



SDG 10: Progress, gaps and recommendations for the UK

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Inequality is an obstacle to eradicating extreme poverty and achieving sustainable development and peace. 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. According to the inequality-adjusted Human Development Index (HDI)²⁰², sub-Saharan Africa loses 33% of its HDI to inequality and South Asia by 25%. Inequality also means the people who are the most marginalised and deprived often feel the impacts of climate change the worst.

The importance in tackling growing inequality is explicit in SDG 10, which seeks to reduce inequality within and among countries. However, it is also implicit across the other SDGs, which seek to reduce the gaps in outcomes between different groups in society. Moreover, the transformative principle of the 2030 Agenda to leave no one behind commits governments to address discrimination and marginalisation and to track and reach the furthest behind first²⁰³.

Before Covid-19 progress on ending chronic poverty was already slowing, with huge disparities between various socioeconomic groups in society. For example, mortality rates for children in the world's poorest 20% of households was typically two to three times the level for the wealthiest 20%, and 40% above the global average.²⁰⁴ According to

the United Nations Committee for Trade and Development, since the 1980s the share of national income going to labour has decreased in all regions and in almost every country, while the profit share has correspondingly increased. This redistribution of income seen in developed and developing countries highlights a race to the bottom in labour costs. The causes include wage suppression, the erosion of social security, growing market concentration and decreasing unionisation rates.²⁰⁵

SDG 10, with its recognition of the importance of reducing inequality both between and within countries, has enshrined within it 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 official development assistance (ODA) as well as its international trade, financing and migration policies, should be aligned with this principle. To support progress towards economic equality, the UK government should use its influence to promote fairness in global economic governance, including in relation to taxation and debt, and to support fiscal and policy space for governments of lower-income countries to implement fiscal, wage and social protection policies that are effective in reducing inequality.

The 2019 SDG Bond report highlighted that the UK had not shown a clear commitment to achieving all aspects of SDG 10.²⁰⁶ It noted that the UK had taken action on some relevant policy areas, in particular in its approach to include various under-represented groups in its programmes and leading the international agenda with the Disability Summit and the Addis Tax Initiative.²⁰⁷ The report also assessed the

202. UNDP, 'Human Development Index (HDI)' [web page, accessed June 2022]

203. Development Initiatives (2022), [Inequality, measuring it and why it matters for poverty reduction: briefing](#)

204. Save the Children (2018), [Still Left Behind](#)

205. United Nations Conference on Trade and Development (2019), [Trade and Development Report 2019](#)

206. Bond (2019), [The UK's global contribution to the Sustainable Development Goals](#)

207. Bond (2019), [The UK's global contribution to the Sustainable Development Goals: SDG 10: Progress, gaps and recommendations for the UK](#)



UK's ODA contribution towards SDG 10 by looking at the proportion of ODA that reached the people in the poorest 20% of global income distribution. It found ODA decreased to countries with the largest share of these populations between 2006 and 2017.

Since 2019, there has been little progress in terms of policy and programmes designed to explicitly tackle inequality. While Covid-19 has exacerbated inequality across the world, there has been little indication that equity has been a primary criteria in deciding ODA spending and budgeting, or that an equity lens has been mainstreamed across the portfolio.

Covid-19 and inequality

The COVID-19 pandemic did not only lead to unprecedented decreases in aggregate income, it is also very likely that it significantly increased economic inequality. Changes in the global income distribution are driven by changes in inequality, both between and within countries. However, limited data on changes in income inequality (as well as the fact that the pandemic is still ongoing) significantly restricts our ability to draw final conclusions.

Initial data suggests that in between-country inequality rose between 2019 and 2021. A recent analysis of GDP growth incidence on the global income distribution showed that this is less due to the initial drop in incomes in 2020, but rather to the lack of recovery in 2021 in incomes of people within the poorest 40% of global income distribution.²⁰⁸ These findings are supported by an analysis of household-level impacts (mostly through phone surveys), which point to greater economic damage in low-income countries.

