

CHAPTER 5: POVERTY AND INEQUALITY

I. Introduction

There is broad consensus that the key determinants of sustained growth are effective political and economic institutions, an outward orientation, macroeconomic stability and human capital accumulation. However, what is also being increasingly recognized is that income equality is also, independently, an important pre-requisite for sustained growth . While some inequality may be a result of market economy in terms of incentives for investment and growth, too much inequality can be destructive to growth.

Asian experience indicates that even in countries like China and India where absolute poverty has been reduced on a sizeable scale, income inequality has increased and access to basic services remains spotty. This is leading to deep rethinking in these countries' planning agencies on how to ensure more inclusive growth. Research on growth without equity indicates that growth strategies are less likely to be successful without a commitment to equality of opportunity, including giving citizens a fair chance to participate in the growth process and to share the benefits of growth . Inequalities lead to (i) a dampening of the poverty reduction impact of growth; (ii) lowering the growth rate itself; (iii) a "hollowing out" of the middle class; (iv) a degrading of the capacity of a country's institutions, thereby nurturing corruption and rent seeking; (v) increased crime and violence; and (vi) undermining of social stability. Even "converging" African countries can have their growth efforts halted and even reversed if policymakers ignore inclusive policies and actions.

Inequality also reduces the length of "growth spells." Even the weakest of African economies can succeed in initiating growth spurts at high levels for a few years. What is rare is the ability to sustain growth over a long period. Most growth spells in developed countries and emerging Asia last at least ten years or more, whereas only about two-thirds of African spells do . This chapter summarizes the status of African countries' experience in alleviating poverty, reducing inequalities, and increasing access to opportunities. As the chapter concludes, while progress has been achieved in selected aspects of inequality in some countries during the past decade (2000-2010), a large portion of Africa continues to live in poverty and has experienced high levels of inequality of income and opportunities during much of the last two decades.

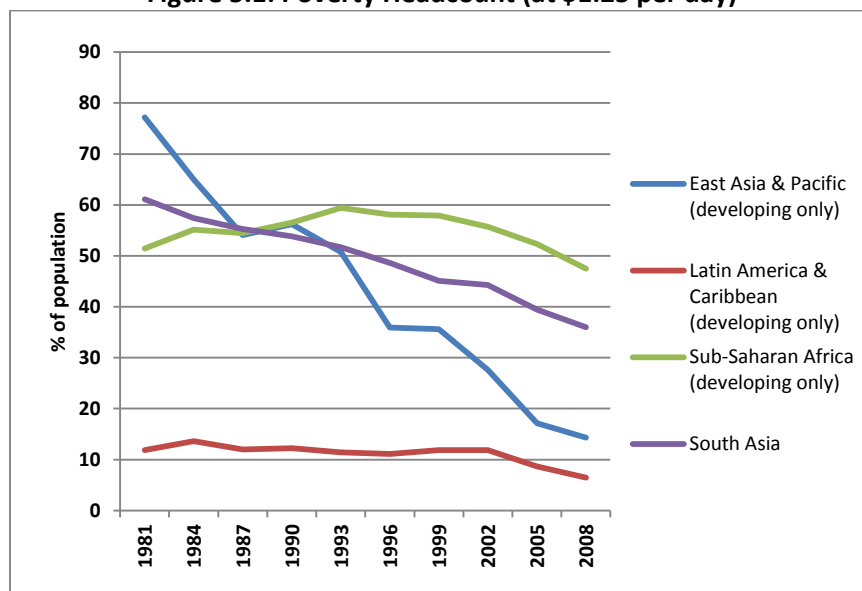
Following a brief discussion of poverty and inequality in Africa (sections II and III), this chapter focuses on the trends in inequality. This discussion (Section IV) is divided into four dimensions of inequality—those related to income, access to education, access to health, and access to water and sanitation services. Section V addresses the range of future outcomes related to poverty and inequality. The chapter concludes with an Action agenda.

II. Evolution of poverty in Africa

While Africa's economic growth during the last decade was more robust than during the 1990s, even taking into account the negative impact of the global financial and economic crisis on the economies, the number of poor (defined here as those with income less than \$1.25/day) increased from about 205

million in 1981 to 386 million in 2008, an increase of about 180 million. This is in contrast to East Asia and the Pacific and South Asia regions where there was an appreciable decline in the incidence of poverty over the same period (Figure 5.1). Of the total number of poor in Africa in 2008, roughly 220 million (57 percent of the total poor) lived in five countries (Democratic Republic of Congo, Ethiopia, Madagascar, Nigeria and Tanzania). It is highly likely that most African countries will not meet their poverty reduction Millennium Development Goal by 2015.

Figure 5.1: Poverty Headcount (at \$1.25 per day)



Source: World Development Indicators

While data are not available for most African countries, it is possible to obtain a rural-urban break down for the larger countries for the 2000s. This is shown in Figure 5.2. As can be noted, in all cases, rural poverty exceeds urban poverty incidence, indicating that poverty in these African countries is primarily a rural phenomenon.

III. Inequality of outcomes and opportunities

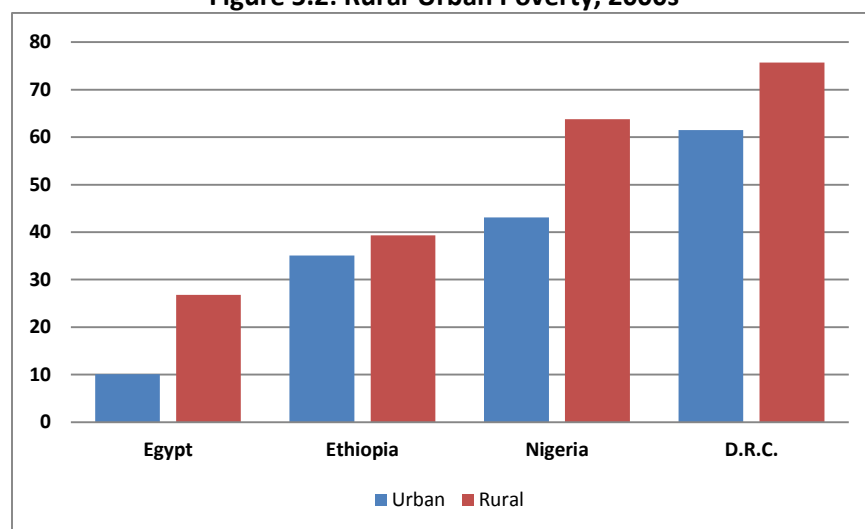
A review of inequality needs to distinguish between inequality of outcomes and inequality of opportunities. Citizens use the resources at their disposal to maximize their well-being subject to constraints on their options. In assessing inequality, income and expenditure are commonly used to proxy the outcome of the process. However, focusing on just income or expenditure can be constraining. Over time, non-income dimensions like education and health have emerged in providing a multi-dimensional and inter-generational perspective on poverty and inequality⁵⁶. Inequality of opportunity is the portion of inequality of outcome that can be attributed to differences in “individual circumstances”⁵⁷, related to race, region of birth, parental income, mother’s education, etc. While some

