



Professional Training Course on Inequality

Brussels | 24–28 June 2019

FINAL REPORT



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1. Introduction

Despite great success in reducing poverty, income and wealth inequalities within states have risen severely in recent years. Inequality is a threat to social cohesion and economic growth. Therefore, the 2030 Agenda for Sustainable Development addresses the reduction of inequality both as a stand-alone target (SDG 10) and as a crosscutting issue with references to 12 other SDGs.

Against this background, the Professional Training Course on Inequality brought together an influential group of 15 policy makers from different partner countries, who share a commitment to reducing inequalities.

Together with the lecturers, the participants assessed inequalities and put it in broader global contexts. Based on these discussions, effective current policy directions and additional solutions were tabled, discussed and honed. The course further enhanced cross-sectoral and cross-country support and practical approaches for reducing inequalities.



2. General

The special designed Training Course on Inequality has been organised by Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) on behalf of the German Federal Ministry for Economic Cooperation and Development (BMZ) in collaboration with the Maastricht Graduate School of Governance (Maastricht University) and the United Nations University – Maastricht Economic and Social Research Institute on Innovation and Technology (UNU-MERIT).



The course took place from 24 to 28 June 2019 and was hosted at the GIZ Representation Brussels, Rue du Trône 108, Brussels.

The training combined traditional lectures, knowledge-sharing sessions and open discussions amongst participants. Furthermore, the Training Course provided participants with best practice examples of policy measures that can contribute to reducing inequality within countries. Inequality was analysed in its multiple dimensions such as economic, cultural, political, ethnic dimension.

3. Outcomes in a nutshell

The Professional Training Course on Inequality

- offered a multidisciplinary training program bringing politics, academia and practitioners together;
- contributed on capacity building by providing participants with a broad knowledge on all types of inequality and an understanding of the development of inequality, drivers and policy;
- provided a unique focus on specific issues related to inequality and critical insights into the most recent evidence about inequality;
- created a forum for discussion country-specific contexts and reforms;
- helped developing an understanding of the policy challenges i.e. design and implementation of policies;
- supported participants in overcoming difficulties in dealing with practical issues from their daily relevant work in their home countries and helped gaining skills to improve policies to promote equality.

4. The programme

| | Monday, 24 | Tuesday, 25 | Wednesday, 26 | Thursday, 27 | Friday, 28 |
|---------------------|---|--|---|--|--|
| | Building a knowledge base | Designing and implementing policies for combating inequality | | Lessons from best practises | Next steps |
| 08:30 | Registration and Coffee | Arrival and Coffee | | | |
| 09:00 | | Introduction | | | |
| 09:30 – 11:00 | Welcome Opening Remarks Introduction | Taxation Bruno Martorano | Labour market policies Patrizio Piraino | Policy mix or cross-sectoral approach Giovanni Andrea Cornia | Examples and case studies from Latin America Simone Cecchini |
| | Coffee break | | | | |
| 11:30 – 13:00 | Facts and trends of inequalities worldwide Facundo Alvaredo | Knowledge-sharing session | Knowledge-sharing session | Knowledge-sharing session | Feedback & Next steps |
| | Lunch break | | | | Closing |
| 14:00 – 15:30 | Drivers/ consequences of inequality Ellen Ehmke | Industrial policy Lili Wang | Social Protection Franziska Gassmann | Examples and case studies from SSA Abebe Shimeles | |
| | Coffee break | | | | |
| 16:00 – 17:30 | Types and dimensions of inequality Frances Stewart | Knowledge-sharing session | Knowledge-sharing session | Examples and case studies from Asia Ermina Sokou | |
| | Wrap-up | | | | |
| 17:30 – 18:30 | Exhibition “Unequal Scenes” & Aperitivo/ Snacks | | | Farewell dinner | |



5. The lectures

The lectures included both theoretical elements and practical training through case studies. The lectures were organised around three themes:

1. Building a knowledge base on inequality
2. Lessons from best practises
3. Designing and implementing policies for combating inequality and next steps

During the training, participants were actively involved in the lectures by participating in group activities and working on the case studies and mock cases prepared by the trainers.

