Overview

Global concerns about inequalities are growing, and for good reason. High and growing inequalities are increasingly understood to undermine prospects for sustainable development through a multitude of channels. Inequality isn’t new; what is new is the attention it’s getting, particularly in terms of exploring possibilities for moving from rhetoric to policy responses.

However, global narratives on inequalities and how best to address them have not yet fully connected with the transition and developing economies of Europe and Central Asia. This is partly because of the region’s post-socialist heritage, which left relatively equal (compared to other developing countries) distributions of income, relatively broad access to social services, and relatively small gender disparities. Unfortunately, there are worrying signs that these advantages are being lost—and that problems of inequality and vulnerability are growing and converging with those of other regions.

In order to address these gaps, UNDP’s Regional Bureau for Europe and CIS initiated the regional Dialogue on Inequalities in January 2015, in the form of a regional forum held in Istanbul. Together with civil society partners and leading specialists on the region, UNDP at this meeting identified key analytical and programming areas in which more effective responses to the region’s inequality challenges could be crafted. These focused in particular on issues of:

- Better measurement of income and non-income inequalities;
- Labour market exclusion, employment, and social protection;
- Gender inequalities;
- Inequalities and health;
- Inequalities, governance, and peacebuilding; and
- Inequalities, natural capital, and resource management.

Since the January 2015 meeting, UNDP’s work to address these issues proceeded in a number of directions. These have included:

- Follow-up participation in a number of regional meetings on inequalities, including a dedicated session at the European Foundation Centre Annual General Meeting in Milan in June, and the Southeast European Inequalities Workshop (co-sponsored with the Economics Institute of Zagreb) held in Zagreb in September;

---

1 Reference is to the programme countries/territories whose development aspirations are supported by UNDP’s Regional Bureau for Europe and CIS. These are: Albania, Armenia, Azerbaijan, Belarus, Bosnia and Herzegovina, Georgia, Kazakhstan, Kosovo (understood to be in the context of UNSCR 1244 (1999)), Kyrgyzstan, the Former Yugoslav Republic of Macedonia, Moldova, Montenegro, Serbia, Tajikistan, Turkey, Turkmenistan, Ukraine, and Uzbekistan.
A number of analytical products (including on migration in Central Asia) and blog postings on inequalities in the region;

Analyses of the inequality-related dimensions of the Sustainable Development Goals, which are the lynchpin of the post-2015 global development agenda; and

The drafting of a regional human development report on inequalities (Inequalities in Eastern Europe and Central Asia—Progress at Risk).

In order to assess and build on the progress made to date, a second Dialogue on Inequalities regional forum on inequalities—rebranded as the Istanbul Development Dialogues (2016): “#TalkInequality”—was held on 9-10 February, 2016. This meeting (a draft programme for which is appended to this document as Annex 1) included:

- Addresses from and discussion among leading experts on inequalities and the post-2015 development agenda, both in this region and globally;

- Presentations on/information exchange regarding recent development in research and analysis on inequalities and programming to address them in the region, by UNDP and partners;

- A stakeholder consultation on the regional human development report on inequalities, with participation of experts, representative of international development organizations, civil society, and other important partners; and

- A side meeting of the regional Poverty Measurement Task Force, led by the United Nations Economic Commission for Europe (please see Annex 2).

IDD (2016) meeting materials can be found at:


**Tuesday, 9 February**

Welcoming and opening remarks

The meeting began with welcoming remarks by Mr. Rastislav Vrbensky, Manager of UNDP’s Istanbul Regional Hub. Mr. Vrbensky called attention to the “rebranding” of the Istanbul Development Dialogues (as Istanbul Development Dialogues (2016): #Talk Inequalities), from the 2015 Dialogue on Inequalities. This rebranding will allow UNDP to focus on other key development themes in the region (in addition to inequalities) in the future. Thanks in part to Mr. Vrbensky’s invitation that the participants tweet about their

---

2 Participants who are unable to access one or both of these websites are kindly requested to address their requests for IDD materials to Ms. Asli Hekimoglu (asli.hekimoglu@undp.org).
views on the meeting, the 2016 Dialogues generated 4.2 million Twitter impressions and reached 1.4 million Twitter accounts.\footnote{Among the international media, the Dialogue and emerging research were covered in the Huffington Post and IPS News Online. In Turkey, Cumhuriyet, Today’s Zaman, and TRT covered the event.}

These were followed by opening remarks delivered by Ms. Cihan Sultanoglu, Director, UNDP Regional Bureau for Europe and CIS. In addition to welcoming meeting participants, Ms. Sultanoglu underscored the importance of inequalities as a threat to sustainable development, both within the region and globally. She called attention to the IDD (2016), and to UNDP’s draft regional human development (RHDR) on inequalities, as platforms for addressing this threat, by raising awareness about inequalities, as well as policy and programmatic solutions to address them. In addition to requesting participants’ views on the draft RHDR, Ms. Sultanoglu mentioned that the IDD is to be followed by a meeting of the regional Poverty Measurement Task Force, led by the United Nations Economic Commission for Europe.

