PART I

Chapter 3

What does it mean to leave no one behind?

This chapter brings together evidence, data and analysis on what it means to be left behind in relation to eight critical issues that need to be tackled to achieve the Sustainable Development Goals (SDGs) for all. These are ending extreme poverty, tackling rising income inequality, enabling the greatest potential rewards from addressing fragility; enabling inclusive governance; the imperative of climate action to leave no one behind; making progress towards gender equality and women’s economic empowerment; including the world’s 1.2 billion young people in sustainable development; and ensuring persons with disabilities are no longer left behind.

This chapter also includes opinion pieces by: Winnie Byanyima, Executive Director of Oxfam International, who asks “How can we leave no one behind in a world so unequal?; Katja Iversen, President and Chief Executive Officer of Women Deliver, who stresses that “When the world invests in girls and women, everyone wins”; and Ulla Tørnæs, Minister for Development Cooperation of Denmark on the need for “New ways of working across the humanitarian-development-peace nexus so no girl is left behind.”
Introduction

The pledge to leave no one behind is a universal one; it bears on all aspects of sustainable development and encapsulates the need for policies and investments to be people-centred for current and future generations. However, when it comes to understanding what it means to leave no one behind, looking at national averages is not enough: they mask diverse situations and needs as well as the drivers of discrimination, disadvantage and exclusion. The following analyses, take subject-specific perspectives to consider what it means to leave no one – no woman or no man, no young person, no person with a disability, no voter, no citizen, no inhabitant of a particular country or fragile context – behind. While there is no magic bullet or one-size-fits-all answer to the pledge, contributions to this chapter demonstrate that there are vital, intersecting commonalities to being left behind.

Poverty

By Geoffrey Gertz and Homi Kharas, Brookings Institution

Key messages

- Global extreme poverty declined at the fastest rate in human history over the past 20 years thanks to high average growth in some highly populated countries.
- Pathways to end the remaining 10% of extreme poverty will depend on progress in 31 severely off-track countries that will have poverty headcount ratios of at least 20% in 2030. Twenty-three of these countries are in sub-Saharan Africa.
- Donor strategies need to evolve to a new reality of extreme poverty. Sixty-six per cent of the global population living in extreme poverty live in severely off-track countries – just 22% and 24% of bilateral and multilateral allocations of country programmable aid went to these countries in 2016.
- Aid effectiveness is reduced in severely off-track countries by year-on-year volatility of aid flows, making long-term development strategies difficult to implement.
- Evaluations show that projects in challenging contexts are as successful as in other developing countries. Donors should scale up successful individual projects in these countries to achieve greater impact and sustainable, transformative progress.

The nature of the global poverty challenge is changing. Over the last 20 years, global extreme poverty declined at the fastest rate in human history. The first Millennium Development Goal (MDG), to halve the extreme poverty rate between 1990 and 2015, was achieved several years ahead of schedule. Building on this progress, in 2015 the world united around the goal of ending extreme poverty by 2030, the first of the Sustainable Development Goals (SDGs).

If we simply extrapolate based on past progress, this goal appears within reach. Between 1990 and 2015, the share of the world’s population living in extreme poverty fell by about one percentage point a year. The World Bank estimates that, as of 2015, about 10% of the world lived on less than USD 1.90 a day. Thus, if previous trends continue, we could expect to see the end of extreme poverty sometime around 2025.

Such back-of-the-envelope calculations, however, are misleading. Indeed, the nature of the fight against extreme poverty is evolving, and the pathway to achieving the poverty SDG will be qualitatively different from that which worked during the MDG period. Success during the MDG era was propelled by high average growth in a number of economies that accounted for the bulk of the world’s
poor – including the People’s Republic of China (“China”), India, Indonesia, Bangladesh, Viet Nam and Ethiopia. But many of these countries are close to eliminating extreme poverty, and thus their impact on global aggregate poverty figures is rapidly declining. Today extreme poverty is increasingly concentrated in a set of countries that have achieved only limited development success in recent decades, and whose prospects for rapid growth appear slim.

The MDG poverty target was met despite many of the poorest countries making only minimal progress. Success during the SDG era, on the other hand, will depend precisely on what happens in these poorest countries, the countries that are most at risk of being left behind. These are the places where bilateral and multilateral development partners must focus their efforts if they are to maximise the likelihood of ending extreme poverty everywhere in the world by 2030.

Thirty-one countries are severely off track to end extreme poverty

In this chapter, we refer to the places most at risk of being left behind as severely off-track countries (SOTCs). To identify SOTCs, we focus on countries expected to have poverty headcount ratios above 20% in 2030. There is, of course, nothing magic about the 20% threshold, and we do not mean to suggest there are substantial differences between countries just above and just below this line. Yet we believe this is a reasonable starting point for identifying countries that are severely off track to meet the poverty SDG. The threshold is very conservative, as it excludes many countries that will bring their poverty headcount ratios under 20% while still falling short of ending poverty by 2030. Yet it draws attention to the countries that, based on a business-as-usual scenario, will not even come close to ending poverty – the countries that need to fundamentally shift their poverty trajectories.

To project poverty headcounts up to 2030 we combine household poverty surveys and estimates of future household consumption growth; the methodology is described in full in Gertz and Kharas (2018). While the quality and timeliness of household surveys has improved in recent years, we must acknowledge that statistical capacity is lowest in countries with overall weak state capacity or in conflict situations – precisely the places we are most interested in. And some countries choose not to do surveys at all or not to reveal the data; for these countries, we model estimated poverty headcount ratios based on gross domestic product (GDP) per capita and regional effects.

We also estimate future household consumption growth through 2030 using a combination of International Monetary Fund forecasts and historical experience. As with all long-term forecasts, there are considerable uncertainties, especially in a world where trade wars, conflicts, natural disasters and other shocks seem to be on the rise. Finally, again based on historical experience, we do not forecast any changes in within-country inequality. While this is an extreme assumption, we do wish to note that changes in distribution play a minor role in poverty reduction compared to economy-wide growth.

Our projections suggest that, based on current trajectories, 31 countries will have extreme poverty headcount ratios of at least 20% in 2030 (Figure 3.1). Of the 31 countries, 23 are in sub-Saharan Africa. Perhaps unsurprisingly, many of the SOTCs feature prominently on lists of fragile states. For instance, 10 of the 15 countries classified as “extremely fragile” in the OECD’s Fragility Framework (Figure 3.5) are severely off-track for meeting the poverty SDG, while another 15 SOTCs are among those countries classified as “fragile” (OECD, 2018). Yet it is also worth noting that not all fragile states have particularly high extreme poverty (see, for instance, Iraq and Sudan), and similarly there are some countries with high poverty that are relatively stable (Lesotho, for example).

The list of SOTCs includes some countries where poverty is falling, but from extremely high initial levels. For example, Togo’s development prospects have been improving in recent years, and between 2011 and 2015 the share of the population living on less than USD 1.90 dropped by five percentage points. However, Togo remains one of the poorest countries in the world, with just under half of its population living in extreme poverty. Our projections suggest that the country will continue to see impressive progress in the coming years (assuming recent political tensions are resolved), but even so, we estimate that nearly one-third of the population will be extremely poor in 2030.
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Figure 3.1. Severely off-track countries

![Severely off-track countries](image)

Note: The SOTCs are Afghanistan, Angola, Benin, Burundi, Central African Republic, Chad, Congo, Cuba, Democratic People’s Republic of Korea, Democratic Republic of the Congo, Equatorial Guinea, Eritrea, Guinea-Bissau, Lesotho, Madagascar, Malawi, Mali, Marshall Islands, Mozambique, Niger, Nigeria, Papua New Guinea, Solomon Islands, Somalia, South Africa, South Sudan, Eswatini, Timor-Leste, Togo, Yemen and Zambia.

Source: Authors

The list of SOTCs also includes countries with moderate poverty, but that are expected to make only minimal or no progress in the coming years. For instance, South Africa is included in our list of SOTCs, despite being a middle-income country with a sizeable middle class. This is because the rate of extreme poverty has been increasing in the recent past, from 16% of the population in 2010 up to 19% in 2015. Moreover, South Africa’s projected economic expansion will only barely keep up with population growth, leaving per-capita incomes flat. Thus our results suggest that, based on current trajectories, South Africa will have an extreme poverty headcount ratio just above 20% in 2030.

Some simple arithmetic underlines why SOTCs are the front lines in the fight against extreme poverty. We estimate that today these 31 countries are home to 371 million people living in extreme poverty, accounting for 59% of the global total. Our analysis suggests that between now and 2030 the total number of poor people in SOTCs will increase by 22%, while the number of poor people in all other countries will decrease by 66%. At this point, SOTCs will account for 84% of the world’s total population living on less than USD 1.90 a day. While other countries are marching toward eliminating extreme poverty, the SOTCs are being left behind.

Donors need to adapt to the new geography of poverty

Given that SOTCs are the heart of the poverty challenge, we would expect all donors to pay special attention to the volume and quality of aid they provide to SOTCs. In reality, only 22% of country programmable aid (CPA) from bilateral Development Assistance Committee (DAC) donors, and only 24% from multilateral donors, goes to SOTCs. The implication is that the volume of aid per poor person is much lower for SOTCs than for other countries. Moreover, even though the SOTCs’ share of global poverty continues to rise, their share of total CPA remains flat, and indeed for bilateral DAC donors this figure has been decreasing in recent years. In other words, despite the rhetoric of the New Deal for Engagement in Fragile States (International Dialogue, 2011) and declarations that DAC donors plan to scale up assistance in these contexts (OECD, 2018), so far there is no indication that donors are actually shifting their budgets in line with the new geography of poverty in the world (Chapters 10 and 13).
Aid to SOTCs has also been highly volatile from one year to the next, reducing its effectiveness. Many SOTCs have seen year-on-year increases and decreases in CPA of 25% or more, making long-term strategies difficult to implement (see Figure 3.2). This is a particular problem in SOTCs given the timeframes needed to improve institutions. In some instances, aid volatility is linked to political instability in recipient countries, but in many other instances volatility is generated by domestic donor politics and unstable aid programming. Finally, recent research shows that there is substantial within-country geographic variation in aid spending, and that in general aid flows disproportionately to areas with wealthier people (Briggs, 2017[4]) (Briggs, 2018[5]).

To be sure, a few SOTCs have received very large amounts of aid per capita: Afghanistan, Liberia and Lesotho are “donor darlings.” But others – such as Eritrea, Angola and North Korea – are “donor orphans”, largely neglected by the aid community. About half of the total country programmable aid to SOTCs goes to just four countries: Afghanistan, Nigeria, Mozambique and Democratic Republic of the Congo.

![Figure 3.2. Aid to severely off-track countries is very volatile (select countries)](image_url)

Why are donors not targeting their assistance to off-track countries?

There are two potential exculpatory arguments for why donors might choose not to target their assistance to SOTCs, despite these countries’ central importance for poverty reduction. One is that donors are pulled in many directions today, and as a consequence must lessen their focus on absolute poverty. A second is that implementing development projects in fragile environments is too difficult, and thus interventions are unlikely to be successful.

We find neither argument persuasive. First, while donors are taking on a broader agenda – from climate change to blended finance – there is a reason that ending poverty remains the first of the SDGs, and is enshrined as the overarching mission of many development agencies. The presence of multiple priorities should not imply a lessened focus on absolute poverty. Indeed, integrated development assistance strategies – those that attack poverty and other development challenges simultaneously – are likely to be the most effective. For example, Sweden manages to target nearly a third of its CPA to SOTCs, while simultaneously integrating priorities such as climate change and gender into its development assistance strategy.
Second, although SOTCs present donors with challenging contexts, evidence from World Bank aid project evaluations suggests that, on average, the odds of project success are now about as good in SOTCs as in other developing countries (Figure 3.3). While during the 1990s a much higher share of projects in SOTCs received unsatisfactory evaluations, relative to those in other developing countries, since the early 2000s this gap has narrowed considerably. These findings suggest it is not the case that it is simply too difficult to execute development projects in SOTCs. Donors do not necessarily face a trade-off between aid effectiveness and allocating their funding where needs are greatest.

This is not to say that achieving developmental successes in SOTCs will be easy. Indeed, even where individual projects are successful, the broader challenge of spurring transformative change in SOTCs is daunting, and will play out over decades, not years. In particular, interventions to help build state capacity - arguably the most important ingredient for long term development success in SOTCs - require extensive experimentation, adaptation, and iteration (Andrews, Pritchett and Woolcock, 2017). This work often conflicts with incentives in donor agencies to clearly demonstrate value-for-money through achieving measurable results within short time frames and with minimal administrative costs. Similarly, it can be easier for donors to generate the political will to respond after a crisis or conflict has erupted than to invest in resilience and crisis prevention beforehand - even though the latter is far less expensive in the long run. A real commitment to partnering with SOTCs will require donors to re-evaluate some of their risk management practices, which too often focus on minimising the potential political and reputational costs of ‘failed’ projects rather than investing in endeavours that could have the most transformative long-term impact.

**Figure 3.3.** Evaluation scores for projects in severely off-track countries are similar to those in other countries

![Graph showing evaluation scores for projects in severely off-track countries]

*Note: Data are first averaged at the country level using three-year rolling averages, then averaged across countries. Source: Adapted from World Bank Group (2017), “IEG World Bank project performance ratings”, https://datacatalog.worldbank.org/dataset/ieg-world-bank-project-performance-ratings*  

**Conclusion**

We are moving from a world where poverty was concentrated in large, rapidly growing economies to a world where poverty is increasingly concentrated in economies facing deeper structural challenges and dimmer development prospects. These countries are severely off track to meet the goal of ending extreme poverty by 2030, and – unless something changes dramatically – are likely to be left behind in the push to end global poverty.
To date, donors do not appear to have adjusted their strategies to reflect this evolving reality. Over the last decade, assistance to SOTCs has remained essentially flat; as a share of global aid to developing countries, assistance to these countries is lower now than it was in 2009. Donors are neither targeting their aid to the countries with the largest populations living in extreme poverty, nor targeting projects within countries to the places with greater poverty.

We suggest that donors can and should provide greater assistance to SOTCs. The good news is that micro-scale evidence – from both public-sector aid projects and private sector investments – reveals that development interventions in these contexts can be successful and profitable, just as they are in other developing countries. The challenge, however, is to achieve impact at scale: to move from successful individual projects to sustainable, transformative progress. This is arguably the most important question in development today.
**Income inequality**

By Alexandre Kolev, OECD Development Centre

**Key messages**

- Economic inequality within countries has increased massively, leading to fragmented societies. Wealth inequalities are most pronounced in countries where assets have been transferred from the public to the private sector.
- Today, the poorest 50% of the world’s people are estimated to receive less than 9% of global income, while the richest 1% receives more than 20%.
- The scale of wealth inequality is bewildering: 50% of the world’s wealth is now owned by the richest 1% of the global population.
- Increases in income and wealth inequality has coincided with an increase in wage inequality, leaving more and more low-paid employees behind economically.
- Developing countries operate in an international system influenced largely by OECD countries and multinational companies.
- Development co-operation strategies should focus more on income inequality, which threatens social cohesion, while continuing to invest in reducing groups-based inequalities of opportunity and access.

The adoption in 2015 of the SDGs, with a standalone goal on income inequality (SDG 10) and specific reference to social, economic and environmental links under the goal of sustainable consumption and production (SDG 12), provides a strong rationale for development partners to be actively engaged in the fight against inequality (OECD, 2001[8]) (OECD, 2001[9]) (UN, 2016[10]). The pledge of leaving no one behind is a broad concept of inclusion that includes, for the first time, a commitment to reduce all forms of inequality within countries, whether between individuals or households (vertical inequalities) or between groups with common characteristics (horizontal inequalities).

Over recent years, there has been some progress in overcoming income inequality between countries and horizontal inequality within countries (especially gender inequality). However, the same cannot be said for vertical economic inequality within countries, which has increased tremendously in many parts of the world. This increase in income and wealth inequalities results in more fragmented societies, unequal opportunities and less social mobility, and represents a formidable development challenge.

This Chapter focuses on the sharp increase in economic inequality within countries. It seeks to shed light on why it is so difficult to reverse the current trend, and what development co-operation can do to help.

**Where is economic inequality most pronounced?**

The rise in income and wealth inequality is an indisputable threat to sustainable development, and is affecting countries at different speeds and levels (Milanovic, 2012[11]) (Bourguignon, 2015[12]) (Klasen et al., 2016[13]). It is largely driven by wage disparities and the unequal ownership of capital (World Inequality Lab, 2018[14]).

**Where is income inequality?**

Since 1980, income inequality has increased rapidly in North America, China, India and the Russian Federation (“Russia”) (Keeley, 2015[15]). In contrast, inequality has grown moderately in Europe; and has stabilised – although at very high levels – in Latin America and the Caribbean, probably through the cushioning effect of relatively inclusive education, labour market and social protection policies (Tornarolli, Giaschi and Galeano, 2018[16]) (Bergh, Kolev and Tassot, 2017[17]) (Cornia, 2014[18]).

Today, the poorest 50% of the world’s people are estimated to receive less than 9% of global income, while the richest 1% receives more than 20% (World Inequality Lab, 2018[14]). The majority of the world’s poor lives in Africa and Asia (not including China).
Where is wealth inequality?

Accompanying the rise in income inequality is a spread of wealth inequality around the globe. The scale of this inequality is bewildering: 50% of the world’s wealth is now owned by the richest 1% of the global population (UNDP, 2014[19]). To a large extent, the rise in wealth inequality has resulted from unequal ownership of capital and a shifting balance between private and public wealth, leading to the concentration of economic power among fewer people.