1. Building a knowledge base on inequality



Lecture 1: Facts and trends of inequalities worldwide / Facundo Alvaredo

This session provided the necessary background, facts and trends as well as a narrative on inequality. The objective of the session was to contribute to a global

understanding on economic inequality by presenting the latest data and to equip participants to make informed decisions. Economic inequality is widespread and to some extent inevitable. In this regard, the lecture highlighted the fact that no single scientific truth exists about the ideal level of inequality, let alone the most socially desirable mix of policies and institutions to achieve this level.

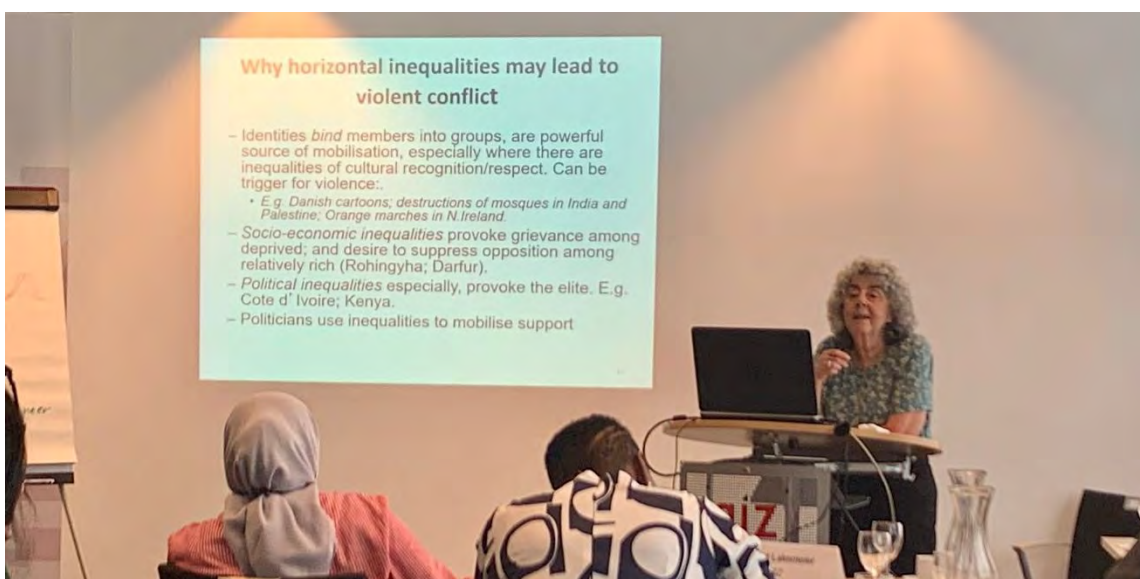
Lecture 2: Drivers and consequences of inequality / Ellen Ehmke

This interactive session looked at various dimensions of inequality such as wealth and income, inequality in opportunities as well as between men and women. The lecture highlighted commonalities as well as differences in domestic as well as international drivers for various forms of inequality. The focus of the session was on domestic drivers and consequences of inequality as well as indicating policy options to counter inequality.

Herein, the focus was less on the economic effects, i.e. whether and how inequality influences GDP growth, and more on the societal consequences such as effects on the equality of opportunity, on equal representation and social cohesion and highlighted that and how policy makers can influence these.

Lecture 3: Types and dimensions of inequality / Frances Stewart

The lecture considered how thinking on inequality development has evolved over the last half century, including three critical questions: why there is concern with inequality; inequality of what; and among whom. It discussed the move from a unidimensional approach to inequality towards consideration of many dimensions; from a focus mainly on instrumental considerations in defining an optimum distribution to consideration of justice; and from a prime focus on inequality among individuals (vertical inequality), to concern with inequality among groups (horizontal inequality) both in relation to justice and instrumentally. Further, it discussed the issue of inequality across generations.



The consensus was that policies should not only focus on the well-being of present generations, but should also address future generations. The lecture also considered the evolution of policy approaches. Finally, it discussed political economy considerations, which help explain why action towards reducing inequality has been so limited.

