

https://dspace.org/

# Fighting Inequality: Progress Made Under G20 Brazil and the Priorities for South Africa

**David Francis**

**2024-12-05**
https://hdl.handle.net/10539/44788

Downloaded from a DSpace repository. https://dspace.org/

Policy Note
12
December 2024




# Fighting Inequality: Progress Made Under G20 Brazil and the Priorities for South Africa

DAVID FRANCIS, SOUTHERN CENTRE FOR INEQUALITY STUDIES

KONRAD ADENAUER STIFTUNG

SAIIA 90 YEARS EST.1934

# Introduction

In the latter half of the 20th century, notable progress was made globally in addressing poverty and hunger, with significant reductions in poverty in large parts of the world. However, alongside these achievements came a rapid growth in inequalities of income and wealth within countries, alongside the persistence of inequalities in race and gender, among others. In recent years, the socio-economic shock of the COVID-19 pandemic and rising socio-economic distress caused by the climate crisis have once again brought issues of poverty and hunger to the fore in global policy debates. This policy note assesses the response of the G20 to the interlinked crises of hunger, poverty and inequality and sets out policy recommendations that focus on reducing inequalities.

## Background: The development of the Global Alliance Against Hunger and Poverty in Brazil

One of the most notable outcomes of the Brazilian G20 presidency was the creation of the Global Alliance Against Hunger and Poverty. The alliance was first announced by Brazilian President Luíz Inácio Lula da Silva during the 2023 G20 summit in New Delhi, India, and arises from the Task Force for a Global Alliance Against Hunger and Poverty. The main aims of the alliance are to achieve Sustainable Development Goal (SDG) 1 – poverty eradication – and SDG 2 – zero hunger and sustainable agriculture. In addition, it seeks to address a variety of inequalities, including gender inequality. The timing of the alliance is important: globally, there has been a resurgence in poverty and hunger owing to the COVID-19 pandemic, while inequalities of income and wealth, particularly within countries, continue to grow. Brazil is well placed to craft the agenda of the alliance given its experience in reducing poverty and inequality in the past two decades, particularly through the Bolsa Família programme.[1]

The alliance will initially run until 2030 and is open to governments, international organisations, knowledge institutions, donors and development banks. Since its creation, several high-profile organisations have signed up as members, including the World Food Programme and UNESCO. Founding entities are those that join before the end of November 2024, and membership remains open thereafter. As of the end of November 2024, it had 66 member organisations from 82 countries.[2] At the heart of the alliance is the policy basket, which comprises 49 policy instruments[3] that guide the allocation of resources according to the priorities of the alliance. In order to be included in the policy basket, policies must be well defined, implementable, evidence based, targeted at people experiencing poverty and hunger. They must also contribute to SDGs 1 and 2, primarily.[4]

The work of the alliance has been supported by Task Force 1 of the T20, which aims to develop policy recommendations relating to the priorities of the alliance, particularly fighting inequality, poverty and

[1] Global Alliance Against Hunger and Poverty, "Global Alliance Against Hunger and Poverty: About Us", accessed sate: December 20, 2024, https://globalallianceagainsthungerandpoverty.org/.

[2] Global Alliance Against Hunger and Poverty, "Members", accessed December 10, 2024, https://globalallianceagainsthungerandpoverty.org/members/#members

[3] Global Alliance Against Hunger and Poverty, "Policy Basket", accessed December 10, 2024, https://globalallianceagainsthungerandpoverty.org/policy-basket/

[4] Global Alliance Against Hunger and Poverty, "Policy Basket".

hunger.[5] In a related development, the G20 Development Ministers, gathered in Rio de Janeiro, issued the 'G20 Ministerial Declaration on Development to Reduce Inequalities', which focuses on SDG 10 – reducing inequality in all its forms.[6] The declaration emphasises the importance of international cooperation in addressing inequality and commits to promoting economic, social and political inclusion and eliminating discrimination. Linking to the aims of the alliance, the declaration highlights the importance of reducing inequalities as a necessary condition for ending hunger and poverty worldwide. While it is an important step forward, the declaration is light on details about the specific policies that should be implemented to reduce inequality both between countries and within them.

## The architecture of the alliance

The work of the alliance is guided by three pillars: national, financial and knowledge. The national pillar is constituted by member states and national governments, and commitments under this pillar focus on the implementation of policies from the policy basket at the national level. In addition, member states can support other countries with policy implementation, with a particular focus on South–South cooperation. The financial pillar comprises supporting entities that have committed to helping member countries implement policies from the basket. The knowledge pillar is composed of a variety of institutions that promote knowledge generation, technical assistance and knowledge sharing on an equitable basis.[7] In terms of governance, the alliance is composed of its members, the Board of Champions, the Summit Against Hunger and Poverty and the Support Mechanism. The Support Mechanism brings together a team of specialists who manage operations.[8] The details of The Support Mechanism are yet to be announced, but it will be composed of a multi-skilled team. Team members will be seconded from the UN and its agencies or represent international financial institutions and other international organisations. It will be funded by voluntary contributions from alliance members.

