

INEQUALITIES UNWRAPPED

AN URGENT CALL FOR SYSTEMIC CHANGE

CONCORD
European NGO confederation for relief and development



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ABOUT THIS REPORT

As CONCORD is going through its 2016–2022 Strategy mid-term review process, it has become clear that reducing inequalities will become a priority for CONCORD over the coming years. This report aims to provide a learning piece for CONCORD's membership and for the wider development community on the subject of inequalities and the systemic changes needed to address them. With this report, CONCORD also wants to offer concrete proposals for EU decision-makers to respond to this soaring worldwide, man-made problem.

ACKNOWLEDGEMENTS

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Design: www.profigrafik.sk — coordinated by Hélène Debaisieux (CONCORD Europe)

Publisher: CONCORD Europe — Rue de l'industrie 10 — 1000 Brussels, Belgium

Year of publication: 2019

Cover image from Abhishek Gaurav on [Stocksnap.io](https://www.stocksnap.io)

Illustrations on inequalities from Benjamin Mutombo (Goum)

The positions adopted in this paper are those of CONCORD Europe.

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An aerial photograph showing a residential area with a swimming pool, surrounded by dense trees and greenery. The image is used as a background for the top half of the page.

EXECUTIVE SUMMARY

Credit: Photo by Sergio Souza on Unsplash

Inequalities, relentlessly on the rise across the globe in various forms, are no accidents of fate. They are the result of specific actions and policy choices by people in power. And it is high time to turn the tide. World leaders have committed to universally tackle inequalities by adopting the 2030 Agenda for Sustainable Development and the incoming EU leadership has pledged to support this effort at home and abroad. CONCORD would thereby like to increase the common understanding of this multidimensional concept and put forward concrete proposals for how to translate the promises into action.

Reducing inequalities worldwide, both within and between countries, is a complex issue that demands a systemic approach. It cannot be tackled in siloes. It requires an integrated approach that looks beyond traditional development cooperation to address the other EU and Member States' policies that have a significant impact on partner countries. An approach that dares to look critically at the underlying systems that generate inequalities. This is why CONCORD looks not only at what the EU and its Member States can do to support partner countries to reduce inequalities, but also at other external and domestic policies because they impact on or could inspire or discourage efforts of partner countries.

Inequalities come in different shapes and can strengthen one another. Economically, the difference between the richest and poorest people and countries

continues to increase, both in terms of wealth and income. Socially constructed norms continue to privilege one group over others, including around access to social rights and services, with grounds of discrimination that can overlap. People and countries across the globe have unequal access to political decision-making, often resulting in discriminatory laws, symbols or policies and shrinking civil society space. And the consequences of climate change, resources to prepare for and recover from them and access to natural resources are also not evenly distributed across the globe.

To sustainably tackle these various forms of inequalities worldwide, decision-makers should 1) rebuild economic, financial, political and social systems so they no longer create such inequalities, and 2) reduce excessive inequalities in our world today with the help of redistributive policies. The EU and its Member States should do this for people at home. They should make sure none of their policies negatively affect inequalities abroad and ensure the new flagship initiatives under the EU's Political Guidelines 2019–2024 positively contribute to reducing inequalities worldwide. And they should support partner countries in tackling inequalities through international cooperation and partnerships. The following calls are not CONCORD's last words on this matter, but proposals to kick off the thinking on how the EU and its Member States can reduce inequalities for current and future generations, wherever they live.

CONCORD CALLS ON THE EU AND ITS MEMBER STATES TO:

1 TRANSFORM THE ECONOMIC SYSTEM

- a. Strengthen social dialogue and insist on decent working conditions being applied, including living wages, social protection and respect for rights and democracy at work across global value chains.
- b. Support well-designed human rights and life cycle-based, gender-sensitive universal social protection systems in partner countries.
- c. Support the creation of a regulatory environment that encourages enterprises to combine circular economy business models with social solidarity economy principles worldwide and tailor trade agreements and investment programmes accordingly.
- d. Adopt effective EU legislation that establishes a mandatory human rights and environmental due diligence framework for businesses, companies and financial institutions; support the UN Treaty on Multinational Corporations and Other Business Enterprises with Respect to Human Rights; and terminate the investor-state dispute settlement mechanism.
- e. Prevent economic policies or regulations causing negative spillover effects and contributing to increasing inequalities in other parts of the world.
- b. Continue to support the International Platform on Sustainable Finance but also take social and governance dimensions of sustainability into account.
- c. Create the right regulatory context to facilitate sustainable banking and support member-owned and people-oriented financial cooperatives.

3 TRANSFORM THE POLITICAL SYSTEM

- a. Set up and promote more transparent, accountable, inclusive and participatory governance processes at local, national, regional and international level – with the active involvement of civil society – and adopt inclusive policies.
- b. Empower people and civil society by strengthening civic education, global citizenship education and supporting civil society organisations, grassroots women's rights movements, workers' organisations and trade unions, cooperatives, independent media, whistle-blowers and others, in the EU and partner countries, while avoiding corporate capture of political power.
- c. Make the global governance system more inclusive of developing countries and genuinely build international partnerships of equals.

2 TRANSFORM THE FINANCIAL SYSTEM

- a. Strengthen and expand EU law requiring large companies to disclose certain information on the social and environmental impacts of their activities worldwide (non-financial reporting).

4 TRANSFORM THE SOCIAL SYSTEM

- a. Invest in tackling discrimination and promoting dialogue.
- b. Ensure and support universal access to public services and good social protection for all, invest in human development through development cooperation programmes.

c. Address gender inequality in areas such as access to sexual and reproductive health services and rights, inclusive education, decent work and full participation in society.

d. Stimulate a dialogue between women and men, boys and girls, as well as community and religious leaders and other figures of authority and invest in gender education, while focusing on discriminatory legislation.

e. Fully implement and strengthen the EU's external Gender Action Plan 2016–2020 and ensure that all policies – including their trade, investment and debt policies – positively contribute to and do not undermine these efforts.

5 REDISTRIBUTE INCOME, WEALTH AND RESOURCES FAIRLY

a. Set up and promote progressive tax systems, increase aid spending on progressive domestic resource mobilisation, consolidate a common corporate tax base, ensure greater tax transparency, set up a global tax body, explore the possibility of setting up a global wealth tax and introduce a financial transaction tax.

b. Support partner countries' national budget allocations for public services to avoid cuts due to trade liberalisation, public debt or other policies and stop incentivising the privatisation and commercialisation of essential public services; provide budget support and technical assistance to assist partner countries in building gender-responsive public services accessible for all; use their role and leverage in international financial institutions to oppose providing loans with conditionalities that affect human rights and gender equality.

c. Ensure climate finance to developing countries for adaptation and mitigation as well as loss and damage.

d. Reach the agreed targets of 0.7% of GNI for official development assistance (ODA) and 0.2% of GNI to least developed countries and ensure the Neighbourhood, Development and International Cooperation Instrument supports gender equality, climate action and human development and does not increase inequalities.

