



Dear Minister Aukrust,

Inequality and Norwegian Leadership

I wanted to write to follow up on our excellent meeting in January. Since we met the world has become an even more dangerous and unpredictable place, and the leadership of countries like Norway in defending multilateralism and the rules-based global order more critical than ever.

Firstly, to say that Henrik is now fully involved in the Founding Committee for the International Panel on Inequality and already being extremely helpful with his extensive experience. The first full meeting of the Founding Committee went ahead in Geneva on the 16th of March and was a great success.

Since we met the African Union also passed a resolution proposed by South Africa which supported the outcomes of the Stiglitz G20 report on inequality including the recommendation for the International Panel on Inequality, and Prime Minister of Spain hosted a high-level event on the International Panel in Madrid. Professor Stiglitz and Winnie Byanyima met with the Secretary General to discuss the proposed Panel this two weeks ago, and South Africa's plan for a UNGA resolution on the International Panel on Inequality is moving ahead fast.

Secondly, I had promised you some thoughts on your upcoming white paper. I attach a short submission on this with some ideas, based on our experience both within Oxfam and with other governments who have sought to reorient their aid to ensure reducing inequality is a priority. The key lesson is that having inequality as an overarching priority is excellent and timely and will have a big impact. Critically though we have found it is not enough, and that as well as cross-cutting goals and thematic work, you also need standalone work on inequality, in terms of funding streams and a dedicated inequality to really ensure a clear shift is made.

In addition to this short submission on inequality, we are collaborating with Norwegian People's Aid, Agenda and the Unions to pull together a longer submission on a broader range of topics soon, and we are very keen to help play a strong role in supporting your national consultations and the process of pulling together this vital white paper.

I hope these ideas are helpful and let me know if you would like to discuss them further.

Yours,

A handwritten signature in blue ink, appearing to read "Amitabh", with a checkmark at the end.

Amitabh

Oxfam Input to Norwegian White Paper on Development Cooperation and Inequality

1. Inequality and Norwegian development cooperation.

We are living through a time of extraordinarily high economic inequality. The richest 1% have taken 41% of all wealth created since the year 2000, whilst just 1% went to the bottom 50%. Over one in four people are regularly having to miss meals and face hunger, whilst the number of billionaires has doubled in the last decade.

We know that high inequality undermines all our social and environmental goals. It corrodes our politics, destroys trust, hamstringing our collective economic prosperity and weakens multilateralism. It drives political extremism and polarisation. It creates oligarchy and the control of politics and the media by those with extreme wealth. We also know that without a sharp reduction in inequality, the twin goals of ending poverty and preventing climate breakdown will be impossible.

The World Bank has demonstrated that reducing inequality makes reduces poverty three times faster- extreme poverty could be ended in 20 years if growth is coupled with a reduction in inequality. Without this, it will take at least sixty years. More equal countries also need less economic growth and less carbon consumption to deliver the same level of poverty reduction, benefiting people and planet.

We also know that more equal societies are happier, healthier, safer, greener places, with lower levels of crime, lower levels of mental and physical health problems, higher life expectancy, lower levels of loneliness and stronger communities. They are places where consensus and collaboration is possible, and polarisation and extremism are less likely.

By reorienting Norwegian Development Cooperation to explicitly prioritise the rapid reduction of inequality, Norway will send a clear signal to the world as to the importance of tackling what the Stiglitz Extraordinary Committee has rightly called an inequality emergency.

2. Overall goal and targets on inequality reduction.

Norwegian Development Cooperation should adopt the overarching goal of reducing inequality, as well as eliminating poverty. Taking on the reduction of inequality as a core overarching goal will send a very powerful signal and help orient all of Norway's Development Cooperation.