This suggests Covid-10 as increased global inequality, but we don't have the full picture yet as it is unclear how the pandemic affects inequality within countries. From the pandemic's beginning, it was expected that socio-economic factors (e.g. income, education, occupation) and individual attributes (e.g. age, gender, race) would often determine people's capacity to work remotely, access public services and safety nets, and their risk of job loss.²⁰⁹

How those pre-existing inequalities translate into changes in income distribution in the pandemic's aftermath depends on a wide range of factors and policies, and will vary over time. In low-income countries, in some cases income inequality may have actually been dampened by the fact that the pandemic's initial impact was lower for poorer (often rural) communities, as lockdowns and economic restrictions affected better off (often urban) households.²¹⁰

In other cases, extremely poorly paid workers in informal sectors with no security may have been hit hardest, which will have exacerbated inequality. Some evidence exists in high-income countries that income inequality has even decreased due to generous social protection measures.²¹¹ However, insights from surveys, administrative data and evidence from previous pandemics²¹² suggest that, despite some exceptions, income inequality will increase within most countries in the aftermath of Covid-19.

New analysis by the World Bank²¹³ of 34 low- and middle-income countries further supports the hypothesis that Covid-19 has increased within-country inequalities in the short term. This analysis found that income losses in 2020 were likely regressive in most countries, with the bottom 40% of the population experiencing larger income losses than the top 60% (this gap was larger in urban areas than rural ones). This is also reflected in simulations of the Gini index, which was higher in 2020 because of Covid-19, than it would have been without Covid in 29 out of 34 countries. While the effect size was relatively small, with an average expected Gini index rise of 1%, the combination of increased inequality and negative growth rates resulted in higher extreme poverty for all countries in the sample.

Significant additional risks, differences in the ability to continue learning, disparities in Covid-19 vaccination rates and unequal economic recoveries could also result in long-term increases in inequality both within, as well as between, countries.

Even before Covid-19, economic policies were failing to adequately address inequality. At least 10% of the world's population (734 million people) were already extremely poor – surviving on less than \$1.90 a day – and almost half of humanity were living on less than \$5.50 a day²¹⁴, most of whom were in precarious employment. People's exposure to health and income shocks during the pandemic was therefore very unequal.²¹⁵ Covid-19 both amplified pre-existing inequalities and exposed how inequality increases the fragility of progress towards poverty reduction; something that is also threatened by other shocks and stresses, including those related to climate change. Trends that have reduced investment in public services and social protection, such as austerity measures, have increased people's vulnerability to these shocks and need to be reversed.²¹⁶

208. See [Narayan et al. \(2022\)](#). Analysis based on impact of GDP growth rates for each centile of global income distribution, under the assumption of no change in income distribution within countries.

209. This is supported, for instance, by evidence from high-income countries, which shows that the ability to work remotely increases as individuals move up the wage distribution, see [Narayan et al. \(2022\)](#).

210. [Narayan et al. \(2022\)](#)

211. For example, this is the case in the US or in Brazil ([Neidhöfer, Lustig, Tommasi 2021](#)).

212. [Furceri et al. \(2020\)](#)

213. [Narayan et al. \(2022\)](#)

214. World Bank, '[Poverty Overview](#)' [web page, accessed June 2022]

215. [Vargas Hill, R. and Narayan, A. \(2020\), Covid-19 and inequality: a review of the evidence on likely impact and policy options](#)

216. UN Special Rapporteur on extreme poverty and human rights (11 September 2020), Looking back to look ahead: A rights-based approach to social protection in the post-COVID-19 economic recovery.



How is the UK doing?

The UK has still not shown a firm commitment to SDG 10 in its ODA spending and programming. While it has published a number of inclusion strategies, such as the FCDO's the Disability Inclusion and Rights Strategy and its vision for gender equality, there has been little indication that achieving SDG 10 is a priority for the UK. The Cabinet Office's Integrated Review of Security, Defence, Development and Foreign Policy, published in July 2021, does not indicate that tackling inequality either within or between countries is a priority. Likewise, the new international development strategy makes no commitment at all to tackling inequality.

Numerous analyses have shown that the UK's ODA cuts have had a negative impact on poverty reduction and, by extension, tackling inequality. Whereas the percentage of people living in extreme poverty is anticipated to become increasingly concentrated in Africa, the FCDO's budget for the continent is declining, both in absolute terms and relative to other regions. The FCDO has directly allocated £896 million to Africa in 2021/22. While some additional support will come from thematic categories, this is likely to represent a reduction of over 50%.²¹⁷ In real terms, this will be the lowest spend by the department (and its predecessors) in over 15 years.²¹⁸ In addition, despite the UK's ambition to promote gender equality, especially in relation to girls' education, ODA cuts to education programmes have been worse for those that include a focus on gender equality than those that do not.²¹⁹

We are concerned that the importance of equity and reaching people who have been the most marginalised does not come through strongly in the UK government's current priorities. Governments, including the UK, made a commitment to development that leaves no one behind with the adoption of the 2030 Agenda for Sustainable Development. Six years on from agreeing the SDGs, there are critical gaps in the UK's own policy, programming and political commitment to implementing them.