6 MONITOR AND DECIDE ON THE BASIS OF WELL-BEING OF ALL PEOPLE AND THE PLANET

a. Replace GDP as the dominant indicator of progress with genuine measures of the actual well-being of people and planet, harmonise these at EU level, integrate them in a Sustainable Europe 2030 Strategy, replace the Stability and Growth Pact with a Sustainability and Well-being Pact and implement the new strategy and pact through the renewed European Semester policy coordination cycle, to inspire planning and budgeting across the EU.

b. Invest in collecting data disaggregated by income, gender, age, race, ethnicity, migratory status, disability and geographic location and in equality data, start using new data sources such as citizen-generated and big data and building models in real time and support data collection by partner countries.

c. Look more thoroughly and consistently at the impact of policy or legislative options on inequalities and human rights, both within the EU and in partner countries, when conducting ex-ante impact assessments to inform decision-making.

d. Implement the recommendations of the Commission Staff Working Document on addressing inequalities in partner countries to strengthen EU policies to address inequalities, to better mainstream the reduction of inequalities in the EU programme and project cycle, and to strengthen partnerships for addressing inequalities as well as data and knowledge.

INTRODUCTION

Inequalities are not accidents of fate – they are the result of deliberate actions and policy choices by people in power in the social, economic and political spheres. Today, billions of people are facing deplorable inequalities of opportunities, choices, resources, security and protection, freedom and power. Current levels of inequalities – both between people and countries – reflect a system in which something is very wrong.

Leaders of 193 UN Member States committed to change this in 2015 when they adopted the 2030 Agenda for Sustainable Development,¹ built around 17 strong pledges: the Sustainable Development Goals (SDGs).² The 2030 Agenda includes a specific but crosscutting goal to tackle inequalities between and within countries and ensure non-discrimination (SDG 10). This is complemented by a goal dedicated to gender equality (SDG 5) and targets in other goal areas which address inequality. With the 2030 Agenda, all countries also unanimously adopted the powerful principle of ‘leave no one behind’. This requires all stakeholders to address all forms of discrimination, exclusion and inequality and to prioritise the people furthest behind first. With their 2019 SDG Summit political declaration ‘Gearing up for a decade of action and delivery for sustainable development’, heads of state and government reaffirm their commitment to tackle rising inequalities within and between countries.³

The link between tackling inequalities and reaching the people furthest behind first is crucial. As noted by the UN Special Rapporteur on extreme poverty and human rights in 2015, “Extreme poverty is directly related to extreme inequality, especially, but not only, in relation to wealth and income distribution within countries”.⁴ Extreme inequality around the world has negative effects on realising people’s civil, political, economic, social and cultural rights. Widening economic and social inequalities are “one of the reasons why over one quarter of humanity cannot properly enjoy human rights”.⁵ In 2019 the UN Special Rapporteur also pointed to the risk that

climate change poses for increasing inequalities even further, “We risk a ‘climate apartheid’ scenario where the wealthy pay to escape overheating, hunger, and conflict while the rest of the world is left to suffer”.⁶

At EU level, European Commission President Ursula Von der Leyen, in her political priorities for 2019 to 2024, made it a top priority to develop an economy that works for people, built on equality for all and in all of its senses. Too many people feel they have fewer opportunities than others and the EU needs to use all the tools at its disposal to put this right.⁷ In the field of external action, as the world’s biggest donor of development assistance, it sets out to create a partnership of equals with its neighbouring and partner countries. But it remains unclear as to how the incoming Commissioner for International Partnerships and the High Representative Vice-President are to work towards reduced inequalities worldwide. In 2017, the EU and its Member States adopted the European Consensus on Development in which they promised to address inequalities to ensure no one is left behind. In 2019, the Commission published a Staff Working Document with concrete proposals to address such inequalities in partner countries.⁸ Over the coming years, the EU will have to live up to these commitments and take concrete actions to tackle rising inequalities.

However, reducing inequalities both within and between countries is a complex issue that demands a multidimensional and systemic approach. In this paper, CONCORD dives into different forms of inequality and solutions to tackle it, to give an insight into some of the most pressing matters that the EU, its Member States and the international community should be addressing to tackle the current state of inequality.

UNDERSTANDING INEQUALITIES

An understanding of the various dimensions of inequalities and what drives them is needed to identify the most appropriate and sustainable solutions for this complex and global challenge. Inequalities do not only concern economic inequality, such as income and wealth, but are present in every aspect of society and may touch on every part of a person's life. The drivers are often anchored in the norms and culture, policies, power relations, structures and systems on which societies have been built.

In this section inequalities are looked at through the four dimensions of sustainable development: economic, social, political (or governance) and environmental. This is not an exhaustive description, but it illustrates the complexity and interlinkages between different forms of inequalities.

BOX 1: GENDER EQUALITY

Gender inequality is an intrinsic component of inequalities. Whether talking about wealth, income, work, decision-making, place in society, social norms, unpaid care work or access to resources (including land rights or funding for climate change adaptation) and essential services, gender has a tremendous impact. Gender inequality is structural due to a patriarchal system which leaves women and girls often unprotected and excluded by legislation and behaviour. Even where legislation promotes gender equality, implementation often lags behind due to a lack of awareness, patriarchal social norms

and/or a lack of resources to implement and enforce the policy. The result is that women and girls systematically face discrimination in accessing their rights and are often exposed to violent and abusive behaviour. This calls for attention to focus on gender equality when working to reduce inequalities. While almost every woman and girl is affected by the patriarchal system, some are more affected than others and left further behind in terms of being able to claim and enjoy their rights (in particular women and girls who face multiple discriminations).⁹



ECONOMIC INEQUALITY

Our **current dominant economic system** – based on a concentration of private ownership, inadequately regulated financial and capital markets, competition in a so-called free market and the pursuit of short-term profit, with only a small role for the state – has led to a huge increase in economic, environmental and social challenges. It has led to a society in which wealth is accumulated in the hands of a few, while middle classes are struggling to maintain their incomes and people living below the poverty line are left behind. It is a system that has led to a drop in taxes for the richest individuals and big corporations, with a disproportionate tax burden on working people, deregulation, privatisation and a cut in public services.¹⁰ All these factors have increased economic inequality. It is the basis of a system in which GDP growth is considered a more important indicator of progress than the well-being of society, the number of people living in poverty or the growing inequalities between people.

Economic inequalities are enormous and rising.

At **global level**, the economic distance between the richest and poorest people in the world is extreme. This is due both to inequalities in income

(from labour or capital) and wealth (the ownership of assets). According to Oxfam International, the number of billionaires globally has almost doubled since the financial crisis in 2008. In 2018, 26 people owned the same wealth as the 3.8 billion people who make up the poorest half of humanity, down from 43 people the year before. The wealth of the world's billionaires increased by \$900 billion between 2017 and 2018 alone, or \$2.5 billion a day. Meanwhile the wealth of the poorest half of humanity fell by 11%. So the distance between people is only increasing. The *World Inequality Report 2018* shows that between 1980 and 2016, the richest 1% received 27 cents of every dollar of global income growth, with the poorest 50% of people receiving only 12 cents of every dollar.¹¹ Today, Africa is home to 20 billionaires, living alongside 413 million people in extreme poverty and if current economic trends continue, 87% of poor people worldwide will be concentrated in sub-Saharan Africa by 2030.¹²

At **national level**, the *World Inequality Report 2018* shows that in almost all countries the income difference between people within a country has

increased since the 1980s.¹³ However, the report concludes that given the different speeds of the rise in inequality, institutions and policies matter in shaping inequality.¹⁴ Economic inequality is one of the inequalities that can be changed through policies. But this means changing an economic paradigm that informs many aspects of the design of today's society. We must nonetheless urgently take action, as in the meantime, the consequences of such rising inequalities will grow, especially since economic inequality touches on and interacts with almost every other form of inequality.