2. Lessons from best practices

Lecture 4: Taxation / Bruno Martorano

The lecture focused on taxation and its effectiveness to influence inequality in developing countries. In the first part, participants discussed the opposite views that have dominated the debate around this topic over the recent decades. Initially, taxation was thought to be negative for economic growth and ineffective in influencing income distribution; now, it is considered as a powerful policy tool to promote a more equal society.



The group analysed how these different views have influenced tax revenue and tax composition. The final part of this lecture aimed to show how tax policy might favour a more inclusive process of economic development. In particular, participants discussed how taxation might contribute to improve income distribution using a number of case studies.

*Lecture 5: **Industrial Policy** / Lili Wang*

This lecture started with a brief history of industrial policy and looked at some earlier examples of advanced countries. Secondly, it looked at the new industrial policies in emerging economies. In the new era of knowledge-based economy, industrial policies have put more and more attention on technology upgrading. In this part of the lecture, it was discussed how new industrialized countries have adjusted their industrial policies at different development stages, e.g. how some of these countries shifted from resource and labour intensive manufacturing to innovative industries. Finally, the group discussed possible links between industrial policy and reduced inequality within and among countries.

3. Designing and implementing policies for combating inequality

*Lecture 6: **Labour market policies** / Patrizio Piraino*

Wage and earning gaps typically account for a large share of overall socioeconomic inequality. Understanding what determines the disparities in labour market outcomes is thus necessary for a complete appreciation of the drivers of inequality. The group first reviewed the interplay among the main 'actors' in the labour market, i.e. firms, workers/job seekers,

government. This allowed participants to familiarise with the potential obstacles to full employment and decent work. The group then evaluated the effectiveness of public policies aimed at improving labour market outcomes for vulnerable groups, such as the unemployed youth, unskilled job seekers, and discriminated groups.

Lecture 7: The Rationale for Investing in Social Protection / Franziska Gassmann

For decades, spending on social protection has been considered a cost rather than a productive investment in low- and middle-income countries. This view has changed, though, given the impressive evidence on the benefits of social protection. The ILO has shown that almost all countries can afford social protection policies. During this lecture, the group went through theories linking social protection with inclusive development and growth and derived the rationale why governments should invest in social protection in order to sustainably reduce poverty and inequality. It was found that a comprehensive distributive analysis is essential to establish appropriate social protection measures.

Lecture 8: Policy Mix or cross-sectoral approach / Giovanni Andrea Cornia

The lesson summarized the normative, development, social and macroeconomic policies that should facilitate the reduction of poverty and inequality in developing countries. Normative policies ought to remove any ethnic, gender, regional and religious discrimination among the economic agents of various groups.

The development policies ought to improve the distribution of production assets (land, human capital and physical capital) and improve the functioning of the factor markets that are often very dualistic and make the access to credit, land and technology very problematic for the poor. Social policies ought to focus on redistribution of public expenditure on public goods (such as health, education, housing, food subsidies and cash) to the poor and disenfranchised. Such public expenditure policies need to be supported by adequate and progressive revenue generation. Finally, macroeconomic policies should be designed in a way to keep the economy on a balanced short- and long-term growth path. Fiscal, monetary, exchange rate and debt reduction policies play a key role on occasion of external and external shocks that may cause a huge increase in poverty.



Lecture 9: Examples and case studies from SSA / Abebe Shimeles Abebe

Africa is the second most unequal continent in the world. Most importantly, inequality tended to persist over time despite rapid economic progress and shifts in the sources of livelihood. Hence, the objective of this session was to understand why Africa harbors such high and persistent inequality and provided insight into the policy options to tackle it. The session provided an empirical guide into the patterns of inequality based on available data. These include consumption based and asset or wealth based inequality to demonstrate the severity of inequality in Africa. Inequality of opportunities were explored in detail to underscore the magnitude of inequality inherent in African economies that are beyond the control of individuals and households. The lecture was followed by a discussion of policy options to tackle inequality.