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.

To achieve Target 10.1, governments need to address the intersecting inequalities that are inextricably linked to economic inequality, including gender, ethnicity, age and disability. Globally, people with disabilities represent over \$1.2 trillion in annual disposable income and with equal opportunity can contribute between 3-7% of GDP. However, the rationale for disability-inclusive development goes beyond this, as development that includes people with disabilities is likely to be more effective development for all people.²²⁰ For example, adopting inclusive teaching methodologies are more likely to meet the varied needs of all children, and infrastructure built using universal design principles will be more inclusive and accessible to everyone, not just people with disabilities.

Increasing the incomes of the bottom 40% income earners at a rate higher than the national average also depends on redistributive national fiscal policies. These policies include as progressive taxation and transparent and gender-responsive public spending to support rights, such as to health and education. It also requires progress to be made on other development goals in ways that prioritise the needs of people who are the most marginalised.

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.

Since 2019, the UK has made some progress in advancing this target through specific inclusion strategies, noticeably on people with disabilities and women and girls, although data on the impact of these strategies has been limited.

People with disabilities make up 15% of the world's population²²¹, and 80% of disabled people live in developing countries. There are 240 million children with disabilities in the world.²²² In low and middle-income countries, more

217. Center for Global Development (2021), [Assessing the UK's ODA Focus on Poverty and Africa](#)

218. Ibid

219. CARE International UK ['UK Government decisions to cut UK Aid are disproportionately falling on women and girls'](#)

220. Bond (2016), [Leaving no one behind: The value for money of disability-inclusive development](#)

221. World Health Organisation and the World Bank (2011), [World Report on Disability](#)

222. UNICEF (2022), [Seen, Counted, Included: Using data to shed light on the well-being of children with disabilities](#)



than half of the 65 million children with disabilities are not in school²²³, with girls disproportionately affected²²⁴.

Before the pandemic, people with disabilities and their families were poorer across all socio-economic indicators than their peers without disabilities²²⁵, and this gap is increasing²²⁶. The Covid-19 pandemic has exacerbated and exposed the pre-existing inequalities²²⁷, exclusion, stigma²²⁸, discrimination, marginalisation and violence people with disabilities experience²²⁹. Alongside direct physical and mental health impacts, we have seen harmful consequences for people with disabilities arising from overwhelmed health, education and social systems worldwide. Women and girls with disabilities, older people with disabilities and under-represented groups²³⁰, including people with intellectual disabilities²³¹ ²³², have been among the worst affected²³³.

While the Global Disability Summit hosted by the UK government in 2018 was a step-forward, progress since then has been slow, and the Covid-19 pandemic has increased inequalities around the world which has further eroded gains. It is imperative that the UK government supports efforts to build back from the pandemic in an inclusive way and delivers on its commitment to leave no one behind. For the UK government to continue its legacy as a leader on disability inclusion, the commitments made at the 2022 Global Disability Summit should be strengthened and a comprehensive delivery plan to implement the FCDO's Disability Inclusion and Rights Strategy needs to be published. In addition, the recently published equalities assessment on ODA cuts has shown the negative impacts the cuts have had on achieving gender equality and inclusive development, alongside a disregard for transparency and openness. The FCDO should ensure that the increased women and girls' budget pledged by the Foreign Minister is equitably allocated and supports women and girls who are the most marginalised. If this is not achieved, there is a severe risk that women and girls with disabilities will not benefit from development interventions.

While disability has been a core priority for the UK government, other protected characteristics have fared even less well. For example, the FCDO has not prioritised work with racialised minorities (in spite of global attention in the aftermath of the murder of George Floyd), nor indigenous people. The lack of progress on the collection of data disaggregated by ethnicity – despite being a pledge stated in the Inclusive Data Charter – makes efforts to monitor this difficult. The FCDO has made some progress on the links between religion and poverty, with the partial implementation of the Bishop of Truro's report, a major inter-ministerial summit planned for July 2022 in London, and the work of successive special envoys on the topic. However, again there is no disaggregated data, and the inclusion of religion in both humanitarian and development interventions remains piecemeal and unsystematic (to our knowledge). Making links between the exclusion of racialised, ethnic, linguistic and religious groups and conflict prevention is a missed opportunity, and the rumoured downgrading of work on conflict prevention and work in conflict-affected and fragile states remains a major cause for concern.

