Inequalities and inclusive economic growth

Expert Group Meeting on Population and Sustainable Development, in particular Sustained and Inclusive Economic Growth
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Outline

• Global poverty and inequality trends
• Socio Economic impacts of COVID-19 – persistent inequalities
  • Education
  • Health
  • Labor market
  • Income and poverty
  • Inequalities by region
• Inclusive economic growth. UNDP’s COVID-19 crisis response
  Beyond Recovery: Towards 2030
• Our Special Focus to Protect and LNOB
• Inclusive economic growth and Human Development: A New Era
Global poverty and inequality trends

• This multifaceted crisis could reverse much of the development gains achieved over the last decade

• Devastating impact on the most vulnerable while amplifying pre-existing inequalities, both within and between countries

• More than half The World is Not Covered by Social Protection

• More than 100 million people are being pushed into extreme poverty, in a context of human development reversal for the first time in 30 years
Education

Effective out-of-school rate for primary education by human development

Highest rate for low human development countries

Largest reversal of this indicator in history, opening new gaps in human development!!!

Source: UNDP 2020 HUMAN DEVELOPMENT PERSPECTIVES. COVID-19 and Human Development: Assessing the crisis, envisioning the recovery
Digital divide

Internet and computer access, by human development (% of households)

The importance of the internet goes beyond education.

In the context of the COVID-19 crisis, different critical aspects of human development have come to depend upon online resources and applications: the ability to work, buy, stay healthy, denounce domestic violence, interact socially, create new businesses …

Source: UNDP 2020 HUMAN DEVELOPMENT PERSPECTIVES. COVID-19 and Human Development: Assessing the crisis, envisioning the recovery
Health

EMDEs = emerging market and developing economies
Source: World Bank

Note: Estimated cases over April 17 – May 17 2021
EMDEs = emerging market and developing economies
Source: World Bank
Lower participation in the labour market, and working-hour losses have translated into a sharp drop in labour income and an increase in poverty.

Working poverty rates (share of the employed that are poor) have now reverted to those of 2015.

Income and Poverty

Per capita income growth relative to advanced economies

- EMDEs
- EMDEs excl. China
- LICs
- Fragile LICs

Increase in poverty headcounts due to the pandemic by end-2021

Emerging market and developing economies

Number of people, millions

Difference in per capita GDP growth between EMDEs groups and advance economies

EMDEs = emerging market and developing economies; Fragile LICs = fragile and conflict-affected
Source: World Bank

Extreme poverty using international poverty line of $1.90/day

EMDEs = emerging market and developing economies; SAR = South Asia; SSA = Sub-Saharan Africa
Source: Mahler et al. (2021); World Bank; UNDP and OPHI 2020
Latin America and the Middle East stand as the world’s most unequal regions, with the top 10% of the income distribution capturing respectively 65% and 56% of the average national income.

<table>
<thead>
<tr>
<th>Region</th>
<th>Top 10% national income share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Latin America</td>
<td>65.1%</td>
</tr>
<tr>
<td>Middle East</td>
<td>56.0%</td>
</tr>
<tr>
<td>Africa</td>
<td>53.8%</td>
</tr>
<tr>
<td>Asia (excl. Middle East)</td>
<td>49.1%</td>
</tr>
<tr>
<td>Northern America</td>
<td>45.7%</td>
</tr>
<tr>
<td>Oceania</td>
<td>39.7%</td>
</tr>
<tr>
<td>Europe</td>
<td>35.7%</td>
</tr>
</tbody>
</table>

Source: World Inequality Database

A response designed to help decision-makers look beyond recovery, towards 2030, making choices and managing complexity and uncertainty in four main areas:

1. **Building a new social contract**
2. **Uprooting inequalities**
3. **Rebalancing nature, climate, economy**
4. **And innovation – for speed and scale**

**Diagram:**
- **SOCIAL PROTECTION**
- **GREEN ECONOMY**
- **GOVERNANCE**
- **DIGITAL DISRUPTION**
- **MACRO-ECONOMICS**
- **HEALTH FIRST**
- **PROTECTING PEOPLE**
- **ECONOMIC RESPONSE, RECOVERY**
- **SUSTAINABLE DEVELOPMENT GOALS**
- **INNOVATION**

**Key Points:**
- **SOCIAL PROTECTION**
  - Social Cohesion
  - Protecting People
  - Economic Response, Recovery
- **GREEN ECONOMY**
  - Social Protection
  - Health First
  - Rebalancing Nature, Climate, Economy
- **GOVERNANCE**
  - Social Protection
  - Health First
  - Macroeconomics
  - Innovation
- **DIGITAL DISRUPTION**
  - Social Protection
  - Health First
  - Macroeconomics
  - Innovation
Our Focus to protect and LNOB: Social Protection & Temporary Basic Income

Social Protection

- UNDP has so far supported some 85 countries to:
  - Protect jobs and informal workers: Burundi, Cameroon, Madagascar and Nigeria
  - Support women and youth (Sudan) and elderly (Chile)
  - Go beyond income to understand who to target and make digital the default: Salvador, Chile, Colombia, Honduras, Indonesia, Madagascar and Zimbabwe
  - Access financing sources: joint SDG-F, INFF

TBI

- TBI for the nearly three billion poorest and most vulnerable people in 132 countries could slow the current surge in COVID-19 cases by enabling and incentivizing people to stay at home during the pandemic.
- A six-month Temporary Basic Income would require one-third of what developing countries owe in external debt payments in 2020.
- UNDP supports a TBI as a time-bound cash transfer for people near or under the national poverty line in Lebanon, Namibia, North Macedonia.
Value proposition in poverty and inequality

Multidimensional Poverty & Inequality

Social Protection Offer

Governance

Fiscal space

Gender

Digitalisation

Data and evidence

Resilience

Sustainability
Impact of Covid on Human Development

Change in Human Development Index value, annual

- The Global Financial Crisis
- 2020 simulated change in COVID-19-adjusted HDI

a) The 2019 value is a provisional estimate.
Inclusive economic growth and Human Development

This is the moment to restore balance between people and planet, designing and de-risking nature-based solutions.

We choose to strike out on bold new paths to progress striving to continue human development while easing planetary pressures.

Working together in the pursuit of equity, innovation and planet stewardship to advance human development in the Anthropocene.
Thank you!