Lecture 10: Examples and case studies from Asia / Ermina Sokou

Inequality in Asia and the Pacific is on the rise. The region's income inequality, has soared over the past two decades, a trend that goes against all other world's regions. There is a close link between income inequality and the distribution of opportunities and basic services. In most countries of the Asia-Pacific region, socioeconomic growth has brought about an average increase in access to education, health care, clean water and sanitation and other key opportunities. Yet not everyone has benefited. In many countries, basic services are not universally provided.

The group learned about how inequality of opportunity is shaping in Asia-Pacific countries and how governments are responding. From setting a target to reduce the Gini coefficient, to tax reforms, to the slow but steady expansion of social protection systems, governments in the Asia-Pacific region are increasingly taking action to reverse inequality trends and mitigate negative consequences of inequality on people, societies, economies and the planet.

Lecture 11: Examples and case studies from Latin America / Simone Cecchini

Inequality is a structural problem of Latin American countries, which exhibit some of the highest levels of income inequality in the world. Furthermore, Latin American societies are beset by other inequalities, related to territory, age, gender, race and ethnicity, among others. These inequalities manifest and reproduce themselves in different areas, such as employment, social protection and care, education, health, housing and basic services.

Since the early 2000s, Latin American countries have made progress in reducing inequality. This is not only the result of a favourable economic environment, which led to job creation, but also of the adoption of a series of pro-equality public policies. The group discussed case studies of such policies in the countries of the region, with a focus on the extension of social protection via conditional cash transfer programmes and pension reform and the reduction of inequalities in the labour market through minimum wage policy and labour and productive inclusion programmes.

6. The knowledge-sharing sessions

The course applied an interactive and inclusive approach. The Participants played an active role in building their knowledge through knowledge-sharing sessions through which they shared their country-specific experiences in order to promote the learning process with practical experience.



The course also provided an opportunity for the participants to become part of a network and to remain in contact with each other and with the organizers after the training.

It furthermore allowed them to benefit from engaging with experts coming from both academic institutions and practitioners. Most trainers participated in the discussion, answered questions and gave food for thought.

7. The exhibition

An additional highlight during the training course was the exhibition "Unequal Scenes" by South African photographer Johnny Miller. Unequal Scenes locates the most unequal dividing lines in the world's most unequal societies. It uses a drone to illustrate the inscribed history of our world in a new way.



8. The participants

The training course, especially designed to address policy makers from developing countries, brought together officials, among others, from the National Treasury, the Federal Prosecution Service, the Prime Minister's Office and the Ministry of Decentralisation and Local Development.



Country-specific expertise was shared from representatives of Bangladesh, Benin, Brazil, Cambodia, Cameroon, Guatemala, Honduras, Indonesia, Malawi, Namibia, Peru, and South Africa.



9. The trainers

During an entire week, a high degree of knowledge transfer was ensured through the engagement of 11 trainers, who are renowned academics and professionals from all over the world with distinct expertise in the field of inequalities.



Abebe Shimeles Abebe

Manager of Development Research Division

African Development Bank Group, Ethiopia

Field of Work: Labour market integration, Migration Issues in Africa and Impact Evaluation of Policy Interventions

He has previously worked for the World Bank, UNECA, ACTIONAID and Addis Ababa University in different capacities. He holds a PhD in economics from University of Goteborg and a M.Sc. from Delhi School of Economics.



Bruno Martorano

Assistant Professor

UNU-MERIT/Maastricht University, The Netherlands

Field of Work: Development Economics, Inequality, Poverty, Subjective Wellbeing, Fiscal Policy and Policy Evaluation

He has worked at the ETH Zurich – NADEL Center for Development and Cooperation in Zurich, Institute of Development Studies in Brighton, UNICEF Office of Research in Florence and the University of Florence, and has held consultancies for the University of North Carolina – Chapel Hill, University of Antwerp, UNCTAD, UNU-WIDER, UNIDO, UNDP and for the World Bank. The ultimate goal of his research is to understand whether it is possible to overcome the trade-off between equity and efficiency, producing results that have practical or actionable implications for policy.

