Guidance document

AUGUST 2019 I No. 1

Author Anda David

Reducing Inequalities

Policy Proposals for the Development Cooperation Agenda

Policy Paper

AFD éditions
AGENCE FRANÇAISE DE DÉVELOPPEMENT

Table of Contents

1.
Introduction **p. 5**

2.
Context **p. 7**

2.1 – Defining Inequalities p. 8
2.2 – Why Reduce Inequalities? p. 10
2.3 - What Are the Driving Forces of Inequality? p. 11

3.
Recent Trends in Inequalities in Middle-Income Countries (MICs) and Low-Income Countries (LICs) **p. 15**

4.
Key Priorities in International Cooperation **p. 21**

4.1 – Data p. 22
4.2 – Social Protection p. 24
4.3 – The Fourth Industrial Revolution p. 25
4.4 – Climate Change p. 26
4.5 – Gender p. 27

5.
Conclusion **p. 29**

Bibliography **p. 31**

List of acronyms and abbreviations **p. 32**

Highlights

- While global inequalities have declined, there has been an increase in inequalities within countries and the share of national income held by the richest 1% reached 20% in 2016.
- Inequalities reduce well-being, slow down the pace of poverty reduction, lead to a breakdown in the social fabric and political instability, and are associated with lower economic growth in the long run.
- Though globalization and technological progress have played an important role in deepening inequalities, the main causes of this increase are a result of country-specific factors, as well as the policies in place.
- It is necessary to invest in the generation, harmonization and provision of data that can be used to quantify and describe inequalities in all their aspects.
- Social protection has a key role to play in providing individuals with the opportunity to make the best use of their human capital and to improve social solidarity.
- There is an urgent need to implement mechanisms and establish monitoring institutions in order to limit the rise in inequalities, both between individuals and across territories, which will be triggered by the fourth industrial revolution.
- The reduction of inequalities and the fight against climate change cannot be separated.
- Gender inequalities must remain at the top of the international development cooperation agenda. , and specific interventions targeting women must be supported by comprehensive interventions aimed at changing social norms.

Keywords: reducing inequality; gender equality; poverty.

Abstract: Increasing socio-economic inequalities, both real and perceived, pose new challenges. This paper proposes five priorities for the international cooperation agenda.

Research Program[1]: demographics and society.

Acknowledgments: This document is based on contributions and discussions with the following AFD agents: Vincent Caupin, Hélène Djoufelkit, Étienne Espagne, Felipe Korreales, Thomas Melonio, Marie-Pierre Nicollet, Cécilia Poggi, and Thibault Van Langenhove.

1 This document is informed by research projects carried out as part of the Research Facility on Inequalities delegated by the European Commission to AFD. https://www.afd.fr/en/research-facility-to-better-understand-inequalities.

1.
Introduction

Inequalities have been identified as one of the major challenges of our time, along with climate change. While, on the one hand, poverty has steadily declined in recent decades, on the other, the absolute gap between the poorest and the richest has increased both globally and within the majority of countries.

Fully understanding the issue of inequalities requires first defining their nature and measuring their extent. This involves taking into account various difficulties: (i) the wide variety of forms of inequality and ways in which they are measured (ii) the difficulty in establishing their root causes and what their effects are (iii) from a philosophical standpoint, the difficulty in setting standards as to the desired degree of equality, or to define how much redistribution should occur at the margin.

Researchers have looked into these difficulties. In recent years, there have been many articles, books and reports[2] attempting to quantify inequalities, identify breakpoints (and their causes), and finally to propose solutions. The reason for such interest is that, beyond the normative aspects regarding how much redistribution should occur at the margin, several studies have shown that individuals resent visible signs of socio-economic inequalities. Also, these inequalities have negative effects, not only on economic growth and poverty reduction, but also on dimensions such as health and social cohesion.

In this paper, we will review the broad outlines of development concepts and issues related to inequalities and their developments from the perspective of middle-income countries (MICs) and low-income countries (LICs), and lastly, make a series of proposals regarding priorities for the international community in terms of development cooperation.

2 Chapter 3 on "Inequality and Social Progress" of the 2018 Report of the International Panel on Social Progress (IPSP, 2018) provides a comprehensive summary of social science literature on inequality.

2.
Context

Interest in the topic of inequality is not new and following the recent discussions regarding unequal opportunities, the negative impact of inequalities on growth, and the increase of within-country inequalities, the fight against within-country and between-country inequalities has become a development objective in its own right. For example, among the Sustainable Development Goals (SDGs) that came into effect in 2016, Goal 10 (SDG 10) is to reduce inequality within and among countries. This goal combines two challenges:

1. The first challenge is that inequality between countries can only be reduced if the per capita growth rate of less-developed countries is higher than that of developed countries. This is reflected in the importance given to the economic growth of less developed countries, especially LICs. It should be mentioned that this aspect of SDG 10 has of been on the international development agenda for some time.

2. The second challenge, the reduction of inequalities within countries, is new on the international development agenda however, and did not appear in the Millennium Development Goals (MDGs). The importance of this issue is also linked to the awareness that development can increase inequalities and therefore, they should not be neglected. The first four targets of SDG 10 are thus directly related to the international agenda on inequalities and call for: (i) faster income growth for the poorest 40 percent of any given country's population relative to national average income; (ii) empowerment and inclusion of all groups in society, especially the most underprivileged; (iii) ensuring equal opportunities and reducing equality of outcome; (iv) adopting policies aimed at achieving greater equality.

2.1 – Defining Inequalities

These targets cover several aspects of inequalities and lead to the questions which in turn, will allow us to define them before their analysis.

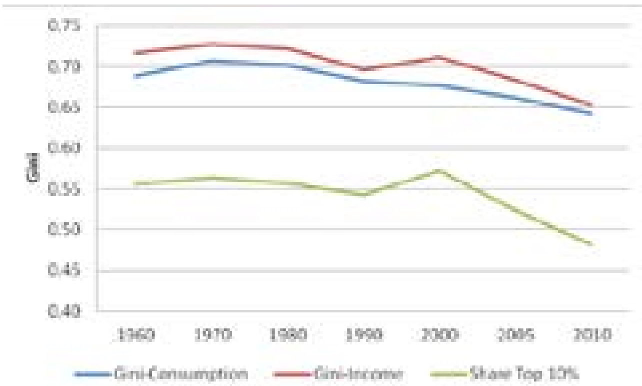
- Inequality "between whom"?

As mentioned earlier, one type of inequality that can be observed occurs between countries, also referred to as **between-country inequality**.

We can also consider inequalities between households or between individuals within a given country, i.e., **vertical distribution/within-country inequality**, or globally, i.e., **global vertical distribution/inequality**.

According to several measures, global vertical inequality (i.e., between all households in the world) has declined between 1970 and 2010. In Figure 1, we can see that the income Gini[3] peaked in 1970 (0.73); it fell, especially in the 2000s, reaching 0.65 in 2010.

Figure 1 - Changes in global relative inequality based on three measures

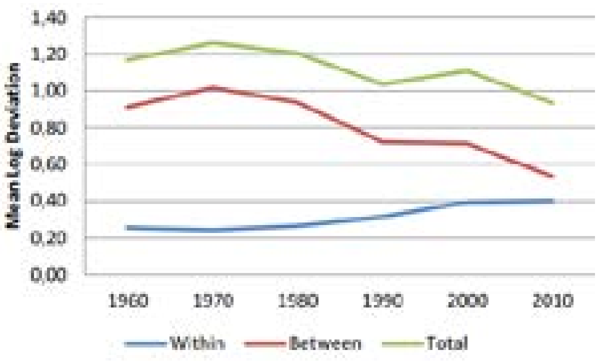


Source: Klasen et al. (2016), based on the Global Income and Consumption Database (GICD).

This decline is largely determined by the decline in inequalities across countries (between-country inequalities); when inequality is broken down into between-country inequality and within-country inequality, as in Figure 2, we can see that between-country inequality has dropped considerably, whereas within-country inequality has increased.

