/or if the natural resource base becomes extinguished, the economy collapses (Daly and Cobb, 1989). Inclusivity of all assets (human and natural), humane values, inclusive growth and genuine progress, is what EI is about. The latter involves the increase in the capacity of an economy to produce goods and services minus any human cost[1] and environmental cost. Improving economic sustainability is the explicit aim.

Inclusivity in economic terms implies developing equitable opportunities for (all) participants during economic growth, benefiting every segment of society. “Equitable opportunities” implies: sharing and protecting resources, unbiased regulation and increased access to markets. Priorities for excluded groups in the economic process should be: creating productive opportunities; participation in economic decision making; and sufficient caretaking to decrease inequalities and increase the productivity of the poor/marginalised. Shared responsibility is central.

2.1 *Three paradigm shifts made by EI*

First, the focal point is shifted from growth and welfare to inclusive growth and a broader concern for human well-being. Coulthard *et al.* (2011, p. 6) defines human well-being as

“an outcome that is continuously generated through conscious and sub-conscious participation in social, economic, political and cultural processes”. Humane values for the whole community establishes an economics of well-being that is inclusive (even of the unpaid economy) and where reciprocity becomes a key allocation mechanism. The economic problem becomes wider than simply people’s income, but “a state of being with others and the natural environment that arises where human needs are met, where individuals and social groups can act meaningfully to pursue their goals, and where they are satisfied with their way of life” (Pouw and McGregor, 2014, p. 16).

The second paradigm shift relates to a different conception of the human being: “one that is ontologically different from the singular and reductionist notion of ‘homo economicus’, or rational economic agent” (Pouw and McGregor, 2014, p. 7). Increasing emphasis on the “global village” means that community – global and local – requires an “economy of care”. EI reconceptualises human participation in the economy where making rational decisions is based on relational connectedness and human-centric values. In this regard, two groups of values exist of which the second is preferred:

- (1) Values classified as “extrinsic and self-enhancement”. They are “materialistic values” (true to supercapitalism), including wealth, possessions, status, image, etc. Kasser (2011) found a lowering of human well-being and higher distress when these values dominate. It is also linked to more discriminatory attitudes and excessive competition.
- (2) Contrary to this are “intrinsic/self-transcendent” values based on personal freedom, affiliation and community. They advance the common good, genuine progress and well-being. Solidarity and care for family, colleagues, friends, etc., and the environment are prioritised (Kasser, 2011). These are central to holistic productive aims people find vital and worthwhile in life, setting the standard for an equitable and sustainable economy.

Third, a major shift by EI is in how we view the interrelationship between growth, poverty and inequality. Equity should not be seen as a toll on growth or as a by-product of growth or as a lower priority than growth (Ranieri and Ramos, 2013). The successful pursuit of growth with poverty reduction is possible if growth becomes inclusive (Lin and Rosenblatt, 2012). Policies need to adjust to address shortcomings in the growth process, such as the need for active intervention to manage distributional failures.

2.2 EI criteria

2.2.1 Organic and inclusive growth. Organic economic growth underlines inclusivity. Every productive component is optimally used in the production process by way of inclusion, not filtering (exclusion). All participants’ unique function in the production process are utilised and equitably rewarded. Like a blossoming tree, it does not use exclusion to grow, but rather expansion. Organic growth is multi-directional, to which all “cells” contribute, not just one-directional (e.g. profit-seeking). Growth and replenishing combine in this broader concept of growth, making exponential growth possible. Vasudev (2013, p. 1) points out: “big business is not about profit but expansion; expansion is inclusion. Inclusive economics is a way of empowerment of the whole of humanity to participate in a robust and all-inclusive economic process”. Then a faster rise in poor people’s well-being (than non-poor people) is possible.

Pro-poor growth, as part of inclusive growth, focusses on the effect of growth on poor people’s incomes. This is in the context of either relative poverty (when the poor’s income improves relative to the non-poor) or absolute poverty (when less people end up below the poverty line). Another component of inclusive growth is broad-based growth. It involves more of the poor/disadvantaged people in the growth process through employment. A third component, shared growth, emphasises that the fruits of growth be shared in a way that

eliminates poverty and reduce income inequality (AsgiSA, 2006). These components of inclusive growth – even “green growth” – have one common denominator: equitable well-being. This means that the growth process must be expressly non-discriminatory and expressly disadvantage reducing (Klasen, 2010).

2.2.2 Community stewardship. Focussing on what is in the best interest of the community (local and global) highlights the common good. African culture naturally affirms the concepts of *oikonomos*, Ubuntu and reciprocity. *Oikonomos* is the original Greek concept for managing (nomos) the household/resources (oikos) (Daly and Cobb, 1989). It relates strongly to African “Ubuntu economics”. Ubuntu takes the emphasis from “I think therefore I am” (individualistic) to “I am because I belong” (collectivistic) (Sheneberger and Van Stam, 2011). The emphasis is on sharing (and optimising) available resources with the express aim of benefiting all. Profit becomes a collective objective, allocated equitably proportional to contribution and productivity. EI’s focus is on collective expansion, not hoarding (winner takes it all).

