AFRICA'S EXTREME INEQUALITY CRISIS

BUILDING BACK FAIRER AFTER COVID-19

The Commitment to Reducing Inequality Index: Africa Briefing

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INTRODUCTION

Africa is facing a crisis of extreme inequality which is undermining growth, preventing poverty eradication and contributing to insecurity. The six richest African billionaires are now wealthier than the poorest 50% of Africans combined. This briefing paper shows that COVID-19 has deepened this crisis, and that the responses of African governments and international financial institutions are making little difference as debt burdens grow and austerity kicks in. While some African governments were doing a lot to fight inequality before COVID-19, through equitable public services, progressive taxation and enhanced labour rights, especially for women, most were not. The paper lays out a comprehensive plan of measures which could be taken by African governments, the AU and the international community, including the EU, to significantly reduce inequality,eradicate poverty, accelerate growth, and reduce insecurity throughout Africa.

EXECUTIVE SUMMARY

AFRICA'S CRISIS OF INEQUALITY, DEBT AND ADJUSTMENT

Africa is facing a crisis of extreme inequality: seven of the ten most unequal countries in the world are in the region; inequality is undermining growth in every African Union member state; and the top 1% of Africans hold 33% of Africa's wealth. Such inequality is a major cause of political instability and insecurity.

The COVID-19 pandemic has dramatically increased poverty and inequality, such that the six richest Africans now own more wealth than the poorest 50% combined. As a result, without accelerated efforts to reduce inequality, it will be impossible to end extreme poverty in Africa by 2030.

Africa was poorly prepared to face a pandemic, with 52% of its citizens lacking access to healthcare, 83% lacking access to social protection and 52% of workers having no formal labour rights. Unequal access to vaccines (11% of Africans have been vaccinated by early February, compared with 71% of Europeans) means that Africans are more likely to die from COVID-19.

African governments made valiant attempts to respond to COVID-19, but most lacked affordable finance so as to increase spending sharply – low-income countries spent only 3.1% of GDP and emerging markets 5.3% of GDP, compared with 19.1% for OECD economies. Much of this went towards healthcare and social protection, but most African governments are now phasing out these measures, leaving no long-term increases in healthcare or social protection spending to fight future pandemics.

Africa's debt burden has risen sharply before and during COVID-19: debt servicing is almost three times as much as education spending, six times health spending, 22 times social spending and 236 times more than climate adaptation spending. To repay debts and reduce budget deficits, the IMF is encouraging most countries to implement austerity: 43 AU member states will cut their spending by a cumulative 5.4% of GDP in 2021–26, totalling $183bn. This confirms earlier Oxfam findings, which showed that in 2020-21 the Fund had encouraged 33 African countries to pursue austerity policies.[1]

WHAT CAN BE DONE ABOUT THIS CRISIS?

The key government policies which reduce inequality are: universal free education and health services and social protection; equitable taxation; and enhanced labour rights, especially for women. Development Finance International and Oxfam International have designed a Commitment to Reducing Inequality (CRI) Index to track progress on these policies and their impact across 158 countries, including 47 in Africa.[2]

The latest CRI Index report finds that North Africa outperforms other regions in Africa, with Central Africa lagging behind. The African countries that fare better are South Africa and the Seychelles, but they score only 0.75, meaning that they could do one-third more to match the best global performers. Lesotho comes in the top five, showing that lower-income countries can perform well. The poorest performers are South Sudan, Nigeria, Chad, Liberia and the Central African Republic.

On **public services**, many African countries allocate high proportions of their budgets to education, but most fall way below AU or global targets for education, health, social protection and agriculture spending. Because amounts spent per capita are low, education, health and social protection do not reach the poorest people. Across Africa, social spending reduces inequality by only 7.8%, compared with 8.5% in Asia and 10% in Latin America: however, Namibia (34%), South Africa (22%) and Benin (19%) stand out for using social spending to cut inequality.

Africa does better on **equitable taxation**, because its tax systems are progressive on paper, with many countries having high top personal and corporate income tax rates, and VAT exemptions for food. However, Africa collects only 29% of the taxes implied by its tax rates, 10% behind other developing regions, because of high levels of tax exemptions and tax dodging. Taxes on wealth, capital gains, inheritances and property are also weak. As a result, tax in Africa is actually increasing inequality by 1% – though Tanzania and Tunisia have used tax to cut inequality by 10%.

The worst African performance is on **labour rights**. Though many aspects of policy look good on paper, some countries repeatedly violate labour rights, lack laws or enforcement of women's labour rights, and have very low minimum wages. Above all, 67% of Africa's workers are unemployed, underemployed or in jobs without formal contracts, leading Africa to have the highest wage inequality of any developing region.

This briefing paper presents a set of key recommendations to African governments, the AU Commission and the international community on the urgent measures they can take to cut inequality in Africa, thereby eradicating poverty, accelerating growth and reducing insecurity and migratory pressures.

CONCLUSION AND RECOMMENDATIONS

There is nothing inevitable about the crisis of extreme inequality in Africa, nor its worsening during the COVID-19 pandemic. However, without concerted efforts by governments and support from the international community, the crisis will deepen, and stop the region from meeting the SDGs. The pandemic must serve as a wakeup call to national, regional and global leaders for an inclusive recovery that tackles inequality aggressively. In spite of strong anti-inequality efforts by some governments in the region, market-produced inequality due to poor labour rights and unequal access to land and credit have kept inequality far too high. The efforts of many other African governments to tackle inequality are far short of what is needed, and in fact are increasing inequality in many cases. Only immediate measures to reverse pandemic-related rises in inequality, strongly reinforced national commitment to anti-inequality policies, and regional and international support, can allow African countries to emerge from the pandemic without a major increase in inequality and poverty – and resume their progress to meeting the SDGs.

1. THE MOST URGENT RECOMMENDATIONS

- Ensuring COVID-19 vaccines for all African countries, to reach 70% vaccine coverage by June 2022, in line with the global WHO goal.
- Immediately reversing the planned fiscal austerity, with a particular emphasis on increasing spending for health, education and social protection to achieve the SDGs.
- These enhanced spending efforts should be funded by:
  - increasing rates and collection of progressive income and wealth taxes in each country.
  - cancelling debt service due to all creditors between 2022 and 2025.
  - reallocating $100bn of SDRs to low-income developing countries (LIDCs) as grants. If additional loans are to be offered, they should be highly concessional loans with minimal or no conditionality; and
  - increasing aid flows to Africa targeted at enhancing anti-inequality social spending.

Mandating the IMF and World Bank to ensure that all country programmes and policy advice focus on reducing inequality, and contain specific urgent measures to make tax, public services and labour policies achieve this more effectively.

2. KEY RECOMMENDATIONS FOR AFRICAN GOVERNMENTS

Across the continent, it is vital for national governments to build post-COVID recovery plans, including:

A. Spend much more on universal high-quality public services that reduce the gap between rich and poor people

- Allocate 20% of government budgets to free universal pre-primary, primary and secondary education.
- Allocate 15% of government budgets to fund free public universal healthcare without patient fees of any kind.
- Provide universal social protection programmes including, for example, for the working poor, children, people living with disabilities, unemployed people and other vulnerable groups, including pensioners.
- Allocate 10% of budgets to enhanced investment in smallholder food-producing agriculture.
- Increase investment in water, sanitation and hygiene so as to ensure universal access and coverage.

B. Redistribute income and wealth through progressive taxation

- Make corporate and personal income taxes more progressive
- Introduce or strengthen taxes on wealth, capital gains, property, and financial transactions and income.
- Ensure all value added and general sales taxes exempt basic food products.

- Ensure multinational corporations pay their fair share of taxes by strengthening anti-tax avoidance policies.
- Scrap unnecessary tax exemptions for corporations and richer individuals, and review tax treaties to ensure that they support revenue generation and do not give away taxing rights unnecessarily.
- Strengthen the capacity of national revenue authorities to curb illicit financial flows, through corporate country-by-country reporting and exchanging data on profits and wealth holdings.
- Invest in strengthened tax administrations' compliance efforts that are targeted at high-income earners and corporations.

C. Strengthen labour policies and rights, especially for informal, vulnerable and unemployed workers

- Ensure workers have rights to unionize, strike and bargain collectively, in line with ILO conventions.
- Legislate in all countries against gender discrimination, rape and sexual harassment, and for equal pay.
- Increase parental leave and expand paternity leave significantly to reduce the burden of unpaid care on women.
- Increase minimum wages to match per capita GDP.
- Invest far more in national structures enforcing labour legislation, including encouraging the informal sector to progressively comply with laws and provide social protection to their workers.
- Invest in public sector jobs and public works to cut unemployment, and increase unemployment benefits.