3 The Gini index (or coefficient) is a measure of statistical dispersion of the distribution of wealth in a given population. The closer the Gini index is to 1, the greater the income inequality.

Figure 2 - Decomposition of global inequality into between-country inequality and within-country inequality



Source: Klasen et al. (2016), based on the Global Income and Consumption Database (GICD).

This decline in between-country inequalities can be explained to a large degree by China's very rapid economic growth since the 1980s and, to a lesser extent, by the economic growth experienced by countries such as India, Vietnam, and Indonesia, particularly in the 2000s. This is compounded by weak economic growth in developed countries, which assists in facilitating the reduction of global inequalities.

We can also analyze inequalities between groups sharing a common identity, which are referred to as **horizontal inequalities**. These inequalities can be linked to ethnicity, religion, gender, social class, and so on, though varying between countries and over time.

Finally, among horizontal inequalities, **gender inequality** must be set apart as it exacerbates income inequality through inequalities in education, healthcare, access to financial services, and so on, ultimately reducing growth and undermining its inclusiveness.

• Inequality "of what"?

This question was raised by Amartya Sen, the recipient of the 1998 Nobel Memorial Prize in Economic Sciences, in his seminal lecture—"Equality of What?". It brings us to consider the crucial distinction between **equal opportunities** and **equal outcomes**.

According to A. Sen, equal opportunities and equal outcomes are not only conceptually different, but asking for equality in one of these aspects leads to inequality in the other, simply because people are different[4]. There is a very close relationship between the two dimensions however, and unequal outcomes are often the effect of unequal opportunities.

Another way to address inequalities between individuals would be to start from Article 1 of the Universal Declaration of Human Rights, namely: "All human beings are born free and equal in dignity and rights. They are endowed with reason and conscience and should act towards one another in a spirit of brotherhood." Thus, another aspect of inequality is that of rights, and it must be emphasized that **equal rights** do not automatically imply equal opportunities. For instance, the fact that there is a universal right to education does not mean that all children go to school. A possible consequence of equal rights is the need for an authority that intervenes in order to ensure that the least privileged have the opportunity to assert their rights.

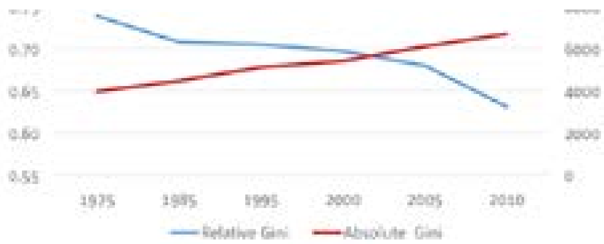
Most research focuses on **income inequality**, but this kind of results-based approach does not sufficiently take into account the processes that produced these outcomes, including the quality of economic growth. Thus, even though equal opportunities have been the focus of considerable theoretical research, the idea remains hard to operationalize because the debates on how to measure opportunities (the set of choices available to an individual) and on how to separate the consequences of personal choices from unfair external circumstances are still far from being closed.

Finally, we must distinguish between **absolute inequality** and **relative inequality**. Absolute inequality refers to the absolute distance between two outcomes, incomes or situations, whereas relative inequality refers to the position of an outcome or income relative to another[5]. Research on perceptions of economic inequality has shown that individuals are significantly more sensitive to absolute inequality than to relative inequality. It should be noted that while Figure 1 shows that overall relative inequality has declined in recent decades, absolute inequality continues to increase, however, as shown in Figure 3.

4 Two individuals with the same opportunities will not achieve the same results because of their heterogeneity in preferences, values and efforts.

5 A simple example taken from Stephen Klasen's work consists in imagining two individuals, A and B, who have a salary of €1 and €10 respectively. When A's salary increases to €2 and B's to €20, relative distance remains unchanged whereas absolute distance has increased from €9 to €18.

Figure 3 - Changes in the global Gini index in relative and absolute terms



Source: UNU-WIDER and the University of Oxford.

2.2 – Why Reduce Inequalities?

Another important issue in the fight against inequalities is their impact on development as a whole. Indeed, we are concerned with inequalities for two main reasons. Firstly the shared, intrinsic desire for social justice, which should lead the gaps between the rich and the poor to remain socially acceptable. Secondly, because beyond this reason of social justice, we must take interest in inequalities as they have a significant impact on a whole series of objectives such as growth, poverty, social cohesion, and so on. We will provide examples from the empirical literature[6] :

- *domestic demand*: domestic demand is a major driver of economic growth given that it can only be achieved if there is a large middle class and, therefore, an income distribution that isn't too unequal. The existence of strong inequalities will lead to a polarization of society between the poor (who will only be in a capacity to cover their basic needs and will not express demand for sophisticated technological products) and the rich (who will primarily express demand for luxury goods), with the consequence of low domestic demand and therefore low economic growth;
- *concentration of wealth*: an unequal, top-heavy distribution of wealth facilitates rent capture by the elites, which, in addition to undermining democratic values and freedom, institutions, and growth, further increases the concentration of wealth;
- *credit constraints*: the presence of inequalities leads to missed opportunities for those at the bottom of the distribution. Thus, in an inegalitarian society, the very poorest face significant credit constraints, which results in lost investment opportunities and therefore in lost economic growth. These constraints are particularly harmful when they impede the ability of households to finance education, which leads to a loss of long-term economic opportunities and intergenerational poverty traps;
- *fertility*: when wages in the bottom of the distribution are low, then the opportunity cost of having children is also low,[7] which, coupled with the lack of a functioning social security system, increases desired fertility as well as the fertility rate. In addition, if the expected income for children is low, parents will have to have more children to secure resources for later on, which will also negatively impact the investment in education. Finally, it is a self-reinforcing mechanism because the growth of the low-skilled labor force will further reduce wages at the bottom of the distribution;
- *crime*: in the same vein as the previous argument, high inequalities lead to high levels of crime because, on the one hand, low wages reflect a low opportunity cost of turning to violence and, on the other hand, the expected gains for such things as theft are higher for instance;
- *distance between individuals and the dislocation of the social fabric*: the polarization of a society, which can be caused by strong inequalities, leads to the erosion of social capital and trust, resulting in a decline in cooperation within society and negative effects on transactions, technology adoption, health, and education. In addition, this has a negative impact on social cohesion, resulting in a higher probability of social conflict and political crisis.

It is becoming increasingly clear that inequalities have a negative impact on development because they reduce well-being, slow down the pace of poverty reduction, lead to social and political instability and, in the long term, are associated with lower economic growth. High levels of inequality therefore reduce the development of countries and, as a result, can reduce the effectiveness of official development assistance (ODA).

6 A comprehensive review is presented in IPSP's 2018 report..

7 According to the theory of fertility of the Nobel Prize winner in Economics, Gary Becker, when women invest in human capital and enter the labor market, the opportunity cost of having and bringing up children increases. Conversely, when the expected returns on the labor market are low, that is when the expected wage is low, the opportunity cost of having and raising children is then also low, which results in a higher number of children.

Finally, it should be noted that the recent rise in inequality in MICs and LICs poses significant social and political challenges to their development of and to international development cooperation. This is particularly true in a number of high-growth countries in Asia, but also in Sub-Saharan Africa, where rising inequality is weakening the social fabric, resulting in significant social, economic, and political consequences.

2.3 – What Are the Driving Forces of Inequality?

High economic inequality is the result of political choices, and it is important to understand the mechanisms through which the disparities between the most affluent and the most vulnerable widen. Taking a purely economic outlook, we can distinguish between inequalities that appear in the distribution of assets (human capital, financial capital, and land), those that appear in the distribution of the return on these assets, and those that are the result of state redistribution. This conceptual framework is more difficult to apply when dealing with non-economic inequalities however; we will review the various factors that the socio-economic literature has identified as having an impact on the variation in the levels of both economic and social inequalities within countries.

