



Flagship Policies to Combat Inequality and Exclusion

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In September 2021, The [Pathfinders Grand Challenge on Inequality and Exclusion](#) will produce a comprehensive menu of policy options for addressing inequality and exclusion. Two years into the Grand Challenge and with one year left, in order to guide and sharpen the focus of the last stage of research on policy options, we are setting out a consultation draft of policy priorities for immediate and longer-term responses.

Overarching Framework: As laid out in the [Grand Challenge framing paper](#) (2019), an overarching “*redistribution and recognition*” framework will guide the research and development of policy options. Policies are expected to deliver tangible material redistribution and dignity/respect; cover economic, social and political inclusion; and span generalized inequality as well as exclusion and discrimination against specific groups. The menu of options is intended to encompass and complement foundational policies, such as universal public services, progressive taxation and workers rights as covered in the [Commitment to Reducing Inequality Index](#).

The policy priorities summarized in the table below cover three main areas: political (magenta), social (pink), and economic (orange).

IMMEDIATE POLICIES (COVID-19 RELATED)	LONG-TERM POLICIES
Access to medical technologies	Combating the influence of money in politics
COVID19 recovery pro-poor and middle class spending indicator	Social contracts and compacts, including fiscal compacts
Universal, targeted and community based social protection	Justice system reform
Digital connectivity basket	Youth citizen endowments and community assets
Higher compensation for essential workers	Global asset registry
Solidarity taxes	Mind the gap index for local inequality and exclusion
Financing for development: special drawing rights and debt relief	Reform housing and land governance
Government-led partnerships to increase civic space	Equality and inclusiveness of education outcomes and childcare access
Applying post-conflict tools to polarized societies	More and better data

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IMMEDIATE POLICY PRIORITIES (COVID-19 RELATED)					
<p>Access to Medical Technologies (International)</p>	<p>Competitive behavior among developed countries and the current structure of IPRs is an obstacle to manufacturing vaccines and treatment for COVID-19 at scale. Low production of vaccines and treatments will hurt everyone, and inequitable access will foment distrust.</p>	<p>Sign up to COVAX and the Equal Access Framework (EAF); lobby for the funding of low income countries; participate in the WHO COVID-19 Technology Access Pool (CTAP); and work with holders of Intellectual Property to share know-how and co-license production.</p> <p>(Final report may also focus on the role of the current IPR regime, in general).</p>	<p>Within countries, rationing outside the EAF will risk the poorest citizens being excluded. Between countries, without an expansion of production and financial support for them to purchase, medical technology will be less accessible to poorer countries, with consequent loss of life and socio-economic impact.</p>	<p>Disadvantaged groups and migrant communities have suffered high COVID-19 infection and death rates in many countries, and women have borne the brunt of socio-economic impacts: rationing and the inability to provide testing and treatment technologies and vaccines at scale will hurt these groups disproportionately.</p>	<p>Participation in COVAX and application of the EAF will help coordinate demand and ensure poorer countries can pay. Participation in C-TAP and pressure on companies to co-license will help increase supply. Together, these will promote production at scale and equitable access.</p>
<p>COVID-19 Recovery Spending Indicator (Domestic)</p>	<p>Stimulus packages are not necessarily pro-poor/pro-middle class. Trust in governments, which has risen during COVID-19, is in danger of erosion if stimulus programs are perceived to exacerbate inequality, as was the case in 2008.</p>	<p>Adopt a common good-practice indicator for the percentage of stimulus programs that benefit the poor and middle class, proxied by support to household and micro, small and medium enterprises; and support Open Government Partnership measures for transparency of COVID-19 recovery spending.</p>	<p>More pro-poor and pro-middle class spending will have a direct effect on generalized inequality rates; conversely, spending that leaks out to the already affluent will exacerbate inequality.</p>	<p>The scrutiny provided by the good practice indicator will likely benefit marginalized groups and female headed households who are disproportionately poor; disaggregated data could be part of the design.</p>	<p>Measuring the pro-poor and pro-middle class rating of stimulus packages and publicizing this will lead consequent advocacy to make them more pro-equality and inclusion.</p>
<p>Universal, Targeted and Community Cash Transfers (Domestic)</p>	<p>Targeted services and social protection, when not complemented by some universal and community level transfers, is too often stigmatizing, and creates leaks. Universal Basic Income is not feasible for cost reasons.</p>	<p>Deliver social protection based on cash transfers and co-designed by recipients to increase respect, dignity and social harmony, which combine use of universal, targeted and community-based programs.</p>	<p>The combination of co-designed programs that blend universal and targeted support creates a sense of common purpose while delivering proportionately greater help to the excluded groups, reducing inequality and strengthening empathy and social harmony.</p>	<p>Recipients of social protection systems disproportionately come from excluded populations; the introduction of codesign would empower recipients and provide them with dignity as well as material opportunities.</p>	<p>Co-design with beneficiaries improves effectiveness and sustainability of specific programs. The combination of universal, targeted and community-based improves sustainability of the system as a whole.</p>