**Ellen Ehmke**

Analyst on Social Security

Oxfam Germany

Field of Work: Social Inequality and Tax Justice, Social-ecological transformation

Before joining Oxfam, she wrote a PhD on social protection in India and worked as a freelancer for the International Labour Organization (ILO) and for national and international non-governmental organisations in the fields of youth and education. She works closely with allied civil society organisations, in Germany in the alliance "Redistributing wealth – a fair country for all" and globally in the "Fight Inequality Alliance".

**Ermina Sokou**

Social Affairs Officer, Social Development Division

UNESCAP, Thailand

Field of Work: Social Protection, Inequality, Poverty

She is leading the Division's work on measuring and addressing inequality, with a focus on inequality of opportunity. She is currently also supporting the social protection programme at ESCAP and has previously worked on environment and natural resources management at ESCAP and on programme management at ESCWA in Beirut.

**Facundo Alvaredo**

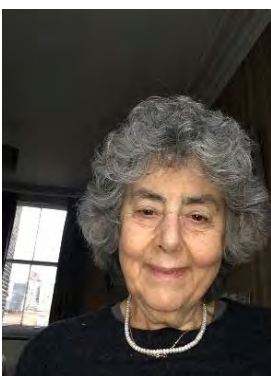
Professor Paris School of Economics

Researcher IIEP-UBA-CONICET; Senior Fellow INET at Oxford

Co-Director, World Inequality Database and World Inequality Lab

Field of Work: Public Economics, Taxation, Income and Wealth Inequality, Economic History

He has a PhD in Economics from the Paris School of Economics. He has been visiting Scholar at the Center for Equitable Growth University of California-Berkeley, and research fellow at Nuffield College, Oxford. He also has several publications in different journals, such as the Journal of Public Economics, Journal of Economic Perspectives, Journal of Development Economics, Journal of the European Economic Association, as well as several chapters in different economic books and handbooks.

**Frances Stewart**

Emeritus Professor of Development Economics

Oxford University, United Kingdom

Field of Work: Appropriate technology, Basic Needs, Adjustment and Poverty, Development during Conflict, Group Behaviour, Horizontal Inequalities, Human Development

She was Director of the Oxford Department of International Development between 1993 and 2003 and of the Centre for Research on Inequality, Human Security and Ethnicity at ODID between 2003 and 2010. An Emeritus Fellow of Somerville College, Oxford, Frances has acted as consultant for early Human Development Reports; she has been President of the Human Development and Capability Association; President of the British and Irish Development Studies Association; Chair of the United Nations Committee on Development Policy and Vice-Chair of the Board of the International Food Policy Research Institute.

**Franziska Gassmann**

Professor of Social Protection and Development

UNU-MERIT/Maastricht University, The Netherlands

Field of Work: Social Protection, Inclusive Innovation and Development, Measurement of Poverty and Vulnerability

She is Professor of Social Protection and Development at UNU-MERIT and its School of Governance where she leads the research theme on Social Protection, Inclusive Innovation and Development and teaches in the institute's graduate programmes. She has extensive experience in the design and implementation of executive training programmes. She has more than 20 years of experience as consultant and adviser to governments and international organisations in Central and Eastern Europe, countries of former Yugoslavia, the Caucasus, East Africa, Central Asia and South-East Asia. She has headed or worked on projects for the European Commission, ILO, UNICEF, UNDP, the World Bank, OECD, ADB and others in numerous countries in Europe, Asia and Africa.

**Giovanni Andrea Cornia**

Professor

Florence University, Italy

Field of Work: Development Macroeconomics, Income and Asset Inequality, Poverty, Growth, Child well-being, Human Development and Mortality Crisis

He has previously been the director of the Regional Institute of Economic Planning of Tuscany (Istituto Regionale Programmazione Economica della Toscana, IRPET), the United Nations University World Institute for Development Economics Research (UNU-WIDER), in Helsinki, and the Economic and Policy Research Program, UNICEF Office of Research-Innocenti, in Florence. He was formerly also Chief Economist, UNICEF, New York.

