



## SDG 10: Progress, gaps and recommendations for the UK

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Inequality is an obstacle to eradicating extreme poverty. It harms economic growth, undermines a country's social contract, fosters instability and violence, and hampers progress in a number of other areas, especially health. **Goal 10**, with its reference to inequality both between and within countries, has enshrined in itself the principle that each country carries responsibility for tackling economic inequality at home as well as globally. The UK government's foreign policy in all of its forms (including aid as well as international trade and finance and migration policy) should be aligned with this principle.

The UK has not so far shown a clear commitment to achieving all aspects of **Goal 10**. It has taken action on some relevant policy areas, including leading the international agenda with the Disability Summit and the Addis Tax Initiative (ATI). However, there are parts of the UK's international development strategy that are undermining progress on the Goal. For example, an increasing reliance on development finance intermediaries and other private sector actors raises questions about how well these funds will contribute to reaching those most at risk of being left behind.



### Target 10.1:

**By 2030, progressively achieve and sustain income growth of the bottom 40% of the population at a rate higher than the national average.**

Data for this indicator exists for 47 out of the 135 countries that received UK bilateral aid in 2017. Of these 47, in only 28 countries did income (or consumption) grow faster for the

bottom 40% of the population than the average, suggesting limited inclusive growth.<sup>1</sup>

Inequality issues are relevant both to those left behind and to runaway wealth and incomes at the top of the distribution. For example, in 2018 the wealth of the world's billionaires increased by \$2.5bn a day, while the wealth of the poorest half of humanity, 3.8 billion people, fell by 11%.<sup>2</sup> Between 1980 and 2016, the poorest 50% of humanity only captured 12 cents in every dollar of global income growth. By contrast, the top 1% captured 27 cents of every dollar.<sup>3</sup> Therefore, progress in **Goal 10** should be monitored with a wider range of indicators, including the Palma Ratio (comparing income of the bottom 40% with income of the top 10%), as well as indicators of wealth concentration and of social mobility wherever possible.

Another way to assess UK ODA's contribution towards Goal 10 is whether it reaches those at the lower end of the global distribution: the P20, or the people in the poorest 20% of the global income distribution. Two of the UK's top 20 country recipients, India and Nigeria, host respectively 34% and 8% of the global P20, and for all 20 countries for which data are available at least a quarter of the total population belongs to the global P20.

However, if we look at the overall UK aid allocation between 2006 and 2017, aid to countries with above average shares of people in the global P20 decreased from \$6.4bn to \$2.5bn. In the same period, the share of aid to these countries dropped from 74% to 32%.

1. These 28 countries are: Rwanda, Colombia, Brazil, Malaysia, Philippines, Thailand, Viet Nam, Kyrgyz Republic, Peru, Kosovo, Chile, Burkina Faso, Kazakhstan, Panama, Georgia, Belarus, Costa Rica, Honduras, Bolivia, Mongolia, Uruguay, Paraguay, Ecuador, Dominican Republic, El Salvador, Moldova, Mauritania, and Togo. Based on the World Bank's Global Database of Shared Prosperity, data analysis available upon request: <http://www.worldbank.org/en/topic/poverty/brief/global-database-of-shared-prosperity>  
2. <https://www.oxfam.org/en/research/public-good-or-private-wealth>  
3. <https://wir2018.wid.world>

To achieve **Target 10.1**, governments also need to address the intersecting inequalities that the bottom 40% experience, and the ways that economic inequality is inextricably linked to gender inequality. For instance, for many low paid women workers, the creation of higher paid jobs alone will not be enough, as they face barriers in access to employment caused by unequal, unpaid care work or social norms that delegate higher paid work to men. Identity-based inequalities also result in discrimination and exclusion from education and skills, and other barriers to economic inclusion. DFID needs to ensure its EDS fully mainstreams gender inequality and addresses structural barriers, for example by prioritising investments in social and physical infrastructure that reduce unpaid care and domestic work.

progress in this area, such as adapting their payment by results framework for the Girls' Education Challenge. Ethnicity is also key marker of social exclusion. Ethnic minorities and indigenous peoples face clear practical barriers to development, often having the highest rates of poverty and living in the most remote areas, lacking transport and sanitation services. These inequalities are perpetuated through their systematic exclusion, leading to multiple sources of deprivation and discrimination mutually reinforcing one another.<sup>8</sup> By disaggregating data only by sex, age and disability, the indicator for **Target 10.2** does not go far enough for tracking progress against the Target as a whole (see chapter on "Leave No One Behind" for more information on inclusive data).