⁵⁶ Juzhong Zhuang and Ravi Kanbur (2012): *Confronting Rising Inequality in Asia*, Theme chapter of Asian Development Bank’s Asian Development Outlook 2012.

⁵⁷ J. Roemer (1998): *Equality of Opportunity*. Cambridge, Massachusetts, Harvard University Press.

income inequality may be inevitable and a part of the growth process, inequities of opportunities violate a sense of fairness and equity particularly when the individuals affected can do little about them.

Figure 5.2: Rural-Urban Poverty, 2000s



Source: World Development Indicators

IV. Recent trends of income inequality in Africa⁵⁸

Of the 22 African economies with available data in 2000s, 16 had a Gini coefficient greater than 40, which is generally regarded as a threshold for “high inequality”⁵⁹. The highest inequality was for South Africa with a Gini of 63.2, followed by Swaziland, Rwanda and Nigeria. At the other end of the spectrum, the country with the lowest inequality was Ethiopia with a Gini coefficient of slightly under 30, followed by Egypt and Mali (Figure 5.3).

Comparing Gini coefficients in Africa with those of developing countries in Asia, Africa’s coefficients are on average higher than those in developing Asia: Africa’s range of Gini coefficients of 29-63 is not as tight as developing Asia’s 28-51. In fact, Africa’s inequality is second only to that of Latin America, and the latter’s inequality has been on a declining trend during the past decade.

With regard to changes in the Gini coefficient during 2000s, 14 out of the 22 African countries (accounting for almost half of Africa’s population in 2010) experienced increases in the Gini coefficient. By contrast in Asia, 11 of 25 countries with comparable data experienced increases in inequality.

As an aggregate measure, the Gini coefficient may hide detailed patterns of differences across levels of expenditures. Table 1 provides the quintile ratios—the ratio of the per capita expenditure of the top 20 percent to that of the bottom 20 percent.

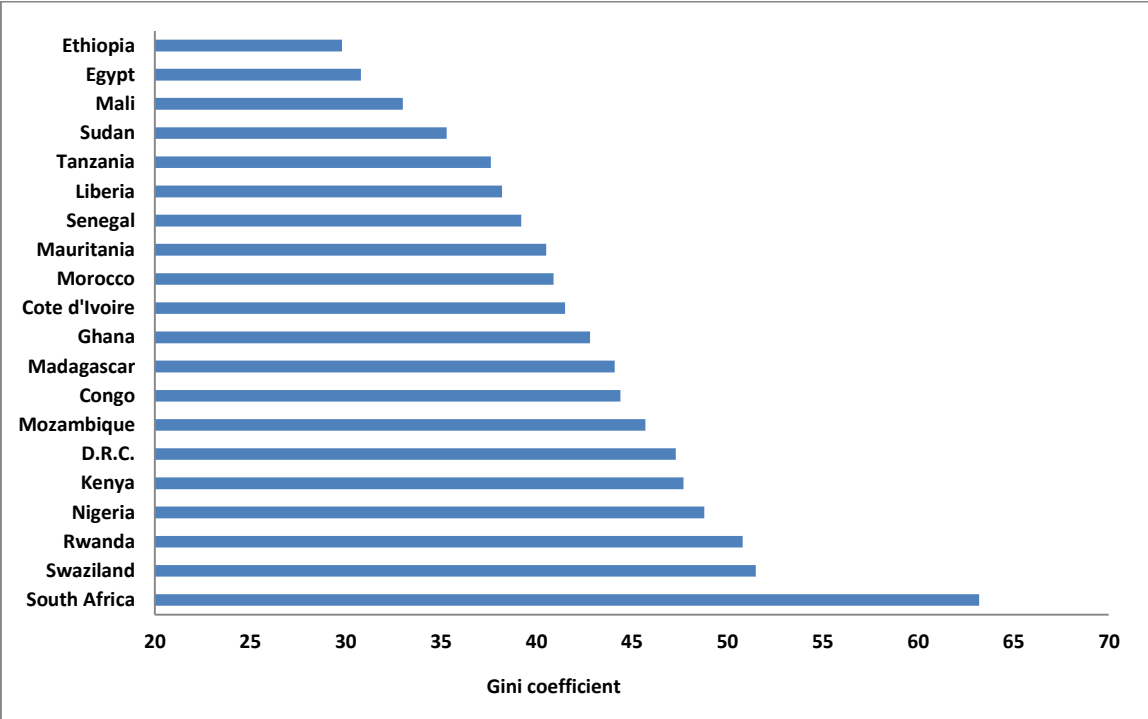
⁵⁸ Inequality can be estimated for per capita income or per capita expenditure. The former measure is generally higher than the per capita expenditure measure. For most African countries, as for most developing Asian countries, estimates are based on expenditure data, unlike those for Latin American and OECD countries which are based on income data. It is therefore more accurate to compare Africa’s inequality measures to those of developing Asia.

⁵⁹ For convenience, the Gini coefficient is used here as a percentage rather than as a number between zero and 1.

During 2000s, out of 45 African countries for which data were available 15 countries had the top 20 percent of households earning more than ten times that of the bottom 20 percent. The mean quintile ratio for the 45 African countries was 10.6. This compares to a figure of 7.1 for the 32 Asian countries for which data were available over the same period.

Significantly, South Africa exhibits one of the highest inequalities in Africa on both the Gini measure as well as quintile comparison, its ratio on the latter count being above 20. When the ratio of the top versus the bottom decile is taken, the inequality is even more stark: the top 10 percent in South Africa earn about 44 times as much as the bottom 10 percent, only marginally better than Brazil.