**Lili Wang**

Researcher

UNU-MERIT, The Netherlands

Field of Work: Innovation Systems Indicators and Policy

She has conducted various projects for the European Commission and her work has been widely published in journals, such as *Research Policy*, *Proceedings of the National Academy of Sciences of the United States of America (PNAS)*, *Technological Forecasting & Social Change*, *Journal of Informetrics*, *Industrial and Corporate Change*, *Oxford Development Studies*, *Scientometrics*, and *China Economic Review*. Her main area of expertise is to carry out in-depth quantitative research to assist policy making, in particular related to science, technology and innovation.

**Patrizio Piraino**

Associate Professor

University of Cape Town (UCT), South Africa

Field of Work: Labor Economics, Education and Development

His research and expertise focuses broadly on the determinants of socio-economic disadvantage. He has led a large cross-institutional collaborative work on “Education and Social Protection to Alleviate Poverty,” which involved a consortium of nineteen universities around the world (largely from emerging regions). Recently, he has been involved with two randomized evaluations of programs designed to support young unemployed job seekers in South Africa, in collaboration with the Department of Labour. His articles have appeared in academic journals such as the *American Economic Journal: Applied Economics*, the *Journal of Labor Economics*, *World Development*, and *Science*, amongst others.



Simone Cecchini

Senior Social Affairs Officer

Social Development Division, UN Economic Commission for Latin America and Caribbean (ECLAC), Chile

Field of Work: Poverty and Inequality

He conducts research and advises governments on poverty, inequality and the design and implementation of social protection policies and programmes characterized by a multi-disciplinary approach and a focus on equity and human rights.

10. The training

The approach of the training was a multi-disciplinary one, ranging from science to governance. A holistic approach allowed participants to become aware of the complexity of the topic of inequality, while at the same time enabling them to build skills and expertise in aspects related to the designing and implementation of policies for dealing with inequality.



The conclusions drawn from the various sessions comprise among others:

- There is a need to develop a better understanding of the impact and drivers of different policy outcomes.
- Existing policies are having little impact on inequality reduction. A comprehensive combination of policies needs to be implemented, including ones that stimulate inclusive growth and boost the education system.
- Strengthening social protection measures (or increase the overall social wage) was identified as an effective policy measure.

- Long-term policies should target increases in labour market participation, while cash transfers to poor households can be used to provide crucial supplementary income that can ensure economic access to food and other necessities.
- Corruption needs to be tackled through embedded processes within governments. Increasing transparency is a first step to reducing corruption.
- Governments have to come up with effective individual policies that tackle unfairness to make sure inequalities are decreased.
- It is crucial to stimulate political commitment to these policies.
- There is a need for regional integration for sharing experiences about how we can reduce inequality.



11. The next steps

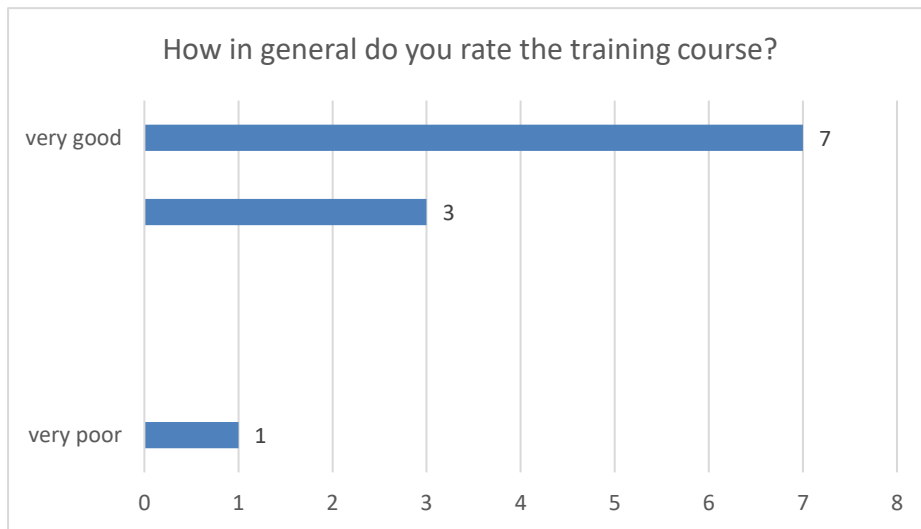
Addressing inequalities requires coordination between respective actors and an integrated approach, although the bigger responsibility falls on governments, as they are at the centre of policy-making. Governments have significant roles in designing policies, strategies and plans for development.

