

Inclusive Economies: South African Metros

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with: Gabriela Giusta

Outline

- Background & Evolution of the Inclusive Economies framework
- Sub-national case studies: Colombia, South Africa and India
- Overview of detailed conceptual framework
- Discussion



Chris Benner, Director

Rooted in urban/economic geography and political-ecology, his research examines the relationships between technological change, urban and regional development, and structures of economic opportunity.

USC Dornsife

*Program for Environmental
and Regional Equity*

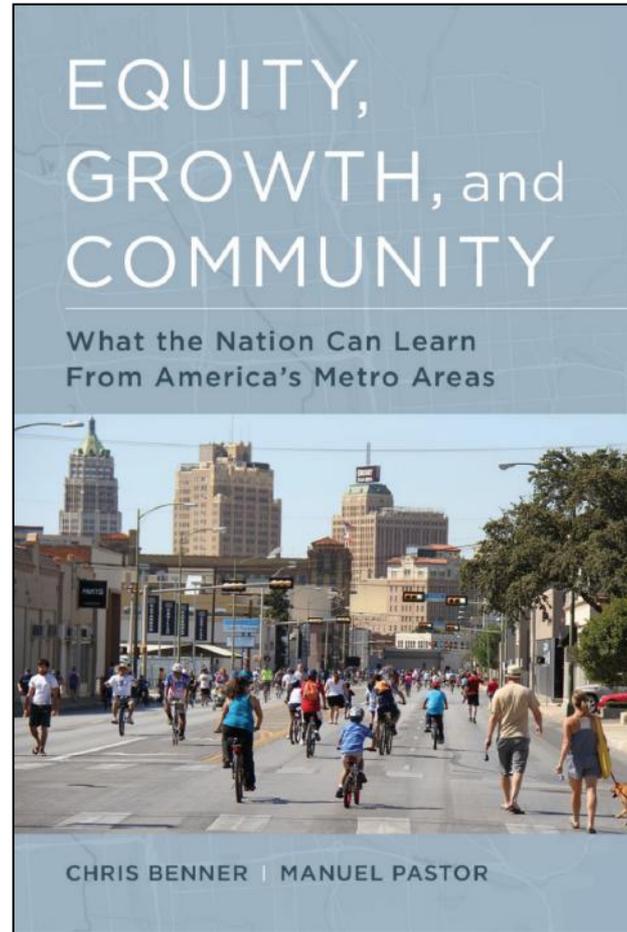
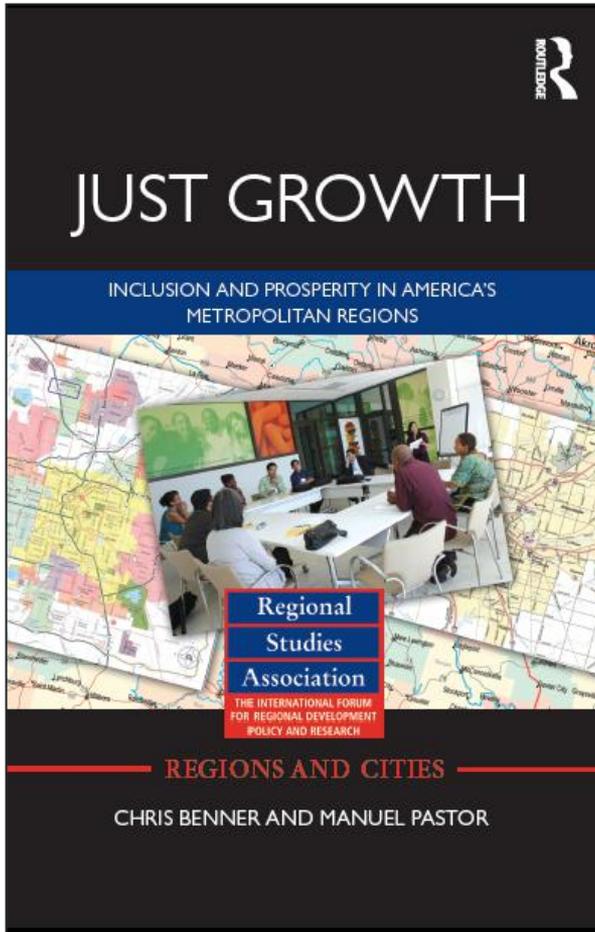
Manuel Pastor, Director

His work focuses generally on economic issues, the environmental and social conditions facing low-income communities in urban areas, and social movements that try to change those realities.