### Target 10.2:

**By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion, economic or other status.**

### Target 10.3:

**Ensure equal opportunity and reduce inequalities of outcome, including by eliminating discriminatory laws, policies and practices and promoting appropriate legislation, policies and action in this regard.**

DFID has made strong commitments to different groups of people that may experience inequality, such as people with disabilities and women and girls. However, more could be done to set out a clear and systematic approach for taking into account the different forms of discrimination people experience and how discrimination links to poverty and inequality. In this section we look at disability and ethnicity in more detail. However, the socio-economic exclusion of a wide range of different communities and groups is relevant to the delivery of this Goal (see also chapter on "Leave No One Behind", the delivery of which is essential to the delivery of **Target 10.2**).

Worldwide, people with disabilities continue to be left behind in many socio-economic aspects of life.<sup>4</sup> This is the case for instance in education, where the gap in attendance and attainment between children with disabilities and their peers without disabilities is growing in many cases.<sup>5</sup> DFID has made a strong public commitment to disability inclusion through their recent Disability Strategy.<sup>6</sup> However, the approach to disability is not currently consistent across government departments that spend ODA.

The UK's approach should prevent funding mechanisms and processes from entrenching inequalities by disincentivising delivery partners from working with those that are most excluded and difficult to reach, such as people with disabilities, for example, by measuring progress simply according to numbers reached.<sup>7</sup> DFID has made some

In order to ensure that the needs of the very poorest groups are addressed as a priority in delivering the SDGs, wealthier countries such as the UK should consider how their actions can help reduce social exclusion and inequality within their own borders and globally.<sup>9</sup>

For example, caste is an important cause of entrenched, multi-dimensional and intergenerational poverty, particularly in South Asian countries with which the UK retains important aid and trade relationships and other diplomatic and cultural links. Such relationships create collective responsibility, especially when trade relations can be linked to human rights violations such as modern slavery and caste discrimination (see **Goal 8**). Action to address caste discrimination, in collaboration with civil society groups in the UK as well as abroad, is an important issue for domestic policy with implications for achievement of the SDGs internationally.<sup>10</sup> More analysis should be done into similar actions the UK government can take to address inequality at home and abroad, in full consultation with civil society groups.

DFID's programmes need to take account of the reality and effects of discriminatory attitudes and policies in their partner countries and work hard to challenge, address and/or work around such discrimination. Examples include the many countries where the UK implements programmes where LGBT people face discriminatory laws, policies and practices, with a consequent impact on development

4. [https://www.researchgate.net/publication/320757084\\_The\\_Disability\\_and\\_Development\\_Gap](https://www.researchgate.net/publication/320757084_The_Disability_and_Development_Gap)

5. <https://www.worldbank.org/en/news/press-release/2017/12/01/children-with-disabilities-are-being-left-behind>

6. <https://www.gov.uk/government/publications/dfids-disability-inclusion-strategy-2018-to-2023>

7. [http://data.parliament.uk/writtenevidence/committeeevidence.svc/evidencedocument/international-development-committee/uk-aid-](http://data.parliament.uk/writtenevidence/committeeevidence.svc/evidencedocument/international-development-committee/uk-aid-allocation-of-resources/written/27422.pdf)

[allocation-of-resources/written/27422.pdf](http://data.parliament.uk/writtenevidence/committeeevidence.svc/evidencedocument/international-development-committee/uk-aid-allocation-of-resources/written/27422.pdf)

8. <https://www.odi.org/sites/odi.org.uk/files/odi-assets/publications-opinion-files/10281.pdf>; <https://www.odi.org/sites/odi.org.uk/files/odi-assets/publications-opinion-files/10280.pdf>


9. [https://www.christianaid.org.uk/sites/default/files/2016-07/UN-high-level-political-forum-leave-no-one-behind-global-equity-july-2016\\_0.pdf](https://www.christianaid.org.uk/sites/default/files/2016-07/UN-high-level-political-forum-leave-no-one-behind-global-equity-july-2016_0.pdf)

10. [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/85521/caste-discrimination-summary.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/85521/caste-discrimination-summary.pdf)

outcomes.<sup>11</sup> Currently, there is little evidence in the public domain that DFID is fully cognisant of, in its strategies or programming, the discrimination that is a daily reality for many.

