

White Paper

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Inequality



OXFAM



**Norwegian
People's Aid**

The scale of the inequality emergency is huge. High levels of economic inequality have profound economic, social, political and environmental impacts and dramatically undermine progress on tackling gender, racial and other inequalities.

Inequality is not a new problem. But in recent decades we have seen a relentless rise fuelled by harmful economic policies, the growth of wealth and unpredictable political forces. This means there are a series of key reasons why putting the reduction of inequality at the heart of Norway's new development strategy is the right thing to do and would be a powerful signal.

- Reducing inequality makes growth far more effective at reducing poverty: the World Bank has found that **by reducing inequality extreme poverty could be brought down to its SDG target in 20 instead of 60 years – or three times faster.**¹
- **Higher inequality also slows economic growth:** for example, when most people receive inadequate healthcare, education or nutrition, they are not as productive². Equally when the majority have very little, their purchasing power is much lower,

slowing the economy. The significant impact of inequality on growth has been acknowledged by the IMF and OECD³

- Inequality also **undermines opportunity**, reducing social mobility and entrenching disadvantage across generations, as only those with high incomes or inheritance can access education or better jobs.
- The unequal distribution of economic resources directly results in the unequal distribution of political power and the undermining of democratic institutions. For example, **billionaires are over 4,000 times more likely to hold political office than ordinary people** – tackling economic inequality will help to reverse this concentration of political power, ensuring these groups do not control the rules of the game.⁴
- Protests triggered by the unequal distribution of resources are more often

met by the authorities with repression than redistribution. **Countries with high inequality are seven times more likely to experience democratic decline than more equal countries** – tackling inequality will have a knock-on effect on reducing this risk by restoring trust in political institutions and democracy.⁵

- **Tackling inequality through dedicated policies to promote progressive taxation** will also stop wealth from being stockpiled by those billionaires, freeing it up to be reinvested in publicly funded essential services that cover everyone.
- Inequality also effects how people respond to disasters and adapt to the impacts of climate change: more equal societies are better able to collectively manage risk, by distributing it more fairly and reducing the overall level. **Research on major flood disasters has found that the death toll from floods is seven times higher in the most unequal countries compared to the more equal ones.**⁶

As signatories to this paper, **LO, Norwegian People's Aid, Agenda and Oxfam** urge Norway to both **adopt an overarching goal of reducing inequality and set out strong measurable inequality targets in the new White Paper for Norwegian development cooperation.** This will contribute to faster poverty reduction, more climate resilience, stronger democracy, gender justice and healthier societies. It will also contribute to more innovative, effective and coherent Norwegian development cooperation.

1. Status of inequality in the world

Inequality has reached emergency levels worldwide, with impacts now comparable in scale and urgency to the climate crisis - a conclusion reinforced by the Extraordinary Committee led by Nobel Prize winner Joseph Stiglitz and commissioned by South Africa's G20 presidency⁷.

This is not an emergency in the abstract – the report produced by the Extraordinary Committee shows that it is already shaping lives and societies across the world. Inequality makes people's lives more fragile; it creates frustration and resentment and leads to distrust in democratic institutions. It is not contained by borders: the global rules on trade, finance and investment are a big part of what determines inequality for people. Public wealth is shrinking whilst private wealth is growing, especially at the upper end of the scale, where the top is receiving an ever-greater share of national income and wealth. Growing economic inequality has gone hand in hand with inequalities in other areas – health, education, work, housing, environment and political voice, making those at the bottom highly vulnerable and more excluded. The vicious cycle that this perpetuates means that those who face inequality of outcomes are also much more likely to face inequality of opportunity and vice versa, further compounding the likelihood that the potential of those at the bottom will be wasted.

Whilst the combined effect of these trends has been catastrophic for most people, they have been beneficial for the wealthy few.

This growing divide does not remain purely economic; the Stiglitz-led Extraordinary Committee finds that economic inequalities are translated into political inequalities, where those with wealth have disproportionate political influence and control over the media. This gives them a heavily outsized voice in social discourse, often creating polarizing forces and social tensions, which interact with the wider increases in polarization, political instability and conflict we are seeing today.