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Digital Basket (Domestic)	COVID-19 has laid bare inequities in digital connectivity both within and between countries.	Provide access to a universal 'digital basket', hardware and affordable internet access. Possibility for resourcing from CSR/solidarity taxes. Engage with IFIs to reframe digital connectivity as an essential development enabler, like access to roads and electricity.	Will be crucial for low income workers to access economic activities in future; also impacts all other areas of inequality, including the ability to access education, healthcare and political participation.	Women and historically disadvantaged ethnic or racial groups have lower digital access.	Providing the tools and means to access the internet on an equitable basis will counteract the growing digital divide and help address historically-derived structural inequalities.
Essential Worker Compensation (Domestic)	Risks and rewards are imbalanced in the segments of the labor market where 'essential work' is being done; many of those who are keeping economies and societies functioning are themselves most at risk.	Create a "crisis readiness framework" which provides higher compensation/forms of exceptional support for workers who risk themselves to perform essential functions in a crisis (food supply, health, transport etc.) as we do to the army. To consider within a larger framework of business models for the care economy, minimum wages, health and unemployment insurance, rights to collective bargaining, freedom of association and social protection.	Workers targeted are those at the bottom of the income spectrum in both formal and informal sectors, public and private sectors. Likely to be redistributive at the top end too, narrowing income gap with top management and equity holders.	Workers in affected sectors are disproportionately female in most countries, and from migrant communities and minorities in others.	During crises these workers play a public good role by insulating others from risk by taking on increased risk to themselves and their families. Rewarding that creates a public acknowledgment of this 'public good' function, and ensures collective investment in our common wellbeing.
Solidarity Taxes (International/ Domestic)	COVID-19 and its associated impacts have shown that health, education and justice systems are insufficiently robust and resilient to serve all citizens. Some companies and families have been able to protect themselves during the crisis (and even profit) while others have suffered, increasing inequality overall.	Introduce solidarity taxes or tax administration measures dedicated to paying for public goods systems - health, education and justice. <i>Options:</i> <ul style="list-style-type: none"> • Windfall taxes on corporations that have profited from COVID- 19; • Increased tax administration measures, counteracting evasion and loopholes; • Support and lobby for agreement of OECD digital tax principles (variants – increase/earmark FACE portion); • Solidarity Funds, with voluntary contributions from businesses and high net worth individuals; 	Improves general equality in two ways; through the reduction in income or wealth of the most affluent, and pro-poor public spending.	Better public services disproportionately benefit poorer and more marginalized parts of society; since excluded groups are under-represented amongst the affluent, they will pay less but benefit more.	This is a collective crisis and those with an ability to pay should contribute their fair share. Tying the gathering of new forms of revenues to spending on public goods will increase political support.