A major reason for the highly unequal distribution of wealth is the way our economic system prioritises returns to shareholders over everything else. Evidence shows that inequality is built into our economic system. A significant share of today's inequality is **due to the inequality of income people earn through labour**. Today, work or labour is structured in ways that benefit those at the top far more than those in the middle or at the bottom, and wages at the top have risen disproportionately to productivity.¹⁵ However, the accumulation of wealth is playing an increasing role in the economic inequality between people. As Thomas Piketty argues, given economic prospects, **wealth will accumulate much more rapidly from capital than from labour**, leading to a rapid concentration of wealth in the hands of a few.¹⁶ **Automation and the digital divide might deepen inequalities**, creating a gulf between the expertly skilled people who will be able to contribute to society in meaningful ways and the less skilled who risk being sidelined.¹⁷

The increasing gap between rich and poor people also fuels the **economic gap between women and men**. Most of the world's richest people are men. According to the International Labour Organization (ILO), globally women continue to be paid around 20% less than men.¹⁸ The economic distance between men and women is not surprising given that men are more likely to own land and production assets, which are essential resources to economic gain in today's society.¹⁹

Taxation plays an important role in tackling economic inequalities. But in many cases **taxes are becoming less progressive and even regressive**. For every dollar of tax revenue, on average just 4 cents are made up of revenue from wealth taxes, like inheritance or capital gains tax. In rich countries, the average top tax rate on personal income fell from 62% in 1970 to 38% in 2013.²⁰ In developing countries, the average top rate of personal income tax is 28%.²¹ There are also compelling figures on declining corporate income tax rates.²² Moreover, many super-rich people and corporations hide large amounts of resources offshore, in tax havens, using loopholes in regulations to avoid paying their fair share of tax. Developing countries lose an estimated \$170 billion a year through tax avoidance by multinational companies operating in their countries.²³ The push for lower tax by those at the top is rooted in the idea that if the economy grows, it will eventually benefit all of society. However, this 'trickle-down' orthodoxy is a myth, as shown even by the International Monetary Fund (IMF).²⁴ Three-quarters (75%) of the wealth of African multimillionaires and billionaires is held offshore and can therefore not be used to create tax revenues that can invest in creating equal opportunities.²⁵

The **financial crisis** in 2008 was the result of a financial sector that took massive risks and gambled in an unsustainable manner with devastating consequences. Subsequent **austerity** in rich and poor countries alike has overwhelmingly protected the interests of the rich while cutting back the public services and social protection on which most of the population from the middle class to the poorest and most vulnerable people depend.²⁶

Global **debt** is at an all-time high and while countries with more advanced economies are the most indebted, public debt in developing countries is rising at an alarming pace.²⁷ Today, no less than 16 sub-Saharan African countries are classified by the IMF as having either a high risk of debt distress or being in debt distress.²⁸ With an increase in non-concessional loans from lenders such as China and India and private investors, the price is often higher interest rates and shorter maturities than with traditional creditors such as OECD DAC countries and multilateral institutions.²⁹ This is a cause for concern when trying to address global inequalities, with many developing countries

having to prioritise high interest rates and payment over key investments in their own development. Debt-related policies continue to fail to take into account their impacts on human rights, women's rights and inequality.

Economic inequalities between countries have built up over many years and often stem from old power structures between countries, many of which are still at play. World Bank data shows that the per capita income gap between high-income countries and emerging and developing countries nearly quadrupled in size since 1960.³² Economic power plays a significant role in international governance. Examples of this are institutions such as the OECD and G7, membership of which depends on the economic development of a country. In the Bretton Woods Institutions, voting shares are based principally on the size and 'openness' of countries' economies, causing poorer countries to be structurally under-represented in decision-making processes.³³ Economic inequality between countries can therefore lead to undue influence of richer countries both in bilateral and international settings.

BOX 2: A DRIVER OF ECONOMIC INEQUALITIES IN DEVELOPING COUNTRIES: LAND OWNERSHIP³⁰

Land ownership is one of the issues responsible for ingrained structural inequality. In Latin America, the focus on export-oriented agribusiness, extractive industries and investments in mega projects has driven a reconcentration of land ownership over the last 10 years. The elites (with strong connections to multinational corporations) benefit significantly from this situation; not only is land concentrated in the hands of a few (predominantly white, male) individuals and big businesses, but national tax systems impose little tax on these assets. Many of these problems gravely affect people of African descent and indigenous populations who are predominantly located in rural areas and whose livelihood strategies depend on land. Nowhere are ethnic divides more visible than in relation to land ownership. In Africa, land dispossession and widespread asset stripping of the masses during the colonial period are root causes of persistent high levels of inequality. And they continue today, as local communities are increasingly losing their rights and access to lands and forests to large multinational corporations that work together with national governments.³¹



SOCIAL INEQUALITY

Patriarchy, dehumanisation, racism, homophobia, neocolonialism and xenophobia are dire consequences of **socially constructed norms that privilege one group over others**. Emanating from negative values and stereotypes, they provide a fertile ground for creating inequality. A key component when addressing social inequalities is thus **discrimination**. This can be highly visible, but it can also be invisible when ingrained in the system through social norms, traditions and unconscious bias. While social norms are a fundamental part of our society, they can also be a driver of inequality.

The social drivers of inequality are rooted not just in the norms of society, but in **language, laws, citizenship, privilege, traditions and many other structures**, even including **physical infrastructures**. Such structures of society that create or uphold inequality often manifest themselves as privileges for certain groups and lack of equal rights for others. The privileges available to some groups need to be made visible and addressed to put an end to the discrimination reflected in the power structures.

Privilege is part of patriarchal society but extends beyond gender. Privilege also refers to the advantages or discrimination someone can face because of, for example, race, ethnicity, social origin, religious or other beliefs, opinions, economic situation, ability, age or sexual orientation.³⁴

These social inequalities manifest in **unequal access to social rights and services** such as healthcare, education, housing, water and sanitation or food and nutrition. Economic and social inequalities often reinforce one another, for instance when people or families with higher incomes have access to better education than those with lower incomes. However, the social dimension of inequalities also refers to the social norms and constructs of society that inform, consciously or unconsciously, the way the system and people behave towards each other. To ensure, as far as possible, a situation of equal opportunities for all, free access to public services and good social protection for all is key. Yet, in most countries it is wealth that dictates a person's educational destiny and possibilities for good healthcare.

