Why Inclusive and Sustainable Growth Matters

Demographic trends indicate high growth, yet poverty persists:

Since the industrial revolution, our planet has witnessed rapid global population and economic growth. The world’s population has gone from 1.6 billion in 1900 to more than 7.2 billion in 2015 and is projected to reach 9.6 billion by 2050. Technology, science, and innovation have provided an important driver of economic growth influencing global and national development trajectories politically, economically, socially and environmentally. Over the past 30 years, the value of all goods and services produced in a given period has more than doubled, especially in low and middle-income countries, but almost one billion of the world’s population still live in extreme poverty (on less than 1.90 USD/day). Growth has not generated sufficient decent paying jobs for the majority of poor people, including 73.3 million young people aged 15 to 24 who are unemployed. Even if the proportion of people living below the poverty line has dropped by half between 1990 and 2015, poverty remains a major challenge. High growth rates experienced over the past two decades, particularly in developing countries, have helped to improve access to education, health, clean water and sanitation. However, much of this growth has been concentrated in the hands of the rich with few benefits to the poor.

Societies are increasingly unequal: Growing inequalities adversely impact future growth, limit the opportunities and capabilities of people – particularly the poor – and jeopardize prospects for more cohesive and politically stable societies. Income gaps result from social exclusion processes and discrimination which limit the opportunities, liberties and freedoms of marginalized groups, and reinforce the capacity of privileged groups to capture a greater share of the benefits of growth. However, exclusion is not only income-based but rather is rooted in several sources of inequality that interact making exclusion persistent and resistant to change through piecemeal policy efforts. These inequalities come in the form of cultural devaluation that place some groups over others merely based on race, religion, or gender. Inequalities are political in that the poor lack a voice and representation in decision-making that affects their lives. They are also economic - with the poor consistently in a disadvantaged position in the distribution of economic opportunities and gains - and they are spatial with the excluded often living in places where they are easier to ignore (like urban slums or rural areas). More than 75% of the population in developing countries lives in societies more unequal today than 20 years ago, and half of the global population owns less than the richest 62 individuals in the world. This has been recognized as a cornerstone of the Sustainable Development Goals (SDGs) with Goal 10 dedicated to the reduction of inequality within and among countries.

Negative impact of growth models on the environment: Current economic growth models have taken a toll on the environment, contributing to the depletion of natural resources (both renewable and non-renewable) and negative impacts on ecosystem balance and biodiversity. This is disproportionately affecting the poor whose livelihoods are often inextricably linked to access to natural resources. The unsustainable production and consumption patterns that characterize economic growth undermine poverty eradication efforts, and increase the vulnerability of the poor to natural disasters, climate change and the outbreak of diseases such as Ebola. The SDGs make the protection of natural resources a priority by including a Goal (12) which calls for ensuring sustainable consumption and production patterns.

Goal 8 of the Sustainable Development Goals focuses on promoting sustained and inclusive growth for all. It includes specific targets on the reduction of inequalities and creation of employment opportunities for all and the progressive improvement of global resource efficiency in production and consumption.

Policy Recommendations:
- Shift growth trajectories towards more equitable and sustainable pathways by addressing unsustainable production and consumption patterns and their associated ills, and investing in a diversified economy that is compatible with the needs of a growing population and generates decent employment, particularly for the poor and excluded.
Macroeconomic policy coherence combined with redistributive measures that invest in broader human development objectives can enable more equitable growth. Therefore, mixing relevant policies leads to higher quality growth in order to strengthen a sustainable resource base for the bottom half, especially the poor and those otherwise marginalized and excluded.

Robust investment policies and more public spending in social sectors such as education, health, and social protection systems to support growth diversification and broaden economic bases. As the engine of economic growth, the private sector should play a key role in leveraging investments to create more decent jobs as well as increasing social investments to contribute to human development.

Countries need strong political will and commitment to advance inclusive and sustainable growth. This will require strong institutions and human capabilities, adequate regulatory frameworks, policy tools and instruments. Furthermore, effective governance at all levels will be necessary for effective redistribution of sustained qualitative growth, assets and power to deliver an impact especially for the bottom half such as youths, women, and those otherwise marginalized and excluded.

Exclusion is not only economic and therefore supporting the political participation of marginalized citizens can improve the design of policies and practices that affect the poor. This needs to be extended to natural resource management.

A comprehensive policy on information and data is critical if social exclusion is to be tackled effectively. It is crucial to know who is excluded and why. These systems help propel more effective monitoring and evaluation.

UNDP Support to Inclusive and Sustainable Development
While the concept of inclusive growth has been well explored and holds variant definitions, limited work has been done on conceptualizing equitable and sustainable growth. UNDP’s inclusive growth concept emphasizes citizen participation so that in addition to sharing in the benefits of growth, people actively participate in the decision-making process. Within the context of the 2030 Agenda for Sustainable Development and the implementation of the SDGs, UNDP is working to promote transformational change that spurs economic growth with greater equity. UNDP provides country support in the following areas:

Policy advice and advocacy to improve the design and effective implementation of development strategies, policies and programmatic interventions that promote inclusive and sustainable growth.

- 125 programme countries reported positive results in creating an enabling environment for the generation of jobs and livelihoods.
- Over 775,000 new jobs (40% for women) have been created across 65 countries.
- 33 countries have improved policies, systems and measures for employment generation.

Capacity development to strengthen capacities for designing and implementing strategies and policies on redistribution of income and assets through social protection schemes and its financing (design, implementation, expansion, and monitoring) based on the pillars of inclusivity and development of the private sector.

- Over 2.4 million women directly benefitted from women’s economic empowerment interventions.
- 14 countries developed their capacities for collecting and analyzing youth employment statistics.
- 59 countries reported positive results in support of social protection of vulnerable and discriminated groups. 3 countries introduced reforms to increase access to social protection schemes, including for women.

Knowledge & South-South cooperation through its global network, UNDP promotes knowledge on inclusive and sustainable growth by facilitating South-South knowledge sharing as well as triangular cooperation.

- The RIO+ Centre and Inclusive Growth Center in Brasilia facilitated South-South exchanges on social protection knowledge and highlighted models from successful experiences in Mexico, Brazil, and other countries, and supported partners in customizing approaches to their own context.

- UNDP Istanbul International Center for Private Sector in Development and Seoul Policy Centre supported south-south cooperation and dialogue on inclusive and competitive markets and inclusive business models.

- The SDG focus: A proactive economy that enhances sustainable and inclusive growth.

- Economy that enhances sustainable and inclusive growth.