Economic Model

Inequalities tend to be higher in extractive economies than in the economies that are centered on agriculture or manufacturing. Moreover, it has been observed that, even in economies where the extractive sector is smaller or non-existent, growth trajectories characterized by the reprimarization of the economy, deindustrialisation and the informalization of the service sector are often correlated with higher levels of inequality. The growth of unskilled-labor-intensive sectors reduces inequalities more than the growth of skilled-labor-intensive sectors.

Yet, beyond the growth models, inequality levels may be the result of path dependency, whereby the concentration of assets has its roots in the socio-institutional heritage of the country. Some authors trace back the considerable difference in levels of inequality between West and Central Africa, on the one hand, and Eastern and Southern Africa, on the other, to land tenure systems at the time of independence (IPSP, 2018). In West Africa and Central Africa, land tenure was primarily communal (and large-scale properties were virtually absent), while in Eastern and Southern Africa there was a strong concentration of land ownership, which was predominantly held by former colonizers or their successors. These patterns are believed to have been reproduced over the decades and now partly explain the difference in the Gini coefficient between the two subregions.

Globalization and Financial Liberalization

The significant reduction in absolute poverty over the last thirty years has been largely attributed to economic globalization, leading to the development of countries such as China and India, where millions of people have seen their income levels rise above the poverty line. But globalization has not only created winners and we are beginning to better identify the losers and to quantify the gap that has widened between these two categories. In particular, globalization has led to increased trade with countries where production costs are lower. This has resulted in competition between the middle classes of high-income countries and those of other countries, resulting in stagnating incomes in the former, while at the same time middle classes in LICs and MICs have seen their standards of living skyrocket. Branko Milanovic's "elephant curve" captures this phenomenon (Milanovic, 2016), and, Bourguignon (2016) reaches the same conclusion, while Ravallion (2018) criticizes the works of the first two authors by insisting on the heterogeneity of the globalization-inequality correlation between countries. Even more recent research, such as that of Basco and Mestieri (2019), shows that globalization has resulted in a redistribution of income towards capital, thus accentuating inequalities of wealth.

Opening up trade also fosters regional inequalities: Dix-Carneiro and Kovak (2015) showed that negative effects persist because workers generally have low spatial and sectoral mobility. Low worker mobility is also put forward by Goldberg and Pavcnik (2007) to explain why no regional reallocation of labor has taken place after the liberalization of trade, which has led to an increase in inequalities. The unequal effects of trade liberalization are not unique to high-income countries: Szekely and Mendoza (2016) uncovered such negative effects for Latin American countries in the 1980s and 1990s. Financial liberalization has also had negative effects on income distribution, especially in countries featuring weak labor market institutions and a lack of social protection systems. Finally, as Zucman (2018) points out, the high level of inequalities is also due to the fact that globalization has led to multinational companies seeking new arrangements to reduce their tax burden and shielding profits in low-tax countries, causing countries to compete by lowering their tax rates. In a similar vein, rich households transfer their assets to perceived tax havens.

Technological Change

Globalization has been accompanied by an acceleration of the pace of technological change. This has resulted in increasing returns for highly qualified workers (their skills being essential to these new technologies) and, consequently, leads to widening wage disparity between differing levels of qualification. Technological change can also result in the replacement of tasks, generally ones requiring low qualifications, thereby reducing demand for the unskilled labor segment and further widening inequalities. These effects have been highlighted both in OECD countries (Förster, 2016) and in LICs in Asia (Kanbur et al., 2014), Latin America (Keifman and Maurizio, 2012), and Africa. (Cogneau et al., 2007).

Demographic Dynamics

Beyond the simple calculation that a decline in the population growth rate automatically leads to an increase in the ratio of "per capita capital" or "per capita income", demography is closely connected to the degree of inequality. Many studies show that high fertility rates are correlated with lower investments in children's human capital (De La Croix and Doepke, 2003), which amounts to an intergenerational transmission of poverty. In addition, these fertility rates tend to decrease with income level, which further increases incomes up the distribution on a per capita basis and thereby again increases inequalities. However, an aging population can also increase inequalities because, in the absence of any non-contributory universal pension system, the share of the vulnerable population increases.

Migratory movements can also affect the level of inequality, but there is no consensus on the direction of the effect that such movements would generate. In theory, migration should increase inequalities because, given how costly migration is, those who do so are not among the poorest in their countries, but rather those between the 5th and 8th decile of the income distribution. Their original households back home will therefore be the ones to receive remittances, which can widen the gap with the poorest groups. Empirical results do not systematically find this to be the case however and instead tend to show a negative effect of remittances on poverty. Still, at the global level, the main determinant of an individual's income is not their level of education or of motivation, but where they are born.

Social and Cultural Norms

Reducing inequality may be constrained by the existence of cultural and social norms that marginalize segments of the population such as women, ethnic and religious minorities, or persons with disabilities. These social norms lead to discrimination that is reflected in unequal access to education, healthcare, employment and so on. Even when law actively tackles discrimination, the internalization of such norms results in behavioral change that reproduces inequalities. For instance, gender inequality remains very significant even in countries where a comprehensive body of laws prohibit discrimination based on a person's gender. Similarly, in India, significant economic inequalities between castes still exist, even though the Indian Constitution (1950) prohibits caste-based discrimination.

Institutional Weakness

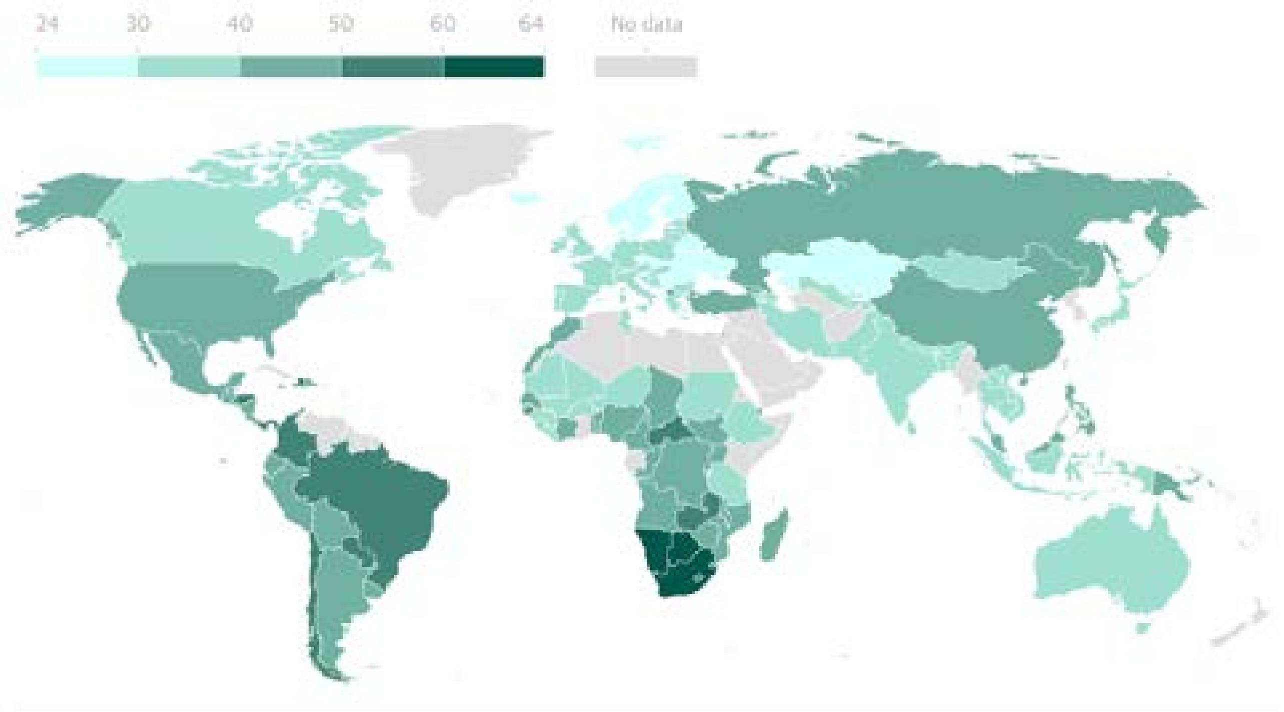
The presence of strong inequalities, and therefore of a concentration of wealth, leads to power concentration and ultimately to institutional capture. This occurs mainly when institutions are vulnerable to subversion by the wealthiest class and used as an instrument to help reinforce their power and protect their assets from taxation. This institutional weakness may also affect labor market institutions, and in the absence of laws aiming to protect workers, wages and working conditions may deteriorate, increasing economic inequalities.