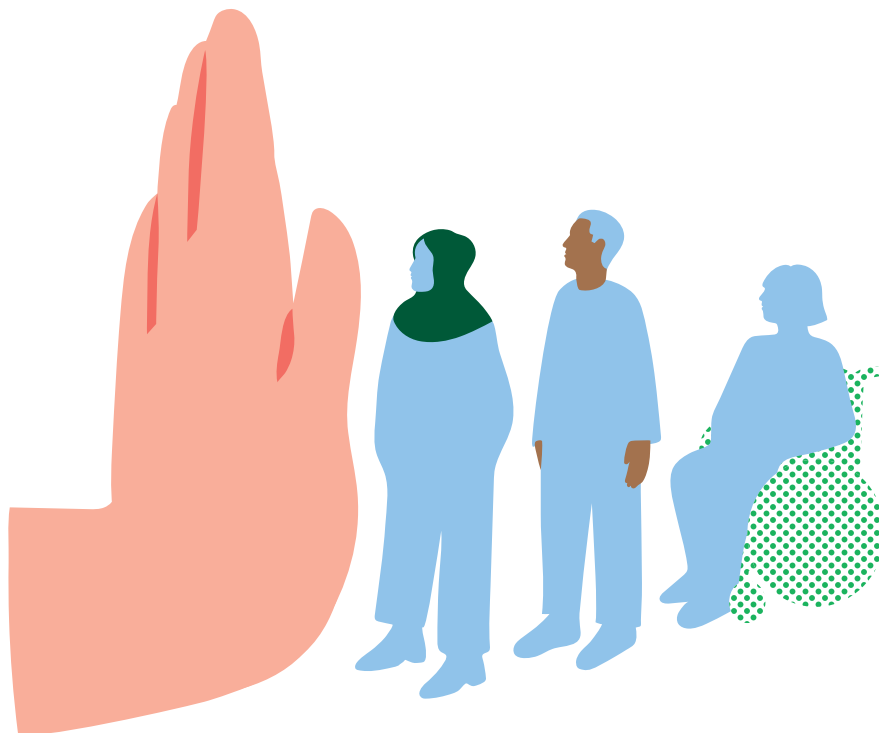
As institutions and policies reflect the views and culture of those who create them, policies driven by the elite few have shaped the system. As a result, the economic policies introduced in most countries over the last three decades have led directly to higher inequality. These policies have enabled greater tax avoidance and evasion, depriving governments of vital revenues to invest in public services. At the same time, they have promoted the privatization of state-owned assets and services like health and education, increasing the costs of these to generate greater corporate profits and forcing individuals to pay out of their own pockets. These policies have also weakened rules regulating businesses and reduced the power of labour against that of capital. Alongside these, governments have actively cut public spending, further reducing people's access to essential goods and services.

Key facts on income and wealth inequality

- **Income inequality:** Nationally, 83% of countries have high income inequality (i.e., a Gini coefficient above 0.4), accounting for 90% of the world's population.⁸
- **Wealth inequality:** Between 2000 and 2024, the richest 1% captured 41% of all new wealth, in contrast to just 1% being captured by the bottom 50%.⁹ This means that the richest 1% have seen their average wealth increase by US\$1.3m since 2000, while someone in the poorest half of humanity saw their wealth increase by an average of US\$585 over the same period (in constant 2024 US\$). This means that the top 1% increased their average wealth 2,655 times as much as the bottom 50%.

Dimensions of poverty

- Since 2020, global poverty reduction has slowed almost to a halt and reversed in some region¹⁰
- **Half the world's population is still not covered by essential health services**, with 1.3 billion people impoverished by out-of-pocket health spending¹¹
- **More billionaires have acquired their wealth through inheritance than through entrepreneurship.** In the next 30 years, 1,000 billionaires will transfer more than US\$5.2tn to their heirs, largely untaxed, perpetuating intergenerational inequality.¹² Overall, it is estimated that over \$70 trillion will be passed down to heirs over the next decade, undermining social mobility and equality of opportunity.¹³



2. Why Norway should act – key priorities for reducing inequality

Inequality is not inevitable; it is shaped by policy choices. As Norway's Prime Minister himself recently acknowledged to the G20; inequality is not however a given. It is the result of choices, and this means it can be fought – with the right policies¹⁴. There is significant scope to develop strategies that influence how income is distributed and redistributed through taxation and public spending. This also requires reforming the rules and institutions that govern the global economy, regulate wealth, and shape the distribution of political power. Achieving this will demand collective commitment and coordinated global action.

