



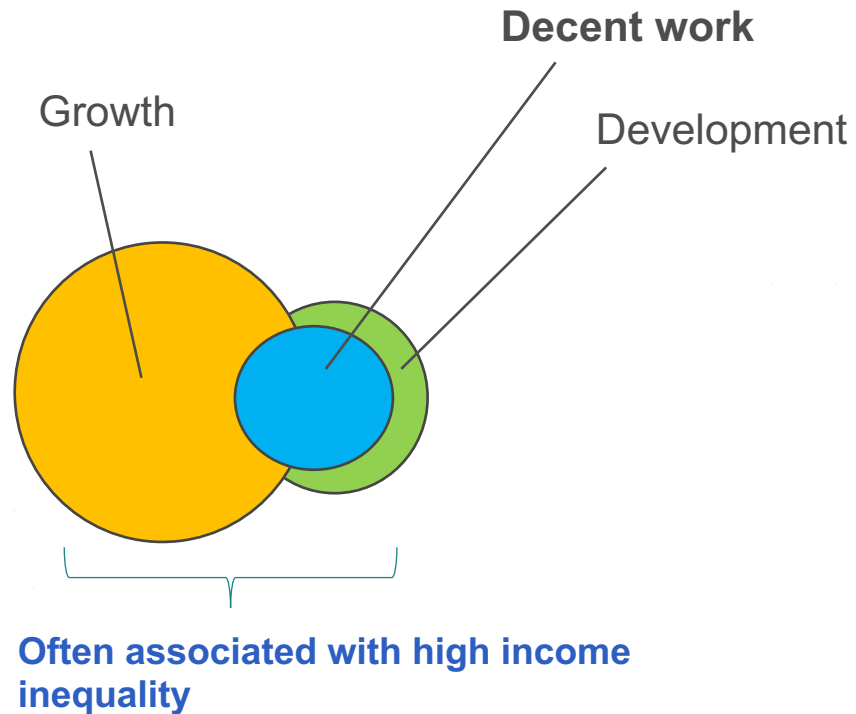
How to address the further exacerbation of inequality Inclusive Economy that Works for People

European Commission (DEVCO) and Inequalities

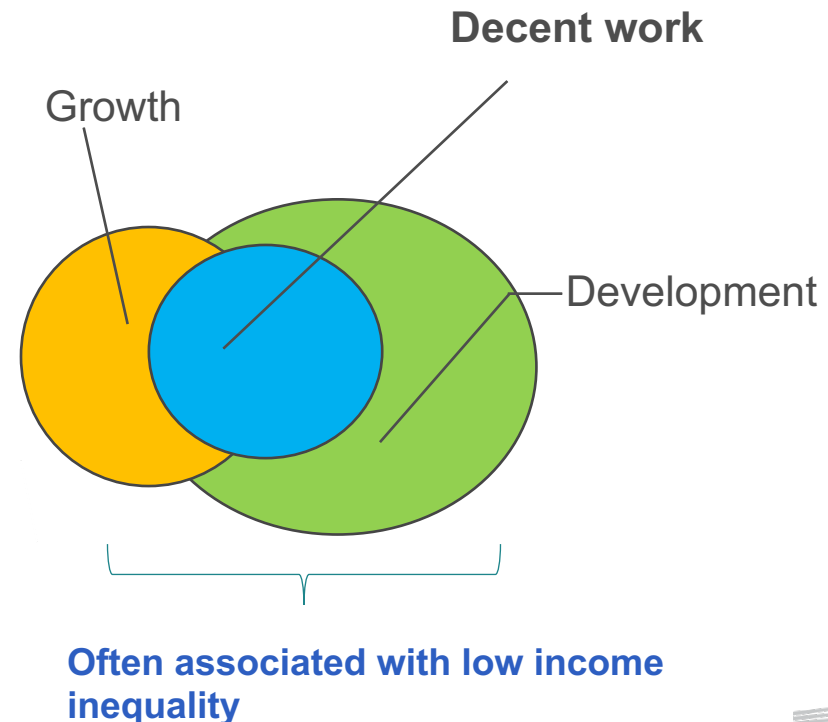
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The Growth- Decent Work- Poverty/Inequality Link : A simple illustration

