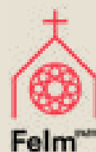
TACKLING INEQUALITY AT ITS EPICENTRE: EASTERN AND SOUTHERN AFRICA

An Urgent Policy Agenda for Governments and the International Community



Acknowledgements

Jo Walker and Matthew Martin authored this report, with data supplied by David Waddock and Maria Holloway from Development Finance International. The report makes extensive use of the 2024 Commitment to Reducing Inequality Index, which was produced jointly by Development Finance International and Oxfam International.

It has received significant comments and contributions from several organisations including: Save the Children, Sondre Nave, Oliver Fiala, Jaime Chivite, and Miya Tajima-Simpson: Swedish Council of Churches, Gunnel Nycander, Emilie Weiderud, and Lennart Hernander: Norwegian Church Aid, Franklin Opuko, Kjetil Abildsnes, Vilde Ørnung and Silje Margrete Ander: Felm, Rosa Puhakainen and Lilja Osterman.

This report has been produced with financial support from Save the Children Norway and the Ministry of Foreign Affairs of Finland.

Cover: The cover shows a camp in Malakal in South Sudan for refugees and IDPs, where the hygiene conditions are challenging.

Cover photo: Håvard Bjelland

Design: WJ Profil

Contents

PREFACE.....5

EXECUTIVE SUMMARY.....6
Wealth for the few, struggle for the many.....6
Public services pillar: cuts and stalled coverage reducing inequality-busting power.....7
Progressive Taxation: Tax collection remains a significant problem.....7
Labour Rights Pillar: widespread decline.....8
Choked by Debt and Austerity During a Collapse of Aid.....8
Conclusions and recommendations.....9

1. INTRODUCTION.....10

2. INEQUALITY TRENDS IN EASTERN AND SOUTHERN AFRICA.....11
Box 1: Measuring Inequality.....12
Southern Africa: Extreme Income Inequality is Worsening.....13
Eastern Africa: Income Inequality, High and Growing Challenges.....14
Wealth inequality is even starker - in both regions.....15
Multiple crises are amplifying inequality.....16
The social and political impacts of inequality.....16

3. COMMITMENT TO REDUCING INEQUALITY INDEX 2024 - RESULTS IN EASTERN AND SOUTHERN AFRICA.....19
The evidence that underpins the choice of index pillars.....20
Overall Index Results - East and Southern Africa.....20
Box 2. Extreme child poverty today will drive future inequality tomorrow.....23

4. ARE PUBLIC SERVICES FIGHTING INEQUALITY IN EASTERN AND SOUTHERN AFRICA?.....24
Box 3. Gender equality and unpaid care.....25
Overall Ranks on the Public Services Pillar.....26
Public Spending and Coverage Indicators.....28
Education.....28
Health.....30
Social Protection.....30
Box 4. Financing gaps for universal coverage by 2030.....34
Impact of public services and social protection on inequality.....34
Box 5. Fighting Disability Inequality in Southern and Eastern Africa through Public Services.....35

5. ARE COUNTRIES' TAX SYSTEMS FIGHTING INEQUALITY?.....37
Overall results in the progressive tax pillars.....37
Box 6. Wealth Taxes to fight growing inequality.....39
Progressive taxes (on paper).....40
Corporate Income Rate (CIT).....40
Personal Income Tax (PIT).....41
Value-Added Tax (VAT).....42
Harmful tax practices.....45
Tax Collection.....45
Impact of Taxes on Inequality.....47

6. ARE LABOUR POLICIES FIGHTING INEQUALITY IN SOUTHERN AND EASTERN AFRICA? ... 48
Overall results on the Labour Rights Pillar ... 48
Labour rights ... 51
Box 7. What does the 2024 ITUC Global Labour Right Index reveal? ... 51
Women's rights in the workplace ... 52
Box 8. Disability exclusion: an area which requires action ... 54
Minimum Wages ... 55
Box 9. Family law is key to unlocking women's rights outside the home ... 56
Coverage of Workers' Rights ... 57
Box 10. Child Labour - a consequence of failed labour policies ... 58
Wage inequality ... 59

7. DEBT CRISIS, AUSTERITY AND AID CUTS: THE GLOBAL FACTORS EXACERBATING INEQUALITY ... 60
The Growing Debt Crisis ... 60
Increasing Austerity ... 65
Sharp Aid Cuts ... 66

8. CONCLUSIONS AND RECOMMENDATIONS ... 68
Recommendations to Governments ... 68
Recommendations to the international community ... 70

ENDNOTES ... 74

Photo: Magdalena Vogt

Preface

Rev. Dr. Fidon Mwombeki, General Secretary All Africa Conference of Churches (AACC)

Economic inequality remains one of the most pressing challenges facing Eastern and Southern Africa today. Two-thirds of Southern and Eastern African countries are classified as "highly unequal", undermining social as well as economic progress and cohesion. This has devastating consequences for children that cannot access education or health services, families that struggle to put enough food on the table and the violation of human rights due to lack of investments in basic public services.

Despite impressive economic growth in recent decades, the benefits have not been evenly distributed. Instead, inequality has been rising for decades in the region, in terms of both income and wealth. This report delves into the multifaceted nature of economic inequality, and examines governments' efforts to reduce inequality in three key areas: public services (education, health and social protection), progressive taxation, and labour rights and wages.

Fighting inequality requires resolute, consistent and long term policy decisions and budget priorities at national level. Since COVID-19, many countries in the region have been reducing their efforts to fight inequality. However, as the comparison of different countries' efforts to fight inequality shows, a deteriorating status quo is not inevitable. In this report, we provide many examples of government policies that are making a positive change.

Decisive action at the national level is not enough. The international community also needs to step up on key areas to fight inequality and reduce poverty and the massive aid cuts we see today reinforce the need to address the root causes. Much needed reforms of the global economic architecture would include debt relief and reform of the debt architecture, as well as a strong UN Framework Convention on International Tax Cooperation. Countries in the region are spending half of budget revenue on debt servicing on average – equivalent to three times education spending, nine times health spending and 18.5 times spending on social protection. At the same time, tax abuse by multinational companies and wealthy individuals are siphoning huge sums out of public budgets, enabled by a failed international tax system.

Such reforms would not only make countries less vulnerable to political shifts in donor countries, but also be an important building block of more democratic and resilient societies. Governments in the Nordic countries could play an important role in this regard, and there are several opportunities to do so in 2025.

The Fourth International Conference on Financing for Development, taking place this year, presents an important moment for world leaders to address the lack of financing for development and find sustainable solutions, in addition to the negotiations towards a UN Tax Convention.

This report provides a comprehensive analysis of efforts to reduce economic inequality in Eastern and Southern Africa, drawing on data from various sources and case studies from different countries. It concludes with policy recommendations addressing national governments as well as the international community. We hope that these recommendations, along with the data and analysis in the report, will be a useful tool for civil society and policymakers, in their efforts to render society more equal.

As we navigate the complexities of economic inequality, it is crucial to recognize the interconnectedness of our global community. By fostering inclusive growth and equitable development, we can create a more just and prosperous future for all.

Executive Summary

Wealth for the few, struggle for the many

Eastern and Southern Africa are global epicentres of inequality. Two-thirds of their countries experience high inequality. Across both regions, the richest 1% control 20% of income, and the top 10% more than 50%. Meanwhile, the bottom half of the population has just 5% of income in Southern Africa and 10% in Eastern Africa. Wealth inequality in Southern Africa is particularly severe. The top 10% own nearly 85% of all wealth, and the richest 1% hold more than half. In contrast, the poorest 50% have a negative net worth of -1.7%, meaning their debts outweigh any assets they own.

Despite significant wealth accumulation among a small segment of the population, most households continue to face economic hardship driven by persistent cost-of-living pressures. Gains in reducing extreme poverty have plateaued, with millions remaining below the poverty line. Household food insecurity is increasing as rising prices and climate-related shocks—such as prolonged droughts—undermine both consumption and agricultural productivity. Real wages have stagnated, and labour markets in both regions offer limited access to secure, decent employment, particularly for young people.

The inequality crisis has now hit a tipping point. Growing frustration is sparking political unrest in South Africa, Kenya, Malawi, Mozambique, Angola, and beyond. People are increasingly blaming international institutions for failed policies. For instance, protests against IMF-backed austerity in Kenya forced the government to withdraw a controversial finance bill.

The World Bank has now introduced a new inequality indicator to guide its work in response to the crisis. Yet the World Bank and IMF still push policies that deepen the inequality crisis. Both must make reducing inequality the heart of their work—not just in rhetoric but also in their lending programmes and policy advice.

CRI Index results: too many countries are backpedalling

In this context, the Commitment to Reducing Inequality (CRI) Index 2024 offers up-to-date evidence on what governments in the regions are doing to tackle inequality and shines a light on what more can be done in three policy areas critical to reducing inequality - public services, taxation, and labour.

The 2024 Index results show that most countries in Eastern and Southern Africa are backtracking on anti-inequality policies, which will lead to growing inequality. Since 2022:

- 80% of countries have cut social spending as a proportion of their budgets;
- 50% have made tax policy and collection less progressive; and
- 90% have worsened labour rights performance.

Top and Bottom Performers

South Africa and Namibia lead in Southern Africa, having recognised the urgent need to address their extreme inequality. Both have made progress—fiscal policies reduce inequality by about one-third. Still, more action is needed to address structural inequality rooted in colonialism and apartheid, primarily through policies to tackle wage and wealth inequality. Namibia's new government is introducing wage-equalising policies. South Africa has been discussing a wealth tax, which could raise US$9.1 billion annually. Elsewhere in Southern Africa, Lesotho and Eswatini have improved since 2022 due to higher social spending and decreased unemployment. In contrast, Zimbabwe, Madagascar, and DRC rank lowest, with weak public services and high informal labour.

In Eastern Africa, all countries declined in global rankings. As a result, the region's average score dropped below West and Central Africa and is now averaging the lowest for any sub-Saharan African region. Kenya remains the top performer but fell from 76th to 96th place. Rwanda and Burundi also dropped, while South Sudan remains last globally due to poor services and regressive taxes.

Public services pillar: cuts and stalled coverage reducing inequality-busting power

The Public Services pillar evaluates budget allocations, service coverage, and the impact on inequality of education, health, and social protection. Both regions have seen spending cuts, but these have been most severe in Eastern Africa. Due to these cuts, Burundi experienced the worst decline in global rankings across sub-Saharan Africa.

Education

Only Namibia, Botswana, and South Africa meet or exceed the 20% budget target set in the SDG4 Education 2030 Framework for Action. In most countries in both regions, young people from the poorest quintile rarely complete secondary education. In 12 countries, secondary school completion among the poorest is below 1%.

Health

Only Namibia meets the African Union "Abuja Target" to spend 15% of the budget on health. Low spending means no country in Eastern or Southern Africa has achieved universal health coverage. Though Seychelles leads at 75%, coverage remains below 50% in most countries. Due to low public spending, 35% of households in Angola and over 10% in Uganda and Zimbabwe face catastrophic out-of-pocket health spending costs, which reinforces inequality.

Social Protection

Southern Africa leads in social protection, with countries like Mauritius, South Africa, and Namibia offering near-universal pension coverage. In contrast, Eastern Africa lags—less than 10% of older persons are covered in most countries. Most countries remain far from universal coverage across other programmes; for instance, only 2.8% of people with disabilities who need support get benefits in East Africa. Many countries rely heavily on donor funding for their social protection programmes.

Impact of public services on inequality

Public services reduce inequality in every country, but the scale varies—from 30% reductions in South Africa and Namibia to just 1% in Zimbabwe. Declining budgets, however, have weakened the inequality-reducing power of public services across both regions.

Progressive Taxation: Tax collection remains a significant problem

While many countries have progressive tax policies on paper, poor collection reduces their impact on inequality.

Tax policies on paper

Most Eastern African countries have progressive tax systems on paper, with relatively high corporate and personal income tax rates. Burundi, Somalia, and Uganda rank among the top 30 globally for tax progressivity.

The East Africa region's average corporate income tax rate is 28%, above the global average of 23%, due to the existence of the East Africa Community common rate to reduce tax competition.

In Southern Africa, Lesotho, South Africa, and Zambia are top performers regionally and globally in designing progressive tax systems. However, two countries—Mauritius and Seychelles—engage in harmful tax practices (HTPs) which means they act like tax havens and deprive themselves and other countries of tax revenues.

Tax Collection

Southern Africa collects 43% of its potential tax revenue, while Eastern Africa collects just 17%—and Somalia only 2%. More action is needed in both regions, especially given the urgent need to mobilise new resources - amid soaring debt burdens and shrinking aid flows - to shield the poorest in these hard times. This must be done progressively to avoid worsening costs for the poorest.

Impact on Inequality

On average, tax policies reduce inequality by 2.6% in Southern Africa and 1.8% in Eastern Africa—contrary to global trends where tax systems, on average, increase inequality. However, most countries fail to make a significant impact. In Eastern Africa, only half the countries reduce inequality through taxes. The scale of reduction has fallen in all but Kenya since 2022. In Southern Africa, most countries are reducing inequality through taxation, but DRC, Malawi, Madagascar, and Seychelles are not.

Labour Rights Pillar: widespread decline

The Labour Rights pillar measures policy strength, coverage of workers, and wage inequality. Only Lesotho and Burundi improved their scores since 2022 across both regions. Most countries, particularly in Eastern Africa, rank in the global bottom third.

Labour rights

This tracks labour laws and the right to unionise on paper and in practice. Zimbabwe, DRC, Tanzania, Eswatini, Botswana, and Zambia rank in the bottom third due to weak legal protections and frequent violations. The ITUC 2024 Global Rights Index shows a worrying decline in workers' rights in both regions.

Minimum Wages

Governments have failed to adjust minimum wages in line with inflation, deepening hardship for low-paid workers. While many countries have set minimum wages above per capita GDP, enforcement remains weak. South Africa and Namibia stand out for raising their national minimum wages and extending coverage to domestic and farm workers.

Women's Rights in the Workplace

Several countries in Eastern and Southern Africa lack key legal protections for women in the workplace, undermining gender equality. In Southern Africa, Botswana has no law on equal pay, and Angola lacks sexual harassment legislation. Lesotho is the only ESA country—one of just five worldwide—without parental leave. In Eastern Africa, Somalia lacks a law on sexual harassment. DRC, Ethiopia, Kenya, Somalia, South Sudan and Uganda are marked down for not including marital rape in their anti-rape laws.

Legal coverage of workers' rights

Vulnerable employment—defined as work with low job security, poor conditions, and high informality—is exceptionally high across both regions. As a result, most workers are not covered by legal protections. Over 80% of workers in Madagascar, Mozambique, Burundi, and South Sudan lack labour protections, and over 60% in Kenya and Rwanda. High unemployment further deepens the crisis in Southern Africa—Eswatini's unemployment rate is 38%, and South Africa's is 28%, with youth unemployment staggeringly high (about 50%).

Wage Inequality

Wage Gini coefficients exceed 0.7 in countries like South Africa, Zimbabwe, Uganda, and South Sudan – these are very high even compared to the worst figures globally. Low minimum wages and the low level of workers with rights drive this, underscoring the urgent need for stronger labour protections and the creation of decent work.

Choked by Debt and Austerity During a Collapse of Aid

The report also delivers a stark warning: a harsh global economic climate, marked by mounting debt, austerity pressures, and foreign aid cuts, is making it harder for governments to address inequality. This is choking the ability of governments in both regions to respond with stronger anti-inequality policies.

In 2024, 40% of countries in the region spent more on debt servicing than on healthcare and education combined. Debt servicing rose from 21% in 2017 to 47% of revenue in 2024 in Eastern Africa and 34% to 51% in Southern Africa. Fifteen of 22 countries now spend over 30% of their budgets on debt. Countries like Zambia and Malawi are locked in a chronic debt crisis and forced to divert funds from fighting inequality.

IMF-backed austerity is also worsening inequality. Nineteen countries are implementing spending cuts, with Botswana, Malawi, and Mozambique facing the steepest reductions (up to 8% of GDP). Only Ethiopia, Kenya, South Sudan, and Tanzania will avoid cuts during 2025-29.

Foreign aid, once a lifeline for many African nations, has been in decline for a decade compared to GDP. But since 2022, major donors like the U.S., UK, Germany, and France have introduced sharper cuts - totalling an estimated $77 billion annually. Smaller economies like Malawi, Mozambique, Rwanda, and South Sudan, where aid makes up a large portion of budgets or GDP, are particularly vulnerable. For instance, Malawi lost its entire USAID-funded PEPFAR programme, which provided 88% of its HIV/AIDS funding. UNAIDS has recently warned of a ten-fold increase in deaths as a result of these cuts halting life-saving medicines to those living with HIV.

Governments face two options in responding to these cuts: borrow more at high interest, worsening debt burdens, or impose deeper austerity, slashing essential services. Both paths would deepen inequality further.

Conclusions and recommendations

Extreme and worsening inequality is not inevitable—but without urgent action, it will continue to fuel poverty, unrest, and stagnation in both regions. Governments, supported by the World Bank and IMF, must shift away from policies that worsen inequality and instead prioritise reducing inequality as a core objective.

Recommendations to Governments

- Develop National Inequality Reduction Plans (NIRPs) targeting low Gini coefficients (< 0.3) and monitoring progress annually.
- Invest in public services:
  - Allocate at least 20% of budgets to education and 15% to health.
  - End user fees for education and healthcare.
  - Expand access to early childhood education and universal primary healthcare and ensure equitable and quality education for all.
- Strengthen social protection floors:
  - Ensure universal, gender-responsive benefits across all life stages.
  - Expand non-contributory programmes, notably to cover informal workers.
- Make tax systems more progressive:
  - Introduce wealth taxes on the richest 1%.
  - Raise personal and corporate income tax rates to regional/global norms.
  - Avoid VAT hikes; exempt basic goods and protect small traders.
  - Eliminate harmful tax exemptions, close loopholes, and curb illicit flows.
- Improve labour rights:
  - Enhance and enforce union rights and collective bargaining.
  - Enforce equal pay laws and protections against discrimination and harassment.
  - Provide adequate maternity and paternity leave.
- Raise minimum wages to match per capita GDP and adjust for inflation.
- Expand public employment programs and protections for vulnerable workers.

Recommendations to the International Community

- Support countries to design and implement National Inequality Reduction Plans.
- Prioritise reducing inequality in IMF and World Bank policies and programmes by recommending and endorsing policies to:
  - increase anti-inequality spending and coverage of public services
  - make tax laws and collection more progressive
  - enhance labour rights and minimum wages.
- Improve data on inequality and impacts of fiscal and labour policies.
- Reach global agreements to tax corporations and super-rich more effectively.
- Provide comprehensive debt relief and reduce borrowing costs.
- Expand concessional and innovative financing (e.g. through ODA, South-South cooperation, SDRs, financial transaction taxes and carbon taxes)

If governments and the international community work together to step up the fight against inequality, it could be reduced sharply by 2030 – thereby reducing poverty, accelerating growth, and reducing social and political instability and migration. This is an urgent imperative the international community cannot avoid.

1. INTRODUCTION

Southern Africa, and to a lesser extent, East Africa, is home to some of the world's most unequal countries. According to the World Bank's new inequality "vision indicator," they have the greatest concentration of highly unequal countries globally.[1]

Against this backdrop, the gap between the super-rich and the majority widens. At the top, an elite continues to amass ever-growing wealth, far removed from the daily struggles of ordinary people. At the bottom, millions are fighting to survive. Parents skip meals so their children can eat. Families go without so their children can attend school or access urgent medical care. Smallholder farmers toil under unpredictable weather, unsure how to feed their families if the harvest fails. As the cost of living has spiralled, more and more people are being pushed to the edge. For young people, the future feels especially bleak. Jobs are scarce, and even those lucky enough to find work often face unpredictable work with low pay and harsh conditions. This is fuelling conflict, a sense of injustice, and a lack of trust in government while weakening citizens' participation and power to hold governments accountable.

However, poverty and inequality are not inevitable - the solutions are a policy choice.

This report—produced by Act Church of Sweden, Development Finance International (DFI), Felm, Norwegian Church Aid (NCA), and Save the Children Norway—offers policy pathways out of extreme poverty and inequality. It uses the **Commitment to Reducing Inequality (CRI) Index** to assess how governments address inequality through public services, taxation, and labour rights. But it also delivers a stark warning: a harsh economic climate—marked by mounting debt, austerity pressures, and foreign aid cuts—makes it harder for governments to act. The report concludes with clear policy recommendations for governments and the international community.

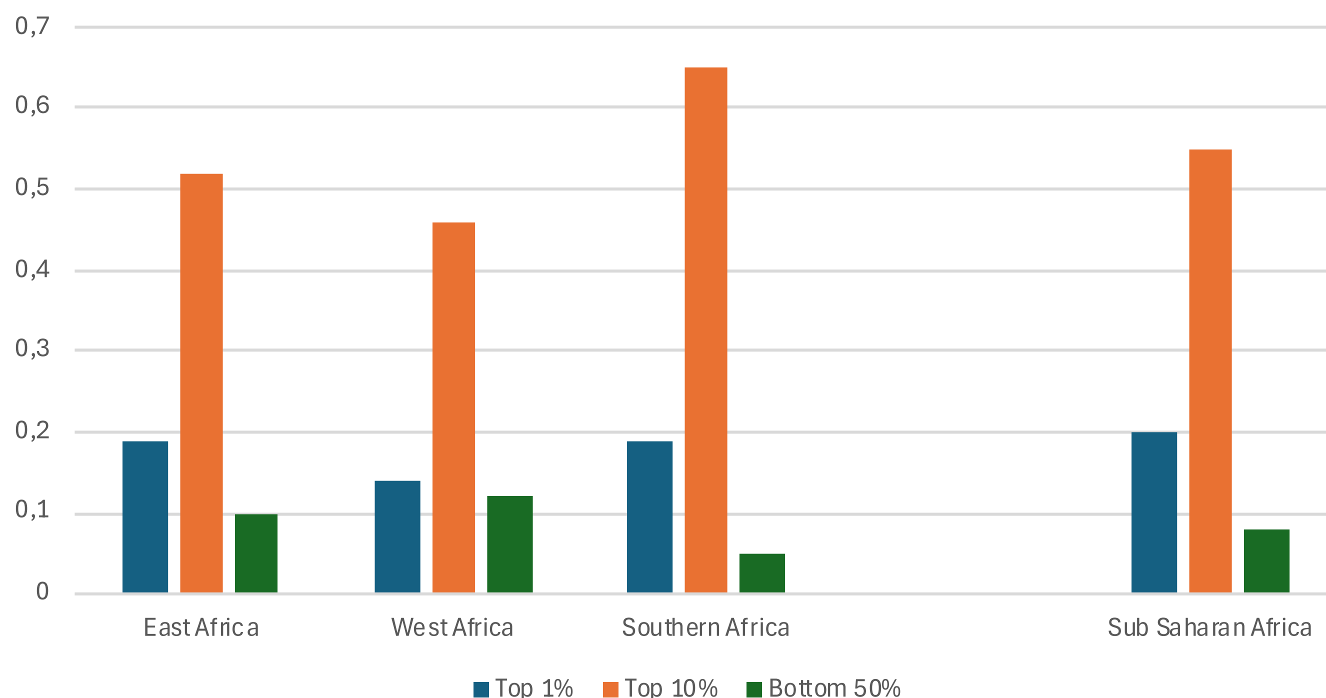
Outside an office building in Luanda, Angola. Benjamin is shining the shoes of the businessmen. Photo: Håvard Bjelland

2. INEQUALITY TRENDS IN EASTERN AND SOUTHERN AFRICA

Inequality in sub-Saharan Africa is a major obstacle to poverty reduction. In 2023, the richest 1% controlled over 20% of income while the bottom 50% shared just 8%. Southern Africa, followed by Eastern Africa, has the highest inequality among the regions of sub-Saharan Africa. **Chart 1** shows that the top 1% in Southern and East Africa earns around 20% of the total income—twice as much as the bottom 50% in East Africa and nearly four times more than in Southern Africa.[2]

These extreme disparities explain why countries in Eastern and Southern Africa figure prominently among the world's most unequal countries. For instance, the World Bank's new Inequality Indicator classifies nations with a Gini Index above 40 as "highly unequal."[3] Two-thirds of Southern and Eastern African countries now fall into this category—the highest proportion of any global region (see **Map 1).** This makes it especially vital for the World Bank to focus on tackling inequality in Eastern and Southern Africa to reduce extreme poverty.

Chart 1. Share of national income in sub-Saharan African regions



Source: World Inequality Database (pre-tax data)[140]

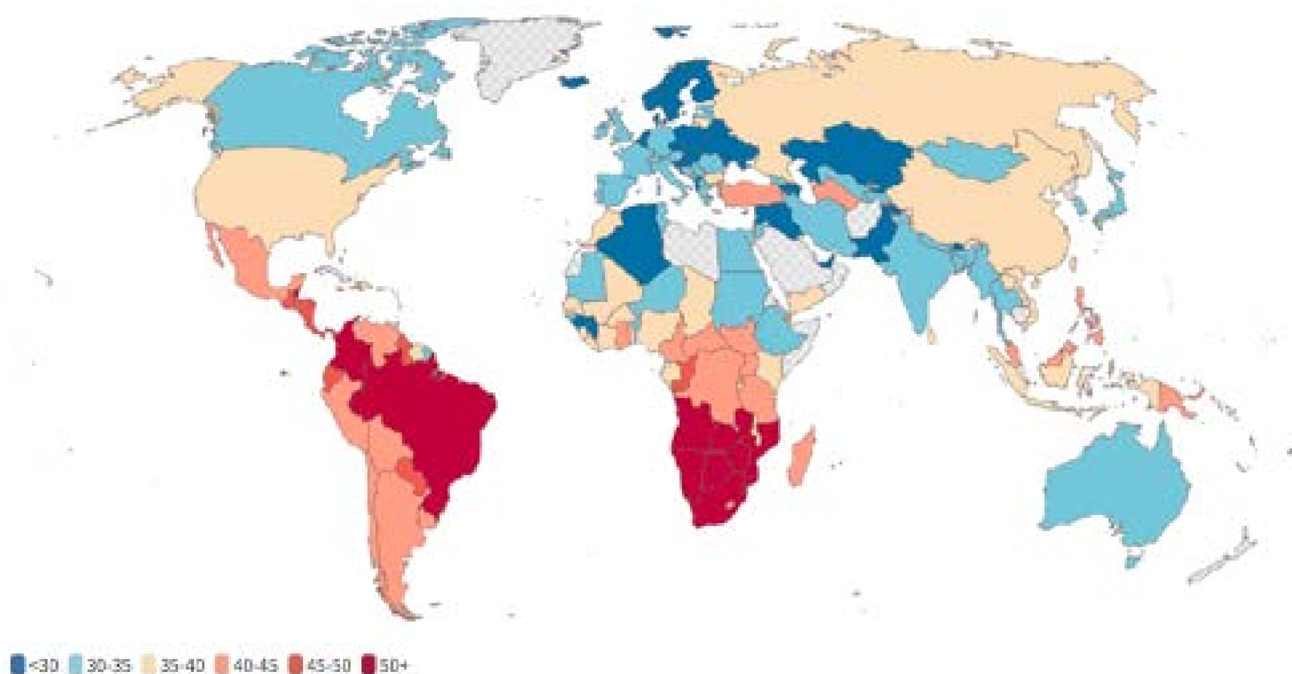
Box 1: Measuring Inequality

This report analyses inequality data from the World Inequality Database (WID) in this section. Data from the World Bank's Poverty and Inequality Platform (PIP) is also referenced above (see Map 1) to highlight regional trends. However, PIP data was not used for the in-depth analysis, as much of it is outdated for Eastern and Southern African countries—most have not been updated since before 2019—making it challenging to assess post-pandemic trends. This highlights the urgent need to improve the quality and timeliness of data, especially given its role in informing the work of the World Bank and others.

Data from the WID is used as, firstly, it provides data up to 2023 and historical data over time, enabling us to assess trends in income distribution, including post-pandemic shifts; secondly, it also allows us to track income shares of the top 1%, top 10%, and bottom 50%, overcoming some of the critiques levelled at the Gini Index that it is insensitive to changes at the top end of the distribution. WID also allows us to examine pre-tax income data, giving insight into market income distribution before government intervention - essential to assessing the impact of policies on inequality.

However, as the post-tax income Gini Coefficient is the most common measure of inequality, we have used post-tax data from WID for this (see Charts 2 and 4),[4] to allow us to compare inequality levels with benchmarks set by the IMF (the IMF assesses that inequality begins to harm growth at a Gini of 0.27)[5] and by the World Bank for "high inequality" (over 0.4). Both of these benchmarks use post-tax data, which offers the most comparability. For the wealth Gini, we have used pre-tax data.