**Gordon McGranahan,
Research Fellow**

With a background in development economics, his work focuses on the politics, economics and practicalities of urbanization & economic productivity, social inclusion and environmental sustainability



<http://www.luminosoa.org/site/books/detail/5/equity-growth-and-community/>

In this work, we learned...

1. Inclusive economies are possible and can function better
2. What helps to make this happen in metropolitan areas of the United States is knowledge communities and cross-sectoral conversations
3. Data and indicator projects are not just about measuring change, they are tools to promote these conversations

First Phase:

Inclusive Economies: Evolution of the theoretical framework

Goal: to review the evolution of the inclusive economy concept, followed by an overview of the existing indicator initiatives that attempt to measure inclusive economies and related concepts.

Evolution of theory



1. THE OLD "TRICKLE-DOWN" THEORY DIDN'T WORK.

Growth was supposed to bring improvement at the bottom but evidence was scant and inequality increased as debt and other crises hit.



2. PRO-POOR GROWTH DIDN'T ALWAYS DELIVER.

One response--devising policies to better ensure that growth would benefit poor--had its strengths, but also neglected the relative positions of the poor and wealthy, and non-income factors for disadvantage, such as race, gender and region.



3. INCLUSIVE GROWTH IS KEY BUT NEEDS A BROAD DEFINITION.

A more comprehensive understanding of inclusion also incorporated more non-income measures of well-being, as well as more robust and equitable participation in both the economy and decision-making, but still neglected ecological concerns and economic stability.

INCLUSIVE ECONOMIES

Incorporating insights from ecological economics, theories of social well-being, and these concepts of pro-poor and inclusive growth, The Rockefeller Foundation defines an inclusive economy as one in which there is expanded opportunity for more broadly shared prosperity, especially for those facing the greatest barriers to advancing their well-being. In developing this understanding, the Foundation argues that inclusive economies have five broad characteristics: they are equitable, participatory, growing, sustainable and stable.

Inclusive Economies

Inclusive economies expand opportunities for more broadly shared prosperity, especially for those facing the greatest barriers to advancing their well-being. The Rockefeller Foundation defines an inclusive economy using five inter-related characteristics: equity, participation, growth, sustainability, and stability.



Landscape analysis

More than 30 major indicator initiatives around the globe were reviewed to better understand related theories of change, and how concepts connected to inclusive economies are being measured.



Key insights from landscape analysis

Indicator development

The general picture shows volumes of scattered information being put forth by different organizations, with little consensus on what is most important to measure, and highly uneven efforts to integrate approaches. If we are to promote conversation around inclusive economies, we must develop a common language as well as shared metrics for tracking progress.

Processes and outcomes

Initiatives often differentiate between indicators of outcome and of processes that create those outcomes. However, it is not always feasible or desirable to distinguish between processes and outcomes particularly since outcomes in one arena are often inputs in other processes. As a result, processes and outcomes can become a virtuous cycle towards inclusivity (or represent a vicious cycle towards greater exclusion).

Embedding indicators

Some indicator initiatives are explicitly embedded in a theory of change in which indicators are chosen because they relate to clear understandings of how a more inclusive society can be created. The benefit of articulating indicators within an explicit theory of change is that it gives greater focus to the complex nature of the various social, economic, governmental and institutional processes, and feedback loops, that are involved in delivering social change.

Final Product First Phase

The products of this work include a [report](#) that details the process of this investigation, an [executive summary](#) and a [web-site](#) that gives access to these documents to the general public

Inclusive Economy Indicators
Framework & Indicator Recommendations

Chris Benner & Manuel Pastor
With Gabriela Giusta, Pamela Stephens, and Madeline Wander

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Indicators

Recommended indicators are selected following these criteria: (1) Data must be available at least at the national level, but have potential for replicability across different contexts, regions and scales; (2) Data must be available for a large number of economies; (3) Indicators must aim to be measures of outcomes rather than leading processes. Most recommended indicators are currently gathered by reliable government, private sector, or non-profit organizations with substantial international coverage. In addition to 46 core indicators, 8 additional indicators are designated ideal ("ideal") or should be considered ("considered") but don't fully meet the criteria described above. Furthermore, many of our indicators can be disaggregated by different population groups, such as gender, race, and age. Where possible, it is valuable to use these disaggregated measures for greater insight.