Together with this, Norway should also adopt strong targets for what this would mean, working at the global level to see a reduction in inequality between the Global North and the Global South, and at country level to see a reduction in inequality at national level in the countries Norway supports. Norway could build on the categorisation of the World Bank of low, medium, and high inequality countries, and set a target to increase the number of Global South countries with low inequality (defined by the World Bank as Gini coefficient of 0.3 or below)

3. Action at Global Level- Providing support to the new International Panel on Inequality, The Global Alliance on Inequality, Inequality in the post 2030 goals and Inequality in the role of multilateral institutions such as the World Bank and IMF

Norway can undertake to be a champion of a greater focus on inequality at the global level, through building a **Global Inequality Reduction Team within the Norwegian government** to push this forward. This work could include:

- Continued strong support for the foundation and the work of the **International Panel on Inequality**. The establishment of an International Panel on Inequality, and its first reports into the UN and G20 will all happen in the next few years, and strong Norwegian support for this will be a vital contribution to making the world focus clearly on the inequality emergency and the proven steps that can be taken.
- Continued strong **support for the Global Alliance on Inequality**. Expanding this alliance to larger group of governments from the Global North and the Global South committed to reducing inequality is an urgent priority. Together with Germany, Norway can play a vital role in building up this alliance.
- Championing **inequality in the post 2030 goals**. As the world begins to identify the goals that will succeed the SDGs, it is critical that a new goal is agreed on reducing inequality, one that builds on SDG 10 but significantly strengthens it concretely target reductions in economic inequality at global and national levels.
- **Championing inequality at the World Bank and IMF**. Using Norway's influence on the Executive Board of the World Bank and IMF to push them to do more to target reducing inequality; at the World Bank keeping strong focus on their Corporate Scorecard indicator to reduce the number of countries with high inequality and at the IMF insisting all proposed programmes have an analysis of the distributional impacts of policy actions.
- **Support the ongoing negotiations towards a United Nations Framework Convention on International Tax Cooperation**, acknowledging the importance of an inclusive, multilateral approach to global tax governance that ensures all countries – particularly low- and middle-income nations – have an equal voice in shaping fair, transparent, and effective international tax rules.

4. Action at Country Level- Concrete shifts to structures and budgets in NORAD to support a wave of countries to explicitly target a rapid reduction in inequality.

NORAD led the way in building on the global concern over tax, to develop a clear programme of progressive Domestic Resource Mobilisation, helping countries to collect more tax progressively, and influencing other donors like the World Bank on the issue of progressive DRM. NORAD should aim to do the same with the inequality emergency, developing **a new NORAD inequality workstream, department and funding stream** to pioneer ways to support work at country level on inequality reduction. This could include:

- Working with willing governments to **support the establishment of National Inequality Reduction Plans**, as per the recommendation of the Stiglitz Extraordinary Committee. Such plans will work with civil society and parliamentarians to agree timebound targeted reductions in inequality of income and wealth, aiming for an income Gini coefficient of less than 0.3 for example, or a Palma of 1 (where the income of the top 10% equals that of the bottom 40%). These 'Inequality NDCs' will complement the work of the International Panel on Inequality at global level.
- Supporting **research and collection of much better data on income and wealth inequality by national authorities** in the Global South, including utilising the most up to date methodologies to map the impact of government policies on inequality reduction.
- **Supporting the work of multilateral agencies on inequality (UNDP, WB, IMF etc) at country level** as well as the relevant UN agencies such as UNDP to help country authorities clearly target timebound reductions in economic inequality.
- Support the **advocacy and campaigning work of civil society on inequality at national level** to call for greater action to target inequality from their governments, both in terms of

national plans and concrete policies such as social protection or progressive DRM that will deliver reductions in the gap between the richest and the rest of society.

- **Continued focus on proven policies to reduce inequality including progressive tax and health and education.** Reinforcing Norway's long-term engagement in the "Tax for Development" programme, recognising its pivotal contribution to reducing inequality by strengthening partner countries' capacity for fair and transparent taxation, enhancing domestic revenue mobilization, and supporting inclusive economic growth. coupled with stronger alignment with other Norwegian focus areas, such as the goals set out in **Norway's Action Plan for Women's Rights and Gender Equality**, and the links between access to quality education and inequality
- **Cross cutting work across Norad.** The new inequality department can also work across all areas of Norwegian aid, to look at fostering stronger collaboration across different teams and departments to focus our efforts and ensure inequality is taken on by all as a cross-cutting issue of vital importance to all the actions of Norad.
- **Focus on climate and inequality.** One critical area where Norway has led the way in terms of research is the link between economic inequality and climate breakdown, and it would be great if Norway could continue to support work that looks at this critical overlap, linking for example to the taxation of the richest polluters, to boost climate finance, or adaptation plans that take inequality into account.

ENDS