

## **Integrating inequalities into the post-2015 development agenda**

### *Why should the post-2015 agenda integrate inequalities?*

When world leaders adopted the Millennium Declaration, they pledged to create a more equitable world, recognizing equality and solidarity as essential to international relations in the twenty-first century. Yet the universal principle of equality has not been adequately integrated in the MDG framework. Since the MDGs are largely measured in terms of average progress towards each indicator, they can be reached (and in some cases have been reached) at the national and global levels under growing inequalities in human development. Furthermore, to the extent that accelerating progress towards some targets is easier when resources are concentrated among the better off, the MDGs have unintentionally introduced a perverse incentive to channel resources away from the poorest population groups or from those that are already at disadvantage because of their gender, ethnicity, disability or residence, in some cases with the result of reinforcing inequalities.

Overall, while there has been progress in most areas of the MDGs and in particular towards the poverty eradication goal, the world has witnessed rising inequality within and across countries. Successes in poverty reduction were very heavily concentrated in Eastern and South-Eastern Asia, and in China in particular. In other parts of the world, including sub-Saharan Africa, and in countries in conflict or emerging from conflict, progress towards poverty reduction was much more modest.

Only a few of the 60 MDG indicators address inequalities, in the form of gender disparities, rural-urban differences or income distribution. Over the last few years, however, improved availability of data disaggregated by wealth quintile, sex, residence and, in a few cases, ethnicity has brought to light the existence of large inequalities and, in some cases, deepening disparities in many areas of the MDGs. Children living in rural areas of developing regions, for instance, are twice as likely to be underweight than their urban counterparts. In Southern Asia, between 1995 and 2009, while underweight prevalence among children from the richest 20 per cent of households decreased by almost one third, almost no improvement was seen among children in the poorest households.<sup>1</sup> On average, children in the 20 per cent lowest income households are three times less likely than those in wealthier households to be delivered by a skilled health professional, nearly three times as likely to be underweight and two times as likely to die before their fifth birthday.

A majority of MDG indicators also show wide spatial disparities, with urban populations being noticeably better off than rural populations, and significant inequalities based on ethnicity, age and sex, among other. Over 2.6 billion people still lack access to a safe form of sanitation; of whom 1.9 billion live in rural areas.<sup>2</sup> The gap between indigenous peoples, other ethnic minorities and the rest of the population in income poverty, education and a

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<sup>1</sup> United Nations, *The Millennium Development Report 2011*, New York, June 2011.

<sup>2</sup> United Nations, *The Millennium Development Report 2011*, New York, June 2011.

majority of health indicators is large and has generally grown over time.<sup>3</sup> Persons with disabilities continue to suffer from a higher-than-average chance of falling into the poorest quintiles of the population.<sup>4</sup>

Even more worrisome are the indications that progress has been uneven across and within countries, with the poor and marginalized groups being largely bypassed. Only one third of those countries that have reduced child mortality rates at the national level, for instance, have succeeded in reducing the gap between child mortality in the richest and poorest households.<sup>5</sup> In sub-Saharan Africa, contraceptive use is lowest among rural women, women with no education and those living in the poorest households. And data from two rounds of surveys show that almost no progress was made among those disadvantaged groups.<sup>6</sup> In southern Asia, over the period 1995-2008, progress in access to improved forms of sanitation disproportionately benefited the wealthy, with almost no increase in sanitation coverage for the poorest 40 per cent of households.

Income inequalities are also on the rise within and across countries. Approximately two thirds of countries with available data experienced an increase in income inequality between 1990 and 2005, despite globally robust economic growth.<sup>7</sup> Likewise, the income gap between the wealthiest and poorest 10 per cent of income earners increased in 70 per cent of countries.<sup>8</sup> While income inequality within countries is significant and rising, differences in mean incomes across countries are larger: they account for two thirds of global income inequality.<sup>9</sup> The economic crisis and emerging challenges such as climate change, which have a disproportionate effect on the livelihoods of the poorest households, threaten to further undermine progress towards equitable growth and development.

Growing inequalities hinder progress towards poverty eradication and social stability. Where the poor are excluded from economic growth processes or trapped in low-productivity jobs, the gains from growth go disproportionately to those who are already wealthier. Disparities in health, education and other dimensions of human development reflect unequal access to basic social services and make it even harder for poor people to break the cycle of poverty.

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<sup>3</sup> World Bank, *Global Monitoring Report 2011: Improving the Odds of Achieving the MDGs*.

<sup>4</sup> In a sample of 14 developing countries, disability is associated with a 10 percentage point increase in the chance of falling into the poorest 40 per cent of the population. See: Deon Filmer. 2007. Disability, poverty, and schooling in Developing Countries: results from 14 household surveys., *World Bank Economic Review*, vol. 22(1)

<sup>5</sup> Progress for Children. Achieving the MDGs with Equity, Number 9, September 2010, UNICEF. Similarly, using data from Demographic and Health Surveys and MICS for a sample of 30 Asian and African countries, Vandemoortele and Delamonica find that average progress in reducing child mortality was faster than progress amongst the poorest 20 per cent in about 60 per cent of these countries (see J. Vandemoortele and E. Delamonica, Taking the MDGs Beyond 2015: Hasten Slowly, *IDS Bulletin*, 41(1), 2010, Annex Table).

<sup>6</sup> United Nations, *The Millennium Development Report 2010*, New York, June 2010.

<sup>7</sup> Ferreira, F.H.G. and M. Ravallion (2008). Global Poverty and Inequality: A review of the evidence. *Policy Research Working Paper*, vol. 4623

<sup>8</sup> International Institute for Labor Studies (2008). World of Work Report 2008: Income inequalities in the age of financial liberalization. Geneva: ILO.