3. RECOMMENDATIONS FOR AU LEADERS AND THE AU COMMISSION

The mandate of the African Union in Vision 2063 includes poverty eradication, which cannot be achieved without reducing inequality sharply. In addition, the AU theme for 2022 is 'Food Security to Strengthen Agriculture, and Accelerate Human Capital, Social and Economic Development'. In this context, the AU should put reducing inequality at the heart of its work from 2022 onwards, by:

A. Recognizing and planning to remedy AU member states' extreme inequality crisis

- Prioritize tackling inequality in the agendas of summits, ministerial meetings and the Secretariat.
- Develop a joint continental action plan to set clear targets and accelerate measures to reduce inequality and poverty.
- Establish a robust mechanism to support and monitor the achievement of SDG 10 on reducing inequality.

B. Encouraging 'a race to the top' in policies to reduce inequality

- Enhance the roles of regional commissions (EAC, ECOWAS, SADC, WAEMU) in advising members on coordinating tax policies, by building regional tax harmonization frameworks, involving more progressive income taxes and VAT, and strengthened taxes on capital gains, property, financial income and wealth.
- Seek regional harmonization of investment and tax codes to curb harmful tax competition in the region, particularly by sharply limiting tax incentives.
- Develop common regional frameworks on measures to combat tax dodging and illicit financial flows, including corporate country-by-country tax reporting and information exchange on bank accounts.
- Enhance monitoring of compliance with AU norms on spending on education, health, social protection and agriculture, and extend this to assess coverage of public services for people living in poverty.
- Develop and monitor compliance with regional norms on labour policies designed to reduce inequality, such as union rights, women's rights, minimum wages and policies to encourage job formalization.

4. RECOMMENDATIONS FOR THE EU AND THE INTERNATIONAL COMMUNITY

The international community should support national and regional efforts by:

- Mandating the IMF and World Bank to ensure that all AU country strategies, programmes and policy advice focus on reducing inequality, and contain specific measures to achieve this more effectively.
- Immediately reverse opposition to the TRIPS waiver on all COVID-19 vaccines, treatments and technologies, and support the mandatory sharing of vaccine recipes by pharmaceutical corporations, including sharing MRNA technologies with the WHO MRNA hub in South Africa.
- Supporting the rapid scaling up of publicly controlled vaccine production facilities across the continent.
- Providing comprehensive debt cancellation to AU countries where needed, to reduce their debt servicing to low levels and ensure that they have enough financing to achieve the SDGs.
- Establishing a global fund for social protection that supports lower-middle- and low-income countries to provide social protection for all by 2030.

- Introducing solidarity taxes in their own countries on wealth, income, carbon emissions and financial transactions, with part of the revenue going to lower-income countries.
- Assisting developing countries to collect more taxes by reversing the global 'race to the bottom' on corporate tax rates, sharing corporate country-by-country tax reporting information and information on global bank accounts, and ending tax treaties which reduce tax collection.
- Ensuring that all global tax reforms provide a fair share of their benefits to developing countries, by making all profits taxed where they have been created, through a process where developing countries are equally represented.
- Ensuring that climate policies do not harm low-income countries. Specifically, the EU should consider an exclusion of least developed countries (LDCs) from the Carbon Border Adjustment Mechanism (CBAM) and use the revenues from the CBAM to increase support for climate action in low-income countries.[3]
- The EU should not pressure African countries to implement the recent OECD tax deal (BEPS 2), nor penalise countries that did not endorse it, by blacklisting them in the EU tax havens list. The EU should allow countries to carefully consider the trade-offs in the deal and the best course of action for them, including the use of unilateral measures such as digital service taxes or alternative minimum taxes. If African countries agree to the OECD tax deal, the EU should support them to implement it in a way that is more convenient for them, and EU countries should renegotiate bilateral tax treaties with low taxation levels, as provided for in the deal.
- The EU must live up to its rhetoric of a 'partnership of equals' with the AU and support national and regional efforts by prioritising reducing inequality in all its national-level policy dialogue with African countries, and in its collective and member state interventions in IMF and World Bank governing bodies. It could also, where requested by African governments, provide capacity building assistance to help countries design and implement equitable spending and progressive tax policies, and to enhance labour rights in order to reduce inequality sharply – which would help them eradicate poverty, and dramatically accelerate GDP growth between now and 2030.

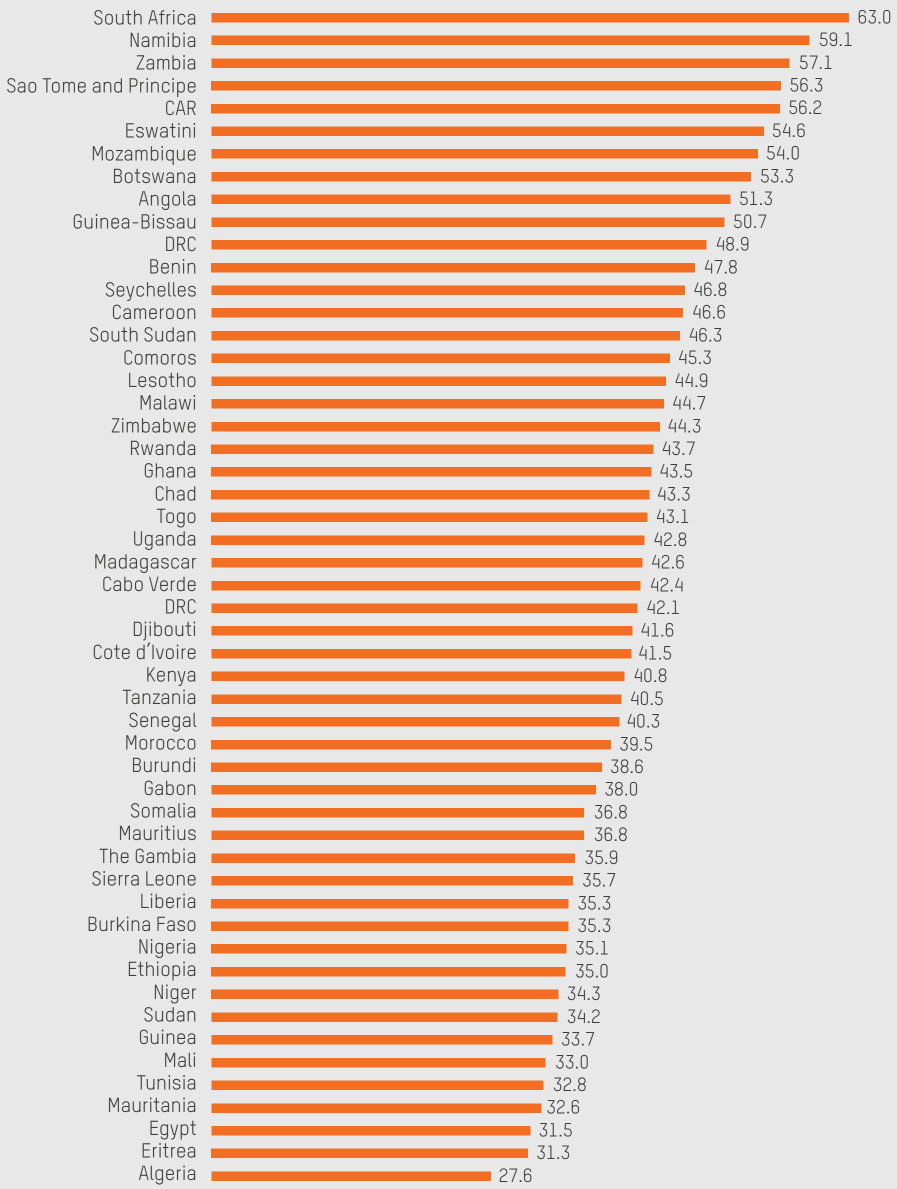
1 INEQUALITY IN AFRICA IN THE TIME OF COVID-19[4]

1.1 AFRICA IS FACING A CRISIS OF EXTREME INEQUALITY

Figures 1 and 2 show that Africa is facing a crisis of extreme inequality. Africa contains seven of the ten most unequal countries in the world, and every AU state has income inequality high enough for it to be reducing per capita GDP by between 1% and 10%,[5] and preventing states ending poverty by 2030.[6] Southern Africa is the most unequal region, and North Africa the least. The concentration of wealth in the hands of the richest citizens is very high, with the top 1% holding a quarter of the wealth in all countries, and over 40% in 14 countries.[7]