Recognising these roles, next steps include to

- provide participants with more information on inequality and best practice examples on successful policies
- encourage and promote the participants to engage in national dialogue processes and regional exchange of experience on successful action
- revise the concept and take up the lessons learnt
- design a new edition of the training course, e.g. with a regional focus



12. Feedback – “It went beyond my expectations!”



Positive:

- Debate/discourse with the lecturers; debate within the field and between the different lecturers
- Structure: Combination of theory and knowledge sharing; presentation of basic concepts on Monday; different approaches on inequality
- Format: case studies; fishbowl format
- Comparison/ exchange with other countries was good; new knowledge gained; ability to speak to authorities improved
- List of participants (different country contexts, different ministries/institutions)

Improvement:

- Continent- or country-specific presentation from the participants (e.g. look at one specific country out of each region)
- Widen focus of topics: climate change, migration, gender etc.

- Add participants from Eastern Europe, Central Asia, Middle East
- Further questions: How to promote “the soup”/policies? How to increase the political will? Concrete steps/examples

What to do differently?

- Pre-course reader on country context to facilitate the discussion during the knowledge sharing sessions (main papers/literature; mentioned in or connected to presentations)
- Provide advance information to prepare presentation on country contexts
- Catering, social activities, information on Brussels
- Info: costs covered vs. self-payment
- Invite input providers from the World Bank, IMF etc. and their approaches e.g. to social protection

What kind of support would you need?

- Access to “knowledge hub” (overview of existing resources; good practices)
- Support networking among alumni/ Support cross-sectoral discourse on inequality on country/regional level
- Linking up to research/data/researchers

Please rate the different sessions.

Examples and case studies from Latin America (Simone Cecchini)

Examples and case studies from Asia (Ermina Sokou)

Examples and case studies from SSA (Abele Shimeles)

Policy mix or cross-sectoral approach (Giovanni Andrea Cornia)

Social protection policies (Franziska Gassmann)

Labour market policies (Patrizio Piraino)

Industrial policy (Lili Wang)

Taxation (Bruno Martorano)