As part of this growing recognition, one of the key recommendations taken forward from the Extraordinary Committee's report has been agreement on an **International Panel for Inequality (IPI)**, a technical and analytical body of leading experts inspired by the International Panel on Climate Change, to support governments and multilateral agencies with authoritative assessments to strengthen the international coordination needed to tackle inequality. **Norway is playing a critical role on the Founding Committee supporting the development of this initiative**, reflecting its longstanding commitment to

advancing the global inequality agenda. The second key recommendation is that countries should develop **National Inequality Reduction Plans** building on shared knowledge and best practices and input from a diverse set of national stakeholders. This increased attention in international forums such as the G20 has created a growing momentum and a window of opportunity for Norway to further engage, support and shape the emerging global and national responses to inequality.

Norway has a strong track record as a global advocate for tackling inequality through its long-standing promotion of the welfare-state system in low-income countries, its leadership on core inequality issues such as debt, domestic resource mobilization and capital flight, to its sustained commitment to allocating 1% GNI to ODA. Norway has strong experience in providing flexible support to strengthen civil society actors, including support to trade unions, collective bargaining and tri-partite cooperation. Building on this, Norway has already demonstrated broad political support to tackle the inequality emergency – **and now is the chance to put the fight against inequality at the heart of Norway's new development policy.**

Promote the fight against inequality internationally:

- **Support the International Panel for Inequality (IPI)** that will bring together leading experts to provide high quality analysis and policy guidance on inequality, to strengthen both the evidence base and the coordination needed to tackle inequality.
- Support countries to develop **National Inequality Reduction Plans** to agree on timebound targeted reductions in inequalities based on input from diverse groups of national stakeholders.
- Lead the fight against inequality at the global level by **backing the recommendations of the Stiglitz-led Extraordinary Committee**, championing inequality reduction with the World Bank and IMF, and by supporting coordinated global action to address the international economic and legal architecture that drives inequality, including coordinated cancelling of unsustainable debts and establishing a binding debt workout mechanism prioritizing human rights.
- Support the **development of public universal social security and welfare systems**, including cash support for people in vulnerable situations in countries which receive Norwegian development assistance.
- Support **public, free, quality, and gender-sensitive health and education systems** in all countries.

Defend democracy, human rights and the right to organise:

- Commit strong long-term support to **strengthen civil society organisations** as key actors in democratisation and promotion of just distribution of power and resources.
- Build international alliances to **push back on legislation that is intended to control and limit civic space**, and defend, support and protect environmental and human rights defenders.
- **Promote media independence** and develop workstreams that help to prevent concentration of media ownership, regulate tech companies and support alternative tech platforms to ensure diverse perspectives in public discourse, and stem harassment of CSOs.
- **Support binding regulations for businesses to respect human rights**, including indigenous rights; practice due diligence, provide compensation to affected communities and require that investments contribute to reduction of inequality.
- Support interventions that help to **strengthen country trade union movements** to negotiate provisions in collective agreements that promote redistribution and safeguard workers' rights.
- **Apply a gender-rights and equality lens across all program interventions**, as well as promoting women's rights and supporting women's organisations and movements through dedicated interventions.
- **Support democratic control over natural resources and access to land** for small-holders and urban marginalised people.

Use an inequality lens to tackle the climate and nature-crisis:

- Insist on a just green transition where rich polluters pay their fair share, including excess profit taxes on fossil fuels companies, taxing private jets and frequent fliers, and other policies that promote a green transition through equalizing measures.
- Support inequality centred climate adaptation for the people hardest hit by climate change and contribute to financing loss and damages occurred from the overconsumption of fossil fuels by the wealthy and by industrialised countries.
- Apply an inequality lens for all climate and environmental policies, ensuring that the necessary green transition does not have adverse unjust impacts on low-income countries and people and reinforce structural injustices.

Promote job creation, decent work and workers' rights

- Ensure that responsible business development, job creation and a well-organised labour market become explicit objectives of Norwegian development assistance.
- Promote interventions that support the formalisation of the labour market and workers' rights.
- Promote collective bargaining agreements and tri-partite cooperation in the labour market.
- Support measures that ensure safe and organised work for young people and women, in countries targeted by Norway's development cooperation, and with initiatives that strengthen vocational education and apprenticeships aligned with the real needs of labour markets in the Global South.