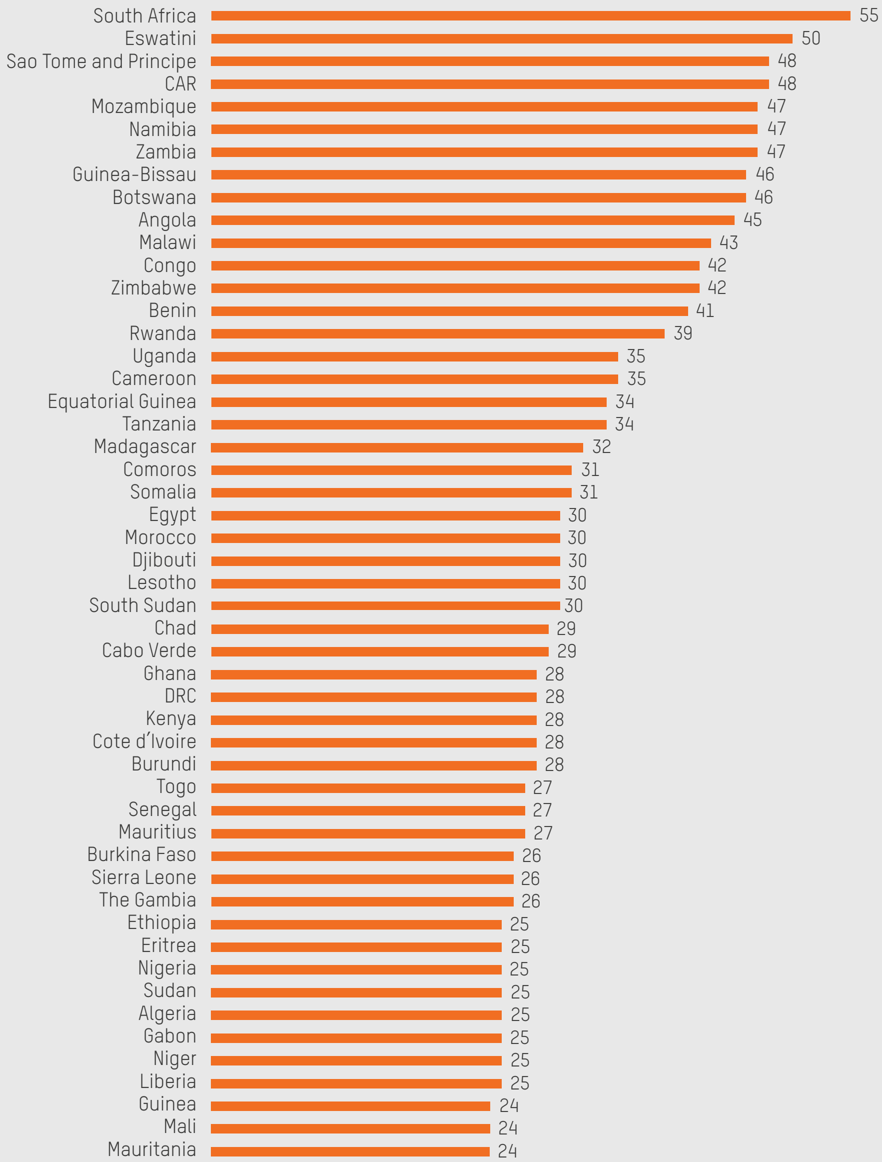
FIGURES 1 AND 2 INCOME INEQUALITY AND PERCENTAGE OF WEALTH HELD BY THE TOP 1% IN AFRICA

FIGURE 1: INCOME INEQUALITY (GINI)



Source: Income Gini: World Bank; Wealth of Top 1% World Inequality Lab. No data for Equatorial Guinea or Libya

FIGURE 2: PERCENTAGE OR WEALTH HELD BY TOP 1%



Source: Income Gini: World Bank; Wealth of Top 1% World Inequality Lab. No data available for Lybia, Seychelles or Tunisia

Most of Africa is also plagued by continued high gender inequality, and inequality between urban and rural areas. In Southern and East Africa, a major aspect is racial inequality, with White and Asian communities having considerably higher income and wealth than their black counterparts.[8] Such inequality continues to be a major cause of political instability, armed insecurity in many regions (the Sahel, Horn and East Africa, and Central Africa), and a growing flow of citizens to Europe in search of better lives.[9]

1.1.1 COVID-19 HAS INCREASED INEQUALITY AND POVERTY

Poor people's income has fallen sharply during the pandemic, with COVID-19 driving 39 million Africans into extreme poverty. As a result, without accelerated efforts to reduce inequality, Sustainable Development Goals (SDGs) 1 (ending extreme poverty) and 10 (reducing inequality) will not be met in Africa by 2030.[10]

Poverty was already increasing in the region before COVID-19 hit, and the pandemic has sharply increased this trend. There are currently just over 1 billion people in sub-Saharan Africa living on less than $5.50 a day. The World Bank projects that unless trends change and inequality is tackled, by 2030 this will have increased to 1.2 billion people living in poverty.[11]

Wealth inequality has also grown dramatically, with the five richest billionaires in Africa increasing their wealth by one third ($9.7bn). The six richest people in Africa now own more wealth than the poorest 50% combined. In Kenya, the two richest citizens have more wealth than the poorest 16.5 million; the richest Moroccan has more than the poorest 30%; the two richest Nigerians have more than the poorest 63 million; the richest South African has 37 times more than the poorest 50%; and the richest Zimbabwean has more than the poorest 8.8 million people.[12]

1.1.2 AFRICANS CONTINUE TO DIE DUE TO VACCINE INEQUALITY

COVID-19's impact on health has been less severe than in other regions: officially confirmed deaths are only 238,000, though estimates based on excess mortality indicate that this is a huge underestimate and that the real death toll is between 1 and 1.5 million people.[13] Other studies suggest age-adjusted fatality/infection rates are twice as high in African and other low-income and middle-income countries than in high-income countries.[14] In the future, deaths are likely to climb faster in Africa than elsewhere because of the obscene inequality of global vaccine distribution: as of 1 February 2022, only 10.9% of African citizens (5% in low-income African countries) were fully vaccinated, compared with 71% of EU citizens. Rwanda is a positive exception, a low-income African country which has vaccinated 52% of its citizens.[15]

1.1.3 AFRICA WAS POORLY PREPARED TO FACE THE PANDEMIC

Underlying the significant impact on the health and income of poor people has been Africa's lack of preparedness for a pandemic, in terms of the percentage of people with access to health services or social protection and the percentage of the workforce with formal labour rights (see Figures 3, 4 and 5). When the pandemic hit, this meant that Africa's health facilities were too weak to reduce fatalities, the lack of social protection made extended lockdowns impossible, and most workers had no formal labour protections.[16]

FIGURES 3,4 AND 5: UNIVERSAL HEALTH COVERAGE, SOCIAL PROTECTION COVERAGE, AND FORMAL LABOUR RIGHTS IN AFRICA

FIGURE 3: UNIVERSAL HEALTH COVERAGE (% OF POPULATION)

FIGURE 4: SOCIAL PROTECTION COVERAGE (% OF POPULATION)

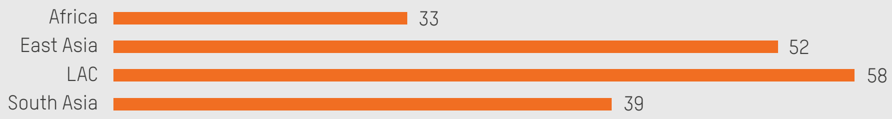


FIGURE 5: FORMAL LABOUR RIGHTS (% OF WORKFORCE)

1.1.4 GOVERNMENT RESPONSES TO COVID-19 HAVE BEEN LIMITED, TEMPORARY AND INADEQUATE TO TACKLE INEQUALITY

Given their inability to borrow large sums cheaply on capital markets, African governments have been severely constrained in responding to COVID-19. Southern and North African countries spent more than other regions, mainly in those countries which could access capital markets: emerging market African countries spent an average 5.3% of GDP, but lower-income countries only spent 3.1%, compared with OECD economies spending 19.1% of GDP (see Figures 6 and 7).[17]

Most countries are phasing out 'temporary' COVID-19 response spending without leaving in place any long-term increases in health or social protection spending to protect against future pandemics (notable exceptions being Angola, Benin, Ghana, Mali, Mauritius, Rwanda, Senegal, Togo and Uganda), or increases in education spending to offset months of reduced learning or get millions of children (especially girls) back into school.