2.2.3 Reducing economic inequality. Much of the world’s inequality is the result of market distortions and exploitations, with incentives directed not at creating new wealth but taking it from others (Stiglitz, 2013). Piketty (2014, p. 166) warns that when the rate of return on capital is greater than the rate of economic growth over the long term; the result is a concentration and unequal distribution of wealth, causing social and economic instability. Inequality is no coincidence/misfortune, rather inherent to capitalism, suggesting intervention and change.

2.2.4 A responsible economy of care and well-being. In the EI context, what is a responsible economy? It is a balance between three economic priorities:

- (1) careful management of economic processes within the confines of resource capacity;
- (2) ensuring that at least the most critical needs (of all people) are met; and
- (3) that the economy functions at a highly productive level.

Profits, production, consumption, etc., should be optimal, yet within the parameters of a responsible economy determined by human and environmental needs. It provides for human security, human survival (resources) and human progress. Concern for values and moral responsibility is central (Stiglitz, 2013, p. 67). Growth and profits are promoted, but not at the expense of human value or environmental sustainability. It is an economy of enough: a level of “economic saturation” taking cognisance of the cost of excessive production and consumption (Dietz and O’Neill, 2013). Goudzwaard and De Lange (1995, p. 137) highlights that a responsible economy of care “includes rather than excludes people; it internalises and takes responsibility for its effects rather than expels them to other sectors of society; and it practices restraint and replenishes rather than extracts”.

2.2.5 Environmental sustainability. Growth is empty and even dangerous if the rate of resource-replacement is decreasing. Klein (2014, p. 235) warns that “underneath all this is the real truth: climate change isn’t an ‘issue’ to add to the list of things to worry about. It is a civilisational wake-up call. A powerful message – spoken in the language of fires, floods, droughts, and extinctions – telling us that we need an entirely new economic model and a new way of sharing this planet”. Our economic priorities must reflect environmental sustainability.

3. EI criteria: how inclusive was Africa’s MDG progress?

The five EI criteria have two shared aims: reducing all forms of economic exclusion and ensuring genuine economic progress. Before focussing on Africa, I will first neutrally examine (and score) how inclusive each of the MDGs were at the hand of Table I.

Table I.
EI criteria and
the MDGs

MDGs	Economic inclusivity criteria					EI criteria score
	1. Organic and inclusive growth	2. Community stewardship	3. Reducing economic inequality	4. Economy of care, well-being	5. Environmental sustainability	
MDG1	✓	✓	✓	✓	✓	7/10
MDG2		✓		✓		3/10
MDG3	✓	✓	✓	✓		8/10
MDG4		✓		✓		4/10
MDG5		✓		✓		4/10
MDG6		✓		✓		4/10
MDG7		✓			✓	4/10
MDG8	✓	✓	✓	✓	✓	7/10
Total inclusivity score:						41/ 80 = 51%

Notes: Scoring of each MDG is by means of the five EI criteria where a simple mark of 2 is allocated for achieving each of the five criteria (indicated by ✓). Where it is intermediately met, it is given a mark of only 1 per criteria (indicated by ✓)

Source: Author's own contribution

From the above exercise, it is clear, given a total inclusivity score for the MDGs being 41/80 (51 per cent), that they, by themselves, lacked focus on economic inclusion. Though human development was central to the MDGs from inception, economic exclusion was insufficiently addressed. The lesson for the SDGs, therefore, is that unless economic inclusion is a primary priority – especially in Africa – economic development will not be sustainable.

3.1 African context in brief: critical examination of each MDG through an EI lens

As far as MDG1 is concerned, Africa made progress, but did not attain its target of halving poverty by 2015. Deficient structural adjustments were the main cause (United Nations Development Programme (UNDP), 2015). Inadequate sharing of responsibility and hierarchical economic exclusion slowed policy response.

For MDG2, primary education has improved in most African countries. Sub-Saharan Africa (SSA) has shown, on average, a 20 per cent increase in the net enrolment rate (2000-2015), compared to 8 per cent between 1990 and 2000 (United Nations (UN), 2015). The impact on the economy would, however, only be seen after five years.

MDG3 has arguably improved the most in Africa. Opportunities for women in both the private and public sectors increased significantly since 2000 (UNDP, 2015). This is essential for EI, given the contribution potential of women's improved skills.

MDG4 has progressed, but child mortality rates are still the highest of all regions (UNDP, 2015). In SSA, the annual rate of reduction of under-five mortality was five times faster during 2005-2013 than during 1990-1995 (UN, 2015). Improvement is needed, not just for the children's sake, but to enable mothers to be productively included in economic activity.

MDG5: Africa's maternal mortality ratio decreased by 40 per cent from 2000 to 2013 (UNDP, 2015). Although it contributes to an economy of care, productivity is delayed from an EI view.

MDG6: except for East Africa, all the African regions experienced over 50 per cent decrease in the incidence rates of HIV between 2001 and 2013 (UNDP, 2015). In SSA, 6.2 million malaria deaths have been averted between 2000 and 2015 (UN, 2015). Despite improvements in health, Africa remains in "crisis-control", needing drastic improvement to build an inclusive economy.