3. Recent Trends in Inequalities in Middle-Income Countries (MICs) and Low-Income Countries (LICs)

As mentioned in section 2.1 "Defining Inequalities," the latest available data suggest that there is a decrease in inequalities at the global level, while inequalities within countries are increasing. Map 1 gives an overview of the levels of inequality in the world.

Southern Africa "stands out" very clearly in this respect: it is in this subregion that we find two of the three countries with the highest level of inequality, namely South Africa (1st place) and Namibia (2ndnd place)[8].

Map 1 - World Map – Gini Index (around 2017)

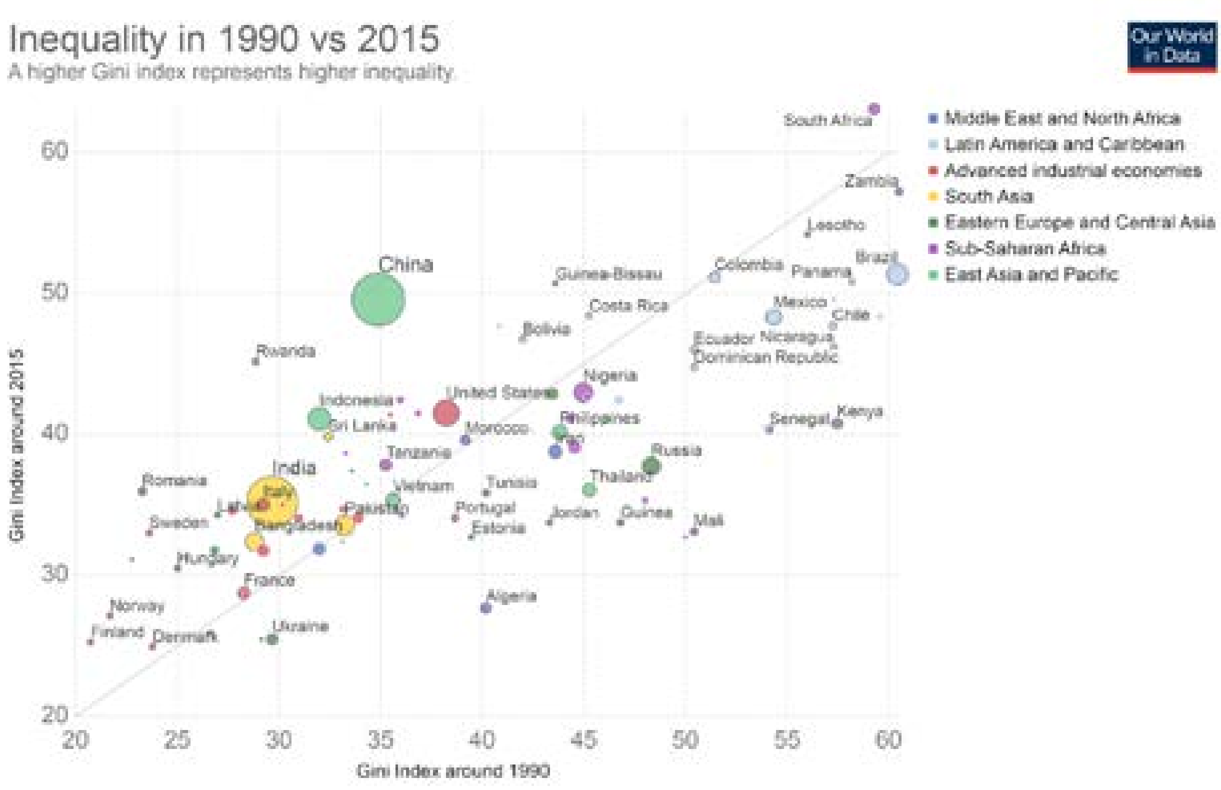


Source: World Bank (2018).

8 Haiti is in 3rd place.

Beyond this static image, it is more interesting to observe the trajectory of inequalities within countries. Thus, in Figure 4, countries are represented according to their level of inequality in 1990 and in 2015. Countries that are on the diagonal or very close to it, such as Morocco and Vietnam, have not seen any variation in their level of inequality over the period studied, even though most of these countries have seen their economy grow significantly in this time. Below the diagonal are the countries where inequalities have declined between 1990 and 2015, and include several countries in Latin America, a subcontinent which is often cited as a positive example in terms of inequality reduction in recent decades. Countries above the diagonal have seen their Gini indicators increase since 1990, often to a significant extent, as in China, Indonesia, and Rwanda. It is interesting to note that in the three countries that have made significant progress in terms of poverty reduction between 1990 and 2015—namely China, India, and Indonesia—, inequality has increased sharply.

Figure 4 - Changes in the level of within-country inequalities between 1990 and 2015



Source: Povcal (2018), The Chartbook of Economic Inequality (2017), Kandbur *et al.* (2017) Table 1.B
Note: Estimates are based on household survey data of either incomes or consumption. All countries for which comparable surveys within five years of each reference year available are shown.

Regional changes in inequalities

In Sub-Saharan Africa, the strong growth of the 2000s did not translate into a significant decline in inequalities and income inequality remains high. Countries in Southern Africa (Botswana, Eswatini, Lesotho, Namibia, South Africa, Zambia), as well as Comoros and the Central African Republic, have Gini indices above 0.5[9]. À noter par ailleurs que les inégalités entre les femmes et les hommes restent aussi parmi les plus élevées du monde.

Despite improvements in education and healthcare, gaps persist: primary and secondary enrollment rates for girls remain well below those for boys in the poor populations of many Sub-Saharan African countries[10]; female mortality is particularly high; access to economic opportunities remains unequal (with women being more likely to work in their households without pay or to work in the informal sector); finally, the legal restrictions on the economic activity of women also contribute to inequalities of opportunity.

Unequal access to public goods and services (about two-thirds of households in Sub-Saharan Africa do not have access to electricity), including education and healthcare services,[11] are also major social problems. Finally, spatial inequalities (between urban and rural areas, and between regions) remain particularly strong.

The Mediterranean and Middle East are typified by a certain paradox. Given the indicators measuring monetary inequalities, inequality seems relatively moderate within the region and has not widened over the past decade. Case in point, the Gini index based on household expenditures is 0.385 on average (Hassine, 2015), which is relatively low by international standards.

Measures of subjective well-being and factors related to life satisfaction brutally deteriorated on the eve of the Arab Spring however, especially among the middle class. There are indeed significant differences between the objective data and people's opinions, as well as between the perceived income distribution and the actual distribution in the countries in the region (Verme, 2014). This regional trend is partly due to unequal opportunities, particularly in terms of access to employment and quality public services.

Regional/territorial inequalities and disparities between rural and urban areas are still significant. The most substantial regional differences are to be found in Egypt and Iraq (20% or more in expenditure inequality), while the gap between rural and urban areas contributes most to expenditure inequality in Egypt and Tunisia. The incidence of spatial inequality has declined over time in Egypt, but has increased in most MICs and LICs in the region, including Syria, Tunisia, Yemen, and Jordan.

Horizontal inequalities, i.e., inequalities that coincide with ethnic and religious divides, are prevalent in many countries in the region. Ethnic inequalities indeed run deep in almost all countries affected by the Arab Spring, including those where civil wars have broken out (Syria and Iraq).