FIGURES 6 AND 7: COVID-19 RESPONSES BY REGION AND TYPE OF ECONOMY

FIGURE 6: COVID-19 RESPONSE BY REGION (% OF GDP)

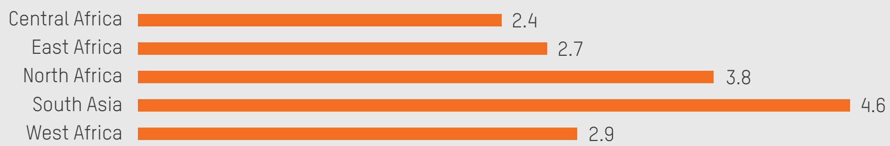


FIGURE 7: COVID-19 RESPONSE BY ECONOMY TYPE (% OF GDP)

1.1.5 DEBT HAS RISEN SHARPLY, WITH AUSTERITY THE DISASTROUS RESULT

As the same time, Africa's debt burden has accelerated. In 2021, total public (external and domestic) debt averaged 67% of GDP, and debt servicing accounted for 51% of budget revenue. Debt servicing represented 2.7 times as much as education spending, 5.9 times health spending, 22 times social protection spending, and 236 times more than climate adaptation spending.[18] As shown in Figure 8, debt servicing exceeds health spending in all but six countries, rising to 12 times as high in the Gambia, and 77 times in South Sudan. On average, two-thirds of debt service is being paid to domestic or regional market creditors. The response by the international community has been poor: service cancellation or suspension totalling only $9.3bn.

To repay debts and reduce budget deficits, in the absence of debt cancellation or new external financing, the IMF is encouraging most countries to implement austerity. The vast majority – 43 of AU member states are facing expenditure cuts between 2021 and 2026, averaging a cumulative 5.4% of GDP, which total $183bn. This confirms findings of an earlier Oxfam review of IMF COVID-19 loans to 85 countries between March 1, 2020, and March 15, 2021, which showed that the Fund had encouraged 33 African countries to pursue austerity policies.[19] Only 11 countries (Cameroon, DRC, Republic of Congo, Ethiopia, Guinea, Mauritania, Senegal, Somalia, Sudan, Tanzania and Zimbabwe) are forecast to have expenditure increases, averaging 1.8% of GDP over five years. In many low-income countries, some social spending (usually education and health and some social safety net programes) may be protected from cuts by the use of social spending floors. Nevertheless, if these cuts are implemented, any chance of achieving the SDGs will disappear in the vast majority of African countries.[20]

1.1.6 THE IMF AND WORLD BANK ARE PROVIDING FINANCING, BUT ARE FAILING TO TACKLE INEQUALITY

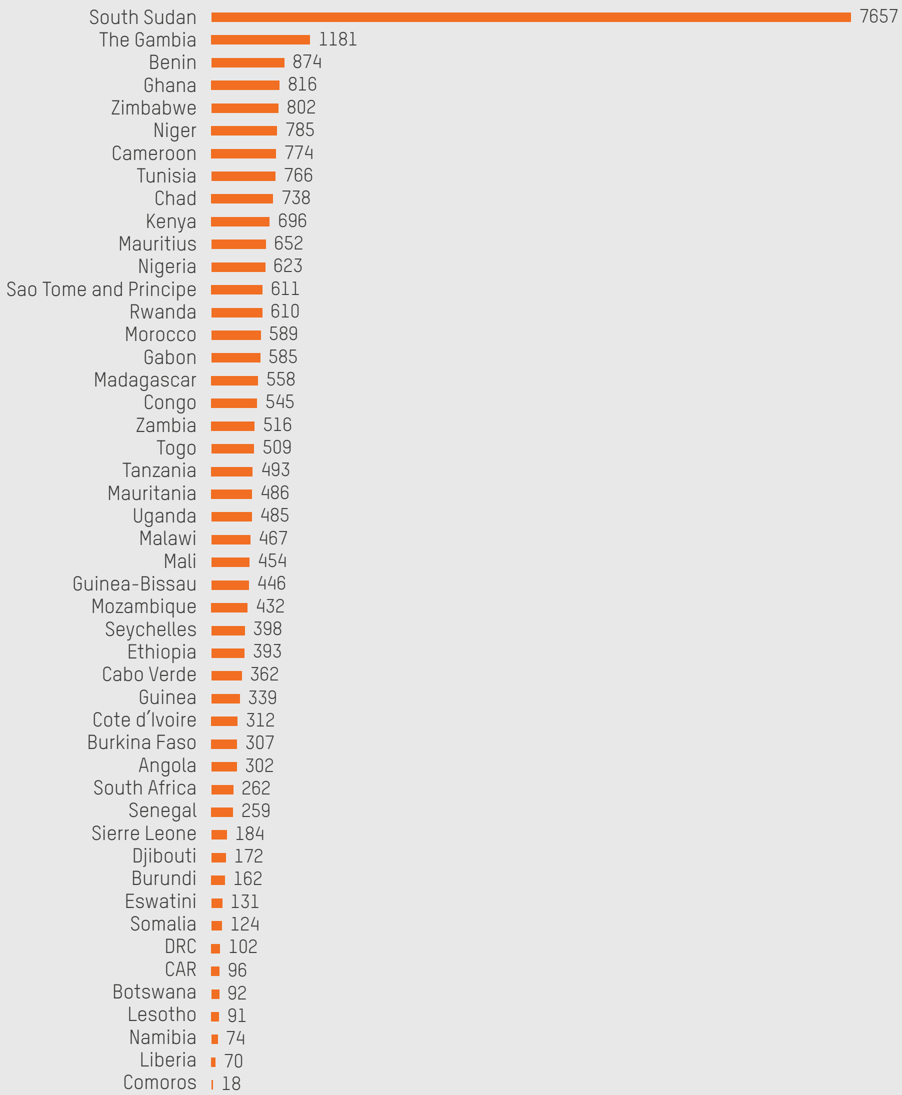
The IMF and World Bank can play two main roles in the current crisis and post-crisis recovery. The first is to provide additional financing, which they have been doing in 2020–22. Since the pandemic started, the IMF provided COVID-19 financial assistance through loans to African countries totalling $37.6bn, cancelled debt service of $710m, and issued $33bn of Special Drawing Rights (SDRs).[21] The World Bank has committed more than $39 billion for African countries for health system strengthening, social safety nets, and economic impacts of the crisis. This includes $2.9 bn for vaccine procurement and deployment,[22] as well as money from the International Finance Corporation, and money redeployed from other projects.

The second role is to suggest anti-inequality policy measures, but there is little sign that either the IMF or World Bank have been doing this. Though both have highlighted growing poverty and inequality, including strong speeches by their chief executives,[23] neither has conducted in-depth analyses of policies to fight inequality in their emergency loans. The IMF continues to encourage most countries to implement austerity. With the pandemic continuing, the IMF Fiscal Affairs Department has recommended progressive tax measures.[24] Since then, there have been a few signs of more equitable policies in DRC, Ghana, Kenya and Rwanda, but little sign that they are feeding systematically into IMF programmes in Africa. Nor is there any evidence of anti-inequality labour policies being supported, except on laws to enhance women's labour rights. On the contrary, in its COVID-19 loans between March 15 and 2020 and March 15 2021, the IMF advised 14 African countries to contain or cut their public sector wage bill.[25] Indeed, a recent working paper on South Africa suggested labour reforms which would worsen inequality.[26]

Only five of the initial World Bank COVID-19 health projects to Africa have focused on improving equitable access to health services by removing health care user fees, and this was mainly limited to COVID-19 services: fee waivers in Ghana, Mali and Sierra Leone; covering health insurance payments for poor people in Cote d'Ivoire; and a vague commitment to 'support mechanisms to eliminate financial barriers' to accessing services in Liberia. On social protection, World Bank loans have often emphasized 'safety net' programmes narrowly targeting the poorest people, not the comprehensive social protection providing citizens with security throughout their lives that the SDGs envisioned.[27]

