Leave No One Behind and Global Equity:
Reviewing our shared commitments

The Sustainable Development Goals were agreed last September with a strong commitment to address inequalities and leave no one behind. In this briefing, Christian Aid asks how wealthier countries might report appropriately on action being taken to promote greater global equity.

Setting the scene

The Sustainable Development Goals (SDGs), agreed by heads of state in September 2015, mark a significant shift in thinking. The new goals are underpinned by an understanding that no country has attained sustainable development and that wealthier countries must now do much more to decarbonise their economies and achieve sustainable consumption and production, gender equality and inclusive economic development. The goals also challenge governments to think about the relationship between poverty and inequality, and ask all of us to consider who is being left behind in each of our contexts.

While there has been strong support for the concept of universality, which is embedded within Agenda 2030, there is a risk that the need to address sustainable development challenges, including inequality within wealthier countries, could detract from the continued need to address pressing issues of global equity. The SDGs are quite clear that this is not an either/or issue, and Goal 10[1] requires a reduction in inequalities both within and among countries. Similarly, 'leaving no one behind' is both a domestic and a global challenge – wealthier countries reporting on progress towards the SDGs should therefore be minded of both social exclusion within their own borders, but also their global responsibility to ensure that the very poorest countries and populations are not left behind in efforts to achieve the new goals by 2030.

Global equity – current trends

Measuring the extent of global inequality and assessing the direction of travel, depends, as do the other SDG goals and targets, on both the indicators and the availability of data. There are choices to be made on how to measure disparity – should the Gini coefficient be used in order to capture the broad distribution, a ratio measure (90:10 or 40:10 – the 'Palma')[2] to compare different sections of the population, or a measure of concentration to better capture the extremities? Do we want to focus on income, consumption or wealth? There is also a choice to be made about the unit of analysis – are we measuring inequality between countries (as per the SDG goal) or between the richest and poorest people, wherever they may live?

By all of these measures however, it is indisputable that global inequality remains extremely high, and by some measures (eg, wealth concentration) it is increasing. Using the average incomes per country, and taking population size into account, gives us the least pessimistic assessment, although it is worth noting that the global Gini here is still above 0.5, higher than most domestic Ginis.[3]

A simple comparison of average income levels in the richest and poorest countries gives a worse picture – in 2015, the GDP per capita (adjusted for Purchasing Power Parity[4]) has been estimated to be more than $146,000[5] in Qatar compared with just $640 in the Central African Republic.[6]

'By all measures, it is indisputable that global inequality remains extremely high, and by some measures, it is increasing'

christian aid

INSPIRACTION

‘A global equity approach means implementing Goal 10 but also reporting appropriately on other SDG targets’

The most stark and challenging figures arise when we look at the distribution of income and wealth across the world population as a whole, and using this method, former World Bank Economist Branko Milanovic has estimated the global Gini to be around 0.7, a staggeringly high figure.[7] And of course the now well-known figures around wealth concentration are the most extreme – the 2016 World Wealth Report[8] predicts that the wealth of high net-worth individuals[9] will exceed $100tn[10] by 2025 – at a time when there are still more than 700 million people living on less than $1.90 a day.

Global equity and the SDGs

Approaching the SDGs from a global equity perspective means taking Goal 10 seriously and producing a clear action plan for its implementation, but it should also mean reporting appropriately on some of the other global commitments that are embedded in the framework.

The following examples are intended to show how a range of SDG targets could be explored, and reported against by wealthier countries, using a ‘global equity lens’. These are intended to be illustrative and we have suggested a range of specific questions that could be asked under each of these headings. There are however a number of common questions that could be asked of all targets:

1. How is country x complying with relevant human rights obligations – both domestic and extra-territorial, existing conventions and other global commitments?
2. If the target relates to policy action, is country x domestic policy in this area contributing to an increase or decrease in global equity? Are there further steps that could be taken to promote global equity?
3. If the target relates to financial contribution, is the commitment from country x commensurate with meeting the global target and promoting global equity?
4. Have any countries in the global south identified negative ‘spillover impacts’ arising from country x policies?

Target 10.7:

Facilitate orderly, safe, regular and responsible migration and mobility of people, including through the implementation of planned and well-managed migration policies.