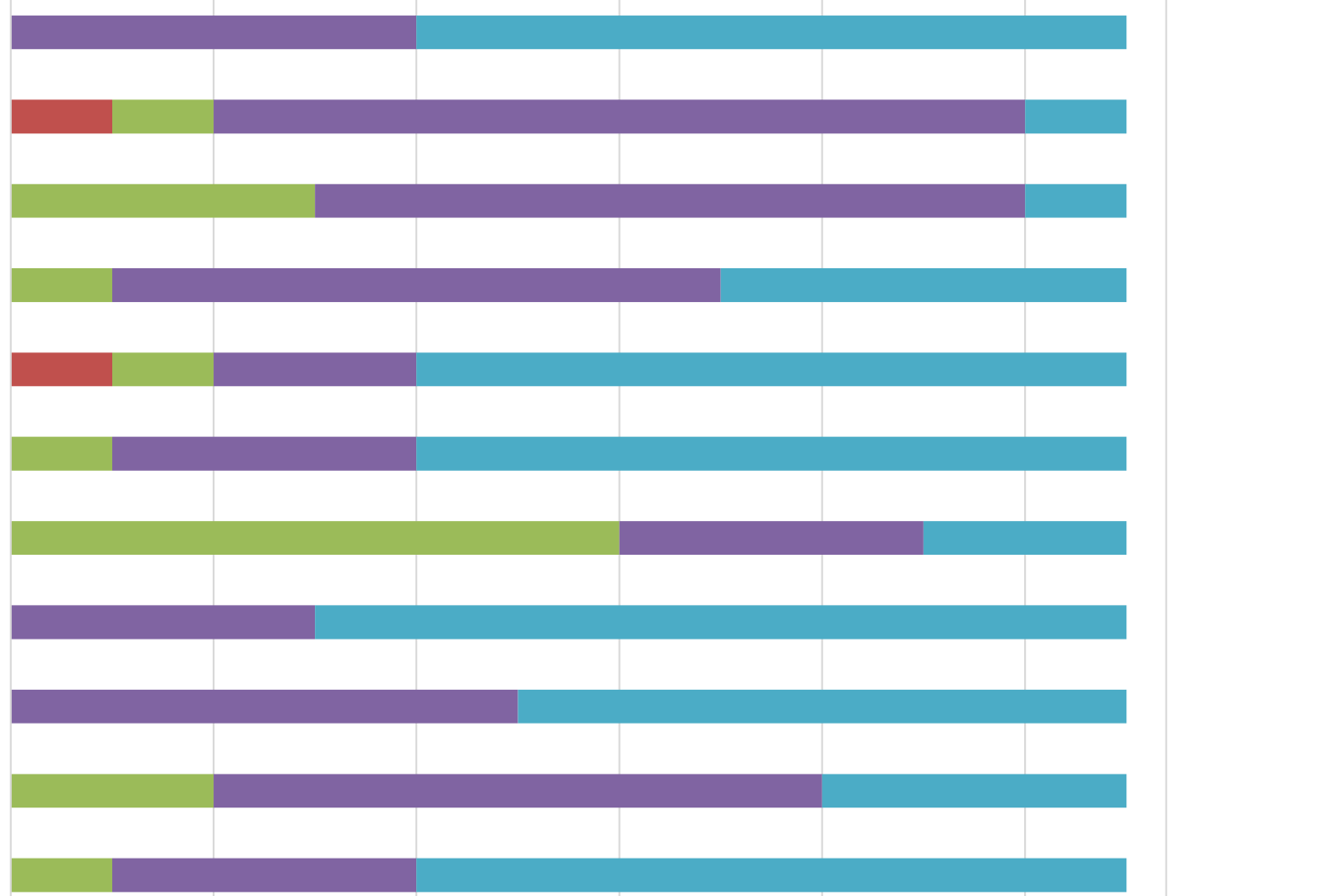
Types and dimensions of inequality (Frances Stewart)

Drivers and consequences of inequality (Ellen Ehmke)

Facts and trends in inequalities worldwide (Facundo Alvaredo)

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very poor poor acceptable good very good



13. The organizers

Bruno Martorano | UNU-MERIT

The United Nations University – Maastricht Economic and Social Research Institute on Innovation and Technology (UNU-MERIT) is a research and training institute of United Nations University based in Maastricht in the south of the Netherlands. The institute carries out research and training on a range of social, political and economic factors that drive economic development in a global perspective. Special emphasis is e.g. on (public) policy analysis and evaluation and on the social aspects of growth and development.

Bernd Lakemeier, Oliver Ehrsam, Alina Tetzlaff | GIZ

The GIZ sector programme “Reducing Poverty and Inequality as part of the 2030 Agenda” advises the German Federal Ministry for Economic Cooperation and Development (BMZ) on implementing the 2030 Agenda, primarily for the SDGs 1 and 10. It highlights inequality as a cross-cutting issue of the 2030 Agenda in political processes and provides its expertise in GIZ's internal and external structures.





Impressum



Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH

Registered offices

Bonn and Eschborn, Germany

Friedrich-Ebert-Allee 36 + 40

53113 Bonn, Germany

Phone: +49 228 44 60-0

Fax: +49 228 44 60-17 66

Dag-Hammarskjöld-Weg 1-5

65760 Eschborn

Germany

Phone: +49 61 96 79-0

Fax: +49 61 96 79-11 15

Email: info@giz.de

Internet: www.giz.de

Registered at

Local court (Amtsgericht) Bonn, Germany: HRB 18384

Local court (Amtsgericht) Frankfurt am Main, Germany: HRB 12394

VAT no.

DE 113891176

Chairman of the Supervisory Board

Dr Friedrich Kitschelt, State Secretary

Management Board

Tanja Gönner (Chair of the Management Board)

Dr Christoph Beier (Vice-Chair of the Management Board)

Design & content of the Final Report

Oliver Ehram (oliver.ehram@giz.de), Alina Tetzlaff, Bruno Martorano

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