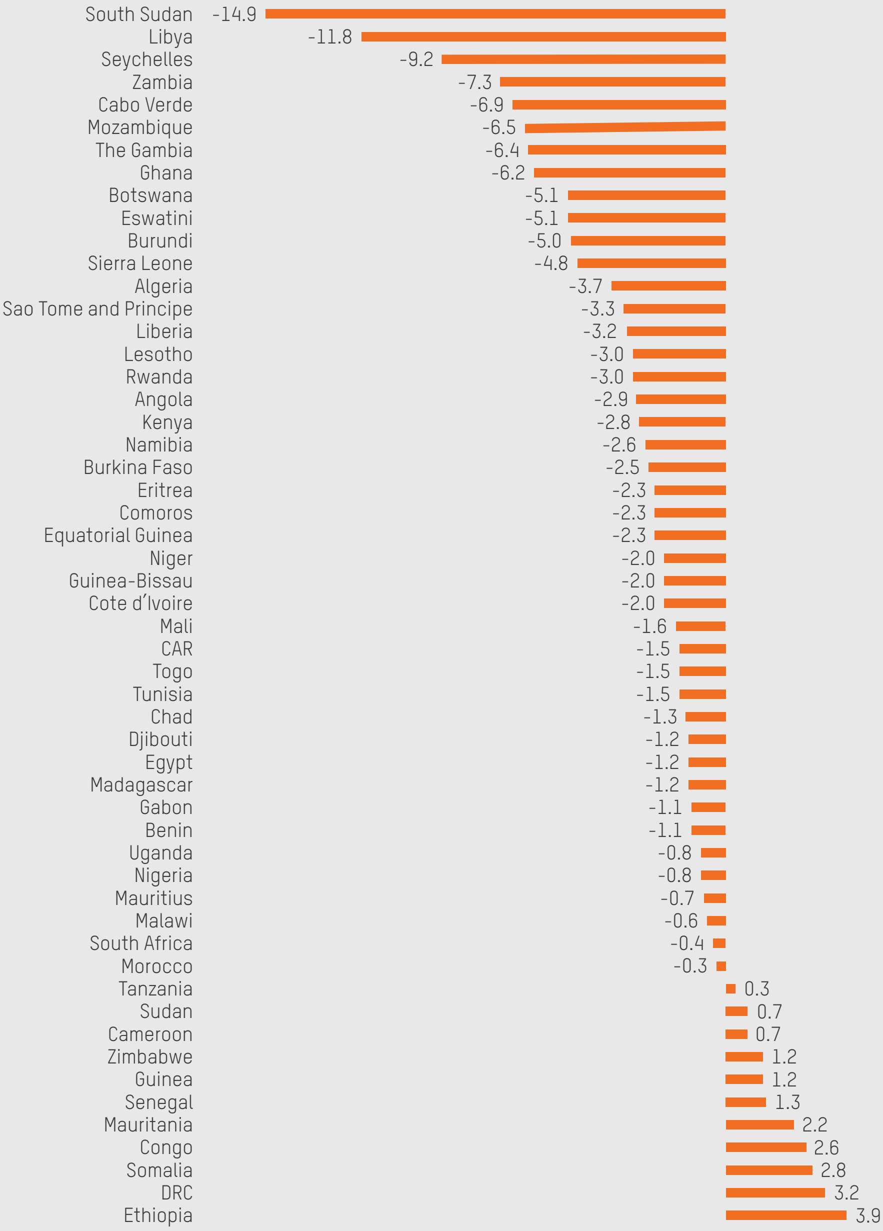
FIGURES 8 AND 9: DEBT SERVICING AND GOVERNMENT SPENDING IN AFRICAN COUNTRIES

FIGURE 8: DEBT SERVICING IN AFRICAN COUNTRIES



Source: Debt Service Data: Country budget documents and IMF country documents. Expenditure Data : Commitment to Reducing Inequality Index Database. No Debt Service Data available for Algeria, Egypt, Guinea, Eritrea, Libya or Sudan.

FIGURE 9: GOVERNMENT SPENDING AS % OF GDP, 2021–26



Source: Expenditure Data : Commitment to Reducing Inequality Index Database. No Debt Service Data available for Algeria, Egypt, Guinea, Eritrea, Libya or Sudan.

2 WHAT CAN BE DONE TO REDUCE INEQUALITY?

Multiple global studies by the IMF, OECD, World Bank, UN and independent experts have shown that the three key policies which reduce inequality successfully are: universal free public education and health services and social protection; fair taxation; and enhanced labour rights, especially for women.[28]

To track country progress on these policies, and the impact they are having on reducing inequality, Development Finance International and Oxfam designed the Commitment to Reducing Inequality (CRI) Index, which tracks policies in these three areas or pillars, the degree to which they are being implemented, and the impact they are having on inequality. The indicators used to measure progress in each of these pillars are shown in Figure 10.[29]

FIGURE 10: THE CRI INDEX PILLARS AND INDICATORS

	PUBLIC SERVICES SPENDING	TAX PROGRESSIVITY	LABOUR RIGHTS AND WAGES
Policy indicators	• **PS1a** Education • **PS1b** Health • **PS1c** Social protection	• **T1a**-Personal income tax • **T1a**-Corporate income tax • **T1a**-Value added tax • **T1b**-Harmful tax practices	• **L1a** Labour rights • **L1b** Women's labour rights • **L1c** Minimum wage
	Spending as % of total budget	Progressive tax structures	Governments' efforts to protect workers in law and practice
Implementation or coverage indicators	• **PS2a** Secondary education completion by poorest quintile • **PS2b** Universal health coverage and out-of - pocket expenditure • **PS2c** Pension coverage	• **T2** Tax productivity across VAT, PIT & CIT	• **L2a** Unemployment • **L2b** Vulnerable employment
Impact indicators	• **PS3** Impact of spending on inequality (Gini)	• **T3** Impact of tax on inequality (Gini)	• **L3** Impact of labour income (wage) on inequality (Gini)
Total CRI score	Average of 3 pillar scores		

2.1 HOW ARE AFRICAN GOVERNMENTS PERFORMING IN REDUCING INEQUALITY?

2.1.1 OVERALL PERFORMANCE

The CRI Index ranks 158 countries worldwide, and scores are calculated out of 1, with 1 representing the best performance by a country in the index. Overall, North Africa far outperforms the other sub-regions, with Central Africa lagging behind. Four of the top five countries are from Southern Africa, led by South Africa and the Seychelles, but even they score only 0.75, meaning that they could do one-third more to match the best global performers. Africa's five worst performers (South Sudan, Nigeria, Chad, Liberia and the Central African Republic) are all in the bottom 10 globally: South Sudan could do 12 times better, and Nigeria eight times.

TABLE 1: OVERALL PERFORMANCES IN THE CRI INDEX

Regional scores		Top five global rankings			Bottom five global rankings		
Region	Score	Country	Score	Rank	Country	Score	Rank
North Africa	0.53	South Africa	0.75	18	Central African Republic	0.25	151
SADC	0.36	Seychelles	0.75	21	Liberia	0.23	154
West Africa	0.33	Tunisia	0.61	48	Chad	0.23	155
East Africa	0.32	Namibia	0.58	52	Nigeria	0.16	157
Central Africa	0.30	Lesotho	0.57	54	South Sudan	0.08	158

2.1.2 PUBLIC SERVICES: BUDGET ALLOCATIONS ARE INADEQUATE, AND NOT REACHING THE POOR[30]

North and Southern Africa perform better on public services, with West and Central Africa lagging behind. All five top-performing countries are from Southern Africa, headed by Namibia, but all of them could perform twice as well as they do. On the other hand, Africa has the five worst-performing countries in this pillar: South Sudan, Chad, Nigeria, the Central African Republic and Niger could all do 10 (or in the case of South Sudan, 30) times better. The main reason for the poor performance in low-income countries is that, even when many allocate high proportions of their budgets to social spending, the amounts spent per capita and coverage of the poorest citizens remains low.

TABLE 2: CRI INDEX PERFORMANCES AND RANKINGS FOR PUBLIC SERVICES

Regional scores		Top five global rankings			Bottom five global rankings		
Region	Score	Country	Score	Rank	Country	Score	Rank
North Africa	0.29	Namibia	0.55	34	Niger	0.11	154
Southern Africa	0.27	South Africa	0.49	44	Central African Republic	0.11	155
East Africa	0.22	Seychelles	0.49	45	Nigeria	0.08	156
Central Africa	0.12	Botswana	0.46	48	Chad	0.07	157
West Africa	0.12	Mauritius	0.42	63	South Sudan	0.03	158

Africa performs reasonably well on **education spending** compared with other developing regions, allocating 16.3% of government budgets, comparable with Latin America and East Asia and well ahead of South Asia. Six countries (Ethiopia, Namibia, Burkina Faso, South Africa, Eswatini and Botswana) meet the globally recommended Education for All target of 20%. On the other hand, South Sudan, Somalia, Nigeria, Egypt and Angola allocate less than 10% to education. These different spending levels produce very different outcomes in terms of education inequality, with the Seychelles and Botswana achieving virtually 100% secondary school completion, while in 14 countries fewer than 1% of the poorest children finish secondary school.

Africa falls well behind Latin America and East Asia on **health spending**, averaging only 9.1% of government budgets. Only four countries (the Seychelles, Liberia, Botswana and Eswatini) meet the AU Abuja commitment to allocate 15% to health; another five (Somalia, South Sudan, Nigeria, Egypt and Mali) allocate less than 5%. With these levels of spending, average health coverage is well below other regions at only 48%. Algeria, Morocco, the Seychelles and Tunisia achieve 70% health coverage, but Chad and Madagascar only have 28% health coverage. Shockingly, in 17 countries over 10% of the population (and in Egypt and Sierra Leone over 20%) spend 10% of their annual income on healthcare, driving many into poverty and many others to not seek healthcare.