On gender, DFID's Strategic Vision for Gender Equality rightly recognises the importance of changing social norms for gender equality.<sup>12</sup> Achieving progress on this takes long-term investments and DFID should continue to make it central to their work and gather evidence on successful approaches.

Seeking to overcome barriers to reaching those who are furthest behind without tackling discrimination will not be effective, and DFID should do more to address discriminatory laws, policies and practices that cause people to be left behind, in collaboration with local stakeholders and as part of a cross-department strategy that includes FCO.



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

Strong international evidence exists that progressive actions by governments in fiscal, wage and social protection policies are effective in tackling economic inequality; policies that are also possible in low- and middle-income countries.<sup>13</sup> Donors and international institutions have direct and indirect impacts on these policies in beneficiary countries.

## Fiscal policies and domestic resource mobilisation

The Financing for Development Conference in Addis Ababa in 2015 focused on securing sufficient funds to achieve the SDGs. Since the conference, domestic resource mobilisation (DRM) – touching on issues of taxation and other fiscal policies – has become one of the most important issues for the international development agenda.

The UK government has played an important role by championing the ATI, requiring donors to make three commitments:

1. To double support for DRM.
2. To step up DRM in order to deliver the SDGs and inclusive development.

3. To pursue policy coherence in relation to DRM, including minimising their own negative spillover, for instance by reviewing tax treaties and championing global tax transparency rules.<sup>14</sup>

The UK committed to doubling its spend on improving tax systems in the Global South by 2020 from a 2014 baseline annual spend of £25m. However, in 2017 the UK had only reached £27m (see Goal 1 for more on the role of taxation in reducing poverty).<sup>15</sup>

The UK has positioned itself as a global leader in international tax transparency and anti-corruption since its Presidency of the G8 in 2013. As part of that agenda, the UK: signed up to the Extractives Industries Transparency Initiative; fast tracked its implementation of the European Union (EU) Accounting and Transparency Directives, requiring extractive companies to publish payments to governments on a country-by-country and project-by-project basis; and created a central public register containing the details of the beneficial ownership of UK companies.

Through a Sanctions and Anti-Money Laundering Act 2018, the government introduced a requirement for Overseas Territories to introduce public registers, despite initial rebuffal since 2013 (see **Goal 16** for more on this topic). In the meantime, the EU placed a number of the UK OTs and Crown Dependencies on its tax haven “greylist”. These jurisdictions have implemented legal changes to try stay off the “blacklist”, somewhat improving their tax laws so that companies will need to engage in some business operations in those territories rather than just shifting paper profits. This could have a significant impact on delivery of Goal 10.

Through the Finance Act 2016, the government acquired the power to introduce public country-by-country reporting requirements for multinational companies regarding their tax affairs. This measure can substantially help tax authorities including in the Global South collect more of the taxes they are due. However, the UK has not yet implemented this power, ostensibly because it is seeking a multilateral agreement first. Steps should be taken to fast-track this measure.

The government's Anti-Corruption Strategy mentions the Unexplained Wealth Orders, which have been used in a limited number of cases.<sup>16</sup> The UK also played a key role in the international tax reform process led by the OECD – known as the base erosion and profit shifting, or BEPS, process. Countries in the OECD's Inclusive Framework are discussing new international tax reforms. The UK should support proposals that limit tax competition by providing a minimum effective tax rate and fairer taxing rights, particularly for countries in the Global South.

Less clear commitment has been shown by the government

11. <https://ilga.org/state-sponsored-homophobia-report>  
 12. <https://www.gov.uk/government/publications/dfid-strategic-vision-for-gender-equality-her-potential-our-future>  
 13. [https://scholarworks.gsu.edu/cgi/viewcontent.cgi?article=1036&context=econ\\_facpub](https://scholarworks.gsu.edu/cgi/viewcontent.cgi?article=1036&context=econ_facpub); <https://econpapers.repec.org/paper/tulceqwps/30.htm>; <http://www.oecd.org/social/in-it-together-why-less-inequality-benefits-all-9789264235120-en.htm>; and <https://www.imf.org/external/pubs/ft/fandd/2015/03/pdf/jaumotte.pdf>

14. <https://www.addistaxinitiative.net/>  
 15. [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/750989/DFID-Annual-Report-Accounts-2017-18-amended-Oct18.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/750989/DFID-Annual-Report-Accounts-2017-18-amended-Oct18.pdf)  
 16. <https://www.gov.uk/government/publications/uk-anti-corruption-strategy-2017-to-2022>

towards policy changes that would halt the “race to the bottom” on corporate income tax rates. Since the Global South relies relatively more heavily on corporate tax revenues, they have an even greater interest in ensuring this trend is reversed. The UK should play its important role as a donor by supporting them on this agenda.