Figures show that in recent decades, the total value of wealth controlled by individuals in a country increased dramatically as very large amounts of funds and assets were transferred from the public to the private sector in nearly all countries, whether rich or emerging (World Inequality Lab, 2018[14]). Meanwhile, net public wealth (that is, public assets minus public debts) has declined in almost all countries since the 1980s. In China and Russia, for example, net public wealth declined from 60-70% of national wealth to 20-30%. Net public wealth has even become negative in recent years in the United States and the United Kingdom, and is only slightly positive in Japan, Germany and France.

In most regions of the world, an increase in income and wealth inequality has coincided with a decline in the labour share of GDP and an increase in wage inequality, leaving more and more low-paid employees behind economically. On the one hand, most of the post-financial crisis period has seen an overall decline in wage growth: from 2.5% in 2012 to 1.7% in 2015 globally, and from 6.6% in 2012 to 2.5% in 2015 in emerging and developing countries in Asia and the Pacific. On the other hand, in most countries, wages jumped sharply over the same period for the top 10% and especially for the highest paid 1% of employees (ILO, 2016[20]). In Europe, the highest-paid 10% now receive on average 25.5% of total wages paid to all employees in their respective countries. The share of the top 10% is even higher in some emerging economies: 35% in Brazil, 42.7% in India and 49.2% in South Africa, for example. Inequalities in these and many other countries is also affecting the potential of social mobility (Box 3.1).

Why has economic inequality increased?

Policy makers and economists tend to refer to skills-biased changes in the workplace – towards computer technology for example – as one of the main drivers behind the rise in economic inequality. There is indeed evidence that some of the observed increase in earning inequality has been caused by a workplace preference for some skills over others (OECD, 2015[22]). In particular, trade and investment liberalisation may have contributed to increased income inequality in the majority of countries since the 1980s through a disproportionate pressure on less educated workers (ILO, 2017a[23]) (Bergh, Kolev and Tassot, 2017[17]). As a result, closing the skills gap has received a lot of attention in the policy discourse on inequality.

Wages vary greatly between and within enterprises

However, a large body of evidence shows that skills disparities are only part of the picture when it comes to the rise in economic inequality. Research findings show that wage growth is lagging behind growth in labour productivity, and that wage inequality arises not only from differences in workers’ skills, but also from differences in average wage rates between enterprises and wage inequality within enterprises (ILO, 2017a[23]).

The gap between gains in labour productivity and wage growth is particularly pronounced in firms taking part in international trade. Recent evidence indicates that although exporting and importing firms appear more productive than other companies, and tend to pay higher wages than their non-trading counterparts, their productivity premiums outweigh their wage premiums – by 13 percentage points for exporting firms and 5 percentage points for importing firms (ILO, 2017[24]). Hence, although some workers have become increasingly productive around the world, the benefits of their work tend to be accrued to capital income and to those at the top of the income distribution.
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Box 3.1. Inequality and social mobility: A broken social elevator?

Today’s inequalities in economic and social outcomes shape tomorrow’s inequality of opportunities, thereby affecting the potential for social mobility. While there is no general consensus across countries on the desirable level of inequality of outcomes, there is widespread agreement on the need to promote equality of opportunities – i.e. that all should have the same life chances, regardless of their initial conditions.

A recent OECD report “A Broken Social Elevator? How to Promote Social Mobility” (OECD, 2018[21]) shows that social mobility is limited, indeed. In many countries, people at the bottom of the income ladder have little chances of moving upward, while those from well-off families are almost guaranteed to retain their privileged positions – the social elevator is broken. This has harmful economic, social and political consequences. Lack of upward mobility implies that many talents are missed out, which undermines potential economic growth. It also reduces life satisfaction, well-being, and social cohesion. Finally, mobility prospects also matter for social cohesion and democratic participation.

In terms of earnings mobility across generations, it would take around four to five generations for children from the bottom decile to attain the mean (Figure 3.4). There are, however, very large variations in such mobility. In low-inequality and high-mobility countries such as the Nordic countries it would take at least four generations for those born in low-income families to approach the mean income in their society. But in high-inequality and low-mobility countries such as some of the emerging countries – Brazil, Colombia and South Africa – this would take even nine generations or more, if these probabilities of earnings mobility are not to change, some 300 years.

The low degree of social mobility makes the high levels of income inequality in many OECD countries socially less acceptable. Intergenerational mobility is usually lower in countries where income inequality is high. This negative correlation between inequality and social mobility is explained to a large extent by how inequalities affect human capital accumulation. In more unequal societies, low-income parents find it harder to make costly investments in their children’s education and health. Meanwhile, high-income parents more often live in neighbourhoods with good schools, they can afford to pay high tuition fees, and they can rely on their professional networks to support their children’s school-to-work transition.

There is nothing inevitable about socio-economic advantage being passed from one generation to another. Large differences in mobility across countries suggest that there is room for policies to make societies more mobile and protect households from adverse consequences of income shocks. Policies that strengthen key dimensions of welfare such as equity, security, redistribution and inclusion are needed, as well as individual empowerment and capacity building to alleviate the burden of unfavourable starting conditions in life. These include policies to grant equal opportunities and policies to smooth the consequences of adverse income shocks.

Figure 3.4. It could take on average four to five generations for the offspring of a low-income family to reach the average income

Note: These estimates intended to be illustrative and are based on earnings persistence (elasticities) between fathers and sons and the current level of household incomes of the bottom decile and the mean, assuming constant elasticities. Low-income family is defined as the first income decile, i.e. the bottom 10% of the population.


StatLink: http://dx.doi.org/10.1787/888933880090
Design and marketing make more money than production

Other analysts have attributed inequality to the distribution of value added from global value chains (ILO, 2017[25]). While global value chains offer a number of potential benefits to firms and countries, including the potential for output and export growth and, most importantly, productivity spillovers (OECD, 2015[26]), empirical evidence shows that profits are largely captured by firms responsible for the design and marketing of a product, often in the most advanced countries. According to the OECD–WTO Trade in Value Added database, 67% of the value created under global value chains accrues to lead firms from OECD countries, while 25% goes to firms from emerging countries and 8% to firms from low-income countries, where most workers live (Banga, 2013[27]).

Cross-border mergers and acquisitions inhibit economic growth in target countries

Another driver behind economic inequality is the recent surge in very particular forms of foreign direct investment. Global estimates indicate that over recent decades, most of the growth in foreign direct investment has been via cross-border mergers and acquisitions rather than through new greenfield operations built from the ground up (OECD, 2007[28]). Evidence indicates that foreign direct investment via cross-border merger and acquisitions tends to have no positive effect on economic growth (Nieto, Brandão and Cerqueira, 2008[29]) (Ekholm, 2017[30]). There are additional concerns that cross-border mergers and acquisitions do not generate employment and can aggravate economic inequality in the target country, for the obvious reason that no new production capacity is created (Nieto, Brandão and Cerqueira, 2008[29]). Another downside is that cross-border mergers and acquisitions tend to concentrate economic power in host countries and lead to anti-competitive results for developing countries. Cross-border mergers and acquisitions may even be used deliberately to reduce or eliminate competition (UNCTAD, 2000[31]).

Economic and political factors are key drivers of the recent rise in economic inequality

Recent literature on inequality has documented many drivers of vertical and horizontal inequality within countries. What is becoming increasingly clear is that a number of economic and political factors, which relate to and reinforce each other, have played a key role in the recent rise in economic inequality. These factors are outlined below.

1. Policy choices that rely excessively on GDP as a measure of economic performance have been detrimental to equity

GDP per capita continues to be favoured by politicians, macroeconomists and the media as a means of assessing the performance of a country. As a result, governments in developing countries tend to prioritise GDP growth in national development strategies. This preference for GDP growth over well-being outcomes in policy choices can have adverse effects on broader socio-economic progress: GDP does not capture the depletion of natural resources and neglects changes in income distribution (Boarini, Kolev and McGregor, 2014[32]), (Antal and Bergh, 2014[33]).

Such a focus on GDP growth over social equity is supported by the widely applied Kuznets hypothesis, which advocates the belief that inequality is meant to first increase and then decrease during the development process. It is only recently that studies have shown that there is no systematic and automatic relationship between economic growth and inequality (Deininger and Squire, 1998[34]), (Beegle et al., 2016[35]) (Beegle et al., 2016[35]). This confirms that it is the policy chosen that will determine whether growth performance associates with falling or rising inequality.

2. Tax policy demonstrates how the inability to effectively correct for market failure and negative externalities fuels the rise of inequality

Taxation can be a powerful instrument for tackling inequality and poverty by correcting for negative externalities and ensuring sustainable funding for social policy and public investments (Philippon, 2010[36]), (Piketty, Saez and Stantcheva, 2011[37]), (Rothschild and Scheuer, 2011[38]). However, the
effectiveness of taxation in promoting equality in developing countries remains limited by several factors. These include a low tax base, a high contribution of indirect and regressive taxes that tend to subsidise a reduction in trade taxes, a reluctance to tax high incomes, and a low contribution of taxes on property (Martorano, 2018[39]).

There are, however, some successful tax reform experiences in developing countries. In some countries, with the support of international co-operation, tax reforms have led to an increase in tax revenues that have been used to fund development needs – whether education, health, or the overall development budget. In Rwanda, for example, increased mobilisation of domestic funds enabled the country to finance the health sector (ITC and OECD, 2015[40]). Indonesia is another example where regressive energy subsidies were reduced and reallocated for social and infrastructure spending (OECD, forthcoming[41]).

3. **Company practices can, when not guided by responsible principles, lead to unequal outcomes**

Research shows that the causal mechanisms that link business practices to inequality take different forms. One form of practice relates to remuneration and includes prioritising shareholders’ interests, linking managerial compensation to financial markets, perpetuating a disconnect between managerial compensation and long-term value creation, and decoupling wages from workers’ productivity (Beal and Astakhova, 2016[42]), (Keeley, 2015[15]), (ILO, 2016[20]).

Another form relates to the tax avoidance and evasion practices of multinational enterprises, that limit the ability of developing countries to invest in public policies to reduce inequality (Fuest and Riedel, 2007[43]), (Johannesen, Tørsøe and Wier, 2016[44]), (OECD, 2013[45]), (UNCTAD, 2015[46]). The type of investment strategies pursued by multinational corporations also impact on inclusive growth outcomes, and there are concerns that particular forms of foreign direct investment, such as cross-border merger and acquisitions, may not be growth-enhancing and may have adverse effects on employment and market competition (UNCTAD, 2000[31]), (Ekholm, 2017[30]) (Nieto, Brandão and Cerqueira, 2008[29]).

4. **The capture of politics by powerful groups – elite capture – is another driver of inequality**

There is a persistent contradiction between social equity as part of a global sustainable development agenda and the reality of the development process in many countries. Recognising this disparity, analysts are increasingly assessing the role of incentives and the relative power that visible and invisible actors can have in creating and implementing public policy (Acemoglu, Johnson and Robinson, 2002[47]), (Engerman and Sokoloff, 2005[48]). Evidence throughout the world shows that the concentration of economic power among the very wealthy creates elites that directly influence policies and may prevent governments’ ability to regulate the economy, redistribute income, and overcome a rise in inequality (World Bank, 2017[49]).

Many studies argue that governments find it difficult to engage in policy reforms that could tackle asset inequality (e.g. land reforms, education and health reforms), improve returns to the poor (e.g. wage policies) or increase the redistributive role of the state (e.g. fiscal and social protection policies) because such reforms would reduce the net gains accruing to a small interest group (Khemani, 2017[50]). There are also growing concerns that when trade and international investment negotiations are conducted between governments – with limited overall transparency and accountability, and limited insight from social partners and civil society organisations – there is a risk that the negotiation process is captured by powerful interest groups and leads to unequal outcomes (ILO (2017[24]) and the “In My View” piece by Winnie Byanyima.
In my view:
Can we leave no one behind in a world so unequal?

by Winnie Byanyima,
Executive Director of Oxfam International

To say that the world’s poorest people are simply being left behind can sound like an unbearably polite understatement at times, designed not to offend the rich and the powerful.

I think of the girls I grew up with in Uganda who have worked hard all their life, paid their taxes and supported their communities, only to see themselves and their children remain poor, without essential services. I think of women in poverty like Dolores, who works in a chicken factory in the United States. She and her co-workers wear diapers because their employer denies them toilet breaks (Oxfam, 2016[51]).

These women aren’t just left behind but trapped and exploited at the bottom of a global economy.

The 42 richest people now have the same wealth as the poorest 50% — 3.7 billion people. Last year, the top 1% reaped 82% of all new wealth (Oxfam, 2018[52]). That bottom half — who helped create the wealth — received nothing. The majority of the world have not been left behind, they are being deliberately held back to enable a fabulously rich and unaccountable elite to march away into the distance.

Global wage growth has slowed; gender inequality, inextricably linked to economic inequality, stubbornly persists. Women dominate the least secure and least paid jobs. The unequal impact of climate change is trapping more people in poverty.

Inequality and deprivation are not inevitable. They are the result of missed opportunities, and wrong-headed political choices that hardwired inequality into our economic model.

This is why Oxfam is focusing relentlessly on building a more human economy that realises and respects human rights. We know the tools proven to reduce inequality from living wages, tackling harmful social norms to fighting with citizens for universal, high quality healthcare and education.

Governments have considerable policy space to reduce inequality. They can raise the wages of workers as they did in Brazil. They can tax the richest more, as they have done in South Korea. They can spend more on health and education to ensure every woman and man have opportunity. Applying these lessons, together with Development Finance International, we developed the Commitment to Reduce Inequality index (Development Finance International and Oxfam, 2017[53]), which measures action on social spending, taxes, and workers’ rights in 157 countries.

Aid, used strategically, can help to build a more human economy. It can help end poverty and fight inequality in poor countries. It has the potential to deliver transformative finance from rich to poor nations, helping close the inequality gap between and within them. If aid needed a renewed calling, the crisis of economic inequality is it.

How? Through predictable assistance to build effective states, support for government budgets that pay teachers and nurses (OECD, 2015[54]) (Oxfam, 2014[55]) and humanitarian assistance. Through the adoption of a feminist aid approach to tackle economic and gender equality together.

This “inequality-busting aid” needs DAC donors to support the people on the frontlines, be they in NGOs, unions, women’s rights movements or journalism, pushing governments for fairer policies. DAC donors must also help protect their civil and political rights, which are under threat worldwide.

In the long-term aid needs to write itself out of a job. Helping governments to mobilise domestic revenues to deliver essential services, and ensure taxes are raised progressively and spent accountably, is shrewd. Yet in 2016, DAC donors only invested 0.18% of official development assistance (ODA) in domestic revenue mobilisation (Oxfam, 2018[56]). And on all of this, DAC donors can give more — ODA accounts for 0.31% of their GNI, less than half of their 50-year-old pledge of 0.7%.

We know about how not to use aid too. Donors should never instrumentalise aid to stop people fleeing from their homes for safety. As former UN High Commissioner for Human Rights Zeid Ra’ad Hussein said, “People don’t lose their human rights by virtue of crossing a border without a visa.” Privatising health and education, based less on evidence of effectiveness than blind faith in markets, pushes people further behind. Talented girls in poverty consistently lose out when education comes with a fee.

In years past, life-saving aid was pivotal in the child survival revolution, closing the school enrolment gender gap and promoting environmental sustainability. Donors must now use aid strategically to help build a more human economy and leave poverty and inequality behind by 2030.
5. Fiscal and trade policies show how lack of coherence and failures in implementation often restrict the promotion of equitable outcomes

A particular challenge in developing countries is that many governments do not have the administrative, technical or financial capacity to implement effective sustainable development policies and programmes. For instance, a state’s limited administrative capacity to collect taxes and deal with highly complex tax avoidance practices can lead to underinvestment in key areas, such as education, health or social protection (ILO, 2017[29]).

Moreover, a policy is more likely to fail when the chain of responsibility for its implementation is unclear or when there is a lack of coherent co-ordination. For instance, a state’s ability to achieve legitimate objectives for social equity may be undermined by non-labour elements of trade agreements, such as provisions for investment protection (ILO, 2016[20]). This is further exacerbated if the system for settling investor-state disputes is made up of corporate arbitrators whose independence is compromised by conflicts of interest. For instance, in 2013, the French transnational company Veolia sued the Government of Egypt because of an alleged loss of expected profits caused by Egypt raising the minimum wage (UN, 2015[57]).

A difficulty in reconciling tax and social policy objectives is another example where a lack of policy integration may lead to disappointing policy outcomes. While in advanced OECD countries, fiscal policies (both taxes and transfers) reduce the Gini coefficient (the most commonly used statistical measure of inequality) by 15 points on average (OECD, 2011[58]), in developing countries, fiscal policy tends to reduce inequality only slightly and often increases poverty (Lustig, 2017[59]), largely through indirect taxes.

How can development co-operation tackle income equality within countries?

The nature and drivers of economic inequality discussed in this brief bring into question the role of development co-operation. Can financial and technical assistance help reverse the trend towards greater inequalities within countries? And can reversing this trend help reduce poverty worldwide? Certainly, SDG 1 – to end poverty in all its forms everywhere – will not be achieved unless inequality within countries is substantially reduced.

The SDGs provide a strong rationale for development partners to be actively engaged in the fight against inequality. Within an overall framework to promote economic prosperity while protecting the planet and ensuring that no one is left behind, tackling inequality features throughout the 2030 Agenda, both directly in SDG 10 and indirectly in many other goals and targets. Building on the research findings summarised above, this final section suggests how development partners can reach SDG targets and enhance their impact on sustainable development.