Figure 5.3: Gini Coefficients for Selected African Countries, 2010



Source: World Development Indicators

In terms of trends in income inequality over time, the Gini coefficient for Africa as a whole increased (worsened) from 45 in 1990 to 46 in 2010. This level of inequality is well above the average for Asia’s developing economies. During the 2000s, inequality grew markedly in Kenya, Nigeria, South Africa and Tanzania (Gini coefficients increased by at least 8 percent). It declined for Egypt, Cote d’Ivoire, Mali and Senegal.

A. Access to education

Education is a critically important element in non-income inequality. It is a self-perpetuating type of inequality, with poor education generally leading to lower income, and lower income in turn leading to poor education of children.

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Table 5.1: Comparison of Incomes of Top and Bottom Quintiles, 2000s

Top 20% / Bottom 20%	Countries
Above 20	Angola, Comoros, Namibia, S. Africa
10 to 20	Cape Verde, Central African Republic, Republic of Congo, Gambia, Kenya, Lesotho, Nigeria, Rwanda, Seychelles, Swaziland, Zambia
5 to 10	Benin, Burkina Faso, Cameroon, Chad, DRC, Cote d'Ivoire, Djibouti, Gabon, Ghana, Guinea, Guinea-Bissau, Liberia, Madagascar, Malawi, Mali, Mauritania, Morocco, Mozambique, Niger, Sao Tome, Sierra Leone, Sudan, Tanzania, Togo, Tunisia, Uganda
Below 5	Burundi, Egypt, Ethiopia

Source: World Development Indicators

Africa has made significant strides in improving average achievements in education. Over 30 African countries are on track to achieve universal primary education by 2015⁶⁰. Table 5.2 provides data for ten African countries with the lowest primary completion rates in 1991.

Table 5.2: Primary Completion Rates for Selected African Countries (Percent of relevant age group)

	Total		Male		Female	
	1991	2010	1991	2010	1991	2010
Benin	22	63	30	74	14	53
Burkina Faso	20	45	25	48	15	42
Chad	18	33	29	41	7	24
Eritrea	18	40	21	43	15	36
Ethiopia	23	72	28	75	18	69
Guinea	17	64	24	75	9	53
Guinea-Bissau	5	68	7	75	3	60
Mali	9	55	12	61	7	50
Mozambique	26	61	32	66	21	55
Niger	17	46	21	52	13	40
Average for above	17	55	23	61	12	48

Source: Adapted from World Development Indicators

By 2010, all these countries showed significant improvement, on average moving from 17 percent to 55 percent. This improvement has been even more dramatic for girls, with a four-fold increase in the primary completion rates during the last two decades. Female students in Guinea-Bissau and Mali in particular made dramatic gains.

⁶⁰ Africa Progress Panel (2010): *Africa Progress Report 2010*

With more than half of the way through Africa's Second Decade of Education (2006-2015), many countries have increased budgetary resources allocated to education, including significant increases in Ethiopia, Kenya, Mozambique, and Senegal⁶¹.

However, enormous challenges remain. Some 50 million African children—especially girls—from poor backgrounds and rural areas still do not have access to primary education. In many cases, the issue is not one of lack of public expenditures allocated to education. With the exception of Central African Republic, Chad, Guinea and Liberia, most African countries allocated between 3-8 percent of GDP to education in 2010 with Burundi and Lesotho setting aside 9 percent and 13 percent respectively. There are other factors such as school fees and other costs that continue to discourage school attendance. Enrolment inducing practices such as the provision of meals and sanitary pads at school are still not widespread enough. These circumstances may suggest that conditional cash transfer schemes like *Bolsa Familia* of Brazil and *Oportunidades* of Mexico may be warranted in some African countries. However, studies of South Africa's Child Support Grant (CSG), under which the state awards unconditional means-tested cash transfers to caregivers of poor children, indicate that it is preferable to address the structural problems of the supply side of education and health rather than to consider imposing conditionalities that could further exclude poor children and their caregivers from these cash transfers⁶².

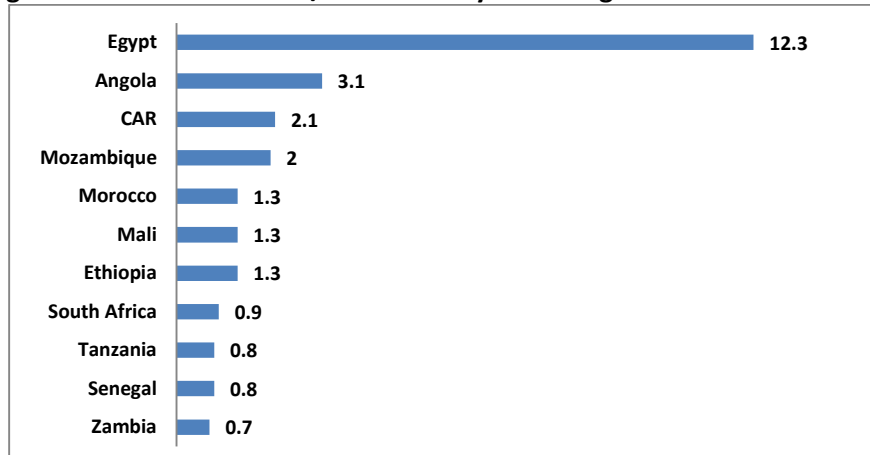
Deep-rooted inequalities are a barrier to universal primary education. Disparities linked to wealth, gender and location (especially rural versus urban) are holding back progress in many African countries. While the gender gaps are narrowing somewhat, they remain large in the continent. In many African countries, there are still fewer than nine girls in school for every ten boys. While enrolment rates are rising, millions of African primary school children drop out before completing a full primary cycle. Some 28 million pupils in Sub-Saharan Africa drop out each year.

In 2010, inequality in the ratio of out-of school children by gender was very wide in Africa. For example, the number of out-of school girls was more than three times as high for boys in Angola and Egypt, and about twice as high in Central African Republic and Mozambique (Figure 5.4).

⁶¹ UNESCO (2010): Education for All Global Monitoring Report, Reaching the Marginalized

⁶² See for example Frances Lund, Michael Noble, Helen Barnes and Gemma Wright (2002): *Is there a Rationale for Conditional Cash Transfers for Children in South Africa?* Working Paper Number 53.