Africa spends on average the same proportion of its budget (9%) on **social protection** as East and South Asia, but this is much less than Latin America, where many countries have used social protection proactively in recent years as the most efficient way to reduce inequality. It is also well below half of the amount needed to provide basic universal social protection in line with SDG 1.3. Five countries (Tunisia, Mauritius, Egypt, Angola and Tanzania) spend more than 15% of their budgets on social protection; while South Sudan, Chad and Liberia spend less than 2%. This low spending means only 28% of elderly Africans receive pensions, compared with 39% in Asia and 55% in Latin America; and only 17% of the total population has access to a social protection benefit, compared with 40% in Asia.

FIGURES 11, 12 AND 13: BREAKDOWN OF BUDGET ALLOCATIONS BY REGION

FIGURE 11: EDUCATION AS % OF TOTAL SPENDING

FIGURE 12: HEALTH AS % OF TOTAL SPENDING

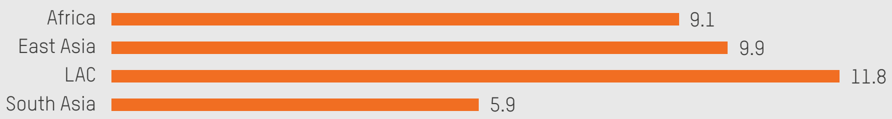
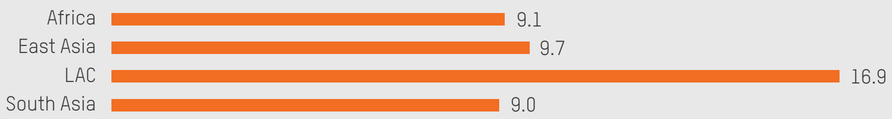


FIGURE 13: SOCIAL PROTECTION AS % OF TOTAL SPENDING



Low social spending and access to education, health and social protection services for the poorest people mean that **social spending reduces inequality in Africa by only 7.8%**, below Asia at 8.5% and well below Latin America at 10.1%. Namibia (34%), South Africa (22%) and Benin (19%) achieve the most inequality reduction, and Nigeria (1.8%), Guinea (0.9%) and South Sudan (0.6%) the least.

Agriculture spending – especially if for the benefit of smallholders, and to produce food – can also be a powerful driver of inequality reduction and poverty elimination. We therefore analysed this as an additional variable for African governments, especially in light of their commitment in the AU Comprehensive Africa Agriculture Development Programme to spend 10% of their budgets on agriculture. We found that they are spending less than half of this level (4.6%) on average. Only the Gambia, Mali and Malawi are meeting the target, with Burundi and Zimbabwe coming very close. At the other extreme, Algeria, Equatorial Guinea, Gabon and South Sudan spend less than 1% on agriculture, and Mozambique only just over 1%.[31]

2.1.3 EQUITABLE TAXATION: FAIR SYSTEMS ON PAPER UNDERMINED BY LOW COLLECTION

Southern Africa performs best among the regions of Africa, with East Africa close behind. Overall Africa does well on the taxation pillar of the CRI, mainly because its tax systems are very progressive on paper compared with other developing regions – but the collection of progressive income taxes is very disappointing in most countries. The top five African countries (South Africa, Togo, Djibouti, Kenya and Tunisia) are all in the top 10 globally, but could still do between one-third (South Africa) and one-half better. The bottom performers (South Sudan, Liberia, Mauritius, Morocco and Madagascar) could all do two or three times better.

TABLE 3: CRI INDEX PERFORMANCES AND RANKINGS FOR TAXATION

Regional scores		Top five global rankings			Bottom five global rankings		
Region	Score	Country	Score	Rank	Country	Score	Rank
SADC	0.64	South Africa	0.73	1	Madagascar	0.47	154
East Africa	0.63	Togo	0.70	2	Morocco	0.46	155
North Africa	0.58	Djibouti	0.67	5	Mauritius	0.46	156
Central Africa	0.53	Kenya	0.66	9	Liberia	0.41	157
West Africa	0.49	Tunisia	0.65	10	South Sudan	0.37	158

Africa has relatively **progressive tax systems on paper**. Value added taxes (VAT) exempt key food products consumed by the poorest people in 35 countries, and Africa has the highest average top personal and corporate income tax (PIT and CIT) rates among developing regions. The Central African Republic and Togo have the most progressive tax systems on paper, while South Sudan is the least progressive, though it intends to converge upwards to East African Community levels by 2025.[32] Indeed, regional tax coordination agreements have been a powerful factor keeping tax rates progressive in the WAEMU region.[33] Africa also has relatively few corporate tax havens, with only Mauritius scoring below the global average, due to its low corporate tax rate.

FIGURES 14 AND 15: PERSONAL INCOME TAX AND CORPORATE INCOME TAX RATES

FIGURE 14: TOP PERSONAL INCOME TAX RATES (%)

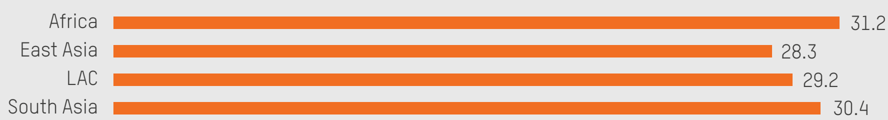
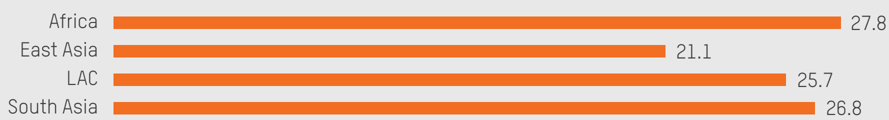


FIGURE 15: CORPORATE INCOME TAX RATES (%)



On average, Africa falls well behind on **progressive tax collection** compared with other regions, collecting only 29% of the taxes implied by its tax rates, compared with 35% in East Asia, 36% in South Asia and 38% in Latin America. However, interestingly this is mainly because its VAT productivity rate (44%) is much lower than other regions, whereas its PIT productivity is the highest of any region, and its CIT productivity exceeds that of South Asia. The Seychelles and Algeria collect more than two-thirds of the taxes they should, while South Sudan, the Central African Republic and Chad collect less than 10%. This low productivity reflects a combination of high levels of tax exemptions for the wealthy, and high levels of tax dodging.

Africa is a region where **wealth taxes** provide very little revenue (0.35% of GDP on average, compared with 0.73 in East Asia, 0.88% in Latin America, and 1.88% in OECD countries). There are no taxes on the stock of non-property wealth; capital gains taxes are absent in six countries and lower than income taxes in 25 other countries; inheritance taxes exist in only 14 countries and are progressive in only nine of these; and property taxes are often not very progressive, and rarely collected effectively. South Africa (1.7% mostly from property taxes), Morocco (1.4% from a combination of financial transaction and property taxes) and the Seychelles (0.8% from stamp duty on financial transactions) are the only countries where wealth tax revenues exceed 0.5% of GDP.

As a result of the low collection of all taxes, Africa's tax system is **actually increasing inequality by 1% on average** across the region – though this is less than the 1.9% increase occurring in East Asia, 2% in Latin America and 2.4% in South Asia. In 31 countries in Africa, tax exacerbates inequality. Tanzania and Tunisia are positive cases, as tax reduces their inequality by around 10%; on the other hand, inequality is increasing in Burkina Faso and Morocco, due to regressive social security levies and VAT.

2.1.4 LABOUR RIGHTS: VARIABLE RIGHTS ON PAPER, WITH MOST HAVING NO RIGHTS[34]

North Africa performs best of the African regions in terms of labour rights, with Southern Africa not far behind: East, Central and West Africa trail badly. Overall, Africa does relatively poorly on this pillar of the CRI, mainly because most of its workers are in informal or vulnerable jobs and therefore have no labour rights, but also because many countries lag behind on union and worker rights, including for women, and on minimum wages. The top five African countries (Seychelles, Mauritius, South Africa, Cabo Verde and Tunisia) would need to improve their performance by 25-50% to match the world's best performers, while the bottom five (South Sudan, Ethiopia, Burundi, the Central African Republic and Nigeria) would need to do five times as well.

