Introduction to Socioeconomic Transformation

OUTLINE

- Economic and societal transformation

- Socioeconomic transformation for development

- Examples of socioeconomic transformation indicators

- Sustainable and inclusive socioeconomic transformation: the SDGs

REPOA (TANZANIA)

- Socio-economic transformation is commonly defined as a **process** in which an **increasing** proportion of economic **output and employment** are generated by **sectors other than agriculture**. This process of transformation connotes the **shift** from agricultural-based societies **to urban, industrial and/or service-based economies** with **sustained high GDP growth** rates. GDP growth combined with a **reduction in the population's growth** rate—resulting from improvements in educational access and **quality—increases GDP per capita**, which, in turn, **reduces poverty**.

SOUTH AFRICA'S GOVERNMENT

- In the past President Zuma has defined radical socio-economic transformation as a **fundamental change** in the **structure, systems, institutions** and patterns of ownership, management and **control of the economy** in **favour of all** South Africans, **especially the poor**, the majority of whom are African and female.

- It consists of a **social compact**, as stated by President Cyril Ramaphosa in his State of the Nation address between the various stakeholders and interest groups within society in order to build a **new economic order** that will offer **opportunity for advancement** and upward mobility **to all**, and not just an elite few.

ECONOMIC TRANSFORMATION DEFINED

- **Economic transformation** refers to the continuous process of:
  - Moving labour and other resources from lower- to higher-productivity sectors (**structural change** or **structural transformation**) and
  - Raising within-sector **productivity** growth.
  - As such, economic transformation emphasises the movement from low- to high-productivity activities within and across all sectors (which can be tasks or activities that are combinations of agriculture, manufacturing and services).

- This movement of resources from lower productivity to higher-productivity activities is a key driver of economic development.

ECONOMIC TRANSFORMATION DEFINED

- Economic transformation can be measured through production/value-added measures and trade-based measures.

- Production-based measures include:
  - sector value added and employment data, to show productivity gaps between sectors; and
  - firm-level productivity measures, to examine average productivity levels of firms within one sector.

- Trade-based measures include:
  - measures of revealed comparative advantage to show the levels of specialisation of a country in certain exports; and
  - export diversification measures

SOCIETAL TRANSFORMATION DEFINED

- **Societal transformation** refers to "a **deep and sustained**, nonlinear systemic change" in a society. Societal transformations can also refer to changes of an entire culture or civilization. Such transformations **often include** not only **social** changes but **cultural, technological, political, economic as well as environmental**.