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		<ul style="list-style-type: none"> • Taxing those earning above a certain threshold able to work remotely, whose income has stayed constant or increased. 			
Global Financing for Development (International)	The costs of fighting COVID-19 and providing social protection, combined with decreased GDP and tax revenues in most countries, will lead to fiscal crisis and anti-developmental austerity measures, unless more fiscal space is created.	Undertake an exceptional [1 trillion] Special Drawing Rights (SDR) issue to assist with COVID-19 recovery in 2021. Building on extension of the DSSI, a comprehensive debt relief package to be agreed during 2021, linked with grant-based support to the proposed Fund for All COVID-19 Economies (FACE).	Without these actions inequality within countries is likely to increase if austerity measures hamper redistributive spending.	Increased access to development finance does not a priori guarantee positive impact for marginalized groups.	SDRs are, potentially, a win-win measure in international relations since they benefit all countries and do not have to be repaid. Greater access to SDRs, debt relief and FACE grants should provide more openings for pro-equality and inclusion spending (combined with transparency and monitoring below).
Government-Civil Society Partnerships to Maintain Civic Space (Domestic)	Civic space is shrinking, yet COVID-19 shows that whole-of-society efforts are crucial for resilience in crises. CSOs themselves are increasingly accused of being polarizing.	Demonstrate government-led commitment for political inclusion and open civic space, together with civil society commitment to inclusion, good governance and human rights.	Whole-of-society partnerships and open governance are more likely than closed, top down mechanisms to come through the pandemic with a trust-building and an inequality-reducing trajectory.	Civic space constraints involve a backlash on women's rights in some societies, and human rights and anti-discrimination action on the basis of race, ethnicity, religion, national origin in others.	A Government-led commitment is much more likely to affect other Governments than a civil-society-led commitment; this should be facilitated by civil society commitments to inclusion, good governance, and human rights.
Post-Conflict Tools to Address Pre-Conflict Polarization (Domestic)	Many polities are polarized, which hampers their ability to adopt pro-equality and inclusion policies. Post-conflict/post-authoritarian countries have developed a set of tools, but they are used only after conflicts break out, not to prevent them.	Apply post-conflict tools to foster political inclusion and unity in all societies, specifically: <ul style="list-style-type: none"> • National dialogues or reconciliation commissions; <ul style="list-style-type: none"> • Local peace committees; • Truth and historical commissions <ul style="list-style-type: none"> • Education curricula; • People-to-people contact. 	Better consensus on facts and values would improve equality of participation in electoral and other political processes. Improved communication and dialogue would foster trust and understanding, facilitating pro-equality policies.	Engaging in processes of truth, dialogue and ultimately reconciliation involves acknowledging and confronting the wrongs done to historically disadvantaged groups, and offering an avenue to combat polarization.	Post-conflict and post-authoritarian societies are the societies with most experience of resolving and mending societal divisions. Experiences exist at all income levels (e.g. Germany, Uruguay, Sierra Leone, South Africa) and could be extended to preventative action without being stigmatizing.

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LONGER-TERM POLICY PRIORITIES					
Money in Politics (Domestic)	Political systems where the rich are able to capture legislation and policy end up producing impacts that are anti-equality and inclusion.	<i>(Awaiting paper with International IDEA).</i>			
Social compacts and contracts (Domestic)	There is a declining level of trust in institutions, including political parties and the state in many countries. Declining trade union membership has also been a driver of inequality.	Adopt New Deal compacts appropriate for the lessons of COVID 19 and future challenges such as the digital and green economy. Utilize different designs according to each country's needs, but with common elements on fostering social dialogue and incentivising digital and green economies.	Rate and density of organizing and social dialogue processes related to new deal compacts - can help mitigate socially disruptive effects of COVID-19 and future challenges such as technological substitution and green economy transitions.	Women and marginalized groups are often left behind in both the process and the substance of social contracts and compacts.	Social contracts/compacts and active labour market policies can restructure the way economies work to be more equal and inclusive, and set a new standard for inclusive policy design (building on experience of some countries in social dialogue for redistribution and to prevent polarization).
Reform Justice Systems (Domestic)	Justice systems are often centered not on people and their legal needs: they act as a multiplier of inequality due to inaccessibility, complexity and systemic bias against the poor and marginalized groups.	Use transparent tracking of people-centered justice outcomes to prioritize reform of laws and processes particularly relevant for inequality: in most countries, criminal justice systems, and employment, land and housing, and family-related laws and processes.	When everybody has equal access to justice the law creates a level playing field and compensates for power differentials, rather than exacerbating them.	Women and marginalized communities are much more likely to lack access to justice processes; and in the case of minorities to be incarcerated.	Putting people at the center and resolving and preventing their justice problems can drive transformation in the justice sector and create fair outcomes, enabling people to fully participate in society and give them a fair chance in the economy.
Global Asset Registry (International)	Developing countries are a principal victim of lost revenues through capital outflows. The global estimates of funds in tax havens are between 3 and 9 trillion US dollars.	Establish a pilot global asset registry (identifying beneficiary ownership) to act against tax evasion and illicit financial flows. Pilot may be conducted in one jurisdiction prepared to cooperate, and examine one or two classes of assets (e.g. real estate, securities).	Illicit financial flows benefit the wealthy and disadvantage the poor, through lost public revenue and spending.	It is very unlikely that current beneficiaries of the lack of financial transparency are primarily women or marginalized groups; reform would either benefit them or at a minimum be neutral.	Sharing of information on global wealth holdings is a powerful measure to counter corruption and tax evasion.