Champion just and progressive tax reforms

- Support the UN Tax Convention process publicly and financially by expressing support for the adoption of the UN Tax Convention including at the UN General Assembly and the G20.
- Support progressive measures in the UN Tax Convention and its Protocols that will enable countries in the global south to mobilise sufficient domestic resources to fund their own development, including strong democratic institutions and quality public services.
- Globally **champion higher taxes on the richest people, especially on capital and wealth**, and strengthen economic and political support for international tax corporation and anti-tax haven measures in Norway's bilateral and multilateral development partnerships.
- Support interventions that strengthen democratic dialogue between governments and citizens on tax policies and support civil society to influence tax policies to become more progressive, gender-responsive and transformative.

Embed a cross-cutting goal and targeted thematic objectives on inequality reduction:

- Ensure that **Norad has dedicated resources and a work to inform the work of the IPI with high quality evidence and provide support to countries on the development of National Inequality Reduction Plans.**
- Support country level work in dedicated thematic and sector areas proven to reduce inequality – in line with the Stiglitz Extraordinary Committee recommendations.
- Ensure that **all Norwegian development policies and programmes are systematically assessed for their impact on inequality**, through budgeted and targeted interventions with clear objectives, indicators and measurable inequality outcomes.
- Ensure the new inequality workstream in Norad also provides cross-cutting support to all areas of Norwegian aid, across development and humanitarian intervention.



3. Why Inequality should be at the heart of Norway's new Development Strategy

Addressing inequality is not only an end in itself, but also a prerequisite for achieving broader development goals - from poverty reduction and economic stability to democratic governance, climate resilience, and social progress. This section outlines why placing inequality at the heart of Norway's new development strategy would have far-reaching impacts across key policy areas, and advance more just and inclusive societies globally.

3.1 Reducing Inequality is critical to achieve poverty reduction and improving economic performance

Poverty reduction will be impossible without tackling inequality. World Bank analysis shows that a reduction in inequality would enable the elimination of extreme poverty in 20 years, and without this reduction it will take at least 60 years; so reducing inequality triples the speed of poverty reduction.¹⁵

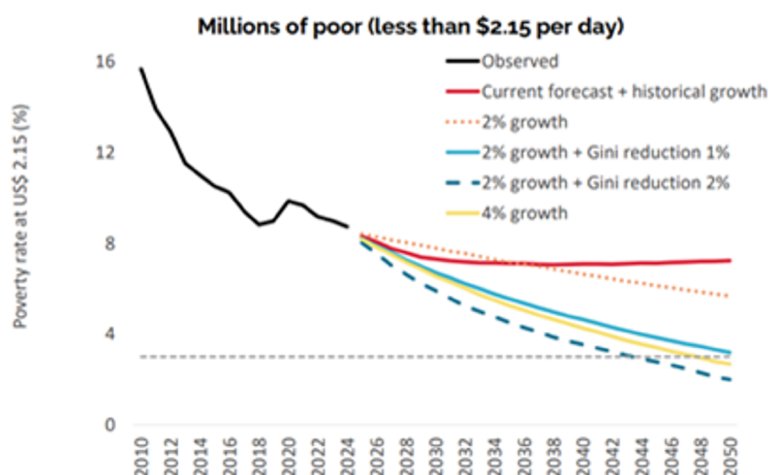
The recent World Bank analysis also confirms that progress on global poverty reduction has slowed to a near standstill despite renewed economic growth in many regions,

underscoring that growth alone is no longer sufficient to drive poverty reduction at scale. Where inequality is high, growth translates into only weak income gains for people at the bottom of the distribution. The World Bank's analysis therefore points to the need to reduce inequality to reduce poverty.

In many low and middle-income countries, poverty reduction has stalled as the benefits from growth accrue disproportionately to those above the bottom 40 percent. The pace of poverty reduction is also significantly faster in contexts where income growth among poorer households keeps pace with - or exceeds - average growth. By contrast, when income growth is concentrated higher up the distribution, progress slows or stagnates. As a result, extreme poverty becomes increasingly concentrated, both geographically and socially, and continued growth alone delivers diminishing returns. World Bank analysis illustrates this clearly: a 2% reduction in inequality, combined with 2% growth, can triple the speed at which extreme poverty is eliminated.

Figure 1.1: Economic growth and poverty reduction¹⁶

AT CURRENT LEVELS OF ECONOMIC GROWTH, POVERTY WILL NOT BE ERADICATED FOR DECADES



Source: World Bank calculations, po.worldbank.org; horizontal dotted line shows 3% or 3% of global population in 2030.