SOCIOECONOMIC DEVELOPMENT

- **Socio-economic development** is the process of social and economic development in a society. Socio-economic development is **measured** with indicators, **such as GDP, life expectancy, literacy and levels of employment**. Changes in less-tangible factors are also considered, such as **personal dignity, freedom of association, personal safety** and freedom from fear of physical harm, and the extent of **participation** in civil society.
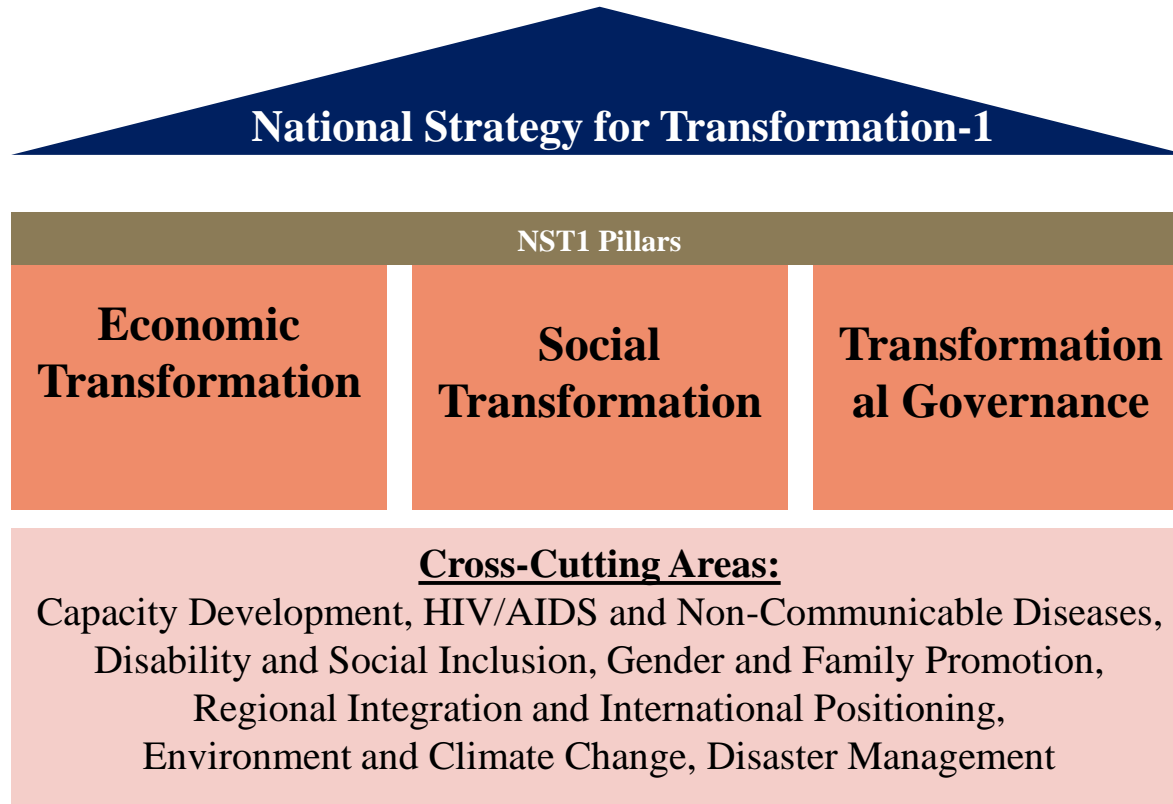
SOCIOECONOMIC TRANSFORMATION

- **Socio-economic transformation** is sum of social and economic transformations towards achieving socioeconomic development in a society.

- It can be defined as the results of changes in the structure of the economy, from low to high productivity activities, and in society towards improving the well-being of every individual so they can reach their full potential.

- It necessitates a process in which a society increases its various capital stocks across Social, Economic, and Environmental capitals.

EXAMPLE: RWANDA STRATEGY FOR TRANSFORMATION (NST1)

National Strategy for Transformation-1

NST1 Pillars

Economic Transformation	Social Transformation	Transformational Governance

Cross-Cutting Areas:
Capacity Development, HIV/AIDS and Non-Communicable Diseases, Disability and Social Inclusion, Gender and Family Promotion, Regional Integration and International Positioning, Environment and Climate Change, Disaster Management

Indicators of Economic Transformation

Increased national income	GDP Per Capita
Reduced Poverty	Population living below the poverty line
Increased decent and productive jobs	Number of new decent and productive jobs created
Developed and integrated cities and towns	Population living in urban areas
Accelerated growth of Exports (Goods and services)	A. Annual export growth B. B. Value of exports
Increased digital literacy	Percentage of digital literacy
Accelerated industrialization for economic transformation	Industry as share of GDP
Increased revenues from Tourism and mining	
Developed hard infrastructure for trade competitiveness	
Increased usage of electronic payment systems	
Increased productivity, quality and sustainability of crop production	
Increased sustainability and profitability of forestry management	Forest coverage of total surface areas . % of public forest plantation allocated to private operators
Reduced biomass usage for cooking	Percentage of households using firewood for cooking

