

2021 HLPF Thematic Review

Expert Group Meetings

Virtual, 18-20 May 2021

Meeting Summary for Session on SDG 10 – Reduce inequality within and among countries

1. Introduction

The 2021 Expert Group Meeting (EGM) on Sustainable Development Goal 10 (SDG10), “reduce inequality within and among countries,” was organized by the United Nations Department of Economic and Social Affairs (UNDESA) in preparation for the High-Level Political Forum on Sustainable Development (HLPF). On 19 May 2021, a multi-stakeholder group of experts met virtually to share their perspectives and discuss progress, gaps and challenges towards achieving SDG10. The review was informed by the Advanced Unedited Version of the 2021 Report of the Secretary-General on Progress Towards the Sustainable Development Goals.¹ The session was attended by 43 experts from across regions and areas of expertise.

The session began with an overview of some of the recent trends in SDG 10 with an emphasis on developments since the goal was last reviewed at the HLPF in 2019, followed by open discussion among the experts. Some of the main topics and themes discussed were progress on reducing inequalities within and among countries, the impact of COVID-19 on inequality, and the importance of looking at multiple dimensions of inequality including those related to gender, the digital divide and vaccination access.

The discussion was guided by the following questions:

- What has changed since the last time SDG 10 was reviewed at the HLPF?
- What has the pandemic revealed about how deep-seated inequalities determine lifetime opportunities and outcomes including in good health and well-being?
- Has the pandemic introduced new forms of inequality within and across countries that now also need to be addressed?
- How can countries make effective and enduring changes towards more equitable, inclusive and just societies?
- What are the opportunities to be realized (and pitfalls to be avoided) in the immediate and medium terms towards these ends? How can international cooperation support?

2. Stocktaking and challenges²

Inequalities, including in exposure and susceptibility to disease, access to healthcare, and capacities to cope, have been headline issues during the COVID-19 crisis – the inequalities that are so visible today are based on persistent, multiple divides that pre-date the pandemic. Prior to the pandemic, modest gains had been made in reducing inequality in some areas covered by SDG 10, for instance, income inequality was reduced within some countries.

In 73 of the 90 countries with comparable data during the period 2012 to 2017, the bottom 40 per cent of the population saw their incomes grow. Moreover, in slightly more than half of those countries, the bottom 40 per cent experienced a growth rate of income that was higher than the overall national average. Still, in all countries with data, the bottom 40 per cent of the population received less than

¹ Available from

https://sustainabledevelopment.un.org/content/documents/27610SG_SDG_Progress_report_2021.pdf

² Data are from the Report of the Secretary-General on SDG Progress 2021 (advance, unedited copy)

https://sustainabledevelopment.un.org/content/documents/27610SG_SDG_Progress_report_2021.pdf

25 per cent of the overall income or consumption, while the top 10 per cent of the population received at least 20 per cent of the income.

The World Economic Outlook October 2020 estimates that COVID-19 is increasing the average Gini index for emerging market and developing economies by more than 6 per cent, with an even larger impact for low-income countries. COVID-19 is deepening divides in education and access to other services as access to digital technologies become a prerequisite for economic and social inclusion with the potential to set back an entire generation of children. Women face deepening inequalities as the care work burden and gender-based violence both increased. Data from 44 countries and territories from 2014-2020 show that almost one in five people reported having personally experienced discrimination on at least one of the grounds prohibited under international human rights law. Moreover, women are more likely to be victims of discrimination than men. These divides are being reflected in individuals socio-economic and health conditions under COVID-19.

Between countries there had been some progress toward reducing inequality, especially before the pandemic. In 2019, total resource flows for development to developing countries from members of the OECD's Development Assistance Committee (DAC), multilateral agencies and other key providers were \$400 billion, of which \$164 billion were ODA. Initial assessments by the OECD indicate that ODA in 2020 rose 3.5 per cent in real terms from 2019, boosted by additional spending mobilised to help developing countries grappling with the COVID-19 crisis. The global average cost of sending a \$200 remittance decreased from 9.3 per cent in 2011 to 6.5 per cent in 2020, which is closer to the international target of 5 per cent.