Figure 5.4: Ratio of Female/Male Primary School-age out of School Children



Source: Adapted from World Development Indicators

Access to education gets increasingly more difficult as children get older. Secondary and tertiary intake rates in Africa remain as low as 32 percent and 5 percent respectively. Moreover there are serious issues of quality of education in almost all African countries, and teacher absenteeism in, for example, Uganda is around 35 percent. Africa scores poorly on global standardized tests, which are extremely low even in South Africa. These are issues that would need to be addressed if African labor is to face international competition.

B. Access to health

Like education, health is also an example of self-perpetuating inequality. Poor health affects the ability of the poor to increase their incomes. Even when children from poor families survive preventable diseases such as dysentery, malaria and respiratory infections, as adults they are likely to give birth to another generation of low-birth weight babies, reinforcing the vicious cycle of low human development. Africa has generally made good progress on life expectancy, with average life expectancy increasing by five years from 52 years in 1990 to 57 years in 2010 (Table 5.3). North African countries and Mauritius demonstrate not only relatively high levels—about 72 years—but also improvement since 1990.

On the other hand, there are significant differences among countries, with a person from Sierra Leone dying 28 years before his Tunisian counterpart. There are, moreover, eight countries (Cameroon, Central African Republic, Chad, Kenya, Lesotho, South Africa, Swaziland and Zimbabwe) which saw declines in their life expectancy over the past two decades. The drop was particularly steep for Lesotho, South Africa, Swaziland and Zimbabwe, in each of which the decline was around ten years. This large decline reflects the devastating impact of HIV/AIDS on these economies, although there are recent signs that life expectancy in these countries is starting to stabilize and increase.

Inter-country inequalities are also evident in infant mortality rates, with three countries (Libya, Mauritius and Tunisia) indicating low levels of around 13 per thousand live births, compared to very high levels for Angola, Central African Republic, Chad, Democratic Republic of Congo, Mali, and Sierra Leone (Table 5.3).

Table 5.3: Life Expectancy and Infant Mortality Rates

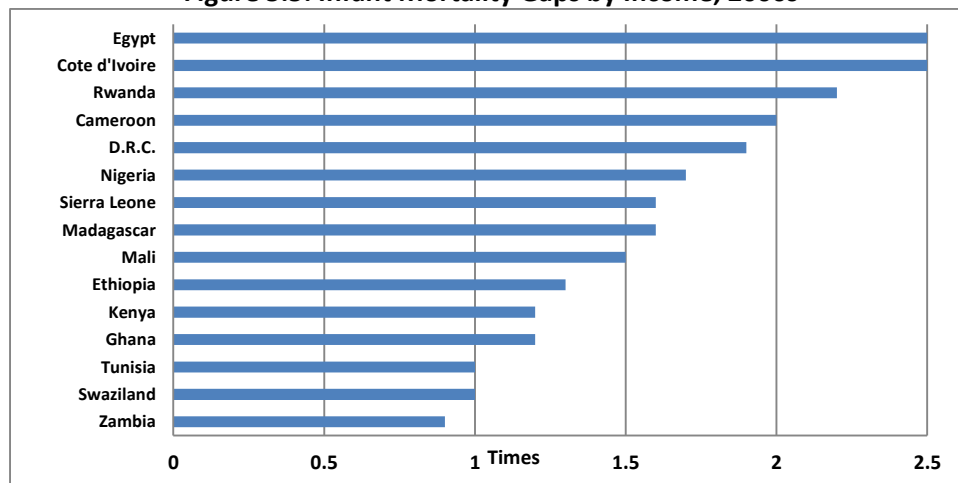
	Life Expectancy at Birth (years)		Infant Mortality Rate (per 1,000 live births)	
	1990	2010	1990	2010
Algeria	67	73	55	31
Angola	41	51	144	98
Botswana	64	53	46	36
Burkina Faso	48	55	103	93
Cameroon	53	51	85	84
Central African Rep.	49	48	110	106
Chad	51	49	113	99
Congo, Dem. Rep.	47	48	117	112
Cote d'Ivoire	53	55	105	86
Egypt	62	73	68	18
Ethiopia	47	59	111	68
Gambia	53	58	78	57
Ghana	57	64	77	50
Kenya	59	56	64	55
Lesotho	59	47	72	65
Libya	68	75	33	13
Mali	44	51	131	99
Mauritania	56	58	80	75
Mauritius	69	73	21	13
Morocco	64	72	67	30
Mozambique	43	50	146	92
Nigeria	46	51	126	88
Rwanda	33	55	99	59
Senegal	53	59	70	50
Sierra Leone	39	47	162	114
Somalia	45	51	108	108
South Africa	62	52	47	41
Sudan	53	61	78	66
Swaziland	59	48	70	55
Tanzania	51	57	95	60
Togo	53	57	87	66
Tunisia	70	75	39	14
Uganda	47	54	106	63
Zambia	47	48	109	69
Zimbabwe	61	50	52	51
Average	52	57	92	65

Source: World Development Indicators

There are major inequities in access to health by income. One can compare the infant mortality rate among the poorest quintile of the population with that of the richest quintile. In countries like Egypt and

Cote d'Ivoire, the chance of a poor infant dying is more than twice that of an infant born to a rich family (Figure 5.5).