Indicators of Social Transformation

Eradicated extreme poverty	Percentage of the population living below extreme poverty line
Improved nutrition for children under five (5) years of age	Prevalence of chronic malnutrition (stunting) among under 5 Children
Reduced maternal mortality	Maternal mortality
Reduced under 5 mortality	Under 5 mortality
Enhanced access to basic infrastructure for health facilities	
Increased human resources for quality health	Ratio of medical practitioners, general specialists, nurses and qualified midwives per population
Increased modern contraceptive prevalence rate	Prevalence of modern contraceptive use among women in reproduction age (15-49)
Increased access to pre- primary education	Net Enrolment Rate in preprimary
Improved education quality in primary and secondary education	
Increased Technical and Vocational Education and Training	
Increased enrolment in STEM related courses in higher education and TVET	Percentage of students enrolled in STEM related courses as proportion of total students in higher education and TVET
Reduced Drop out at primary, lower and upper secondary	Drop out ratio
Increased access to basic infrastructure (water, sanitation, electricity, ICT, shelter) achieved	

Indicators of Transformational Governance

Enhanced peace and security	
Strengthened Judicial System (Rule of Law)	
Strengthened anticorruption mechanisms	
Enhanced service delivery	Citizens satisfied with service delivery
Increased number of MDAs and subnational entities receiving and sustaining an 'unqualified audit opinion'	Percentage of public entities with an unqualified audit opinion
Improved scores for citizen participation.	Percentage of citizen satisfaction in their participation in decisionmaking

Example: Uganda Vision 2040

1.	Development Indicator		Baseline Status	Target 2040
2.	Per capita income		USD 506	USD 9500
3.	% of population below the poverty line		24.5	5
4.	Income distribution(GINI Coefficient)		0.43	0.32
5.	Sectoral composition of GDP (%)	Agriculture	23.8	10
		Industry	24.9	31
		Services	45.3	58
6.	Labor force distribution in line with sectoral contribution (%)	Agriculture	65.6	31
		Industry	7.6	26
		Services	26.8	43
7.	% share of national labor force employed		70.9	94
8.	Manufactured exports as a % of total exports		4.2	50
9.	Gross Capital Formation as % of GDP		24.1	30
10.	Saving as a % of GDP		14.5	35
11.	ICT goods & services as a % of total export		0	40
12.	Technology up-take & diffusion(technology achievement index TAI)		0.24	0.5
13.	Public expenditure as a % share of R &D to GDP		0.1	2.5
14.	Innovation as measured by patents registered per year		3	6000
15.	Electricity consumption per capita(kWh)		75	3668
16.	% population with access to electricity		11	80
17.	Water consumption per capita(m^3)		26	600
18.	% population with access to safe piped water		15	80
19.	% of standard paved roads to total road network		4	80
20.	% of cargo freight on rail to total freight		3.5	80
21.	% of population in planned settlements	Urban	51	100
		Rural	0	100
22.	% level of urbanization		13	60
23.	Labor Productivity (GDP per Worker - USD)	Agriculture	390	6,790
		Industry	3,550	24,820
		Services	1,830	25,513
		Total	1,017	19,770
24.	Life expectancy at birth (years)		51.5	85
25.	Infant mortality rate per 1000 live births		63	4
26.	Maternal mortality rate per 100,000		310	15
27.	Under 5 mortality rate per 1000 live births		96	8
28.	Child stunting as a % of under 5s		33	0
29.	Literacy Rate (%)		73	95
30.	Gender Related Development Index (GDI)		0.51	0.9
31.	Population growth rate		3.2	2.4
32.	Forest Cover (% land Area)		15	24
33.	Wetland Cover - % of total area		8	13

SUSTAINABLE SOCIOECONOMIC TRANSFORMATION

- Socioeconomic sustainability could be understood as the ability to ensure economic growth without undermining humans' interests and to meet their needs without harming nature

- The concept of sustainable and inclusive socioeconomic transformation has, since 2010, been increasingly used in policy-making, research and media to point at that small adjustments of present production patterns, habits, technologies and policies does not suffice to meet the economic, social, environmental, climate and sustainable development goals.

17 SUSTAINABLE DEVELOPMENT GOALS (SDGS)

("Transforming Our World")

Thank You