Map 1. Global map of high inequality countries

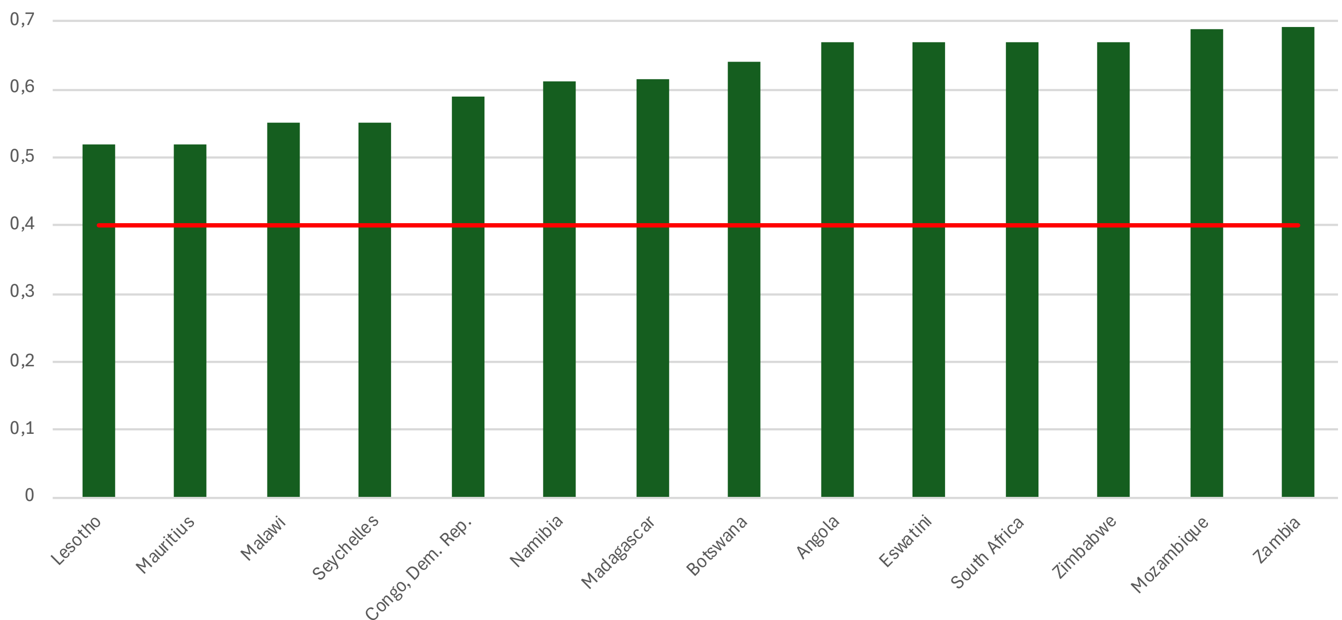


Source: World Bank Poverty and Inequality Platform (PIP).
Taken from https://blogs.worldbank.org/en/opendata/inside-the-world-bank-s-new-inequality-indicator--the-number-of-

Southern Africa: Extreme Income Inequality is Worsening

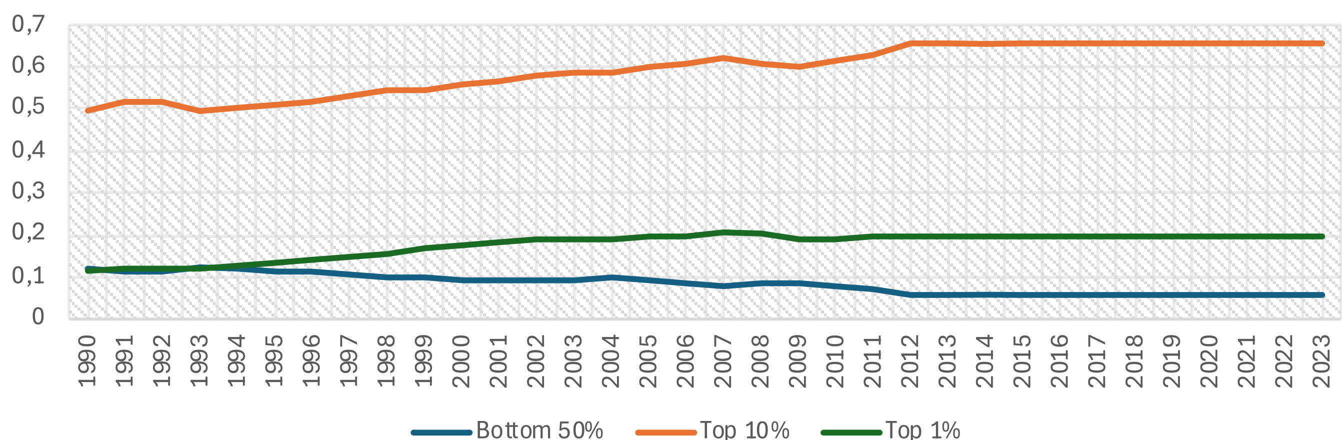
Southern Africa is home to some of the world's most unequal countries. Every nation in the region has a Gini coefficient above 0.4—placing them all in the "high inequality" category of the World Bank (see **Chart 2,** which marks this threshold). They even exceed the threshold that the World Bank defines as "very high" (anything above 0.5), with more than half recording a Gini above 0.6. These figures reflect Gini scores after government intervention (i.e. after taxes and transfers), which shifts some regional rankings compared to their pre-tax levels: before government fiscal interventions, South Africa and Namibia have Ginis above 0.7 – the highest in the world. This highlights the role of government policies in reducing these exceptionally high levels of inequality, but it also highlights how alarmingly high "market" inequality is in these countries.

Chart 2. Gini Coeffcents (post-tax and transfers) Southern Africa, 2023



Source: World Inequality Database. The line demonstrates the level of inequality that the World Bank considers "high" (0.4); anything over 0.5 is classified as "very high."

Chart 3. Southern Africa Income Inequality, 1990–2023



Source: World Inequality Database

In Southern Africa income tends to be heavily concentrated at the top:

- In eight countries—Angola, Mozambique, Botswana, Zambia, South Africa, Seychelles, Eswatini, and DRC—the top 1% capture over 20% of total income.
- In South Africa and Namibia, the top 10% control 65% and 64% of national income, respectively, and in all but Malawi, they take more than half.
- The bottom 50% earn the least in South Africa (6%), Namibia (7%), and Botswana and Eswatini (8%).

Inequality has also been rising for decades in the region. **Chart 3** shows that since the 1990s, the top 10% income share has surged from 50% to 65%, while the top 1% share has nearly doubled from 11% to 19%. Meanwhile, the bottom 50% has seen its income share shrink from 11% to 6%.

Eastern Africa: Income Inequality, High and Growing Challenges

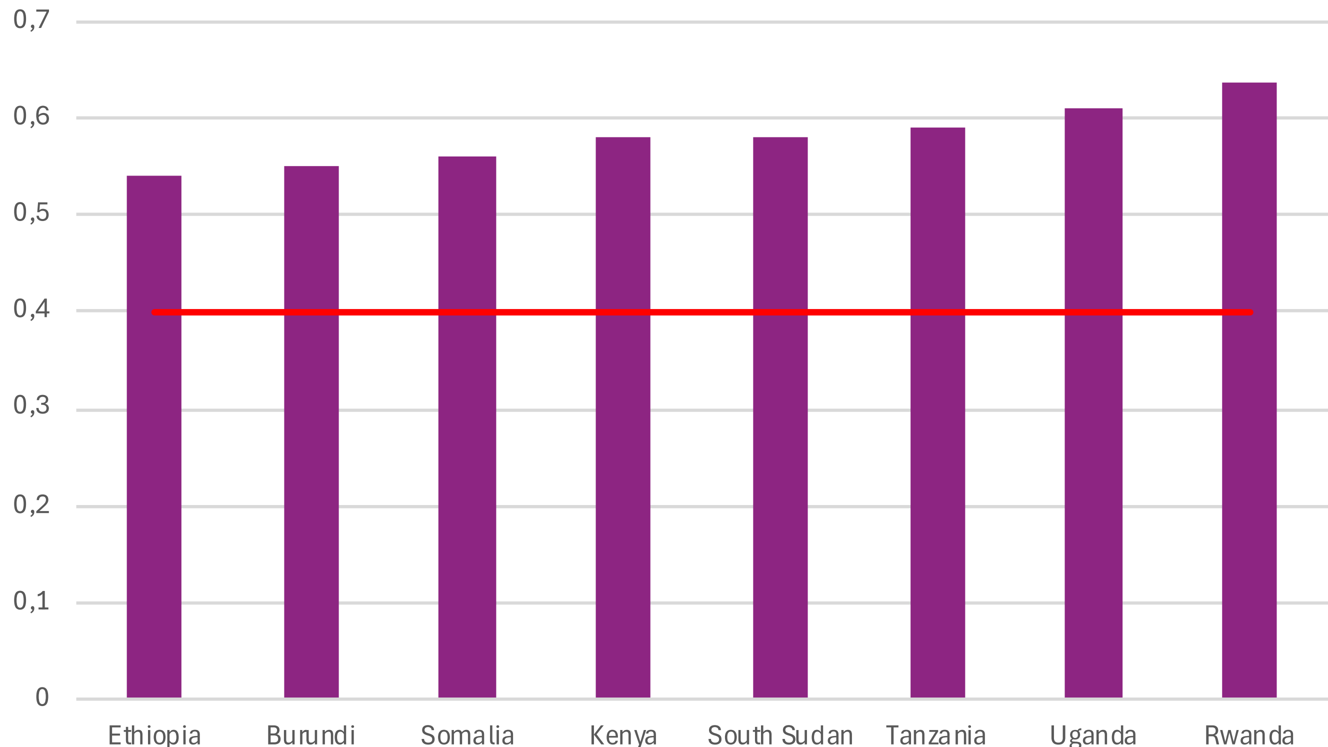
Eastern Africa is slightly less unequal than Southern Africa. However, income inequality remains high and has worsened since the pandemic (see **Chart 5).**

Chart 4 shows that all countries are above the World Bank threshold of "high inequality". Moreover, all are above 0.5 on the Gini Index, demonstrating very high inequality. Even after taxes and transfers, Rwanda and Uganda have Ginis above 0.6.

Income shares among the top 1%, top 10%, and bottom 50% also reveal stark disparities:

- In Uganda, Tanzania, and Rwanda, the top 10% control over half of the national income. Ethiopia has the lowest share for this group, though it is still significant at 45%.

Chart 4. Gini Coefficents (post-tax and transfers) East Africa, 2023



Source: World Inequality Database. The line demonstrates the level of inequality that the World Bank considers "high" (0.4); anything over 0.5 is classified as "very high."

- In Rwanda and Uganda, the top 1% earn 20% of total income—nearly twice the share of the bottom 50%.
- Ethiopia is the only country where the bottom half earns slightly more than the top 1% (16% and 14%, respectively).

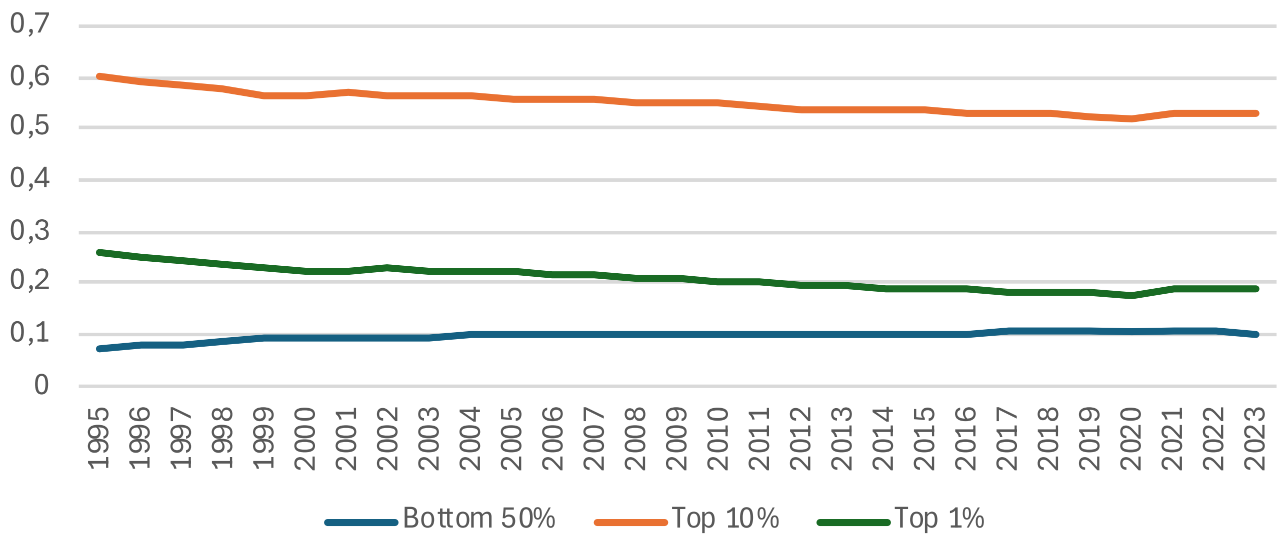
The latest data also shows a worrying uptick in income inequality post-pandemic at the top 1% and 10%, reversing decades of gradual decline since the 1990s (see **Chart 5**), showing a growing concentration of income among the top. Between 2020 and 2023:

- The top 10%'s income share rose slightly overall but jumped significantly in Kenya (from 45% to 50%).
- The top 1% saw sharp increases in Kenya (12% to 15%) and Tanzania and Uganda (16% to 18%).

Wealth inequality is even starker - in both regions

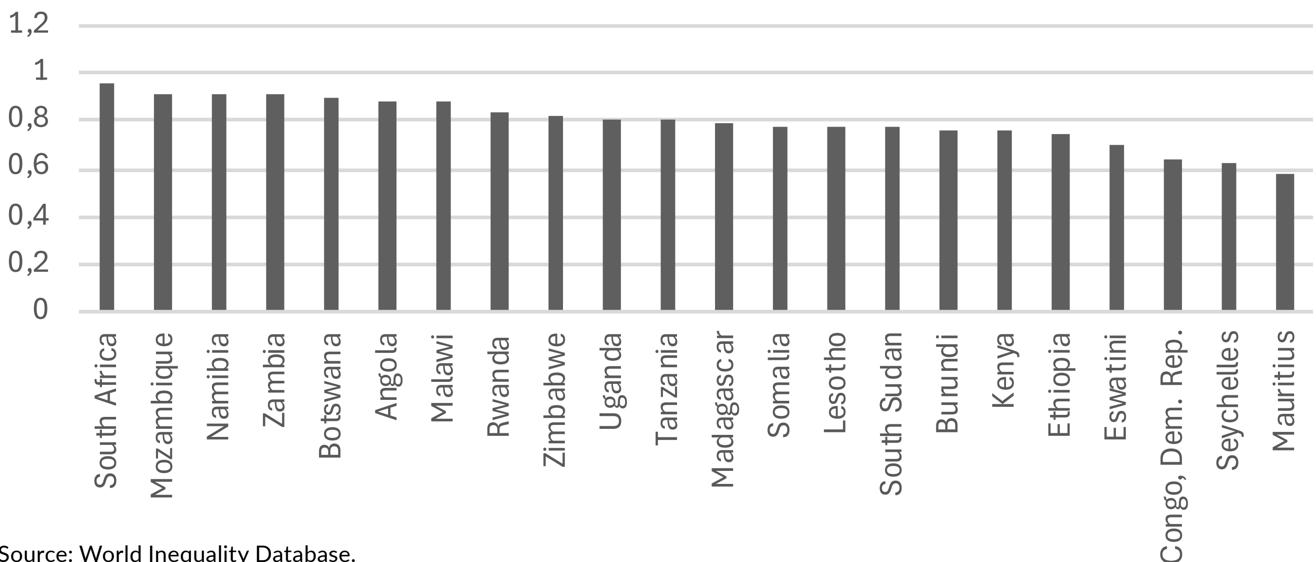
Wealth inequality is even more severe than income inequality across both regions. It is growing faster because wealth accumulates and compounds over time. As a result, the richest are accumulating increasing wealth - faster than wages can keep up.[6]

Chart 5. Eastern Africa Income Inequality (pre-tax) 1995–2022



Source: World Inequality Database.

Chart 6. Wealth Gini, across Eastern and Southern Africa (2023)



Source: World Inequality Database.

In **Southern Africa**, the top 10% own nearly 85% of total wealth, with the top 1% holding 54%. Meanwhile, the bottom 50% have a negative net worth (-1.7%), meaning their debt outweighs any wealth they "own". In **Eastern Africa,** the top 10% hold an average of 67% of total wealth, while the bottom 50% own just 2%.

At a country level, the wealth Gini has reached levels (especially at 0.9 in South Africa) that signal extreme concentration of wealth among a small elite. Economists would regard a Gini of 1 (to which South Africa are very close) as "total" inequality!

Multiple crises are amplifying inequality

Several crises—climate change, food, cost of living, and debt —are amplifying inequality across Southern and Eastern Africa, sending shockwaves reverberating around both regions, which could supercharge inequality trends.

Cost of Living Crisis Intensifies Inequality

Economic shocks—including the COVID-19 pandemic, Russia's invasion of Ukraine, and rising global interest rates—have triggered a cost-of-living crisis worldwide. However, while inflation is easing in most parts of the world, those on low incomes in Southern and Eastern Africa remain at the sharp end of the crisis. This is partly because large informal sectors and high unemployment have prevented wage growth for those in precarious jobs: the ILO World Employment Outlook report found that, as a result, a decline in real wage growth has hit those in low wages the most and wage growth at the bottom has stalled. This increased wage inequality within the region – meaning wage inequality in Africa remains among the highest globally,[7]

Food prices have also played a part, with increases being felt hard by the poorest. In 2022-23 alone, food prices rose by 69% in Rwanda[8] and 35% in Ethiopia.[9] Millions are facing the hardship of soaring food prices after years of inflation. Lower-income groups, already allocating a significant portion of their income to the basics, are more susceptible to inflationary pressures. In South Africa in 2023, for example, national statistics showed that inflation hit the poorest families doubly hard compared to higher-income groups.[10] A similar trend has been found in Ethiopia in recent years.[11]

The IMF projects that inflation will level off in 2025—to an average of 8% across East and Southern Africa. However, despite the downtrend, inflation is expected to remain above pre-pandemic levels into 2025.[12]

Food crises are now pushing millions into hardship. Hunger has worsened across both regions due to a combination of conflict, climate change, drought, and inflation. In East Africa, 64 million people face food insecurity, with the World Food Programme (WFP) calling the situation "alarming."[13] Meanwhile, in Southern Africa – across Zambia, Zimbabwe, Botswana, Lesotho, Namibia and beyond - 6.5 million people are starving, and an estimated 30 million are projected to be food insecure in 2025 after an El Nino-induced drought at the end of 2024.[14]

These crises have compounded the economic fallout from the pandemic – extreme poverty has now flat-lined at 43.2% for Eastern and Southern Africa.[15]

Climate Crisis Will Drive Deeper Inequality

Climate change is likely to exacerbate existing inequalities within countries in Eastern and Southern Africa - given both regions are highly vulnerable to climate-related impacts. In South Africa, for instance, climate change is predicted to hit poorer households harder, increasing inequality.[16] Cross-country evidence suggests that climate change could increase the Gini index by up to six percentage points in countries most vulnerable to climate change.[17]

By 2050, climate change could displace 86 million people across Africa. Some estimates of those already displaced are frightening: 1.5 million in Madagascar and 3.7 million in Ethiopia.[18] Mass migration will strain resources. Southern and Eastern Africa are particularly vulnerable due to competition for shrinking fertile land, while conflicts disproportionately affect poorer communities, exacerbating existing inequalities.[19]

The social and political impacts of inequality

Political unrest and public outrage

Extreme inequality is bad for social cohesion.[20] Both regions have experienced political unrest as the wealthiest have continued to amass more wealth, while the majority struggle with increasingly different

living conditions. In 2024 alone, South Africa's billionaires saw their fortunes grow by $5.8 billion (R106.5 billion).[21] Kenya has seen a doubling of millionaires in the last ten years.[22] This widening gap between the rich and the poor has fuelled a sense of injustice, where those least able to cope feel they are shouldering the burden of recent economic strain. This has led to growing public anger toward governments.

Widespread frustration has sparked political unrest and mass protests. In mid-2024, Kenya witnessed large-scale demonstrations against an IMF-supported finance bill that introduced austerity measures and new VAT taxes.[23] After days of mass demonstrations and violent clashes, the government withdrew the bill. In Angola, mounting frustration over inequality and government inaction led to further unrest.[24] In South Africa, dissatisfaction with inequality and failing public services resulted in 122 national protests in the first half of 2024 alone.[25] Meanwhile, post-election violence in Mozambique exposed deep-rooted frustrations over resource mismanagement and elite capture.[26] All countries in both regions—except Tanzania and Botswana—are classified at high or extreme risk on the Civil Unrest Index.[27]

Obstructing action for the common good

Inequality also hampers political action, with elite control over wealth making policy changes harder.[28] Research shows high inequality weakens collective action on major challenges like climate change and will also make navigating a "just transition" – crucial for extractive-dependent countries in East and Southern Africa – very difficult.[29]

Public opinion surveys across Africa also consistently link inequality to dissatisfaction with governance, growing perceptions of corruption, and declining trust in both governments and democracy.[30]

Meanwhile, inequality in Southern and Eastern Africa has (long) surpassed critical thresholds, obstructing economic growth. For instance, the IMF finds that once a country's Gini coefficient exceeds 0.27, inequality stifles growth—levels every ESA nation has far exceeded.[31] In highly unequal countries, economic growth also does little to reduce poverty.[32]

It also worsens health and education outcomes[33], especially critical for the young demographics in East and Southern Africa (see **Box 2** on multidimensional inequality/outcomes for children).[34]

Inequality requires root-and-branch action

Tackling inequality in Southern and Eastern Africa requires more than short-term fixes—it demands structural economic transformation with an eye on the past. In Southern Africa, inequalities trace back to colonialism and apartheid-era wealth concentration, which, even with action post-independence, has been challenging to overcome. In resource-rich economies in both regions, weak redistribution has kept wealth in the hands of a small elite. In East Africa, inequality is also driven by urban-rural divides, informal employment, and colonial legacies that left disputes over land bubbling and stoked ethnic tensions while extracting vast resources or setting out patterns of farming that exacerbate income inequality.

Intersecting inequalities also leads to severe marginalisation and must be tackled. Gender inequality remains a significant issue, with women overrepresented in informal and unpaid labour in both regions (see **box 3)** and are often discriminated against in family laws (see **box 9**). Those who find themselves in society's hinterlands need explicit actions for inclusion (we examine disability in Boxes **5 and 7** to demonstrate this).

The remaining sections of this report analyse what governments and the international community can do to reduce inequality.

- **Section 2-5:** CRI Index 2024 – Ranks countries on inequality reduction policies, evaluating their performance overall (2) on public services (3), taxation (4), and labour rights (5).
- **Section 6** covers the actions the international community must take to halt the negative impact of debt (using the DFI debt database) and austerity.
- **Section 7** concludes with recommendations for policy action by governments and the international community

Layson Ngwira starts work deep in the mine every morning at 4AM at the latest. Every evening he prays for not being killed from the mine collapsing. Accidents happen often. The working conditions are very hard, but sickness is not allowed. Sometimes it can take months between salaries. This is how modern slavery looks like. Photo: Håvard Bjelland

3. COMMITMENT TO REDUCING INEQUALITY INDEX 2024 - RESULTS IN EASTERN AND SOUTHERN AFRICA

The CRI Index is produced biannually by DFI and Oxfam International. In its fifth edition, it measures governments' commitment across 164 countries in total to reducing inequality through policies and actions in three pillars that are proven to reduce inequality significantly:

1. public services (education, health and social protection);
2. progressive taxation, and
3. labour rights and wages.

Under each of these pillars, the index also measures government policy commitments, implementation and/or coverage of these policies, and their impact on inequality levels (how much this changes the Gini).

Figure 1 shows the index's structure. The methodology and the 2024 database can be accessed at www.inequalityindex.org. The latest biannual global report was launched in November 2024. Unless otherwise referenced, all data is sourced from the CRI Index Database.

Figure 1. Structure of the CRI Index

	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		

Note: VAT=value added tax, PIT=personal income tax and CIT=corporate income tax.

The evidence that underpins the choice of index pillars

Evidence[35] shows that government actions in three key areas - tax, public services, and labour market policies - are crucial in reducing inequality.

Fiscal incidence studies show that tax and public spending on essential services can sharply reduce "market" inequality, but to varying degrees across countries (depending on how progressive the tax and subsequent public spending are).[36]

Taxes fund essential services like education, healthcare, and social protection. The degree of progressivity—who contributes more through taxation—also impacts how effectively this reduces inequality. Lower-income families must also be able to access services (i.e., they must be available and affordable through universal programmes and fee-free services). Otherwise, they will not benefit from public spending. This is why the index also looks at service coverage. Social spending tends to reduce inequality in middle- and lower-income countries, but taxation often does not.[37]

In some Sub-Saharan African countries, fiscal policies have also been shown to fail to reduce poverty, even if they reduce inequality.[38] Fiscal incidence studies by Save the Children in Ethiopia and Kenya highlight this. In Kenya, the fiscal system reduces inequality through redistribution but is not pro-poor. For instance, while overall public spending on education does redistribute, secondary education tends to exclude the very poorest because they have to pay for it. In addition, cash transfers are too small to reduce poverty substantially and are often funded by VAT, which hits the poor most. In contrast, Ethiopia's fiscal system both reduces poverty and promotes equality.[39]

Beyond redistribution from tax and spending, governments can influence incomes through labour policies that affect wages, job security, and employment conditions (i.e. wages before tax or "market income"). Evidence shows that higher minimum wages help reduce income disparities by raising earnings for low-wage workers. So, too, do strong labour unions that can negotiate better wages and working conditions, narrowing wage gaps.[40] Women, who are often in the lowest-paid jobs, face additional disadvantages due to weak labour protections and insecure employment and so need special protection. If these protections are only afforded to a certain percentage of workers (those in formal employment), the capacity of these interventions to fight wage inequality will be limited. All of these factors influence the choice of labour indicators in the Index.

The CRI Index gives a birds-eye view of how countries can address inequality. However, at the national level, the complexities of how these policies interact and different trade-offs require granular analysis (i.e., through national-level fiscal studies) to inform national inequality plans. The index also has data limitations, so it may not cover crucial inequality-reducing measures, such as land reform and wealth taxes, which could significantly impact inequality, especially in Southern and Eastern Africa.

Overall Index Results - East and Southern Africa

The overall index results provide a snapshot of who is doing well and who is not across the three pillars of spending, taxation, and labour rights—those at the top are doing the most, and those at the bottom are doing the least.

We have also examined how each sub-Saharan African region fares in terms of average scores compared to the last index. In **Table 1,** we show these average scores for each region and compare differences between the CRI Index 4th (2022) and 5th edition (2024), allowing a snapshot of each region against each other and over time.

A few key points stand out. Firstly, Southern Africa has the highest average regional score in both editions; however, the average score across the region has declined due to several governments reducing their policy efforts to tackle inequality. Secondly, East Africa has dropped to the lowest position, overtaken by Central Africa. Given the rising inequality in the region, this regression is a step in the wrong direction.

In keeping with the findings of the Global CRI Index 2024 report[41], we also find little cause for celebration overall:

- 80% of countries have reduced spending on education, health, and/or social protection.

- Half of countries have moved backwards overall in using their tax systems to fight inequality.
- Every other country has regressed in at least one area in the labour pillar, and 90% have worsened their overall rank, mainly due to the inability of the minimum wage to keep up and worsening unemployment and vulnerable employment.

Southern Africa ranks relatively well on the CRI Index, and several countries prioritise inequality reduction—partly out of necessity.

Top performers like South Africa, Namibia, Seychelles, Mauritius, and Botswana are all higher-income nations with greater tax capacity, enabling higher public spending than some of their neighbours. However, despite significant policy commitments, these have been insufficient to bridge the enormous "market" inequality gaps.

South Africa, for instance, ranks highest on commitment in the region, and Sub-Saharan Africa overall. Yet it still faces deep economic inequalities - a legacy of apartheid - especially in terms of wage and wealth distribution, which current policies are insufficient to offset.[42] Namibia (second on the regional index) has

Table 1. Average Score across sub-Saharan Africa, 2022 & 2024

Region	CRII average score 2024	CRII average score 2022	Sub-Saharan Africa ranking 2024	Sub-Saharan Africa ranking 2022
Southern Africa	0.46	0.51	1	1
West Africa	0.30	0.32	2	2
Central Africa	0.29	0.30	3	4
East Africa	0.26	0.30	4	3

N.B sub-Saharan Ranks and global ranks are in annex one.

Table 2: Southern Africa CRI Index overall ranks (with comparisons to sub-Saharan Africa and global ranks)

Country	Southern Africa Rank	Sub-Saharan Africa Rank	Global CRI Rank	Movement on CRI Index (Global 2022 to 2024 comparison)
South Africa	1	1	33	↓
Namibia	2	2	49	↑
Seychelles	3	3	52	↓
Mauritius	4	4	53	↑
Lesotho	5	5	54	↑
Botswana	6	6	82	↓
Eswatini	7	7	91	↑
Zambia	8	12	113	↓
Malawi	9	13	117	↑
Angola	10	19	134	↓
Mozambique	11	22	138	↓
Congo, Dem. Rep.	12	26	143	↓
Madagascar	13	30	149	↑
Zimbabwe	14	41	160	↓

N.b, Comoros are not part of CRII due to a lack of data

similar historical inequalities, and has risen up the CRI in recent years showing increased commitment.[43] President-elect Netumbo Nandi-Ndaitwah announced further plans to fight inequality in December 2024, dramatically expanding the coverage of the minimum wage.[44]

No country compares favourably to most OECD countries: the top-performing[45] of which have for many years been cutting inequality in half through their fiscal policies, a level far surpassing even the best-performing Southern African nations.[46][47]

In recent years, Eswatini has improved its position in the global CRI Index ranks (moving up 31 places) by increasing social spending and strengthening its tax system; Lesotho has also made significant progress by reducing unemployment and vulnerable employment, moving to the top 5 in the Southern Africa ranking, as a result.

However, seven Southern African countries rank in the bottom third of the index. Zimbabwe saw the most significant decline, dropping 21 places globally due to worsening government spending, public services, and labour rights amid an economic crisis. DRC remains hindered by conflict, while Madagascar, the region's worst performer, ranks 30th in Africa and among the bottom 20 globally.

Eastern Africa's CRI Index score has declined, with every country dropping in global rankings since 2022—except Somalia (newly included) and South Sudan. Many East African countries have been backtracking on key policies: notably Rwanda, which fell 14 places on the global index due to setbacks across all pillars, while Burundi declined sharply due to cuts in social spending and reversed tax policies.

Kenya remains the region's highest-ranked country but dropped 20 places between 2022 and 2024, from 76th to 96th – falling into the bottom half of the index.