<sup>9</sup> Milanovic, Branko (2007). *Worlds Apart: Measuring International and Global Inequality*.

Without appropriate institutions to prevent it, inequalities lead to a concentration of political influence among those who are already better off, and therefore tend to create or preserve unequal opportunities.

But inequality does not matter only for those at the bottom: highly unequal societies tend to grow more slowly than those with low income inequalities, are less successful in sustaining growth over long periods of time and recover more slowly from economic downturns.<sup>10,11</sup> Inequalities have also generated social tensions, political instability and conflict. Crime, disease and environmental problems are also found to be exacerbated by inequality.

### *Placing inequalities in the post-2015 compass*

The case for giving inequalities greater prominence in national and international policy agendas is clear. The UN system has played an important role in advancing the notions of inequality and social justice, but more political momentum is needed in order to draw attention to growing inequalities as an obstacle to development and inclusive growth. Further lessons need to be drawn from “success stories” –i.e. countries that have managed to reduce inequalities- and the policies that enabled success. Common to many of these success stories is the expansion of social protection programmes and social services. In this regard, stronger advocacy may be important to support the extension of social protection, promote the outreach and quality of education and health care services as well as to facilitate participation of all social groups in political processes. Additional commitments on employment, such as those emerging from the ILO agenda on decent work, are also necessary if the international community is to address the root causes of inequality. More emphasis on redistributive policies, including progressive taxation, will also be needed.

Putting the reduction of inequalities on the post-2015 compass will generate debate and action. It will also realign the agenda with the original concept of the Millennium Declaration and will hold Governments to account to foster development that is inclusive, equitable and non-discriminatory.

However, unless inequalities are deliberately addressed, progress will continue to favour only parts of the populations or even slow all together. Goals should be framed in a way that would make them conditional to progress in all segments of the population and address specific actions to reduce inequalities. In particular:

- Specifically focus on sectors that are relevant to the poorer groups of the population—such as sustainable agriculture and rural development;
- Specifically target disadvantaged groups and disadvantaged geographical areas;
- Strengthen the focus on access to decent and productive employment opportunities;

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<sup>10</sup> Berg, A.G. and J.D. Ostry, *Inequality and Unsustainable Growth: Two Sides of the Same Coin?* IMF Staff Discussion Note, 8 April 2011.

<sup>11</sup> Chaudhuri, S. and M. Ravallion (2006). Partially Awakened Giants: Uneven Growth in China and India. *World Bank Policy Research Working Paper* no. 4069, November 2006.

- Support the creation or extension of social protection programmes;
- Considering that increasingly poor people now live in lower middle-income countries, address issues related to growing income inequality within those countries, while at the same time, taking into account that the prevalence of poverty is higher and more persistent in poor countries;
- Explicitly incorporate a human-right based approach considering the rights of minorities and more vulnerable populations (such as ethnic minorities, people with disabilities, migrants)

Action to effectively address inequalities should be grounded on three basic considerations. First, most of the world's poor occupy highly disadvantaged starting positions, which impede their ability to capitalize on opportunities. Focusing only on the symptoms of poverty or exclusion (i.e. lack of income, education or health), rather than on their structural causes, has often led to narrow, discretionary measures aimed at addressing short-term needs. Without attention to the underlying economic, social and spatial causes of poverty and inequality, the post-2015 agenda will not help level the playing field.

Second, while income is a strong predictor of human development outcomes, higher income does not systematically translate into better access to health, education and nutrition or participation in political and social life. A focus on intersecting inequalities makes clear that economic, socio-political and spatial inequalities can have cumulative, mutually-reinforcing effects that contribute to the systematic disadvantage of some social groups and to the intergenerational transmission of poverty. Thus the post-2015 agenda and monitoring framework should also integrate issues specifically related to particular social groups, including youth and older persons, indigenous peoples, persons with disabilities and migrants.

Third, inequalities across countries matter as well. Not only are they larger than national inequalities, but improvements in communications and information technologies are also heightening awareness of global inequality. Addressing them requires broadening the scope of the global partnership for development –adding, among others, additional commitments by developed countries regarding fair and equitable trading and financial systems.

Whether reducing inequalities should be integrated as a goal in itself will depend on the format of the post-2015 agenda. There have also been practical suggestions to “mainstream” inequality, that is, to adjust indicators to reflect disparities, not just average improvement. Vandemoortele and Delamonica (2010) propose, for instance, to weigh values of each variable of concern by income quintile, according more importance to progress in the lower quintiles –that is, giving trends in the bottom quintile a weight higher than 20 per cent.<sup>12</sup> Based on these equity-adjusted weights, countries that suffer from growing inequalities would register slower progress than those that experience more equitable progress. A similar

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<sup>12</sup> Vandemoortele, Jan, and Enrique Delamonica (2010) Taking the MDGs beyond 2015: hasten slowly. IDS Bulletin vol. 41, no 1

method could be applied to weigh progress across different social groups or through different regions.

Regardless of format, integrating inequalities will require that targets and indicators explicitly refer to different groups of the population with a clear focus on the poorest and most marginalized ones. Broad numerical targets can be met in spite of (or at the expenses of) lack of progress among the poorest groups. This approach will require improved national statistics and indicators to capture disparities. Some of the existing survey tools and programmes already allow the data disaggregation necessary to generate equality-adjusted indicators. Strengthening such programmes and expanding data collection to capture all population groups will be critical. The importance of the monitoring framework should not be discounted: the way in which it is defined and the type of disaggregation used will influence and the political debate, the focus of programmes and interventions and the outcome of the development efforts.