TABLE 4: CRI INDEX PERFORMANCES AND RANKINGS ON LABOUR RIGHTS

Regional scores		Top five global rankings			Bottom five global rankings		
Region	Score	Country	Score	Rank	Country	Score	Rank
North Africa	0.49	Seychelles	0.81	29	South Sudan	0.24	154
SADC	0.36	Mauritius	0.66	50	Ethiopia	0.22	155
East Africa	0.17	South Africa	0.66	53	Burundi	0.22	156
Central Africa	0.16	Cabo Verde	0.65	57	Central African Republic	0.20	157
West Africa	0.12	Tunisia	0.65	60	Nigeria	0.17	158

Africa does relatively well in terms of its policies on **formal union and worker right**s as measured by formal legal adoption and implementation of ILO conventions, doing slightly better than Latin America and much better than Asia. However, this hides huge disparities between countries. While Cabo Verde, Togo, Malawi, the Gambia and São Tomé and Príncipe are all in the top 30, with good records in law and in practice, Zimbabwe, Nigeria, Algeria, Djibouti and Egypt have routinely violated trade union and worker rights.[35]

Africa scores similarly to other regions on **women's labour rights**, slightly behind Latin America and ahead of East Asia. Only the Seychelles, Togo, São Tomé and Príncipe and Mozambique come in the top 50 countries globally, whereas Nigeria, Guinea-Bissau and Sierra Leone are in the bottom 10. In many countries, scores are let down by the absence of laws protecting women against discrimination, unequal pay, rape and sexual harassment. In terms of parental leave, only Ethiopia comes in the top 50 countries globally, providing 123 days of paid parental leave; on the other hand, Tunisia provides only 21 days, Eswatini 14 days, and Lesotho none at all.

On **minimum wages**, Africa does better than any other developing region. Eight countries come in the global top 10 when minimum wages are compared to per capita GDP, headed by DRC, Mozambique and Niger. At the bottom of the CRI on this indicator are South Sudan, Uganda, Egypt and Ethiopia, which have no national minimum wage that includes the private sector, and Burundi and Rwanda, whose minimum wages were set so long ago that they are negligible and have no impact on current wage levels.

What really pulls down Africa's performance on labour policies is that they apply to such a small share of the labour force. Combining unemployed workers and workers with no formal labour contract, **67% of African workers have no labour rights** of the kinds discussed above, compared with 61% in South Asia, 52% in East Asia and 48% in Latin America. Africa contains 17 of the bottom 20 countries on this indicator (with Burundi, Niger, Chad and the Central African Republic at the bottom), and only the Seychelles and Mauritius are in the top third of the index.

FIGURES 16 AND 17: MINIMUM WAGE AND WORKERS' RIGHTS BY REGION

FIGURE 16: MINIMUM WAGE (AS % OF PER CAPITA GDP)

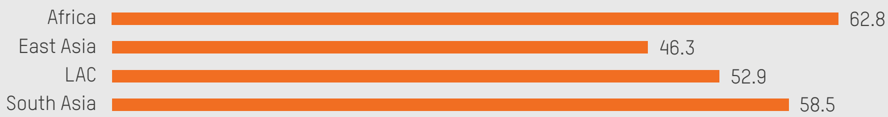


FIGURE 17: WORKERS WITHOUT RIGHTS (AS % OF LABOUR FORCE)

In terms of the **impact of labour policies and rights on inequality**, as a result of, in particular, the high number of workers without formal labour contracts, Africa has by far the highest wage inequality of any developing region (a Gini coefficient of 0.65 compared with 0.52 for East Asia, 0.51 for South Asia and 0.47 for Latin America). Eighteen countries have wage Gini coefficients above 0.7, with the worst in Niger (0.85), and the Central African Republic and Liberia (0.82); and even the lowest wage Ginis are high – 0.43 in Egypt and 0.47 in Mauritius and South Africa.

BOX 1. FIGHTING CORRUPTION AND BUDGET TRANSPARENCY ARE STRONGLY LINKED TO FIGHTING INEQUALITY

Many commentators on previous CRI Index reports have asked whether there is a relationship between governance and anti-inequality policy commitments. To address this question, we tested for correlations between the CRI and two widely used governance indicators, the International Budget Partnership's Open Budget Index (OBI) and Transparency International's Corruption Perceptions Index (CPI). The CPI covers all 47 African countries which are included in the CRI, while the OBI covers 36 of these countries.[36]

We found strong correlations between the CPI and CRI scores, especially on public services (0.74) and the overall CRI score (0.67). These imply that there is a very strong link between countries successfully fighting corruption and those focusing on reducing inequality, especially via pro-poor public services. Among the regions of Africa, the correlations were particularly strong in Southern Africa – 0.80 for overall commitment, and 0.85 for public services. The correlations between the OBI and the CRI were also positive, but weaker at 0.44 for both overall scores and public services, implying that there is also an important link between budget transparency and budgets which fight inequality. These findings complement a wide range of governance literature which shows that corruption and dominance of the policy and budget-making process by a small wealthy elite is likely to result in policies and outcomes which exacerbate inequality.

ANNEX 1: THE COMMITMENT TO REDUCING INEQUALITY INDEX 2020: RANKINGS OF AFRICAN COUNTRIES

Country	Global ranking (158)	Africa ranking (47)	Country	Global ranking (158)	Africa ranking (47)
South Africa	18	1	Senegal	127	25
Seychelles	21	2	Tanzania	130	26
Tunisia	48	3	The Gambia	132	27
Namibia	52	4	Rwanda	133	28
Lesotho	54	5	Burkina Faso	134	29
Botswana	60	6	Democratic Republic of Congo	135	30
Algeria	70	7	Ethiopia	136	31
Kenya	76	8	Republic of Congo	137	32
Mauritius	79	9	Zimbabwe	138	33
Togo	82	10	Cameroon	139	34
Cabo Verde	91	11	Guinea	140	35
Eswatini	96	12	Côte d'Ivoire	141	36
Malawi	97	13	Niger	142	37
Djibouti	101	14	Uganda	143	38
São Tomé and Príncipe	105	15	Sierra Leone	145	39
Egypt	113	16	Burundi	147	40
Mozambique	115	17	Madagascar	148	41
Angola	118	18	Guinea-Bissau	150	42
Morocco	120	19	Central African Republic	151	43
Ghana	121	20	Liberia	154	44
Zambia	122	21	Chad	155	45
Mauritania	123	22	Nigeria	157	46
Mali	125	23	South Sudan	158	47
Benin	126	24			

NOTES

All links last accessed 2022, January 17, except where specified.

1 N. Tamale. (2021). *Adding Fuel to Fire: How IMF demands for austerity will drive up inequality worldwide.* Oxfam. https://policy-practice.oxfam.org/resources/adding-fuel-to-fire-how-imf-demands-for-austerity-will-drive-up-inequality-worl-621210/

2 Due to data constraints Comoros, Equatorial Guinea, Gabon, Libya, Somalia and Sudan are not included in the CRI Index. However, a considerable amount of data is available for Somalia, which is analysed in some later sections of the report.

3 Oxfam. (December 2021). Oxfam Manifesto on T for the French Presidency of the Council of the EU. https://oi-files-d8-prod.s3.eu-west-2.amazonaws.com/s3fs-public/2021-12/Oxfam%20Manifesto%20on%20Tax.pdf

4 The work supporting this briefing has been funded by Development Finance International, Norwegian Church Aid, the Open Society Foundation, and Oxfam International.

5 The IMF has indicated that a Gini coefficient above 0.27 means inequality is undermining growth. It has calculated that the reduction in growth caused by inequality ranges between 1% and 10%, rising with the level of inequality. See F. Grigoli and A. Robles. (2017). *Inequality Overhang*. IMF Working Paper. https://www.imf.org/en/Publications/WP/Issues/2017/03/28/Inequality-Overhang-44774

6 See C. Lakner, M. Negre and E.B. Prydz (2014). *Twinning the Goals: How Can Promoting Shared Prosperity Help to Reduce Global Poverty?* https://openknowledge.worldbank.org/handle/10986/20611; and C. Lakner, D.G. Mahler, M. Negre, and E.B. Prydz. (2020). *How Much Does Reducing Inequality Matter for Global Poverty?* Global Poverty Monitoring Technical Note 13. https://documents1.worldbank.org/curated/en/765601591733806023/pdf/How-Much-Does-Reducing-Inequality-Matter-for-Global-Poverty.pdf

7 Data on income and wealth concentration are from the World Inequality Lab: https://wid.world/data. They show that on average across all African countries, the income share of the top 1% is 16.6% and the wealth share is 33.3%, so wealth is 2.06 times as concentrated in the top 1%.