Table 3. Eastern Africa CRI Index overall ranks (with comparisons to sub-Saharan Africa and global ranks)

Country	Eastern Africa Rank	Sub-Saharan Africa Rank (of 43)	Global CRI Rank (of 164)	Movement on CRI Index (Global 2022 to 2024 comparison)
Kenya	1	9	96	↓
Tanzania	2	18	132	↓
Rwanda	3	23	139	↓
Ethiopia	4	31	150	↓
Somalia	5	34	153	NEW
Burundi	6	36	155	↓
Uganda	7	40	159	↓
South Sudan	8	43	164	↓

Nb, Eritrea and Sudan are not part of CRII due to a lack of data

Box 2. Extreme child poverty today will drive future inequality tomorrow

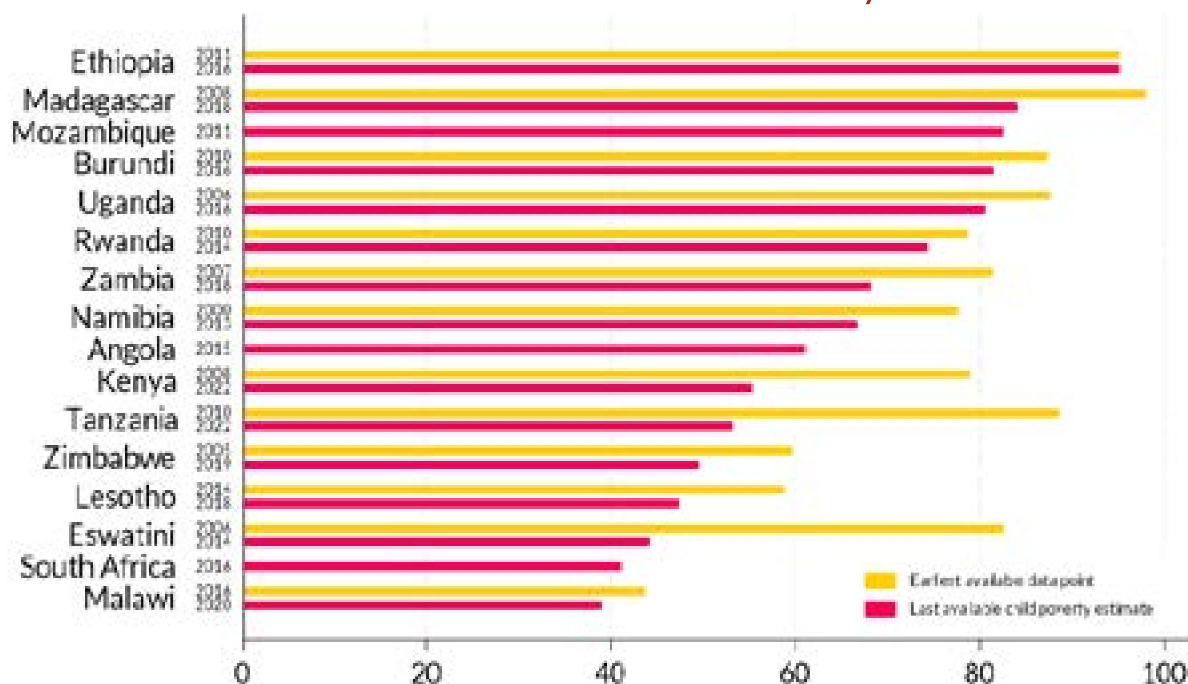
Extreme child poverty in Eastern and Southern Africa remains a pressing challenge, with minimal progress in reducing this in recent years. Multidimensional poverty, which affects health, education, and living standards, is also extreme. On average, 1 in 3 people in Southern Africa and over half the population in Eastern Africa experience it. These levels are even higher for children. Save the Children and UNICEF show levels across different countries from the region (see Chart 7). Given both regions' young populations, persistently extreme poverty risks locking an entire generation out of development gains and reinforcing cycles of inequality into the future.

Public investment in high-quality, free, universal public services can reduce income inequality, as shown in this report, but disparities in healthcare, education, and nutrition perpetuate economic inequalities. In East and Southern Africa:

- only about two-thirds of pregnant women in the poorest quintile receive at least one antenatal check-up, compared to nearly all in the wealthiest.
- children under five from the poorest households in East Africa are 66% more likely to be stunted than those from the wealthiest.
- children from the wealthiest households are far more likely to attend pre-primary education—twice as likely in Kenya, Ethiopia, Uganda, Tanzania, and Zambia; over three times in Angola; four times in Burundi; and five times in South Sudan. Early care and pre-primary education are key determinants of later education inequality.
- only 12% of households across sub-Saharan Africa receive child benefits.

The services supporting young lives matter: there is strong evidence that investment in the first three years of life can break patterns that ingrain inequality, and spending on young people is a highly impactful way for the government to fight poverty and inequality. But action is also needed on tax. Fiscal incidence studies by Save the Children in Kenya and Ethiopia show that public spending on health, education, and social protection is insufficient, and indirect taxes disproportionately burden low-income families.

Chart 7. Children in Multi-dimensional Poverty in ESA



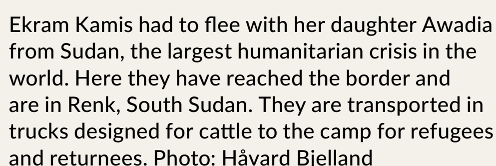
Children in multidimensional child poverty (%). Source: Save the Children/ UNICEF.

4. ARE PUBLIC SERVICES FIGHTING INEQUALITY IN EASTERN AND SOUTHERN AFRICA?

The public services pillar of the CRI Index evaluates countries progress in education, health, and social protection based on three key indicators that have a proven ability to reduce inequality[48]:

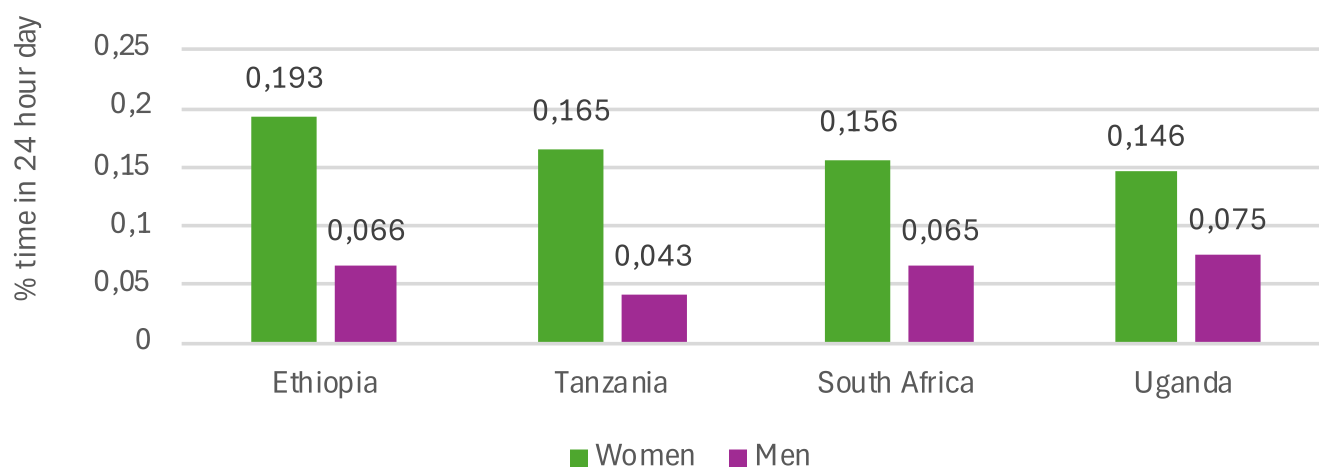
1. Public spending as a share of the total government budget;
2. Coverage of public services, assessed through an equity lens;
3. The impact of spending on reducing inequality.

As with all global indexes, important areas cannot always be measured. For instance, social spending has multiple impacts on reducing gender inequality[49], including reducing unpaid care work, which disproportionately affects women (see **Box 3**). Economic inequalities also intersect with other inequalities in accessing services but cannot be fully measured in the region (see **Box 5** for a reflection on disability**).**



Ekram Kamis had to flee with her daughter Awadia from Sudan, the largest humanitarian crisis in the world. Here they have reached the border and are in Renk, South Sudan. They are transported in trucks designed for cattle to the camp for refugees and returnees. Photo: Håvard Bjelland

Chart 8. Proportion of time spent per day on unpaid care work by sex



Children in multidimensional child poverty (%). Source: Save the Children/ UNICEF

Box 3. Gender equality and unpaid care

Unpaid care work is essential but undervalued; economies would not function without it. The burden falls on women and girls. They perform over three-quarters of unpaid care globally[50], with girls spending 160 million more hours daily on these tasks than boys[51]. In many countries, this work could equate to 40% of GDP.[52] SDG 5 aims for gender equality, and Target 5.4 tracks disparities in unpaid care. Yet, only South Africa, Uganda, Tanzania, and Ethiopia have data for Eastern and Southern Africa, where women and girls do at least twice as much unpaid work as men. Tanzania has the highest gap, with women and girls doing four times more, while Ethiopian women and girls spend the most time—one-fifth of their day.[53]

Addressing unpaid care requires governments to recognise its burden and improve data collection. Investing in public services like childcare, healthcare and social protection can help redistribute responsibilities between men, women, and the state.[54] However, in Eastern and Southern Africa, public early childhood care and education systems are scarce, with most private and urban-based services inaccessible to the majority.[55] Gender-responsive education and healthcare are also crucial, as caregiving keeps many girls out of school and women caring for the sick - when public services fail, unpaid care fills the gap.[56]

Gender-responsive social protection, including maternity grants, child grants, and social pensions for women[57], can also help redistribute and reduce unpaid care burdens. Policies must pay close attention to addressing labour market inequalities, rather than replicating them[58], recognising women's care responsibilities, leading to their higher presence in the informal sector or part-time work.[59] Together, these efforts can lift the unfair burden on women and girls and advance gender equality.

Source: Data from SDG 5.4. see https://genderdata.worldbank.org/en/indicator/sg-tim-uwrk

Overall Ranks on the Public Services Pillar

The Public Services pillar results in **Southern Africa** are mixed. Namibia, South Africa, Mauritius, and Botswana rank among some of the highest performers globally, while Angola, Malawi, Madagascar, and DRC fall in the bottom third.

Namibia leads the region and ranks 33rd globally. It allocates 55% of its budget to education, health, and social protection, reducing inequality significantly. Its collective social protection programmes, in particular, have a powerful impact - the combined effect accounts for almost three-quarters of the poorest households' consumption. [60] Mauritius and Seychelles also do well with 100% pension coverage, very low out-of-pocket health spending, and high health coverage. Eswatini has improved its score in 2024, mainly by raising education spending from 14% to 19%. At the bottom, Angola spends just 27% of its budget on all social sectors, with low coverage.

In the **East Africa** public services pillar, Kenya is second in the public service rankings and has risen slightly globally —by three places—since 2022. This improvement is partly due to minor gains in coverage indicators, though these remain weak. In contrast, Burundi has performed poorly, experiencing the most significant decline of any country globally on the 2024 Index, dropping from 121st to 144th.

Table 4. Southern Africa, Public Services (PS) Rank

Country	Southern Africa PS Rank	Sub-Saharan PS Rank	Global PS Rank
Namibia	1	1	33
South Africa	2	2	38
Mauritius	3	3	53
Botswana	4	4	56
Eswatini	5	5	74
Seychelles	6	6	80
Lesotho	7	8	97
Zambia	8	11	116
Mozambique	9	13	123
Zimbabwe	10	14	125
DRC	11	20	133
Madagascar	12	23	137
Malawi	13	27	142
Angola	14	34	152

Table 5. Eastern Africa, Public Services (PS) Rank

Country	Eastern Africa PS Rank	Sub-Saharan PS Rank	Global PS Rank
Kenya	2	10	111
Ethiopia	3	25	140
Burundi	4	28	144
Rwanda	5	29	145
Uganda	6	32	148
Tanzania	7	35	153
Somalia	8	42	163
South Sudan	9	43	164

A coal mine outside Karonga, Malawi.
Photo: Håvard Bjelland

Public Spending and Coverage Indicators

The rest of this chapter considers spending on education, healthcare, and social protection alongside the coverage indicators sector-by-sector.

The headlines regarding spending across all social sectors are that Southern Africa has seen less severe cuts in its social spending than some other global regions; 11 of 14 countries have reduced spending in at least one sector, but only half have cut across all three. However, there have been consistent cuts in Eastern Africa: since 2022, all countries have cut at least one sector. In coverage, progress has stalled in all sectors.

Education

Spending

A key budget benchmark for education spending embedded in the SDG 4 Education 2030 framework, is that countries allocate 20% of their national budget to education and not fall below 15%. The UN estimates that overcoming education inequalities in countries with high young populations requires 20% (and more) to meet 2030 goals.[61]

No country meets the 20% target **in East Africa**. Burundi has made large cuts, dropping from 20% to 14%. Ethiopia consistently met the target over many years, driving rapid progress in expanding schooling,

Chart 9. Percentage budget share to education, East Africa

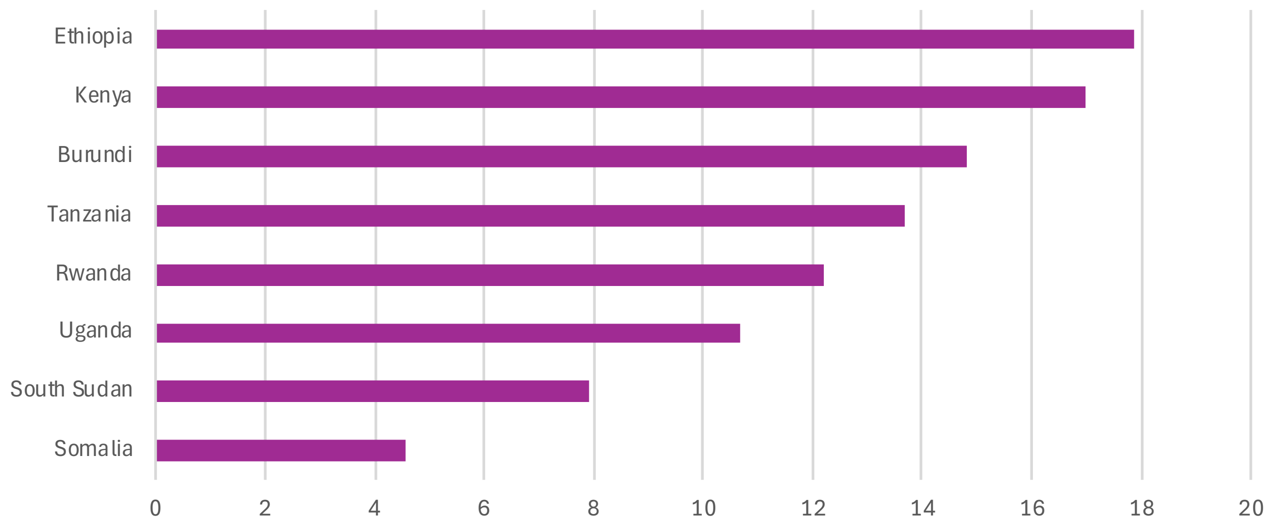
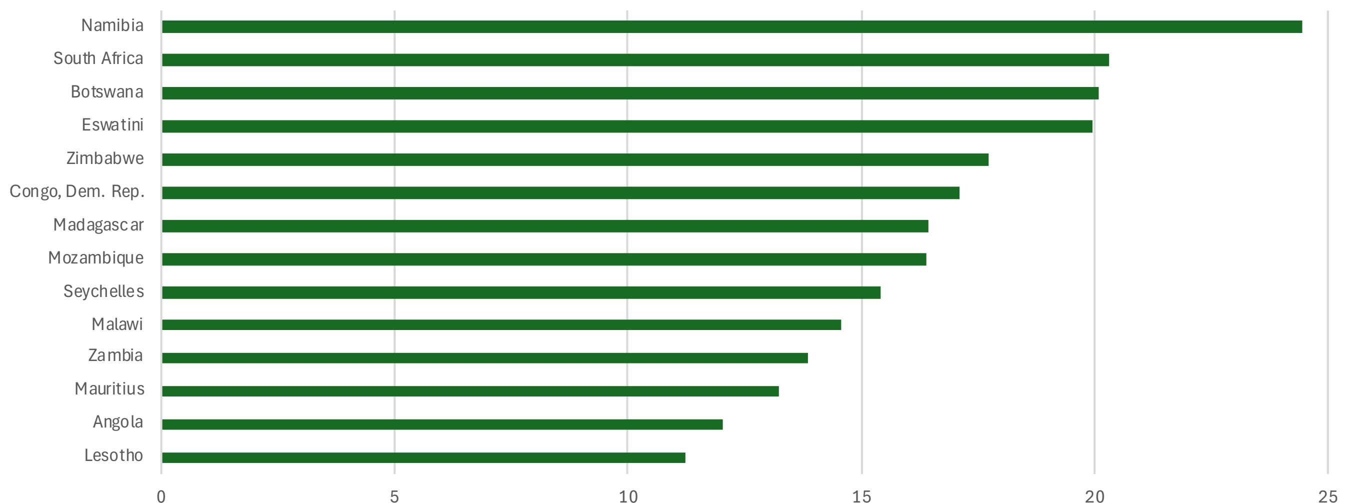


Chart 10. Percentage budget share to education, Southern Africa



but these cuts now threaten this.[62] However, six East African countries fall below 14%, far from the level needed to meet SDG 4, with Somalia having one of the world's lowest education budget shares.

In **Southern Africa,** Namibia exceeds 20%, ranking second-highest in spending across the Index. Botswana, South Africa, and Eswatini allocate around 20%. Malawi, Zambia, Mauritius, Angola and Lesotho fall below 15%.

Coverage

This indicator measures the secondary school completion rate among the poorest 20% of households (as household income is the strongest predictor of educational progress). As very few of the poorest quintile make it to the secondary level, they often benefit little from public spending. Strikingly, no country performs well overall—not even the top performers. This is partly due to weak incentives for the poorest to stay in school, such as poor-quality public schools[63] and high youth unemployment discouraging completion. Across both regions, Mozambique, Madagascar, Zimbabwe, Tanzania, Somalia, and Burundi have less than 1% of their poorest children completing secondary school. Zimbabwe has even regressed in recent years.[64]

Table 6. Southern Africa

	Secondary completion (% poorest quintile)
Mozambique	0.00
Madagascar	0.36
Zimbabwe	0.74
Angola	1.46
Malawi	1.58
Zambia	2.97
Lesotho	3.98
Congo, Dem. Rep.	8.12
Eswatini	18.40
Namibia	19.25
South Africa	20.83

Table 7. Eastern Africa

	Secondary completion (% poorest quintile)
Tanzania	0.19
Somalia	0.32
Burundi	0.64
South Sudan	1.01
Ethiopia	1.64
Rwanda	1.80
Uganda	2.62
Kenya	22.00

Health

Spending

The African Union "Abuja Declaration", established in 2001 and reaffirmed in February 2023, commits countries to allocate at least 15% of their national budgets to health.[65] Only Namibia meets the target in Southern Africa, while Malawi and Mozambique allocate the least, spending less than half the required amount. Mozambique has further reduced its health budget in recent years.

No **East African** country meets the target. Kenya, Tanzania, and South Sudan spend less than half of the required amount. South Sudan allocates little more than 2%. This has improved slightly since the 2022 Index, but fall well short of spending needs.

Coverage

This indicator has two components:

4. Universal Health Coverage[66] – This measures the proportion of the population with access to essential health services. No country in either region has achieved full coverage. Seychelles comes closest at 75%. Many relatively wealthier countries in Southern Africa still cover less than half their populations, while only Kenya surpasses 50% in East Africa.
5. Catastrophic Health Expenditure – This tracks the percentage of households spending over 10% of their income on healthcare, a key driver of inequality.[67] Angola has the highest rate in sub-Saharan Africa, with 35% of households facing catastrophic health costs, followed by Uganda (15%) and Zimbabwe (11%). These levels are likely to worsen inequality.

Social Protection

Spending

Social protection varies widely both between and within the two regions. **Southern Africa** is home to all the top-performing countries in sub-Saharan Africa. Mauritius stands out, allocating over 30% of its budget to social protection and providing substantial benefits to its entire population, including a recent 25% increase in the amount given through universal child benefit.[68] South Africa also invests heavily, particularly in its child benefit system. In contrast, in DRC, spending is low, programmes are fragmented, and the formal system is weak. Many initiatives rely on external humanitarian funding.[69] Mozambique and Malawi also have minimal financing, with most non-pension programmes heavily dependent on donors.

In **East Africa**, Somalia allocates the largest budget share to social protection, driven by the expanding *Baxnaano* programme[70], which provides cash transfers to families with children under five. However, it has a long way to go to provide universal coverage. Meanwhile, Burundi and Tanzania have faced significant budget cuts since 2022, with Tanzania's funding halved. Given already low spending, these cuts are unacceptable.

Chart 11. Percentage budget share to health, Southern Africa

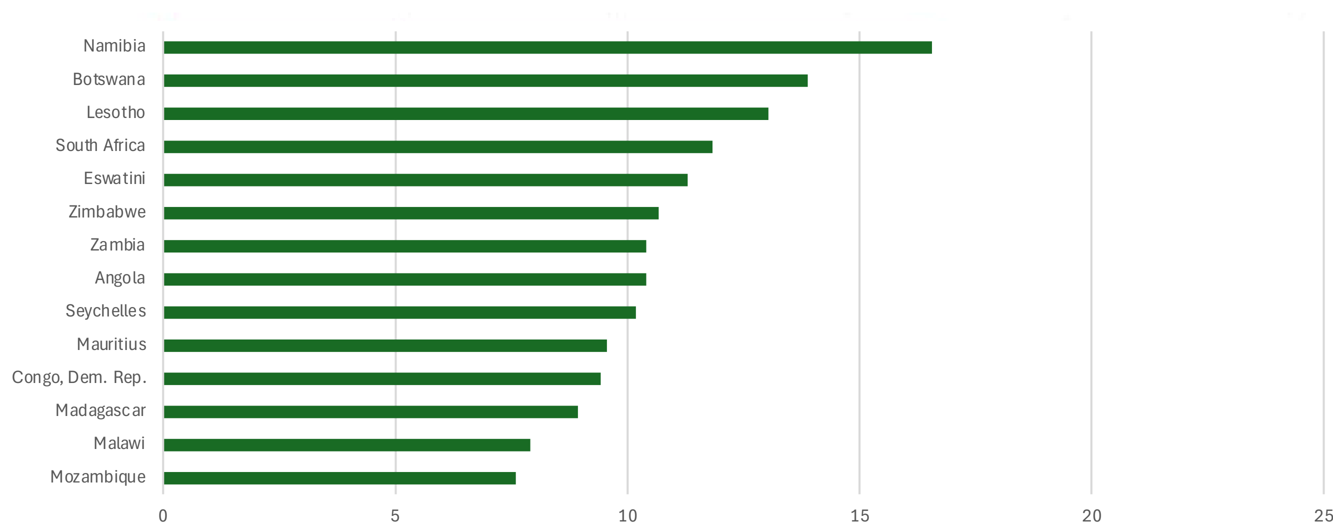


Chart 12. Percentage budget share to health, East Africa

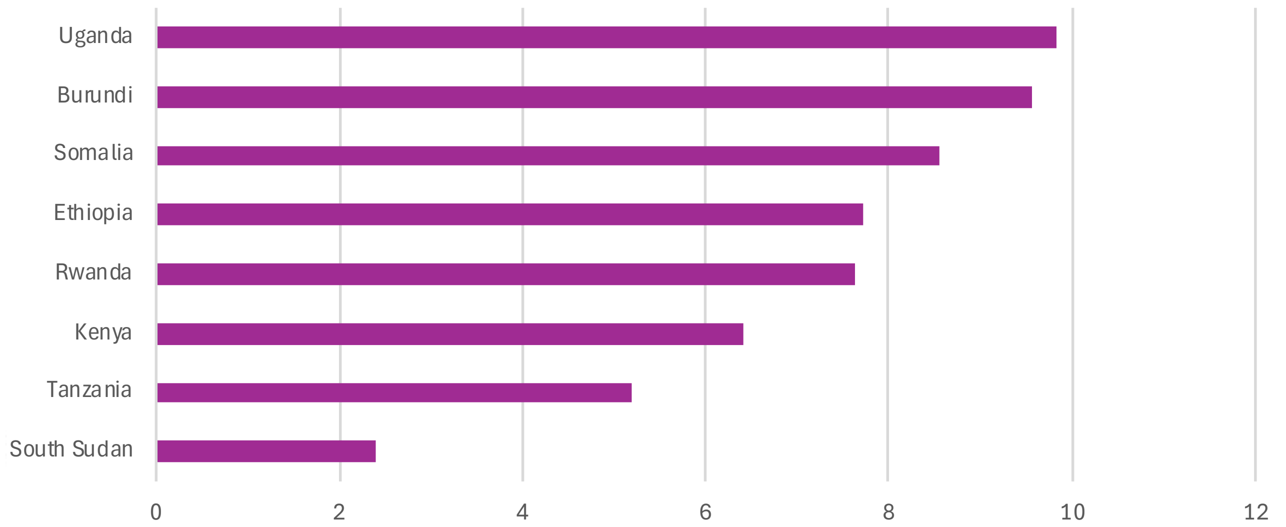


Chart 13. Universal Health Coverage (% covered) , Southern Africa

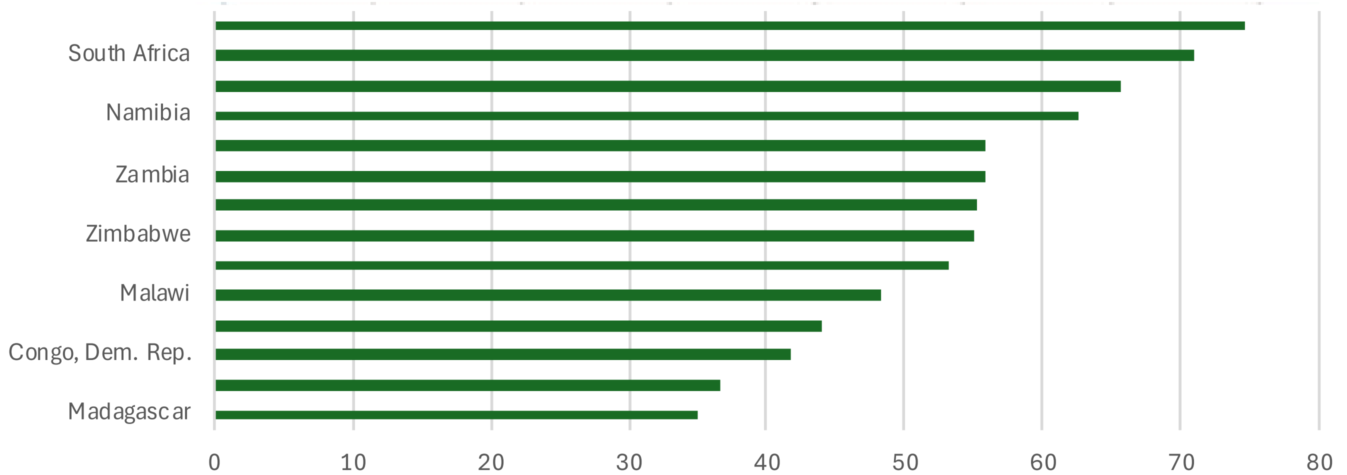


Chart 14. Universal Health Coverage (% covered), East Africa

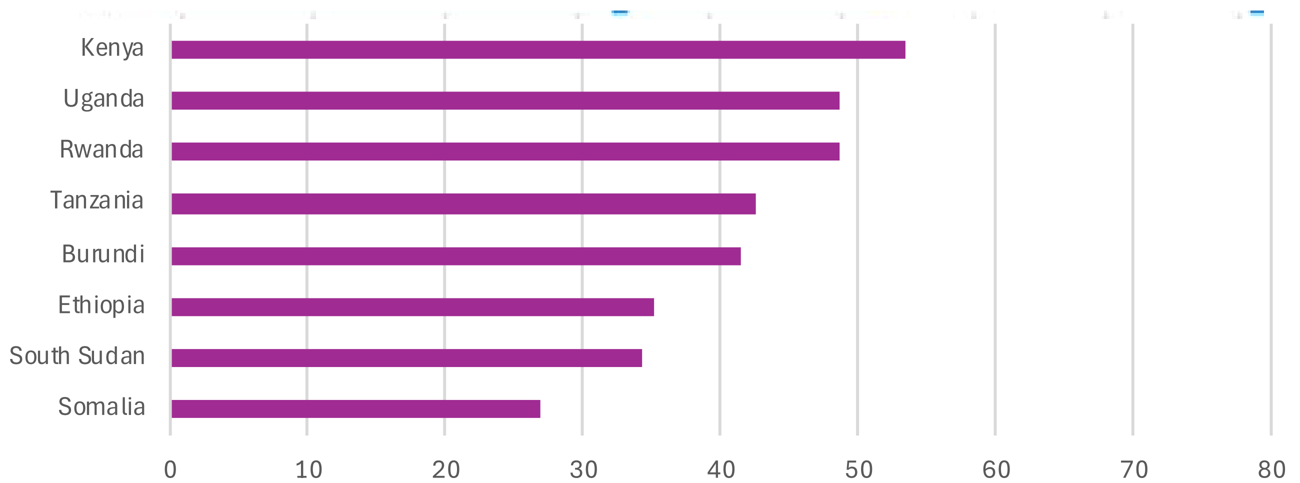


Chart 15. Percentage budget share to social protection, Southern Africa

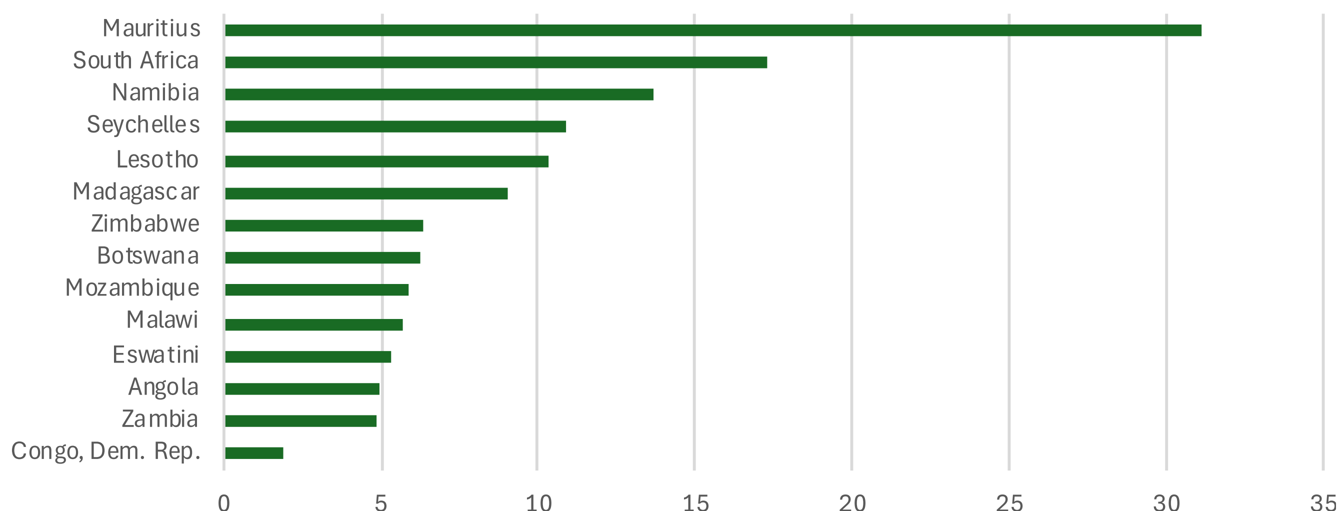
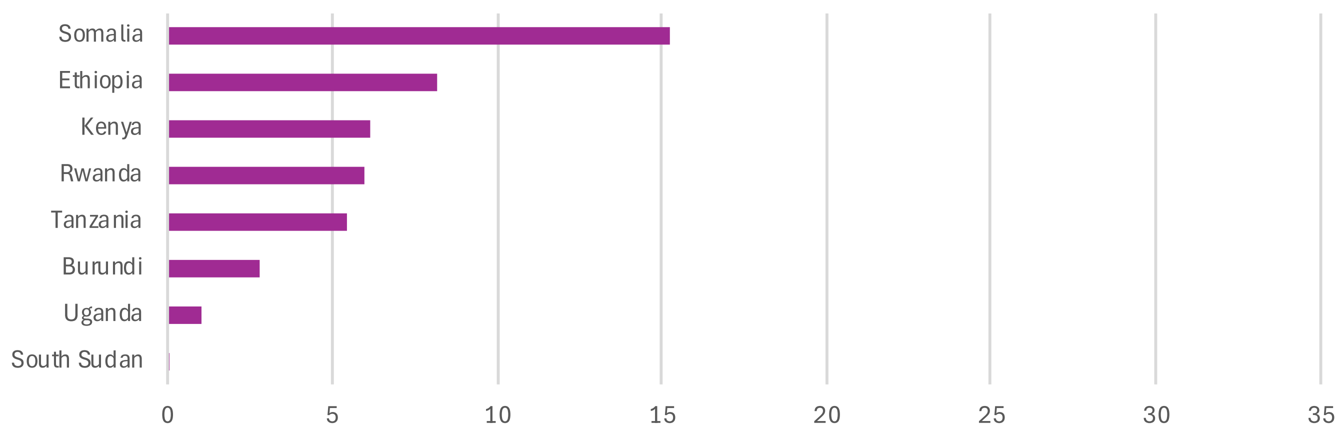


Chart 16. Percentage budget share to social protection, East Africa



Coverage

This indicator uses pension coverage as a proxy for overall social protection coverage[71] - due to limited data on the five other types measured for SDG 1.3. We aimed to expand the analysis to cover all social protection programmes in the 2024 CRI Index – given the importance of this for fighting inequality[72] - but lacked comprehensive data. It is important to note that across sub-Saharan Africa, as with the rest of the world, pensions have the highest coverage (22%), while other benefits lag: child benefits (12.9%), maternity (5.9%), workplace injury (11.2%), unemployment (4.1%), vulnerable persons (10.9%), and disability (5.8%).[73] In other words, most countries remain far from achieving universal coverage.