Inequality also harms economic performance in mutually reinforcing ways. First, high levels of inequality weaken and destabilise economic growth. When income is concentrated at the top, aggregated demand is constrained, as lower-income households who spend a larger share of their income are left without purchasing power. This limits economic activity and reduces the inclusiveness and sustainability of growth¹⁷. Second, inequality limits human potential and productivity. People at the bottom of the income distribution face hunger, lack of adequate health care and access to quality education, constraining their ability to contribute fully to the economy with negative consequences for the overall economic performance¹⁸. Third, inequality of outcomes undermines inequality of opportunity, reducing social mobility and entrenching disadvantage across generations. Higher inequality is also associated with rising household's debts and stronger intergenerational persistence, where more unequal countries have much lower levels

of mobility between generations. Finally, societies with high inequality are less likely to make public investments that drive up overall productivity, like public transportation, technology, education and health¹⁹. It can also create rent-seeking behaviour, particularly at the top, at the expense of productive investments.

The long list of evidence and new perspective on inequality and economic performance has completely shifted how leading economic institutions talk about inequality and economic performance. The IMF has shown that growth spells tend to be shorter when inequality is high²⁰, while OECD has shown that income inequality has a statistically significant negative effect on medium term growth and estimates that countries like the US and UK would have had an overall economic growth of six to nine percentage points higher in the past two decades if income inequality had not have risen.²¹

For Norway, this has direct implications for its development cooperation. Supporting policies that reduce inequality - such as strengthening public services, promoting decent work, advancing fair taxation, and addressing the concentration of wealth and power - will be essential not only for reducing poverty, but for fostering resilient and sustainable economic development.

3.2 Reduce inequality to defend democracy and human rights and strengthen civil society

Increasing inequality is a threat to our **democracies and human rights** as economic inequality and power translate into political power and influence. Wealthy individuals have far more influence over our societies and economies than ordinary people through control of media, political financing, or avoiding accountability from justice. Data from 136 countries confirms that when economic resources become more unequally distributed, so does political power, leading to policies that reflect the preferences of upper-income groups²² more than lower-income groups. Today, a billionaire is 4,000 times more likely to hold political office than an ordinary citizen.²³

There is considerable empirical evidence connecting rising levels of economic inequality to the erosion of democracy and increases in authoritarianism as inequality erodes trust in institutions²⁴, fuels political polarisation²⁵, reduces participation among poorer citizens and residents,²⁶ and creates social tensions. Countries with high inequality are seven times more likely to experience democratic decline than more equal countries.²⁷

In many developing countries, economic poverty also translates into political exclusion, particularly for women and minorities, limiting people's abilities to influence policies,

access their rights, and shape their future. At the same time, civil and political rights are being eroded globally, with increasing suppression of protests and the silencing of dissent. With this growing public frustration and anger over issues shaping people's everyday lives, governments have often responded with repression rather than redistribution, cracking down on protests, militarizing territories, restricting civic space through NGO laws, foreign agent acts or counterterrorism legislation and by further undermining democracy and human rights. The consequences are severe: in 2024 alone, Frontline defender reported at least 324 assassinations of human rights defenders were killed in 32 countries.

In this context of shrinking civic space, there is also increasingly concentrated media ownership: half of the world's largest media companies have billionaire owners, and 9 of the top 10 social media companies in the world are owned by just 6 billionaires.²⁸ This gives a small number of actors disproportionate influence over political narratives and stifles independent reporting, hindering the ability of civil society to inform public awareness. At the same time, civil society organisations lack the resources to tackle the increasing use of cyber surveillance used for control and repression. These challenges are compounded by the concentration of power among a few large technology companies – many of which are owned by a few billionaires - giving them immense power and possibility to control access to internet and the information that is permitted and published.

Experience both from Norway and other parts of the world shows that organising and mobilisation of groups that experience social injustice or discrimination is critical for reducing inequality. Representative

organisations such as labour unions, peasant organisations, women's movements or community and indigenous organisations have the legitimacy to push for solutions and can counterbalance the power of the rich. Despite shrinking civic space, levels of participation have grown over the last decade and remained relatively stable in recent years²⁹. Across the world, massive peaceful protest movements, like the recent Gen Z protests, have taken place, resisting repression and reacting against widespread corruption, demanding human rights, access to land, just salaries, and an end to violence against women. Beyond this, countless organisations and communities are working tirelessly to advance their rights and improve access to resources, like land and housing. This is fundamental to building trust, participation and democracy from below and demonstrates the significant potential for progressive change driven by civic action.