In spite of the progress achieved, **Latin America** remains plagued by significant poverty and inequality. One in three Latin Americans lives below the poverty line, and ten countries in the subcontinent rank among the 15 most unequal economies in the world.

Furthermore, economic development has been detrimental to the preservation of natural resources, which are one of the main assets of the region. Land degradation, declining forest areas, and increasing pollution are all trends that need to be reversed if the subcontinent is to pursue sustainable growth.

Over the 2002-2012 period, the average Gini coefficient, relative to the distribution of per capita income of households for 15 Latin American countries has decreased considerably, from nearly 0.54 to just under 0.48. Nevertheless, since 2012, there has been a general tendency to stagnation in the Gini index. The trends are certainly not the same for all countries. Unlike their neighbors, Colombia, Ecuador and Uruguay have experienced larger drops in their Gini coefficients.

While inequalities (defined by the Gini Index) in **Asia** had declined before 1990, they have since grown in many countries (including China, India,

9 Nevertheless, with the exception of high-inequality countries in southern Africa, inequalities do not appear to be significantly different from those of other countries with comparable income levels.

10 In spite of the observed improvements in enrollment rates, primary completion rates for girls are lower (AFD (2015), Panorama des inégalités hommes-femmes dans le monde [Overview of Gender Inequalities Around the World], *Technical Report No. 1*].

11 In terms of the proportion of births that are attended by skilled healthcare practitioners, the greatest difference in coverage between rural and urban areas is in Central Africa, with a 52 percentage points difference between these two zones.

and Indonesia). Recognizing their weaknesses in terms of inequalities of access, India, China, the Philippines, and Indonesia are putting the focus on inclusive growth in their current development plans.Under a Rawlsian conception of justice and equality[12], Asia has performed well given that the share of population living on less than US$1.25 per day has declined from 53% in 1990 to 21% in 2010, which represents about 700 million people leaving the cycle of poverty.

12 According to the Rawlsian conception of justice, inequalities are to be tolerated only provided that they help improve the situation of people living under unfavorable conditions.

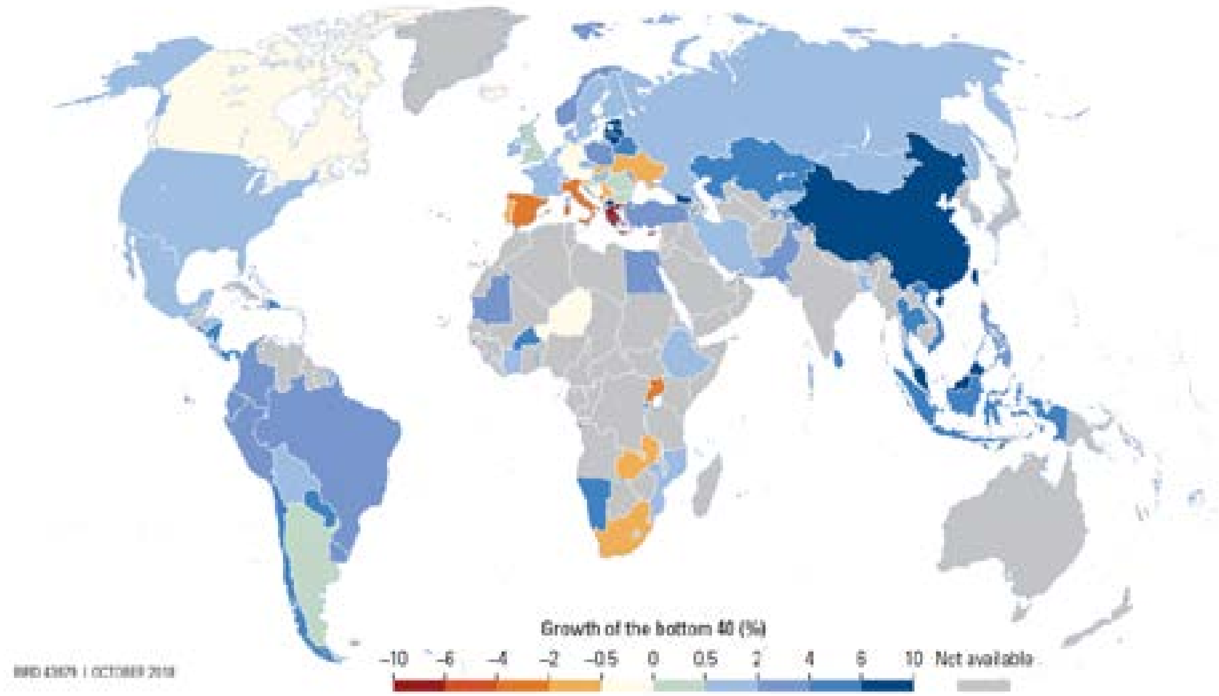
4.
Key Priorities in International Cooperation

In this context, international cooperation has a key role to play both through development projects and by supporting and encouraging countries to engage in international processes aimed at reducing inequalities (such as the initiative against tax avoidance and capital flight). Support for civil society is also an important mechanism for inequality reduction, as civil society can mobilize to encourage governments to redefine the social contract and make taxation fairer. This section presents five themes that we believe are priorities for the international cooperation agenda.

4.1 – Data

In order to analyze inequalities and try to address them, we must first be able to measure and describe them. Despite significant efforts to generate data that could help analyze poverty, little is still known about economic inequalities in MICs and LICs, especially in African countries. Map 2 reveals two interesting points. Firstly, the income growth rate of the poorest 40% was positive in 70 out of 91 countries covered, mostly in Southeast Asia and Latin America. Secondly, there is a striking absence of African countries. Their absence is all the more worrying given that this indicator is the first measure of whether or not SDG 10 has been achieved.

Map 2 - Income growth rate of the poorest 40% in each country during the 2010–2015 period



Source: World Bank (2018).

The difficulty in measuring and describing inequalities stems from the following three factors: (i) the lack of regular surveys of households or individuals that collect information on income, consumption, and access to basic services, and which would allow valid comparisons to be made over time and between countries; (ii) the lack of panel data to provide insights into income dynamics and trajectories; (iii) the sensitivity of these measures to the extremes of the distribution, which are rarely captured in the data. In fact, concerning the last point, whilst the poorest individuals rarely appear in the data because the cost to reach them is much greater that for average populations (for example, it is much more difficult to carry out a survey with households in informal settlements with a high rate of violence or households living in isolated rural areas),, the other extreme of the distribution is made up of the richest people, and this poses two different types of problems: (i) if inequality is measured on the basis of consumption, inequalities are underestimated because the consumption of the richest individuals represents only a very small part of their income; (ii) the richest do not usually appear in surveys.

Efforts have been made in recent years[13] (notably by Thomas Piketty and fellow researchers at the World Inequality Lab) to complete the picture on income distributions by using tax data to better capture top earners. Though it is accepted that this type of approach is helpful and is starting to spread to MICs (research is under way in India, China, Brazil, and South Africa), the use of tax data to fill in the 'blanks' at the top of the income distribution is less relevant for LICs where tax systems are poorly developed and where wealthier individuals place their assets abroad to offset economic instability. A solution to the irrelevance of the use of tax data is to rely on national accounts[14] to assign income that is not captured through the household conditions and expenditures surveys, and in particular to assign undistributed dividends. This issue highlights another difficulty, which is the measurement of wealth and the need to have information available on both the tangible and intangible assets held by households and the debts that they have accrued. Surveys generally collect data on a variety of types of assets (mainly durable goods), which gives a very homogeneous picture of inequalities, because luxury goods rarely appear in these listings.
Furthermore, in order to analyze inequalities, it is essential to understand the dynamics of the incomes or consumption of the households and, to do so, conduct panel surveys which follow individuals or households over several years. These surveys are still rarely produced in MICs and LICs because they are complex and expensive, yet they allow us to understand the determinants of the social mobility of individuals. The issue of the social mobility of individuals during their life, or that of generational mobility, is crucial and still poorly explored in MICs and LICs. In countries such as the United States for example, it has long been recognized that high inequality is acceptable when there is social mobility as children from poor backgrounds can hope to earn much higher income than their parents. We now know that social mobility has been zero in recent decades in the United States, but we know understand little about other countries, except for a select few. In Mexico, our ongoing research shows that half of all individuals that were born poor will remain so throughout their lives: this is particularly true for children from poor parents living in the southern states of the country (whereas there is some upward mobility for residents of central and northern Mexico, which has to do in particular with the economic growth of these states and educational opportunities for youth).