Current indicator proposal:[11] *Number of countries that have implemented well-managed migration policies* (methodology in development, based on IOM resolution 1310).

Global equity considerations: Meeting this global target requires a considerable shift in mind-set, from one which can often regard migration as negative, to one which views migration through an equity prism. Voluntary migration is arguably one of the ways in which communities respond to global inequity, as well as inequalities within countries, and springs from a common desire to improve one’s own life-chances and those of one’s family. Globally, migration is commonly regarded to have a net positive impact on global equity – often migration will result in remittances, financial flows that transfer money from wealthier communities to poorer ones, and new skills that are then reinvested back into a country or community.

It is startling that in 2016, there are more people forcibly displaced than ever before – 65.3 million people. According to UNHCR, this means that one in every 113 people globally is either an asylum-seeker, internally displaced, or a refugee. In responding to this crisis and in meeting this SDG target, governments should at a minimum be ensuring basic compliance with the UN[12] Convention Relating to the Status of Refugees, which allows for everyone to exercise their right to seek asylum. In light of the SDGs, thinking about global equity should also frame global cooperation, taking account of capacity as well as geography. As a result of the Syria crisis, which has forced 4.9 million people to flee, Lebanon now hosts one refugee for every five citizens. It is the low and middle-income countries such as Lebanon, Iraq and Turkey that are hosting 86% of the world’s refugees.

Key questions: How is the country ensuring compliance with the UN Refugee Convention? What are wealthier countries doing to share in the hosting of refugees and ensure that poorer countries are receiving adequate financial support to receive refugees?

Target 12.c:

Rationalise inefficient fossil-fuel subsidies that encourage wasteful consumption by removing market distortions, in accordance with national circumstances, including by restructuring taxation and phasing out those harmful subsidies, where they exist, to reflect their environmental impacts, taking fully into account the specific needs and conditions of developing countries and minimising the possible adverse impacts on their development in a manner that protects the poor and the affected communities.

Current indicator proposal: *Amount of fossil fuel subsidies per unit of GDP (production and consumption) and as a proportion of total expenditure on fossil fuels* (definitions and methodology still need clarification).

Global equity considerations: In order to meet climate change obligations, including the commitment to keep global average temperature rise below 2°C, a low-carbon energy transition is swiftly needed. This is made even more urgent by the need to deliver electricity access to the 1.2 billion people[13] who do not currently have it, and to the 2.7 billion who rely on harmful polluting energy sources such as wood and charcoal for cooking and heating, that are particularly damaging to the health of children and women, who due to gendered social norms, spend more time in the kitchen than men.[14] Christian Aid has argued that this is fundamentally a question of global equity since 20% of the world's population account for 80% of the world's consumption[15].

Catastrophic climate change can be avoided but only if the energy transition is clean and equitable.

Key questions: Is the country reporting against a globally agreed definition of 'fossil fuel subsidy'? In phasing out 'harmful subsidies', is the national action taken commensurate with the commitment to increase the share of renewables in the global energy mix, and indeed to decarbonise by 2050? Are donors (governments and financial institutions) continuing to invest in fossil fuels and/or allocating export credits to fossil fuel operations? What steps are governments taking to mobilise capital markets, including pension funds, in favour of low-carbon alternatives?

'Catastrophic climate change can be avoided but only if the energy transition is clean and equitable'

Target 13.a:

Implement the commitment undertaken by developed-country parties to the United Nations Framework Convention on Climate Change to a goal of mobilising jointly $100bn annually by 2020 from all sources to address the needs of developing countries in the context of meaningful mitigation actions and transparency on implementation, and fully operationalise the Green Climate Fund through its capitalisation as soon as possible.

Current indicator proposal: *Mobilised amount of USD per year starting in 2020 accountable towards the $100bn commitment* (OECD methodology is focused on public climate finance).

Global equity considerations: The concept of equity within the climate change negotiations is now well developed and has been a key means of assessing the proposed Intended Nationally Determined Contributions (INDCs). The concept of Common but Differentiated Responsibilities (CBDR) is also very relevant and was reaffirmed in the Action 2030 Outcome Document[16], in the context of Principle 7 of the Rio Declaration. Thus in reporting against this SDG target, we would expect countries to consider what a 'fair share' of the $100bn might be, bearing in mind that contributions, when aggregated, need to add up to the global target. For example, Christian Aid has argued that the UK's annual contribution should amount to at least $2bn.