While **social protection** is an important instrument in reducing income inequality, only 45% of the global population are covered: the remaining 55% – as many as 4 billion people – are left without it.³⁶ Ensuring social protection reduces inequality by lifting people out of poverty, by providing a springboard to provide access to education, health and jobs.³⁷ Furthermore, it prevents people from falling (back) into poverty and supports people during certain times in life (e.g. through pension and child grants).

Meanwhile **public services** are suffering from chronic underfunding or are being increasingly outsourced to private actors that adopt a commercial approach and thereby exclude and leave behind people who are not able to pay. In many countries, quality education, even at primary level, quality healthcare and access to clean water have become a luxury only the rich can afford. This is particularly true for women, who tend to experience a higher burden of out-of-pocket costs to access healthcare services.³⁸ Persons with disabilities also face more barriers to accessing services and less health coverage, despite having higher healthcare needs.³⁹ Every day, an estimated 10,000 people die because they lack access to appropriate healthcare.⁴⁰ The consequences of unequal access to healthcare, whether it is between or within countries, is exemplified by child mortality: in developing countries, a child from a poor family is twice as likely to die before the age of 5 than a child from a rich family.⁴¹ And a child from sub-Saharan Africa is more than 15 times more likely to die before the age of 5 than a child from a high-income country.⁴²

When public services are underfunded, commercialised or privatised, women and girls often compensate for the lack of these by increasing their own unpaid workload: taking care of older family members and those in need of healthcare and with disabilities, taking care of children and collecting clean water. Unpaid workload is highly unequally distributed between men and women, boys and girls, and an increase in **unpaid care and domestic work** due to a lack of public services reinforces gender inequalities even further.

BOX 3: INTERSECTIONALITY³⁵

Grounds of discrimination are not mutually exclusive. They can combine and compound inequality. The overlap of different social identities, such as race, gender, sexuality, ability, age, income, socioeconomic or migratory status, contributes to the specific type of systemic oppression and discrimination a person can experience. These multifaceted realities intersect and lead to greater marginalisation and inequalities. A focus on intersectionality, and thereby the understanding of multilayered discrimination, is key to addressing both conscious and unconscious discrimination that people face in today's society, and to upholding the principle of leaving no one behind. To do so, there is a need to confront complexity, diverse human influences, structures of power, and interconnected systems. A focus on intersectionality allows to analyse power relations and social inequalities. But intersectionality is not only related to social aspects. It also allows better understanding and analysis of economic, political and environmental inequalities.



POLITICAL INEQUALITY

Political inequality, defined by structured differences in the allocation of political resources, can be about **inequality of opportunity**, that is, unequal access to political decision-making, or governance, processes. And it can be about **inequality of outcome**, that is, discriminatory laws, symbols, policies or other outputs that result from the political process.⁴³

Not everyone has the same **opportunities to access political decision-making**. Often political inequality is affected by other forms of inequality. People living in poverty or belonging to a marginalised or minority group are less likely to participate in formal opportunities to contribute to decision-making, such as elections. However, a big difference in access to decision-making processes is also due to the informal opportunities to influence. Economic, social and cultural capital play a significant role in access to political power in all countries, and are often captured and centralised with the elites. Men are generally over-represented among those elites because they possess more economic, social and cultural capital.

However, other forms of current identity markers, such as ethnicity, religion, civil status, disability, education and socioeconomic status, can play a significant role in access to political decision-making processes. Political inequalities are therefore very linked to other forms of **power imbalances**.

A political system can in itself influence **political inequality of outcome** within a country. Multivariate analysis by Gilen and Page in 2014, for example, demonstrated that US government policy tends to favour the interests of the economic elite and business over average citizens and public interest groups.⁴⁴ Weak democratic institutions, exclusive processes and bad governance all drive political inequality as they increase unequal access to participate in decision-making and therefore the risk that decisions taken favour vested interests or powerful elites and corporations.

Political inequality not only affects individuals within countries, it also exists at **international level** between countries and permeates our international governance system. As already highlighted in the economic inequality section, inequality of economic power between states often translates into inequality of political power. This can be illustrated by the unequal access to some of the most powerful international decision-making bodies such as the G7, the G20 and the OECD and the unequal political weight of countries in, for example, the Bretton Woods Institutions. Unequal economic and political power between countries and regions can also distort negotiations between trading partners, as exemplified by the Economic Partnership Agreement trade negotiations between the EU and African, Caribbean and Pacific countries, where the EU was in a position to use the threat of withdrawal of preferential market access to force these countries and regions to accept the agreements.

As **civil society** is often one of the main forces for mobilising and bringing the voices of the most marginalised people to the forefront, the lack of a vibrant, independent and resourced civil society with a place in the political system leads to political inequality and people being left behind. As noted by Oxfam, “shrinking civic space goes hand-in-hand with an increasing capture of state institutions by economic elites... Such repression often protects elites rather than truly national interests... Those who profit from the status quo [aim] to restrict and control space for public debate and popular mobilization”.⁴⁵ The ACT Alliance–Institute of Development Studies report on the implications of civic space for the SDGs also concludes that “SDG 10 is likely to be impacted as closures of civic space help mask the worsening of economic, social and political inequality, pave the way for land- and natural-resource grabs, as well as suppression of labour rights, and further enrich powerful economic elites”.⁴⁶ Equal participation and representation in political decision-making process with opportunities for scrutiny of the people in power is therefore crucial, as it not only reduces political inequalities, but can also help address other forms of inequalities.

CLIMATE AND ENVIRONMENTAL INEQUALITY

The consequences of climate change are felt **across the globe**. Our planet is now more than 1°C warmer than it was in pre-industrial times, causing devastating impacts all over the world. Developing countries, especially small island developing states and least developed countries, most of which have relatively low historical responsibility for producing greenhouse gases, are experiencing the worst impacts.⁴⁷ Poor communities around the world are now facing ever-more frequent and severe droughts, floods, cyclones, erratic rainfall patterns, rising sea levels, crop losses and disappearing freshwater sources as a direct result of the emissions produced, in large part, by the EU's Member States.

Climate inequality prevails not only between countries, but also **within countries**. People already experiencing social, economic and political inequality and exclusion are disproportionately negatively impacted by climate change (women, children, older people, indigenous peoples, migrants, rural workers, persons with disabilities, people living in poverty). They have fewer resources and options to prepare for and recover from shocks such as disasters caused by natural hazards, and have reduced means to adapt to climate change.⁴⁸ Globally, the richest 10% of the population is responsible for over 50% of greenhouse gas emissions.⁴⁹

Access to natural resources, such as water, (clean) air, land, fisheries and forestry, is an important dimension of environmental inequality, both within and between countries. Natural resources constitute a crucial part of livelihoods, especially for people living in rural areas, since a lack of access can mean diminished possibilities for obtaining food and creating a sustainable livelihood.⁵⁰ Some natural resources can be inaccessible because of distance, like water wells, whereas others are inaccessible due to unequal distribution, such as land ownership. Natural resources, however, are often exploited to the



detriment of local communities that depend on them, by governments or large corporations.⁵¹ Unsustainable consumption patterns of richer countries, including in Europe, generate an ecological footprint much larger than the earth can cope with, increasing pressure on scarce natural resources in partner countries.