Provide better diagnostics and tailoring of responses

Reducing income inequality should become more central in the country strategies of development partners. Rising economic inequality poses a particular threat to social cohesion within many developing countries and beyond. At the same time, more cohesive societies can be an engine for sustainable development (OECD, 2011[58]). Many development agencies are already seeking to reduce horizontal inequalities by helping the most vulnerable groups, such as women and young people, access basic services (Chapter 9). However, more action is needed to counter vertical inequalities.

Development co-operation should therefore factor in the nature and range of deep-rooted obstacles that developing countries face in their efforts to pursue economic equity. It should also provide a coherent response that reconciles actions at different levels of intervention (national, regional, global) and in different policy areas (official development aid, trade and investment policy, foreign policy). An analysis of the political economy may help to identify forces standing in the way of equitable economic outcomes, and provide greater clarity on which actions can help unlock existing or potential drivers of progress (World Bank, 2016[60]).
Development partners should tailor their responses based on well-informed country diagnoses of inequality challenges. Diagnostic tools, such as the OECD Social Cohesion Policy Review (see Box 3.2 on social cohesion in Viet Nam), help development partners and countries improve national economic and social policies in a way that fosters social cohesion, including economic equity. Such reviews aim to bring together different stakeholders for a broad-based dialogue on social cohesion.


Viet Nam’s economy has seen sustained growth over the past decade, accompanied by impressive poverty reduction and the emergence of a large middle class. These achievements are largely attributed to the Doi Moi policy – an economic reform process initiated in 1986. This policy led to a series of structural changes which transformed the country into one of the fastest growing economies in the world but has also created challenges for social cohesion. There are concerns that gaps in employment, social, education and fiscal policies still exist, and may put social cohesion at risk.

The aim of the OECD’s Social Cohesion Policy Review was to inform the on-going policy dialogue on social cohesion in Viet Nam, and the formulation of public interventions. Key findings include:

Social cohesion is at a crossroads in Viet Nam

There are concerns about the extent to which growth has been inclusive. In Viet Nam, absolute and relative income mobility are high, implying the presence of both winners and losers. The prospect of an upward change in status between generations of the same family (inter-generational mobility) also appears to be limited.

Structural transformation has had a negative impact on social capital in Viet Nam – it has affected the way people relate to and trust each other and the government, while traditional social support networks appear to be weakening. There are opportunities for civic engagement but citizens are not necessarily able play an accountability role in relation to the government or influence government policy. Social norms also appear to have an adverse impact on gender equity.

Improving social cohesion through employment-friendly policies

Employment intensity (how employment varies with economic output) in Viet Nam has remained low despite a large increase in labour productivity and real wage growth. There is also a skills mismatch as labour demands rapidly change under structural transformations. While years of public investment in education have helped build human capital and fuel economic growth, equity is still a concern and education and training policies are not sufficiently preparing the work force for employment in a fast-growing economy.

Building an inclusive social protection system

Viet Nam’s social protection system has mitigated risks during the structural reform, helping to narrow inequalities. Still, social coverage varies depending on the type of social protection, while widespread tax avoidance undermines the development of more inclusive schemes. Programmes targeting vulnerable groups tend to be successful: The main challenge is to extend access to unregistered poor people. In contrast with pro-poor assistance programmes, social insurance schemes are concentrated disproportionately among the better off. There are also large inequalities in access to healthcare services between ethnic groups and between income categories among the elderly.

Fiscal policy and the social contract

While there is trust in fiscal institutions in Viet Nam and tax morale is high, enterprises are under-reporting wages to evade social security contributions – this tends to undermine fiscal legitimacy and the social contract. Personal income tax in Viet Nam appears to have very limited redistributive effects. If fully enforced, however, the existing regime for personal income tax could help reduce inequality. Public transfers also reduce income inequality - more effectively than taxation. Fiscal transfers from the central to local governments in Viet Nam are meant to be progressive but the pro-poor nature of these transfers does not automatically translate into improved satisfaction with public service delivery.

Support and engage in international regulatory mechanisms such as tax schemes to reduce global inequality

In many ways, developing countries are operating in an international system largely dictated by the policy choices made in OECD countries. Such a system comes with both costs and benefits in terms of economic inequality, but development partners can respond by supporting international processes that help minimise some of the costs and maximise the benefits.

One relevant initiative in the fight against rising economic inequality is the OECD/G20 Base Erosion and Profit Shifting (BEPS) package that incorporates measures to reduce tax evasion by wealthy individuals and multinational corporations. BEPS is of major significance for developing countries given their governments’ heavy reliance on corporate income tax, particularly from multinational enterprises.

Another related initiative is the OECD/UNDP Tax Inspectors Without Borders (TIWB) programmes that support countries in building capacity for tax auditing. TIWB programmes complement the broader efforts of the international community to strengthen co-operation on tax matters and contribute to the efforts of developing countries to mobilise domestic resources.

Development co-operation should help developing countries engage in the international tax agenda by providing support that answers their specific needs. Development co-operation should also work with the private sector to help implement the OECD Guidelines for Multinational Enterprises, which are the most comprehensive set of government-backed recommendations on responsible business conduct in existence today. Governments adhering to these guidelines aim to encourage multinational enterprises to act responsibly. In so doing, they can reduce the risk that such enterprises contribute to negative human rights, labour and environmental impacts in their operations or through their supply chains.
Fragility

By Rachel Scott, OECD Development Co-operation Directorate

Key messages

- Fragility and being left behind go hand in hand. More than 80% of the world’s poorest people might be living in fragile contexts by 2030. Barriers are high to reaching the sustainable development goals in these contexts.

- Fragility is a single label for a complex and multidimensional phenomenon. The OECD’s fragility framework looks at a combination of risks and coping capacities in five dimensions: economic, environmental, political, security and societal.

- Tackling fragility in all its dimensions takes commitment and focus from all actors, who must target root causes and work towards inclusive, peaceful and equitable societies – starting with the most vulnerable people.

- ODA to fragile contexts is growing. In 2016, fragile contexts received USD 68.2 billion in ODA but just 2% of this aid was directed to conflict prevention and 10% for peacebuilding.

- Development finance for the drivers – not just the symptoms – of fragility is limited, prompting calls for a new principle to invest in development wherever possible and humanitarian aid only when necessary.

When it comes to delivering on the 2030 Agenda’s aspiration to leave no one behind, nowhere is the risk so great, or the reward so potentially game changing, as in fragile contexts. Fragility matters – for the well-being of people, for the stability and development prospects of societies, and for its flow-on effects on neighbouring regions and on OECD countries.

Fragility matters because it is here, in fragile contexts, that people have already been left behind. The Sustainable Development Goals (SDGs) provide an opportunity to redress the failures of the Millennium Development Goals to lead to more profound and widespread development progress in fragile contexts. Thus far, however, fragile contexts are lagging behind on the path to achieving the SDGs. While most fragile contexts are on track to meet goal 13 on climate change and goal 17 on global partnership, great challenges remain regarding progress on the other SDGs, particularly goal 1 on poverty; goal 2 on food and nutrition; goal 3 on health; and goal 16 on peace and justice (Sachs et al., 2017, pp. 15-19[62]).

Out of 157 countries for which data on SDG progress are available, fragile contexts consistently rank in the lower third. The extremely fragile countries of Central African Republic, Chad and the Democratic Republic of the Congo are at the bottom of the rankings, in 157th, 156th and 155th place (Sachs et al., 2017, p. 11[62]).

Based on projections for the OECD’s annual States of Fragility report (OECD, 2018[2]), by 2030, more than 2.3 billion people, or about 27% of the world’s population, will live in fragile contexts – up from 1.8 billion today. If no action is taken, the number of people living below the international poverty line in fragile situations is estimated to rise to 620 million in 2030 from 513.6 million in 2015. This means that more than 80% of the world’s poorest people could be living in fragile contexts by 2030. These extremely poor people will be mostly concentrated in four countries, all of which appear in the OECD 2018 fragility framework: Nigeria, with a projected 130 million extremely poor residents in 2030; Democratic Republic of the Congo, with 80 million; United Republic of Tanzania (“Tanzania”), with 30 million; and Madagascar, with 28 million (OECD, 2018, p. 99[2]).

ODA to fragile contexts is significant because fragility matters. Allocations to fragile contexts, which are more aid dependent, is growing faster than ODA to other developing countries. In 2016, fragile contexts received USD 68.2 billion in ODA. DAC donors spent 35.8 billion of this amount; other bilateral donors spent USD 9.9 billion, and the remaining USD 22.4 billion was channelled through actors including development banks and UN agencies. Overall, ODA to fragile contexts increased by 6.4% between 2015 and 2016, more than double the rate of overall ODA growth. Indeed, ODA to fragile
Box 3.3. Factors of fragility

Poverty is not the only reason that people are at risk of being left behind in fragile contexts. In fragile contexts well-being of people and sustainable development are undermined by several factors, including for example:

- **Inequality.** According to the Gini Index, countries considered extremely fragile, among them Haiti and Central African Republic, are also among the countries with the most unequal income distributions (Sachs. et al., 2017, p. 436[62]).

- **Gender inequality.** Eight of the ten most gender-unequal societies in the world in 2015 were also contexts considered fragile in the OECD 2018 fragility framework, among them Yemen, Chad, Niger, Mali, Côte d’Ivoire, Afghanistan, Democratic Republic of the Congo and Sierra Leone (UNDP, 2016, pp. 214-217[63]).

- **Life expectancy.** The countries and contexts in the 2018 fragility framework have some of the lowest life expectancies in the world (WHO, 2017[64]). According to 2015 data, Sierra Leone had the lowest average life expectancy at birth (50.1 years), closely followed by Angola (52.4 years) and Central African Republic (52.5 years) (WHO, 2017, p. 55[64]).

- **Disaster risk.** For the combined period 1996-2015, six of the top ten countries for disaster deaths in absolute numbers also figure in the 2018 fragility framework: Afghanistan, Haiti, Honduras, Myanmar, Pakistan and Somalia (UNISDR and CRED, 2016, p. 15[65]). Disasters have particularly devastating effects in fragile contexts, which have heightened exposure to risk and insufficient coping capacity to manage, absorb or mitigate those risks.

- **Forced displacement.** In 2016, 55% of all refugees worldwide originated from Afghanistan, South Sudan or the Syrian Arab Republic (“Syria”) (UNHCR, 2017, p. 3[66]) – all three classified as extremely fragile in the OECD framework. Similarly, six of the top ten countries hosting refugees in 2016 (UNHCR, 2017, p. 15[66]) were considered fragile: Democratic Republic of the Congo, Ethiopia, Iran, Kenya, Pakistan and Somalia. Fragile contexts are also disproportionately affected by internal displacement. Eight of the ten largest populations of internally displaced persons are in fragile contexts (UNHCR, 2017, p. 36[66]).

- **Urban fragility.** Cities in fragile contexts are especially vulnerable to the effects of heightened fragility, and in turn they risk pushing contexts further into fragility. This is due to the speed of population growth, high levels of unemployment, income inequality, lack of access to basic services, homicide rates, terrorism and exposure to natural hazards – especially climate change related disasters. Three of the four most fragile cities - Kismaayo, Merca and Mogadishu - are in Somalia. Six of the 25 most fragile cities are in Iraq; five are in Yemen; and four are in Afghanistan (Muggah, 2017[67]).

Who is left behind in fragile contexts?

Fragility is a complex phenomenon. Different contexts are fragile, at different levels of intensity, for different reasons. All societies and contexts, in fact, are fragile at some point and to some extent. A multidimensional framework is therefore the best way to understand how and where people living in fragile contexts are at risk of being left behind. Such a framework can also help spur new thinking about how to achieve sustainable results in fragile contexts, for this generation and the next and new ways of working by all actors across the humanitarian-development-peace nexus as stressed by Ulla Tørnæs, Denmark’s Minister for Development Cooperation in her “In My View” piece.
In my view:

We need new ways of working across the humanitarian-development-peace nexus so no girl is left behind

by Ulla Tørnæs,
Minister for Development Cooperation, Denmark

While we have witnessed great progress in the fight against poverty and inequality, too many people – the most impoverished, disadvantaged, and at risk of violence and discrimination – still face significant inequalities when it comes to accessing resources and rights. Women and girls all too often are at the top of that list.

The commitment to leaving no one behind entails prioritising the progress of the most marginalised. It urges us to address the structural causes of inequality and marginalisation that affect them, so they can unfold their potential. This is guiding the Danish strategy for development policy and humanitarian action.

Being exposed to conflict or fragile situations tends to deepen structural inequalities. This is certainly true for gender inequalities. In conflict situations young girls are 2.5 times more at risk of not attending school than boys, and 9 out of the 10 countries with the highest child marriage rates are considered fragile or extremely fragile states.

Unfortunately, recent trends indicate that many are likely to continue to live in fragility or displacement for years to come. We therefore need to ensure that our response is designed from the outset to deliver sustainable outcomes over time for those most in need. Development thinking has to be present from the emergency phase and we need to address the underlying inequalities and gaps that are clearly interlinked. This requires a holistic approach that includes health services, education and livelihoods. Sexual and reproductive health and rights for women and girls must be protected; to save lives and to protect the fundamental right of all women and girls to decide over their own bodies.

The education of girls needs to have priority, also in humanitarian settings; girls who receive seven years of schooling tend to marry later, have better economic possibilities and have fewer children.

My vision is that by 2030, all women and girls have the ability to enjoy their rights, fulfil their potential and make their own choices in life. No Sustainable Development Goal is met unless it is met for everyone, including vulnerable women and girls. This will not be easy. Those furthest behind are the hardest to lift. It will require collective efforts, from policy makers, civil society, humanitarian actors, development agencies, private sector partners and the donor community.

In my view, the new way of working sets the course. Collectively, we can reduce short-term and long-term needs, risks, and vulnerabilities in a sustainable way. If only we are all ready to work and collaborate across the humanitarian-development-peace nexus.

The OECD’s multidimensional fragility framework frames the phenomenon as a combination of risks and coping capacities in five dimensions: economic, environmental, political, security and societal (Whaites, 2017[68]).

Figure 3.5 shows the results of applying this fragility framework in 2018. Contexts are listed counter-clockwise by increasing levels of fragility. However, the ordering is only indicative; inherent in the concept of multidimensionality is the fact that contexts next to each other in this visualisation face different types of fragility and thus should not be directly compared to one another.

Economic fragility

The economic dimension of fragility aims to capture the vulnerability to risks stemming from weaknesses in economic foundations and human capital, taking into account factors including exposure to macroeconomic shocks, unequal growth and high youth unemployment.
The first group at risk of being left behind under the economic dimension of fragility are, of course, the very poor. As noted earlier, projections show that 620 million people living below the international poverty line – 80% of the world’s poorest people – will be living in fragile contexts by 2030.

The second group at risk are those that have been excluded from the benefits of economic growth. As highlighted in States of Fragility 2018, impressive economic growth and its attendant expectations generate serious new risks when they fail to bring commensurate progress in income distribution, job creation, or increased voice and accountability (Whaites, 2017[68]). This means that greater attention is required not only to growth, but also to the quality and distribution of its economic benefits. Higher income status is not a guaranteed way out of fragility, either: 30 of the 58 contexts on the 2018 fragility framework are middle-income countries (OECD, 2018[2]).

A third, less understood, group at risk of economic fragility is people living in countries that are neighbours to fragile contexts. Neighbours may see a drop in their economies when physical and human capital are destroyed; when they become less attractive for foreign direct investment and trade; or when resources are diverted towards less productive sectors such as defence, border control...
and refugee management (Dunne and Tian, 2015[69]) (DFID, 2016[70]). This is why, for example, the UK Department for International Development includes “neighbouring ‘high fragility’ states” as a category in its list of fragile states and regions (DFID, 2016[70]).

Finally, people living with the daily scourge of corruption are also at risk of being left behind. All countries experiencing fragility in the 2018 OECD framework, with the exception of Rwanda, also ranked high in corruption perception scores on the 2016 Corruption Index (Transparency International, 2017[71]). Corruption hampers economic growth and increases poverty, depriving people of access to vital services such as healthcare, education and water and sanitation – and further increasing their risk of being left behind.

**Environmental fragility**

The environmental dimension of fragility aims to capture vulnerability to environmental, climatic and health risks affecting citizens’ lives and livelihoods. This includes vulnerability to natural disasters, pollution and disease epidemics (see also the section in this Chapter on Climate Change).

Climate is a significant factor that increases people’s risk of being left behind in fragile contexts. Its impact is seen in political instability, food insecurity, weakening of economies and large-scale movements of people. It can compound tensions, catalyse violence or threaten fragile peace in post-conflict contexts (Peters and Vivekananda, 2014[72]). Violent conflict, in turn, leaves communities poorer, less resilient and less equipped to cope with the impact of climate change – creating a vicious cycle that is hard to break.

Disasters disproportionately affect those left behind in fragile contexts. There are two reasons for this: people living in fragile contexts are often exposed to higher disaster risks, and they often have lower coping capacity. Between 2004 and 2014, 58% of deaths from disasters occurred in the 30 most fragile states worldwide (Peters and Budimir, 2016, p. 5[73]).

In 2016, 24.2 million people were displaced because of sudden-onset natural hazards (IDMC, 2017, p. 31[74]). If greater and more strategic actions are not taken with foresight in the environmental dimension, people living in fragile contexts who are exposed to natural hazards and climate shocks are at significant risk of being trapped in a cycle that will keep them behind for the foreseeable future.