## Social spending and universal access to health and education

Good quality, gender-responsive and universal public services free at the point of use and universal social protection are the most powerful tools available to governments to achieve Goal 10. Evidence from 150 countries spanning a period of over 30 years shows that, overall, investment in health, education and social protection reduces the gap between rich and poor (see **Goal 1**, **Goal 3** and **Goal 4**).<sup>17</sup> A recent study of 13 countries in the Global South found that spending on health and education accounted for 69% of the total reduction in inequality.<sup>18</sup> Social protection schemes based on universal or categorical transfers are better at tackling poverty and inequality than means-tested targeted schemes.<sup>19</sup>

The sharp decline in UK-provided budget support that can support core funding for strengthening and expanding universal public services is a significant concern. Fees for public services like health and education block access and drive up inequality as well poverty, because they result in hospitals or schools that are unaffordable for most (see also chapters on **Goals 3**, **4** and **8**). However, the UK government has initiated and provides financial support to a number of health and education programmes in which fees are charged for pupils and patients, increasingly channelling funds for social spending through its development finance arm, the CDC Group (see other chapters, in particular Goal 3 and Goal 8 for more on the CDC).

Instead, to finance public services the UK government should scale up its practical and vocal support for fairer tax systems both nationally and internationally to ensure low- and middle-income countries have the resources necessary to tackle inequality through improved and scaled up free universal public services and universal social protection systems. For those countries where such tax resources are insufficient, the UK should help support public services through long-term, predictable, coordinated and, where possible, on-budget aid.

## Wage and labour market policies

Formal and informal worker’s organisations, especially trade unions, and collective bargaining institutions, play a critical

role in tackling inequality. They both reduce inequality by raising wage floors, and trade unions negotiate better rates for workers at the bottom of the pay scale and advocate for better redistributive policies. Collective bargaining also reduces inequalities between groups of workers.<sup>20</sup> Evidence from the OECD and ILO, as part of the Global Deal for Decent Work and Inclusive Growth, indicates that good labour relations are a way to reduce inequalities in jobs and wages and better share prosperity (see also **Goals 5** and **8**).

Unions representing large numbers of women in the informal economy, such as the Self-Employed Women’s Association in India and the International Domestic Workers’ Federation, help self-employed, often poor and disempowered women improve their working and living conditions and strengthen their rights at work and beyond (see **Goal 5**). Tackling inequality requires protecting the right to freedom of association and collective bargaining, and taking steps to shore up collective bargaining.<sup>21</sup> It is also important to support the legal rights and capacity of informal workers to organise.

DFID’s EDS should recognise these positive roles played by trade unions and other workers’ organisations. The UK should also work with partner governments, multilateral institutions and the private sector to ban slave labour and poverty wages and to insist on safe, secure and decent work, as well as supporting bargaining for at minimum a living wage.

### Target 10.7:

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

Voluntary migration is a response to global inequality, both between and within countries, and often springs from a desire to improve one’s own life chances and those of one’s family. Migration is commonly regarded to have a net positive impact on global equity, for example through transfer of remittances and new skills.<sup>22</sup> Meeting this Target will require a considerable shift in mindset, from regarding migration as negative, to viewing migration from a positive global equity lens, especially considering its contribution to the social and economic inclusion of the migrants themselves.

In 2018, 65 million people remained forcibly displaced due to conflict and violence. The fact that low- and middle-income countries, such as Lebanon, Iraq and Turkey, host 85% of the world’s refugees is a cause for concern.<sup>23</sup> In addition, most people forcibly displaced by conflict, violence

17. [https://scholarworks.gsu.edu/cgi/viewcontent.cgi?article=1036&context=econ\\_facpub](https://scholarworks.gsu.edu/cgi/viewcontent.cgi?article=1036&context=econ_facpub)

18. [http://www.commitmentoequity.org/publications\\_files/Comparative/CEQWPN030%20RedisImpactGovntSpendEducHealth%20March%202015.pdf](http://www.commitmentoequity.org/publications_files/Comparative/CEQWPN030%20RedisImpactGovntSpendEducHealth%20March%202015.pdf); <https://www.imf.org/en/Publications/Books/Issues/2018/02/26/Inequality-and-Fiscal-Policy-42811>