In **agriculture**, the adverse effects of climate impacts, together with unprecedented biodiversity loss and environmental degradation, pose serious threats to food security and nutrition, further exacerbated by the expansion of industrial agriculture to the detriment of family farming and small-scale food producers.⁵² This is especially so for **small-scale female food producers** who are at a significant disadvantage.⁵³ Women tend to depend more on the products of their local production systems for their food security, fuel and other products and services, and thus are more vulnerable to the local-scale effects of climate change.

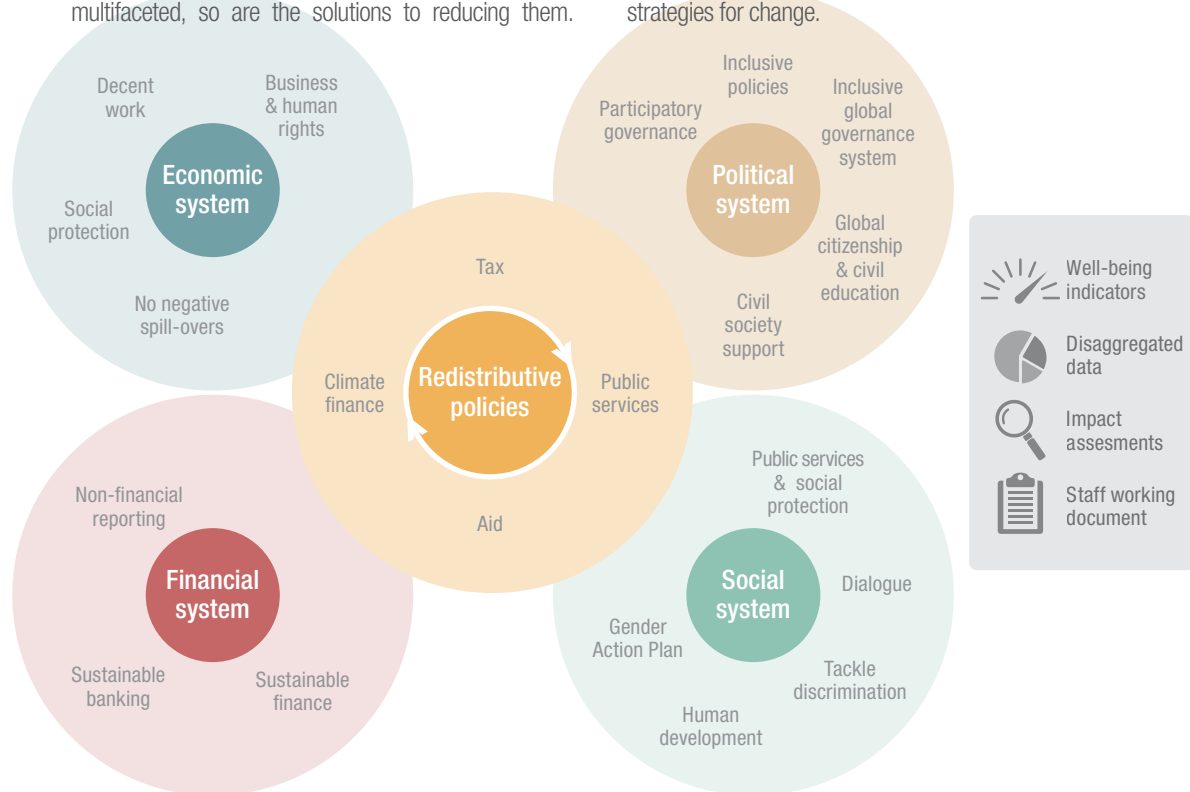
RESPONSES TO GROWING INEQUALITIES

To reverse the trend of rising inequalities, CONCORD calls on the EU and its Member States to put the **fight against inequalities at the heart of its policies and actions – domestically and externally**. To sustainably tackle rising inequalities worldwide, they should 1) transform economic, financial, political and social systems so they no longer create or exacerbate such inequalities, and 2) reduce the inequalities in our world today with the help of redistributive policies. In this chapter, CONCORD highlights that the EU and its Member States should tackle rising inequalities at home to be a credible partner to others and, globally, support partner countries taking positive steps to tackle inequalities. The EU should take this objective into account in its other EU and Member States' policies and new flagship initiatives proposed in the 2019-2024 Political Guidelines – as prescribed by the Lisbon Treaty.⁵⁴

Just as the dimensions and drivers of inequalities are multifaceted, so are the solutions to reducing them.

Shrinking inequalities in a meaningful and long-term way, though, necessitates **a systemic approach, by addressing the concentration of wealth and power**.

To preserve the social contract, reduce distributional tensions⁵⁵ and maintain its legitimacy, the EU and its Member States must ensure equal opportunities right from the outset, that is, predistribute, instead of patching things up afterwards.⁵⁶ Our economic, financial, political and social systems must be transformed so they no longer exclude or harm people and the environment, but instead genuinely serve all people and our planet. We should learn from the many ongoing grassroots initiatives and practices and create an enabling regulatory and policy environment for them to flourish. As no system will be fully egalitarian, redistributive policies are still needed. And to make sure we head in the right direction, the EU should track progress in well-being for all and make decisions based on those findings. The recommendations set out hereafter balance short, medium and long-term strategies for change.



TRANSFORM THE ECONOMIC, FINANCIAL, POLITICAL AND SOCIAL SYSTEMS



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ECONOMIC SYSTEM

Over recent decades, several economists have demonstrated the **limits to infinite growth on a finite planet**. Mainstream economists more recently observed a ‘**secular stagnation**’ in advanced economies.⁵⁷ Trend analysis estimates that while global GDP per capita growth will have faded out by 2080, GDP per capita across OECD nations will no longer grow, at current trends, in less than a decade.⁵⁸ Instead of pursuing the growth of our economies at increasingly higher social and environmental costs, the EU should focus on **revisiting the economic system** so it uses the least possible scarce natural resources and benefits all, correcting inequalities caused in Europe and in partner countries. An economic system should be designed in a way that allows all people to flourish and fulfil their potential. By investing directly in (re-)building a sustainable economic system fit for the future, countries can lay the foundation for more egalitarian generations to come, across the globe. Both through their internal economic policies and international cooperation, trade and investment policies, the EU and its Member States must urgently address the concentration of wealth and power

held by the 1% and big multinational companies in economies across the world, before it is too late.

To correct the way the labour market is structured to benefit those in the middle and at the bottom rather than those at the top, the EU and its Member States should explore ways to **defend rights and strengthen democracy at work** as a key tool and promote this **across global value chains**. In Europe, trade unions are calling for more **democracy in the workplace**, building further on the right of workers or their representatives to be informed and consulted in good time on matters relevant to them, in particular on the transfer, restructuring and merger of undertakings and on collective redundancies.^{59,60} When there is more workers’ participation in company decision-making, including of multinational companies, it becomes less likely, for example, that profit-making companies lay off workers. Social economy actors such as cooperatives can help lead the way. The Action Plan to implement the European Pillar of Social Rights and the Action Plan on Sustainable Finance can be useful tools to bring this about at European level.