8 For an excellent analysis of the impact of racial and gender inequality in South Africa, see Oxfam South Africa. (2020). *Reclaiming Power: Womxn's Work and Income Inequality in South Africa*. https://www.oxfam.org.za/wp-content/uploads/2020/11/oxfam-sa-inequality-in-south-africa-report-2020.pdf

9 For analysis on the Sahel, see S. Gellar. (2020). *Steps Toward Peace: A Conflict Assessment of the Liptako-Gourma Zone (Burkina Faso, Mali and Niger)*. Catholic Relief Services. https://www.crs.org/sites/default/files/tools-research/sahel_peace_initiative_report_20os-296417_final_1.pdf

10 See C. Lakner et al. (2020). *How Much Does Reducing Inequality Matter for Global Poverty?*

11 Data provided to Oxfam by the World Bank. There are currently projected to be 1,009 million people in sub-Saharan Africa living on less than $5.50 a day. If current trends continue and inequality increases, this will rise to 1,170 million by 2030.

12 See Patriotic Millionaires, Institute for Policy Studies, Fight Inequality Alliance and Oxfam. (2022). *Taxing Extreme Wealth – An Annual Tax on the World's Multi-millionaires and Billionaires: What it Would Raise and What it Could Pay For*. https://ips-dc.org/wp-content/uploads/2022/01/Report-Taxing-Extreme-Wealth-What-It-Would-Raise-What-It-Could-Pay-For.pdf

13 The lower estimate is from the Institute for Health Metrics and Evaluation at https://covid19.healthdata.org; the higher estimate is from the Economist: https://www.economist.com/graphic-detail/coronavirus-excess-deaths-estimates

14 A. Levin, N. Owusu-Boaitey, S. Pugh, B.K. Fosdick, A.B. Zwi, A. Malani, S. Soman, L. Besançon, I. Kashnitsky, S. Ganesh, A. McLaughlin, G. Song, R. Uhm, and G. Meyerowitz-Katz. (2021). *Assessing the Burden of COVID-19 in Developing Countries: Systematic Review, Meta-Analysis, and Public Policy Implications*. https://www.medrxiv.org/content/10.1101/2021.09.29.21264325v3.full.pdf+html

15 Data from Our World in Data. https://ourworldindata.org/explorers/coronavirus-data-explorer

16 Data for this section are from the CRI Index Public Services and Labour Rights Database, at www.inequalityindex.org. Social protection coverage is tracked by a proxy indicator of pension coverage, because data were not available on overall social protection coverage across Africa when the last CRI Index database was compiled in 2020. More recent data indicate that overall social protection coverage for all age groups is only 17% in Africa, compared with 40% in Arab States and Asia, 64% in the Americas and 84% in Europe.

17 Data from IMF. (2021). *Database of Fiscal Policy Responses to COVID-19*. https://www.imf.org/en/Topics/imf-and-covid19/Fiscal-Policies-Database-in-Response-to-COVID-19; supplemented by IMF programme and Article IV documents for individual countries.

18 All data in this paragraph are from the database compiled for a forthcoming report for Norwegian Church Aid, *A Nordic Solution to the New Debt Crisis*, based on IMF World Economic Outlook Database for debt/GDP, and country budget documents and IMF Article 4 documents for debt servicing and other spending figures. No debt service data were available for Algeria, Egypt, Equatorial Guinea, Eritrea or Libya, and no debt stock data for Eritrea.

19 N. Tamale. (2021). *Adding Fuel to Fire: How IMF demands for austerity will drive up inequality worldwide.* Oxfam. https://policy-practice.oxfam.org/resources/adding-fuel-to-fire-how-imf-demands-for-austerity-will-drive-up-inequality-worl-621210/

20 These forecasts of spending cuts are calculated using US$ GDP and spending/GDP numbers from IMF. (2021). *World Economic Outlook Database: October 2021*. https://www.imf.org/en/Publications/WEO/weo-database/2021/October

21 IMF financial support based on data from IMF. (n.d.). *COVID-19 Financial Assistance and Debt Service Relief*. https://www.imf.org/en/Topics/imf-and-covid19/COVID-Lending-Tracker

22 World Bank's response to COVID-19 in Africa, see https://www.worldbank.org/en/news/factsheet/2020/06/02/world-banks-response-to-covid-19-coronavirus-in-africa

23 See, for example, L. Elliott. (2020, 29 September). *IMF Chief: Covid Will Widen Inequality Without Global Action, The Guardian*. https://www.theguardian.com/business/2020/sep/29/imf-chief-covid-inequality-kristalina-georgieva; and World Bank. (2020). *Remarks by World Bank Group President David Malpass at the Climate Ambition Summit 2020*. https://www.worldbank.org/en/news/speech/2020/12/12/remarks-by-world-bank-group-president-david-malpass-at-the-climate-ambition-summit-2020

24 R. de Mooij, R. Fenochietto, S. Hebous, S. Leduc and C. Osorio-Buitron. (2020). *Tax Policy for Inclusive Growth After the Pandemic*. https://www.imf.org/-/media/Files/Publications/covid19-special-notes/en-special-series-on-covid-19-tax-policy-for-inclusive-growth-after-the-pandemic.ashx

25 N. Tamale. (2021). Op. cit.

26 R.A. Duval, Y. Ji, amd I. Shibata. (2021). *Labor Market Reform Options to Boost Employment in South Africa*. IMF Working Paper 2021/165. https://www.imf.org/en/Publications/WP/Issues/2021/06/11/Labor-Market-Reform-Options-to-Boost-Employment-in-South-Africa-460735

27 On health, see K. Malouf Bous, A. Marriott, E. Seery and R. Shadwick. (2020). *From Catastrophe to Catalyst: Can the World Bank Make COVID-19 a Turning Point for Building Universal and Fair Public Healthcare Systems?* https://policy-practice.oxfam.org/resources/from-catastrophe-to-catalyst-can-the-world-bank-make-covid-19-a-turning-point-f-621113. On social protection, see, for example, C. Andrews, A. de Montesquiou, I. Arevalo Sanchez, P.V. Dutta, B.V. Paul, S. Samaranayake, J. Heisey, T. Clay and S. Chaudhary. (2021). *The State of Economic Inclusion Report 2021: The Potential to Scale*. World Bank. https://openknowledge.worldbank.org/handle/10986/34917

28 For the multiple research studies underlying the indicators included in the CRI, see the 2017, 2018 and 2020 CRI Index reports and their related methodology documents, at www.inequalityindex.org

29 More details on the definitions of the indicators and data sources can be found in the methodology document on the CRI Index website at www.inequalityindex.org

30 All data in this section are from the CRI Index Equitable Public Services Database, a summary of which is available at www.inequalityindex/org, and which is compiled from budget documents for 90 countries, and AsDB, CEPAL, Eurostat, ILO, OECD, UNESCO and WHO secondary sources.

31 Data from Government Spending Watch, www.governmentspendingwatch.org, for all countries except Algeria, Egypt, Equatorial Guinea, Gabon, Morocco and Tunisia, which are from https://www.resakss.org/node/11

32 The source for all tax rate and tax collection data in this section is the CRI Index Global Progressive Tax Database, a summary of which is available at www.inequalityindex/org, and which in turn is based on country budget and tax code documents, as well as tax analyses by the key global accounting companies (for example, Deloitte. (2021). *Guide to Fiscal Information: Key Economies in Africa 2021*. https://www2.deloitte.com/content/dam/Deloitte/za/Documents/tax/za-Deloite-Guide-to-fiscal-information-2021.pdf) and tax collection data from IMF country documents at www.imf.org

33 See M. Martin. (forthcoming). *Progressive Tax Policies to Build Back Fairer*, Development Finance International.

34 Labour data are from the CRI Index Labour Rights Database, a summary of which is available at www.inequalityindex/org, and which is in turn compiled from country labour laws and minimum wage announcements, as well as secondary ILO and World Bank sources.

35 This is based on Penn State University Labour Rights Indicators at https://www.dept.psu.edu/liberalarts/WorkersRights, which have recently been adopted by the UN as the official indicator to track the SDGs on labour rights. However, these scores refer to 2017, as the indicator scores are still in the process of being updated for more recent years.

36 For more details on these indexes, see https://survey.internationalbudget.org/#home and https://www.transparency.org/en/cpi/2020/index. The data used from both indexes are those for 2019, to match the CRI data.

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This publication is part of a series on African governments' Commitment to Reducing Inequality being produced during 2021–22. For much more detail on regional and country-specific policies, including recommendations for how each country could improve its policies, see the reports and country profiles pages at www.inequalityindex.org

For more information on the Commitment to Reducing Inequality Index, and its full data and methodology, see www.inequalityindex.org. For further information on the issues raised in this paper, or to comment on the report, email matthew.martin@dri.org.uk or max.lawson@oxfam.org

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Slums in Kiberia, Kenya. Photo: Victor Oluoch.

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