223. Ibid

224. UNICEF (2013), [The State of the World's Children: Children with Disabilities](#)

225. Banks L., Kuper H., Polack S. (2017), 'Poverty and disability in low- and middle-income countries: A systematic review'. PLOS ONE, Vol. 12

226. World Bank (2017), [Disability Gaps in educational attainment and literacy](#); Groce and Kett (2013), [The Disability and Development Gap](#)

227. UN (2020), Policy Brief: A Disability-Inclusive Response to COVID-19

228. Meaney-Davis, J., Lee, H. and Corby, N. (2020), [The impacts of COVID-19 on people with disabilities: a rapid review](#), Disability Inclusion Helpdesk Query No: 35

229. For evidence about the increased risk of violence against women during COVID-19 see UN Women (2020), [The Shadow Pandemic: Violence against women during COVID-19](#)

230. Inclusive Futures (2021), [Consequences of exclusion: a situation report on organisations of people with disabilities and COVID-19 in Bangladesh, Nigeria, and Zimbabwe](#)

231. Bosworth, M., et al. (2021), 'Deaths involving COVID-19 by self-reported disability status during the first two waves of the COVID-19 pandemic in England: a retrospective, population-based cohort study', *Lancet Public Health*, Vol. 6

232. In the UK, people with intellectual disabilities were 6.3 times more likely to die and [Inclusion International](#) found over 90% of respondents reported reduced access to health/support services.

233. Inclusive Futures (2021), [Consequences of exclusion: a situation report on organisations of people with disabilities and COVID-19 in Bangladesh, Nigeria, and Zimbabwe](#)



To achieve SDG 8, the UK government should:

1. Have an explicit commitment on reducing inequality and focus on this across its ODA portfolio. Spending should aim to narrow disparities based on wealth, gender, ethnicity and other markers for disadvantage.
2. Support more national action to redistribute wealth and tackle inequality, including through international cooperation such as through the Addis Tax Initiative, to enhance capacities for domestic resource mobilisation. It should use its influence within international financial governance to challenge policy agendas that seek to reduce the tax burden on companies and cut public spending, such as those promoted by international financial institutions, and support enhanced representation of low- and middle-income countries in economic and financial institutions.
3. Support action to address structural inequalities, discrimination and social exclusion which are huge barriers to the achievement of economic rights and inclusion. Links should be made between this work and conflict prevention and social cohesion goals.
4. Support training and education for workers about their rights and how to claim them, and help build the capacity of trade unions to bargain collectively for living wages and decent working conditions.
5. Promote a worker-centred approach to trade, in line with the ILO's Decent Work Agenda, which exempts vital public services from the scope of free trade agreements and includes effective mechanisms for the enforcement of labour standards.
6. Support governments to implement progress monitoring towards indicators 10.4 and 10.4.2²³⁴. The redistributive impact of fiscal policy now provides an important tool for assessing the effectiveness of fiscal policy in addressing income inequality.
7. Ensure that it hosts at least the UK's fair share of refugees. Ensure that refugees and internally-displaced people get the help they need to address the wide-ranging consequences of their displacement, including through humanitarian and long-term development efforts.
8. 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, carefully designed to overcome inclusion barriers, 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 ODA. Put in place further measures to ensure the work of the FCDO and British International Investment does not increase inequality through profit-making interventions in public services in other countries.
9. Do more to support data disaggregation efforts and to track, not only national and global average progress, but also the pace at which disparities between socioeconomic and other significant groups within countries are narrowing (or indeed widening). Survey and other data should be used to regularly and transparently report on inequality and convergence trends. Reporting on convergence should be an important part of the next Voluntary National Review when considering the progress made towards the leave no one behind pledge and SDG 10.

234. The indicator measures the difference between the pre- and post-fiscal income inequality measured by the Gini coefficient, taking into account direct and indirect taxes, social insurance and old-age pension contributions, direct cash or near-cash transfers, and subsidies. See UN Department of Economic and Social Affairs, '[SDG Indicators. Metadata repository](#)' [web page, accessed June 2022]