But also **globally**, through its development cooperation, investment, trade, diplomacy and procurement policies, the EU should play a much more active role in promoting social dialogue, defending fundamental rights, such as the right to collective bargaining, the right to freedom of association and the right to organise and ensuring respect for international conventions. Decent working conditions and living wages should be guaranteed and the four pillars of the ILO Decent **Work Agenda** promoted, namely decent job creation, rights at work, social protection and social dialogue. The vast preponderance (at least 80 and often 90–95%) of labourers in Africa are employed in the **informal sector**.⁶¹ Addressing the issue of the informal economy is crucial since it directly affects workers' access to rights, as well as impacting on public revenue, which in turn undermines protection and social security systems. The transition to formality is in the interest of workers and their organisations, employers' organisations and governments alike, as reflected in ILO Recommendation 204 on the Transition from the Informal to the Formal Economy, negotiated and adopted by the three parties at the 2015 International Labour Conference.

Social protection facilitates direct redistribution of disposable income as a corrective intervention to deal with the often extremely inequitable market distribution of income and wealth. Even more importantly, social protection can ensure livelihood security and guarantee access to public services like education and health.⁶² Well-designed human rights and life cycle-based, gender-sensitive social protection systems contribute to reducing inequality and exclusion, and enable self-determined participation in social, economic and political affairs. Social protection involves policy instruments such as cash transfers, in-kind transfers and social insurance and is often linked to the provision of public services and active labour market policies. These can also support the most marginalised and excluded people living in fragile and conflict-affected settings.⁶³ Systems of social protection should be anchored in law and long-term political agreements and designed in a way that minimises the risk of stigma, arbitrariness and corruption.

International financial institutions promote targeting poverty when designing social protection programmes. Through 'efficient' targeting, they argue, the impacts of limited development finance can

be optimised. However, universal systems (systems that include all persons in well-defined categories of the population) reduce poverty and inequality more effectively than targeted social protection. Recent research shows that programmes targeted at people living in poverty fail to reach most of the intended recipients.⁶⁴ Contrary to common belief, **universal social protection systems** are more redistributive than targeted systems. This 'redistribution paradox' is explained by the fact that universal systems generally have a larger budget than targeted systems and are thereby more redistributive in absolute numbers, although the targeted systems are more redistributive when calculated as a percentage of the spending.⁶⁵

To support the just transition towards an inclusive sustainable economy, the EU and its Member States should create the necessary regulatory environment and provide incentives to encourage and support enterprises, big and small, to **combine circular economy business models**, based on dematerialisation, circular inputs, product life extension, resource recovery and product service systems, **with the social enterprise or Social Solidarity Economy principles** to deliver social impact, cooperate in solidarity, uphold ethics and democratic self-management and reinvest most profits into the mission, organisation and/or employees.^{66,67} This includes the sharing or collaborative economy, in which shared ownership of goods is increased, their use improved and the need for new production reduced. An increased focus on combining the circular economy and social economy thinking while taking into account international implications should help build a **global social circular economy**. The EU should facilitate social circular enterprises' access to finance, inputs, technology, support services, markets, research and training, in Europe and in partner countries. Public procurement should prefer social circular companies too. In addition, the EU should work with schools, universities, training providers and other stakeholders to raise consumer awareness and create education programmes to ensure social circular economy knowledge is embedded at a young age and in learning opportunities throughout the life cycle.

From a global perspective, the EU should help coordinate **tailored regional trade policies and investment programmes** to rapidly scale up the social circular economy in partner countries.

Developing countries already play a pivotal role in global production and are set to become global drivers of consumption. By embedding social circular economy approaches in their industrial and infrastructural development strategies, they could help meet the needs of growing and urbanising populations while mitigating against a continued rise in primary resource use, climate change and environmental degradation.⁶⁸ With the increased focus on short supply chains, a reflection has to take place on the role of trade in a global sustainable economy, how remaining global supply chains should be sustainably organised and how, in this transition, to make sure no one is being left behind.

At the same time, the EU and its Member States should hold companies with negative social and/or environmental impacts to account, in Europe and abroad. They should introduce legal obligations for **European businesses to respect human rights in their overseas operations** and develop a coherent approach to EU policies on this topic. The EU should adopt an effective EU legislation that establishes a **mandatory human rights and environmental due diligence framework for businesses, companies and financial institutions** operating or offering a product or service in the EU.⁶⁹ It should also support an international instrument to ensure a global approach to tackling corporate abuse – this is being developed in the UN and is called the **UN Treaty on Multinational Corporations and Other Business Enterprises with Respect to Human Rights**.

At the same time the investor-state dispute settlement mechanism, which allows private investors to sue sovereign states directly before international tribunals, should be terminated.

Furthermore, decision-makers should avoid **economic policies or regulations that cause negative spillover effects** and contribute to increasing inequalities in other parts of the world. No trade deal the EU negotiates should increase gender inequality in a given partner country, for example.⁷⁰ Similarly, when regulating European waste streams, they should not just be relocated – together with their environmental and social burden – to poorer economies with slack regulations, frail governance and mostly informal waste sectors, likely affecting already marginalised communities the most.⁷¹

Every individual can help to reshape the economy so it works better for all through their **lifestyle choices**: for example through the food they buy, the clothes they wear, the products they use or how they move around the city or town. A 2019 UN Global Compact–Accenture Strategy CEO Study on Sustainability showed the influence of customers and employees on CEO decisions, especially with younger generations increasingly expecting companies they work for or buy from to stand for something positive.⁷²

BOX 4: FOOD AND AGRICULTURE⁷³

As an example, to stimulate economic models that can help reduce inequalities in the area of agriculture, the EU would need to set up a favourable legal and public policy framework focused on agroecology, smallholder farmers, uniting in agricultural cooperatives and short supply chains. This would support a food system based on more sustainable, fairer and healthier modes of production and consumption. At the same time, the EU

should phase out Common Agricultural Policy payments that harm smallholder farmers in partner countries and their aspirations to increase local food production and eliminate all forms of public support leading to dumping of food. These and other measures will be vital to support the move towards sustainable EU food and farming systems in which people's right to food and rural communities' right to natural resources are respected.

FINANCIAL SYSTEM

The **financial system** needs to be reformed in such a way that it supports a just economic transition and no longer encourages economic growth with negative social or environmental externalities. A sustainable financial system should encourage **long-term sustainable investment and banking**, linking local financing needs to global sources of funding.

Important steps towards this include the European Commission Action Plan on Sustainable Finance and the work of the Technical Expert Group on Sustainable Finance to develop a unified classification system or taxonomy for sustainable economic activities, an EU Green Bond Standard, benchmarks for low-carbon investment strategies and guidance to improve corporate disclosure of climate-related information.⁷⁴ In line with the Action Plan's aim to strengthen the transparency of companies on their environmental, social and governance policies, **EU law requiring large companies to disclose certain information on the social and environmental impacts of their activities** (non-financial reporting) should be strengthened and expanded. The EU should also adopt rules requiring investors to prevent the negative effects of their investments on human rights, climate and the environment anywhere in the world, and to redirect their financial flows to economic activities that are sustainable and thus do not exacerbate inequalities.