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Youth Citizen Endowments & Community Assets (Domestic)	Young people in every country today face an uncertain future in terms of employment and income. Transitional employment support programs are temporary, and do not in general give hope for the future.	Introduce policies that build up productive assets through citizen endowments e.g. such as through transitional training and retraining programs (especially for youth) that build up assets, by state (or donors in some LICs) matching/multiplying the savings made by workers during the training program period, and through matching community assets.	Young workers that are poor, unemployed, or precariously employed would build up their assets to withstand and guard against future shocks, decreasing inequality of wealth.	The policy would have a positive benefit on young men and women by design, and could be weighted to provide more matching to historically disadvantaged communities, decreasing inequality of wealth by racial, ethnic or religious group.	Young people, already negatively impacted by previous financial crises, have been disadvantaged by the pandemic in terms of education and economic prospects, but do not have the assets to weather the crisis. This policy would help foster intergenerational solidarity and build the necessary support to withstand future shocks.
Mind the Gap Index (Domestic)	As urban and peri-urban areas grow worldwide, there is often great inequality within urban settings, and this is a potent source of discontent. Part of this stems from unequal base levels of education, health or income; part from Government services that often exacerbate divides.	Monitor the gaps in key public service provision in urban settings (e.g. police response times, teachers per capita or education enrollment, distance to emergency healthcare) and commit to rebalancing until relevant outcome indicators (education, health, crime, political efficacy) are equal.	The provision of public services often exacerbates inequalities rather than rectifying them; with the right information, public programs can be geared to reduce urban inequalities.	Most urban socio-economic inequalities correlate very strongly with the physical clustering of racial, ethnic or religious communities.	By providing an easy to use tool to monitor gaps, both Government reformers and civil society advocates will have an additional lever to affect change at the local level, where it has the greatest immediate impact.
Reform housing and land governance (Domestic)	Housing and land use are a major source of revenue to the rich and constitute a major cost burden to the poor: how housing and land use decisions are made is generally opaque and exclusionary.	Undertake reform of land use and housing governance arrangements, by reforming the composition and level of committees and governmental entities that determine land use and construction approval.	More inclusive local governance allows residents' views and considerations to be reflected in and influence policymaking and increase transparency about the use of funds and strategic investments.	Reforming exclusionary governance arrangements will allow for mobility out of poorer neighborhoods which have a disproportionately high number of historically-disadvantaged ethnic, racial and religious and	Housing and land use governance has an "insider-outsider" problem where existing property owners are represented – but the interests of renters, young people and those seeking to migrate to thriving urban areas are not. Expanding the diversity and

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				female-headed households.	shifting levels should make results more equitable.
Education & childcare (Domestic)	Inequality in education outcomes and lack of access to childcare is a key part of rising inequality of wealth, and declining social mobility.	Invest in improving equality and inclusiveness of education outcomes and childcare access, with a particular focus on the gender dimension.	Education and investments in childcare can play a transformational role in preventing the replication and reproduction of inequality and exclusion.	Even when enrollment levels have risen, inequalities in education outcomes and childcare continue to enforce historically inherited structural inequalities.	A focus on equity in foundational learning outcomes will more strategically drive investment and resources to reduce inequalities in learning outcomes, leaving no children behind.
Disaggregated data (International/Domestic)	Many existing data systems fail to capture inequality rather than poverty and the experience of historically disadvantaged communities and groups.	Improve disaggregated data collection, use and monitoring, including social impact monitoring and empowering communities through wide and equal public access to data.	Better data is an important part of efforts to make inequality as central as poverty has become to national policy and international development discussions.	Data is an important part of efforts to greater inclusion on the basis of gender, race, ethnicity, religion, sexual orientation and disability.	Those whose experience is not captured in data terms become easily neglected in policy terms. Greater disaggregation and segmenting of data collections and monitoring will lead to improved policy design and outcomes.