**Political fragility**

The political dimension of fragility aims to capture vulnerability to risks inherent in political processes, events or decisions. These include risks to political inclusiveness (in the form of elites), to transparency (in the form of corruption), and to societies’ abilities to accommodate change and avoid oppression.

Reducing inequality and exclusion, particularly of women and young people, is a fundamental requirement for sustainable peace (UN/World Bank, 2018[75]) and thus for reducing the risk of being left behind. Political inequality can be one of two types: vertical or horizontal. Vertical inequality between individuals or households – the “haves” and the “have nots” – can lead to unequal access to power, and thus to political instability. Horizontal inequality between different ethnic, regional or religious groups creates the perception of inequality and injustice, and thus creates grounds for grievances and conflict (UN/World Bank, 2018[75]).

Interestingly, however, those left behind in the political dimension can also include wealthy elites – not usually targets of development programming. This is particularly the case during transitions towards political inclusion, such as following the signature of a peace agreement. In these key periods, the risk of instability and violence can increase – especially when aggrieved elites, demanding or resenting a change in their relative status, mobilise groups to act on their perceptions of injustice (UN/World Bank, 2018[75]).

Addressing the risk of being left behind in the political dimension is thus complex. Traditional development approaches that focus solely on vertical state-society relations, with the state usually
embodied by central government, underplay the importance of horizontal society-society relations and local/municipal dynamics. Similarly, emphasising institution building can skew the perspective too narrowly towards the central, formal state, obscuring the impact of people and societies in shaping the foundations on which institutions are built (OECD, 2018[2]). Ignoring this wider picture increases the risk of programming that does not meet the needs of those left behind.

**Security fragility**

The security dimension of fragility aims to capture the vulnerabilities of citizen security emanating from social and political violence. As such, it includes indicators of citizens’ exposure to direct political and social violence.

Insecurity is a major driver of the risk that people will remain left behind. This risk can manifest in different shapes and forms, including violence that leads to injury or death; human suffering, including from forced displacement; the destruction of key infrastructure required for basic services; and insecure environments that prevent humanitarian access to those most in need.

It is, thus, good news that conflict prevention is high on the international policy agenda. However, resources to build security do not appear to share this high priority. In 2016, just 2% of ODA that went to fragile contexts – about USD 1.7 billion – was directed to conflict prevention. About 10% – USD 7.5 billion – went to peacebuilding (OECD, 2018[2]).

Insecurity also has an increasing influence on the type of ODA that fragile contexts receive – and this is creating perverse incentives that hamper efforts to fix the multiple dimensions of fragility. From 2015 to 2016, in all fragile contexts, humanitarian assistance increased by 38%, whereas development assistance available for programming (also known as country programmable aid or CPA) did not increase (Chapter 13). In the 15 extremely fragile contexts, where the security risks create the greatest challenge for international actors, the split between CPA and humanitarian assistance was, in 2016, almost equal, with CPA at USD 16 billion and humanitarian finance at USD 15 billion. This means that the development finance available to work on the real drivers – not just the symptoms – of fragility is limited, prompting calls for greater development investment in fragile contexts, following the principle of development wherever possible and humanitarian [aid] only when necessary.

**Societal fragility**

The societal dimension of fragility aims to capture vulnerability to risks that affect societal cohesion, including factors such as vertical and horizontal inequalities and social cleavages.

Fragility rises or declines with the ability of different groups in society to work together. When this is not possible – and society is rarely a cohesive entity in fragile contexts – then members of the more marginalised groups are at major risk of being left behind. Factors that increase societal fragility include lack of mutual trust; differing perceptions of history; different concepts of the legitimacy of rules; and different levels of respect for public authority (OECD, 2018, pp. 42-44[2]).

Democratic processes and elections are often promoted as a solution towards an effective social contract; however, if not handled properly they can also do harm and increase the risk of marginalisation. In Sri Lanka, for example, the Sinhala majority has repeatedly prevented the kind of compromise that would satisfy the minority Tamils (Uyangoda) (OECD, 2018[2]). In Kenya, Nigeria and Ukraine, electoral competition for political power has repeatedly increased social divisions rather than healed them. In Guatemala, democracy has repeatedly failed to empower disadvantaged groups (OECD, 2018[2]).

In addition, the recent shrinkage of civil society space in many countries has reduced its scope to have any influence on strengthening – or weakening – social cohesion (Chapter 6). The restrictions facing civil society, therefore, hold back its full potential to reduce the numbers of people left behind in fragile contexts.

Finally, in fragile settings inequitable gender relations can fuel conflict and violence, while women’s active participation can contribute to sustainable peace and resilience (see also the section on Women
and girls in this chapter). These dynamics have a significant impact, either negative or positive, on those left behind. Recent research by OECD Gendernet and the International Network on Conflict and Fragility, however, has shown that policy and programming in fragile settings tends to approach gender as a technical add-on, viewing women’s issues as somehow separate from the concerns of the general population, and backed by stereotypes of women as vulnerable and non-violent, versus men as violent and resilient (OECD, 2017[76]). This is of course leading to sub-optimal results.

**Delivering ambitious actions to fix fragility**

*States of Fragility 2018* sets out seven collective ambitions – for governments in fragile contexts, regional organisations, bilateral and multilateral actors, civil society and the private sector – to fix fragility wherever possible, and thereby reduce the risk of people being left behind while promoting their prospects for sustainable development and peace. These ambitions are:

1. We must address fragility if we want a better world – and if we want to leave no one behind.
2. We will accept complexity and address all dimensions of fragility – understanding and using a multidimensional approach to policy and programming and working across the full spectrum of issues, even those that are difficult and sensitive.
3. We will invest more and smarter aid in fragile contexts – knowing that ODA matters immensely in fragile contexts, and is the only investment flow that leads to more inclusive growth, and peaceful and stable societies.
4. We will step up our efforts on prevention, peace and security – matching our investments to the international community’s rhetoric.
5. We will invest in the data to better understand, anticipate and respond to multiple states of fragility – collecting data about lesser-understood areas like informal systems, and integrating this evidence into programming decisions.
6. We will support the capacity of governments to deliver inclusive solutions to their own states of fragility – acknowledging that exiting fragility must be a partnership, where both partner governments and the international community have work to do.
7. We will never lose sight of the end goal of delivering hope and better lives for all people in fragile contexts – acknowledging the need to support people in building a better future, and providing hope for their dreams and aspirations, and for better lives.

These are high ambitions, and in pursuing all of them we can name another, which is not additional but essential to exiting fragility: we must target the furthest behind first.
Governance

By Catherine Anderson and Marc de Tollenaere, OECD Development Co-operation Directorate

Key messages

● Inclusive governance is likely to contribute to more equitable development outcomes when interventions are tailored to the context, iterative and adaptive, and when these serve to shift institutional, social and behavioural outcomes.

● To support the development of inclusive governance, practitioners need to embrace politics with a good understanding of the local political settlement.

● Trends in women’s political participation and women’s empowerment in the least developed countries show that progress on empowerment is slower than progress on participation.

● Democratic participation in the least developed countries has increased steadily between 1990 and 2017. Data on the distribution of power by socio-economic position show that the wealthy class has strengthened its hold on political power over the same period.

Long before the advent of the SDGs, inclusive participation, citizen engagement and social justice actions were among the measures adopted to address power asymmetries, social and political exclusion and problems of inequality in development. In the context of the SDGs, the principle of leaving no one behind reinforces the role of inclusion, both as an instrument and an attribute of sustainable development. The development community is reflecting on what inclusion potentially encompasses, and the conditions under which it may be most effectively accomplished, in light of empirical experience about the prerequisites for sustained growth, security, stability and poverty reduction.

Governing in inclusive ways

Hickey et al. (2015[77]) define inclusive development in a way that can also serve to define inclusive governance “the process through which social and material benefits are equitably distributed across societal divides, income groups, genders, ethnicities, regions, religious groups and others”. It covers a broad range of benefits: economic and material gains and enhanced well-being and capabilities, as well as social and political empowerment, and suggests a focus on marginalised and vulnerable groups.

Multiple SDGs refer to inclusion, although inclusive governance is most closely associated with SDG 16, which broadly seeks to promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels. Two particular targets of SDG 16 focus on inclusive governance - 16.6: Develop effective, accountable and transparent institutions at all levels and 16.7: Ensure responsive inclusive, participatory and representative decision making at all levels.

Understanding the context of exclusion

A particular constraint for governments and development partners in effectively programming for inclusive governance is that it can be difficult to assess exactly who is left behind and how, as this depends on and requires an understanding of the country context. For example, people can be excluded from decision-making processes but still be included in development outcomes. Lekalake and Gyimah-Boadi (2016[78]) have shown that in many African countries, youth are significantly under-represented in governance processes but can still benefit from improved health and education services. As a further example, several authoritarian East Asian states historically pursued a range of inclusive outcomes such as employment-generating industrialisation and universal social protection schemes, which benefitted broad swaths of their societies (Teichman, 2016[79]).

Attention to context prompts questions about how geography, history, social and political ideas or narratives and the prevailing political economy might impact on the inclusivity of social structures, political pacts and settlements. The core capability of the governing regime to make government administration broadly inclusive and accessible is also of central importance (Hickey et. al. 2015).
Given that inclusive governance takes many shapes and forms, and is strongly influenced by the socio-economic and political context, there is no blueprint approach for ensuring it leaves no one behind. Different and divergent pathways are necessary. Understanding the conditions (institutional/structural, social, political etc.) and norms (social, cultural) through which exclusion happens, and the reasons why, will be an important basis for effective programming.

**Enabling inclusive governance is difficult**

It is easy to assume that if more citizens and groups in society are represented in governance processes and can influence decision making, they will also benefit from the outcomes. Yet, practical experience from existing governance initiatives supported by ODA has highlighted the difficulties associated with accomplishing inclusive governance effectively (OECD, 2018; Rocha Menocal, 2017; Hickey et al., 2015). Some of these are discussed below.

First, states that try to become more inclusive often need to implement multiple transformations simultaneously: for example, from violence to peace; from personalised rule to rules-based institutions; and from elite accumulation to shared opportunities for income, employment and economic growth. These multiple transformations do not necessarily go hand-in-hand but rather tend to generate tensions (Rocha Menocal, 2016).

Second, difficult choices and trade-offs need to be made and progress can often happen alongside suboptimal results and setbacks. Pathways towards inclusive governance are often non-linear and some forms of inclusion may progress faster than others. For example, political inclusion may advance more quickly than economic or social inclusion and vice-versa, or some groups (such as women) may be more readily included than others. Rwanda, for example, has made tangible progress on inclusive outcomes, with vastly improved primary education enrolment, and on women’s representation, but political pluralism remains limited and the Batwa minority continues to be excluded (Beswick, 2011).

Third, many pitfalls exist, including tokenism, inclusion under unfavourable terms, non-performative inclusion, and the potential for new exclusions (Cookson and Fuentes, 2018). More inclusive governance can slow down decision making or result in unproductive compromises, which can make progress seem less effective (e.g. long and broad consultations on public sector reforms that are subsequently not implemented). Inclusive governance interventions can also have unintended effects. Botswana is often hailed as a beacon of political stability and democracy in Africa and tops regional governance rankings. However, some analysts argue that the country’s post-independence constitution has institutionalised a political system of exclusion where political power and access to it are limited to a small part of society (Maundeni and Suping, 2013; Molutsi and Holm, 1990). Consultations are tokenistic and fail to represent key sections of society. Similarly, in South Africa, while formal political inclusion has been achieved, large segments of the black population continue to experience social and economic exclusion (Marais and Davies, 2014; Dudouet, Lundström and Rampf, 2016).7

Fourth, some of the greatest progress in reducing poverty and/or inequality has come about in undemocratic or disruptive ways. Scheidel (2017) argued that economic inequalities are usually narrowed most effectively by cataclysmic events: war, revolution, the collapse of states and natural disasters (Scheidel, 2017). China has achieved unprecedented levels of poverty reduction in the absence of a multiparty system, suggesting that elite commitment to inclusive development matters. In fragile or conflict states, in particular, the literature suggests that less inclusive governance may be necessary in the short term to enable political stability, and can be more effective for achieving development results, spurring growth and accelerating poverty reduction (Rocha Menocal, 2017). The lessons from these experiences suggest that the extent of possible inclusive developmental changes is determined by whether elites (political, economic or social actors) use their power and influence to encourage progressive change or to entrench their privileged position (Rocha Menocal, 2017).
Finally, the links between inclusive processes and inclusive outcomes are not yet clear. More participation, representation and accountability do not automatically produce more equitable services, economic opportunities or empowerment. South Africa has some of the highest rates of female representation in governing bodies, but it also has one of the highest rape rates in the world, showing that the presence of women in governance bodies does not automatically translate into the protection of women’s rights (Statistics South Africa, 2018[90]).

The difficulties associated with enabling inclusion also belies the central concern that we know very little about how and under what conditions the evolution from limited inclusion to open inclusion can take place (Hickey et. al., 2015[77]). For example, although on a downward trajectory today, the democratisation process in the Philippines was the result of the “People Power” social movement and was based on a cross-class coalition of religious elites, economic elites and the middle classes demonstrating the importance of broad-based coalitions across society in contributing to inclusive development (Slater, 2010[91]). In the Plurinational State of Bolivia (“Bolivia”), institutional reforms driven by the combination of a women’s movement, involving elite, urban rural and indigenous women, and affirmative action measures in the form of gender quotas resulted in an increase in female MPs from 6.9% in 1997 to 53.1% in 2014 (Inter-Parliamentary Union, 2018[92]). There was also an upsurge in electoral participation from 71.36% in 1997 to 91.86% in 2014 thanks to political mobilisation at a grassroots level (International IDEA, 2018[93]). The Philippines and Bolivia have experienced some regression in recent years, showing that change is not linear and can be subject to reversals. Ultimately, however, the evidence shows that more open and inclusive states and societies are more resilient, democratic, wealthier and less unequal in the long run (Rocha Menocal, 2015[94]). Walton (2010[95]) and Khan (2010[96]) are among those pointing to a “central channel of causation, from underlying social, economic and political processes through social contracts and institutions to human development outcomes”.

**Measuring progress and monitoring trends is work in progress**

There is currently no standardised, accepted way to measure progress towards inclusive governance, and proxy measures are most often adopted. Participatory democratisation, increasing civic engagement and inclusion of marginalised populations in governance institutions all suggest some progress, but the results of these efforts are difficult to quantify or measure. Data can also be contradictory, with some indicators showing progress, while others show a negative trend: for example, more countries than ever enjoy universal suffrage (and thus political inclusion), and yet the number of citizens that abstain from voting is on the rise (Solijnov, 2016[97]).

Measures to assess trends and monitor progress under SDG 16, where inclusion is explicitly referenced, are consequently incomplete or partial (Table 3.1). There have been no official progress reports on the indicators linked to SDG targets 16.6 and 16.7, which are specifically focused on inclusive governance.

### Table 3.1. Measuring SDG targets 16.6 and 16.7

<table>
<thead>
<tr>
<th>Target</th>
<th>Indicators</th>
<th>Data</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>16.6: Effective, accountable and transparent institutions</strong></td>
<td>1. Primary government expenditures as a proportion of original approved budget, by sector (or by budget codes or similar)</td>
<td>- Public Expenditure and Financial Accountability (PEFA) indicator measuring expenditures against original budgets</td>
</tr>
<tr>
<td></td>
<td>2. Proportion of population satisfied with their last experience of public services</td>
<td>- Gallup World Poll (to be confirmed; no data available yet)</td>
</tr>
<tr>
<td><strong>16.7: Responsive, inclusive, participatory and representative decision making</strong></td>
<td>1. Proportions of positions (by sex, age, persons with disabilities and population groups) in public institutions (national and local legislatures, public service and judiciary) compared to national distributions</td>
<td>- World Bank Global Indicator on Regulatory Quality (World Bank, 2017[98])</td>
</tr>
<tr>
<td></td>
<td>2. Proportion of population who believe decision-making is inclusive and responsive by sex, age, disability and population group</td>
<td>- Women in parliament tracked by International IDEA-Power distributed by social group tracked by V-Dem</td>
</tr>
</tbody>
</table>

Notes: The data sources and indicators listed in this table are not officially approved and are not currently used for reporting on 16.6 and 16.7.
Proxy measures, such as ODA flows to government and civil society, the World Governance Indicator on Voice & Accountability and the Varieties of Democracy (V-Dem) indices, shed light on commitment to promote inclusive governance as well as progress in participation and empowerment, but they have their limitations. The World Governance Indicator on Voice & Accountability, for example, points to a strong correlation between income levels and inclusion, but does not tell us the extent to which that participation also translates into actual influence over decision making (World Bank, 2017[98]). An equally interesting finding is that although low-income countries have made progress towards improving their political freedoms and participation in the past two decades, higher income countries have either shown a regression, as is the case in non-OECD countries or demonstrated uneven performance, as in the case of high-income OECD countries.

V-Dem looks beyond measures of participation such as elections, gauging for example the extent to which political elites give public justifications for their decisions based on the common good (Coppedge et. al. (V-Dem), 2018[99]). V-Dem indices generally show progress on representation, consultation and accountability. They also show that the exercise of power remains restricted to particular social groups and socio-economic positions. For example, a comparison of trends in women’s political participation and women’s empowerment in least developed countries shows that progress on empowerment is slower than progress on participation (Figure 3.6).

![Figure 3.6. Trends in women’s political participation and empowerment 1990-2017](image)

Indices measuring participation in least developed countries show a steady progress between 1990 and 2017, but indices looking at the distribution of power by socio-economic position show that during the same interval the wealthy class has strengthened its hold on political power (Figure 3.7) (Coppedge et. al. (V-Dem), 2018[99]).