Finally, data for the analysis of inequalities at the subnational level is very important, as we see in the case of Mexico, because it highlights the heterogeneity of situations that can be hidden by indicators at the national level. However, for cost reasons, surveys are representative only at a national and regional level and cannot be used to analyze inequalities at the local level. To arrive at representative indicators at all levels of administrative units, data from surveys are supported with censuses or (where recent censuses are not available or not reliable) with «alternative» data derived from satellite imagery, telephone records, social media networks, or search engine queries for instance. Research at Stanford University's Sustainability and Artificial Intelligence Laboratory in the United States is among the first to use artificial intelligence to predict pockets of poverty in some African countries and, though it does not yet cover indicators of inequality at the local level, the results already provide a first glimpse of the spatial distribution of poverty and therefore of territorial inequalities.

13 A comprehensive review of databases on inequality is included in the IPSP (2018) report.
14 Distributional National Accounts (DINA).

A major challenge in the production and analysis of inequality data is the statistical capacity of MICs and LICs. The World Bank's Living Standards Measurement Study (LSMS) program has produced more than 100 household surveys in 10 countries and supported capacity building in national statistical institutes in surveyed countries, but geared towards the analysis of poverty and not of inequalities. The EU-AFD program for the development of inequality diagnostic tools, in partnership with the African Centre of Excellence for Inequality Research (ACEIR), aims to fill part of this need.It will provide awareness-building and training on the issue of inequalities and provide support to statisticians throughout the diagnosis process, reporting on inequalities from a multidimensional perspective, with an agreed common basis between countries. Most importantly, it will be undertaken together with national statistical institutes and researchers. These diagnoses will also be used as an instrument for public policy dialogue given that they will enable governments to identify priority actions for inequality reduction as well as potential solutions

Key takeaway: It is necessary to invest in the generation, harmonization and provision of data that can quantify and describe inequalities in all their aspects and thus inform policymakers through public policy dialogue that is supported through international cooperation assistance.

4.2 – Social Protection

A distinguishing feature of social protection programs is that they reduce both poverty—through the safeguarding of the most vulnerable, the pooling of risk, and investments in human capital—and inequalities, particularly through their redistributive aspects. The most basic programs simply aim to supplement household consumption during difficult times that are the result of life-cycle shocks, while other programs attempt to address the underlying market failures that have brought about poverty and vulnerability, and organize mitigation against such risks. The redistributive dimension will depend on the will of the government and civil society to promote solidarity financing of these programs, however. Social protection programs can also be used to redirect resources from the top of the income distribution downwards, but their distributive effect depends on the size of the programs and the how progressive the tax rate is. The scientific literature tends to show that, as far as MICs and LICs are concerned, the success of tax redistributions can mainly be attributed to the share of social spending in the gross domestic product (GDP) and the extent to which remittances reach the poorest in society and direct taxes target the very richest (Lustig, forthcoming).

The well-being of individuals is subject to life-cycle risks including illness, unemployment, or loss of income due to children or old-age dependency for instance. While some of the risks can be integrated into the insurance market, it is rare that all can be covered or that all individuals can afford to purchase adequate insurance coverage. This raises the question of the scope of coverage and the financing of these risks; research demonstrates that compulsory collective insurance, which includes and keeps in low-risk individuals, makes it possible to differentiate risk profiles and to operate with a long-term perspective. Social protection has long been contributive and adapted to the needs of the formal economy, the underlying premise being that of the progressive formalization of the economy as a whole, resulting in an automatic extension of social protection systems until universal coverage is achieved. Economies have undergone very little formalization however and, since 2000, social protection discussions have given way to a new paradigm linked to the MDGs, with the priority being to extend social protection. New approaches have been developed and tried , such as adapted insurance mechanisms, micro-insurance, and social assistance. Social protection programs have remained scattered however, often appearing in duplicate, and have frequently encountered difficulties in reaching their target population, due to both inclusion and exclusion errors. Coverage through micro-insurance has remained relatively low, and such schemes are rarely self-sustaining. Much effort has been made to meet the needs of the most vulnerable populations, leaving a large majority of the informal sector devoid of any protection. In order to address the situation, and prompted by Bachelet's report (Bachelet, 2011), the International Labor Organization (ILO) has adopted a recommendation on social protection floors, which means that its member states must make the commitment that all residents must be entitled to at least a basic level of social protection.

Latin America is one of the regions where social protection coverage has increased the most in recent years, but the progress has far from overcome the segmentation affecting social protection systems in the subcontinent. Mixed public-private systems in Latin America, though funded by mandatory contributions and cross-subsidies, are often guided by profit. Insurance schemes therefore depart from the principles of social security and also operate according to a market-driven approach. In the case of social security nets of the targeted direct cash transfer type, it has been observed that they can increase social tensions if the targeting system is not sufficiently explained and justified. Studies also show that the impact of broad-based transfers (such as those targeting older people) contribute even more to the reduction of inequality and poverty levels.

This highlights the importance of a universal coverage perspective, with a convergence of benefits, increased alignment and a reduction in benefit stratification. This prospect of universal coverage based on a principle of solidarity financing is beginning to emerge in public debates and should be taken into consideration, especially if we take into account the discontent of some members of the middle class and privileged classes, while reforms that individualize risk have matured, as has been the case in Chile. Finally, we must not presume that universality means that everyone receives the same transfer amounts. The principle of solidarity-financing-based universal coverage implies that everyone receives what they need and participates to the best of their ability.

Key takeaway: Social protection has a key role to play in giving individuals the opportunity to make the best use of their human capital and to improve social solidarity.

4.3 – The Fourth Industrial Revolution

Globalization and new technologies have created disruptions in societies for which solutions have yet to be found. The digitalization process that we are witnessing today is one of the manifestations of what Klaus Schwab called the "Fourth Industrial Revolution" and that is "characterized by a fusion of technologies that is blurring the lines between the physical, digital, and biological spheres." Even though all the industrial revolutions have created wealth inequalities, in the fourth revolution, the production of added value is highly knowledge-intensive, which means that the skill premium will increase even more and inequalities will intensify. Moreover, given the nature of this added value, it is captured by a limited number of companies and shareholders, with a continuously growing consumer base, resulting in market concentration, as is already the case with tech giants, therefore leading to difficulties in the implementation of fair taxation. Whereas in previous industrial revolutions, task automation occurred with the emergence of technologies that maintain the pivotal role of human labor in production, Acemoglu and Restrepo (2019) argue that it is no longer the case concerning automation as it is developed today, especially artificial intelligence. This is especially true in LICs, where industrialization has not materialized (and remains elusive) and where a duality has developed with (i) a (reduced) segment of the population that is involved in the knowledge economy and benefits from it, and (ii) another segment that has remained entirely outside of it. This duality does not only concern productivity: it is also found in the disparities between territories and even within cities. Access to new basic technologies (for example, the mobile Internet) certainly plays a role in the inclusion of populations in the market economy, but this access does not guarantee inclusion in the knowledge economy. In MICs and LICs, where education levels remain low overall, employment opportunities in the digital sector are numerous and exceed supply. In order to make sure the greatest number benefits from this fourth industrial revolution, we must invest heavily in education at all levels. Investment concentrated solely on the higher education required for digital jobs is likely to increase existing inequalities, since only those who can afford to access this level of education would benefit.