Five Southern African countries (Botswana, Seychelles, Namibia, and Mauritius) have universal pension coverage, with South Africa and Lesotho close behind. Crucially, all have social and contributory pensions; the former is especially important for covering women (see **Box 3**) and those on low incomes. In contrast, five countries provide pensions to under 20% of their elderly population. Eastern Africa lags overall— only Kenya reaches 50%. Across both regions, less than 10% of older people are covered in Malawi, Madagascar, Zambia, South Sudan, Somalia, Rwanda, Ethiopia, Burundi, and Tanzania, with Uganda slightly higher at 11%. Somalia currently lacks a pension scheme but is introducing one for civil servants.

Outside Nyala in Darfur, Sudan. Kaltom Abakar Hamid has just arrived at camp. She is pregnant and had to flee with her children from armed rebel groups. Photo: Håvard Bjelland

Box 4. Financing gaps for universal coverage by 2030

There are no widely recognised spending benchmarks for social protection as a budget share. However, some instructive estimates of its costs are expressed as a percentage of GDP; one estimate suggests, for example, that spending on universal tax-financed benefits for children, old people, and people with disabilities will cost 1.5%-3% of GDP in low—and middle-income countries. These three benefits are key elements of the social protection floors, a "minimum package" as defined by ILO recommendation 202 (which guarantees a basic level of benefit for all that needs them). When phased in gradually during 20 years, the annual extra cost of the benefits would be minimal. The cost increase for the first year would be between 0.08 and 0.41% of GNI for the countries.[74]

The latest ILO GDP figures published after the CRI 2024 Index give the most up-to-date information on existing spending as a percentage of GDP.[75] Southern Africa performs relatively well, with many countries matching their income group's average. East Africa lags behind, even compared to the Sub-Saharan Africa average (just under 4% of GDP). For instance:

- Some are allocating >6%, i.e. Mauritius, Seychelles, Eswatini and Lesotho
- South Africa and Namibia >5%
- Zimbabwe and Zambia allocate around 3%
- All the remaining countries are allocating between 1-2%,
- Botswana, DRC, South Sudan and Uganda allocate below 1% (no data for Somalia or Burundi).

Given the significant gaps in coverage across all countries, ensuring universal provision will require a firm commitment to implement social protection floors as a first step towards fulfilling the right to social security. Comprehensive social protection systems require substantially more resources (both tax-financed and from contributory sources).

Impact of public services and social protection on inequality

This indicator measures how effectively public services and social protection reduce inequality (via the Gini coefficient). The CRI Index assesses the impact of public service spending using country-specific studies where available (e.g., Ethiopia, Kenya, Tanzania, Uganda, Botswana, Eswatini, Lesotho, Namibia, South Africa, and Zambia). Where data is lacking, estimates are based on global fiscal study estimates applied to spending levels.

Public services help reduce inequality in all countries, but the extent depends on both the amount of spending and how it is allocated. Policies such as free healthcare and education or universal social protection have the most substantial impact. In contrast, user fees worsen inequality, and poor-quality or unequal public education, and poverty-targeted social protection are less effective in reducing inequality.[76]

Due to cuts in social spending, fewer countries are reducing inequality to the same extent as in 2022. This means that the inequality-busting power of public services is reducing in both regions. Key trends are as follows

- Southern Africa leads in using public spending to fight inequality on average across the two regions, with some countries performing well even globally. The highest reductions in inequality are in South Africa and Namibia, which both cut inequality by nearly a third (29% and 26%, respectively) through public service spending.
- Moderate reductions (13–15%) are seen in Lesotho, Botswana, Kenya, Mauritius, Eswatini, and Zambia.
- Lower reductions (5–8%) in Kenya and Seychelles.
- More minimal impact (<5%) is seen in many East African countries, including Kenya, Uganda, Rwanda, Burundi, and Ethiopia, all of whom have seen this decline further due to spending cuts and bottom performers like Mozambique, Malawi, and Zimbabwe in Southern Africa. Zimbabwe's impact is now below 1% - one of the lowest in the world.

Box 5. Fighting Disability Inequality in Southern and Eastern Africa through Public Services

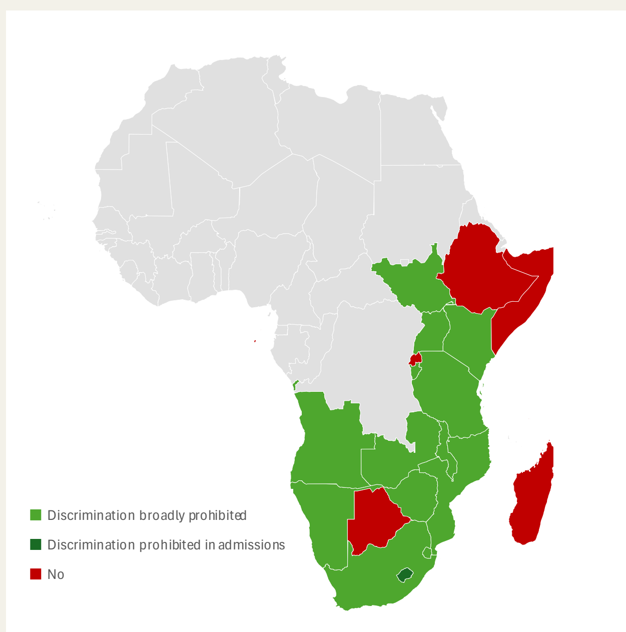
People with disabilities in Eastern and Southern Africa face significant barriers to full participation in society.[77] Greater investment in inclusive public services and social protection is crucial to addressing these disparities.

Children with disabilities struggle to access education equally, leading to high dropout rates and low enrolment in mainstream schools. A lack of reliable disability data[78] has worsened their exclusion. Estimates suggest that 29 million children with disabilities live in the East and Southern Africa region, and they are twice as likely to be out of school as their peers. For instance, in Lesotho, 9% of children with disabilities are out of primary school, compared to 3% of children without disabilities. In Malawi, the figures are 17% versus 5%, and in Zimbabwe, 40% versus 23% at the lower secondary level.[79]

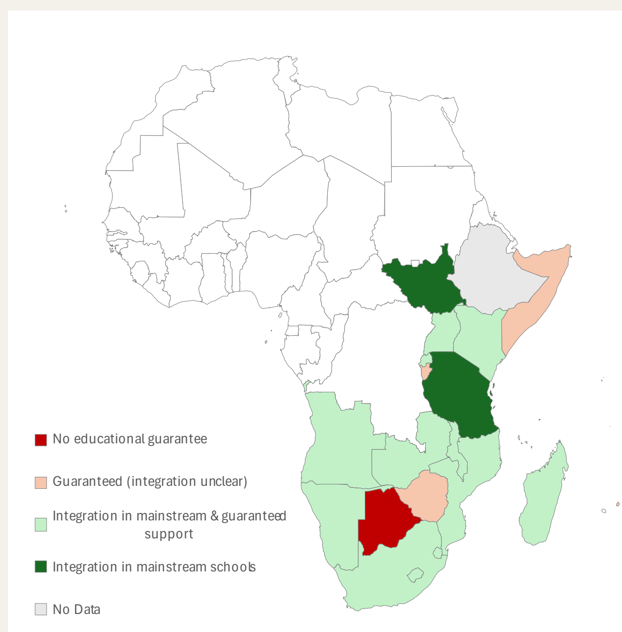
Despite global frameworks like the UN Convention on the Rights of Persons with Disabilities (CRPD), many children remain in underfunded special schools, reinforcing segregation. While most countries have laws supporting inclusive education (see Maps 2 and 3), enforcement is weaker.[80] Strong legal frameworks can improve school attendance, but more action is needed to reduce inequalities.[81]

Social protection is also essential for reducing poverty among people with disabilities.[82] However, disability benefit coverage in Sub-Saharan Africa is the lowest globally at 5.8%. Eastern Africa's rate is just 2.8%, while Southern Africa fares better at 35.3%, led by Mauritius (100%) and Namibia (70%).[83] To be truly inclusive, social protection must ensure adequate benefits, assistive technologies, and employment opportunities.

Map 2. Is disability-based discrimination prohibited through the completion of secondary education?

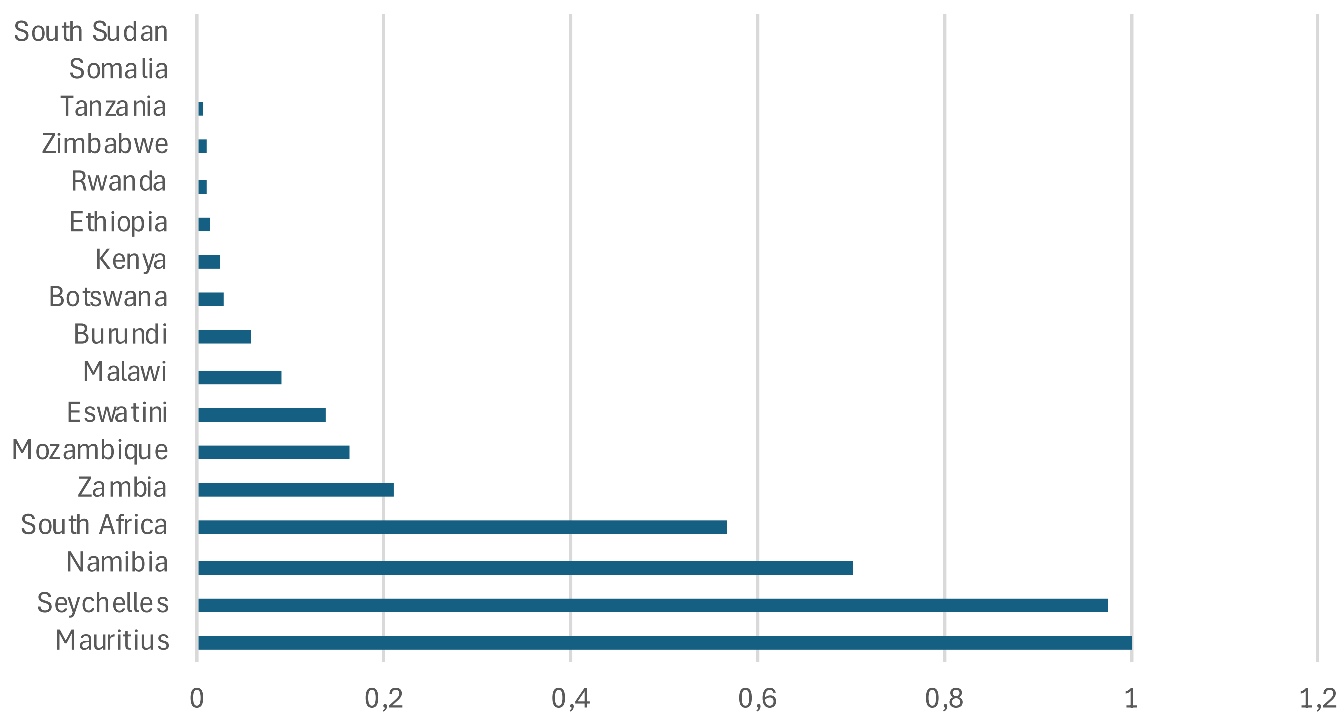


Map 3. What is the available level of integration through the completion of secondary education for students with disabilities?



Source: Data from the World Policy Center, disability database: explanation of this data set is here: https://www.worldpolicycenter.org/policies/is-disability-based-discrimination-prohibited-through-the-completion-of-secondary-education

Chart 17. Person's with severe disabiliity protected in ESA



Source: ILO World Social Protection Database (WSSD). Accessed 9th February 2025

Photo: Miriam Magdalen Alum

5. ARE COUNTRIES' TAX SYSTEMS FIGHTING INEQUALITY?

The progressive taxation pillar measures how effectively a country's tax policies and implementation help reduce inequality. Progressive taxation is widely recognised as a key tool for narrowing the gap between the rich and the poor.

The Commitment to Reducing Inequality (CRI) Index assesses this through three key indicators:

1. Progressivity of Tax Policies - the progressiveness of the main tax categories. Countries with harmful tax practices (HTPs) receive negative scores.
2. Implementation of Tax Policies - evaluates how effectively a country collects taxes.
3. Impact on Inequality - assesses the effect of tax collection on income inequality, using the Gini coefficient as a benchmark.

Overall results in the progressive tax pillars

Eastern and Southern Africa show slightly better trends than the global picture, where most countries moved backwards on the progressive taxation pillar.[84] East Africa performs better, with only three of eight countries moving backwards. Southern Africa, however, has eight countries that are declining and six that are improving in global rankings.

As shown in **Table 8**, a handful of **Southern African** countries perform well in terms of progressive taxation both within Sub-Saharan Africa and globally. Lesotho, South Africa, Zambia, Botswana, and Namibia rank among the top Sub-Saharan African countries and the top third globally. South Africa ranks highest, reflecting a progressive tax system that reduces inequality.[85] However, it could still improve revenue collection, currently at only half its potential. Recent debates in South Africa have focused on improving revenue; a wealth tax is currently hotly debated.[86]

DRC and Eswatini have improved significantly. Eswatini has risen the most in sub-Saharan Africa due to better tax collection, while the DRC's progress stems from more progressive tax policies on paper. In contrast, Zimbabwe and Mozambique have dropped in global rankings due to policy changes that reduced tax progressivity.

Table 8. Tax Pillar, Southern Africa ranks

Country	Southern Africa Tax Rank	Sub-Saharan Africa Tax Rank	Global CRI Tax Rank
Lesotho	1	1	3
South Africa	2	2	4
Zambia	3	4	9
Namibia	4	6	25
Botswana	5	8	28
DRC	6	14	54
Eswatini	7	15	56
Malawi	8	17	68
Angola	9	20	75
Seychelles	10	23	81
Mauritius	11	28	107
Zimbabwe	12	32	117
Mozambique	13	34	119
Madagascar	14	40	128

In **East Africa**, a few countries perform well within sub-Saharan Africa and globally. Kenya and Tanzania rank among the top third countries in the global CRI Index, placing 3rd and 5th in the Sub-Saharan Africa rankings. Kenya's ranking has improved due to increased tax collection, which has slightly enhanced its impact on reducing inequality.

South Sudan ranks lowest in the East African rankings due to low corporate and top PIT rates compared to the East African averages (20% and 15%) and poor tax collection. Somalia has higher tax rates but weaker tax collection, relying heavily on customs and VAT instead of income taxes.

Table 9. Tax Pillar, Southern Africa ranks

Country	Eastern Africa Tax Rank	Sub-Saharan Tax Rank	Global CRI Tax Rank
Kenya	1	3	7
Tanzania	2	5	23
Rwanda	3	18	69
Uganda	4	22	79
Ethiopia	5	24	83
Burundi	6	29	108
Somalia	7	37	125
South Sudan	8	43	162

Opoth Adaing Adowk has to swim where he used to be able to walk. In Malakal, South Sudan, the Nile is flooding more often than before. Photo: Håvard Bjelland

Box 6. Wealth Taxes to fight growing inequality

Table 10: Potential wealth tax revenues

Country	Wealth Tax Revenue (US$ million)	Percentage of 2024 GDP
Angola	976	0.86
Botswana	146	0.73
Burundi	39	0.91
DR Congo	253	0.35
Eswatini	47	0.91
Ethiopia	459	0.32
Kenya	903	0.78
Lesotho	18	0.78
Madagascar	178	1.03
Malawi	79	0.73
Mauritius	75	0.47
Mozambique	184	0.82
Namibia	195	1.48
Rwanda	127	0.93
Seychelles	11	0.51
Somalia	121	0.95
South Africa	9156	2.27
South Sudan	12	0.23
Tanzania	1000	1.25
Uganda	555	1.00
Zambia	304	1.17
Zimbabwe	73	0.20
TOTAL REVENUE **AVERAGE % OF GDP**		**14911** **0.85%**

Wealth taxes have the potential to dramatically reduce inequality by targeting various forms of wealth, including land, property, financial assets, capital gains etc.

One reason wealth inequality is even greater than income inequality is that financial assets grow much faster than wages.[87] This means that the richest individuals continue accumulating wealth far faster than ordinary people, widening the economic divide.

A modest tax on the wealthiest would generate substantial revenue without harming economic growth. The Tax Justice Network has estimated the potential revenue from a moderate, progressive tax on net wealth[88] in several countries. Some of these figures for both regions are staggering; in Kenya, it would generate US$903 million a year; and in South Africa US$9.1 billion or 2.3% of GDP (see Table 13 for breakdown).[89]

These figures highlight the massive untapped potential for the region of taxes on the stock of wealth. Despite the clear benefits, no Southern or East African country has implemented a tax on the stock of wealth. South Africa is currently engaged in a heated debate on the issue. Given the country's extreme inequality, such a tax is essential to address the growing wealth gap.

Progressive taxes (on paper)

The CRI Index indicator on tax progressivity focuses on the three main types of taxes: personal income tax (PIT), consumption taxes such as VAT or general sales tax, and corporate income tax (CIT). Since these taxes make up the majority of government revenue, they play a critical role in shaping inequality. However, the CRI Index does not yet assess the entire tax system, including several taxes on wealth and financial income that tend to fall more heavily on wealthy individuals.

Southern and Eastern Africa show a wide range of tax progressivity scores in the Global CRI Index, with some of the best and worst rankings globally.

Most **East African** countries rank in the top half of the CRI Index, indicating that their tax systems are progressive on paper. Top performers include Burundi, Somalia, Kenya, Rwanda, and Ethiopia. Burundi, Somalia, and Uganda ranking 26th, 27th, and 29th globally, and 1st, 2nd, and 3rd in East Africa. At the bottom of the rankings is South Sudan, which ranks last in East Africa and 142nd globally due to low CIT and PIT rates.

Several **Southern African** countries also perform well. DRC has improved significantly, moving from 11th place in 2022 to 3rd place in 2024. Malawi and Zambia rank 13th and 14th globally and 2nd and 3rd in Southern Africa due to high CIT, progressive PIT rates, and VAT exemptions on essential goods. Mauritius and Seychelles were penalised for harmful tax practices (HTPs), which attract corporate profits and harm other nations. Angola performed poorly across all tax categories (PIT, CIT, and VAT) and ranks in the bottom third globally.

Corporate Income Rate (CIT)

Corporate income tax (CIT) is generally considered a progressive tax, as it is levied on profits that would otherwise be distributed as dividends or earnings to relatively wealthy company owners. Generally, the higher the CIT rate, the more progressive the tax system becomes. The average CIT rate in Southern Africa was 26%, while in Eastern Africa, it was 28% - significantly higher than the global average in the Index (23%), which is positive.

Table 11. Southern Africa. Progressivity on paper

	Southern Africa	Sub- Saharan Africa Rank	Global rank
DRC	1	3	3
Zambia	2	8	13
Malawi	3	9	14
Namibia	4	21	42
Lesotho	5	22	43
South Africa	6	28	58
Madagascar	7	30	69
Botswana	8	31	71
Zimbabwe	9	34	82
Mozambique	10	38	107
Eswatini	11	39	112
Angola	12	40	127
Mauritius	13	42	146
Seychelles	14	43	150

Table 12. East Africa. Progressivity on paper

	East Africa CRI Rank	Sub- Saharan Rank	Global CRI rank
Burundi	1	12	26
Somalia	2	13	27
Uganda	3	14	29
Kenya	4	15	30
Ethiopia	5	18	36
Rwanda	6	19	37
Tanzania	7	24	47
Sao Tome and Principe	8	36	94
South Sudan	9	41	142

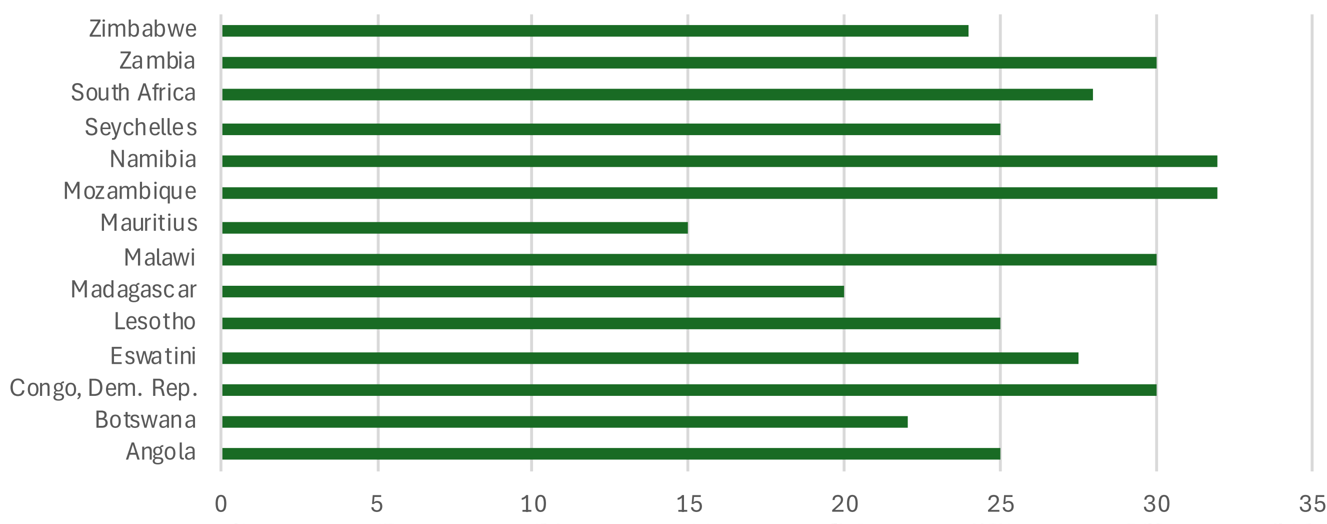
In **Southern Africa**, the average CIT rate has slightly decreased in recent years (from 27% in the 2022 index) due to reductions in Seychelles (from 30% to 25%) and Zambia (from 35% to 30%). However, some countries in the region still have high rates globally: Namibia and Mozambique have a CIT rate of 32%, placing them among the top 10.[90]

In Eastern Africa, CIT rates remain generally higher than the global average. This reflects the East African Community's (EAC) commitment to maintaining a common CIT rate of 30%.[91] While South Sudan currently has lower rates, it is committed to aligning with this standard over time. The standardised rate has helped maintain the regional average at the same level in 2024 as in 2022, helping countries resist global headwinds.

Personal Income Tax (PIT)

The CRI Index calculates personal income tax (PIT) progressivity by comparing each country's tax rates and thresholds to its per capita GDP.[92] Most countries in both Southern and Eastern Africa have a progressive PIT system on paper compared to other countries.

In **Southern Africa**, South Africa has the highest top PIT rate, and its overall PIT system has been shown to reduce market-income inequality. DRC recently increased its PIT rate slightly, making it the second highest in the region after Zimbabwe, while Zambia has lowered its rate. Meanwhile, Mauritius remains at the lower end of the top rates but introduced a more progressive tax system in 2023. On average, the top PIT rate in the area has declined slightly from 32% to 31% since 2022.



In East Africa, the average top PIT rate has remained broadly the same, as most countries have not changed their rates. The only exception is South Sudan, which increased its top rate from 15% to 20%.

Value-Added Tax (VAT)

VAT is generally considered a regressive tax because those with lower disposable incomes tend to spend more of their earnings on taxable goods and services. As a result, countries receive higher CRI Index scores if they maintain lower VAT or General Sales Tax (GST) rates.

There are steps that most countries can take to reduce VAT's impact on low-income populations.[93] These measures include:

- Exempting or applying lower VAT rates to basic foodstuffs commonly consumed by poorer households.
- Setting high sales registration thresholds so smaller traders are exempt and do not pass VAT costs on to consumers.

Every Southern and Eastern Africa applies at least one of these measures, except for Somalia and South Sudan (see **Table 16**). In 13 countries across both regions, both measures are in place. As a result, VAT in these countries is likely to neutralise inequality, so they are assigned an "adjusted" VAT rate of zero in the index.