Given the resurgence in global hunger and poverty, the aims of the alliance are timely. In some ways it marks a return to the development agenda of the 20th century, with its focus on addressing deprivation. However, it is too early to assess its impact or appraise its achievements. Much will depend on how South Africa takes the work of the alliance forward in its G20 presidency in 2025. An important gap in the high-level framing of the alliance is an explicit focus on addressing inequality. While this is embedded implicitly in the objective and policy basket of the alliance, inequality is a critical socio-economic issue that requires an explicit focus. Furthermore, inequality is itself a driver of ills such as poverty and hunger. It is essential, then, that the G20 includes the reduction of inequality as part of the aims of the alliance.

## Foregrounding inequality

The G20 should be concerned with inequality at two main levels: inequality between countries and inequality within countries. In broad terms, economic inequality between countries has decreased over

[5] G20 Brasil 2024, "Task Force for a Global Alliance"; T20 Brasil 2024, "Fighting Inequalities, Poverty, and Hunger", accessed December 10, 2024, https://www.t20brasil.org/en/tf/1/tf01-fighting-inequalities-poverty-and-hunger

[6] Government of Brazil, "In Historic Declaration, G20 Ministers Commit to Reducing Inequality", July 25, 2024.

[7] Global Alliance Against Hunger and Poverty, "Terms of Reference and Governance Framework", accessed December 10, 2024, https://globalallianceagainsthungerandpoverty.org/global-alliance-against-hunger-and-poverty-terms-of-reference-and-governance-framework/#Constituent-Pillars

[8] Global Alliance Against Hunger and Poverty, "Terms of Reference".

the past few decades, after increasing rapidly for almost two centuries. According to the *World Inequality Report 2022*, the average income of the richest 10% grew faster than the average income of the poorest 50% such that the ratio of the two rose from around 4 times in 1840, to a peak of over 16 in 1980.[9] This is because, as less developed countries have achieved relatively rapid economic growth, income differentials between poor and rich countries have narrowed. However, at the same time, in-country inequality has been increasing in many states in both the Global North and the Global South.[10] By the same measure, inequality within countries has almost doubled – the gap between the average incomes of the richest 10% and the poorest 50% has increased from more than eight times in 1980 to nearly 16 times in 2020.[11]

In some countries, such as South Africa, economic inequality has remained persistently high over several decades. Furthermore, socio-economic inequalities, such as those of race and gender, persist around the world. In more recent years, the magnitude of the climate crisis is both amplified by existing inequalities and reinforces them. Central to the reproduction of inequalities are unequal power relations, both between countries and within them. Unlike other developmental problems that can be addressed to some extent by provisioning, inequality will not be tackled successfully without an explicit focus on power.

## A focus on inequality is critical to the success of the alliance

The alliance will need to adopt a clearer focus on addressing inequalities. Poverty, hunger and inequality are often grouped together as persistent developmental challenges, but inequality is materially different in ways that matter for policy development.[12] While poverty and hunger are severe challenges in their own right, they are also symptoms of a system of global inequalities in power and exchange. It is essential to appreciate that inequality is a relational problem underpinned by unequal power relations. In this, South Africa is well-placed to assume the G20 presidency. Recent statements by President Cyril Ramaphosa suggest South Africa's G20 priorities include a focus on representation of all nations in global institutions; a theme of solidarity, equality and sustainable development; and equal treatment of all nations. Inequality in terms of power and resources is at the heart of this agenda.

Understanding and addressing unequal power relations is difficult. Indeed, on the global scale there has been far greater success in addressing poverty and hunger than in arresting rising inequalities in the past few decades. South Africa's hosting of the G20 is an opportunity for a sharp focus on both understanding and addressing inequality, as well as integrating this into the work of the alliance at two levels. The first is global inequalities in power, knowledge and resources. These inequalities shape decision-making, politics and the global economy. The second is to understand how these inequalities shape the reproduction of socio-economic inequalities such as those of income, wealth, gender and race, and how inequality affects other developmental goals such as the eradication of poverty and hunger.

---

[9] World Inequality Lab, "Global Inequality from 1820 to Now: The Persistence and Mutation of Extreme Inequality", chap. 2 in *World Inequality Report 2022* (World Inequality Lab, 2022).

[10] Zia Qureshi, "Rising Inequality: A Major Issue of Our Time", Brookings, May 16, 2023.

[11] World Inequality Lab, "Global Inequality".

[12] David Francis and Edward Webster, "Poverty and Inequality in South Africa: Critical Reflections", *Development Southern Africa* 36, no. 6 (2019): 788–802.

However, South Africa also offers a cautionary tale about the difficulty in reducing inequality. Inequality of wealth and income in South Africa has remained extremely high for decades. Despite a policy focus on the triple challenges of poverty, unemployment and inequality in the post-apartheid era, the country has had little success in reducing economic inequality. This is an existential challenge, both for South Africa and for the G20, and South Africa's hosting of the group in 2025 offers a chance for a renewed effort to materially reduce inequalities, both within countries and between them.