- A1 Percentage of population with higher educational attainment than their parents (OECD)
- A2 Intergenerational income mobility (OECD)
- A3 (Ideal) Proportion of the lowest earning 25 to 30 year olds that experience wage progression 10 years later (SD)
- A6 (considered) Early Childhood Education (SDG)
- B1 Ratio of income/consumption of the highest quintile to lowest quintile (ADB)
- B2 Percentage of households with incomes below 50% of median income (SDG)
- B3 Wealth share of top 1% (OECD)
- B4 Gender Inequality Index (GII) (UNDP)
- C1 Proportion of population using safely managed sanitation services, including a handwashing facility with soap and water (SDG)
- C2 Proportion of pop.Action using an improved drinking water source (SDG)
- C3 Share of households with electricity or other modern energy services (SDG)
- C4 Primary completion rate (WB)
- C5 Infant and under-5 mortality rate (WHO)
- C6 (considered) Proportion of population that has convenient access to public transport (SDG)
- C7c (considered) Rating on level of women's social rights (SD)

- D1 Labor force participation rate (of working age population) (WB)
- D2 Share of informal employment (SD)
- D3 Household final consumption expenditure per capita (WB)
- D4 New business density (new registrations per 1,000 people ages 15-64) (WB)
- E1 Ease of Doing Business (EaDB) Distance to Frontier (WB)
- E2 Voice and accountability indicators (WCI)
- E3 Control of corruption indicators (WCI)
- F1 Mobile cellular (text) service subscriptions per 100 population (SDG)
- F2 Percentage of households with internet (SDG)

- G1 Employment-to-population ratio (of working age population) (ADB)
- G2 Growth rate of average per capita income PPP \$ (ADB)
- G3 Proportion of population below \$1.25 (PPP) per day (SDG)
- H1 GDP per capita, PPP (current international \$) (WB)
- H2 Proportion of population above minimum level of dietary energy consumption (SDG)
- H8 Durable structures (Slum population as percentage of urban) (SDG)
- H4 Life expectancy at birth (OECD)
- I1 Labor productivity (GDP per hour worked) (OECD)
- I2 Research and development expenditure (% of GDP) (WB)
- I3 High-technology exports (% of manufactured exports) (WB)

- J1 20 year change in proportion of population above minimum level of dietary energy consumption (WB)
- J2 20 year change in durable structures (Slum population as percentage of urban) (WB)
- J3 20 year change in life expectancy at birth (WB)
- K1 Energy Intensity (TPES/GDP PPP) (SDG)
- K2 Proportion of total water (fresh) safely used (%) (FAO)
- K3 Proportion of households with sustainable safely treated (SDG)
- K4 CO2 emissions (kg per PPP \$ of GDP) (WB)
- K5 Annual mean level of fine particulate matter (e.g. PM2.5 and PM10) in cities (population weighted) (SDG)
- K6 The Natural Resource Protection Indicator (NRPI) (SEDAC)
- K7c (considered) Share of Renewables in Total Primary Energy Supply (WB) (SDG)
- L1 Resource Productivity: Ratio of GDP to Domestic Material Consumption (DMC) (EUROSTAT)

- M1 Standard deviation of year-to-year change in GDP, previous 20 years (WB)
- M2 Regulatory quality indicator (WB)
- N1 Percentage of population using banking services (WB)
- N2 Percentage of population aged 15+ who have borrowed from a financial institution (WB)
- N3 Microinsurance coverage ratio (MCI)
- N4 Country Policy and Institutional Assessments property rights and rule-based governance rating (1=low to 5=high) (WB)
- N5c (considered) Level of internal conflict, International Country Risk Guide rating (SD)
- O1 Government expenditure on social security and welfare as a percentage of total government expenditure (ADB)
- O2 Social protection and labor rating (WB)
- O3 Herfindahl-Hirschman (Export Product Concentration Index) (ADB)
- O4c (considered) FDI versus FPI, both as a % of GDP (WB)
- O5i (ideal) Response time for emergency response services from initial call (WCCO)

Second Phase

Inclusive Economies: Sub-national case studies

We apply the Inclusive Economies framework across three different contexts, both conceptually and geographically. The goal is to explore how the framework fits (or comes short) in measuring inclusivity around the globe.