Chart 20. Top Personal Income Tax Rates % , Southern Africa

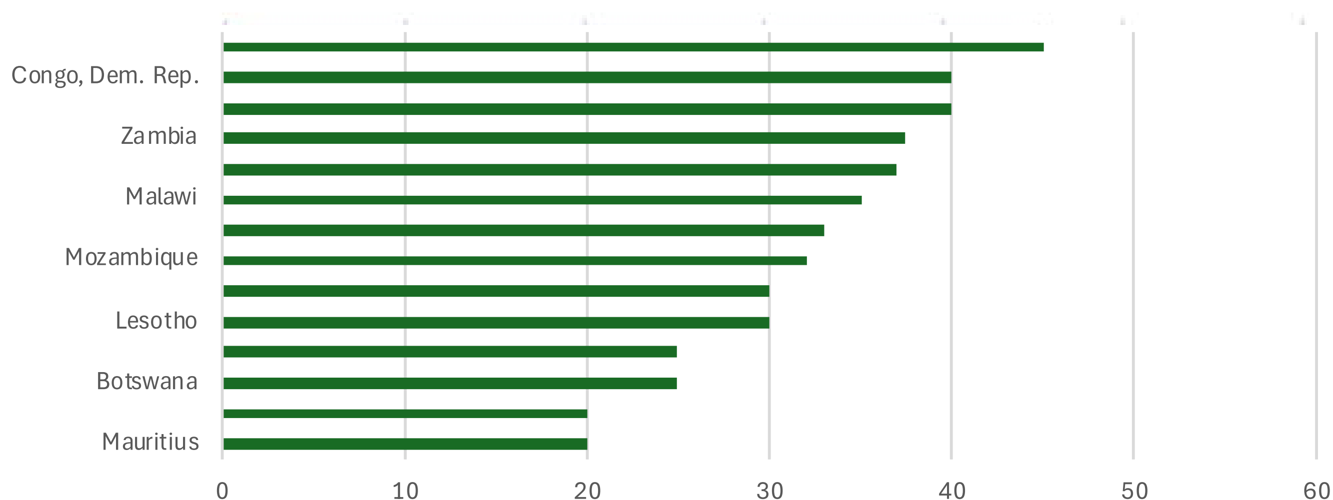


Chart 21. Top Personal Income Tax Rates %, Eastern Africa

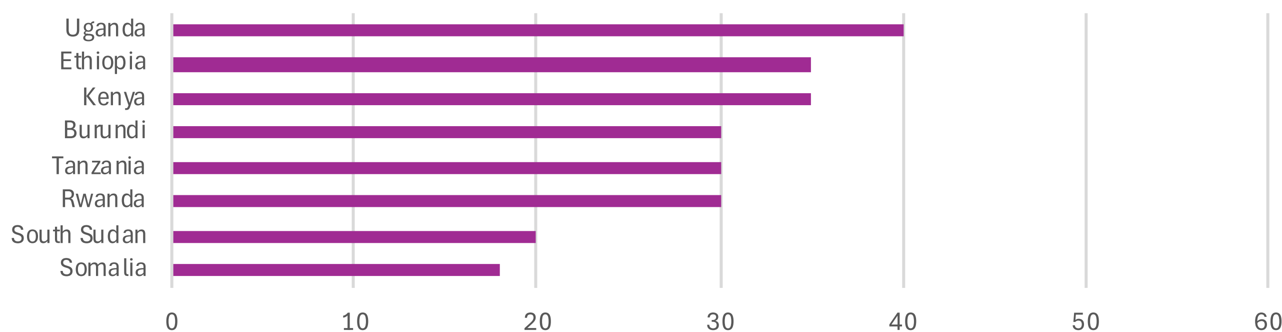


Chart 22. VAT or GST rate %, Southern Africa

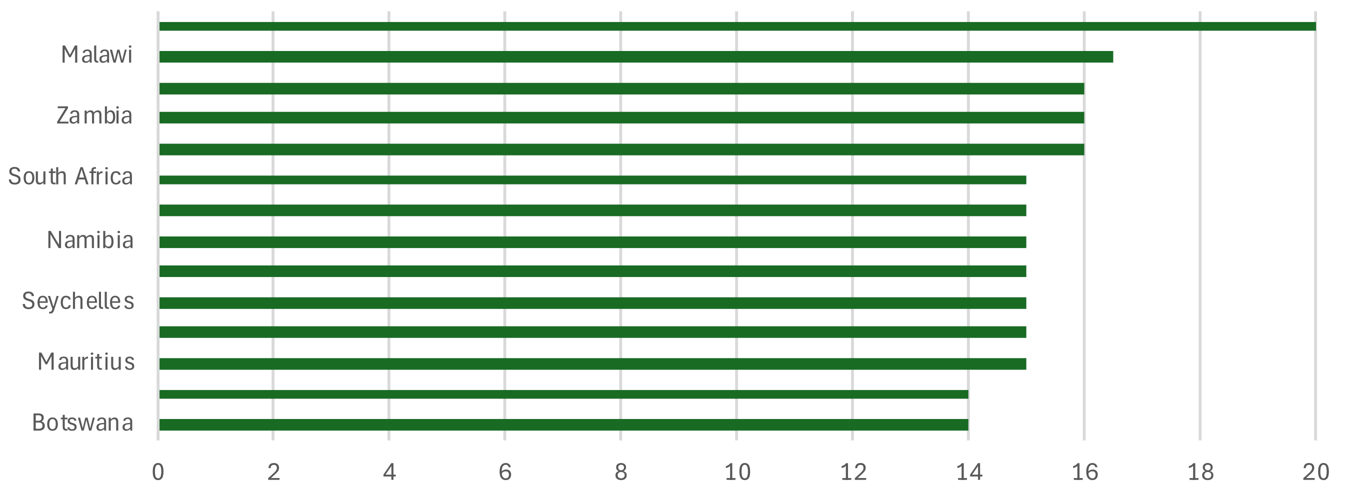


Chart 23. VAT or GST rate %, East Africa

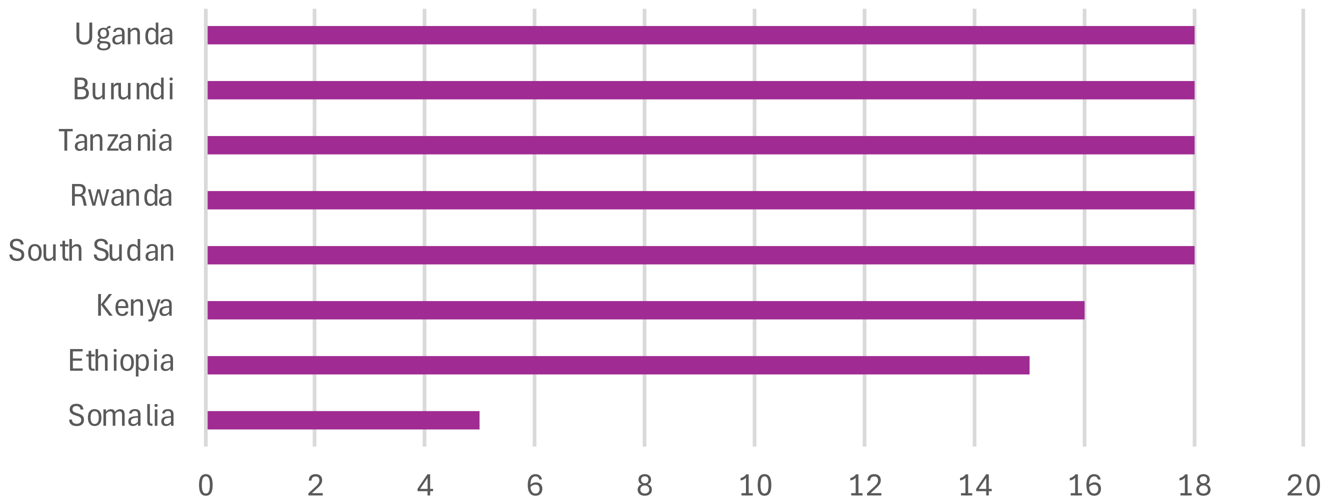


Photo: Magdalena Vogt

Since the last CRI Index (2022), there have some changes in country VAT rates:

- In **Eastern Africa**, South Sudan has reduced its VAT rate from 20% to 18% since 2022 to align with the East African Community (EAC) average. Kenya has also lowered its rate. Meanwhile, Somalia has the lowest average VAT rate in the region but does little through other measures to offset its regressive impact
- In **Southern Africa**, VAT rates have remained largely unchanged in recent years, except for: Mozambique, which decreased its VAT rate by 2 percentage points and Botswana, which increased its VAT rate by 2 percentage points

Table 13. VAT exemptions and thresholds

	Basic food exemptions	High thresholds
Southern Africa		
Angola	Yes	Yes
Botswana	Yes	Yes
DRC	Yes	Yes
Eswatini	Yes	No
Lesotho	Yes	Yes
Madagascar	No	Yes
Malawi	Yes	Yes
Mauritius	Yes	Yes
Mozambique	Yes	No
Namibia	Yes	No
Seychelles	Yes	No
South Africa	Yes	Yes
Zamia	Yes	Yes
Zimbabwe	Yes	No
Eastern Africa		
Burundi	Yes	Yes
Ethiopia	Yes	Yes
Kenya	Yes	Yes
Rwanda	Yes	Yes
Somalia	No	No
South Sudan	No	No
Tanzania	No	Yes
Uganda	Yes	Yes

Harmful tax practices

This sub-indicator evaluates whether countries engage in harmful tax practices (HTPs), such as acting as tax havens and offering favourable tax regimes that enable multinational corporations to shift profit and avoid tax, weakening the ability of nations to collect adequate tax revenues. Credible estimates suggest that at least 30% of Africa's financial wealth is held offshore.[94]

In Eastern Africa, none of the countries covered in this report exhibit significant harmful tax practices or function as tax havens. In Southern Africa, however, Seychelles and Mauritius have been identified as jurisdictions engaging in HTPs. They are among only 13 countries flagged under the revised 2024 HTP methodology.[95]

Tax Collection

This indicator measures tax collection efficiency through "tax productivity"—a calculation that multiplies tax rates by their respective tax bases (e.g., consumption for VAT) and compares the expected revenue with actual tax collection.[96]

Countries in both regions do much worse here, as, despite having progressive tax structures on paper, both regions face significant tax collection challenges due to five key issues:

- excessive tax exemptions for foreign investors;
- widespread tax evasion and avoidance by wealthy individuals and corporations;
- major exemptions or incentives that benefit the rich;
- weak tax administration; and,
- unfair tax treaties that limit revenue from multinational companies.

As a result, in both regions, the inequality-reducing impact of tax policies is much lower than it could be.

On average, African countries collect less than a third of the taxes implied by their tax rates. **Southern Africa** performs better, with an average tax collection rate of 43%. However, the situation is varied: Seychelles has the highest collection rate in sub-Saharan Africa, now at over 90% (up from 76% in 2022); Angola follows at 62%. Lesotho, Botswana, South Africa, and Mauritius are around 50%. All other countries fall below this level. **Eastern Africa** lags behind at just 17%, on average. No country exceeds 30%, and Somalia has the lowest rate in Africa, at just 2%.

Chart. 24. Tax collection 'productivity' (%), Southern Africa

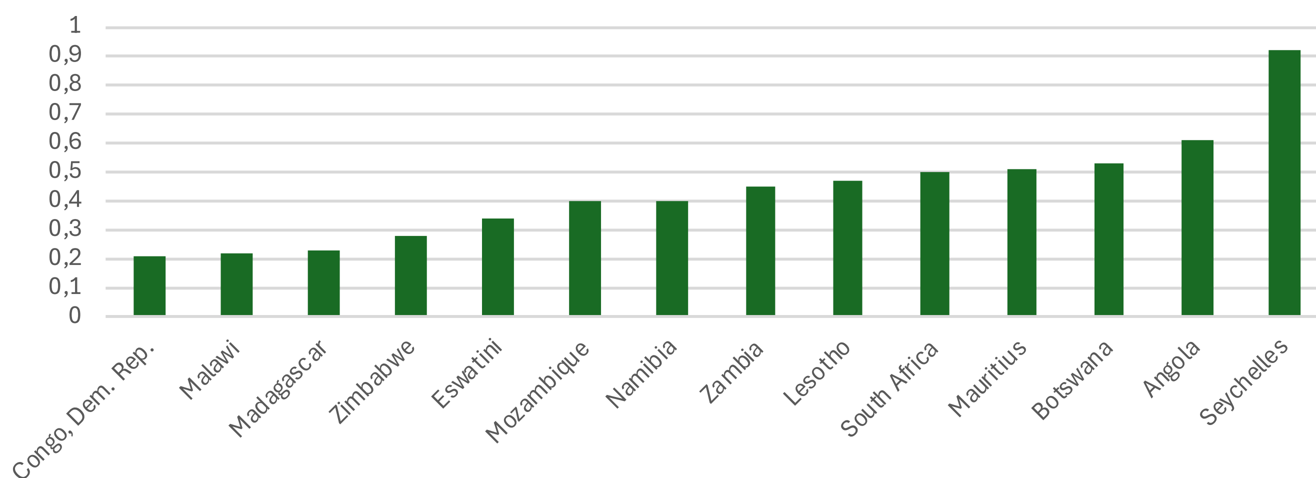
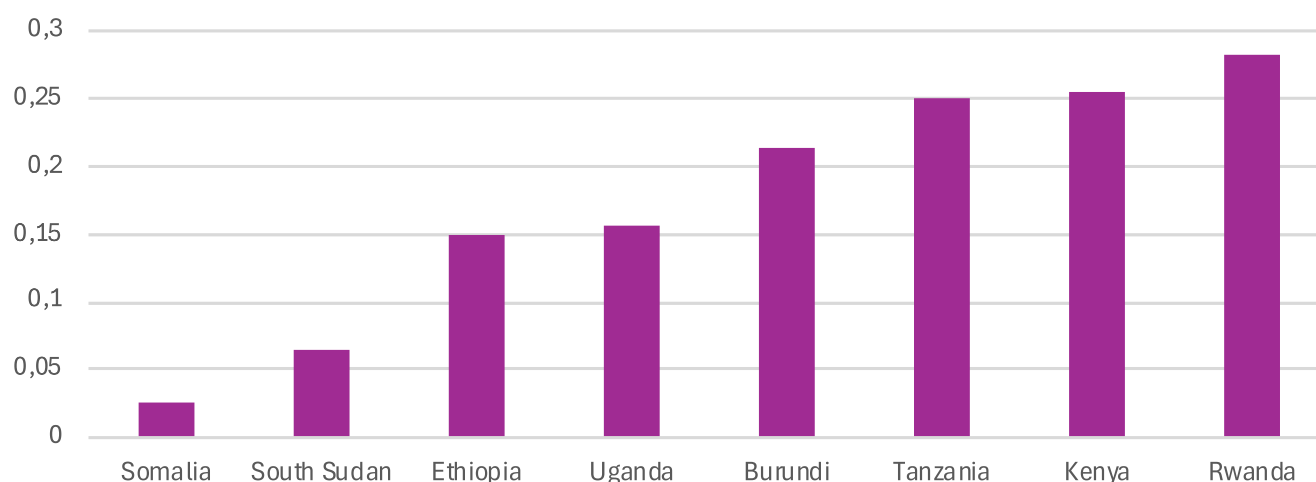


Chart 25. Tax collection 'productivity' (%), Eastern Africa



The people not responsible for the climate changes are paying the biggest price. Zalingei Kaltuma Mohammed Umer is digging for water in the river, now only sand. Photo: Håvard Bjelland

Impact of Taxes on Inequality

The final indicator evaluates how tax policies affect income inequality by measuring changes in the Gini coefficient before and after taxation.

Previous global CRI Index editions have shown that, on average, tax systems are regressive, meaning they increase inequality rather than reduce it due to a heavy reliance on indirect taxes and weak taxes on income and wealth. The 2024 CRI Index reveals that this trend has worsened as global VAT collection has surged.[97]

The good news is that, on average, Southern and Eastern Africa's tax systems do reduce inequality, albeit marginally:

- Southern Africa: -2.6%
- Eastern Africa: -1.8%

However, the impact of taxation on inequality varies widely depending on tax structures, exemptions, thresholds, and collection efficiency (see **Tables 14 and 15).**

Only four countries in **Southern Africa** fail to reduce inequality through their tax systems - DRC, Malawi, Madagascar, and Seychelles. In contrast, Mauritius uses taxation to redistribute wealth (despite acting as a tax haven and harming others). In **Eastern Africa,** half of all countries are successfully reducing inequality as a result of their taxation. However, all of these, apart from Kenya, have seen the impact on inequality decline since 2022:

- Tanzania: from -11% to -7%
- Uganda: from -2% to -1.5%
- Ethiopia: from -3% to -2%
- Kenya: the only improvement, from -7% to -8.5%

Table 14. Southern Africa

	% change in Gini due to tax (inequality reduction is denoted by –)
DRC	0.5%
Zambia	-2.0%
Malawi	0.5%
Namibia	-1.4%
Lesotho	-6.8%
South Africa	-4.3%
Madagascar	3.0%
Botswana	-0.3%
Zimbabwe	-8.5%
Mozambique	-0.3%
Eswatini	-5.0%
Angola	-0.5%
Mauritius	-16.7%
Seychelles	6.2%

Table 15. East Africa

	% change in Gini due to tax (inequality reduction is denoted by -)
Burundi	3.1%
Ethiopia	-2.0%
Kenya	-8.5%
Rwanda	0.4%
Somalia	0.7%
South Sudan	0.1%
Tanzania	-7.0%
Uganda	-1.5%

6. ARE LABOUR POLICIES FIGHTING INEQUALITY IN SOUTHERN AND EASTERN AFRICA?

The Labour Rights Pillar evaluates policy, coverage, and impact indicators to measure three key areas in addressing inequality:

1. Labour Policies – Assessing government action on ensuring labour and union rights, minimum wages, and safeguarding women workers.
2. Labour Rights Coverage – the proportion of the population not covered by labour rights (excluding the unemployed and those in vulnerable or informal employment).
3. Impact on Wage Inequality – Measured using the Gini coefficient of wages.

Overall results on the Labour Rights Pillar

Labour rights, decent jobs, minimum wages, and wage inequality have worsened globally, as reflected in the global CRI Index. Eastern and Southern Africa show a similar decline, particularly in minimum wages, coverage, and inequality.

Only Burundi and Lesotho improved their labour rights index ranking among 22 countries across both regions. Every other country has regressed in at least one area in the pillar.

Table 16 shows that Seychelles leads in sub-Saharan Africa and **Southern Africa**, largely due to strong women's workplace rights and low vulnerable employment rates. Mauritius, second, ranks high in labour protections, with minimal vulnerable employment, helping reduce inequality. South Africa, Malawi, and Lesotho rank in the middle third of global ranks, with other countries lower. These countries are also among sub-Saharan Africa's top ten. Lesotho's ranking improved due to lower unemployment and vulnerable employment. Conversely, Zambia, Zimbabwe, and DRC perform poorly regionally and globally, as large portions of their populations lack labour rights protections and face high wage inequality.

Table 16. Southern Africa labour pillar ranks

	Southern Africa Labour Rank	Sub-Saharan Labour Rank	Global Labour Rank
Seychelles	1	1	41
Mauritius	2	2	50
South Africa	3	4	85
Lesotho	4	5	89
Malawi	5	7	104
Namibia	6	8	109
Angola	7	15	125
Eswatini	8	16	126
Mozambique	9	18	131
Botswana	10	20	135
Madagascar	11	21	137
Zambia	12	36	155
Congo, Dem. Rep.	13	38	158
Zimbabwe	14	41	162

16-year-old Jamal in the Batil refugee camp in Maban in South Sudan and his mother Amna Al-Haj Adam. An accident resulted in him losing one of his legs. Despite the challenges, Jamal has returned to school and continues to dream about. Photo: Magdalena Vogt /Ikon

As shown in **Table 17**, nearly all **Eastern African** countries rank in the bottom third of the global index due to high informal or vulnerable employment levels and extreme wage inequality. Even when policies exist, they fail to cover large portions of the population effectively, limiting their impact on reducing inequality. Somalia ranks highest in Eastern Africa, with lower unemployment and vulnerable employment than its peers and some progress in workers' rights. However, it performs poorly on women's workplace rights, requiring significant improvement. Kenya follows a similar trend. Yet even these "top performers" rank poorly globally and within sub-Saharan Africa. Burundi, Ethiopia, South Sudan, and Uganda rank among the world's lowest, struggling across multiple indicators.

Table 17. Eastern Africa's labour pillar ranks

	Eastern Africa Labour Rank	Sub-Saharan Labour Rank	Global labour Rank
Somalia	1	11	119
Kenya	2	19	132
Rwanda	3	24	140
Tanzania	4	30	148
Burundi	5	32	151
Ethiopia	6	39	159
Uganda	7	40	161
South Sudan	8	42	163

Labour policies

The labour policy indicator has three sub-indicators: labour and union rights; women's rights in the workplace, i.e. equal pay for equal work, protection from discrimination (see below for more); and "fair" minimum wages.[98]

In Eastern and Southern Africa, addressing wage inequality through legislation also requires protecting vulnerable populations beyond these areas. This section highlights the large number of people with disabilities facing intersecting inequalities (see **Box 8)** and the extremely high levels of child labour (**Box 10),** which further worsen wage inequality.

Table 18. Labour Rights Policy scores, Southern Africa

	Southern Africa ranks	Sub-Saharan Rank	Global rank
Mozambique	1	1	2
Madagascar	2	5	8
Malawi	3	9	22
DRC	4	13	56
Lesotho	5	16	66
Seychelles	6	18	70
South Africa	7	19	75
Namibia	8	20	77
Zambia	9	24	95
Angola	10	25	96
Eswatini	11	29	107
Mauritius	12	30	108
Zimbabwe	13	41	153
Botswana	14	42	156

In **Southern Africa,** Mozambique, Madagascar, and Malawi rank among the global top 10 for labour rights policies and laws. While Mozambique and Madagascar maintain their 2022 positions, Malawi drops one spot but remains largely unchanged. These countries score well for progressive labour laws and high minimum wages on paper, though weak enforcement leaves many workers unprotected. Botswana and Zimbabwe rank lowest due to weak union rights and low minimum wages.

Table 19. Labour Rights Policies scores, East Africa

	East Africa Rank	Sub-Saharan Africa Rank	Global rank
Tanzania	1	31	115
Somalia	2	32	116
Kenya	3	33	118
Uganda	4	34	119
Rwanda	5	35	120
Ethiopia	6	36	123
Burundi	7	37	124
South Sudan	8	38	128

Most **Eastern African** countries rank poorly both globally and within sub-Saharan Africa. Tanzania and Somalia perform best - Tanzania for its substantial minimum wage and Somalia for relatively better labour rights - though no country scores well overall. At the bottom, Burundi, Ethiopia, and South Sudan rank lowest due to weak or non-existent minimum wage policies.

Labour rights

This indicator measures labour and union rights in law and practice using ILO standards and data from Penn State's Centre for Global Workers' Rights (SDG 8.1).[99] However, this data has not been updated recently. Hence, **Box 7** presents a 2024 snapshot from the ITUC Global Rights Index, which tracks similar laws and their violations through non-enforcement – this warns of a considerable fall in workers' rights in recent years.

In **Eastern Africa**, only South Sudan and Uganda rank in the top half, having key laws but some violations in protecting these rights by employers (i.e. weak enforcement). In the bottom third, Tanzania lacks critical legislation and there are frequent violations of these existing laws. In **Southern Africa**, Malawi, Lesotho, and Seychelles rank in the global top 50 with strong legal protections and few violations of existing laws. Zimbabwe, DRC, Tanzania, Eswatini, Botswana, and Zambia fall in the bottom third due to weak laws and frequent breaches.

Box 7. What does the 2024 ITUC Global Labour Right Index reveal?

The 2024 ITUC Global Rights Index reveals a troubling trend of declining workers' rights in Eastern and Southern Africa, with the region's average rating deteriorating indicating a decline in the protection of labour rights.[100]

In Southern Africa, Eswatini has been identified among the ten worst countries globally for workers having experienced systemic repression, including unjustified detention of activists and arbitrary dissolution of unions. In Madagascar, the country's rating worsened in 2024, reflecting increased violations of workers' rights. While South Africa is not among the ten worst, it faces challenges such as mass dismissals of striking workers, as seen with the Walmart incident in 2023.[101] On the other hand, Namibia - designated as a pathfinder country for the Global Accelerator on Jobs and Social Protection - has enhanced SDG 8 implementation but still faces challenges in consistent trade union engagement.[102]

In Eastern Africa, trade unions in Kenya report exclusion from government consultations, hindering effective social dialogue.[103] Uganda gets the worst possible ranking (5) in the ITUC Global Rights Index, with severe labour rights violations, including union suppression, restricted strikes, and weak legal protections, especially in the informal sector.[104]

Women's rights in the workplace

Women need strong legal protections to improve labour participation and wages. The CRI Index assesses whether countries have:

1. Laws on equal pay for equal work, workplace discrimination and protection against rape and sexual harassment.
2. Paid parental leave is vital for parents to undertake childcare roles without losing income and for greater gender equality. It is calculated by multiplying the paid leave days by the percentage of prior income covered.

Of course, countries must go beyond women's labour rights to ensure non-discrimination and equal treatment for all citizens, regardless of gender, ethnicity, disability, age and sexuality – **Box 8** discusses progress on this for people with disability issues, **Box 9** discusses how family law also impacts on workplace rights for women, and **Box 10** for child labour.

In **Southern Africa**, as **Chart 26** shows, most countries score a 4, reflecting laws across four areas. Madagascar has advanced the most since 2022 due to new sexual harassment laws—the only country to do so in this sub-indicator. The remaining countries are marked down for not including marital rape in anti-rape laws. Additionally, Angola lacks a sexual harassment law, and Botswana has no equal pay law. As **Chart 26** shows, on parental leave, Mauritius, Zambia, and DRC offer 100+ days at full pay; five countries offer 80–91 days, while Malawi (56), Botswana (42), Eswatini (14), and Seychelles (4) offer far less. Lesotho is the only country in the region—and one of just five worldwide—without parental leave.

Chart 28 shows that three **East African countries** (Burundi, Rwanda and Tanzania) score well on this indicator, with laws in all four areas. DRC, Ethiopia, Kenya, Somalia, South Sudan and Uganda are marked down for not including marital rape in their anti-rape laws. Somalia also lacks a sexual harassment law. On paid parental leave, as **Chart 29** shows, only South Sudan, Ethiopia, and Kenya offer 100+ days, while Somalia is close. Uganda, Burundi, and Tanzania provide just over 80 days, Rwanda 50, and Somalia 49. Paternity leave is limited in East Africa; South Sudan and Somalia offer none.

