

LAB DIALOGUE BETWEEN THINK TANKS AND PRACTITIONERS **Scalable Solutions for Investments for the Reduction of Inequality**

Context

The G20 Brazil is working on a joint action plan to reduce global economic inequalities. During a meeting of the Working Group on the Global Economy, G20 members emphasized the need for more inclusive international cooperation. Building on this initiative, GSI and GIZ plan to organize the Lab **Scalable Solutions for Investments aimed for the Reduction of Inequality**, centered around two challenges:

1. Integrating inequality reduction in the investments across Agenda 2030, the Paris Climate Agreement and the Convention on Biological Diversity
2. Defining the prerequisites for scaling solutions for investments by identifying procedural and technical issues

Investments should focus on specific areas: Trade, Green Industries, and Social Security. These investments will impose material restrictions on local communities but also create new opportunities for altering lifestyles, production, and consumption patterns. To prevent resistance and conflicts, it is essential that these investments not only achieve the objectives of the transformation agendas but also address and reduce prevailing socio-economic inequalities between and within countries. Given the historical persistence of inequality and recent increases in social conflicts, there is an urgent need to tackle this issue. The Lab's approach advocates for using the investment moment in various multilateral agendas as an opportunity for a collaborative effort to reduce inequality.

Assumptions

The three global transformation agendas on climate, biodiversity, and Agenda 2030 call for taxation reforms to reduce income and wealth inequalities while raising resources for advancing SDGs, ecological transformation, and biodiversity preservation. These transformation agendas earmark investments to create a sustainable economy and society but risk failing to reduce inequality if they operate in silos. Sectoral goals like access to sustainable energy are leverage points for broader development objectives such climate mitigation, good health and well-being, quality education, and several other SDGs. At the same time, the green transition requires fundamental changes in lifestyle, production, and consumption patterns. A global compact across transformation agendas for overcoming inequalities can facilitate synergies, mitigate adverse effects, and ensure inclusive development, based on the principles of 'Leaving No One Behind' and 'Bring Everyone Forward'. We assume together the three agendas contain key principles that can guide collective efforts (but not as a by-product) towards the reduction of inequality.

We seek scalable solutions to increase investments to reduce inequality in the Global South by focusing on local perspectives and avoiding top-down decision-making. People's needs should be addressed in ways that make sense to them, rather than through a one-size-fits-all approach. Development approaches must shift to invest in local engagement, supporting local talent and leveraging local insights. Investment decisions should reflect local development priorities defined through participatory consultation. To this end, addressing institutionalized inequality is crucial to ensure inclusiveness and fairness in decision-making and sustainable development. Ultimately, our goal is to promote inclusiveness and fairness in decision-making at all levels.

In navigating the challenges of scaling and implementing such changes, resistance from entrenched power structures may arise. To successfully transition from exclusive to inclusive investments, a comprehensive paradigm shift across various sectors is critical. International collaboration and investments should shift towards multipolar networks, emphasizing South-South and triangular cooperation models, along with mutual investments. The Lab-dialogue attempts to bolster this transformation by fostering mutual learning and harnessing local knowledge on SDGs, the Paris Climate Agreement, and the Biodiversity Convention for informed investment decisions.

Efforts to integrate with ongoing New Economy discussions, including initiatives like the Life Economy Development Partnership (India G20 presidency) and Brazil's Bio-Economy concepts, are essential. The current landscape of global crises underscores the urgent need for alternative models that

acknowledge the interdependence of economic investments, social issues, and ecological degradation, while addressing widening inequalities and entrenched injustices. We suggest considering rethinking the conditionalities of development finance through shared taxonomies and fair distribution of risk. The assumption is a system that ensures policy coherence to safeguard against conflicting investment decision.

Goals

1. Discuss leveraging investments across transformation agendas to reduce inequalities, with a focus on the Global South
2. Share insights, experiences and best practices from working towards reduction of inequality within the transformation agendas
3. Identify challenges and opportunities for solutions
4. Collaboratively develop recommendations for policymakers and stakeholders for scaling investments, that prioritize equality, sustainability and resilience

Expected Outcomes

1. Identification of challenges and opportunities for designing and implementing inclusive investments across the transformation agendas
2. Increased awareness and knowledge on aligning transformation agendas with inequality reduction, including best practices, enabling factors and effective political advocacy strategies
3. Recommendations for policymakers, civil society, international organizations, and other stakeholders