To do this, it is necessary to specify and target inequalities at both levels. In order to succeed, the alliance will have to place understanding and addressing inequality at the heart of its work. If this is not done, it will end up addressing symptoms of inequality rather than the root causes of socio-economic challenges such as poverty and hunger. As highlighted in South Africa's priorities for the G20, it is essential to foreground the role of global inequalities in knowledge and power in reproducing material socio-economic inequalities. A clear understanding of these dynamics is essential in order to arrest the reproduction of these inequalities. It is important to ensure equal and fair representation in decision-making bodies and policy development processes. The concept of inequality must be embedded in the analytical work of the G20 going forward, in the same way that issues of hunger and poverty have been made central through the creation of the alliance.

# Policy recommendations

There are two ways in which South Africa should focus on inequality during its G20 presidency. The first is to recognise inequality, in all its forms, as a pressing socio-economic challenge, and to ensure that this is the lens through which other socio-economic problems are approached. The second is to develop specific policy proposals to reduce inequalities. Recommendations for both are provided below.

## Adopt an explicit focus on reducing inequality as part of the work of the alliance

South Africa should adopt an explicit focus on inequality as part of the work of the G20 and the alliance. The high-level focus of the alliance should be broadened to include inequality, with a specific focus on achieving SDG 10. This requires carefully defining inequality and focusing on addressing particular forms of inequality. Inequality is a distinct socio-economic problem and should not be elided with other developmental challenges that are also the focus of the G20. Instead, it should be elevated to a headline challenge for the alliance to address.

## Ensure the focus on inequality extends beyond economic inequality, and set targets for the reduction of inequality in particular areas

Addressing economic inequalities of income and wealth is critical. Addressing other socio-economic inequalities, such as those of race and gender, sexuality, education and dignity, is equally important. Experience from the past few decades suggests that materially reducing inequality is difficult. South Africa should use its presidency of the G20 to convene a community of experts on inequality research and policy to foreground the reduction of inequality as a key pillar of the work of the G20.

The G20 should adopt an ambitious inequality-reduction agenda that includes the development of targets in particular areas. Metrics must be developed for these aspects of inequality and specific targets set for their reduction. The G20 should call on relevant UN agencies, such as the UN Research Institute for Social Development and the UN Development Programme, as well as knowledge partners (universities) in the T20, to develop standard metrics to measure inequality and set targets for the reduction of key types of inequality. These could include targets for the Gini coefficient of inequality in income and wealth, along with targets for reducing inequalities in race and gender, among others. These will need to be carefully specified and accompanied by appropriate indicators.

## Expand the policy basket of the alliance to include tools to address inequality

The policy framework of the alliance includes a variety of key tools aimed at tackling socio-economic inequalities. In addition to the development of robust indicators, further policy instruments will be required to address inequalities in a comprehensive and sustainable manner. A crucial aspect of this is the need to address inequality between countries – both within regions and across the global stage. This global dimension of inequality demands coordinated international action, and the G20, with its broad representation of both developed and emerging economies, is an ideal platform for fostering this cooperation. A concrete example of such international collaboration could be the development and implementation of a global wealth tax. The design and enforcement of such a tax requires a high degree of policy coordination across borders, as it involves aligning tax regimes, defining wealth and ensuring compliance across jurisdictions. The successful implementation of a global wealth tax would help reduce extreme disparities in wealth and generate resources that could be directed toward addressing social and economic inequalities within and between countries.

While the policy tools within the alliance are critical, their effectiveness will ultimately depend on the broader international cooperation, shared commitments and aligned efforts that are essential for tackling inequalities on a global scale. This requires not only political will but also the establishment of a governance framework capable of supporting such complex cross-border initiatives.

## Author

**David Francis**

Dr David Francis is the Deputy Director at the Southern Centre for Inequality Studies. His research interests focus on labour market economics, the informal economy and inequality. He was the researcher for the advisory panel on the minimum wage in South Africa and has previously worked as a development consultant and a policy and budget analyst at South Africa's National Treasury. He has a PhD in economics from the University of the Witwatersrand, an MA in development studies from the University of KwaZulu-Natal and a Bachelor of Social Sciences in economics and history from the University of Cape Town.

## Acknowledgement

SAIIA gratefully acknowledges the support of the Konrad Adenauer Foundation for this publication.

## About SAIIA

SAIIA is an independent, non-government think tank whose key strategic objectives are to make effective input into public policy, and to encourage wider and more informed debate on international affairs, with particular emphasis on African issues and concerns.

**Cover graphic:** SAIIA

All rights reserved. Copyright is vested in the South African Institute of International Affairs (SAIIA) and the authors, and no part may be reproduced in whole or in part without the express permission, in writing, of the publisher. The views expressed in this publication are those of the author/s and do not necessarily reflect the views of SAIIA.

Please note that all currencies are in US$ unless otherwise indicated.

Jan Smuts House, East Campus, University of the Witwatersrand
PO Box 31596, Braamfontein 2017, Johannesburg, South Africa
Tel +27 (0)11 339 2021 • Fax +27 (0)11 339 2154
saiia.org.za • info@saiia.org.za

© SAIIA All rights reserved.

SAIIA
SOUTH AFRICAN INSTITUTE OF INTERNATIONAL AFFAIRS