Chart 26. Womens' Labour Rights in Law, Southern Africa

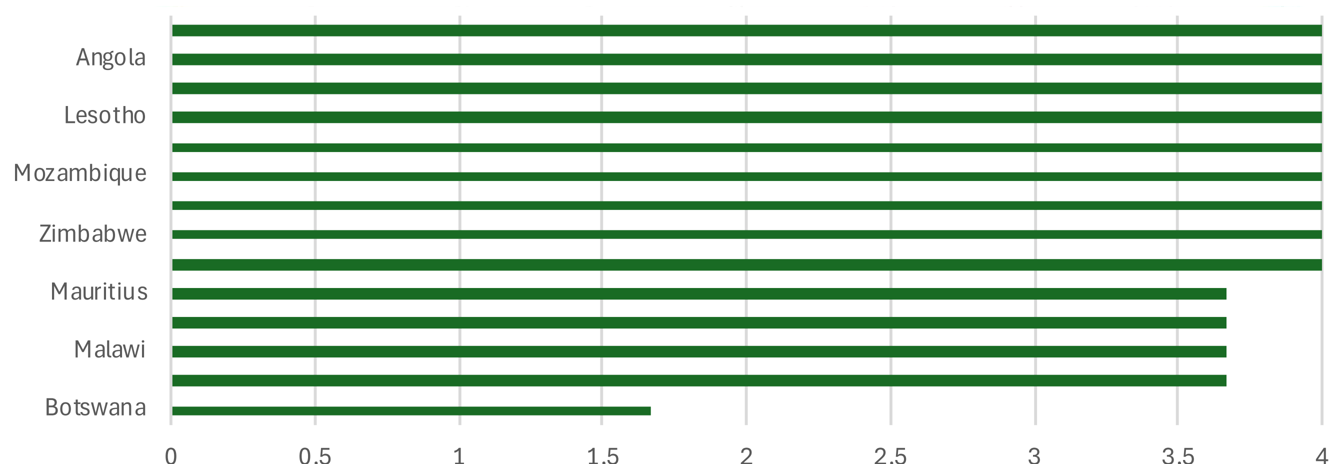


Chart 27. Parental Leave, Southern Africa

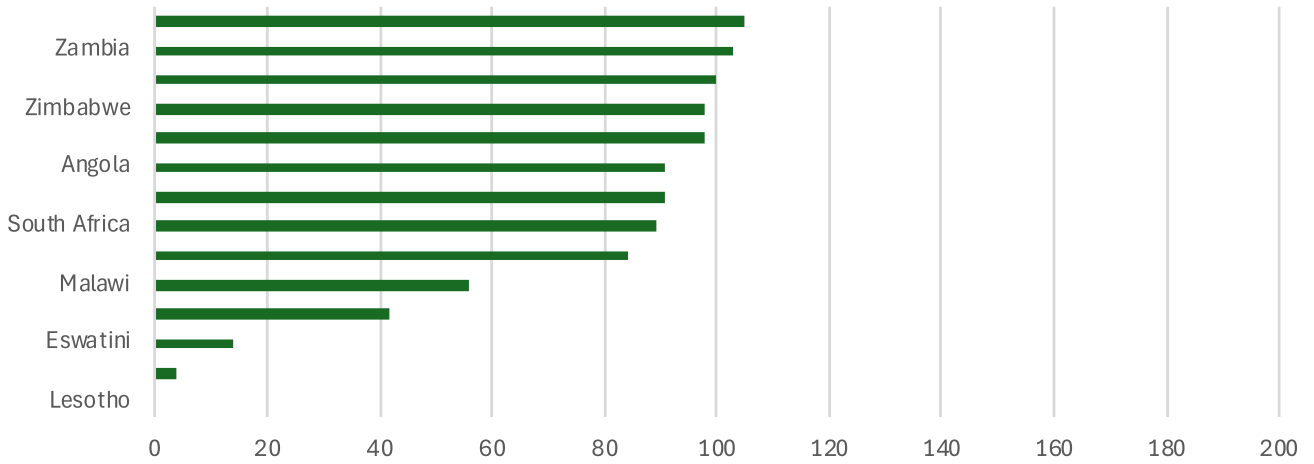


Chart 28. Womens' Labour Rights in Law,East Africa

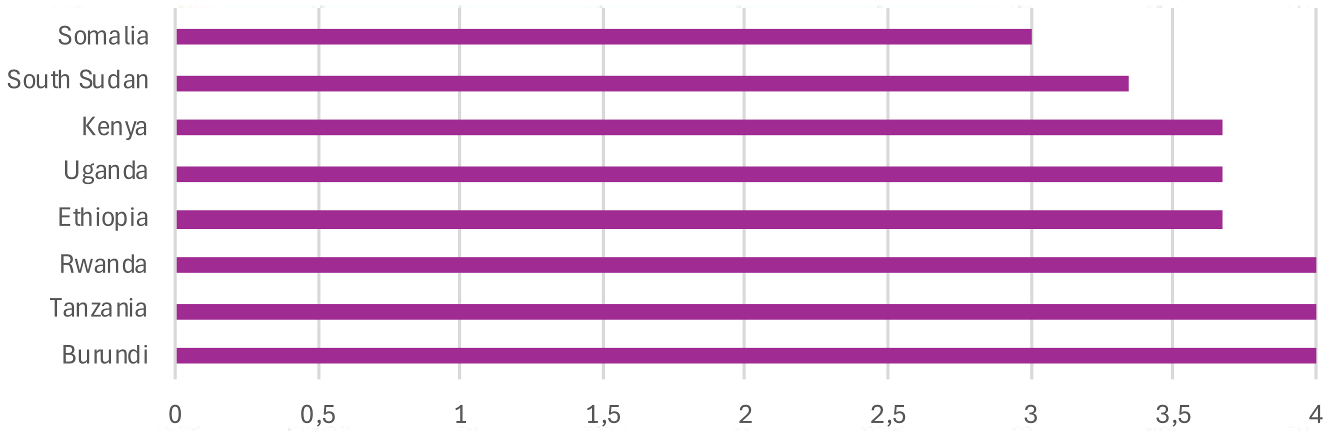
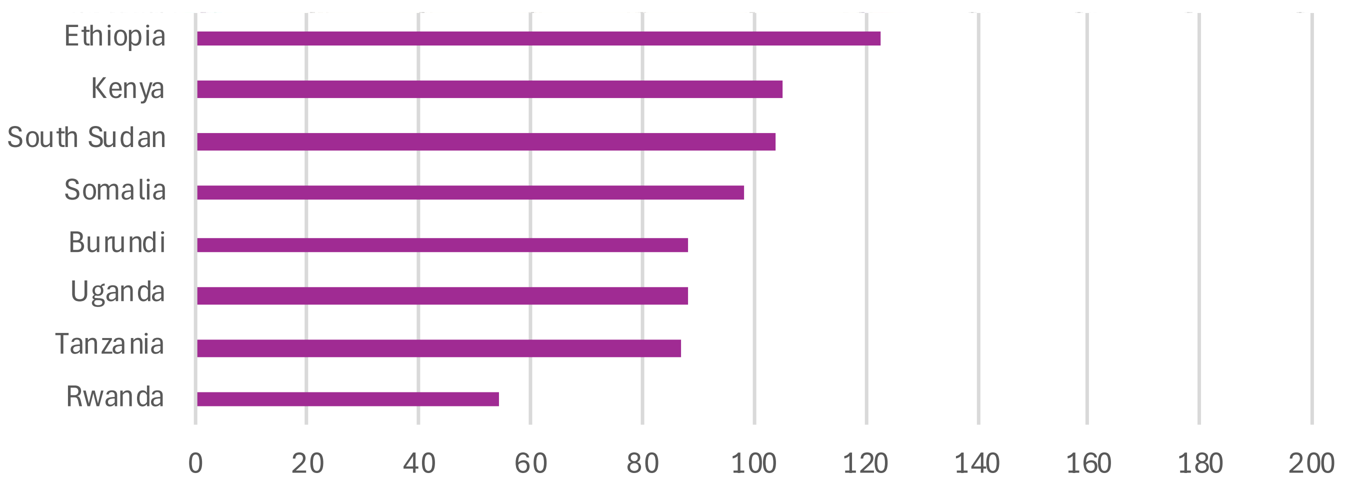
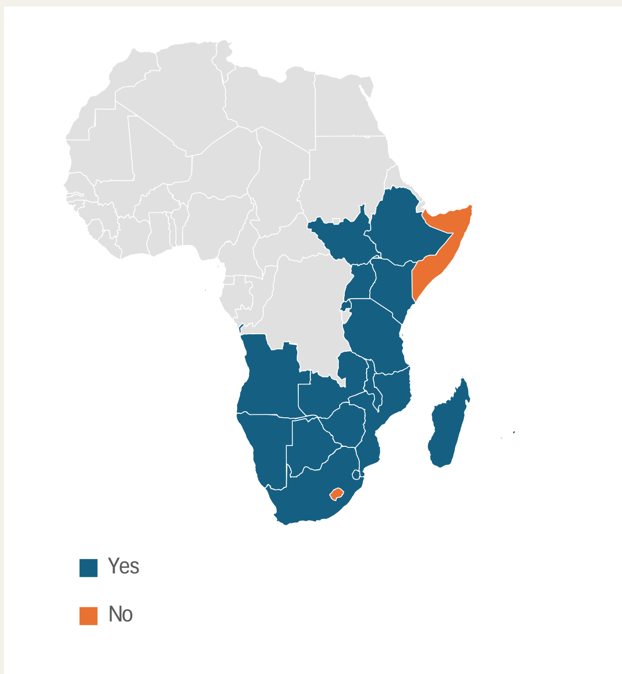


Chart 29. Parental Leave - East Africa



Box 8. Disability exclusion: an area which requires action

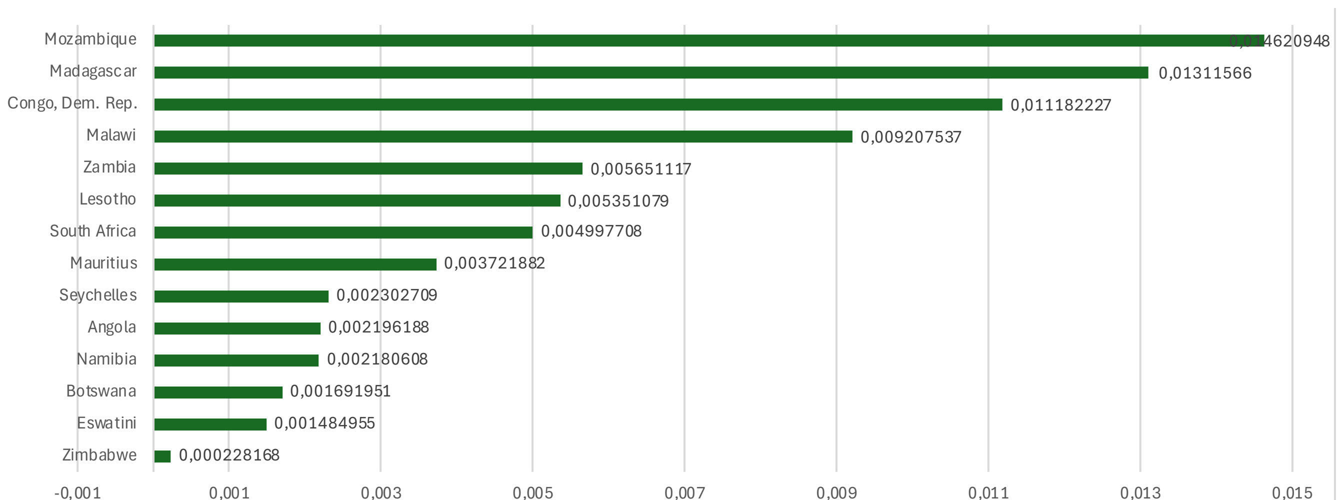
Compared with persons without disabilities, persons with disabilities in Eastern and Southern Africa are more likely to be unemployed. When in employment, they are likely to be 'underemployed' and are overrepresented in the informal sector.[105] Discrimination is often a significant barrier to employment: data indicates that legislative measures prohibiting workplace discrimination, such as hiring, pay, and promotions, are essential for promoting workplace inclusion.[106] The Government can address this by enforcing non-discriminatory legislation in the workplace. Almost all countries have at least some antidiscrimination disability legislation across Eastern and Southern Africa; only Lesotho and Somalia lack this (**see Map 4**). However, when it comes to legislation that can hold employers accountable for implementation—e.g., equal pay or preventing workplace discrimination—the picture is much patchier (**see Map 5**).[107]



Map 4. Is there at least some explicit legislative prohibition of workplace discrimination based on disability?

Map 5. Are employers required to take steps to prevent disability-based discrimination at work?

Chart 30. Minimum wage as % per capita GDP (0-2%), Southern Africa



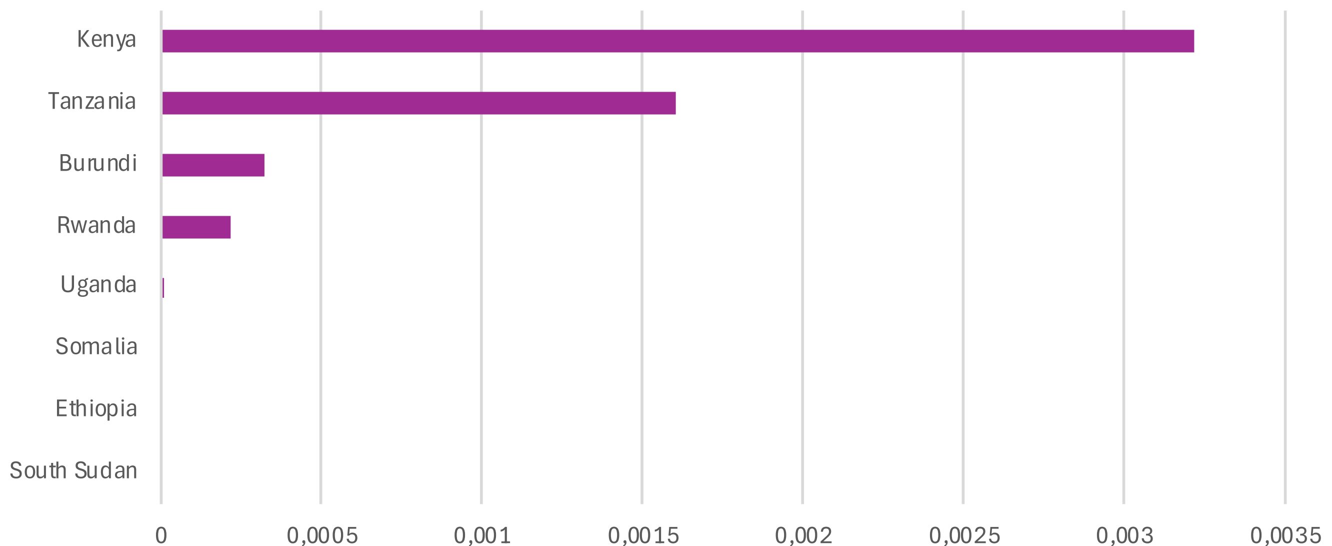
Minimum Wages

The final indicator for assessing labour policies is the government's minimum wage—a key policy tool to protect low-paid workers. Ideally, this would be compared to a living wage. However, living wages are unavailable for most East and Southern African countries. Instead, we compare minimum wages to per capita GDP.

In **Southern Africa,** Mozambique, Madagascar, and the DRC perform relatively well, setting minimum wages above per capita GDP. However, since the 2022 Index, the wage-to-GDP ratio has declined across all countries except Mauritius and Malawi, where it remained stagnant. Only South Africa reversed this trend, improving its ranking from 71 to 64, due to a national minimum wage increase and its expansion to cover all domestic and farm workers (previously excluded despite being in the lowest-paid, most precarious jobs).[108] In Namibia, the government has introduced a new and increased minimum wage in 2025 – which is not yet reflected in the Index results - which will be expanded to cover all domestic and farm workers in the coming three years (the majority of informal workers not currently covered).[109]

Chart 31 shows that most **East African** countries perform poorly on this indicator (with no one reaching 1% even). Ethiopia, Somalia, and South Sudan are among the 12 countries with no minimum wage worldwide. Uganda has struggled to implement previous commitments to raising its long-outdated minimum wage (to such an extent that it registers as zero in the chart below)[110], while Burundi has not updated its minimum wage in more than 20 years.[111] In both regions, the declining trends reflect that minimum wage increases have failed to keep pace with the cost-of-living crisis. The ILO has noted that this is part of a broader trend of minimum wages failing to keep pace with inflation in sub-Saharan Africa, resulting in a decline in wage value.[112]

Chart 31. Minimum wage as % per capita GDP (0-1%), East Africa



Box 9. Family law is key to unlocking women's rights outside the home

Family laws significantly influence women and girls' rights and empowerment, governing key aspects of their lives such as marriage, divorce, inheritance, and property ownership. Discriminatory family laws undermine women's access to areas outside the home, including the world of work. Countries with unequal family laws often rank lower on gender equality indices, making legal reform essential for women and girls' economic and social empowerment.[113]

In many contexts, family laws are shaped by religious or customary practices. Countries with plural legal systems—where civil, religious, and customary laws coexist—often experience inconsistent protections. For instance, while civil law may set the legal age for marriage at 18, customary law may allow marriage at puberty.[114] Inheritance and property rights also vary significantly across religious and ethnic communities.

Although most countries in Eastern and Southern Africa have ratified the UN Convention on the Elimination of All Forms of Discrimination against Women (CEDAW), many still lack the implementation of Article 16, which calls for equality in marriage and family life.[115] For example, in Zambia, customary law permits child marriage; in the Democratic Republic of Congo (DRC), the husband is legally the head of the household; and in Sudan, a male guardian is required to validate a woman's marriage.[116]

Reforming family laws is complex due to the strong influence of tradition and religion. Nonetheless, global initiatives, such as the Global Campaign for Equality in Family Law and Musawah's Campaign for Justice in Muslim Family Laws continue to advocate for gender-equal reforms through legal action and community engagement.

Tekst: Serafin Domingos crushes stones in an open mine outside Luanda, Angola. Photo: Håvard Bjelland

Coverage of Workers' Rights

This indicator measures the percentage of the population not covered by labour rights, combining unemployed and vulnerable workers.[117] Eastern African countries tend to do poorly on this indicator as they have very high levels of vulnerable workers, as do some Southern African countries. At the same time, others in this region also struggle with high unemployment. In practice, this means many of the labour laws and other policies that offer protective measures (as outlined above) do not apply to the vast swathes of the population.

As **Table 20 shows in Southern Africa,** less than 20% of workers in Madagascar, DRC, and Mozambique are covered by formal labour protections—or, in other words, 8 out of every 10 workers in these countries have no labour protections. Only Mauritius and Seychelles have less than 20% of workers not covered. There is very high unemployment in Eswatini, South Africa, Botswana, and, to a lesser extent, Namibia and Angola. Eswatini and South Africa's unemployment rates have grown in recent years; this is even higher for young people, staggeringly, close to half of all young people in both countries.[118]

As shown in **Table 21, in East Africa,** fewer than half of workers in all countries are covered by formal labour protections. In Burundi, Tanzania, Ethiopia and South Sudan, less than 2 out of every 10 workers are protected. This seriously undermines the realisation of labour rights due to the very high levels of informal and vulnerable labour. In South Sudan and Rwanda, there is also relatively high unemployment. Every single country in East Africa has moved backwards on this indicator in recent years.

Table 20. Southern Africa

	% of workers with no formal labour rights	% unemployment rate
Mauritius	15%	6%
Seychelles	18%	3%
South Africa	24%	28%
Botswana	28%	23%
Namibia	32%	19%
Lesotho	33%	16%
Eswatini	34%	38%
Angola	60%	15%
Malawi	60%	5%
Zimbabwe	61%	9%
Zambia	69%	6%
Mozambique	82%	3%
DRC	82%	5%
Madagascar	85%	3%

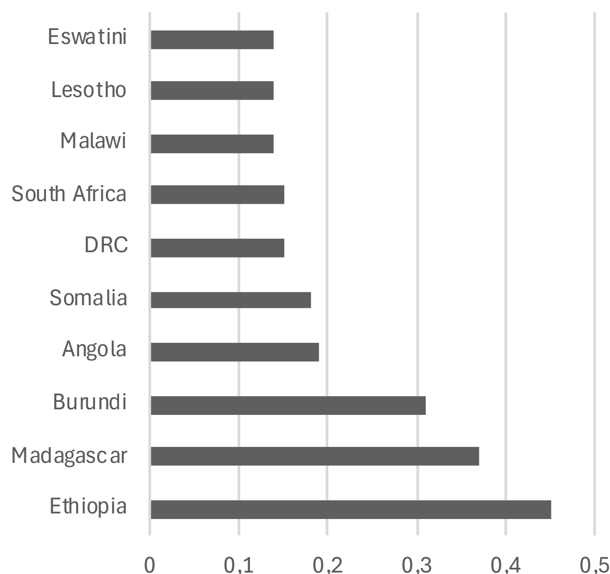
Table 21. East Africa

	% of workers with no formal labour rights	% unemployment rate
Somalia	45%	19%
Kenya	60%	6%
Rwanda	64%	15%
Uganda	75%	9%
Burundi	84%	1%
Tanzania	84%	3%
Ethiopia	85%	4%
South Sudan	88%	12%

Box 10. Child Labour - a consequence of failed labour policies

Child labour and inequality are closely linked. Child labour both results from and contributes to poverty,[119] disproportionately affecting families on low incomes[120], where children work instead of attending school. This reinforces inequalities that persist across generations, keeping them in low-wage and informal jobs as adults.[121] The issue is especially severe in Sub-Saharan Africa, where child labour rates are twice as high as in other regions. About one in four children work in Eastern and Southern Africa, with Ethiopia facing the highest rate—nearly half of all children (see Chart 32).[122] Laws alone cannot eliminate child labour, but effective legislation is essential. ILO Convention No. 182 (Worst Forms of Child Labour) covers nearly all children worldwide, and No. 138 (Minimum Working Age) covers around 80% of children, yet enforcement remains weak. Governments must strengthen labour protections, regulate informal sectors[123] and ensure decent work and a living wage for adults, as child labour thrives where these are lacking. Investing in free and compulsory education and high-quality public education also helps reduce child labour. So, too, does universal, tax-funded social protection. Child grants and family allowances help families rely less on child labour, as shown in Brazil (Bolsa Família) and South Africa (Child Support Grant).[124]

Chart 32. Percentage of children aged 5 -17 years engaged in child labour (where data available)



Source: Data based on ILO & UNICEF data. Data accessed February 7th 2025, https://data.unicef.org/topic/child-protection/child-labour/

Photo: Magnus Aronson

Wage inequality

To assess whether anti-inequality labour policies reduce wage income inequality, the Index uses ILO estimates of the Gini coefficient for wages (a higher coefficient indicates greater inequality, with a maximum value of 1).

As shown in **Chart 33, in Southern Africa,** countries like the DRC and Zambia have coefficients over 0.8, ranking among the highest globally—both have grown in recent years. Zimbabwe, South Africa, Madagascar, and Namibia exceed 0.7.

In East Africa, as Chart 34 shows, Uganda and South Sudan also have extreme levels (over 0.7), with the remaining East African countries above 0.6. These figures highlight severe wage inequality in both regions.

The high wage Gini coefficients in both regions stem from poor labour policy enforcement, low minimum wages in the formal sector, and even lower wages in informal and vulnerable employment. This shows neither region can rely solely on tax and spending measures to address inequality.

Chart 33. Wage inequality (Gini), Southern Africa

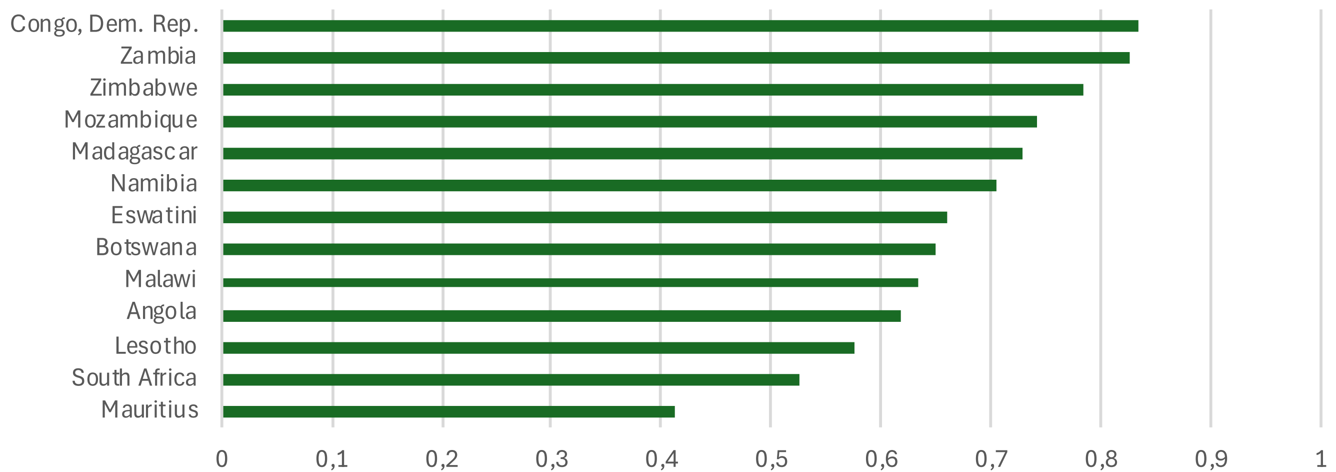
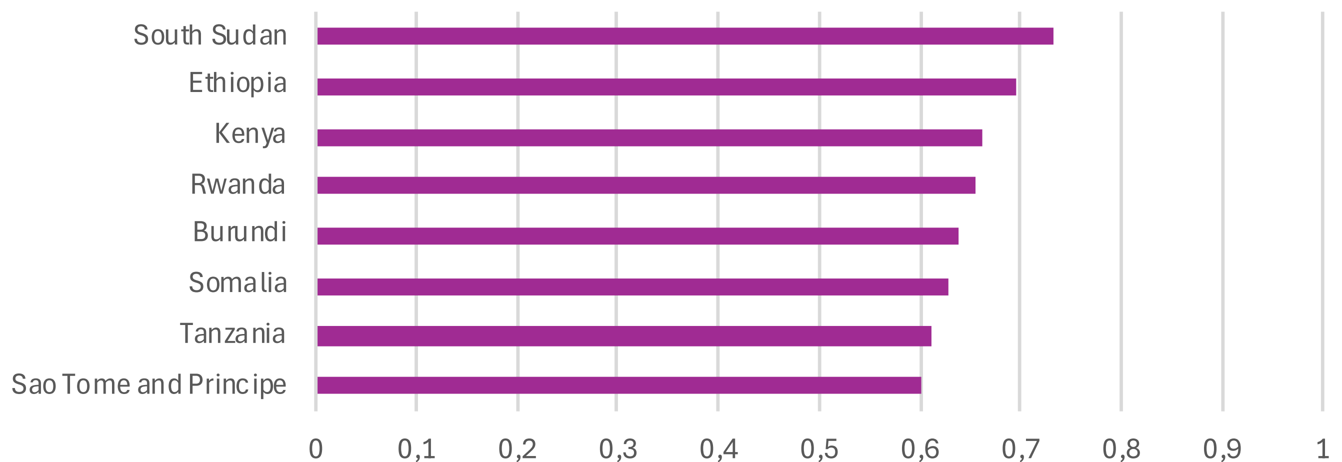


Chart 34. Wage inequality (Gini), Eastern Africa



7. DEBT CRISIS, AUSTERITY AND AID CUTS: THE GLOBAL FACTORS EXACERBATING INEQUALITY

The previous chapters have all shown that Eastern (and, to a lesser degree, Southern) Africa) are stagnating or even going backwards on the policies needed to cut inequality. The CRI Index has since 2017 shown repeatedly that the level of inequality is by no means predetermined. It is largely a policy choice by governments and their citizens, and each global CRI Index report (as well as the current regional report) has pointed to countries of all income levels which have stepped up measures to end extreme inequality.

However, this message increasingly needs to be qualified in Eastern and Southern Africa. Three major global factors are already severely restricting country policy choices, threatening to limit them further and pushing up inequality and poverty in future years. They are the growing debt crisis, increasing austerity, and, more recently, sharp aid cuts.

The Growing Debt Crisis

The decade from 2015 has seen the world adopt new and more ambitious Sustainable Development Goals for improving economic, social and environmental welfare, including combating inequality and the climate and biodiversity crises. These goals have multiplied national spending needs in Eastern and Southern Africa by 2-3 times.[125] At the same time, there has been a sharp decline in aid flows compared to GDP in the region. To fund their greater spending needs, and with growing offers of non-aid finance, governments increasingly turned to commercial funding from domestic and international bond markets. This debt had much higher interest costs and shorter payment periods than aid – due in part to an unjustified Africa risk premium.[126]

Both of these trends were exacerbated by the need to respond rapidly to the COVID-19 pandemic and the failure of the international community to deliver financial help fast enough to Africa's citizens. Even though governments in Eastern and Southern Africa spent only one-fifth as much protecting their citizens as their counterparts in the OECD,[127] they were forced to borrow considerably more to offset budget revenue collapses and spend more on health and social protection. Debt and debt service continued to rise.

As a result, IMF data show that debt has been rising much faster than GDP over the last decade. **Chart 35** shows that the average total public debt/GDP (external and domestic) rose by half in ESA- from 42% to 62% of GDP - between 2015 and 2024.[128] There is a slight difference between East Africa, where debt has continued to rise as a proportion of GDP throughout the period,[129] and Southern Africa, where it has fallen by 7% from its peak in 2020 due to debt relief provided to Angola and Zambia, and sharp devaluation in Zimbabwe which has cut the level of domestic debt/GDP sharply.

At the end of 2024, debt stock burdens varied considerably by country, but 15 of the 23 countries covered by the report had debts around or exceeding 60% of GDP, with the highest burdens in Zambia at 105% and Mozambique at 96%.

Debt service has also been rising sharply, according to DFI's unique global **Debt Service Watch** database.[130] **Chart 37** shows that between 2017 and 2024, debt service has risen from 29% of budget revenue to 49% on average across all countries covered by this report.

Contrasts in Luanda, Angola
Photo: Håvard Bjelland

The most extreme rise has been in East Africa, from 21% to 47% of revenue during the period, while in Southern Africa the rise has been from 34% to 51%. Across the whole region, debt service is absorbing half of budget revenue, making East and Southern Africa the global region with the highest debt service burden.

At the end of 2024, debt service burdens also varied across the countries, but 15 of 22 countries have debt service absorbing more than 30% of their budget revenue, and the average across all countries is 49.3%. These levels are the highest ever seen in the region, and much higher than those experienced by Heavily Indebted Poor Countries in the region in the 1990s.

The spending on debt service is now dwarfing total anti-inequality spending in almost all countries. As shown in Table 22, on average across the region in countries' 2025 budgets, it represents 1.4 times total social spending, 3 times education spending, 9 times health spending and 18.5 times social protection. It exceeds education spending in 18 of 23 countries, health in 20, and social protection in all countries but Somalia.