Progress on citizen participation in governance processes, as identified by V-Dem, aligns with traditional ODA interventions even if V-Dem data also show that these measures have not necessarily made political power more inclusive (Figure 3.8). While the volume of ODA allocated to governance related projects and programmes, referred to as Government and civil society in OECD DAC reporting directives, has declined from a peak in 2009, approximately one quarter of these ODA flows target democratic participation and civil society and women’s equality organisations.9
Current data and evidence do not reveal the conditions under which inclusive governance might contribute to inclusive development, at least not in a way that would inform and guide development co-operation programmes for inclusive governance. Given these empirical gaps, assessing and monitoring inclusive governance will require out-of-the-box thinking, and reliance on cross country analytical research and learning, generated across an array of developmental contexts.

Figure 3.7. *Trends in participation and power distributed by socio-economic position 1990-2017*

![Graph showing trends in participation and power distributed by socio-economic position 1990-2017](image)


[^100]: http://dx.doi.org/10.1787/888933880128

Figure 3.8. *Official development assistance to government and civil society, 2008-2016*

![Graph showing official development assistance to government and civil society, 2008-2016](image)


[^101]: http://dx.doi.org/10.1787/888933880185
Lessons from experiences of inclusive governance

Some of the drivers that can bring about positive change for inclusive governance are known. These include:

- political struggles
- organised protest and social contestation
- improved coverage and quality of education\(^{10}\)
- advocacy campaigns
- institutional reforms (such as introducing the right to vote, or quotas for women’s representation)

However, these drivers alone do not determine change, what makes a difference is the way they connect with the broader domestic political economy. Dan Slater (2010\(^{91}\)) illustrates how coalitions of actors can either effectively block more inclusive governance or make it happen, depending on a particular context.

A recent OECD-DAC Governance Network survey found that inclusive governance interventions produce the most effective results when they are problem-driven, adaptive and locally-led, with the necessary feedback loops built in to allow for incremental adjustments (Cookson and Fuentes, 2018\(^{102}\)). This corroborates with earlier research findings from the Overseas Development Institute (Wild et al., 2015\(^{103}\)).

A major conclusion from a first phase of research (2012-2016)\(^{11}\) carried out by Effective States and Inclusive Development (ESID) is that positive change (democracy, inclusive governance, sustainable development) seldom happens simultaneously in developing countries and that trade-offs need to be made among “the good developments” and in terms of sequencing. While this data is perception based and thus subject to some limitations, it is gathered through a network of more than 3 000 experts and is recognised as a credible, robust source of information. In addition, Various V-Dem indices on participation, gender and the division of power were confirmed by the results of two GovNet surveys on inclusive governance, in 2017.

For governments and donors opting for more inclusive governance is one, but not the only option, or can be partial (political inclusion without economic development; inclusion in social service provision only). Multiple approaches may be warranted. Finally, making progress on inclusive governance requires development practitioners to embrace politics. This requires a good understanding of the political settlement in which one acts, but also to think beyond aid-based interventions as the only or best conduit to make governance more inclusive (Kelsall, 2016\(^{104}\)).\(^{12}\) Less conventional actions such as brokering strategic alliances or coalitions, or facilitating contacts and knowledge exchange could prove equally helpful, but such long-term and less tangible (compared to governance projects) interventions can be difficult to align with donor pressures for short-term measurable results. These approaches also require different skills to those used for programme management and may not be compatible with the visibility needs of many donors.\(^{13}\)

Conclusion

Leaving no one behind through advancing inclusive governance is a complex endeavour. More inclusive governance does not automatically lead to inclusive outcomes because these outcomes can be reached through non-inclusive processes. Progress on political representation can go hand-in-hand with reducing civil liberties.

Based on development experiences to date, a commitment to leaving no one behind will require development actors to cast aside their hubris and better understand what inclusive governance might entail in practice and the conditions under which it could effectively be accomplished, across a diverse range of country contexts. Better programming for results will involve dealing with incongruities and making realistic assessments of the “space for change” to identify the potential for effective interventions. The pathways for change may be non-linear, but ultimately societies that are inclusively governed are more resilient, more equal and more peaceful.
Climate change
By Bérénice Lasfargues, OECD Development Co-operation Directorate

Key messages
- Climate action is imperative to realising the 2030 Agenda’s ambition to leave no one behind. Failure to deliver on ambitious collective climate action will leave millions further behind.
- Climate change is a global challenge whose impact is felt locally. Poorer populations are harder hit and have lower coping abilities.
- Forecasts of climate change-induced migration vary from 25 million to 1 billion migrants by 2050, with 200 million being the most widely cited estimate.
- Development co-operation plays a critical role in supporting developing countries in transitioning to low-emission, climate-resilient development pathways.
- To prevent more people from being left behind, development co-operation needs to scale up support for climate adaptation and create an enabling environment for just and inclusive climate-informed policies.

Climate change is a defining challenge of our time. It will impact everyone, and poses a threat to the realisation of the 2030 Agenda. Its effects, which are already being felt, will impede or even reverse hard-fought development gains and prosperity. Climate change is also the ultimate “threat multiplier”, putting a strain on existing systems of governance and potentially aggravating population displacement, food insecurity, political instability and conflict (Rüttinger et al., 2015[105]) (Box 3.4). While climate change is inherently a global problem, its impacts are distributional in nature, unevenly felt between and within countries and populations. Similarly, not all geographies or segments of societies are equal in dealing with the structural changes implied by moving away from high-emission development pathways. Disparities in how particular groups are affected is often due to one or a combination of intersectional factors such as geography, gender, power, social status, and access to and control over resources.

In 2015, the Paris Agreement and 2030 Agenda heralded a new era, one that strongly emphasises the interlinkages between the climate and pro-poor development agendas – as well as the critical need for these agendas to leave no one behind. In its preamble, the Paris Agreement explicitly recognises “the needs and special circumstances” of the most vulnerable to climate change, and stresses the importance of taking “into account the imperatives of a just transition of the workforce and the creation of decent work and quality jobs in accordance with nationally defined development priorities” (UNFCCC, 2015[106]). It acknowledges, on an equal footing, the impact of climate change and the “impacts of the measures taken in response to it”.

The benefits of climate action in terms of higher growth and sustainable development are well-established (OECD, 2017[107]). Without ambitious global climate action, large swathes of populations and places – often those who have done least to cause climate change – risk falling further behind. Consequently, it has been a growing area of interest by development actors and features prominently in the portfolios of development co-operation providers. However, the ability of climate action to fulfil its promise – for all rather than a few – will depend on the capacity of development actors to reach those furthest behind in their efforts to respond to climate change.

Who does climate leave behind?
Climate change harms poor and vulnerable populations most
The effects of climate change are uneven and unevenly felt, with specific geographies and segments of societies disproportionately hit. In terms of populations, the poorest suffer more from and are more vulnerable to climate change hazards, to which they are also often more exposed. While
the well off may have a greater value of assets at risk, they are also much better placed to deal with the effects of climate change. The reasons are manifold: poorer populations generally depend more on climate-sensitive livelihoods, have diminished adaptive capacity, operate with weaker safety nets, and are more strongly affected by potential health issues stemming from climate change (Hallegatte et al., 2015[113]).

Box 3.4. The nexus between climate change and other wicked problems

As climate change worsens, the question of its interplay with other development challenges is receiving increased consideration. Several studies have tried to assess the link between climate change and wicked problems such as migration, food security and conflict.

- **Climate change and migration:** Climate change will lead to sea level rise, affect water availability, contribute to food and resource scarcity, and increase the frequency of extreme weather events. These effects will have negative consequences on the livelihoods and well-being of populations, thereby triggering population movements within and between countries. Forecasts of climate change-induced migration vary from 25 million to 1 billion environmental migrants¹ by 2050, with 200 million being the most widely cited estimate. This figure is on par with the estimate of current international migrants worldwide (IMO, 2018[108]).

- **Climate change and food security:** Changing climate patterns and extreme climate-related events (e.g. hurricanes, flooding), both have direct and indirect impact on the quality and availability of viable growing land and food productivity overall. This will thereby have adverse consequences for food security and global food supply value chains. It is expected that climate change will result in declining crop yields, with decreases of 20% and above widespread by 2050 (FAO, 2016[109]). The most recent IPCC report also predicts a drop in CO₂ micronutrients (e.g. iron and zinc) in food leading to limited protein availability, causing up to 150 million people to have protein deficiency by 2050 (IPCC, 2018).

- **Climate change and conflict:** Several studies have argued for a relationship between climate change and conflict (See also the section in this chapter on Fragility). However, there is no consensus in the literature on the causality or linearity of this association, or even on its existence (Adams et al., 2018[111]). Evidence seems to suggest that under specific circumstances climate change can influence parameters that contribute to or aggravate conflict, but there is as yet no evidence of any conflict being caused by climate change, even indirectly. The extent to which this will hold true in the future is difficult to predict, as climate shocks will grow in frequency and magnitude (SIDA, 2018[112]).

¹ “Environmental migrants are persons or groups of persons who, for reasons of sudden or progressive changes in the environment that adversely affect their lives or living conditions, are obliged to have to leave their habitual homes, or choose to do so, either temporarily or permanently, and who move either within their territory or abroad” (IMO, 2018[108]).

Climate shocks result in higher relative losses for poorer populations, who are less equipped to recover from such extreme incidents (Figure 3.9). Furthermore, it is expected that the losses generated by climate-related weather shocks will continue to increase in the future, due to a combination of the further accumulation of people and assets in high-risk areas; shocks that are more frequent and greater in magnitude; and the lack of adequate financial protection tools (Campillo, Mullan and Vallejo, 2017[114]). Financial protection is itself distributional: poor people receive less support from their relatives and have less access to the plethora of financial and welfare tools that could help them cope with climate change than their wealthier counterparts (World Bank, 2013[115]). Socio-economic, political and other factors such as gender inequality or fragility often intersect with poverty, thereby exacerbating existing vulnerability to climate change among those already left furthest behind by it. As a result of the disproportional effect of climate change on already vulnerable populations, climate-related disasters can further exacerbate growing structural economic inequality between and within countries, and contribute to a decoupling of growth and poverty alleviation.
I-3. WHAT DOES IT MEAN TO LEAVE NO ONE BEHIND?

Figure 3.9. Poor people are more likely to be affected by climate-related disasters and likely to lose more

![Graph showing exposure and vulnerability to climate-related disasters]


With regard to geographies, vast discrepancies are observed between and within countries. For instance, small island developing states (SIDS) make up two-thirds of the countries with the highest relative annual losses due to climate-related disasters (OECD, 2016[116]). Every year, the Global Climate Risk Index analyses the extent to which countries have suffered losses from climate-related weather events (e.g. storms, floods, heat waves). Haiti, Zimbabwe and Fiji were the countries most affected worldwide in 2016; SIDS represented 25% of the top 20 countries that same year (Eckstein, Künzel and Schäfer, 2018[117]). As the frequency and magnitude of these extreme weather events increase and the effects of climate change are more keenly felt in concomitance, this will lead to new developmental pressures on already constrained public budgets, which if they are frequently depleted, could compromise the growth of SIDS and push them into cyclical challenges. There is growing evidence on this topic for other countries too. In Peru, it was shown that the occurrence of one additional natural disaster per year caused a regional poverty rate increase of 16-20% (Glave, Fort and Rosemberg, 2008[118]). In Bolivia, floods in 2016 caused a 12% poverty increase in its city of Trinidad (Perez-De-Rada and Paz, 2008[119]).

The shift towards low-emission and climate-resilient economies will have profound socioeconomic implications for communities reliant on stranded assets

The transition to low-emission, climate-resilient development pathways implies opportunities and challenges for societies and economies. Climate policies which stimulate an economy-wide transformation, with significant overall benefits, can create tensions between those likely to benefit from reform and the legacy benefactors of fossil fuel based production and technology (OECD, 2017[107]). Even as various growth models show that the transition will have a modest net positive impact on employment (ILO and IILS, 2012[120]), it can result in significant negative net changes in employment at the local level at a particular given time, as jobs created by the transition may be insufficient or created too slowly in the locations where jobs were lost (UNFCCC, 2016[121]). Regions with a high dependence on a single fossil fuel industry and limited capacity for diversification and innovation will be more vulnerable. It is estimated that half of the global workforce is in sectors that are critical to climate stability (Table 3.2). At the same time, only a small share of these jobs will be in direct jeopardy from climate action. Conversely, the sustainability of some of these very sectors, and the jobs they provide, depends directly on containing climate change. For others, technological change, such as the advent of artificial intelligence and self-driving cars in the transportation sector, is likely to have a greater impact on the number and nature of jobs in a given industry.
I-3. WHAT DOES IT MEAN TO LEAVE NO ONE BEHIND?

<table>
<thead>
<tr>
<th>Sector</th>
<th>Employment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture</td>
<td>1 billion</td>
</tr>
<tr>
<td>Forestry</td>
<td>44 million</td>
</tr>
<tr>
<td>Energy</td>
<td>30 million</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>200 million</td>
</tr>
<tr>
<td>Buildings</td>
<td>110 million</td>
</tr>
<tr>
<td>Transport</td>
<td>88 million</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1.472 billion</strong></td>
</tr>
</tbody>
</table>

Table 3.2. **Global direct employment in sectors critical to climate stability**

Source: [UNFCCC, 2016](https://unfccc.int/sites/default/files/resource/Just%20transition.pdf), Just transition of the workforce, and the creation of decent work and quality jobs.

However, not all countries will be affected equally by the transition to low-emission, climate-resilient development pathways. The countries most affected will be those with established fossil-fuel-intensive infrastructure, the majority of which are high or middle income. In those countries that are eligible for official development assistance, development practitioners will need to pay special attention to the political-economic dimensions of the transition in order to enable effective and efficient climate action. However, for those countries with a nascent infrastructure not yet reliant on fossil fuels, the transition to a low-carbon economy presents a unique opportunity to leapfrog high-emission infrastructure development for the adoption of cleaner and more energy-efficient technologies. In a context of falling levelised costs of electricity for renewables – with some auctions now on par with or cheaper than fossil fuel alternatives – this option makes both economic and environmental sense. This is the thinking behind several initiatives, such as the African Renewable Energy Initiative, which works to make the African continent generate 3,000 GW of renewable energy by 2030.

Finally, it is worth putting the transition to low-emission, climate-resilient development in perspective with other historic transitions. Economic evolution and transformation have entailed structural changes that are disruptive to economies and societies and have, at the same time, driven development, progress and welfare. For example, New Climate Economy estimates the economic net benefit of transitioning to low-carbon, climate-resilient economic pathways at USD 26 trillion between 2018 and 2030. Some have argued that the transition to low-emission and climate-resilient development pathways is a component, potentially small, of a “Fourth Industrial Revolution” also marked by the rise of artificial intelligence and high levels of automation (New Climate Economy, 2018). In working toward the transition, facing the challenges posed by these changes will be important to enable and accelerate progress towards low-carbon economies, as an essential condition for safeguarding global well being.

**Climate change and leaving no one behind: Towards more inclusive and just policies**

Embedding the leave no one behind principle in responses to climate change and efforts to achieve the low-carbon transition will be key because those left behind will be hardest hit by the consequences of climate change. It will mean scaling up climate action and putting a greater focus on adaptation and ensuring that the shocks of climate change and the transition itself do not disproportionately affect particular segments of societies. First, this entails a stronger policy focus on the needs and capacities of the populations most affected by climate change, granting them access to the tools they need to adapt and cope with climate-related disasters (Box 3.5). Disaggregated data on the anticipated local impacts of climate change and on the potential socio-ecological effects of responses to climate change (e.g. maladaptation risk) is foundational to effective policy making in this area.

Second, leaving no one behind entails managing the transition in a manner that supports stranded workers and communities, as economies shift away from fossil fuels, so as to make sure that everyone benefits from the transition to low-emission, climate-resilient economies. This also includes minimising any unintended spillover effects of core climate policies.
Box 3.5. Financial protection tools: Helping the most vulnerable financially cope with climate-related disasters

Financial protection tools and instruments – such as insurance and social protection schemes – can reduce the vulnerability of people and places to climate shocks, through the conservation, sharing or transfer of financial losses in the occurrence of an extreme event (Table 3.3).