At the same time, there are signs that inequality among countries could begin to widen. From 2017 to 2020, the proportion of products exported by LDCs and developing countries that receive duty free treatment has remained stagnant at 66 per cent and at 52 per cent, respectively. The IMF's World Economic Outlook 2021 estimates that in the medium-term GDP losses are expected to be higher in emerging market and developing economies than in higher income economies. Globally, refugees were at the highest absolute number on record in 2020. Even amidst strict COVID-19 mobility restrictions across the globe, thousands of migrants died along the migratory journey.

3. COVID-19 crisis impacts and recovery

The COVID-19 pandemic has had a considerable impact on progress toward reducing inequalities. Where some progress had been made, there are concerns that gaps could grow again; and where progress had not been moving fast enough or in the right direction there are signs that inequalities could become even more entrenched.

Vaccine inequality - One of the central points in the SDG 10 EGM discussion was around the importance of equitable access to vaccines for COVID-19 recovery and achievement of the SDGs across the 2030 Agenda, and about the risks that unequal access poses to the global economic recovery and inequality reduction. The slow pace of vaccine distribution to developing countries could lead to lengthening the recession for developing countries, and increased divergence between countries. There are also considerations within countries about who has access to vaccines – for example, some marginalized groups including migrants and refugees may have difficulties with access. Some experts raised that intellectual property protections on vaccines may need to be reviewed to ensure rapid, equal access to vaccines.

Education inequality and the digital divide - The impact of the COVID-19 crisis on access to education and the ensuing deepening of inequalities in learning among children was another theme that was introduced by many of the experts; especially as they relate to the digital divide and the rapid transition to digitalization brought about by the crisis. Impacts have been especially severe for girls, poor households, and in rural areas with the potential for lifelong setbacks that could leave these groups behind across generations. For example, COVID-19 impacts on education in Bangladesh have been detrimental especially for girls, many of whom will never go back to school after being driven

into child marriage. There was a call that in building back from COVID-19, the digital divide must be changed to a digital dividend where access is equal enabling progress in reducing inequality and achieving other SDGs. It is likely that digitalization will continue to accelerate given the success of remote economic and social activity during periods of social distancing; digital technologies can be leveraged to expand services like health and education including for disadvantaged groups.

Gender inequality – New pressures on gender equality related to COVID-19 were also raised by many experts. It was noted that the pandemic is widening the structural inequalities that pre-dated the pandemic linked to gender (unequal care work distributions, unequal labour force participation rates, disproportionate reliance on work in the informal economy among them) with women’s economic gains being set back decades due to the pandemic. There have also been increases in domestic violence and child marriage which with implications on girls and women throughout their entire life cycle. The conditions call urgently for rethinking the borders around paid and unpaid work, and how norms around reproductive care and childcare limit women’s potential. Also related to gender inequalities are data limitations (lack of data disaggregated by gender, sex, age) that have been exposed during the COVID-19 crisis and undermine efforts to monitor and identify emerging or deepening areas of inequality.

Vulnerable groups – Additional points were raised about how vulnerable groups are experiencing the COVID-19 crisis and longer-term implications for inequality patterns. For example, COVID-19 has introduced economic vulnerabilities forcing people into moving out of necessity and putting migrants in worse situations. Remittances have dropped significantly, and jobs have been lost especially in the informal economy where many migrants work.

4. Policies and actions to maximize synergies, mitigate trade-offs and drive transformation

Actions to reduce inequality can generate strong synergies with other. Acting on evidence about interlinkages, especially as countries weigh different spending and policy options for COVID-19 recovery, can help to generate multiple positive outcomes for a recovery that is both inclusive and sustainable. For example, equal access to healthcare, including vaccines, can support economic recovery, growth and poverty reduction. Considering that inequalities can generate unrest, violence and conflict; there are also strong synergies to be leveraged between reducing inequality and furthering progress toward peaceful communities.