Chart 35. Dept as % of GDP

Chart 36. Debt/GDP by country, end 2024 (%)

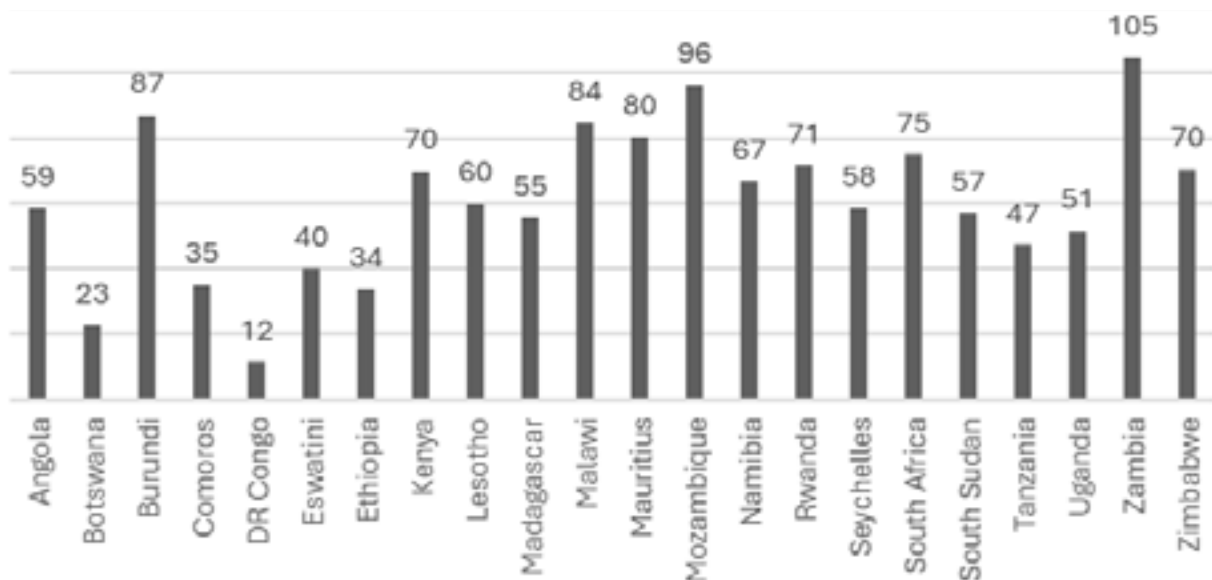


Chart 37. Recent debt service to revenue (%)

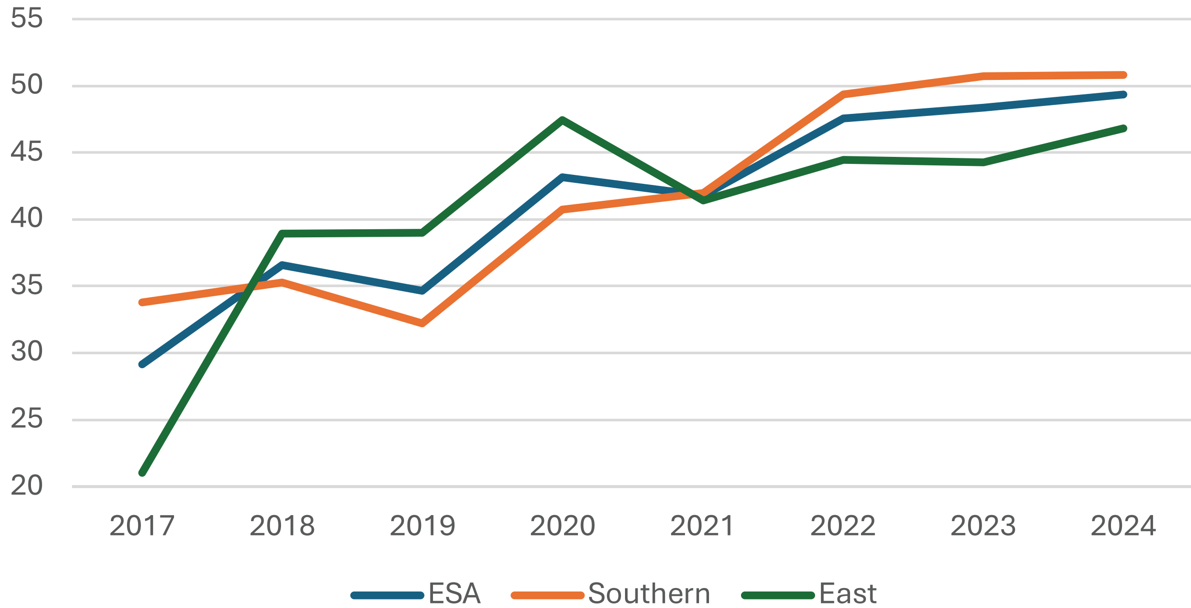


Chart 38. Debt service/revenue (%, 2024)

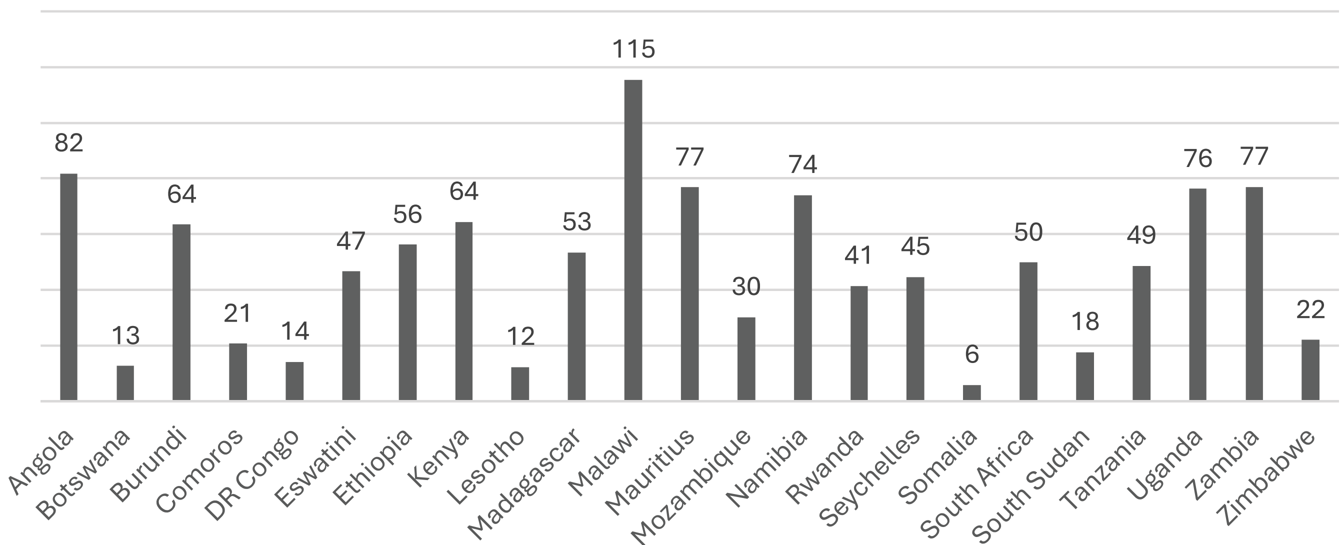


Table 22. Debt service compared to anti-inequality spending (2025 budgets)

	Debt Service as a proportion of			
Country	Education	Health	Social Protection	Total Anti-Inequality Spending
Angola	14.66	16.98	26.60	6.07
Botswana	0.59	0.70	1.67	0.27
Burundi	2.98	4.41	17.25	1.61
Comoros	0.64	1.55		0.45
DR Congo	0.67	0.86	5.97	0.35
Eswatini	2.25	4.11	8.15	1.23
Ethiopia	2.57	5.14	5.23	1.29
Kenya	2.97	8.29	8.69	1.75
Lesotho	1.33	1.18	1.34	0.43
Madagascar	2.21	4.42	32.48	1.41
Malawi	3.68	7.34	55.20	2.35
Mauritius	7.01	8.79	2.12	1.37
Mozambique	1.67	2.42	3.74	0.78
Namibia	2.70	5.73	5.32	1.36
Rwanda	1.65	3.62	6.44	0.96
Seychelles	2.68	4.07	3.79	1.13
Somalia	0.33	0.47	0.26	0.11
South Africa	2.02	3.57	2.36	0.83
South Sudan	2.46	10.02	45.76	1.89
Tanzania	3.03	7.40	7.51	1.67
Uganda	5.27	6.14	154.76	2.79
Zambia	3.69	4.83	10.43	1.74
Zimbabwe	0.76	1.25	2.35	0.39
AVERAGE	2.95	4.92	18.52	1.40

As a result of the sharp rises in debt service, several countries in the region (Angola, Ethiopia, Malawi, Mozambique and Zambia) have been forced to default on their debts and try to negotiate debt relief. The long delays in providing debt relief – more than 20 years for Sudan and Zimbabwe, but several years for the other countries - have meant that countries have continued to accumulate arrears and increase their debt stock further.[131] In addition, the debt relief provided (apart from Somalia's relief under HIPC/MDRI) has been thoroughly inadequate, leaving countries with average debt service burdens *after* relief of around 45% of budget revenue, more than four times as high as the ratios achieved during HIPC and MDRI relief.[132] Such relief offers no prospect of freeing up sufficient amounts for the social spending levels needed to reduce inequality sharply.

Future prospects are hardly any better. **Chart 39** shows that in Southern Africa, average debt service will stay above 50% of budget revenue through 2029, and fall by only 6%; on the other hand, in East Africa, it is projected to fall by around 10% but will still remain at 35% of national budgets on average, continuing to crowd out key social spending.

Chart 39. Projected debt service to revenue (%)

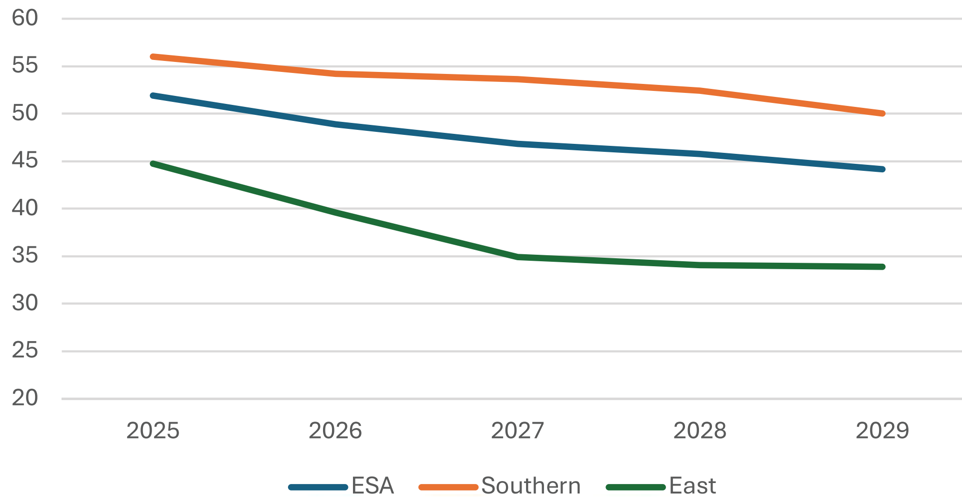
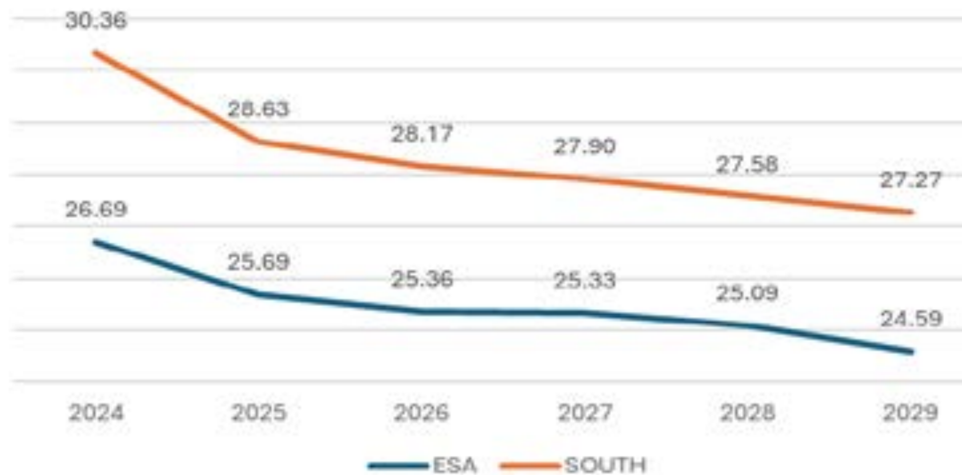


Chart 40. Expenditure/GDP, (%)



Increasing Austerity

Unfortunately, the reason for the fall in debt service spending will be widespread austerity across the region. As **Chart 40** shows, based on IMF WEO forecasts made in October 2024, government spending is set to be cut by an average of 2.1% of GDP (almost one-tenth of government spending) over the next 5 years in order to reduce borrowing needs and debt service costs.

The cuts will be even higher in Southern Africa, averaging 3% of GDP. This means that, compared to keeping the percentage of GDP constant, ESA countries will spend US$40.4 billion less on public services over the next five years. Nineteen countries will see cuts, with the worst reductions in spending forecast to occur in Botswana (8% of GDP), Malawi (7%) and Mozambique (7.2%). Only Ethiopia, Kenya, South Sudan and Tanzania are set to avoid cuts.

Lower-income countries with IMF programmes have "social spending floors" in place, which are supposed to prevent cuts in spending in some social sectors (typically education and health but usually NOT social protection - which has had the most significant impact on reducing inequality worldwide). However, according to a recent analysis by Oxfam, these floors have a very patchy record of implementation and have allowed significant spending cuts in real terms and in per capita US$ to occur[133], further undermining countries' efforts to fight inequality. So it is not clear that anti-inequality spending will be protected from further cuts, still less that it will increase dramatically.

Sharp Aid Cuts

The final reason for concern in the future is that there are likely to be major falls in OECD aid disbursements to Eastern and Southern Africa in the next few years. These flows have already fallen in real terms and as a percentage of ESA GDP in the last few years, so they represent more than 5% of GDP (and 15% of budget spending) only in smaller and poorer countries such as Malawi, Mozambique, Rwanda, Somalia, and South Sudan.[134]

However, the IMF austerity forecasts quoted above were made before the latest of these announcements of cuts from major donors - notably four of the five largest DAC donors (France, Germany, the United Kingdom and the United States) in the last 5 months. The combined aid cuts introduced by these four donors since 2022 are estimated to total US$77 billion a year (of which the recent US cuts look likely to total US$60 billion).[135]

These countries have previously been the top five DAC donors to Eastern and Southern Africa, and represent around 85% of total DAC disbursements of country programmable aid to the ESA social sectors which reduce inequality.[136]

Nevertheless, some countries whose budgets are still somewhat dependent on ODA flows will be hard hit by the cuts – they exceed 15% of government spend-ing in Malawi, Mozambique, Rwanda and Somalia. In addition, around 10% of GDP in ODA goes to South Sudan mostly for social sector spending, but mainly off-budget through donor-administer projects, so it will be very hard hit by the cuts.

In addition, particular sectors and sub-sectors will be hit very hard. This is especially true for the fight against HIV/AIDS, which has been very dependent on the US PEPFAR programme for around 60% of its financing. The latest information from UNAIDS shows that nine countries depend on PEPFAR for more than 50% of their funding (Malawi 88%, DR Congo 87%, Zimbabwe 83%, Mozambique 82%, Eswatini 80%, Uganda 69%, Lesotho 68%, Rwanda 59% and Ethiopia 54%).[137] UNAIDS has recently warned that this could lead to more than 6 million deaths in the next four years.[138]

These cuts will leave countries with two choices:

1. To borrow more money on more expensive terms from other sources in order to continue spending on crucial programmes, notably health and HIV/AIDS. This will, over time, further increase their debt service burdens and the crowding out of anti-inequality spending; or
2. To introduce further austerity i.e. cuts in expenditure to offset the falls in aid, which will reduce spending levels in key anti-inequality sectors.

Either route will set back the fight against extreme inequality even further.

Women are crushing coal outside a mine in Karonga, Malawi. The working conditions are bad, but protests are not accepted.Photo: Håvard Bjelland

8. CONCLUSIONS AND RECOMMENDATIONS

This report has shown that many governments in Eastern and Southern Africa have, in recent years, been stagnating or going backwards in the measures they are taking to reduce their very high levels of inequality. Their rising government debt burdens have increasingly compromised their ability to spend more on public services to reduce inequality. Austerity cuts in spending an aid cuts from DAC donors will further hit them. In this context, governments and the international community need to step up the fight against inequality – which will, in turn, accelerate growth and reduce extreme poverty.

Recommendations to Governments

Governments need to develop realistic and timebound National Inequality Reduction Plans (NIRPs), based on detailed analysis (e.g., fiscal incidence studies) of which policy changes would most reduce income and wealth inequality. They should monitor progress annually, and civil society should play a key role in the monitoring.

Every country should be aiming for an income Gini coefficient of less than 0.3 and/or a Palma ratio of no more than 1. For countries whose current Ginis are around or above 0.4, this could accelerate per capita growth by more than 3% a year. Among the key policies such plans should include are:

Invest in universal, high-quality public services to reduce inequality

Education

- Prioritize education funding to meet the 20% national budget or 6% GDP benchmark set by the Education 2030 Incheon Declaration and Framework, especially in countries below 15% of the budget (e.g., Angola, Lesotho, Malawi, Mauritius, Zambia and most East African nations).
- Ensure equitable resource distribution by prioritising low-income and marginalised groups (e.g., children with disabilities).
- Enable the poorest households to complete secondary education by ending all fees and other financial barriers to access.
- Expand free early childhood education to drive education equity with early intervension, help poor households and ease the burden of care on women
- Invest in high-quality, well-trained teachers to improve education standards.

Health

- The AU Abuja Declaration mandates 15% of national budgets for health, yet most ESA countries fall short. All countries (except Namibia which has reached this benchmark) need to raise their health spending, especially Ethiopia, Kenya, Malawi, Mozambique, Rwanda, South Sudan and Tanzania, which spend less than half the goal.
- Both Somalia and South Sudan have very low levels of health care coverage. They rely heavily on aid and must develop long-term national financing strategies.
- Expand universal, accessible, high-quality primary healthcare to improve coverage. No ESA country has full healthcare access—Seychelles comes closest at 75%.
- Prevent catastrophic healthcare costs by ensuring free healthcare at the point of use. High out-of-pocket spending (over 10% of household income) especially in Angola, Uganda, and Zimbabwe requires urgent action to stop it adding to inequality.

Social Protection

- Increase spending to enhance coverage and fast-track progressive realisation of universal social protection floors across all life stages (child benefits, maternity cover, disability benefits, unemployment support, and pensions).
- Ensure pensions for all by introducing or expanding non-contributory social pensions to support informal workers. This is especially urgent in countries

with less than 10% coverage (Burundi, Ethiopia, Rwanda, Tanzania, Uganda).
- In countries with near-universal pension coverage (Lesotho, Namibia, South Africa), focus on making other benefits (child, disability and unemployment benefits) universal for each group.
- Ensure social protection is gender and child-responsive and addresses specific risks and vulnerabilities for both groups, e.g., by recognising women's disproportionate role in informal and unpaid care work or high levels of child labour.

Make taxes more progressive to fight inequality

Wealth Tax
- Introduce a Wealth Tax on the wealthiest 1%. This should be a top priority in South Africa, which has many wealthy citizens, so such a tax could generate $9.1 billion. Namibia, Botswana, Eswatini, and Zambia, with high-wealth Ginis, Kenya, and Mauritius, with large numbers of dollar millionaires, should follow suit.

Income Taxes
- Increase Personal Income Tax (PIT) Rates for Top Earners to over 30% to match global averages. South Sudan and Somalia (below 20%) must urgently increase their rates.
- Raise Corporate Income Tax (CIT) Rates to around 28-30% to match regional averages:
    - South Sudan must align with the EAC's 30% threshold.
    - Mauritius (15%), Botswana (22%), Seychelles (25%), Angola (25%) and South Africa (27%) need to increase CIT rates to match regional and global averages.

Value Added Tax
- Do not increase VAT rates – as this would also increase inequality and poverty sharply.
- Ensure VAT Exempts Basic Goods & Protects Small Traders:
    - Angola, Madagascar, Tanzania, Somalia, and South Sudan need to introduce VAT exemptions on essential goods (especially basic foodstuffs).
    - Eswatini, Mozambique, Namibia, Seychelles, Zimbabwe, Somalia, and South Sudan should raise VAT thresholds to protect poorer consumers.

Broadening the Tax Base by Reducing Exemptions, Combatting Avoidance and Illicit Flows
- Curb Tax Avoidance and Stop Harmful Tax Practices:
    - Mauritius and Seychelles must stop their harmful tax practices, acting like tax havens and stop harming neighbouring countries.
    - Strengthen transfer-pricing laws and countermeasures to ensure multinational corporations pay fair taxes.
- End the 'Race to the Bottom' in Corporate Taxation:
    - Scrap unnecessary tax incentives and exemptions for corporations, and review tax treaties to prevent unfair investor benefits.
- Strengthen Revenue Authorities & Tackle Illicit Financial Flows:
    - Strengthen tax revenue authorities, especially by investing more in collection from large corporations and high net worth individuals, to increase tax collection and ensure revenues are raised more progressively
    - Enforce corporate country-by-country reporting of income and enforce the exchange of information on offshore profits and wealth holdings to facilitate more accurate taxation of income and reduce illicit flows.

Strengthen Labour Policies to Combat Wage Inequality

Protect Trade Union and Worker Rights:
- Ensure the right to unionise, strike, and bargain collectively by complying with ILO conventions both in law and in practice. Eswatini, Uganda and Zimbabwe in particular must take urgent action to end trade union suppression, halt mass worker dismissals, and enforce laws protecting collective bargaining.

Strengthen Women's Labour Rights
- Equal Pay: Botswana must enact an equal pay law, and all countries must enforce existing equal pay laws to close gender wage gaps.
- Sexual Harassment: Angola must penalize sexual harassment, while Angola and Somalia need workplace protections against it.
- Marital Rape: Anti-rape laws should include marital rape in Botswana, DRC, Ethiopia, Kenya, Malawi, Mauritius, Somalia, South Sudan, Uganda and Zambia.

- Anti-Discrimination: Somalia must strengthen laws protecting women from workplace discrimination.
- Parental Leave: All countries should provide at least 18 weeks (126 days) of fully paid maternity leave, in line with ILO guidelines, and significantly expand paternity leave to reduce the unpaid care burden on women.

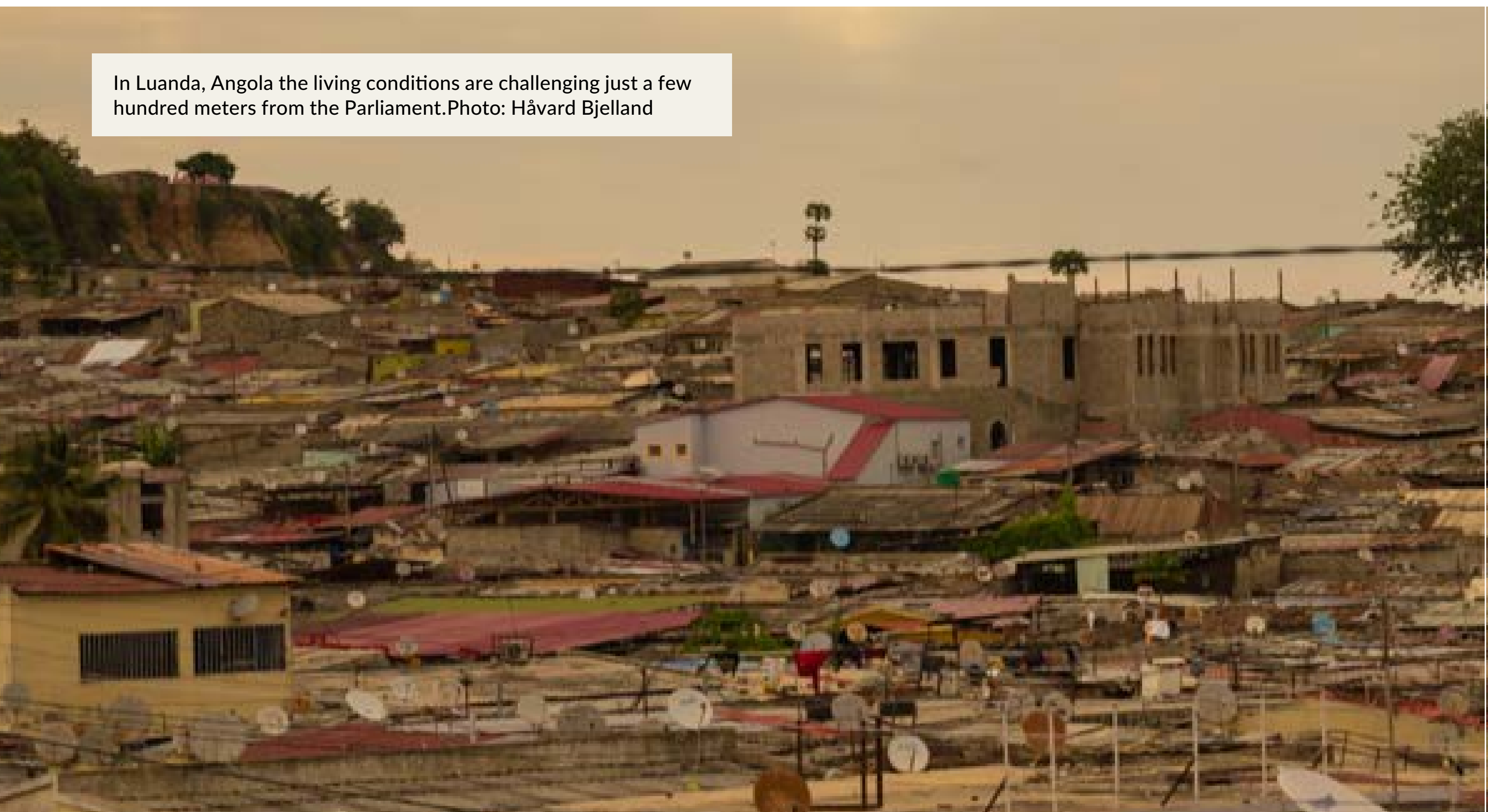
Increase Minimum Wages:
- Set minimum wages at least equal to per capita GDP (and cover living wages ie basic spending needs) and adjust them annually for inflation. Ethiopia, Somalia, and South Sudan must urgently introduce minimum wages, while outdated or insufficient wages must be revised in Botswana, Burundi, Madagascar, Uganda, Zambia and Zimbabwe.

Unemployment, Under-Employment and Vulnerable Employment
- Cut Unemployment and Under-Employment by expanding public works and other employment programmes, especially for young workers, most notably in Eswatini, South Africa, Botswana and Angola with very high levels.
- Regulate and Protect Informal/Vulnerable Workers. Countries with high levels of informal or vulnerable workers - particularly in Madagascar, DRC, Mozambique, Burundi, Tanzania, Ethiopia and South Sudan - need to develop systems to bring informal and vulnerable workers under minimum regulatory protections and integrate them into social protection and insurance schemes.

Recommendations to the international community

Support countries to design and implement anti-inequality action plans. The international community needs to provide strong support to countries to develop their national plans to reduce inequality. This applies in particular to the Bretton Woods Institutions which play a key role in advising countries on tax and spending policy, as well as the ILO on labour rights and social protection, and UN sectoral organisations such as UNESCO and WHO on public education and health services. The body established to implement the UN Tax Convention could also design guidelines for making tax systems more progressive, and the Addis Tax Initiative could place even more emphasis on donor support for progressive taxation.

Put tackling inequality at the centre of IMF and World Bank efforts to promote growth, stability and development. This means prioritizing reducing inequality in all their loan programmes, policy advice, technical assistance and research – and making strong recommendations for higher and more pro-poor social spending aiming to reach universal coverage in



In Luanda, Angola the living conditions are challenging just a few hundred meters from the Parliament.Photo: Håvard Bjelland

education, health and social protection, more progressive taxation of corporations and individuals with high income and wealth, and enhanced labour rights (especially enforcement in practice of rights which exist legally on paper) and minimum wages. Ideally, both institutions should focus on increasing the number of countries with low inequality, not only reducing the number with high inequality.

Improve data on inequality and on the impact of fiscal and labour policies on inequality. Working with the UN, the World Bank should systematically produce, publish and use data on the impact of fiscal action and labour policies on inequality. The World Bank has a particular role to play, as one of the leading global actors supporting household surveys, and as the 'custodian' of the largest global inequality databank and of SDG indicators 10.1 and 10.4.2. It needs to help countries to produce annual and higher-quality data on inequality, including enhancing analysis of top incomes in developing countries using administrative tax data and other methods. The IMF and World Bank also need to scale up their programmes analysing the impact of fiscal policies on inequality, to produce annual analysis for all member countries, and work with the ILO to establish a similar system to estimate the impact of labour market policies on wage inequality.

Reach and implement global agreements to tax corporations and super-rich individuals. The G20 and UN need to work further on developing better international standards to tax super-rich individuals and multinationals more effectively, through minimum effective tax rates on their income and wealth, and with a fair share of the resulting revenues coming to lower-income countries. In particular, they should build on initial progress on taxing rich individuals in the G20, and use the UN Tax Convention to strengthen the inadequate OECD BEPS process to improve tax collection from multinational corporations.

Provide comprehensive relief of debt burdens. The G20 needs urgently to reform the Common Framework and similar arrangements for middle-income countries, to ensure that they provide comprehensive debt cancellation to ESA countries which need it, covering all external and domestic creditors and aiming to reduce debt service to around 10% of revenue as was done under the HIPC and MDRI initiatives. It also needs to implement measures to halve borrowing costs for countries which cannot apply for debt relief without damaging their access to essential bond financing for their budgets. Calculations conducted for UNAIDS show that if these measures were taken for ESA countries they could save around US$53 billion a year in debt service, which would allow countries

to increase spending on public services by 4.5% of GDP.[139] Crucial anti-inequality spending (as specified in national anti-inequality plans) should also be included in debt sustainability analysis and fiscal frameworks to ensure that it can be sustainably financed without generating further debt problems. The UN FFD conference in July should decide to establish a Framework Convention on Sovereign Debt in order to design and implement much more comprehensive reforms of the sovereign debt architecture.

Redouble efforts to provide more concessional financing. This should include:

- reversing recent cuts in development assistance as soon as possible and making much stronger efforts to reach the agreed UN targets of 0.7% of GNI for ODA (with 0.2% going to Least Developed Countries),
- increasing South-South development cooperation flows,
- issuing more IMF Special Drawing Rights on an annual basis to support country budgets, and
- selling a high proportion of IMF gold reserves to increase its concessional funds.
- making maximum progress on introducing global "innovative taxes", including on financial transactions, air transport, shipping and fossil fuels/carbon, as additional sources of concessional financing for development.

These measures (together with country efforts to enhance progressive tax revenue) can mobilise the low-debt funding needed to reverse country plans for austerity, and to support dramatically increased spending on public services to reduce inequality, thereby reducing political instability and migration, and accelerating growth and poverty reduction by 2030.

Rawada Daffalla Idris in a refugee camp in Maban, South Sudan. She is part of a group of parents who have children with disabilities and who meet to support each other. She is the mother of a son who has a visual impairment and is helped to learn Braille. "I'm so happy that my child can learn read with the help of Braille", she says. Photo: Magdalena Vogt/Ikon

ENDNOTES

1 World Bank. (2024). *Accelerating Poverty Reduction in Eastern and Southern Africa: Macroeconomic Shocks and Social Protection Challenges*. World Bank Group. https://documents1.worldbank.org/curated/en/099549506102441825/pdf/IDU-bd155bac-6d78-43af-8833-f87564a9d6c8.pdf

2 World Inequality Database. (n.d.). *World Inequality Database*. Retrieved March 19, 2025, from https://wid.world

3 This is post-tax Gini. See box 1 for an explanation of this. World Bank. (2025). *Poverty and Inequality Platform (PIP)*. Retrieved from https://pip.worldbank.org

4 The Gini measures inequality ranging from 0 as perfect equality to 1 as perfect inequality, where one person owns everything-we also use this. For the Gini Index on income. WID post-tax data includes disposable income after all taxes and most transfers.