As financial markets are global, the EU should promote a coherent, **international sustainable financial system** which supports channelling private capital towards sustainable projects that could help reduce inequalities. A good stepping stone is the **International Platform of Sustainable Finance**, launched by the EU, Argentina, Canada, Chile, China, India, Kenya and Morocco in the margins of the October 2019 IMF and World Bank Annual Meetings in Washington DC.⁷⁵ The platform is supposed to act as a forum for facilitating exchanges and coordinating efforts on initiatives and approaches to environmentally sustainable finance in areas such as taxonomies, disclosures, standards and labels.

But to be fully sustainable, the **social and governance sustainable dimensions** should also be taken on board. In support of such a global sustainable financial system, stock market values should be determined by the value they create for inclusive sustainable development rather than profit.

The banking sector provides a significant proportion of the total capital that is made available to industries, which makes it a crucial player in achieving sustainable economic development. **Sustainable banking** requires banks to support lending to sustainable businesses and integrate environmental and social risks in their lending considerations to avoid or mitigate financial losses, reputation risk or harm to people and planet.⁷⁶ The EU should create the right regulatory context to facilitate sustainable banking and should support **member-owned and people-oriented financial cooperatives** such as credit unions, which provide business loans to sustainable cooperatives, non-for-profit organisations or micro, small and medium-sized enterprises and invest surpluses in social movements or sustainable projects.



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POLITICAL SYSTEM

To ensure everyone can take part in decision-making processes affecting them, political systems need to be revisited. People, affected communities and civil society should be involved in decision-making. The EU should set up and promote more **transparent, accountable, inclusive and participatory governance processes** at local, national, regional and international level, with the active **involvement of civil society**. There should be participatory decision-making in the design and implementation of the EU's development cooperation programmes (especially locally), during trade negotiations, when migration compacts are being shaped and so on. The EU can set and implement standards in its own processes as well as those in which it is a key partner, such as in sector dialogues with partner countries.

Inclusive policies should be designed, appropriated and owned, as well as monitored, at the level at which they are implemented and the effective and active participation of the population, especially of marginalised groups, is therefore crucial.

But that would not suffice. **People and civil society need to be empowered** to play their part. This implies strengthening civic education, global citizenship education and people's participation by supporting civil society organisations, grassroots women's rights movements, workers' organisations and trade unions, cooperatives, independent media, whistle-blowers and others in the EU and in partner countries.

Furthermore, the EU needs to adopt stronger ethics regulations to avert conflicts of interest between decision-makers and powerful industries to avoid **corporate capture of political power**.

Lastly, in its international partnerships, the EU should be much more conscious of possible political (and economic) power imbalances and work to remove them so it can genuinely build partnerships of equals. To this end, the EU should endeavour to make the **global governance system** more inclusive of developing countries. Decision-making on important issues must take place in fora that all countries can access and where all countries have an equal say.

SOCIAL SYSTEM

Transforming economic, financial and political systems, while essential, does not suffice since some inequalities are culturally embedded. Consequences of socially constructed norms might still privilege one group over others. To address this, social norms, religious and other beliefs, traditions, unconscious bias and practices in social systems will have to be challenged. The EU and its Member States should deliberately **invest in tackling discrimination and promote dialogue to overcome this**. Particular attention should be given to the people most marginalised or at most risk of being left behind.

Universal access to public services and good social protection for all is vital in order to strive towards equal opportunities for all. The EU and its Member States must invest in **human development** through development cooperation programmes to strengthen the actors in social systems and give people equal opportunities, both individually and collectively. They should ensure universal access to quality, inclusive public education, life-long learning, healthcare and decent livelihoods, with a focus on marginalised population groups. Providing equal opportunities in these areas can reduce discrimination and inequalities elsewhere in the system.

Gender inequality must be addressed in areas such as access to sexual and reproductive health services and rights, inclusive education, decent work and full participation in society. To advance women's and girls' rights, change is needed at community level, challenging social norms, beliefs and practices around gender and sexuality. This could be done by stimulating dialogue between women and men, boys and girls, community and religious leaders and other figures of authority and by investing in gender education. It is important to increasingly focus on discriminatory legislation, especially family law which strongly influences women's possibility to exercise their rights and economic empowerment.⁷⁷ The EU's external Gender Action Plan 2016–2020 should be fully implemented and its successor strengthened.^{78,79} The EU and its Member States should equally make sure that all their policies – including trade, investment and debt policies – positively contribute to and do not undermine these efforts.⁸⁰

REDISTRIBUTE INCOME, WEALTH AND RESOURCES FAIRLY

Given that inequalities will persist even when governments have enabled people to fulfil their potential and systems have been transformed, redistributive policies are crucial to further reduce inequalities. It is important to note, however, that alone they are not enough to significantly decrease inequality.

TAX

One key redistributive policy is taxation. Progressive tax systems can pay a double dividend when it comes to reducing inequalities. This is by directly reducing the gap between rich and poor people by taking more from those who can afford it and at the same time raising revenue that can be invested in social spending.⁸¹ EU Member States should not only set up **progressive tax systems** at home, but the EU should also promote progressive and effective tax systems in their external relations. This would reflect a commitment in the EU Consensus on Development to make sure the wealthiest people contribute their fair share and that growing wealth and power inequalities are effectively addressed. This should include putting more emphasis on taxation of wealth and income from capital, while respecting partner countries' policy space.

The EU should increase **aid spending on progressive domestic resource mobilisation** and make sure capacity-building programmes for it cover civil society in partner countries, enabling its effective engagement in dialogue and monitoring national fiscal policies and public financial management. These programmes should meet the highest standards of aid/development effectiveness.

The EU and its Member States should ensure that companies pay their fair share of tax where they operate by creating **greater tax transparency** and better financial and human rights reporting systems (including public country-by-country reporting). And they should consolidate a common corporate

tax base to prevent a tax race to the bottom. They should also analyse the spillover effects of European and EU taxation policies on developing countries, looking particularly at the impacts on women and other marginalised groups and take appropriate measures.⁸²

Lastly, the EU should support the creation of a **global tax body** under the auspices of the UN with the mandate and resources to effectively develop and enforce global tax rules aimed at tackling, for example, issues of tax transparency, tax competition, tax avoidance and other illicit financial flows. Developing countries lose an estimated \$180 billion a year through tax avoidance by multinational companies operating in their territory, so including these countries in the process is key to success. The **global wealth tax** proposed by Thomas Piketty should also be explored, while the EU should introduce the **financial transaction tax** – inspired by the EU Directive on this matter from 2011 – to finance global challenges such as tackling climate change and protecting common goods.⁸³ This would simultaneously help to regulate the financial sector and reduce environmentally harmful and speculative investments.

PUBLIC SERVICES

Public service delivery is indispensable for reducing inequalities. The EU should support national budget allocations for public services to avoid cuts due to **trade liberalisation, public debt or other policies**. The EU should also stop incentivising the **privatisation and commercialisation of essential public services** in Europe, or in partner countries when using EU development assistance, or via trade deals covering services. Certain sectors, such as water and sanitation, health and education, should therefore be excluded from European trade and investment negotiations, as demanded by the European Parliament. Furthermore, the EU should ensure its trade and investment deals do not reduce

the fiscal space of partner countries to invest in women's economic rights but do prioritise sectors that contribute most to reducing inequalities.