Figure 5.5: Infant Mortality Gaps by Income, 2000s



Source: World Development Indicators

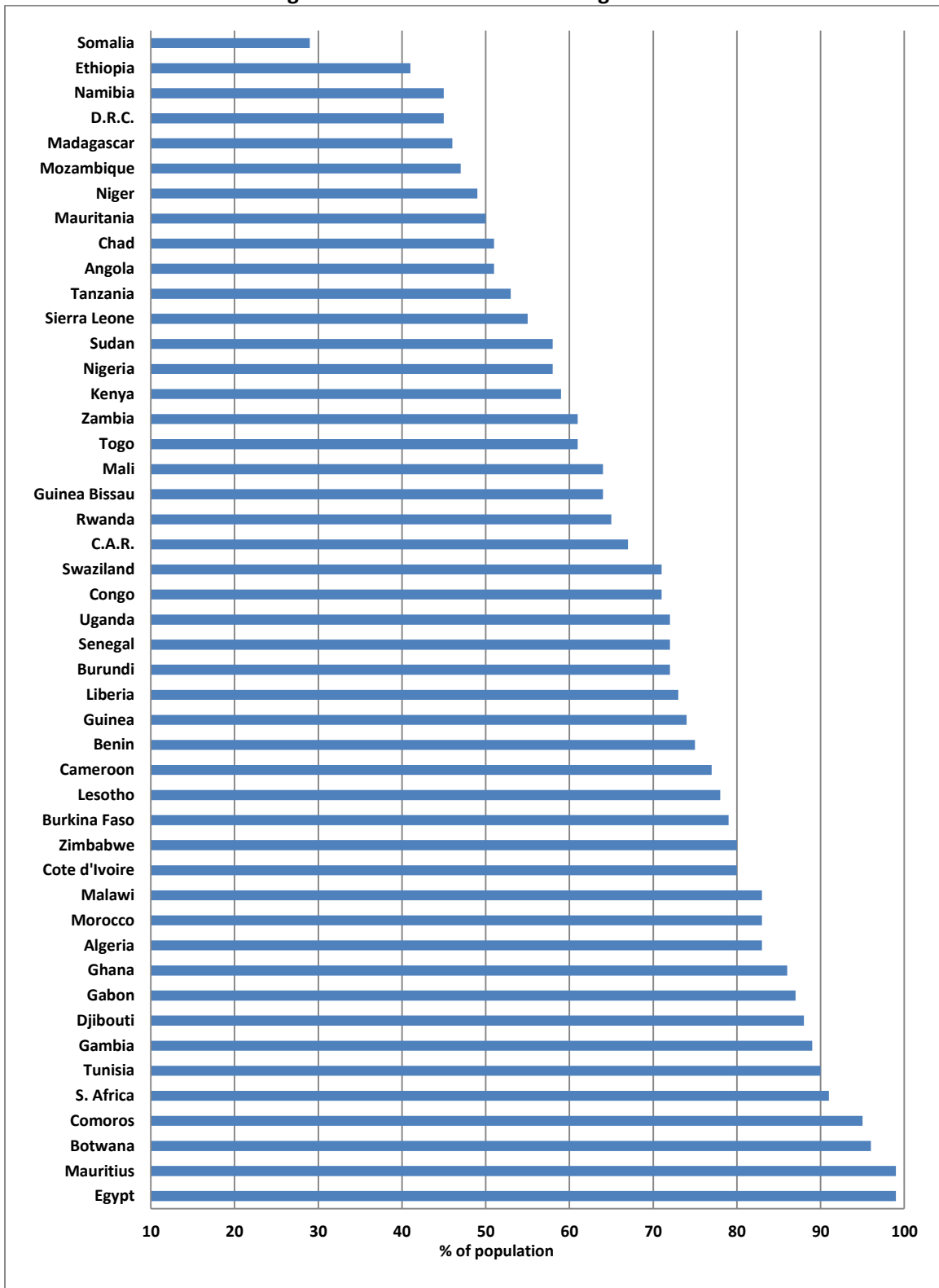
C. Access to water and sanitation

Overall the news for Africa (and the rest of the world) on access to improved source of drinking water is positive, with Africa's proportion of population with better access increasing from 61 percent in 1990 to 66 percent in 2010 (from 55 percent to 61 percent for Sub-Saharan Africa and from 89 percent to 92 percent for North Africa). Progress has been particularly impressive for six countries (Burkina Faso, Ghana, Liberia, Mali, Namibia and Uganda) with their proportion of 2010 population that gained access to improved water source since 1995 being above 40 Percent.

There are, however, several African countries, notably the Democratic Republic of Congo, Ethiopia, and Madagascar, where about 55 percent of the countries' population still lacks access to safe drinking water (Figure 5.6).

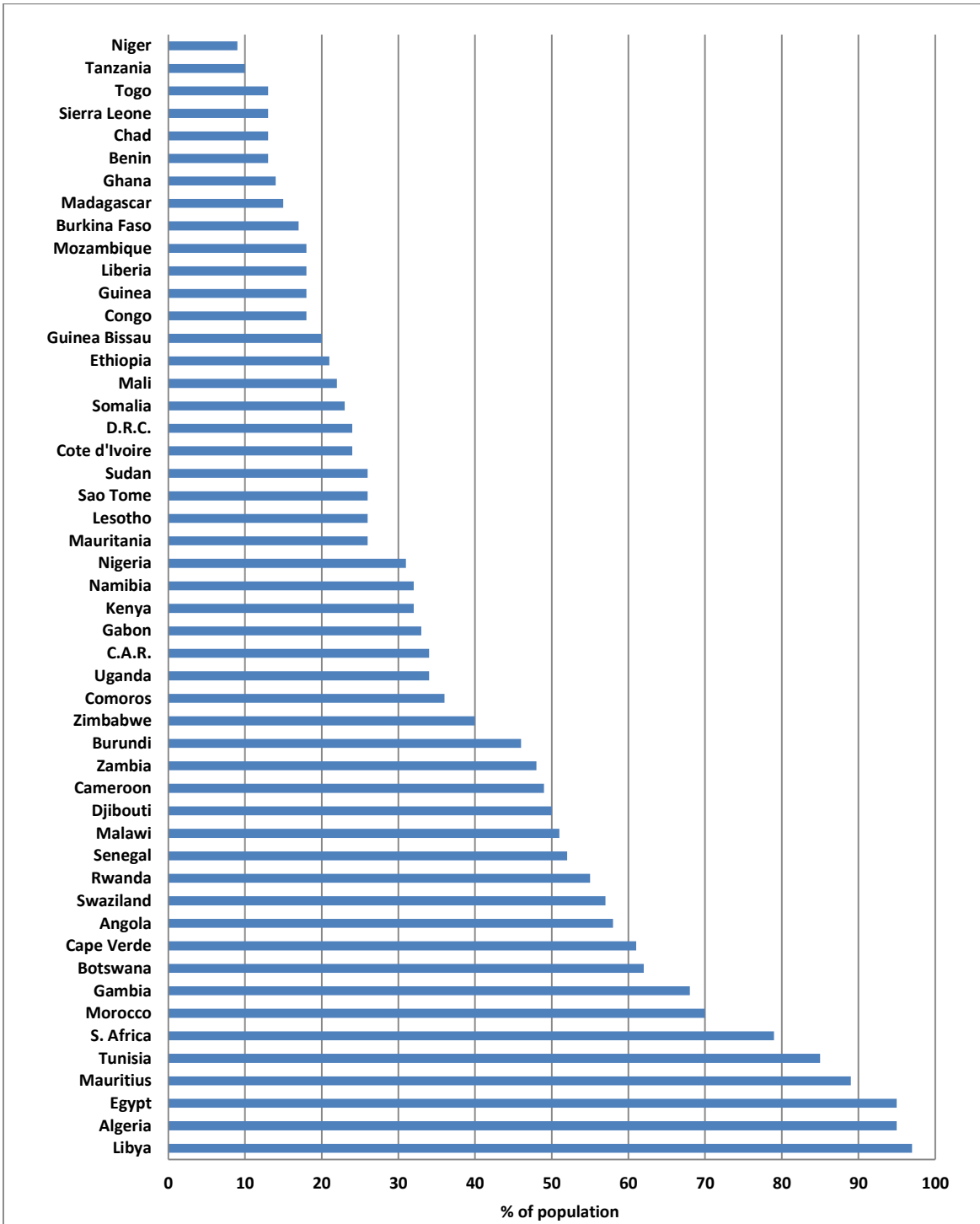
With regard to access to improved sanitation facilities, much of Africa is off-track in meeting the MDG sanitation target by 2015. In 2010, no less than 60 percent of Africa's population (70 percent in Sub-Saharan Africa and 10 percent in North Africa) was without access to improved sanitation facilities. This compares to the world figure of 37 percent. Access varies considerably by income and location (rural-urban). Countries such as Niger, Tanzania, Sierra Leone, Chad and Ghana are particularly low in coverage of sanitation facilities (Figure 5.7).