Table 3.3. Overview of financial protection tools

<table>
<thead>
<tr>
<th>Tool</th>
<th>Scope</th>
<th>Benefit</th>
<th>Limitations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Insurance mechanism</td>
<td>National</td>
<td>Immediate transfer of risk to third party</td>
<td>Cost of premiums, including transaction costs</td>
</tr>
<tr>
<td></td>
<td>Private sector</td>
<td>Premiums may reflect underlying risk</td>
<td>Delays in receiving payments</td>
</tr>
<tr>
<td></td>
<td>Households</td>
<td>Potential for bringing in private sector expertise in risk management</td>
<td>Requires developed financial infrastructure and data</td>
</tr>
<tr>
<td>Catastrophe bonds</td>
<td>National</td>
<td>Minimal counter-party risk</td>
<td>Cost of interest payments</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Immediate transfer of risk to third party</td>
<td>Basis risk for parametric products</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Fixed costs and technical capacity requirements</td>
</tr>
<tr>
<td>Post-disaster credit/</td>
<td>National</td>
<td>Speed of payment</td>
<td>Only suitable for countries that can take on further debt</td>
</tr>
<tr>
<td>Contingent credit</td>
<td></td>
<td>Lost cost in absence of extreme weather event</td>
<td>Holding fees for beneficiaries</td>
</tr>
<tr>
<td>Savings or reserve Funds</td>
<td>National</td>
<td>Immediate disbursement</td>
<td>Opportunity cost of holding funds in reserve</td>
</tr>
<tr>
<td></td>
<td>Private sector</td>
<td>Funds still available even if no disaster occurs</td>
<td>Takes time to build up sufficient levels of reserves</td>
</tr>
<tr>
<td></td>
<td>Households</td>
<td>Lower cost than insurance, if risk neutral</td>
<td>Pressure to use funds for other purposes</td>
</tr>
<tr>
<td></td>
<td></td>
<td>May be the only available instrument</td>
<td></td>
</tr>
<tr>
<td>Ex-ante social Protection</td>
<td>Households</td>
<td>Suitable for poor and vulnerable people as no upfront costs for beneficiaries</td>
<td>Fiscal liability for government</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Predictability</td>
<td>Potential delays in expanding coverage following an extreme event</td>
</tr>
<tr>
<td>Humanitarian relief and</td>
<td>Private sector</td>
<td>No upfront costs for beneficiaries</td>
<td>Uncertainty about payments received</td>
</tr>
<tr>
<td>compensation payments</td>
<td>Households</td>
<td>May be only instruments available</td>
<td>Delays in reaching beneficiaries</td>
</tr>
</tbody>
</table>

In addition to increasing the resilience of the most vulnerable populations to negative shocks, these tools are instrumental in keeping the costs of recovery and reconstruction down and can contribute to further risk reduction. Unfortunately, these tools are not as readily available or used in the places or by the people that need them most – those most vulnerable and left behind. For instance, evidence shows a strong correlation between gross domestic product per capita and insurance penetration: according to OECD (2015,20), between 2005 and 2014 insurance covered 10% of disaster losses in low- and middle-income countries, compared to approximately 51% in high-income countries.

Reasons for limited insurance-coverage uptake in developing countries include weak financial markets, high transaction and entry costs for the sums insured, lack of affordability, and lack of basic market infrastructure such as data to help set premiums. Development co-operation has a key role to play in removing these barriers and improving the availability, quality, variety and suitability of tools available for managing climate risks. It is also critical to ensure that financial protection instruments are deployed in a more effective manner, through a holistic and integrated approach – one that links financial protection instruments to broader disaster risk reduction and adaptation support. One major international initiative in this area is the G20-backed InsuResilience Global Partnership, which seeks to expand on existing insurance facilities, develop new disaster risk finance and insurance solutions, and integrate risk financing within broader frameworks on disaster risk management and humanitarian financing, including in-country systems.

Source: (Campillo, Mullan and Vallejo, 2017[114]), (OECD, 2015[123]) (InsuResilience Global Partnership, 2018[124])

Policy makers could benefit from applying the lessons learned from their previous experience in structural reforms to ensure that climate-related policies are designed and implemented in a way that is just and inclusive. Targeted support to compensate for economic loss could be needed to manage concentrated losses. Structural reforms such as ensuring flexible labour markets and strengthening social protection schemes could also be instrumental in facilitating the transition. Political-economic analysis could be used to understand who stands to gain and lose in the short term from the transition,
and inform the design of policies which aim to reskill stranded workers and increase buy-in to the transition from all segments of societies. Long-term greenhouse gas emission strategies are a tool that could be particularly effective in managing and creating buy-in for the transition. These create policy signals for all stakeholders that a transition is necessary, while offering them a space to hold dialogue, engage on these issues and expose vested interests (Box 3.6).

Box 3.6. Principles for a just transition

Recognising the imperative of a transition to low-emission, climate-resilient economies, the ILO (2015) established “Guidelines for a Just Transition towards Environmentally Sustainable Economies and for All”. OECD (2017) summarises the principles on which these guidelines rest:

- Strong social consensus on the goal and pathways to sustainability.
- Policies that respect rights at work.
- The recognition of the strong gender dimension of environmental challenges and opportunities, and the consideration of policies to promote equitable outcomes.
- Policy coherence between economic, environmental, social, education, training and labour portfolios to generate an enabling environment for the transition.
- The anticipation of impact on employment, social protection for job losses and displacement, skills development and social dialogue – including the right to organise and bargain collectively.
- The need to take into account the specific conditions of countries, including their level of development, economic sectors and sizes of enterprises – no “one size fits all” solutions.
- The importance of fostering international co-operation among countries.


What role for development co-operation?

Development co-operation has a significant role to play in making sure climate change leaves no one behind. First, it should drive and enable ambitious global climate action. It should be fully aligned with the Paris Agreement, by adequately supporting policies and strategies to implement the transition to low-carbon, climate-resilient development pathways in developing countries. Development co-operation, should also support partner countries in their efforts to identify, manage and minimise the differential effects of climate change and the necessary transition to low-emission, climate-resilient development. This includes support for the development of an enabling environment conducive to the design and implementation of just and inclusive climate-informed policies; for capacity development of all stakeholders in adapting to climate change and engaging in the transition; and for mobilising finance, including for resilience, to those most in need.

Climate action is essential to prevent severe impact on the most vulnerable populations, and to avoid leaving more people behind. Furthermore, if done right, the low-carbon transition provides an opportunity to build more just and inclusive societies. While these links between climate change, the transition and leaving no one behind are apparent, they are not always taken into account by governments and development co-operation providers, which often fail, for example, to capture distributional effects in designing or implementing climate programmes or policies. Ensuring these effects are taken into account in mitigation and adaptation programming is especially important given the critical role development co-operation plays in providing support for those countries that are most vulnerable. However, there are encouraging signs.

An analysis of bilateral and multilateral adaptation-related development finance commitments shows that the highest share of this finance is provided to least developed countries and other low income countries, both in volume and as a share of total development finance to each income group.
Most of the finance to these countries is in the form of grants, while the majority of finance to higher income groups is in the form of loans. This seems to indicate that concessional resources for adaptation are indeed targeting those countries that are furthest behind in relation to investments in economic development. Of course, this is just one dimension and further analysis could examine how this support fares in targeting those with disabilities, girls, or youth or the extent to which it is aligned with countries’ expressed adaptation needs.

Providers should explicitly include and target those most left behind in designing policies and programmes for climate action and the transition and track progress and impact for the poorest and most vulnerable. That includes linking more explicitly commitment to climate change action, including adaptation in the poorest affected countries, with the leave no one behind principle, as well as increasing support for climate and transition projects that include marginalised groups in decision-making at all levels and raise awareness of their rights.

Expertise from development co-operation providers in gathering, analysing and interpreting data, and providing platforms to share knowledge on climate programming that leaves no one behind, can help countries to define inclusive strategies for climate action and transition. This will include scaling up support for better and more granular data and statistics regarding the distributional impact of climate-related disasters and the low-carbon transition (Chapter 5). Potential categories of disaggregation could include geography, gender, ethnicity, disability, religion and socio-economic status.

Additionally, technical support for undertaking assessments of the social impact of climate change programmes by international climate funds, bilateral and multilateral donors can help capture co-benefits of climate action for marginalised and vulnerable groups. These assessments could, in turn, create a knowledge base that generates political will to improve climate programming to leave no one behind. Meanwhile, providers should strengthen their in-country co-ordination to avoid duplication of efforts and capitalise on their respective comparative advantages to address different parts of the leaving no one behind value chain from disaggregated data collection on who is left behind to the formulation of policies that deliver the pledge.
**Women and girls**

By Jenny Hedman and Lisa Williams, OECD Development Co-operation Directorate

**Key messages**

- Sustainable development will not be possible if one half of humanity continues to be denied human rights and opportunities for sustainable livelihoods. Many women are still unable to voice their concerns in the political space, to shape policies, or to access high-quality healthcare.
- To make progress towards gender equality, policy makers need to recognise the central role of gender equality and of sexual and reproductive health and rights to development, and take them into account across national policies and programmes.
- Policy makers must combine gender-responsive analysis, budgeting and auditing, as well as a gender-responsive public financial management framework to improve the lives of girls and women, and beyond.
- Donors need to invest in dedicated support for women’s empowerment – gender mainstreaming is not enough.
- Only 4% of total bilateral aid is currently dedicated to gender equality and women’s empowerment is insufficient. In 2018, the Gender Equality Council for Canada’s G7 Presidency recommended a target of at least 20%.

The 2030 Agenda for Sustainable Development recognises that realising gender equality and empowering women and girls is crucial for progress across all the SDGs. However, many women are still unable to voice their concerns in the political space, to shape policies, or to access high-quality health care (UNDP, 2016[63]). Sustainable development will not be possible if one half of humanity is being denied its human rights and opportunities for livelihoods.

According to Sánchez-Páramo and Munoz-Boudet (2018[126]), for every 100 men aged between 25 and 34, 122 women of the same age group live in poor households. Despite recent progress, girls also continue to face significant disadvantages in education. When considered globally, gender parity has been achieved at all levels of education except the tertiary level; however, this is not true across all regions, country income groups or individual countries (UNESCO, 2018[127]). In some regions, 48% of girls are not in school (UN Women, 2018[128]). Moreover, one in three women will experience gender-based violence in their lifetime. The responsibilities of unpaid care and domestic tasks also fall largely on women, undermining their health and well-being and limiting the time they have available for economic activities outside the home.

A lack of education, limited opportunities for livelihood development and restricted access to land, justice or protection for their fundamental rights all contribute to women and girls suffering disproportionately from poverty. As stated by the former Deputy Executive Director of UN Women, the fight to end poverty through the 2030 Agenda also constitutes “a call to arms against gender-based discrimination and violence that has led to an increase in the feminisation of poverty in both developed and developing countries, whether in rural or urban areas. Moreover, gender-based discrimination and violence have also thwarted well-intentioned attempts to make poverty history once and for all" (Puri, 2017[129]).

Today’s global political leadership on gender equality and the empowerment of women and girls is encouraging. For example, the Charlevoix G7 summit in June 2018 recognised that gender equality is fundamental for the fulfilment of human rights and is a social and economic imperative. Leaders committed to “work to remove barriers to women’s participation and decision-making in social, economic and political spheres” (G7, 2018[130]).

At the same time, however, more attention is needed on the women and girls who are part of poor, marginalised or vulnerable groups. In addition to gender inequalities, these women face other forms of inequality, positioning them as the most disadvantaged in their society (Kabeer, 2016[131]). This chapter focuses on these women and sets out some suggestions for what donors might do to better support them and to realise their rights.
Women and girls are more likely to be left behind than men and boys

Being a girl or woman intensifies the disadvantages that can be associated with other types of inequalities, such as class, race, sexual orientation, age, ethnicity, language, ancestry, religion, ability, culture, geographical location or health status. The following sections provide evidence of the intersecting disadvantages experienced by women and girls.

Inequality through disability

Women with disabilities are twice as likely to experience domestic violence and other forms of sexual and gender-based violence as those without a disability (Ortoleva and Lewis, 2012[132]). For many women and girls with disabilities, violence and abuse have become a normal part of their lives to the point that, often, they do not consider turning to the judicial system. When they do report a crime, they are often discredited (Humanity & Inclusion, 2018[133]). Women with disabilities also have greater unmet health needs and reduced access to health information (Vaughan C., 2017[134]) (See also Box 3.7).

Inequality through sexual orientation

Another example is how societies overlook the specific issues facing lesbians and bisexual women. Attention is usually focused on the discriminations faced by men who have sex with men (Armisen, 2016[135]). Research shows that, in West Africa, there is an underrepresentation of women in the queer movement, making it challenging for lesbians to make their voices heard.

Discrimination against lesbians often hampers their access to sexual and reproductive health services (Astrea Lesbian Foundation for Justice, 2017[136]). Also, lesbian women can become a particular target for sexual violence. In South Africa, for example, hate crimes against lesbian women occur in all population groups (Gontek, 2009[137]).

Box 3.7. Involving women with disabilities in facilitating access to sexual and reproductive health care

The “W-DARE” project in the Philippines ran from April 2013 to June 2016. It was organised by researchers at the University of Melbourne in Australia and the De La Salle University in the Philippines, in partnership with the Likhaan Center for Women’s Health, the Center for Women’s Studies Foundation at the University of the Philippines, and two national disabled people’s organisations, Women with Disabilities LEAP to Social and Economic Progress and Persons with Disability Advocating for Rights and Empowerment.

The project explored access to sexual and reproductive health services for women with disabilities. Many health facilities were reported to be physically inaccessible to women with different types of disability. When facilities were accessible, women often received poor treatment. Some service providers displayed prejudiced attitudes and discriminatory behaviours towards women with disabilities.

In response, the project worked to increase awareness of sexual and reproductive health programmes. This included training groups of women with disabilities to facilitate peer support groups. In parallel, it also worked with health facilities, service providers and those responding to violence to increase access to services by addressing communication, attitudinal and physical barriers faced by women with disabilities. The project team worked with local government departments to create a supportive environment for these interventions, to link women with disabilities into existing organisations in their communities and to foster continued support among local decision-makers. The women engaged in the peer support groups were successfully involved in awareness raising and in advocating to government and donors for appropriate policies and resources, ensuring their voices were heard.

Earlier this year in Kenya, I met Elizabeth. The workshop room where we met was filled with flip charts, sticky notes, and drawn life journeys on the wall. They illustrated the conversations teenage mothers had in a process of healing from past challenges, which, for many included violence, poverty, and living with HIV. Elizabeth is a Women Deliver Young Leader who works with the non-profit organisation Trust for Indigenous Culture and Health (TICAH), and on this day she was working with young women who came from five different slum areas outside of Nairobi to build their self-esteem and develop specific goals to continue their journeys, maybe get back to school, and raise strong, healthy children all the while.

When I met with Elizabeth, and spent time with these courageous young women, I saw a lot of strength, resilience, and power. Even with the odds stacked against them, these women fight for a better future for themselves and for their families. This snap shot, and countless others, only reinforces a narrative I know to be true – women are powerhouses and change makers. And when the world invests in them, there is most often a ripple effect that propels families, communities, and even entire countries forward as well. Women are indeed powerful agents of change, but to fully unleash their power, and to move the needle forward, we must invest in gender equality and their health, rights, and well-being. How?

First and foremost, when girls and women are able to decide if, when, and with whom to have children, they more readily take the reins to their future. Yet, women still face daunting unmet needs when it comes to their sexual and reproductive health and rights. For instance, 214 million women of reproductive age in developing regions, who want to avoid pregnancy, have an unmet need for modern contraception; and unsafe abortion is still one of the leading causes of maternal death. From an economic standpoint, research shows us that when women’s contraceptive needs are met, it improves their agency, education, lessens the burden of unpaid care they shoulder relative to men, and enhances their participation in the workforce.

To make progress, it is essential that policy makers recognise the central role of gender equality and of sexual and reproductive health and rights to development writ large, and take them into account across national policies and programmes. Making change for girls and women will often require accurate, gender-disaggregated data. For girls and women to count, they need to be counted - and counted in. It is critical, for example, to use age - and gender-disaggregated data to identify practical policy guidance to reduce the disproportionate burden of unpaid care that women endure. Data can help demonstrate the importance that sexual and reproductive rights have to the reduction and redistribution of unpaid care work. Equipped with this powerful data, national authorities, development actors, and advocates alike, can make informed decisions about policies and programmes and monitor their implementation. Women Deliver is inspired by OECD’s innovative Gender Data Portal which examines barriers to gender equality in education, employment, and entrepreneurship, and highlights key points for action.

Sound data can lead to sounder investments. And when the world invests in girls and women, the impact goes way beyond the individual person. For example, if another 600 million women had access to the internet, annual GDP could increase by as much as USD 18 billion across 144 developing countries. Within education, an extra year of secondary schooling for girls could increase their future wages by 10 to 20%. Fully closing gender gaps in work could add up to USD 28 trillion in annual GDP by 2025 – roughly equivalent to the size of the combined Chinese and United States’ economies today. Policy makers must combine gender-responsive analysis, budgeting and auditing, as well as a gender-responsive public financial management framework to improve the lives of girls and women, and beyond.

Whether we are talking about sexual and reproductive health and rights, getting and using solid data, or mobilising gender-based budgeting and investments – we all have a role to play in when it comes to girls and women realising their rights and their full potential. Women Deliver is proud to stand with OECD and many other great partners to make progress toward gender quality. We encourage policy makers, investors, and other influencers across the globe to stand with us along this journey, because when the world invests in girls and women, everyone wins.

In my view:
When the world invests in girls and women, everyone wins

by Katja Iversen,
President and Chief Executive Officer, Women Deliver

**Inequality through age**

Women live longer than men. Yet, because of a lifetime of economic disadvantage, older women end up with lower incomes than men and less access to land, housing and other assets that would help them maintain an adequate standard of living. In addition, in most countries, women are less likely than men to receive a pension, or if they do receive one, they have lower benefits (UN Women, 2015[138]).

A study of 250 older women from 19 countries highlighted the discriminatory, harmful and ageist attitudes and practices against older women (HelpAge International, 2017[139]). These attitudes are particularly entrenched against widowed or single older women, including harmful traditional practices such as wife inheritance. Some societies perceive older widows as bringing “bad luck”, and they may be excluded from family and other social events or religious ceremonies. Similarly, young women face particular challenges, often linked to access to reproductive health services and rights. Katja Iversen gives a lucid overview of this topic in her “In My View” piece.

**Inequality through conflict**

Conflict and fragility affect women and men differently, and place significant burdens on women and girls. In conflict-affected situations, women need to cope with the overlapping disadvantages of gender inequalities and living in a fragile context (See also Box 3.8. Eight of the top ten most gender unequal societies in the world in 2015 were also contexts considered fragile in the OECD fragility framework (OECD, 2018[2]).