MDG7: environmental sustainability improved in Africa. But, for African Governments, it is crowded out by other crises, at the cost of creating a truly sustainable economy. Access to improved drinking water improved predominantly in urban areas (UNDP, 2015).

MDG8: showed positive progress in Africa, especially given the global increase of 66 per cent of official development assistance from 2000 to 2014 (UN, 2015). Internet access improved while Africa has become one of the world's fastest growing mobile cellular markets. This contributed marginally to greater EI.

4. Transition for Africa: from the MDGs to the SDGs

In September 2015, United Nations member countries agreed on a new set of 17 SDGs (with 169 targets) to improve on the MDGs. Limited MDG success by African economies should now translate into greater prioritising of EI in attaining the SDGs. This will help steer Africa's socio-economic and political efforts towards creating a sustainable economy of care and shared responsibility. The 17 SDGs set out until 2030 are:

- (1) SDG1: eradicate poverty in all its forms everywhere.
- (2) SDG2: eradicate hunger, achieve food security and improved nutrition and promote sustainable agriculture.
- (3) SDG3: ensure healthy lives and promote well-being for all.
- (4) SDG4: ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.
- (5) SDG5: achieve gender equality and empower all women and girls.
- (6) SDG6: ensure availability and sustainable management of water and sanitation for all.
- (7) SDG7: ensure access to affordable, reliable and sustainable and modern energy for all.
- (8) SDG8: promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.
- (9) SDG9: build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation.
- (10) SDG10: reduce inequalities within and among countries.
- (11) SDG11: make cities and human settlements inclusive, safe, resilient and sustainable.
- (12) SDG12: ensure sustainable consumption and production patterns.
- (13) SDG13: take urgent action to combat climate change and its impacts.
- (14) SDG14: conserve and sustainably use the oceans, seas and marine resources for sustainable development.
- (15) SDG15: protect, restore and promote sustainable use of terrestrial ecosystems, manage forests, combat desertification, halt and reverse land degradation and halt biodiversity loss.
- (16) SDG16: promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions.
- (17) SDG17: strengthen the means of implementation and revitalise the global partnership for sustainable development.

The important question is how attainable these SDGs are by 2030? Considering the greater specificity and workability of both the SDGs themselves and their targets, it holds greater promise for attainment than the MDGs (both, over a 15-year period). Having the benefit of progress made by the MDGs, albeit unsatisfactory in Africa, the greater emphasis on EI under the SDGs are easier to prioritise in policy formulation and be put into effective operation in African economies than over a decade ago. Due to their strong inclusivity focus, the SDGs present a better opportunity to involve more effectively different stakeholders, such as policy makers, civil society, donors, politicians, etc. What is different than the MDGs is that it has a wider focus on interpreting sustainability – economic (individual and collective well-being) and environmental – which can involve a wider variety of contributors. In the African context, this is exceedingly valuable, but it will require visionary leadership/governance which can build cohesion between, and identify clear outcomes for, potential role players. The five EI criteria identified in this paper can serve as a good point of departure as key elements for enhancing EI in attaining the SDGs. For this, one will have to add a micro-level modelling approach to analysing the progress of attainment, especially with regards to the interconnection between the SDGs (Hall *et al.*, 2017). Such modelling should involve a quantitative assessment of the impacts of the projects and programmes used by governments and development organisations to operationalise the goals and targets. Given that fields overlap among the different goals, models for business engagement, for instance, and community health club models of development, will need to be synergised to achieve desired outcomes. From a holistic EI perspective, our linear economic model needs to become more circular to deal better with wastage. Models from different fields could help contribute to modelling an economy where resources are kept circulating for as long as possible. The development of a combination of tools to assess and enhance SDG attainment can contribute immensely to this.

5. Conclusion

The study has shown the significance of EI in addressing concerns about economic inequality and attaining genuine economic progress. Notably, EI presents evolutionary changes – not revolutionary changes – to the current neoclassical (capitalist) economic framework. It entails a shift in thinking about the economy – away from reductionist “homo economicus” and towards holistic well-being and inclusive growth. A shared responsibility approach is impelled. Having identified and used EI criteria, it is evident that Africa’s limited MDG progress has not contributed sufficiently to greater EI. Echoing the African psyche and Ubuntu economics, EI could be a key to unlock the continent’s potential and close the gap between itself and the advanced economies. It could even create a trajectory for future global economic sustainability in the “global village”. Africa has now learned valuable lessons through its MDG experience, which it can apply in attaining the SDGs, using an EI framework. The SDGs do present an immense opportunity for Africa as a collective to fulfil its undoubted potential.

Further research is needed in the area of models/tools to assess progress made regarding EI in attaining the SDGs. Particularly, the interplay between models from different disciplines involved in realising the SDGs should receive attention in building a holistic approach to advance sustainability. The SDGs thus present a unique opportunity for researchers to combine efforts to explore the largely untapped potential of EI, especially in Africa.

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Note

1. Human cost is seen as anything linked to the economy that has a negative impact on human quality of life and productivity (e.g. crime, un/underemployment, income inequality, family breakdown, community disorder, etc.).

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