Case Studies

Three emerging economies were selected to explore the framework's application across diverse sub-national contexts. Our aim, through both data analysis and convenings with local experts, is to better understand the processes that explain patterns of inclusion (and exclusion) around the world.

India

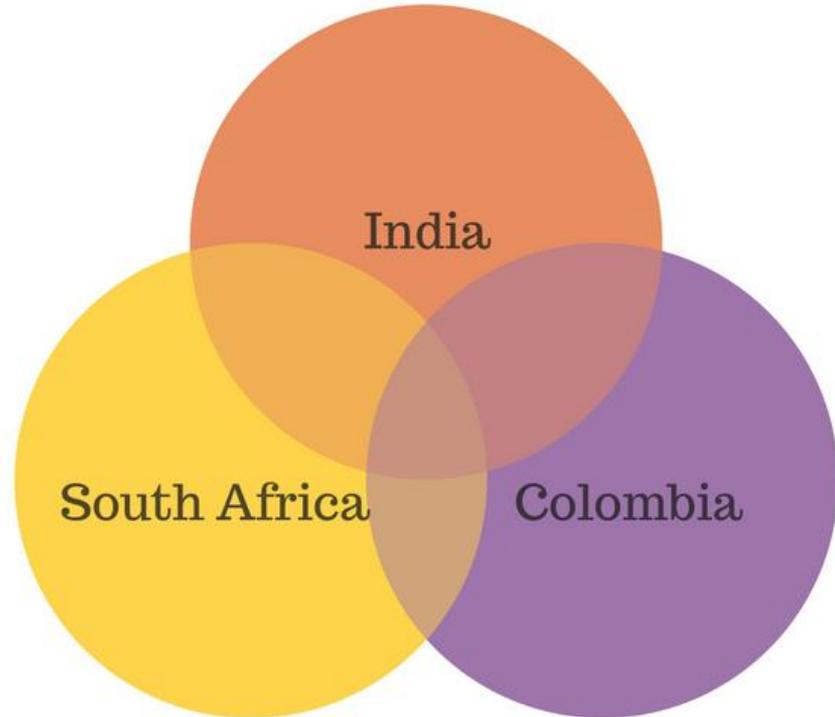
Looks at levels of inclusivity in rural development for different rural states.

South Africa

Focuses on regional development, more specifically on linkages between rural and urban areas.

Colombia

Explores patterns of intra-urban and inter-urban spatial inclusion (exclusion) in metropolitan cities.



Some Insights from: Colombia

- Key Inclusion Issues
 - Legacy/Influence of Violence and Drug Trade
 - Large internally displaced population
 - Civil society suppressed
- Process
 - City driven data initiatives growing
 - Trying to adapt framework to local context
 - How to lift-up local community voices/perspectives?

India

- Key Inclusion issues:
 - Caste is a unique determinant of social exclusion in India.
 - India big and complex, indicators alone tell an incomplete story.
 - Rural not independent of urban
- Process
 - Perceived vs. real inclusion.
 - Sub-dimensional index.
 - Fewer efforts to develop multi-dimensional indicator frameworks

Project Time-line

- August 2017
 - Convenings in Colombia, India, South Africa
- January 2018
 - Draft Final Products
- March 2018
 - Workshop in Bellagio for feedback
- April/May 2018
 - Final products and global webinar

Outputs

- Final report
 - Handbook/Guide/Toolkit
 - Conceptual & Empirical Report
 - Or something else...?
- Web-site
- Webinar
- Possibilities for collaboration on future related initiatives