Key question: Does a country's contribution to the $100bn constitute its 'fair share', taking into account historic responsibility and ability to pay? Is its climate finance resulting in any unintended outcomes e.g. the displacement of local communities?

'Many targets still lack decent indicators with agreed definitions and methodologies. This must be a priority for the IAEG-SDGs'

Target 16.4:

By 2030, significantly reduce illicit financial and arms flows, strengthen the recovery and return of stolen assets and combat all forms of organised crime (Christian Aid's focus here is on illicit financial flows).

Current indicator proposal: *Total value of inward and outward illicit financial flows (in current USD)* (methodology is still in development and Christian Aid has argued that this indicator should also be supplemented by a measure of risk, such as the Financial Secrecy Index).

Global equity considerations: The damaging role of illicit financial flows was highlighted in the seminal report authored by Thabo Mbeki and commissioned by United Nations Economic Commission for Africa. This report[17] emphasised that the African continent was losing more than $50bn annually through illicit outflows, and it has been estimated that financial losses from developing countries and emerging economies are increasing as a result of practices such as money-laundering and trade mis-invoicing. Global Financial Integrity has put total losses from developing countries in 2013 at $1.1tn[18] and the recent Panama Papers revelations have shone a light on tax haven secrecy and how this facilitates illegal activity and results in wealth concentration at the top.

Key questions: How is this country taking steps to reduce the risk of illicit financial flows (eg, through transparency measures), and to address the role of facilitators across its territories (eg, banks, tax advisers, financial institutions, lawyers, etc)?

Target 17.1:

Strengthen domestic resource mobilisation, including through international support to developing countries, to improve domestic capacity for tax and other revenue collection.

Current indicator proposal: *Total government revenue as a proportion of GDP, by source and Proportion of domestic budget funded by domestic taxes* (agreed methodology, but neither indicator measures support to developing countries).

Global equity considerations: The critical role of taxation in generating domestic revenue to meet the SDGs is now indisputable. As an example, a recent report from McKinsey estimated that in order to achieve gender equality, an additional $1.5-2tn in annual spending on social services is required.[19] In seeking to mobilise domestic resources, poorer countries are not acting in a vacuum. An international system that promotes tax competition and fails to clamp down on profit shifting, denies decision makers crucial investment income – the IMF has estimated that the loss from tax-avoidance is somewhere between $100bn and $300bn – but also restricts their policy options, often leading to regressive choices (such as increases in VAT) that are inconsistent with SDG 10.4.[20] In setting global tax rules, there are further equity considerations, and civil society organisations have argued that a truly inclusive and representative global tax body be established, to allow developing countries a greater voice in decision-making.

Key questions: What are the global implications of this country's domestic tax policy? Has it undertaken comprehensive spill-over analysis? How is this country providing support to developing countries to improve their domestic capacity for tax collection? How is this country seeking to support more equitable decision-making in the realm of global tax cooperation?

Assessing the voluntary national reviews

This is the first year that countries will be presenting voluntary national reviews to the High-Level Political Forum and we therefore anticipate wide variety in approach. Limited guidance was set out in the annex to the UN Secretary General's report on follow-up and review,[21] but moving forward, it is our view that further guidance will be required, to ensure full accountability for delivering on the SDGs and the ambition and principles of Agenda 2030. Christian Aid and others will be watching with interest as member states present their reviews but an initial scan of written reports publically available on the UN website[22] from west European countries shows the following:

- countries are still in the very early stages of developing Agenda 2030 implementation plans
- as a result, no country is yet reporting clearly against the targets themselves, although some are undertaking gap analysis/work to establish baselines, which is welcome
- wealthier countries recognise that they have a challenge to implement domestically while also contributing to global development (through policy coherence as well as development assistance)
- very few of the written inputs mention global inequality, although there is a reference to *'making globalisation equitable'*[23] and several countries are committed to prioritising gender equality, and the 'leave no one behind' principle, through development cooperation.