For Norway, a new development strategy presents a clear opportunity to build on and support these actors, placing civic space, participation, and locally driven change at the center of efforts to reduce inequality and strengthen democratic resilience.

3.3 Address the direct linkages between inequality and responsible business, decent work and worker's rights

A predictable, safe, and decent job enables people to lift themselves out of poverty, plan for their own future, and contribute to societal development. But work alone is not enough to ensure that wealth is equally distributed and workers are protected – either in or outside the workplace.

Workers who are well organised, through independent and democratic trade unions, are better positioned to secure improved wages, safer working conditions, and more

stable employment. Collective bargaining and unionisation are associated with a more equitable distribution of income, ensuring that productivity gains are shared rather than being concentrated among employers or owners of capital. Strengthening workers' rights is therefore a key mechanism for reducing inequality.

Decent work contributes to greater social and economic equality particularly when combined with social protection systems and the freedom to organise. Social protection, such as unemployment benefits, healthcare, and pensions, reduces vulnerability to economic shocks, while labour rights empower workers to claim fair treatment. Without these protections, many workers remain trapped in informal or precarious employment, which in some developing regions affects over 50% of workers.

The large share of the world's poor working in the informal sector is a driver and a consequence of inequality. It results in lost tax revenues for states and means that millions of people work under insecure conditions without legal protection or enforceable rights. Formalising jobs would strengthen workers' rights and increase tax revenues – paving the way for expanded welfare systems and social protection, contribute to a more predictable investment climate, and bolster social dialogue.

Labour market inequality also threatens democracy, by reinforcing existing social divisions and giving oversized political influence to a small group of wealthy and well-connected people. For many, membership-based democracy within organisations represents their first encounter with a democratic system, and gives those without significant economic leverage the

ability to represent their needs and demands through organisations which are responsive and legitimate. Through these structures, individuals learn how to use their voices to bring about concrete change and shape institutions. In contexts marked by high levels of inequality, these organisations play a crucial role in amplifying the voices of those with limited economic power and in advancing democracy and participatory decision-making. Membership-based civil society organisations can, even in contexts where formal democracy is absent at the state level, demonstrate the value of democratic organisation to the public. This is why organised labour and civil society are among the first targets for leaders with authoritarian tendencies.

Norway's development cooperation can help to address inequality in labour markets, through supporting interventions which strengthen workers' rights, tri-partite systems of cooperation, expand social protection, and promote formalisation.

3.4 Reducing inequality is critical to address climate breakdown

Inequality undermines our ability to stop climate breakdown. It is a key driver of climate crises and a major barrier to effective solutions. Rich countries bear the greatest responsibility for climate breakdown, whilst the Global South face most of the consequences³⁰. Emissions are highly concentrated among the wealthiest: the consumption, investment choices and influence of rich elites are rapidly depleting the remaining carbon budget compatible with the 1.5-degree limit. Currently, the richest 1% generate as much carbon as the bottom 66% of humanity, while the top 10% account for nearly half of total carbon emissions.³¹ This concentration reflects not only a pattern of consumption³², but also deeper structural inequalities in wealth and power.

It is not only the consumption but also the investments of the wealthiest that slows the transition away from fossil fuels. Evidence shows that billionaires' investments in polluting industries, such as fossil fuels or cement, are twice the average share in the S & P 500³³. At the same time, economic elites often use their increased political power to shape policies to delay or weaken climate action³⁴. Addressing inequality is therefore essential not only to reduce emissions, but to shift the financial and political incentives that sustain carbon-intensive development pathways.

Inequality also shapes whether extreme weather events turn into disasters, as more equal societies are better able to prepare for, respond to and cope with these shocks: a study across 573 major flood disasters in 67 middle- and high-income countries found that the death toll from floods is seven times higher in the most unequal countries compared to the more equal ones³⁵.

Addressing the climate crisis cannot be decoupled from tackling inequality. NORAD has already helped lead the way by supporting the Climate Inequality report of the World Inequality Lab in 2023³⁶. Norway's development cooperation must build on this great work and apply an inequality lens to climate breakdown, working with others to require those countries and individuals with the highest emissions to rapidly reduce them and support a green and just transition in the Global South away from fossil fuel driven development pathways. For Norway's White Paper this also means supporting adaptation to the climate crisis already being experienced and providing compensation for the loss and damages caused by climate changes.