Instead, the EU should provide **budget support and technical assistance** to assist partner countries in building gender-responsive public services accessible to all (such as healthcare, education, water, sanitation and public transport), particularly targeting the people furthest behind. Unpaid care and domestic work, such as cooking, fetching water and caring for children and sick or older people, which are essential for the well-being of all, should be recognised, reduced and redistributed, notably through the provision of public services, so that women can enjoy economic opportunities and outcomes on an equal footing with men.⁸⁴

The EU and its Member States should restrict austerity measures and fiscal orthodoxy which translate into cuts in public services. They should use their role and leverage in **international financial institutions**, such as the IMF and the World Bank, to oppose the provisions of **loans with conditionalities affecting human rights and gender equality**, to preserve national budgets for public services and encourage a universal coverage of social protection. To counter the negative impact of ill-designed **public debt policies** on inequalities and reduce the cost of public debt, the international legal framework for the prevention and resolution of debt crises should be improved.

CLIMATE FINANCE

Since the **ecological transition and adaptation to climate change** are producing inequalities, the EU and its Member States must make sure that the transition is socially just at home and increase funding for **climate change adaptation and mitigation in developing countries**, in line with the polluter pays principle. The announcement of a Just Transition Fund could be a step in the right direction. The EU should urgently scale up its provision of grant-based public climate finance to developing countries, so they can adapt to climate change impacts and transition to greener pathways. Half of climate finance should go towards supporting adaptation efforts. The EU must also accompany developing countries to reinforce their own nationally determined contributions and

adaptation plans, with a balance between support for mitigation and adaptation to climate change as recommended by the Paris Climate Agreement. When reconstruction is needed after climate change-induced disasters, this must be covered by the international community in the form of grants as 'loss and damage' – and these should be additional to finance for adaptation and mitigation.

AID

The EU and its Member States must reach their commitment of **0.7% of GNI for official development assistance (ODA)** to partner countries to reduce poverty and other forms of inequalities and 0.2% of GNI to least developed countries. The EU should make sure that people living in poverty, exclusion and vulnerable situations, and local communities, especially women, take an active role in the design, implementation and assessment of the EU's development programmes. EU aid must not be used to pursue EU commercial objectives or subsidise public–private partnerships, several of which have been shown to increase inequality while their positive impact on people living in poverty remains largely undemonstrated.⁸⁵ Instead, ODA should target the partner countries and social groups that risk being left furthest behind.⁸⁶

The new **Neighbourhood, Development and International Cooperation Instrument (NDICI)** should aim to reduce inequalities in their various forms. It should dedicate 85% of its programmes with gender equality as a significant or principal objective and 20% of these programmes should have gender equality as a principal objective. Meanwhile 20% should go to human development. The NDICI should include a 50% spending target for climate and environment-related objectives. Finally, no funding should be allocated to programmes that create barriers for marginalised people.

MONITOR AND DECIDE ON THE BASIS OF WELL-BEING OF ALL PEOPLE AND THE PLANET

For the last 50 years, economic growth has been treated as the north star and GDP as the compass to orient policies. However, GDP was never intended to measure the well-being of societies and, instead of being a measure of real progress, has contributed to the concentration of wealth and power in the hands of fewer individuals and corporations. GDP tries to measure economic output, so goods and services, but it does not take into account which kind, nor whether they are sustainable and beneficial to all. Increased production of nuclear warheads or single use plastic or higher levels of financial speculation cannot be considered progress but they would increase GDP.

The EU should replace GDP as the dominant indicator of progress with **genuine measures of the actual well-being of people and planet**, to put a halt to the pursuit of unsustainable economic growth and pave the way for a more equitable society. Eurostat's Quality of Life indicator set is one such alternative, but is hardly being used to inform the decision-making of EU leaders.⁸⁷ Several EU Member States have also started monitoring well-being in their country. In the Netherlands, for example, the Monitor of Well-being is published annually by Statistics Netherlands, commissioned by the Dutch Government. The Dutch Ministries of Finance and Economic Affairs are now exploring using this backward-looking monitor as a forward-looking tool for planning and budgeting, something New Zealand has already undertaken with the adoption of its first ever Well-being Budget. All other EU Member States should follow their lead. However, the well-being indicators should be harmonised at EU level, after which they can be integrated into a Sustainable Europe 2030 Strategy and implemented through the renewed European Semester policy coordination cycle, to inspire planning and budgeting across the EU. In the same vein, the Stability and Growth Pact should be replaced by a Sustainability and Well-being Pact.⁸⁸ Also the EU's transboundary impacts in partner countries should be monitored and taken into account.

The EU must invest more in collecting **disaggregated data** and in supporting partner countries to do likewise, both to give the people furthest behind 'a face' as well as to know whether the results of interventions are having a positive impact on these people. CONCORD recommends using a minimum of eight categories for which results should specifically be measured and for which disaggregated data will therefore be necessary. The eight categories are: income, gender, age, race, ethnicity, migratory status, disability and geographic location.⁸⁹ The EU and its Member States should also improve the collection and use of equality data and should start using new data sources such as citizen-generated and big data and start building models in real time.⁹⁰ Such changes will require reform of statistical practice.

The EU should look more thoroughly and consistently at the impact of policy or legislative options on inequalities and human rights, both in the EU and its partner countries, when conducting **ex-ante impact assessments** to inform decision-making. Policy-makers should include an assessment of the impact of the policy or legislative options they consider on equality and describe the groups affected in line with the EU's Better Regulation Toolbox tool No. 28 on fundamental rights and human rights.⁹¹ They should also aptly assess the impact on poverty levels, inequality and gender equality on the most marginalised groups in developing countries and groups of countries (such as least developed countries) in line with toolbox tool No. 34 on developing countries.

The **Commission Staff Working Document** 'Implementation of the new European Consensus on Development – Addressing inequality in partner countries' puts forward concrete recommendations to strengthen EU policies to address inequalities, better mainstream reducing inequalities in the EU programme and project cycle, strengthen partnerships for addressing inequalities and strengthen data and knowledge.⁹² Effectively implementing these recommendations – starting with the programming of the NDICI – will be a crucial step on the path towards reduced inequalities.

CONCLUSION



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Our world is at a crossroads. Inequalities between people and countries have reached staggering heights. The social contract is under unprecedented pressure as witnessed by the multiplication of protests, marches and social unrest against austerity, inequalities and injustice all over the world. But the good news is that this can be undone. It requires leaders willing to take on this complex task and daring to change the systems we live in, be they economic, financial, social or political. It requires leaders to adopt strong redistributive policies. And it requires them to monitor closely the well-being of all people and the planet to be able to take the best possible decisions in the interests of all.

With this paper, CONCORD calls on the EU institutions and its Member States to rise to the challenge. These are not CONCORD's last words on this matter, but proposals to kick off the thinking on how they can help reduce inequalities for current and future generations, wherever they live. Are you ready to change the future?

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