19. <https://www.oxfam.org/en/research/public-good-or-private-wealth>

20. For example, <https://iloblog.org/2015/03/03/want-to-tackle-inequality-shore-up-collective-bargaining/>; and <https://www.imf.org/external/pubs/ft/fandd/2015/03/pdf/jaumotte.pdf>

21. Ibid.

22. <https://www.iom.int/speeches-and-talks/world-move-benefits-migration>

23. <https://refugeesmigrants.un.org/refugees-compact>

or natural disasters remain internally displaced within their own countries, often with little hope of returning home, and face lack of protection, adequate shelter, or legal recognition.<sup>24</sup> Internally Displaced People (IDPs) do not receive the international recognition afforded to refugees. The UN Guiding Principles on Internal Displacement require that states and local authorities, as well as humanitarian and development actors, effectively support IDPs, but as of March 2016 only 27 states had enacted laws, policies or national instruments specifically on internal displacement.<sup>25</sup>

The UK government should play its role to support the reduction and eventual eradication of inequality by supporting

24. <https://www.christianaid.org.uk/sites/default/files/2018-09/FAIR%20Deal%20for%20IDPs%20briefing%20paper%204-Ambition%20and%20inclusion.pdf>

25. <http://www.internal-displacement.org/internal-displacement/guiding-principles-on-internal-displacement>

far greater action, especially by countries in the Global North, by hosting refugees and supporting refugees and IDPs in other countries. Support countries receiving aid to create plans to reduce the gap between the rich and the poor (monitored through a range of indicators of wealth and income, including the Palma ratio). Set targets within bilateral aid for reaching the bottom 20% of the global population.

- Ensure country diagnostic tools fully reflect and assess the different and intersecting forms of discrimination people experience, including the strong link between economic and gender inequality, and the impact these have on poverty levels. Adopt a systematic approach to assess whether funding mechanisms and processes have unintended consequences that drive rather than reduce inequality. Ensure disability inclusion is consistent and systematic across all departments spending ODA and all cross-departmental funds.

#### To achieve Goal 10, the UK government should:

- Take steps to prevent human rights abuses in supply chains. Address caste discrimination and the exploitation of subordinated castes and other marginalised groups in global supply chains.<sup>26</sup> Adopt a joint FCO and DFID approach to address discriminatory laws, policies and practices that cause people to be left behind.
- Implement measures included in the Finance Act 2016 allowing for the introduction of public country-by-country reporting requirements for multinational companies regarding their tax affairs. Do more to support fair and sustainable tax systems, including through the ATI, and promote inclusion of all countries on equal footing in the BEPS second round of international tax form negotiations. Ensure the UK's tax policies support and do not undermine the potential for countries in the Global South to set their own tax policies and collect tax revenues (see Goal 1). Engage positively in international negotiations to avoid a race to the bottom in corporate tax rates.
- Recognise and champion the crucial role that gender-responsive and universal health, education and social protection play in reducing inequality, particularly when they are publicly financed and delivered for free. Support countries to remove user fees and build social protection floors. Support the strengthening and expanding of public services through long-term, predictable, coordinated and, where possible, on-budget aid. Put in place further measures to ensure the work of DFID and the CDC Group work does not drive up inequality through profit-making interventions in public services in the Global South.
- Recognise the positive role that trade unions play in helping raise wage floors for workers, especially those on poverty wages, advocating for better redistributive policies and reducing inequalities between groups of workers, and the progress to reduce inequality made by broad-based alliances involving informal worker organisations. Work with partner governments, multilateral institutions and the private sector to ban slave labour and poverty wages and to insist on safe, secure and decent work, as well as supporting bargaining for at minimum a living wage.
- Host at least the UK's fair share of refugees. Ensure that poorer countries receive adequate support to host refugees. Ensure that refugees and IDPs get the help they need to address the wide-ranging consequences of their displacement, including through humanitarian and long-term development efforts. Support local actors to prevent forcible displacement. Support states to integrate the UN Guiding Principles on Internal Displacement into their national laws and policies and report on progress.

26. <https://www.didlaw.com/changes-to-the-law/a-new-protected-characteristic-caste-discrimination>

This chapter is part of Bond's report, **The UK's global contribution to the Sustainable Development Goals**. Access the rest of the report at [bond.org.uk/UK-global-contribution-SDGs](http://bond.org.uk/UK-global-contribution-SDGs). Bond is the UK network for organisations working in international development. [Bond.org.uk](http://Bond.org.uk)