Figure 5.6: Access to Safe Drinking Water



Source: World Development Indicators

Figure 5.7: Access to Improved Sanitation



Source: World Development Indicators

V. Prospects for 2050

Sustained high growth as envisioned in the convergence scenario for 2050 would make a significant impact on poverty and on the share of Africa's population moving into the middle class.

A. Poverty in the future

Figure 5.8 shows the poverty rate and the number of Africans in poverty under the three scenarios presented in this report through 2050. In the Convergence Scenario, Africa's poverty rate declines below 5%, and even more strikingly, the poverty rate for fragile countries declines below 10%. In the Business as Usual Scenario, the poverty rates decline in a linear fashion, with African poverty around 17% in 2050. In the Downside Scenario, the poverty rate declines very little, dropping about 5 percentage points to around 32%.

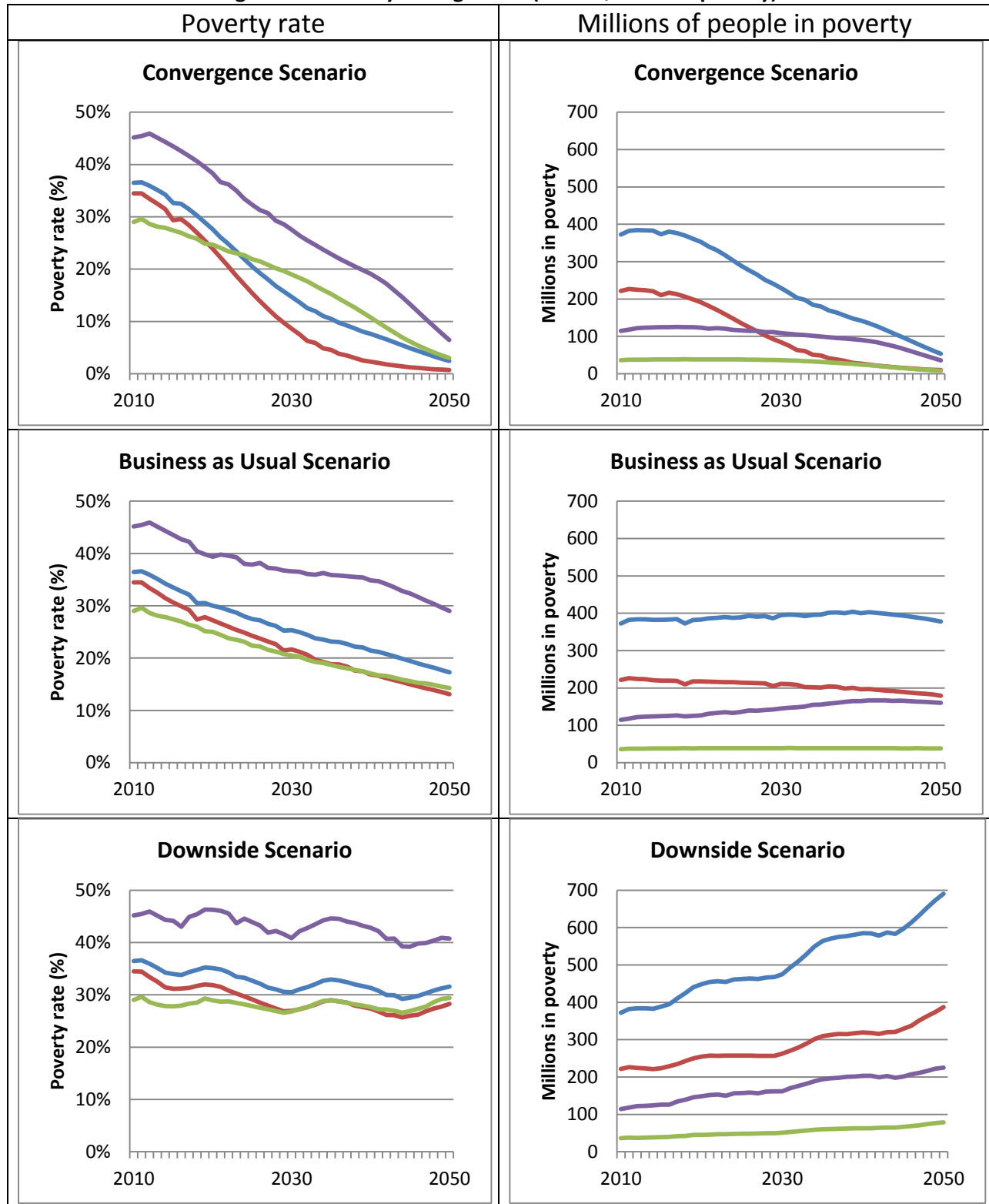
Looking at the absolute amount of people in poverty in Africa presents a slightly different picture. Due to population growth, only the Convergence Scenario reduces the number of people in poverty in Africa, with a total in 2050 of about 50 million. In the Business as Usual Scenario, the number of people in poverty actually increases to 378 million in 2050. In the Downside Scenario, the number of Africans in poverty nearly doubles, increasing to 690 million. With the coming population explosion, reductions in poverty rates will need to be accelerated in order to reduce the number of Africans living in poverty.