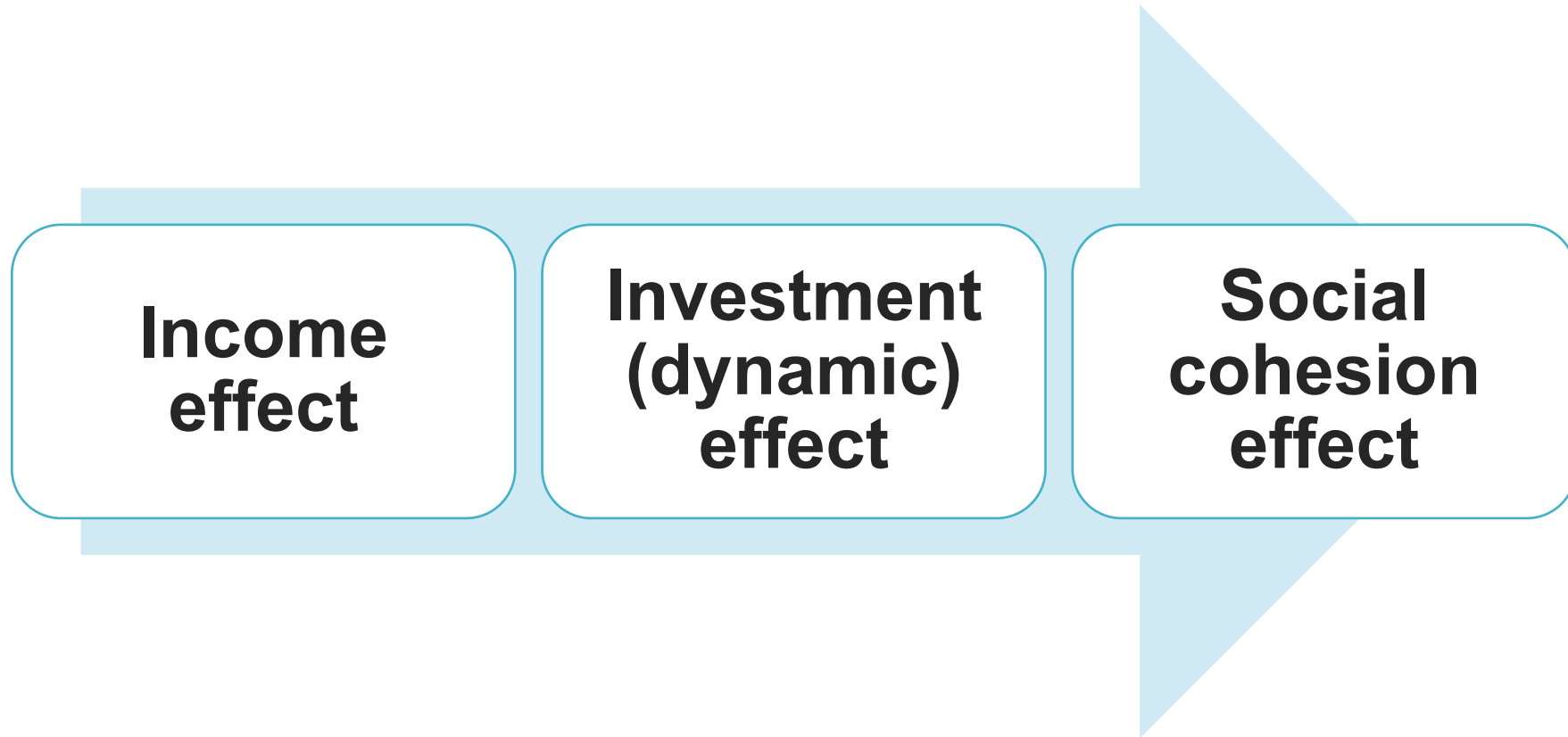
Jobless growth



Inclusive growth



Decent Work and Inequality : The Transmission Channels



The EU Commitment Against Inequality



Tackling inequality is a EU **political commitment**. Commissioner Ursula Von der Leyen has made the creation of an economy that works for people and the planet, based on equality for all and a green and just transition, one of her top priorities.

The EU proposes a multidimensional approach to address inequalities:

- **Addressing 'horizontal' inequalities**, via a rights-based approach and by fighting all forms of discrimination.
- **Addressing "vertical" inequalities**, in a systematic and inclusive way and by considering new trends (digitalisation, climate change).

Fighting Inequality: The EU Approach

The fight against inequalities is a **cross-cutting objective** in each of our geopolitical priorities in the context of the next MFF.



Green Deal Alliances

- Circular economy
- Biodiversity
- Green and smart cities
- Sustainable energy
- Food systems: from farms to forks
- Water and Oceans
- Pollution



Alliances for Science, Technology and Innovation, and Digital

- Governance (regulatory frameworks)
- Digital connectivity, including key enabling infrastructure such as power, broadband
- Digital skills and entrepreneurship
- E-services, including e-governance
- Data protection



Alliances for Sustainable Growth and Jobs

- Sustainable investment and de-risking, including key enabling infrastructure
- Creation of decent jobs
- Education and skills
- Business environment and investment climate
- Regional economic integration, trade and connectivity



Migration Partnerships

- Root causes of irregular migration and forced displacement, including development benefits of migration
- Migration management, including border management, return, readmission and sustainable reintegration, and legal pathways
- Durable solutions for refugees



Governance, Peace and Security

- Human rights, democracy, fundamental values
- Rule of law and accountability
- Conflict prevention, sustaining peace and building resilience
- Fight against terrorism and organised crime

The Commission Staff Working Document “Implementation of the new European Consensus on Development – Addressing inequality in partner countries”

The Commission Staff Working Document recalls the ways in which the EU supports the reduction of inequality in partner countries, and presents a series of recommendations to further address inequality as a cross-cutting element necessary to achieve the objectives – and improve the impact – of EU development cooperation.