2019 HLPF review of SDG 10 - 10 action areas to reduce inequality within and among countries

1. Enact legal reforms to help remove barriers to opportunities
2. Invest early in human capital
3. Map and measure inequality
4. Combine universal and targeted measures to ensure progressivity in policies
5. Implement policies that empower workers and reduce vulnerability
6. Take steps to ensure that globalization and connectivity benefit all countries and groups
7. Institute redistributive policies to reduce inequality and support pre-distribution
8. Ensure the poor and marginalized are part of decision-making
9. Support workers in the informal sector while accelerating the transition to the formal sector
10. Strengthen political will to address the risk to social cohesion posed by inequality

Today, in the context of COVID-19 response and recovery, the areas where action was recommended during the 2019 HLPF review of SDG 10 (see Box) are still urgently needed and can be scaled up; but experts also pointed out that there may be some new areas requiring attention and opportunities for action through COVID-19 recovery efforts.

Ensuring fiscal space for an equitable recovery - There was some discussion during the session about fiscal space for public expenditures, not just during the immediate response period, but also during the ensuing recovery. Many policies/initiatives – such as debt service suspensions- were supportive of

maintaining or expanding fiscal space during the immediate response period, but there was a risk that premature tightening or new wave of austerity during the recovery could trigger debt crises in developing countries, especially with increased social spending are critical, and longer term investments are necessary for ensuring equity and sustainability. Experts noted that multilateral support has been targeting inequality at multiple levels and as a priority area with consideration to secure sufficient levels of social assistance spending. Other fiscal means of supporting reductions in inequality were brought up in the form of solidarity taxes that would address inequality but also frame the narrative around equity (for example, Uruguay implemented an emergency tax directed toward a Coronavirus Fund drawing mostly from a social security surcharge for the richest pensioners and temporary salary reductions for top government officials); and global corporate tax rules that could support liquidity for developing countries and global redistribution. Specific suggestions from some experts included setting up an intergovernmental tax body under the United Nations, and negotiating a UN Convention on Tax inclusive of the concerns of developing countries; considering the allocation of special drawing rights of about \$650 billion for liquidity for developing countries; and developing a multilateral debt mechanism under the UN to ensure a systematic and timely approach to orderly, fair, transparent, and durable sovereign debt crisis resolution.

Extend social protection and public services – Experts noted the extent to which the pandemic had revealed weaknesses in access to essential public services, including healthcare and mental health, quality education, social protection, and the Internet. Even where universal access is provided, variations have been seen in groups’ abilities to access these services – especially in digital platforms - and in the ability of service delivery to carry on uninterrupted through the pandemic. Many of these services like education, vaccination programmes, and maternal healthcare are foundational for supporting upward mobility and ending the intergenerational transmission of poverty and inequality. In this way, some experts commented that pre-distribution – preventing income inequalities from occurring – should be a focus through the provision of social services and worker empowerment/higher wages; as well as redistribution that seeks to address inequality through income and wealth taxes. All of these should be carried forward with a gendered lens that recognizes how investments in public services can support women for instance with childcare services.

Strengthen and align measurement – Disaggregated data are needed to track inequalities and identify where interventions are needed most. COVID-19 has disrupted many data collection methodologies which can further reduce data availability, but also creates an opportunity to look for new data collection techniques including using digital technologies. Beyond data collection efforts, experts also suggested there should be dialogue around what is being measured. For example, target 10.1 calls for incomes of the bottom 40 per cent of the population to grow at a rate higher than the national average. But this measure would miss the disparities between the bottom 40 per cent and the top 1 or 10 per cent income groups, which has been growing in several countries.

Prioritize equal access to vaccinations – Ensuring equitable access to COVID-19 vaccinations was underscored as a fundamental global requirement for reducing inequality both within and among countries, including as a prerequisite for economic recovery and to prevent widening gaps between developed and developing countries.

5. Means of implementation: Mechanisms and partnerships to accelerate progress

Experts called for all stakeholders to be involved in tackling inequality in partnership- governments, the private-sector, civil society and the science community. Solutions that work need to be shared, scaled up and adjusted to address context specific conditions; and where the way forward is less clear sharing information and identifying ways to fill knowledge and data gaps to support evidence-based decision-making will be key. Proactive and deepened international cooperation is essential in this period.

Voluntary national reviews were suggested as one existing mechanism for reporting on inequality policies that work, but it was noted that many reviews have not emphasized concrete steps to reduce

inequality. Such reporting could be encouraged given the increasing attention to inequality that has been brought about by the COVID-19 crisis. Inequality needs to be at the centre of development policies and recommendations can be made to strengthen reporting on progress in this area and sharing information.