B. Buildup of the middle class

Figure 5.9 shows Africa's middle class through 2050. These figures again highlight the benefits of convergence for Africa's future. In the Convergence Scenario, about 65% of Africa's population is in the middle class. The Business as Usual Scenario and Downside Scenario produce middle classes that are about 30% and 20% of the population, respectively. The Convergence Scenario therefore produces a middle class that is twice the size of that produced by the Business as Usual Scenario, and three times the size of that produced by the Downside Scenario.

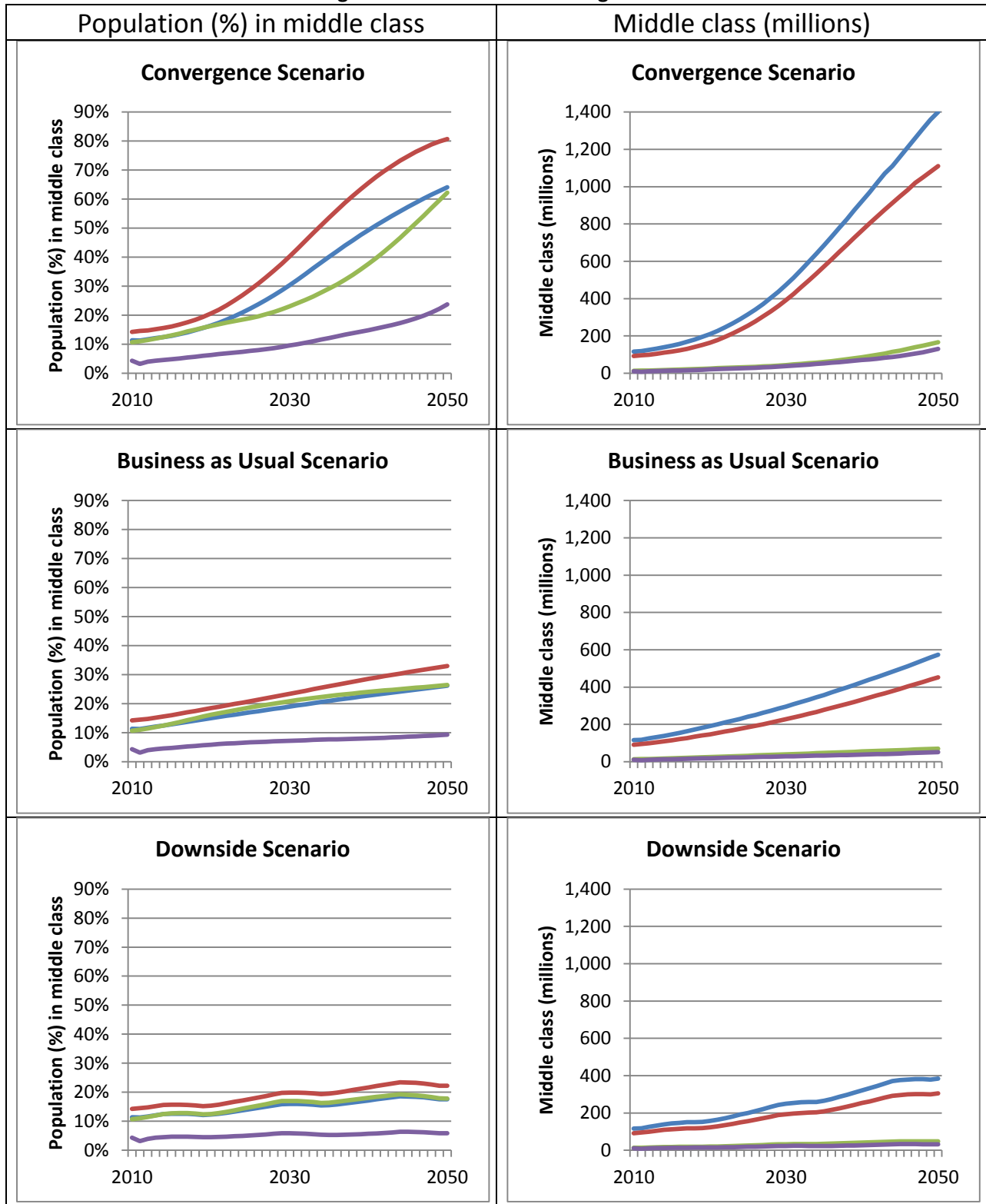
In the Convergence Scenario, the total number of people in the middle class exceeds 1.4 billion in 2050, up from 125 million in 2012. The Business as Usual Scenario and Downside Scenario only produce middle classes of about 600 million and 400 million, respectively. The Convergence Scenario therefore represents a huge opportunity for Africa, not just in terms of raising incomes, but also by making Africa a significant region of middle class consumers on the global stage.

Figure 5.8: Poverty through 2050 (below \$1.25 PPP per day)



— Africa — Early convergers
 — Late convergers — Fragile

Figure 5.9: Middle class through 2050



— Africa — Early convergers
 — Late convergers — Fragile

VI. Action Agenda

In short, the recent impressive economic growth in Africa has not been accompanied by a reduction in poverty or of income inequalities. The actual number of poor in the continent has increased and two-thirds of the countries during 2000s had a Gini coefficient above 40, the threshold for high inequality. Not only has inequality been high, it has increased over time, with two-thirds of the 22 countries for which data are available experiencing increased inequality. Similar results are obtained when a combination of quintiles is undertaken.