Detailed Framework

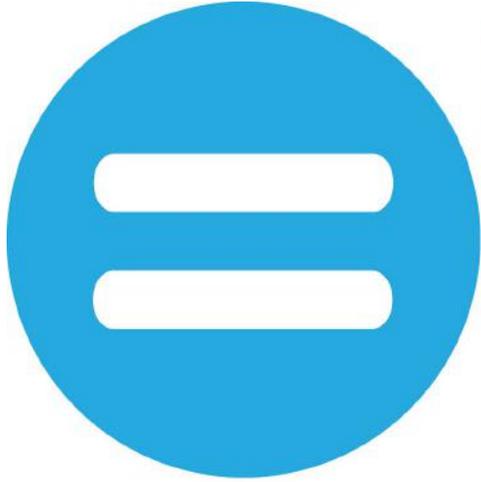
Inclusive Economies: General Comments

5 broad dimensions

15 sub-categories

45 indicators

- *Aiming for maximum applicability at the sub-category level, with hopefully universally applicable concepts*
- *Specific indicators are highly dependent on the context, and are limited by data availability*
- *Most indicators also should be broken down by population sub-groups (e.g. gender, race, caste, religion) where possible*



EQUITABLE

More opportunities are available to enable upward mobility for more people. All segments of society, especially the poor or socially disadvantaged groups, are able to take advantage of these opportunities. Inequality is declining, rather than increasing. People have equal access to a more solid economic foundation, including equal access to adequate public goods, services, and infrastructure, such as public transit, education, clean air and water.



EQUITABLE

A *Upward mobility for all*

B *Reduction of inequality*

C *Equal access to public goods & ecosystem services*

A. Upward mobility for all

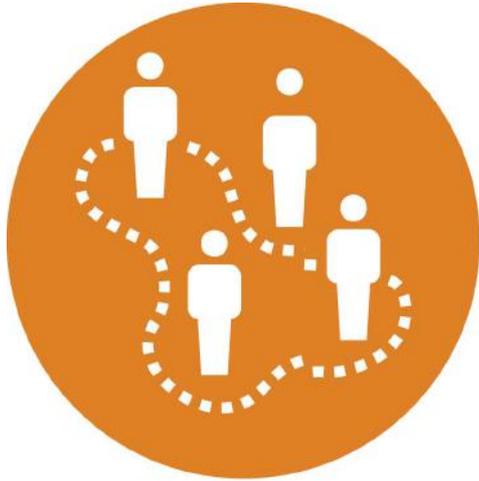
- Intergenerational education mobility.
- Intergenerational income mobility.
- Income mobility within a person's lifetime.

B. Reduction of inequality

- Relative income poverty.
- Concentration of wealth at the top.
- Gender equity.

C. Equal access to public goods & ecosystem services

- Access to safe water and sanitation.
- Access to commercial energy services.
- Access to education and health for children.
- Access to public transportation.



PARTICIPATORY

People are able to participate fully in economic life and have greater say over their future. People are able to access and participate in markets as workers, consumers, and business owners. Transparency around and common knowledge of rules and norms allow people to start a business, find a job, or engage in markets. Technology is more widely distributed, and promotes greater individual and community well-being.

D. People are able to access and participate in markets as workers, consumers, and business owners

- Formal and informal employment.
- Household consumption.
- Business development.

E. Market transparency and information symmetry

- Market regulation.
- Freedom of expression and association.
- Government power and corruption.

F. Widespread technology

- Access to telecommunication devices.
- Access to internet.



PARTICIPATORY

D People are able to access and participate in markets as workers, consumers, and business owners

E Market transparency and information symmetry

F Widespread technology infrastructure for the betterment of all



GROWING

An economy is increasingly producing enough goods and services to enable broad gains, well-being and greater opportunity. Good job and work opportunities are growing, and incomes are increasing, especially for the poor. Economic systems are transforming for the betterment of all, including and especially poor and excluded communities. Economic growth and transformation is not only captured by aggregate economic output measures (such as GDP), but must include and be measured by other outcomes that capture overall well-being.