In addition, it is clear that many of the targets that are perhaps most pressing in relation to global equity still lack decent indicators with agreed definitions and methodologies. These must be a priority for the Inter Agency and Expert Group (IAEG)-SDGs as it develops its future work-plan.

To date, 2016 has been a year of stock-taking, establishing baselines and developing SDG implementation plans in line with the Agenda 2030 Outcome Document. It has also been a year where global inequalities have been thrown into sharp relief – whether through forced displacement and the refugee reception crisis in Europe or the startling figures that highlight increasing wealth inequality. Looking to the future, we will need to see much clearer target-by-target reporting against the SDGs in order to ensure accountability, and an explicit global equity lens, in order that this framework remain relevant to the pressing challenges of our time.

For more information, please contact: Helen Dennis, Senior Adviser – Poverty and Inequality, hdennis@christian-aid.org

Endnotes

1 Goal 10: Reduce inequality within and among countries

2 See for example this article for a discussion on the Gini and Palma as metrics for measuring inequality: cgdev.org/blog/palma-vs-gini-measuring-post-2015-inequality

3 Global inequality by the numbers: In history and now, Branko Milanovic, World Bank Development Research Group, 2012, p.6.

4 PPPs are the rates of currency conversion that equalise the purchasing power of different currencies by eliminating the differences in price levels between countries.

5 In this example, the currency is given in international dollars. An international dollar would buy in the cited country a comparable amount of goods and services that a US dollar would buy in the United States. https://datahelpdesk.worldbank.org/knowledgebase/articles/114944-what-is-an-international-dollar

6 gfmag.com/global-data/economic-data/worlds-richest-and-poorest-countries

7 See endnote 3, p.8.

8 worldwealthreport.com

9 Those with investable assets of US$1m or more.

10 Currencies given in UD$ unless otherwise stated.

11 unstats.un.org/sdgs/files/meetings/iaeg-sdgs-meeting-03/Provisional-Proposed-Tiers-for-SDG-Indicators-24-03-16.pdf

12 Global Trends: forced displacement in 2015, UNHCR, unhcr.org/uk/news/latest/2015/6/558193896/worldwide-displacement-hits-all-time-high-war-persecution-increase.html

13 World Energy Outlook 2015, worldenergyoutlook.org/resources/energydevelopment/

14 cleancookstoves.org/impact-areas/women/

15 *Equity in a Constrained World,* Christian Aid, 2012, christianaid.org.uk/images/constrained-world.pdf p.5

16 sustainabledevelopment.un.org/post2015/transformingourworld

17 Report of the High-Level Panel on Illicit Financial Flows from Africa, UNECA, 2015, http://www.uneca.org/iff

18 *Ilicit Financial Flows from Developing Countries: 2004-2013,* Global Financial Integrity, 2015, gfintegrity.org/report/illicit-financial-flows-from-developing-countries-2004-2013/

19 *Delivering the Power of Parity: towards a more gender-equal society,* McKinsey Global Institute (discussion paper), 2016. mckinsey.com/global-themes/employment-and-growth/realizing-gender-equalitys-12-trillion-economic-opportunity

20 Target 10.4: Adopt policies, especially fiscal, wage and social protection policies, and progressively achieve greater equality

21 *Critical milestones towards coherence, efficient, and inclusive follow-up and review at the global level,* Report of the Secretary-General. This can be downloaded from sustainabledevelopment.un.org/hlpf/follow-up

22 At time of writing there was input available from Finland, Germany, Norway and Switzerland. France, while also presenting a review at the HLPF, had not made written input available.

23 Input from Germany available at sustainabledevelopment.un.org/hlpf/inputs

actalliance

Christian Aid is a Christian organisation that insists the world can and must be swiftly changed to one where everyone can live a full life, free from poverty.

We work globally for profound change that eradicates the causes of poverty, striving to achieve equality, dignity and freedom for all, regardless of faith or nationality. We are part of a wider movement for social justice.

We provide urgent, practical and effective assistance where need is great, tackling the effects of poverty as well as its root causes.

Christian Aid, 35 Lower Marsh, London SE1 7RL
020 7620 4444 christianaid.org.uk