Rodrik and Sabel (2019) recognized the need to invest in education, but believe it can only play a minor role and suggest focusing on active employment policies based on public-private partnerships with strong local roots. There is a growing interest in this kind of intervention in Western economic literature; it happens to be very similar to the "zero long-term unemployment zones" ("Territoires zéro-chômage") initiatives launched in France. In South Africa, the Community Work Programme, which provides an employment safety net for the most vulnerable, has a proven track record of efficiency at the local scale. Under this type of program, government should therefore become a facilitator that takes successful local initiatives to scale. Coordination with the private sector and the voluntary sector, close collaboration with local authorities, and the flexibility of the system, allowing local difficulties and opportunities to be taken into account, make it a very interesting option as a complement to social protection programs. By putting the emphasis on employment and highlighting the positive externalities that jobs have on society as a whole, these interventions lead to a reduction in inequalities, not only between individuals, but also territories.

Key takeaway: the international development cooperation community must support governments in implementing mechanisms and establish monitoring institutions in order to limit the rise in inequalities, between individuals and between territories, which will be triggered by the fourth industrial revolution..

4.4 – Climate change

While a majority of voices stress the importance of inequalities in the development agenda as well as the challenges of climate change, it appears that these two topics have rarely been addressed together until very recently. The negative effects of inequalities and climate change are mutually reinforcing and difficult to disentangle. Framing is key and a proper scope of analysis must be determined to sort out the interactions between the two. We might even say that in very basic terms, there are inequalities in emissions[15] on one side and inequalities in impacts on the other.

Inequalities in emissions refer to the high-carbon trajectories associated with the living standards of the highly affluent. For example, Oxfam has estimated that the richest 10% of people produce roughly half of the world's individual-consumption-based carbon emissions. If we are to look at individuals on a global scale, the differences are even more striking: for instance, according to Oxfam's study, the carbon footprint of the richest Americans is ten times higher than that of the richest Chinese. In the United States, the increase in the income share held by the wealthiest 10% is thus estimated to have resulted in an increase in the level of emissions between 1997 and 2012 (Jorgenson et al., 2017). Inequalities in consumption are also a driving force behind carbon-intensive consumption behavior. We indeed know that one of the driving motives behind consumption patterns is the desire to imitate social behavior that is perceived as being upper-class (Veblen, 1899); such mimicry accelerates emissions-intensive dynamics when the reference is that of the top percentile. Tourism, an elitist activity par excellence, now accounts for almost 8% of global emissions (Lenzen et al., 2018), and the growth of the sector far exceeds any possible effort to reduce its impacts. In addition, inequalities weaken social cohesion and diminish the propensity of individuals to act together and feel socially responsible, which are key in the drive to implement environmental policies.

Of further relevance is that such impacts are strongly associated with the structure of existing inequalities of wealth. Inequalities between individuals and societies in the face of climate change hazards not only exist between high-income countries and low-/middle-income countries—a fact that has long been known—, but also within countries. Indeed, the effects of climate change are felt most by the poor.

The "Just Transition"

The Just Transition is based on the idea that justice and fairness must be an integral part of the transition to a low-carbon world. The concept covers the following aspects: (i) investing in the creation of decent, green jobs; (ii) skills development and retraining for new sectors/occupations; (iii) ensuring access to social protection; (iv) promoting social justice (social inclusion and the eradication of poverty); (v) strengthening social dialogue, often at the local level. A historic example of a "just transition" is the closure of coal mines in Germany's Ruhr region in the 1950s, and the plan to shift the economy towards computing, biomedicine, and environmental conservation, which was developed by the local government in collaboration with workers' unions, banks, and chambers of commerce. Colombia's Bus Rapid Transit (BRT) is also considered a "just transition"- initiative, which aimed to reduce GHG emissions related to passenger transport, given that the public transport service was implemented concurrently with retraining support for informal bus drivers.

Beyond these impacts, policies to reduce global warming, or mitigate its effects, can increase inequalities and vice versa Depending on the context and the profile of consumption, the introduction of a carbon tax can further reduce the income of the poorest and thus further increase inequalities. Conversely, a policy of inequality

15 Meaning of course emissions of greenhouse gases (GHGs)

reduction that would result in fossil fuel subsidies for the poor or assistance for low-energy building materials will have a negative impact on carbon emissions and therefore on climate change. The low-carbon transition entails a complete restructuring of economies, both in terms of their productive spheres and of their institutions; as a result, this implies socio-institutional tensions that will be exacerbated by climate change. It is therefore crucial that the transitions towards low-carbon economies are designed to ensure fairness and thus become "just transitions."

Key takeaway: in their strategies and interventions, the international development cooperation community should not dissociate fight against climate change and the reduction of inequalities.

4.5 – Gender

Gender inequalities are not a new topic on the international cooperation agenda, given that MDGs already referred to gender equality in primary education. Although educational inequalities (in terms of enrollment, number of years of schooling or primary completion rate) have been considerably reduced over the last two decades, they still remain high in the Middle East, North Africa, South Asia, and parts of Sub-Saharan Africa. Increasing women's level of education should decrease their participation in unpaid (often agricultural) labor and thus improve their access to formal, paid employment. Yet, this progress in terms of educational equality did not bring about equality in the labor market in terms of participation or wages.

As a result and despite a significant increase in the level of women's education, female labor participation has not increased (and even fallen in certain countries such as India) and women earn on average 20% less than men. In addition, women are more likely to work in the informal sector and are therefore more vulnerable to life-cycle shocks. Gender inequality exacerbates income inequality through inequalities in education, healthcare, or access to financial services, ultimately resulting in lower growth. Initiatives such as the World Bank's Africa Gender Innovation Lab (GIL) specifically aim to understand the barriers that prevent the reduction of gender inequalities through evaluations of the policies and interventions for the economic empowerment of women that are in place. In recent years, social safety net programs have developed with a "gender" component; studies show that conditional cash transfers that are directly aimed at women can have a positive impact on their well-being and bargaining power within the household. However, women are less likely to benefit from public services offered by the government (for instance, they are less likely to attend school and less likely to use public transport in countries where they do not participate much in the labor market). In order to rectify these inequalities, in 1997 the United Nations developed gender-responsive budgeting (GRB), which involves a gender-differentiated analysis of budget allocations and the balancing of government credits. GRB raises the question of whether the collection and distribution of public resources reinforces or decreases gender inequalities, or perhaps even corrects them. An increasing number of countries have recently started to prepare gender-responsive budgets at a central government or local level. Morocco counts among them, and, as part of the budget reform, a project was launched to set up a GRB, with the support of the AFD and UN Women, the United Nations Entity for Gender Equality and the Empowerment of Women.

Initiatives like this one have positive externalities beyond the stated objective as they raise awareness regarding the extent of these inequalities and might ultimately bring about a change in standards. Gender inequalities are value-based and remain ubiquitous around the world. Beyond normative concerns, reducing gender inequality can have a positive impact on poverty reduction given that greater empowerment of women has significant positive impacts on the health and education of children.

Key takeaway: gender inequalities must remain at the top of the international development cooperation agenda, and specific interventions targeting women must be supported by comprehensive interventions aimed at changing social norms.

5.
Conclusion

Inequality is one of today's biggest challenges because it impacts upon the way we perceive society and the way we act. Though they have declined both globally and in a number of countries, economic inequalities have increased in a majority of countries and they are almost universally perceived as having risen, including where they have in fact fallen (Seguino et al., 2013). Economists and psychologists agree that the poorest overestimate their place in the distribution of income, while the richest tend to underestimate their income and place themselves in the middle class. Given that individuals make political and societal choices based on these perceptions, it is important to have robust data on inequalities to correct these perceptions. Research shows that when these perceptions are corrected by informing people of the actual level of income inequality and their position on the wealth scale, there is a convergence in preferences for redistribution. The generation, analysis and provision of data are therefore crucial, and it is for this reason that this paper identifies them as a top priority on the international cooperation agenda.