The Council Conclusions on the above Staff Working Document, affirming that **tackling inequality is an internal and external priority for the European Union** and that equality and solidarity are among the values and principles guiding the European Union and its external action.

The Commission Staff Working Document “Addressing inequality in partner countries”

To more systematically and effectively address inequality in EU development cooperation, the Commission Staff Working Document identifies some key recommendations:

- **Strengthening policies to address inequalities:** promoting a sustainable and inclusive development, fighting discrimination, harnessing digitalisation and technological change, extending social protection, investing in human development;
- **Mainstreaming the reduction of inequality in the EU programme and project cycle:** further mainstreaming the reduction of inequality into the multi-annual programming phase; delivering an ex-ante assessment of inequality and distributional impacts in the development of new programmes and projects ; including relevant inequality indicators in programmes and projects’ monitoring systems and reports.
- **Strengthening partnerships for addressing inequalities:** tailored engagement with partner countries on inequality; working together with Member States, collaboration with other partners and civil society.
- **Strengthening data and knowledge:** disaggregated-data collection, knowledge-building and capacity-development activities.

A Research Facility to Better Understand Inequalities : A EU-AFD Partnership

Funded by the European Commission's Directorate-General for International Cooperation and Development (DEVCO), the French Agency for Development (AFD) implements and coordinates a research facility over a eight-year period (2017-2025) that aims to finance **22 research projects** on inequalities in developing and emerging countries. The research projects supported in this context will be used to **identify the most relevant approaches and policies to fight inequality**. In other words, their goal is to outline solutions.

At urban level, in emerging or developing countries or at global level, they are exploring **various thematic facets of inequality**: taxation and budget policies, social protection, health, education and employment, access to housing and water services, agricultural practices, etc.

Reference Document: Addressing Social and Economic Inequalities through Development Cooperation

The objective of the assignment is to support the on-going DEVCO reflection on how to **strengthen the EU development cooperation approach to address inequalities** in our partner countries. While reflecting on the importance of horizontal inequalities, the document will focus on social and economic inequalities (income inequalities), their dynamics, causes, consequences, and effective policy responses.

The expected output of the assignment is an operational guidance manual intended to making DEVCO strategies, programming, instruments and programmes more responsive to the challenge of reducing inequalities. The final product will inform EU and delegations staff on how to assess the risks and opportunities related to inequalities in EU development cooperation and formulate operations sensitive to reducing inequalities in the countries of operation.

COVID-19 and Team Europe

COVID-19 **disproportionally affected the most vulnerable**, leading to an increase in social and economic disparities, making them even more obvious at the national and global levels.

In the ‘**Joint European Response in support to partner countries against COVID-19**’, the European Commission ensures that its first priority is to **assist the most vulnerable in developing countries**.

The EU launches “**Team Europe**” to support partners around the world with **€15.6 billion**. The “Team Europe” package has the aim of supporting the most vulnerable countries and people most at risk, in the EU’s neighbourhood, with special emphasis on Africa, and also in the Pacific, in Latin America and the Caribbean. To protect the most vulnerable and tackle inequalities, the EU focuses on **three main areas**:

1. Responding to the **immediate health crisis and the resulting humanitarian needs**
2. Strengthening **health, water and sanitation systems**
3. Mitigating **the immediate social and economic consequences**, including support to the private sector with a **focus on Small and Medium-sized Enterprises**, and **government reforms** to reduce poverty and inequality

Team Europe Initiatives

The fight against inequalities is a priority in the EU development cooperation. In **Paraguay**, reducing inequalities has been identified as a possible area where European partners can join their forces in Paraguay.

Paraguay is the 1st most unequal country in Latin America and the 10th in the world (51.7 GINI). This situation risks being further exacerbated by the socio-economic consequences of the COVID-19.

To tackle inequalities in Paraguay, the EU has contributed to the design of the universal Social Protection System and is about to sign a new **€48M** Programme to support its first phase.

The EU has a clear objective to continue assist Paraguay to address inequalities through **support to social reforms** (basic services, health, education, access to job market) and **good governance**. The **private sector** will have an important role to play in skills development. If certain conditions are met, **digitalisation** could also contribute to a better economic inclusion.

Thank you



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