3.5 Inequality must be reduced to achieve gender equality and social progress

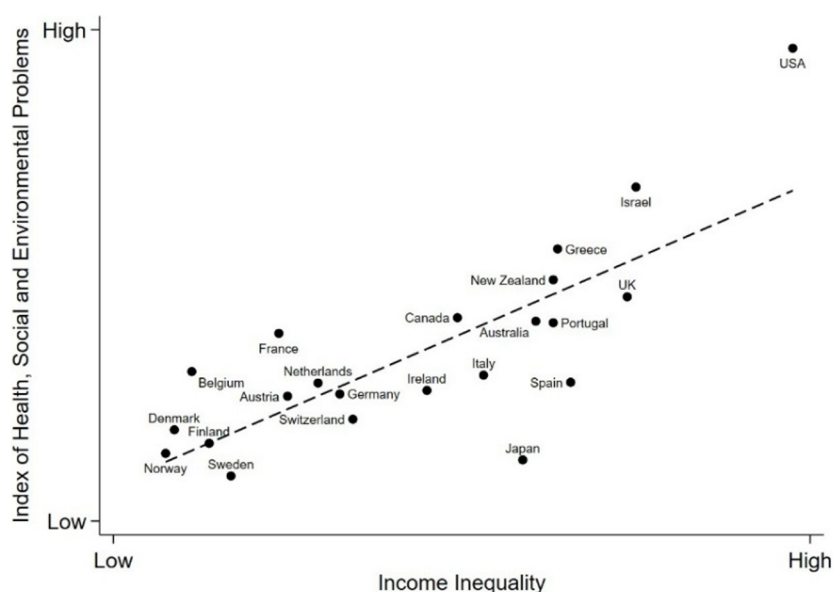
Economic inequalities interact with and amplify other inequalities, such as those related to gender, class, caste, race, ethnicity and resident/migrant status. Life changes are shaped not only by gender, but by the interaction between gender and income. In Kenya, for example, a boy from a wealthy family has a 50% chance of continuing his studies beyond secondary school, with a girl from a similar background close behind. By contrast, a boy from a poor family has only a 2.5% chance, and a girl from a poor family has only 1%³⁷. This economic divide both drives the gap between women and men and is driven by it - more unequal societies tend to have wider gender gaps, while more equal ones are associated with greater gender equality.

Evidence also shows that gender inequality is strongly associated with income inequality³⁸.

Higher levels of economic inequality are associated with fewer women completing higher education, lower representation in political spaces and larger gender pay-gaps³⁹. This highlights the importance of an intersectional approach to understanding both the drivers of inequality and the solutions. While reducing economic inequality can help address other forms of inequalities, effective action must also take these overlapping dimensions into account.

There is a strong body of empirical studies from across the world, demonstrating that economically unequal countries perform worse across a wide range of social outcomes that are directly relevant to people's health, life chances and to social cohesion (Fig 1.2.) These patterns show that inequality is not only a question of fairness, but a fundamental barrier to social progress.

Fig 1.2: Inequality and health and social outcomes⁴⁰



There is also strong evidence of what works. Investing in quality public services and social protection is one of the most effective ways to address these challenges. Evidence from 150 countries spanning a period of over 30 years shows that investment in health, education and social protection reduces the gap between rich and poor⁴¹. Education plays a particularly important role - investing in girls' education leads to lower rates of early pregnancy, higher lifetime earnings, and greater participation in decision-making. A recent review of 13 low-income countries found that spending on education and health accounted for 69% of total reduction of inequality and identified public spending on health, education and social protection as among the most powerful tools available to governments to reduce inequality and poverty⁴².