The presence of strong inequalities is synonymous with the absence of a middle class, conflicting with an outcome that is viewed as desirable by many policymakers in MICs and LICs. But middle classes are emerging in contexts featuring labor-intensive economic growth and strong institutions that apply rules objectively and systematically. Thus, prioritizing income growth for the poorest 40% is not incompatible with supporting the rise of the middle class and/or protecting it from decline, given that the same conditions apply for both purposes. The middle class also has an aspirational dimension because everyone, both the poorest and the richest individuals, wants to form part of the middle class. The establishment of universal social protection coverage could be leveraged to define a social contract that fosters the development of the middle class and strengthens social solidarity.

This solidarity takes on even more importance in a context of radical change, which can be technological (solidarity between the productive economy sector and the knowledge economy sector) or climate-related (intergenerational solidarity), and which affects everyone's life in different ways. These changes impact upon efforts to reduce inequalities and, in turn, are affected by such reductions.

The suggested priorities contain multiple intersections. For instance, the issue of inequalities within households, especially regarding women's access to resources, is limited by existing data. In a recent publication, Kathleen Beegle and Dominique Van De Walle point out that gender inequality analyses, which are based solely on comparisons between female-headed and male-headed households, underestimate the levels of inequality. Similarly, social protection systems need to be developed while taking into account the inequality of exposure to climate change hazards.

Finally, the implications for donors of including an inequality reduction target should not be downplayed. Studies show that donor actions tend to increase inequalities when they are geared towards financing infrastructure located in industrial clusters rather than in remote locations where the poorest populations live for instance. Two conditions have been highlighted as crucial in order for official development assistance (ODA) to be able to reduce inequalities in partner countries: (i) aid must be targeted towards the poorest of the poor; (ii) partner country institutions must ensure that aid effectively reaches the target populations.

Research has identified both the causes of inequalities and potential solutions, such as Tony Atkinson's 15 proposals, and while solutions remain context-specific, they do exist. This would suggest that inequalities are more a question of political choices than of the natural evolution of societies.

Bibliography

ACEMOGLU D. et P. RESTREPO (2019), "The revolution need not be automated", Project Syndicate https://www.project-syndicate.org/commentary/ai-automation-labor-productivity-by-daron-acemoglu-and-pascual-restrepo-2019-03?barrier=accesspaylog

BACHELET M. (2011), "Social Protection Floor for a Fair and Inclusive Globalization", Report of the Social Protection Floor Advisory Group, International Labor Office (ILO), Geneva.

BANQUE MONDIALE (2018), *Poverty and Shared Prosperity 2018: Piecing Together the Poverty Puzzle, Washington DC*.

BASCO S. et M. MESTIERI (2019), *Available at SSRN 3375457,* Trade and Inequality: The Effects of International Unbundling of Production.

BOURGUIGNON F. (2016), *The Globalization of Inequality*, Princeton and Oxford: Princeton University Press.

COGNEAU D., T. BOSSUROY, P. de VREYER, C. GUÉNARD, V. HILLER, P. LEITE, S. MASPLÉ-SOMPS, L. PASQUIER-DOUMER et C. TORELLI (2007), "Inequalities and Equity in Africa", Agence française de développement, Paris.

De La CROIX D. et M. DOEPKE (2003), Inequality and growth: why differential fertility matters, *The American Economic Review*, 93(4), pp. 1091-1113.

DIX-CARNEIRO R. et B. K. KOVAK (2017), Trade liberalization and regional dynamics, *The American Economic Review*, 107(10), pp. 2908-2946.

FÖRSTER M. (2016), Rising inequalities in OECD countries: Trends, consequences, drivers, and policies how to curb them, Paper presented at 2016 APPAM Conference, London.

GOLDBERG P. et N. PAVCNIK (2007), Distributional Effects of Globalization in Developing Countries, *Journal of Economic Literature,* 45(1): 39-82.

HASSINE N. (2015), "Income inequality in the Arab Region," *World Development,* 66, pp. 532-556.

IPSP (International Panel on Social Progress) (2018), *2018 Report – Rethinking Society for the 21st Century*, Cambridge University Press.

JORGENSON A., J. SCHOR et X. HUANG (2017), Income inequality and carbon emissions in the United States: a state-level analysis, 1997-2012, *Ecological Economics*, 134, pp. 40-48.

KANBUR R., C. RHEE et J. ZHUONG (2014), «Inequality in Asia and the Pacific: Trends, drivers, and policy implications,» Routledge.

KEIFMAN S. N. et R. MAURIZIO (2012), *Changes in labour market conditions and policies: Their impact on wage inequality during the last decade* (No. 2012/14), WIDER Working Paper.

KLASEN S., N. SCHOLL, R. LAHOTI, S. OCHMANN et S. VOLLMER (2016), *Inequality-Worldwide Trends and Current Debates* (No. 209), Courant Research Centre PEG.

LENZEN M., Y. Y. SUN, F. FATURAY, Y. P. TING, A. GESCHKE, et A. MALIK (2018), The carbon footprint of global tourism. Nature Climate Change, 8(6), 522.

LUSTIG N. (à paraître), "The Social State in the XXI Century," *CEQ Working Paper 71* (CEQ Institute, Tulane University).

MILANOVIC B. (2016), *Global Inequality: A New Approach for the Age of Globalization*, Cambridge: Harvard University Press.

RAVALLION M. (2018), Inequality and Globalization: A Review Essay, *Journal of Economic Literature*, 56 (2): 620-42.

RAWORTH K. (2017), "A Doughnut for the Anthropocene: humanity's compass in the 21st century", in: The Lancet Planetary Health 1.2, e48–e49.

RODRIK D. et C. SABEL (2019), Building a good jobs economy.

SEGUINO S., A. SUMNER, R. Van Der HOEVEN, B. SEN et M. AHMED (2013), Humanity Divided: Confronting Inequality in Developing Countries, United Nations Development Programme (UNDP).

SZEKELY M. et P. MENDOZA (2016), Declining inequality in Latin America: structural shift or temporary phenomena? *Oxford Development Studies*, 2016:44.

VEBLEN T. (1899), (1934), The theory of the leisure class.

VERME P. (2014), Facts and perceptions of inequality, in VERME P., B. MILANOVIC, S. AL-SHAWARBY, S. EL TAWILA, M. GADALLAH et A. EL-MAJEED, *Inside Inequality in the Arab Republic of Egypt: Facts and Perceptions across People, Time, and Space*, A World Bank Study.

ZUCMAN G. (2018), Globalization, Taxes & Inequality, Seymour E. & Ruth B. Harris Lecture, Harvard University, October.

List of Acronyms and Abbreviations

ACEIR	African Centre of Excellence for Inequality Research
AFD	Agence française de développement, the French development agency
DINA	Distributional national accounts
EU	European Union
GDP	Gross domestic product
GHGs	Greenhouse gases
GICD	Global Income and Consumption Database
GIL	Africa Gender Innovation Lab (a World Bank Group initiative)
GRB	Gender-responsive budgeting
IPSP	International Panel on Social Progress
ILO	International Labor Organization (United Nations)
LICs	Low-Income Countries
LSMS	Living Standards Measurement Study (a World Bank Group program)
MDGs	UN Millennium Development Goals
MICs	Middle-Income Countries
ODA	Official development assistance
SDGs	UN Sustainable Development Goals
USD	United States dollar

Agence française
de développement
5, rue Roland Barthes
75012 Paris l France
www.afd.fr

What is AFD?
The Agence Française de Développement (AFD) funds, supports and accelerates the transitions to a fairer and more sustainable world.

Focusing on climate, biodiversity, peace, education, urban development, health and governance, our teams carry out more than 4,000 projects in France's overseas departments and territories and another 115 countries.

In this way, we contribute to the commitment of France and French people to support the sustainable development goals..

Legal deposit: 3rd quarter 2019

Design and production Elsa Murat, AFD
Graphic design MeMo, Juliegilles, D. Cazeils