**Box 3.8. Conflict widens the gender gap in education, intensifies health problems and increases exposure to sexual and gender-based violence**

In conflict and post-conflict settings, maternal mortality rates are nearly twice the global norm (1 in 54) (WHO, 2015[140]), and girls are two-and-a-half times more likely to be out of school than in developing countries overall. Women living in fragile contexts who are also part of a marginalised group will be subject to these intersecting inequalities.

OECD research in Ethiopia, the Democratic Republic of the Congo, Nepal and Bangladesh shows that donor programming to support women’s economic empowerment in conflict and fragile settings has been weak (OECD, 2017[76]). For example, some programmes provided livelihood development training that took limited account of the beneficiaries’ real economic opportunities and challenges, and did not offer any follow-up support.

However, work to enhance food security and nutrition in Bangladesh has been a positive exception. The programme was implemented in Cox’s Bazar, where approximately 200 000 unregistered Rohingya refugees had settled since the early 1990s after fleeing religious and ethnic persecution in neighbouring Myanmar. Food insecurity and poverty have been exacerbated for both the host and Rohingya populations, but the prioritisation of men and boys in food consumption, women’s restricted decision-making power in the home, and other unequal gender norms, have further aggravated food insecurity for women, girls and households.

The programme responded to these dynamics with an integrated approach. It explicitly supported women’s economic empowerment and livelihoods to help build household resilience, including in the face of shocks such as natural disasters. It combined resource transfers to, and livelihood development for, female household members with behavioural change communication and activities aimed at shifting the unequal gender norms that perpetuate food insecurity and malnutrition, such as early marriage and women’s lack of household decision-making power. It also supported women in strengthening their social networks, and facilitated ongoing monitoring and support following their graduation from the programme.

The programme design was conflict-sensitive. It targeted ultra-poor communities but ensured inclusivity in terms of other characteristics (e.g. caste, ethnicity, Bangladeshi/host community or Rohingya). Furthermore, it engaged with local leaders, male relatives and mothers-in-law to ensure that women were not made more vulnerable or subject to violence against them as a result of the interventions.

**Action to turn pledges into results: More dedicated funding and better-informed programming are needed to reach the women and girls furthest behind**

Donors need to explicitly recognise the overlapping inequalities experienced by women, especially those who are part of a marginalised or vulnerable group, and redouble the support for women in realising their rights and their importance as agents of change. For example, women’s participation in peace processes contributes to sustained peace and resilience (OECD, 2017[76]).

It is encouraging that official development assistance focused on gender equality in fragile countries is increasing, but more remains to be done. Both dedicated funding and well-informed programming in development policies and strategies are needed to ensure that no one is left behind.

**Donors need to invest in dedicated support for women’s empowerment: Gender mainstreaming is not enough**

Donors need to invest to ensure that women and girls are not left behind, particularly those who are facing multiple forms of discrimination. This implies a significant increase in funding for dedicated programmes focused on gender equality and women’s rights as their primary objective (OECD DAC GENDERNET, 2018[141]). The Gender Equality Advisory Council for Canada’s G7 presidency in 2018 recommended that at least 20% of aid should target gender equality as a principal objective. While it is challenging to identify an exact figure that would be “enough”, it is certain that the mere 4% of total bilateral aid currently dedicated to gender equality and women’s empowerment is insufficient (Box 3.9).

Increased support for dedicated programmes focused on women’s empowerment and rights may allow donors to better identify and address the needs of women and girls who are also part of marginalised groups. For example, a programme set up with the explicit aim of improving access to women’s and girls’ sexual and reproductive health and rights could also include the objective of reaching women living with disabilities, LGBTQI women or older women.

Dedicated funding is also more likely to address structural and cultural challenges to gender equality. A 2018 evaluation of Swiss international co-operation in the field of gender equality found that structural gender equality changes were better achieved by projects dedicated to gender equality and women’s empowerment than by projects in which gender equality was a cross-cutting theme (SDC, 2018[142]).

Funding gender equality and women’s empowerment through a mainstreaming approach alone risks putting the emphasis on the women who are the easiest to reach, unless the overall target group of a programme is people living with disabilities or another group. For example, a health programme that integrates gender equality dimensions may have met its objectives by reaching the same number of women as men, but without having made the effort to reach women living with disabilities, LGBTQI women or younger/older women.

**Ensuring effective programming**

To achieve a world in which women’s rights are realised and that genuinely involves women and girls – including those who are also part of a marginalised group – development partners need to design programming approaches that:

- Support women’s empowerment and rights through targeted actions; and
- Help create a conducive social environment for gender equality. This means that laws, regulations, beliefs and customs recognise and support women’s right to make their voices heard and participate in the decision-making process on equal footing with men.
So, what can donors do? Donor institutions first need to develop their own capacity and systems so that they are equipped to understand the context and to empower and support the rights of women and girls who also belong to marginalised groups. This will include working across areas and teams within the donor agency to ensure a well-informed approach. Translating ambitious policy pledges into results requires not only the presence of dedicated gender equality advisors but also non-specialist peers who have the knowledge and commitment required to address gender inequality in their own areas of responsibility (OECD DAC GENDERNET, 2014[143]).
Practically, specific actions to support women’s empowerment and rights, and to help create a conducive social context for gender equality, include:

- Undertaking policy and political dialogue with governments on rights and legal frameworks, and supporting legal and policy reform to recognise disadvantaged groups and gender-based violence. The needs and strategies will differ significantly from country to country, and this type of effort should be designed in collaboration with local women and men.

- Training women and men about women’s rights, and facilitating women’s leadership and decision making, including women who are also part of a marginalised or vulnerable groups (Global Disability Summit, 2018). These women should be involved in programme development, diagnostics, such as political economy analysis, and implementation. No decisions about women should be taken without women.

- Engaging with men and boys, and with local and traditional leaders, creating spaces for young men to share their thoughts and concerns about existing gender stereotypes and social norms, and supporting exchanges with local and traditional leaders about these norms.

- Empowering national women’s rights organisations (OECD DAC GENDERNET, 2016) who are familiar with the local context and actors, and who can reach the most marginalised groups of women (Morrison and et al, 2017).

- Supporting training for participants in judicial and health systems to ensure that the rights of women and girls who are also part of a vulnerable or minority group are respected.

- Deepening evidence-based research and improving the collection of more granular data about the various factors that lead to poverty and inequality for women and girls.

To monitor and evaluate the results of development programming and ensure that efforts make a difference for the women and girls furthest behind, data must consistently be disaggregated by sex but also by categories such as age, ethnicity and disability. Donors can support countries’ statistical systems.

The OECD DAC Network on Gender Equality (GENDERNET) provides a unique space for analysis, learning and exchange on financing and programming approaches for gender equality and women’s rights in development. GENDERNET will continue to support development actors in identifying effective approaches to help ensure that no woman or girl is left behind.
Youth

By Ji Yeun Rim, OECD Development Centre

Key messages

● The global youth population is expected to reach 1.3 billion by 2030 with the projected number of youth in Africa increasing by 42%, posing challenges for access to education and jobs.

● Rural young people, in particular young women and the self-employed, are the most disadvantaged youth in developing countries. Self-employed youth are often pursuing subsistence activities for lack of other employment options.

● Rural and low-educated youth are generally left out of civic and political processes while legal frameworks to protect youth rights are inexistent or not enforced.

● New forms of youth-led social movements are emerging world-wide making it easier for youth to engage in public dialogue.

● Multi-dimensional approaches to youth well-being are needed to leave no youth behind by creating decent jobs, investing in agriculture and local agro-food economies and including the voice of disadvantaged youth.

Right now, there are an unprecedented 1.2 billion young people in the world – between 15 and 24 years of age – starting out on the path to adult and working life. Eighty-eight per cent of these youth are living in developing countries in Africa and Asia. The global youth population is expected to reach 1.3 billion by 2030 with the projected number of youth in Africa increasing by 42%. In Africa, the youth population has not yet peaked and will continue to increase until at least 2050 (UNDESA, 2015[147]). This generation of young people face the highest risk of being left behind in large numbers. The challenge of employment is particularly pressing in countries where demographic pressures are strong, wage employment opportunities are scarce, and formal job creation is insufficient to give most youth access to decent work.

Between 2014 and 2018, the OECD worked with nine developing countries to get a comprehensive understanding of young people’s aspirations and the determinants of employment, health, education and civic engagement outcomes. The objective was to improve national youth policies. This chapter draws on the findings of this Youth Inclusion project which informed the European Union’s youth empowerment strategy (Box 3.10).

Box 3.10. The European Union’s strategy for youth empowerment: sustainable and decent jobs and a vocational education and training toolbox

The New European Consensus on Development (European Parliament, 2018[162]) identifies youth as one of the key drivers with great cross-cutting transformative potential that need to be taken into account in planning and implementing external development co-operation actions. The External Investment Plan is an innovative instrument to provide guarantees to private investors with a view to creating sustainable and decent jobs for the most vulnerable, such as women and youth. These instruments and other interventions will mainstream employment, decent work, skill development, and entrepreneurship in key sectors such as private sector development, rural development, energy and agri-business.

Recognising that a main driver of employment is education, and particularly vocational education and training (VET), the European Union has also launched the VET Toolbox, a new international facility that provides partner countries with expertise and tools on themes such as VET policy and reform, labour market intelligence, private sector engagement in VET, and inclusiveness of disadvantaged groups. The initiative aims to enhance labour market relevance and employability for all (EU, 2018[163]).

The challenges of being a young person in a developing country

1. Unmet aspirations: job opportunities

Based on current trends, the overwhelming majority of young people in developing economies face uncertainty in job opportunities and are unlikely to get the jobs they aspire to. Our analysis of school-to-work transition data in 32 developing countries shows that 80% of students currently enrolled in school wish to be in high-skilled jobs, as identified in the International Standard Classification of Occupations (ISCO) (Figure 3.12). At the same time, only 20% of young workers in these countries hold such jobs. This gap is particularly pronounced in Africa and Latin America, and persists even among tertiary-educated youth. The study shows that around half of the tertiary-educated young people in developing countries are unlikely to work in high-skilled jobs as per their wish (OECD, 2017[148]).

2. Skills mismatch and early school drop-out

Aspiration gaps mirror both demand-side factors (insufficient formal job creation) and supply side factors (demographic pressure, skills mismatch). Many of these youths do not finish school, and they often struggle to find decent jobs in a context of high informality, insufficient formal job creation and weak enforcement of labour standards. The OECD analysis of 32 developing countries shows that 55.3% of young people are in jobs that do not match their qualifications, and 36.4% are underqualified (OECD, 2017[148]).

Many young people leave the formal education system early without acquiring sufficient and relevant skills to transition into productive jobs in the labour market. Financial constraints are by far the most frequently cited reason for such early school dropout. Therefore, employment outcome determines whether young people continue education or not. In many developing countries potential for greater employment outcomes and wages do not provide an incentive to stay in school in light, also, of low educational quality. A study comparing employment outcomes in Cambodia between graduates and dropouts of primary and secondary schools shows little difference in terms of wages and working conditions (OECD Development Centre, 2017[149]). This pushes parents to opt out of school for their children to have them join the labour force. In sub-Saharan Africa, 58% of 15-17 year-olds have already left school (UNESCO, 2018[150]).

3. Early pregnancies and sexually transmitted infections

In developing countries, sexual and reproductive health issues receive much less attention than employment when it comes to youth programmes. Yet globally, more than 2 million young people aged 10-19 live with HIV and 42% of all new HIV infections happen among adolescents and youth (UNFPA, 2013[151]). In the context of poor educational and employment outcomes, girls are particularly vulnerable to early pregnancies and boys to drug and alcohol abuse. In nine developing countries studied by the OECD between 2014 and 2017, adolescent birth rates were highest in countries like Côte d’Ivoire, Togo and Malawi where employment outcomes were also limited (with high levels of vulnerable employment, skills mismatch and informality). Street children and adolescent drug use were also fast-rising phenomena in Côte d’Ivoire and Togo (OECD Development Centre, 2018[152]) (OECD Development Centre, 2017[153]) (OECD Development Centre, 2017[154]).

4. Disenfranchised from civic and political life

Participation in civic and political life is an important dimension of youth well-being. Civic engagement allows people to express their voice and to contribute to the political functioning of their society (OECD, 2011[155]). Yet in many developing countries, civic and political activities are led and practised by only a minority of elite and educated youth. Rural and low-educated youth are generally left out of these processes. Often the legal frameworks to protect youth rights are lacking or not enforced. Nevertheless, new forms of participation are emerging and making it easier for youth to engage in inclusive dialogue. Worldwide, student movements through youth councils or social media have been instrumental in supporting major social and political changes (OECD Development Centre, 2018[156]). Much remains to be done, however, to ensure inclusive dialogue and representation of youth in decision-making processes.
Figure 3.12. Youth aspirations and the reality of jobs

High skilled occupations

Medium skilled occupations

Low skilled occupations


StatLink: http://dx.doi.org/10.1787/888933680166
Who are the most disadvantaged youth?

Rural young people make up 54% of the global youth population, and in developing countries this share is often much bigger (OECD, 2018[157]). Rural youth face age-specific vulnerabilities in addition to the challenge of living in underdeveloped areas. They suffer from limited opportunities to receive quality education and vocational training, poor access to land and finance, and a lack of voice in decision making. OECD analysis using data from 24 developing countries shows that one in five rural youth never attended school and almost half of them have at best completed primary education. Rural youth who complete tertiary education are only a small proportion (10.5%, compared to 18.1% for their urban peers). Rural youth in sub-Saharan African countries and in low-income economies have the lowest educational attainment levels. Despite having lower levels of education, rural youth have the same level of job aspirations as their urban peers. The OECD study finds that 76% of the rural youth in school aspire to work in high-skilled occupations, although in reality, only about 12% will likely end up in such jobs (OECD, 2018[157]).

The majority of young people in developing countries are self-employed. They are sometimes referred to as entrepreneurs, but in reality only a tiny portion of young entrepreneurs prove to be successful, whether in terms of profits or job creation. Most youth businesses remain in subsistence activities. The greatest challenge is that the majority of youth in developing countries are held back by low levels of education, informality, poor physical infrastructure and limited access to finance. They choose to be self-employed for lack of better wage job options; young women entrepreneurs tend to be even more disadvantaged (OECD, 2017[158]). Top performers have a specific profile: They are highly educated, they have access to finance and social networks, and they operate with good physical infrastructure. The majority of youth in developing countries do not match this profile.

Finally, young women in developing countries are more disadvantaged than young men, while young women living in rural areas face additional challenges compared to their urban peers such as access to information, jobs, education and health services. Discriminatory social norms often plays a big part in the employment and overall well-being outcomes of these women. High teenage and adult fertility rates are linked to greater gender inequality in social norms as measured by the OECD Social Institution and Gender Index (SIGI) (OECD Development Centre, 2014[159]). For example, in Côte d’Ivoire, early pregnancies, which have been on the rise since 2005 have had a negative impact on education outcomes and employment prospects of young (OECD Development Centre, 2017[153]), who end up dropping out of school early and in low-skilled jobs. The lower the education level, the higher the probability of early pregnancies, turning this phenomenon into a vicious cycle.

Policies to serve 1.3 billion youth by 2030

Policy makers are starting to respond to the needs of young people. Nearly two out of three countries in the world have adopted a national youth policy (Youthpolicy.org, 2018[160]). There is, however, scope to do more to improve the efficiency and inclusiveness of youth policies and ensure that public and private investments target the most vulnerable and disadvantaged youth who constitute the majority of young people in developing countries.

The OECD Youth Inclusion project identified eight key actions to make progress:

1. Adopt a multi-dimensional approach to youth well-being

The OECD has long promoted the measurement of well-being, and developed the youth well-being policy review methodology to look at the situation of youth in five dimensions deemed to be especially relevant for young people: health, education and skills, employment, participation and empowerment, and some subjective measures linked to life and job satisfaction (OECD, 2017[161]). Comprehensive national youth strategies will be needed to ensure mainstreaming of youth issues in sectoral policies.
2. Narrow the job aspiration gap

Addressing the misalignment between youth employment preferences and the reality of the labour market is necessary to enhance youth well-being, but also to raise labour productivity and to manage risks of social unrest generated when the aspirations of young people are not met. National policy makers should focus on a two-pronged strategy of: 1) helping young people shape career aspirations based on relevant labour market information so that they do not build unrealistic expectations; and 2) improving the quality of jobs and the working conditions that matter for young people. To be realistic, this strategy also needs to be tailored to specific country contexts and recognise that the process of narrowing the gap between youth employment preferences and the reality of jobs may take time (OECD, 2017[148]).

3. Promote comprehensive programmes to support youth entrepreneurs

Bearing in mind the difficulties of promoting successful entrepreneurship programmes, a number of actions at programme and policy levels have been known to help youth businesses. What appears to work well, based on impact evaluations of youth entrepreneurship programmes, are comprehensive packages offering multiple services. Business development services have an established track record of contributing effectively to business performance and employment generation, especially if businesses are accompanied over the mid to long term. At policy level, entrepreneurship education, when integrated in formal schooling, teaches young people the different sets of competencies, including technical, non-cognitive and life skills, needed to be an entrepreneur. More attention should also be paid to business development skills and real-world practice through vocational training, mentors and internships (OECD, 2017[158]).

Without trying we never have a shot at succeeding. “Failure”, should be seen as an experience that allows us to rise and go even further. Young entrepreneurs need to understand that we are now in an era of information: We have to dare, innovate and engage in key sectors that contribute to the development of our countries.

Awa Caba, co-founder of e-market platform Sooretul.