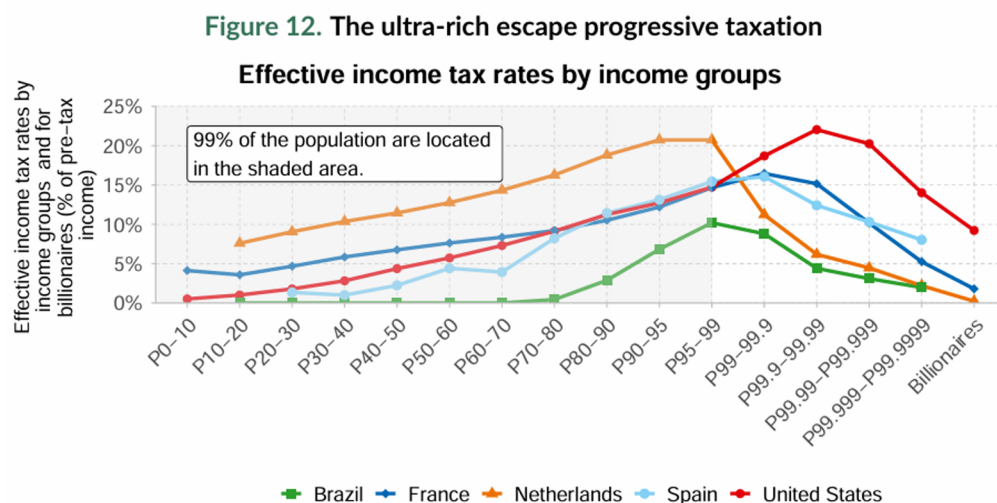
For Norway, this underscores the importance of prioritising progressive and transparent tax systems, supporting public, free, quality, and gender-sensitive health and education systems in all countries and bringing together its existing achievements on gender equity and tax with targeted, budgeted and measurable interventions that address multi-dimensional inequalities.

3.6 Progressive global tax reform to make inequality a phenomenon of the past

International tax injustice is a major driver of global inequality, both between and within countries. One estimate says that countries lose 492 billion US dollars every year through tax avoidance, profit shifting, and illicit financial flows⁴³. These losses undermine domestic resource mobilization and weaken the ability of states to finance their own development, including essential public goods such as education, health, and social protection - thereby reinforcing existing inequalities and limiting poverty reduction efforts.

The current framework for international tax cooperation - largely shaped by OECD countries - has not only failed to provide a legal framework that prevents illicit financial flows, tax avoidance and profit shifting, but also failed to ensure fair taxing rights and fair representation in international tax cooperation for developing economies. At the same time, even in tax systems that are progressive, the wealthiest often⁴⁴ effective rate⁴⁵. In fact, research shows that 80% of total tax revenue come⁴⁶ from ordinary people while taxes on wealth account for just 4%. Powerful⁴⁷ lobby groups with access to decision makers have had extensive influence in promoting this unfair tax system. Strengthening the taxation of wealth and high net worth individuals is therefore critical to enable countries to mobilise sufficient resources for inclusive development, strong public services, and democratic institutions.

Figure 1.3: Effective income tax rates b⁴⁸



Interpretation. This figure shows effective income tax rates by pre-tax income group and for U.S. dollar billionaires in Brazil, France, the Netherlands, Spain, and the United States. Income tax rates include only individual income taxes and equivalent levies. All values are expressed as a share of pre-tax income, defined as all national income before taxes and transfers, after pensions. P0-10 denotes the bottom 10% of the income distribution, P10-20 the next decile, etc. **Sources and series:** Artola et al. (2022), Bozio et al. (2024), Bozio et al. (2020), Bruil et al. (2024), Palomo et al. (2025), Saez and Zucman (2019), and Zucman (2024).

In recent years, momentum has grown for establishing a *United Nations Framework Convention on International Tax Cooperation* (UN Tax Convention). This Framework is on its way to becoming a reality, and aims to create a more inclusive, transparent, and equitable system for global tax governance that ensures fairer representation of the Global South. A progressive international tax framework is essential to combat both fiscal erosion and social fragmentation, but beyond this will also help to rebuild citizens' trust that global co-operation rules can reflect justice and solidarity, not just aid capital mobility. Norway has a strong track record of advocating for fair taxation through Norad's Tax for Development programme, and its work with the Addis Tax Initiative. Building on this legacy, Norway should support the UN Tax Convention and advance progressive taxation as part of its broader commitment to fair distribution,

institutional integrity, and multilateral cooperation.

Beyond the need for fairer international tax frameworks and equal representation, developing countries need support to continue strengthening their domestic tax systems to ensure they are progressive, fair and capable of mobilising sufficient revenue for development. Norway has a key role to play in this by strengthening tax administration capacity, and facilitating knowledge sharing, as well as supporting civil society actors who promote transparent and accountable, progressive and gender-responsive tax systems.

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