Africa has been more successful in improving average achievements in education (especially of girls), access to health services and access to improved source of drinking water. But even in these areas there is some way to go. Some 50 million African children—especially girls—from poor backgrounds and rural areas still do not have access to primary education. And access to education becomes more difficult as children get older, with secondary and tertiary intake rates falling dramatically. In health, inter-country inequalities are large both in life expectancy and infant mortality rates. On access to improved source of drinking water, there are countries such as the Democratic Republic of Congo, Ethiopia and Madagascar where more than 55 percent of the countries' population is still without access to safe drinking water. Finally, with regard to access to improved sanitation facilities, much of Africa is off-track in meeting the MDG sanitation target by 2015.

Reducing inequalities in Africa would entail leveling the playing field through more equitable and broad-based basic education (early childhood development and girls education in particular) which was a distinguishing feature of Korean education. Brazil proactively used education to help level the playing field. Other options are increasing income earning opportunities; increasing access to basic health services and to water and sanitation facilities; and strengthening institutions that promote transparency and fairness.

Africa will need to grow at least at around 5 percent a year to keep the number of poor constant. Growth during the past decade has been higher than during the 1980s and 1990s, and yet the number of poor has increased. Part of the explanation may be that many of the most rapidly growing countries are resource-rich countries, and this growth has not translated into widespread improvements in living standards. At least part of the solution would be to reduce constraints on small businesses to facilitate productivity growth and employment. Access to finance, especially for small and medium enterprises is an important determinant of sustained growth.

Access to power supply emerges as a very serious constraint to business as seen by those affected. Africa has a great deal of potential for energy and huge natural gas reserves. The challenge would be to establish an energy platform for small businesses, and avoid the risk of going for growth that is concentrated in nodes of highly capital-intensive growth, leaving little for the rest. Issues related to the business environment are discussed elsewhere in this report.

An important aspect of inclusion is gender poverty. A useful indicator, developed by UNDP, to measure it is the gender inequality index, which is a composite measure reflecting inequality in achievements between women and men in three dimensions: reproductive health; empowerment; and the labor

market. The index varies between zero (when women and men fare equally) and 1 (where one gender fares as poorly as possible in all measured dimensions). Table 5.4 provides the data for selected African countries. Apart from Algeria, Mauritius and Tunisia, most other African countries score poorly compared to countries in other regions.

Inclusive growth is more than just an outcome; it is also a process. The ability of citizens to express and exercise their views is as important part of inclusive growth, as is the participation of citizens in decisions that influence their well-being. Active involvement of beneficiaries in anti-poverty programs may lower the informational costs associated with these interventions and offer the potential for the design and implementation of interventions that are in line with the preferences of the population they are designed to assist. This is confirmed by examination of several public works interventions undertaken in the Western Cape province of South Africa⁶³.

Table 5.4: Gender inequality in Africa, 2011

	Rank	Value
Tunisia	45	0.293
Mauritius	63	0.353
Algeria	71	0.412
South Africa	94	0.490
Botswana	102	0.507
Morocco	104	0.510
Senegal	114	0.566
Uganda	116	0.577
Zimbabwe	118	0.583
Tanzania	119	0.590
Malawi	120	0.594
Ghana	122	0.598
Mozambique	125	0.602
Kenya	130	0.627
Cameroon	134	0.639
Cote d'Ivoire	136	0.655
D.R.C.	142	0.710

Source: UNDP: Human Development Report 2011

Absence of the poor in decisions about their well-being can distort priorities. While in many African countries governments devote about one-third of their budgets to education and health, they spend little of it on the poor. For example, even though clean water is critical to health outcomes, in Morocco only 11 percent of the poorest quintile of the population has access to safe water, while everybody in the richest fifth does.

However, more public spending alone is not enough. Between 1980s and 1990s, total public spending on education in Ethiopia and Malawi increased by \$8 per child of primary school age. In Ethiopia primary

⁶³ John Hoddinot, Michele Adato, Tim Besley, and Lawrence Haddad (2001): *Participation and Poverty Reduction: Issues, Theory, and New Evidence from South Africa*

school completion stagnated, going from 22 percent in 1990 to only 24 percent in 1999, while in Malawi it rose from 30 percent to 50 percent.

When communities are not involved in establishing, supporting and overseeing a school, it is invariably seen as something alien. A study of schooling in rural Nigeria found that villagers often stopped expecting anything from government schools, taking the responsibility themselves⁶⁴. One of the most powerful means of increasing the voice of poor citizens in policymaking is better information, which can serve as a stimulant for public action and as a catalyst for change. It is well known that when the government of Uganda learned that only 13 percent of recurrent spending for primary education was arriving in primary schools, it launched a monthly newspaper campaign on the transfer of funds. That campaign galvanized the population, inducing the government to increase the share going to primary schools (now over 80 percent) and compelling school principals to post the entire budget on the school room door. Similarly an in-depth study of the Iringa district in Tanzania, a poor rural area, showed that patients by-passed low quality facilities in favor of those offering higher quality consultations and prescriptions staffed by more knowledgeable physicians and better stocked with basic supplies⁶⁵.

To increase the quality of education, reforms should concentrate on increasing the voice and participation of beneficiaries, but not neglect the importance of central government oversight. In practical terms, there should be more community management of schools and demand-side subsidies to the poor, but with continuing stress on nationally determined curricula and certification.

Decentralizing delivery responsibilities for public services is prominent on the reform agenda of many countries, including Nigeria and South Africa⁶⁶. A key objective, usually linked to political motivation for decentralization, is to strengthen citizen voice by bringing services and elected politicians closer to the beneficiaries.

In short, there are ways to use beneficiary power to improve outcomes. One is to involve citizens directly in the assessment and operation of schools. Another is to use demand-side subsidies to increase access for poor people. A third is to make provider resources depend on client choice—to have money follow students. None is a panacea by itself, but each can be a part of a strategy for school improvement.

With this overall picture of disparities in Africa, the key message for African policymakers is to confront inequality through efficient interventions that equalize access to basic services such as education, health water and sanitation, and to reduce inequality in three areas: (i) investing to reduce inequality in human capital; (ii) undertaking interventions that equalize opportunities spatially (e.g. rural-urban); and (iii) better targeting of subsidies.

⁶⁴ A.G. Daramola and others (1998): *Hard Lessons: Primary Schools, Community and Social Capital in Nigeria*, World Bank.

⁶⁵ Kenneth Leonard, Gilbert Mliga and Damen Haile Mariam (2002): *Bypassing Health Centers in Tanzania*. *Journal of African Economies*.

⁶⁶ World Bank (2004): *World Development Report*.