4. Invest in agriculture and rural infrastructure

Many rural youth move to cities hoping for better pay and working conditions, but most of them end up in poorly paid and informal jobs. Rapid urbanisation and slow structural transformation keep a large portion of urban labour trapped in low-productivity informal service activities, with little access to public services. Current urbanisation patterns, especially in Africa, are unsustainable, and non-agricultural sectors will not be able to absorb these newcomers. New jobs will have to come from agriculture or related sectors. Indeed, the United Nations Conference on Trade and Development’s survey of investment promotion agencies in developing and transition economies found that agricultural and agribusiness industries have potential for youth employment in rural areas (UNCTAD, 2015[164]). While the majority of youth in developing countries live in rural areas, many youth programmes are urban biased, accessible only in big cities or to educated youth. Massive investment in rural infrastructure and public services will be needed to keep young people happy in rural areas.

5. Promote the development of local value chains in the agro-food economy

More vibrant, sustainable and inclusive domestic food systems may well be a sustainable solution for employment. The agro-food economy – the local production, transformation and marketing of domestic agricultural products – holds considerable job-creation potential for young people in
developing countries, and especially those living in rural areas. Agro-food industries are labour intensive and can create jobs in rural and urban areas as well as ensure food security in developing countries. Turning this potential into real jobs requires substantial new investment in national and regional food systems – from regulatory mechanisms to infrastructure to improved production, processing and packaging and access to markets. Food processing is particularly relevant for job creation in rural areas because agro-industries are more likely than other sectors to locate themselves in small towns and rural areas, providing wage job opportunities for the current large number of low-skilled rural youth in developing countries (OECD, 2018[157]).

6. **Promote comprehensive sexual and reproductive health programmes in schools and communities**

Young people have very specific health and developmental needs and challenges. Poor health conditions limit access to education and employment and have life-changing consequences, particularly for girls. School curricula should be revised in order to integrate sexual and reproductive health education with appropriate training and awareness-raising for teachers and parents. Peer-to-peer education programmes have proven effective in raising awareness among adolescents about risky behaviours and overcoming social stigma (IPPF, 2014[165]).

7. **Use a youth-lens when designing programmes for youth**

Programmes and policies should be youth-sensitive. Some successful approaches include peer-to-peer learning, mentoring, setting role models, raising awareness among youth about labour market and training opportunities, basic literacy and numeracy skills and soft skills training, ensuring physical proximity of programmes, and facilitating access to land and financial capital. First and foremost a detailed youth profiling is necessary as youth is not a homogeneous group. Understanding the nature and conditions under which the different youth groups (gender, ethnicity, wealth, disability) are engaged or excluded will help identify the bottlenecks to be addressed when designing youth-sensitive programmes. Age is also an important factor as younger youth aged 15-17 face different challenges from older youth aged 18-24.

8. **Raise the voices of disadvantaged youth in policy dialogue**

The participation of young women and men in the design and implementation of policies is an important part of ensuring that their needs and aspirations are taken into account. There are different levels of participation: providing information; decision-maker-initiated consulting; youth-initiated consulting; shared decision making or co-management; and autonomy (DFID-CSO Youth Working Group, 2010[166]). Meaningful consultations allow sufficient time for young people to express themselves and for decision makers to analyse, integrate and give feedback (OECD, 2011[155]). Youth, and in particular disadvantaged youth (rural youth, young women, youth at risk), will need to acquire skills in communication and leadership in order to participate actively in policy dialogues. These skills are also important within youth groups and youth organisations (e.g. national youth councils) to build trust and a common voice among youth (European Youth Forum, 2014[167]).

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The best way to engage young people in national or local policy development is to provide critical thinking skills and political education at school. When young people have these skills they know how to find solutions for their communities and countries... Governments should open spaces for political education and dialogue in schools in order to promote participatory culture among students.
Ou Ritthy, co-founder of Politikcoffee, an informal political discussion forum for youth in Cambodia.

Strong institutions and political will are fundamental to deliver on these actions. The track record of youth specialised ministries and agencies is so far disappointing. National youth strategies are sprouting but their implementation fall short of commitments. Countries with a good track record of effectively improving the lives of young people, and their contribution to the development of their communities, are those where overall, broad-based and inclusive policies support economic growth. For specialised ministries to turn national youth strategies into an effective driver of youth well-being across all areas of government action, greater policy coherence, adequate funding and stronger institutional capacity are needed.
Disability

Elizabeth Lockwood, CBM International

Key messages

- Persons with disabilities comprise around 15% of the world’s population. More than 80% are living in poverty, with an estimated 800 million in developing countries.
- Excluding persons with disabilities from education, employment, healthcare and other services comes at an economic cost of 3–7% of GDP in developing countries.
- Inclusive societies foster self-sufficiency among persons with disabilities and bring economic and social benefits at every level.
- Development co-operation policy and practice needs to deliver on commitments by investing, collecting and using meaningful data to ensure that the needs of persons with disabilities are considered and by making disability inclusion a deliberate and explicit policy priority.
- All donors should report on the new OECD DAC disability marker to track financing for disability and ensure it contributes to making services accessible to everyone.

The 2006 United Nations Convention on the Rights of Persons with Disabilities (CRPD) resulted from a global movement for disability rights, which responded to the decades-long exclusion of persons with disabilities from global policies, process and development. The CRPD represented a shift towards a human rights approach with regard to persons with disabilities - away from a medical. It is unique in providing both a human rights platform and a development framework disability.

Indeed, the Convention paved the way for disability rights organisation to advocate for including persons with disabilities in the 2030 Agenda for Sustainable Development and the SDGs. The 2030 Agenda recognises persons with disabilities as active contributing members of society while the pledge to leave no one behind puts persons with disabilities at the centre of development. With 11 explicit references to persons with disabilities, the 2030 Agenda, like the CRPD, has opened the door to equal participation. It has enabled persons with disabilities to address the institutional, attitudinal, and legal barriers that inhibit their full participation within human rights and development dialogues.

Progress on including persons with disabilities is still limited

The meaningful inclusion and participation of all stakeholders in the implementation, monitoring and review of the 2030 Agenda is essential to ensure that the rights of all are upheld. A key challenge, despite strong commitments and policy efforts, is that persons with disabilities continue to be left behind because they are invisible in global and national monitoring. For example, although the SDG indictor framework includes 11 disability indicators, disability data are not yet being collected by national statistical offices for SDG monitoring (UN, 2017).

This chapter explores the consequences of society leaving the most marginalised behind, particularly persons with disabilities and makes practical recommendations for providers of development co-operation to step up action to ensure that persons with disabilities are included in sustainable development.

Box 3.11. United Nations definition of disability

The United Nations Convention on the Rights of Persons with Disabilities defines disability as “an evolving concept, and that disability results from the interaction between persons with impairments and attitudinal and environmental barriers that hinders full and effective participation in society on an equal basis with others.” In addition, Article 1 of the Convention states that “persons with disabilities include those who have long-term physical, mental, intellectual or sensory impairments which in interaction with various barriers may hinder their full and effective participation in society on an equal basis with others” (UN, 2006).

Persons with disabilities in society: Costs of exclusion and benefits of inclusion

Persons with disabilities comprise around 15% of the world’s population; more than 80% of these people are living in poverty (UN, 2015[170]), with an estimated 800 million in developing countries (World Bank, 2018[171]). Persons with disabilities encounter widespread exclusion from all areas of economic, political, social, civil, and cultural life, including employment, education and healthcare. Research indicates that the cost of excluding persons with disabilities from access to education, employment, and healthcare in developing countries amounts to a loss of 3–7% of gross domestic product (GDP) (World Bank, 2018[171]).

Exclusion from education

Exclusion from education may lead to fewer employment opportunities and a lower earning potential for persons with disabilities in developing countries, making individuals and their families more vulnerable to poverty and limiting national economic growth. Many children with disabilities living in low or middle-income countries do not go to primary school (CBM, 2018[172]). In particular, girls with disabilities are far less likely than either boys with disabilities or girls without disabilities to attend primary school. If the girls do attend, they are less likely to complete primary school, progress to secondary education or undertake vocational training all of which increases the chance of becoming economically self-sufficient (Leonard Cheshire Disability, 2014[173]).

Access to education could help close the poverty gap for persons with disabilities and the rest of the population. It can also decrease crime rates, control population growth, improve health outcomes, increase citizen participation, and foster gender empowerment (Banks and Polack, 2015[174]). Consequently, realising the rights of children with disabilities is both an investment in the future and critical for sustainable development (UN, 2012[175]).

Exclusion from employment

Globally, persons with disabilities experience disproportionately high levels of underemployment and unemployment as well as lower pay scales for performing the same work as individuals without disabilities (World Health Organization and the World Bank, 2011[176]). Eight out of every 10 persons with disabilities in low- and middle-income countries are denied their right to employment. Unable to earn an income, they are locked into a cycle of poverty and disability. Persons with disabilities are also often denied the training and financial support so important for starting a business and becoming employed. It is thus essential to empower persons with disabilities so they can earn an income to support themselves and end the cycle of poverty (CBM, 2018[172]).

Exclusion from healthcare

Across the world, persons with disabilities encounter barriers in accessing healthcare, but this is especially the case in developing countries. For example, 85% of people with mental health problems in developing countries do not have access to appropriate mental health services (CBM, 2018[172]) and only 5–15% of persons in low- and middle-income countries who require assistive devices or technologies receive the equipment they need (World Health Organization and the World Bank, 2011, p. 29[176]). Persons with disabilities living in low or middle-income countries are often denied access to healthcare because of inaccessible locations, expenses, lack of information and communication (e.g. in sign language), and negative attitudes toward persons with disabilities.

The failure to include persons with disabilities in public health interventions can impede the effectiveness and efficiency of healthcare programmes as they may experience avoidable medical and/or productivity costs. Consequently, governments can end up spending more money overall in parallel care and treatment programmes. Moreover, consistently poor health can lead to lower educational attainment, which in turn is strongly linked to a lower lifetime earning potential (Banks and Polack, 2015[174]). To address these challenges, healthcare services should be more flexible in location, provide
accessible information, develop a fee structure to include all persons, be designed with input from persons with disabilities, and provide accessible reproductive healthcare services to women with disabilities (CBM, 2018[172]).

**Exclusion from service infrastructure**

Globally, persons with disabilities are often denied access to basic urban services, such as information, housing, roads, public spaces, transportation, water and sanitation, and emergency and disaster responses. Yet, it is generally feasible to meet accessibility requirements at just 1% of the total infrastructure cost, if accessibility and universal design principles are integrated into new structures. In contrast, retrofitting for accessibility is more expensive, costing up to 20% of the original cost (World Health Organization and the World Bank, 2011, p. 173[176]).

**Overall benefits for all in an inclusive society**

Economic benefits from including persons with disabilities in middle- and low-income countries include financial gains for economies as a whole, advantages for businesses that adopt diverse practices, and benefits for persons with disabilities themselves (ILO, 2015[125]). Additional benefits include greater economic self-sufficiency and less demand for social assistance, if available, which subsequently decreases the overall demand on financially strapped social protection programmes.

Additionally, increasing participation in the labour force for both persons with disabilities and their caregivers increases a country’s potential tax base, which can increase government revenue. Companies in high-income countries have found that employees with disabilities have greater retention rates, higher attendance, and better safety records while productivity matched the levels of employees without disabilities (Banks and Polack, 2015[174]).

**What next for development co-operation to ensure persons with disabilities are no longer left behind?**

The following recommendations for providers of development co-operation build on recent achievements. With the right commitment and resources these actions can be achieved in the short term, helping to step up efforts to include the most marginalised people, particularly persons with disabilities.

*Policy makers should invest in, collect and analyse the right data so that policies and decision making are informed of needs*

*Policy makers must collect data disaggregated by disability using the short set of questions developed by the Washington Group while also consulting with persons with disabilities and their representative organisations on the design, implementation, and monitoring of SDG plans (UN, 2006[169]).*

At the global level, while persons with disabilities are increasingly represented within human rights and development arenas, key data are missing (Chapter 5). The lack of data on persons with disabilities, both at the national level and in international development, is still a major barrier for inclusion – even though Member States called for global SDG indicators to be disaggregated by disability (UN, 2017[168]) (IATF, 2017[177]).

*The OECD Development Assistance Committee disability policy marker should be used and reported on frequently, consistently, and systematically*

The OECD DAC finalised a voluntary disability policy marker in 2018. The OECD developed this marker in response to the pervasive exclusion of persons with disabilities and the lack of effective measurement of investments in disabilities in development co-operation. Considering the additional
costs of inclusion for development programmes, the decision to uphold a voluntary disability policy marker is positive. However, the voluntary nature of the marker weakens its contribution to upholding the principle of leaving no one behind. To ensure that persons with disabilities are included systematically, the needs of this marginalised group needs to be mainstreamed in development programmes and projects, including in calls for funding, in a similar way as gender equality and the environment.

Despite its voluntary nature, the disability marker can, as more countries report against it, serve as an incentive to increase financing for disability and the quality of ODA investments in it by giving more credit and visibility to this type of development finance.

**Build on and learn from good practice**

To highlight some good practices, Finland has contributed to the promotion of the inclusion of persons with disabilities in humanitarian settings and supported multi-stakeholder collaboration (DFAT, 2017(178). In the United Kingdom, the Department for International Development (DFID) introduced its first Disability Framework in 2014 (Meeks, 2016(179)) and its current vision for disability inclusion is “to ensure people with disabilities are consistently and systematically included in international development and humanitarian assistance.” On July 24, 2018, DFID, along with co-hosts the International Disability Alliance and the Government of Kenya hosted the first-ever Global Disability Summit to galvanise the global effort to address disability inclusion in the poorest countries in the world and act as the starting point for major change on this neglected issue (International Disability Alliance, 2018(180)). In addition, the United States Agency for International Development (USAID) committed to including persons with disabilities in its programmes (Shah, 2011(181)).

Challenges remain, especially when it comes to integrating the needs and priority of persons with disabilities systematically into project cycles and accountability mechanisms. Australia, for example, is tackling such challenge. An evaluation of its efforts found that by influencing international agreements and the policies and programmes of other donors, Australia has both increased the benefits of its assistance and achieved greater, more far-reaching impact. These positive findings demonstrate that Australia’s leadership has effectively contributed to recent progress in disability policies and programmes (DFAT, 2017(178)). Other countries can learn from and replicate this good practice for greater collective impact.

The evaluation also indicated that partner governments must create and expand opportunities for persons with disabilities through policy and legislative frameworks and better service delivery on the ground. Support and advocacy from donors, institutions, non-governmental organisations, and activists at the global level helps create a platform for change. But it is the inclusion of persons with disabilities in all policies and programmes at the country level that, ultimately, makes the greatest difference (DFAT, 2017(178)).

**Conclusion**

To deliver on the pledge to leave no one behind, and for the benefit of all of society, the most marginalised people, including persons with disabilities, must be included in all processes at all levels, in line with global commitments such as the UN Convention on the Rights of Persons with Disabilities.

Collecting data on persons with disabilities is a crucial starting point to achieve inclusion and enable greater accountability. By taking action to carry out the recommendations outlined above, those working in development policy and practice can help achieve an inclusive society in which diversity and inclusion are celebrated, and infrastructure, services and support are accessible to all.
Notes

1. This chapter is adapted and updated from Gertz and Kharas (2018[13]). We would like to thank Brina Seidel for excellent research assistance on this project.

2. Indeed, in updating our figures using new poverty surveys and GDP forecasts released over the first six months of 2018, we find some small shifts in the composition of SOTCs relative to when we completed the same analysis in late 2017. This highlights that the list of SOTCs is not forever fixed, and can and should be updated over time.

3. Cuba and Democratic People’s Republic of Korea are other examples of stable countries with high poverty. In our analysis we use estimates from the Maddison Project Database, which suggest that real incomes in these countries are far lower than official estimates.

4. This is based on an analysis of country-allocated CPA, and excludes regionally-allocated assistance.

5. We also tested a similar analysis using project evaluation scores from a broader range of donors, using the data presented in Honig (2018[182]), and found similar results.

6. See analysis in (Desai, Kharas and Amin, 2017[168]) and related discussion in (Gertz and Kharas, 2018[13]).

7. This finding was derived from a six-country case study of attempts to negotiate inclusive political settlements in post-conflict settings found that positive trends in political inclusion did not necessarily translate to progress in socio-economic inclusion or shifts in deeply entrenched exclusionary cultural and political norms.

8. Worldwide abstention was at 24% in the 1980’s, rising to 34% in the period 2011-2015. At the same time the number of countries where direct national elections are held increased from 114 to 194.

9. OECD CRS data show a slight increase from 24% to 25.4% between 2008 and 2016 on the two concerned topics against the total ODA to government and civil society in general.

10. Education changes relationships of power within society and within households. Education enables groups that were once considered subordinate to acquire voice and confidence (World Bank, 2013[187]).

11. Blogs and presentations on the first phase of the research available at: www.effective-states.org/blog/.

12. Tim Kelsall proposes a 3-D framework that can assist development practitioners to better understand the type of political settlement they are working in.

13. For example, a visible association with external support can subject local actors to criticism that they are advancing a foreign agenda.

14. Stranded assets are assets that have suffered from unanticipated or premature write-downs, devaluations or conversion to liabilities. They can be caused by a range of environment-related risks. These risks are poorly understood and regularly misattributed, which has resulted in a significant over-exposure to environmentally unsustainable assets throughout financial and economic systems. Current and emerging risks related to the environment represent a major discontinuity, able to profoundly alter asset values across a wide range of sectors.

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I-3. WHAT DOES IT MEAN TO LEAVE NO ONE BEHIND?