5 International Monetary Fund. (2017, May 11). *A new twist in the link between inequality and economic development*. Retrieved from https://www.imf.org/en/Blogs/Articles/2017/05/11/a-new-twist-in-the-link-between-inequality-and-economic-development

6 Piketty, T. (2014). *Capital in the twenty-first century*. Harvard University Press.

7 ILO (2025) World Employment and Social Outlook: Trends 2025. https://www.ilo.org/publications/flagship-reports/world-employment-and-social-outlook-trends-2025

8 See National Institute of Statistics of Rwanda. (2022). *Consumer Price Index – December 2022*. Retrieved from https://statistics.gov.rw/publication/consumer-price-index-december-2022-0

9 United Nations Development Programme. (2023). *Quarterly Economic Profile – March 2023*. Retrieved from https://www.undp.org/sites/g/files/zskgke326/files/2023-03/UNDP%20Quarterly%20Economic%20Profile%20March%202023.pdf

10 Statistics South Africa. (2024, October 26). *Inequality trends in South Africa: A multidimensional diagnostic of inequality*. https://www.statssa.gov.za/?p=16357

11 Ali, N. (2022). *Inflation and food security in Ethiopia: The impact on low-income households*. International Growth Centre. Retrieved from https://www.theigc.org/sites/default/files/2023-03/Nuru%20Ali%20Policy%20brief%20June%202022.pdf

12 International Monetary Fund. (2024). *World Economic Outlook: Navigating Global Divergences*. Retrieved from https://www.imf.org/en/Publications/WEO

13 ReliefWeb. (2024). *Food security and nutrition situation in Eastern Africa – November 2024 update*. Retrieved from https://reliefweb.int/report/sudan/food-security-and-nutrition-situation-eastern-africa-november-2024-update

14 United Nations. (2024, October). *Southern Africa hunger crisis: No one is spared, warns UN World Food Programme*. Retrieved from https://news.un.org/en/audio/2024/10/1155766

15 Castaneda Aguilar, R. Andres; Diaz-Bonilla, Carolina; Lakner, Christoph; Nguyen, Minh Cong; Viveros, Martha; Tetteh Baah, Samuel Kofi. "September 2024 global poverty update from the World Bank: revised estimates up to 2024." World Bank Blogs, September 20, 2024. https://blogs.worldbank.org/en/opendata/september-2024-global-poverty-update-from-the-world-bank--revise

16 UN Office for Disaster Risk Reduction. (2024, March 19). *In a warming world, a widening gap: Climate change's toll on poverty and inequality in South Africa*. PreventionWeb. https://www.preventionweb.net/news/warming-world-widening-gap-climate-changes-toll-poverty-and-inequality-south-africa

17 Gilli, Martino & Emmerling, Johannes & Calcaterra, Matteo & Granella, Francesco. (2023). Climate Change Impacts on the Within-Country Income Distributions. SSRN Electronic Journal. 10.2139/ssrn.4520461.

18 This is taken from the Othering & Belonging Institute. (2025). *Climate Displacement and Resilience Database*. University of California, Berkeley. Retrieved from https://belonging.berkeley.edu/climatedisplacement/climate-displacement-and-resilience-database. They define internally displaced climate persons as from weather-induced events, noting that not all will accept this is linked to climate change.

19 United Nations Office for the Coordination of Humanitarian Affairs. (Year). *Seven things you need to know about climate change in Eastern and Southern Africa*. Retrieved from https://www.unocha.org/news/seven-things-you-need-know-about-climate-change-eastern-and-southern-africa

20 Organisation for Economic Co-operation and Development. (2011). *Divided we stand: Why inequality keeps rising*. OECD Publishing. Retrieved from https://www.oecd.org/els/soc/divided-we-stand-why-inequality-keeps-rising-9789264119536-en.htm

21 BusinessTech. (2024, December 4). *Massive R106 billion payday for South Africa's richest men*. https://businesstech.co.za/news/trending/808580/massive-r106-billion-payday-for-south-africas-richest-men/

22 Henley & Partners. (2024). *Africa's wealthiest cities – Africa Wealth Report 2024*. https://www.henleyglobal.com/publications/africa-wealth-report-2024/africas-wealthiest-cities

23 The Guardian. (2024, July 10). *Kenya finance bill protests*. Retrieved from https://www.theguardian.com/commentisfree/article/2024/jul/10/kenya-finance-bill-protest

24 France 24. (2024, November 25). *Thousands take to Luanda streets to protest against the government*. Retrieved from https://www.france24.com/en/tv-shows/eye-on-africa/20241125-thousands-takes-to-luanda-streets-to-protest-against-the-government

25 Statista. (2024). *Number of service delivery protests in South Africa*. Retrieved from https://www.statista.com/statistics/1498795/number-of-service-delivery-protests-in-south-africa/

26 International Crisis Group. (2024). *What is driving Mozambique's post-electoral protests?* Retrieved from https://www.crisisgroup.org/africa/east-and-southern-africa/mozambique/what-driving-mozambiques-post-electoral-protests

27 Maplecroft. (Year). *Civil unrest in Africa hits 6-year high*. Retrieved from https://www.maplecroft.com/insights/analysis/civil-unrest-in-africa-hits-6-year-high/

28 Oxfam. (2024, June). *Why is inequality so sticky? The political obstacles to a fairer economy*. Retrieved from https://views-voices.oxfam.org.uk/2024/06/why-is-inequality-so-sticky-the-political-obstacles-to-a-fairer-economy/

29 United Nations Framework Convention on Climate Change (UNFCCC). (Year). *A compilation of best practices on just transition (JT) and economic diversification and transformation (EDT)*. Retrieved from https://unfccc.int/sites/default/files/resource/A%20compilation%20of%20best%20practices%20on%20JT%20and%20EDT.pdf

30 Afrobarometer. (2023, May 26). *Perceived inequalities and satisfaction with democracy in Africa* (Working Paper No. 199). Retrieved from https://www.afrobarometer.org/wp-content/uploads/2023/05/WP199-Perceived-inequalities-and-satisfaction-with-democracy-in-Africa-Afrobarometer-working-paper-26may23.pdf

Afrobarometer. (2023). *Keeping up with the Dlaminis: Perceived inequalities and satisfaction with democracy in Africa* (Working Paper No. 199). Retrieved from https://www.afrobarometer.org/publication/wp199-keeping-up-with-the-dlaminis-perceived-inequalities-and-satisfaction-with-democracy-in-africa/

31 International Monetary Fund. (2017, May 11). *A new twist in the link between inequality and economic development*. Retrieved from https://www.imf.org/en/Blogs/Articles/2017/05/11/a-new-twist-in-the-link-between-inequality-and-economic-development

32 Dabla-Norris, E., Kochhar, K, Suphaphiphat, N., Ricka, F. and Tsounta, E. (2015). Causes and Consequences of Income Inequality: A Global Perspective. IMF Staff Discussion Note SDN/15/13. IMF. https://www.imf.org/external/pubs/ft/sdn/2015/sdn1513.pdf

33 Wilkinson, R., & Pickett, K. (2009). *The Spirit Level: Why More Equal Societies Almost Always Do Better*. Bloomsbury Publishing.

34 International Monetary Fund. (2017, May 11). *A new twist in the link between inequality and economic development*. Retrieved from https://www.imf.org/en/Blogs/Articles/2017/05/11/a-new-twist-in-the-link-between-inequality-and-economic-development

35 J.Martinez-Vazquez and B.Moreno-Dodson (2014) The Impact of Tax and Expenditure Policies on Income Distribution: Evidence from a Large Panel of Countries. Georgia State University. Economics Department Publications; N.Lustig (2015). The Redistributive Impact of Government Spending on Education and Health: Evidence from Thirteen Developing Countries in the Commitment To Equity Project. CEQ Working Paper Series. Tulane University; and OECD (2015), In It Together: Why Less Inequality Benefits All and see, for example, F. Jaumotte and C. Osario Bultron (2015). Power From The People. IMF. Finance & Development. 52:1. http://www.imf.org/external/pubs/ft/fandd/2015/03/jaumotte.htm

36 Market inequality refers to the income distribution before taxes and transfers. Lustig, N. (2017). *Fiscal policy, income redistribution, and poverty reduction in low- and middle-income countries*. CEQ Working Paper No. 54. Commitment to Equity Institute. https://www.commitmentoequity.org/publications_files/Comparative/CEQ_WP54_Lustig_Jan12_2017.pdf

37 Op Cit, Lustig et al

38 World Bank. (2024). Leveling the playing field: Addressing Structural Inequalities to Accelerate Poverty Reduction in Africa https://openknowledge.worldbank.org/server/api/core/bitstreams/c0c40989-38c9-44c6-bb59-84d9aadc2c9e/content

39 Save the Children. (2020). *Fair shares? Fiscal equity in Ethiopia, Kenya, and Nepal*. Save the Children. https://resourcentre.savethechildren.net/pdf/fair-shares.pdf

40 F. Jaumotte and C. Osorio Buitron (2015). Inequality and Labor Market Institutions IMF Staff Discussion Note SDN/15/14.

41 Oxfam & Development Finance International. (2024). *The commitment to reducing inequality index 2024*. Retrieved from https://www.inequalityindex.org/report/the-commitment-to-reducing-inequality-2024/

42 South Africa has huge wealth and wages inequality, so while fiscal policies do make an impact on income inequality, they are simply not doing enough to counteract one of the most unequal (market) starting points

43 J.E. Stiglitz and A. Schiffrin (2016). Learning from Namibia. Project Syndicate. https://www.projectsyndicate.org/commentary/namibia-economic-social-success-story-by-joseph-e--stiglitz-and-anyaschiffrin-2016-06

44 International Labour Organization. (Year). *How Namibia sets historic national minimum wage*. Retrieved from https://www.ilo.org/resource/article/how-namibia-sets-historic-national-minimum-wage

45 For this calculation, we took the top 20 OCED performers on the global CRI Index and averaged this – it equalled to just over the 50%

46 South Africa is using its fiscal policies to cut inequality (its tax and spending together, for instance, cut inequality by 33%, as measured by the Gini).

47 OECD. (2015). *In it together: Why less inequality benefits all*. OECD Publishing. https://doi.org/10.1787/9789264235120-en

48 For details of why these indicators were chosen for their impact on inequality, see pages 21–22 of M. Lawson and M. Martin. (2020). *The Commitment to Reducing Inequality Index*. Oxfam. https://oxfamilibrary.openrepository.com/bitstream/handle/10546/621061/rr-fighting-inequality-covid-19-cri-index-081020-en.pdf

49 United Nations Development Programme. (2024). *Gender Inequality Index (GII)*. Retrieved from https://hdr.undp.org/data-center/thematic-composite-indices/gender-inequality-index

50 UN Women, *Forecasting time spent in unpaid care and domestic work: Technical brief*, 2023. Available at https://www.unwomen.org/sites/default/files/2023-10/technical-brief-forecasting-time-spent-in-unpaid-care-and-domestic-work-en.pdf

51 UNICEF (2016). Harnessing the Power of Data for Girls: Taking stock and looking ahead to 2030. https://data.unicef.org/resources/harnessing-the-power-of-data-for-girls/

52 Measuring unpaid domestic and care work - ILOSTAT. Available at https://ilostat.ilo.org/topics/unpaid-work/measuring-unpaid-domestic-and-care-work/

53 Accessed February 6th 2025, see https://genderdata.worldbank.org/en/indicator/sg-tim-uwrk

54 For more information on the "Rs", see UN Women: https://www.unwomen.org/sites/default/files/2022-06/A-toolkit-on-paid-and-unpaid-care-work-en.pdf

55 Women Business and Law, 2022. Toward Available, Affordable, and Quality Childcare in Sub-Saharan Africa https://documents1.worldbank.org/curated/en/099558107082233461/pdf/IDU03cd134270aeb104e140814408f7735a3ee47.pdf

56 Molyneux, M. 2006. "Mothers at the Service of the New Poverty Agenda: Progresa/ Oportunidades, Mexico's Conditional Transfer Programme.".

57 Arza, C. 2015. The gender dimensions of pension systems: policies and constraints for the protection of older women', discussion paper for Progress of the World's Women 2015–16

58 GADN (2015) How social protection, public services and infrastructure impact women's rights

59 Razavi, S. 2011. *Engendering social security and protection: challenges for making social security and protection gender equitable.* Bonn: Friedrich Ebert Stiftung. https://library.fes.de/pdf-files/iez/08212-20120125.pdf

60 United Nations. (2024, June). *Ministerial declaration of the high-level political forum on sustainable development*. Retrieved from https://sdgs.un.org/sites/default/files/2024-06/MINIST~1.PDF

61 United Nations Educational, Scientific and Cultural Organization. (2022). *Can countries afford their national SDG 4 benchmarks? A projection analysis based on past spending patterns*. Retrieved from https://unesdoc.unesco.org/ark:/48223/pf0000385004

62 Z. Paulos and A. Zeyede. (2017). *National Education Sector Budget Brief: 2006–2016*. UNICEF Ethiopia.

63 See evidence in: Lustig, N. (2018). *Commitment to equity handbook: Estimating the impact of fiscal policy on inequality and poverty.* Brookings Institution Press.

64 The Zimbabwean. (27 January 2023). *Completion rate for primary education in Zim declines.* https://www.thezimbabwean.co/2023/01/completion-rate-for-primary-education-in-zim-declines/

65 Joint United Nations Programme on HIV/AIDS. (2023, February 20). *African leaders pledge new commitments to end AIDS*. Retrieved from https://www.unaids.org/en/resources/presscentre/pressreleaseandstatementarchive/2023/february/20230220_african-leaders-pledge-new-commitments-to-end-aids

66 This is based on the SDG target 8.1 definition of universal health coverage. WHO. *SDG Target 3.8 |Achieve universal health coverage (UHC).* https://www.who.int/data/gho/data/themes/theme-details/GHO/universal-health-coverage

67 Xu et al. (2003) found that when out-of-pocket health expenditures exceed 10% of household income, it not only jeopardizes a family's financial stability but also contributes to broader socio-economic inequality. Xu, K., Evans, D. B., Kawabata, K., Zeramdini, R., Klavus, J., & Murray, C. J. L. (2003). Household catastrophic health expenditure: a multicountry analysis. *The Lancet*, *362*(9378), 111-117.

68 Social Protection Floors Coalition. (2024, September). *Mauritius extends universal child benefits*. Retrieved from https://www.socialprotectionfloorscoalition.org/2024/09/statement-mauritius-extends-universal-child-benefits/

69 International Monetary Fund. (2024). IMF Country Report No. 2024/227. Retrieved from https://www.elibrary.imf.org/view/journals/002/2024/227/article-A002-en.xml

70 Emergency Nutrition Network. (2024). *Baxnaano: Integrating social protection, health, and nutrition in Somalia.* Field Exchange, 73. Retrieved from https://www.ennonline.net/fex/73/en/baxnaano-integrating-social-protection-health-and-nutrition-somalia

71 World Social Protection Dashboard 2024. https://www.social-protection.org/gimi/WSPDB.action?id=32

72 Lustig, N. (2018). *Commitment to equity handbook: Estimating the impact of fiscal policy on inequality and poverty.* Brookings Institution Press.

73 International Labour Organization. (2025). *World Social Protection Database*. Retrieved from https://www.ilo.org/global/topics/social-security/WSPDB/lang--en/index.htm

74 An affordable and feasible pathway to universal security https://www.svenskakyrkan.se/default.aspx?id=2685355

75 International Labour Organization. (2024). *World Social Protection Report 2024–26: Universal Social Protection for Climate Action and a Just Transition. Geneva: ILO.*

76 Lustig, N. (2018). *Commitment to equity handbook: Estimating the impact of fiscal policy on inequality and poverty.* Brookings Institution Press. For more information on how poverty targeting of social protection misses the poorest see: Hit and Miss: An Assessment of Targeting Effectiveness in Social Protection" by Stephen Kidd and Diloá Athias, published by Act Church of Sweden and Development Pathways https://www.svenskakyrkan.se/default.aspx?id=1909511&ptid=

77 World Bank. "Challenges Facing Persons with Disabilities in Sub-Saharan Africa – in 5 Charts." *World Bank*, 1 Dec. 2022, www.worldbank.org/en/topic/poverty/brief/challenges-facing-people-with-disabilities-in-sub-saharan-africa-in-5-charts.

78 Until very recently, there has been no standard way to gather data across countries on disability. Countries have used different models and definitions, hindering the gathering of evidence even on levels/prevalence of disability in any reliable way *within* many low- and middle-income countries, and most definitely *across* countries. The Washington Group Short Set of Questions on Disability (WG-SS) set about to support change in this area, via a standardised tool to identify individuals with functional limitations that may hinder their participation in daily activities. This has now enabled a substantial increase in the availability and quality of data on children with disabilities, particularly as UNICEF are now integrating parts of this into their MICS household surveys. Moreover, this is based on the social model (rather than the medical model).

79 UNICEF (2023). Children with Disabilities In Eastern and Southern Africa: A Statistical Overview of Their Well-Being." *See* https://data.unicef.org/resources/children-with-disabilities-in-eastern-and-southern-africa-a-statistical-overview-of-their-well-being/

80 The maps are based on data from the sing *UCLA World Policy Center Data*, See: www.worldpolicycenter.org/topics/disability/policies. The World Policy Center has a series on disability which classifies constitutional and legislative commitments around the world. A full explanation of the methodology used is available hereL https://www.worldpolicycenter.org/topics/disability/methods

81 Bose, Bijetri, and Jody Heymann (2020). "Do Inclusive Education Laws Improve Primary Schooling among Children with Disabilities?" *International Journal of Educational Development*, vol. 77, Sept. 2020, p. 102208, https://doi.org/10.1016/j.ijedudev.2020.102208. Accessed February 2025

82 ILO Recommendation No. 202 (2012) advocates for minimum disability benefits to ensure income security, aligning with SDG 1. ILO Recommendation No. 202 puts forward an integrated and comprehensive approach to social protection, according to which persons with disabilities should enjoy the same guarantees of basic income security and access to essential healthcare as other members of society through national social protection floors. In addition, the Recommendation requires that social protection systems be designed in line with the principles of non-discrimination, gender equality and responsiveness to special needs, as well as respect for the rights and dignity of people covered by the social security guarantees.

83 ILO World Social Protection Database (WSSD). Accessed February 10th 2025 https://www.social-protection.org/gimi/WSPDB.action?id=19

84 Kamande, A., Walker, J., Martin, M., & Lawson, M. (2024). *The Commitment to Reducing Inequality Index 2024*. Development Finance International and Oxfam. https://www.inequalityindex.org/report/the-commitment-to-reducing-inequality-2024/

85 Goldman, M., Woolard, I., & Jellema, J. (2018). *The Impact of Taxes and Transfers on Poverty and Income Distribution in South Africa 2014/2015*. Agence Française de Développement. https://www.afd.fr/en/ressources/impact-taxes-and-transfers-poverty-and-income-distribution-south-africa-20142015

86 IFC Review. (2024, December). *Africa: The looming reality of a wealth tax in South Africa*. https://www.ifcreview.com/news/2024/december/africa-the-looming-reality-of-a-wealth-tax-in-south-africa/

87 Piketty, T. (2014). *Capital in the twenty-first century*. Harvard University Press.

88 The paper models how much tax countries can raise by following the example of Spain's wealth tax on the richest 0.5%, a model that has proven politically feasible, and uses data from the World Inequality Database to project the revenues of adopting similar tax measures around the world.

89 Schultz, A., & Palansky, M. (2024). *Taxing extreme wealth: What countries around the world could gain from progressive wealth taxes*. Tax Justice Network. https://taxjustice.net/reports/taxing-extreme-wealth-what-countries-around-the-world-could-gain-from-progressive-wealth-taxes/

90 The remaining 10 countries all range from 32%-35%, apart from Guyana, which has 40%.

91 East African Community. (n.d.). *Income tax – Corporates*. https://www.eac.int/financial/eac-tax-matrices/income-tax-corporates

92 See M. Martin, J. Walker and M. Lawson. (2021). The Commitment to Reducing Inequality Index 2020: Methodology Note.

93 See M. Martin, J. Walker and M. Lawson. (2021). The Commitment to Reducing Inequality Index 2020: Methodology Note.

94 Zucman, G. (2014). *Taxing across borders: Tracking personal wealth and corporate profits. Journal of Economic Perspectives*, *28*(4), 121–148. https://doi.org/10.1257/jep.28.4.121

95 The 2024 CRI has modified the methodology for this indicator. We have removed the criterion assessing whether countries have anti-tax avoidance legislation because it was felt to be subjective and had the unintended consequence of penalizing low-income countries while not reflecting those higher-income countries still acting like tax havens. As a result of removing this criterion, most countries have no negative scores on harmful tax practices, but 13 countries have negative scores on several indicators: Hong Kong, SAR China; Singapore; Ireland; Luxembourg; Malta; Netherlands; Bahrain; Cyprus; Mauritius; Seychelles; St. Lucia; Switzerland; and Trinidad and Tobago. These governments need to take urgent action to end their harmful tax practices and allow other countries to collect the taxes owed to them.

96 See M. Martin, J. Walker and M. Lawson. (2021). The Commitment to Reducing Inequality Index 2020: Methodology Note for more details on how these indicators are compiled.

97 Kamande, A., Walker, J., Martin, M., & Lawson, M. (2024). *The Commitment to Reducing Inequality Index 2024*. Development Finance International and Oxfam. https://www.inequalityindex.org/report/the-commitment-to-reducing-inequality-2024/

98 See M. Martin, J. Walker and M. Lawson. (2021). The Commitment to Reducing Inequality Index 2020: Methodology Note for more details on how these indicators are compiled.

99 Pennsylvania State University, Center for Global Workers' Rights. (n.d.). *Center for Global Workers' Rights*. Penn State University. Retrieved from https://ler.la.psu.edu/cgwr

100 This rose to 3.88 in 2024 from 3.26 in 2014. This is scored from 1-5, where 1 is the best and 5 the worst score. International Trade Union Confederation. (2024). *2024 ITUC Global Rights Index: The World's Worst Countries for Workers*. Retrieved from https://www.ituc-csi.org/IMG/pdf/2024_ituc_global_rights_index_en.pdf

101 International Trade Union Confederation. (2023, March 15). *ITUC condemns the mass dismissal of striking workers at Massmart/Walmart*. Retrieved from https://www.ituc-csi.org/TUC-condemns-the-mass-dismissal-of-striking-workers-at-Massmart-Walmart

102 International Trade Union Confederation. (2024, April 18). *A trade union focus on the SDGs: Country profiles 2024*. Retrieved from https://www.ituc-csi.org/a-trade-union-focus-on-the-sdgs-country-profiles-2024

103 International Trade Union Confederation. (2024, July 10). *A trade union focus on the SDGs: Kenya 2024*. Retrieved from https://www.ituc-csi.org/IMG/pdf/sdg_report_kenya_2024_en.pdf

104 This rose to 3.88 in 2024 from 3.26 in 2014. This is scored from 1-5, where 1 is the best and 5 the worst score. International Trade Union Confederation. (2024). *2024 ITUC Global Rights Index: The World's Worst Countries for Workers*. Retrieved from https://www.ituc-csi.org/IMG/pdf/2024_ituc_global_rights_index_en.pdf

105 World Bank. (n.d.). *Challenges facing people with disabilities in Sub-Saharan Africa in 5 charts*. The World Bank. https://www.worldbank.org/en/topic/poverty/brief/challenges-facing-people-with-disabilities-in-sub-saharan-africa-in-5-charts

106 International Labour Organization. (2016). *World report on child labour: Paving the way to decent work for young people*. https://www.ilo.org/sites/default/files/wcmsp5/groups/public/@ed_norm/@declaration/documents/publication/wcms_536630.pdf

107 Data from the World Policy Center, disability database: explanation of this data set is here https://www.worldpolicycenter.org/topics/disability/methods

108 Labourwise. (2025, February). *Minimum wage increase in March 2025*. Retrieved from https://labourwise.co.za/labour-news-teazer/minimum-wage-increase-in-march-2025

109 International Labour Organization. (Year). *How Namibia sets historic national minimum wage*. Retrieved from https://www.ilo.org/resource/article/how-namibia-sets-historic-national-minimum-wage

110 Uganda has the same minimum legal wage from 1984. In 2017 the Uganda Minimum Wage Advisory Board recommended 136,000 but Cabinet never adopted. Parliament passed in 2019 a law mandating annual increases, but this was rejected by the President on grounds that current law was sufficient to allow increase. No increase yet passed. Esomu, S. P. (2024, January 10). *Minimum Wage Bill can still become law without President's assent*. Daily Monitor. Retrieved from https://www.monitor.co.ug/uganda/oped/commentary/minimum-wage-bill-can-still-become-law-without-president-s-assent-4487090

111 The SMIG is determined by a Ministerial Order n. 650/11/88, which dates back from 30 April 1988.

112 International Labour Organization. (2024). *Global wage report 2024: Wages and income inequality*. Retrieved from https://www.ilo.org/sites/default/files/2024-11/GWR-2024_Layout_E_RGB_Web.pdf

113 OECD. (2019). *SIGI 2019 global report: Transforming challenges into opportunities*. OECD Publishing. https://doi.org/10.1787/bc56d212-en

114 Equality Now. (2020). *Protecting Women and Girls from Harmful Practices in Law and Policy.*

115 UN Women. (2022). *Progress of the World's Women: Families in a Changing World.*

116 Equality Now. (2020). Op Cit

117 This used the ILO definition of vulnerable employment (as informal workers are hard to measure, please read the CRI Index Methodology note for more) which refers to work carried out by own-account workers and contributing family workers who are less likely to have formal work arrangements, access to social protection, decent working conditions, or job security.

118 Statistics South Africa. (2024, November 12). *Official unemployment rate in third quarter of 2024*. Retrieved from https://www.gov.za/news/media-statements/statistics-south-africa-official-unemployment-rate-third-quarter-2024-12-nov

International Monetary Fund. (2024). *South Africa: 2024 Article IV Consultation-Press Release; Staff Report; and Statement by the Executive Director for South Africa.* Retrieved from https://www.elibrary.imf.org/view/journals/002/2024/305/article-A003-en.xml

119 Basu, K., & Van, P. H. (1998). The economics of child labor. *American Economic Review*, *88*(3), 412-427.

120 Guarcello, Lorenzo; Lyon,Scott; Rosati,Furio Camillo. (2008) *Child labour and education for all: an issue paper (English).* Understanding Children's Work Project working paper series Washington, DC: World Bank. http://documents.worldbank.org/curated/en/320611468315295389

121 Alberto Posso, Child Labour's effect on long-run earnings: An analysis of cohorts, Economic Modelling,

Volume 64, 2017, Pages 465-472, ISSN 0264-9993, https://doi.org/10.1016/j.econmod.2017.02.027.

122 The average is 28% over the countries with available data. Data based on ILO & UNICEF data. Data accessed February 7th 2025, https://data.unicef.org/topic/child-protection/child-labour/

123 ILO (2018) Ending child labour by 2025: A review of policies and programmes. See: www.ilo.org/sites/default/files/wcmsp5/groups/public/@ed_norm/@ipec/documents/publication/wcms_653987.pdf

124 Ibid

125 Estimates based on calculations made in 2015-16 by DFI and SDSN among others, for more details, see DFI/Oxfam (2015), *Financing the Sustainable Development Goals*, at https://policy-practice.oxfam.org/resources/financing-the-sustainable-development-goals-lessons-from-government-spending-on-556597/

126 For details of these reasons behind the current renewed debt crisis in Eastern and Southern Africa, see https://www.development-finance.org/en/news/834-23-november-oslo-launch-of-updated-report-resolving-the-worst-ever-global-debt-crisis-

127 For analysis of this see the DFI/Oxfam Commitment to Reducing Inequality Index global report 2022, at https://policy-practice.oxfam.org/resources/the-commitment-to-reducing-inequality-index-2022-621419/. This analysis is based on data from IMF. (2021). Fiscal Monitor Database of Country Fiscal Measures in Response to the COVID-19 Pandemic. https://www.imf.org/en/Topics/imf-and-covid19/Fiscal-Policies-Database-in-Response-to-COVID19

128 All data in this paragraph are from the IMF *World Economic Outlook* database October 2024, available at https://www.imf.org/en/Publications/WEO/weo-database/2024/October

129 IMF WEO data do not include Somalia, where debt/GDP was reduced from 108% to 6% of GDP between 2015 and 2024 due to the provision of comprehensive debt relief under the Heavily Indebted Poor Countries' and Multilateral Debt Relief Initiatives.

130 The *Debt Service Watch* (DSW) database is compiled by DFI from global (IMF) and national (budget and debt reporting documents) sources. It covers 145 countries – all but 9 of the countries which borrow from the World Bank – and including all countries in Eastern and Southern Africa. Nevertheless, the data presented in this report exclude Comoros, Djibouti, Eritrea and Sudan because they do not publish budget expenditure data disaggregated by COFOG sectoral functions. It covers the time period 2017-2029, and includes data on both external and domestic debt service. For a more detailed description of the database, see https://www.development-finance.org/en/news/831-11-october-the-worst-debt-crisis-ever-shocking-new-debt-service-numbers. These numbers are taken from the latest end-February 2025 version of the DSW database.

131 This section does not discuss the Debt Service Suspension Initiative (DSSI), which postponed debt service for 12 countries in the region during the COVID-19 pandemic in 2020-21, but added extra interest to the resulting arrears and therefore increased the debt burden in the long run.

132 For details of these calculations, see https://www.development-finance.org/en/news/831-11-october-the-worst-debt-crisis-

133 Oxfam International. (2023, April 13). *For every $1 IMF encouraged a set of poor countries to spend on public goods, it has told them to cut $4*. Oxfam. https://www.oxfam.org/en/press-releases/every-1-imf-encouraged-set-poor-countries-spend-public-goods-it-has-told-them-cut

134 Data calculated by comparing DAC Country Programmable Aid for each country with GDP as reported by the IMF, and cross-checking against aid levels reflected in country budgets and IMF documents.

135 Sources: SEEK Development *Donor Tracker Profiles* at donortracker.org; and ONE France, Germany, UK and US briefings during 2023-25.

136 Source: OECD Country Programmable Aid database available at https://www.oecd.org/en/data/indicators/country-programmable-aid-cpa.html

137 See the latest information on the dependence of HIV/AIDS funding on PEPFAR, in https://www.unaids.org/sites/default/files/2025-03/20250305-USstop-Sitrep.pdf

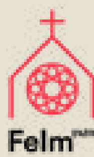
138 Rigby, J. (2025, February 7). *UNAIDS says U.S. aid freeze causing 'a lot of confusion'*. Reuters. https://www.reuters.com/business/healthcare-pharmaceuticals/unaids-says-us-aid-freeze-causing-lot-confusion-2025-02-07/

139 For details of these calculations, see https://www.unaids.org/en/resources/documents/2024/domestic-revenues-debt-relief-development-aid-esa

140 World Inequality Database. (n.d.). *World Inequality Database*. Retrieved March 19, 2025, from https://wid.world. This is data before government intervention

act
Church of Sweden

DFI
Development
Finance
International


Felm

AACC-CETA

NORWEGIAN CHURCH AID
actalliance