GROWING

G *Increasing good job and work opportunity*

H *Improving material well-being*

I *Economic transformation for the betterment of all*

G. Increasing good job and work opportunity

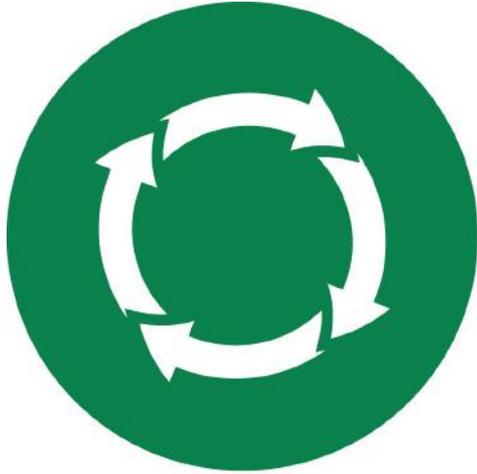
- Access to good quality employment.
- Change in per capita income.
- Absolute measure of poverty.

H. Improving material well-being

- Absolute level of per capita income.
- Nutrition and overall health.
- Household infrastructure.

I. Economic transformation for the betterment of all

- Productivity of the labor force.
- Domestic investment in innovation.
- Competitiveness in the global information economy.



SUSTAINABLE

Economic and social wealth is sustained over time, thus maintaining inter-generational well-being. In the case of natural capital, inclusive economies preserve or restore nature's ability to produce the ecosystem goods and services that contribute to human well-being, with decision-making incorporating the long-term costs and benefits and not merely the short-term gains of using our full asset base.

J. Social and economic well-being is increasingly sustained over time

- Change over time in nutrition.
- Change over time in household infrastructure.
- Change over time in overall health.

K. Greater investments in environmental health and reduced natural resource usage

- Consumption of clean energy.
- Water consumption and quality of water.
- Air pollution
- Natural resource conservation.



SUSTAINABLE

J *Social and economic well-being is increasingly sustained over time*

K *Greater investments in environmental health and reduced natural resource usage*

L *Decision-making processes incorporate long-term costs*

L. Decision-making processes incorporate long-term costs

- Sustainable material production and consumption.



STABLE

Individuals, communities, businesses and governments have a sufficient degree of confidence in the future and an increased ability to predict the outcome of their economic decisions. Individuals, households, communities and enterprises are secure enough to invest in their future. Economic systems are increasingly resilient to shocks and stresses, especially to disruptions with a disproportionate impact on poor or vulnerable communities.

STABLE



M *Public and private confidence in the future and ability to predict outcome of economic decisions*

N *Members of society are able to invest in their future*

O *Economic resilience to shocks and stresses*

M. Public and private confidence in the future and ability to predict outcome of economic decisions

- Variability in GDP per capita.
- Sound government policies and regulations.

N. Members of society are able to invest in their future

- Access to banking services (incl. loans and insurance).
- Protection of property rights.
- Political and civil unrest.

O. Economic resilience to shocks and stresses

- Social security and government public programs.
- Export diversification.
- Liquidity of foreign direct investment.
- Emergency preparedness.



EQUITABLE

A Upward mobility for all

B Reduction of inequality

C Equal access to public goods & ecosystem services



PARTICIPATORY

D People are able to access and participate in markets as workers, consumers, and business owners

E Market transparency and information symmetry

F Widespread technology infrastructure for the betterment of all

STABLE



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GROWING

G Increasing good job and work opportunity

H Improving material well-being

I Economic transformation for the betterment of all



SUSTAINABLE

J Social and economic well-being is increasingly sustained over time

K Greater investments in environmental health and reduced natural resource usage

L Decision-making processes incorporate long-term costs

Key Questions

□ How can we strengthen dialogues around achieving inclusive economies?

□ What are the strengths and weaknesses of this framework for promoting those dialogues?

Other questions

- How important is it to focus on inclusive economies in South Africa?
- What does this approach tell us about what South Africa needs to do to achieve more inclusive economies?
- How could the framework be developed to be more helpful in achieving inclusive economies in the country?
- What does South African experience with inclusive economies offer other places?
- What can South Africa learn from other places around achieving inclusive economies?
- What do these discussions suggest about where our work should go?

EQUITY, GROWTH, and COMMUNITY

What the Nation Can Learn
From America's Metro Areas



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<http://growingtogethermetro.org>