The RHDR recognizes that income, gender, and other inequalities in this region are less than in many other parts of the world. These relatively low inequalities helped economic growth to lift nearly 50 million people out of poverty between 2001 and 2013. They also helped the region’s middle classes to reconstitute themselves following the “transition recessions” of the 1990s. The report estimates that at least 65 million people in the region have achieved living standards that are broadly consistent with the “global middle class”.

But the report’s title also reflects the fact that these accomplishments are increasingly under threat. With collapsing commodity prices and declining remittances, recession in Russia, and slow economic growth in Europe and much of the rest of the region, income- and employment generation opportunities are shrinking. In many of the region’s poorer countries, more than half of the labour force is working in precarious or informal jobs and are not covered by social protection. Women are particularly vulnerable to these threats, as they are more likely to be outside of the labour force, or to be engaged in agriculture or other precarious work. Labour migrants, Roma and other ethnic minorities, and people living with HIV/AIDS or disabilities, are also facing serious risks.

Ms. Sultanoglu pointed out that, in September 2015, the world’s governments approved the global sustainable development agenda 2030 at the UN in New York. If the Agenda 2030 and the sustainable development goals (SDGs) that underpin them are about one thing, they are about ensuring that “no one is left behind”. She very much hoped that this meeting, and future Istanbul Development Dialogues, can serve as a regional platform for realizing this vision. By listening to our partners in governments and civil society, and through exploring the most recent data, analysis, and programming to address inequalities, UNDP hopes to accelerate the implementation of Agenda 2030 and the SDGs.

**Introductory session (“Setting the stage”)**

Ms. Sultanoglu’s remarks were followed by a short presentation of the draft RHDR (Inequalities in Eastern Europe and Central Asia—Progress at Risk) by UNDP Senior Advisor Mr. Ben Slay. Mr. Slay pointed out that, on the one hand, official data indicate that income inequalities in the region are relatively low, and sometimes also decreasing. Thanks to this, the numbers of people living in poverty (defined via the threshold of $3.10 per day, in purchasing-power-parity terms) fell from an estimated 46 to 5 million (2001-2013), while those vulnerable to poverty (PPP$3.10/day to PPP$10/day) fell from 115 to 70 million (2003-2013). By contrast, “middle classes” (PPP$10/day to PPP$50/day) grew from 33 to 90 million (during 2001-2013).

However, there are many gaps and uncertainties in these data—which may on the whole significantly understake the extent of inequalities in the region. He also argued that these accomplishments are coming under increasing strain, due to declining remittances, recession in Russia, and slow economic growth in Europe and much of the rest of the region. Employment rates in Western parts of region are very low by international standards, and that many of those who are working are doing so in “precarious” or “vulnerable”
employment—data for which are often not fully available. Gaps in the region’s social protection systems seem to be growing, especially for women and children, and for people facing HIV/AIDS and other health threats. The depletion of natural capital—particularly in some of the region’s less wealthy countries, and most often in the form of unsustainable land and water management practices—could also be constraining growth prospects.

In response to these threats, Mr. Slay called for policy reforms, new governance solutions, and better data and indicators on inequalities. These include lower taxes on labour (which seem to be particularly high in the region)—the fiscal effects of which could be offset by reductions in budget subsidies that primarily benefit upper middle-class and wealthy households, and environmentally unsustainable activities (which could also help countries meet their Paris COP 21 climate change pledges). Greater efforts to reduce illicit financial flows going to tax havens could also boost fiscal space.

Mr. Slay’s remarks were followed by a short presentation delivered by Ms. Ipek Ilkkaracan (Istanbul Technical University), on “Caring Labour as a Systemic Source of Inequalities and Purple Economy as a Solution”. Professor Ilkkaracan noted that, among OECD countries, Turkey has by far the lowest rate of access to early child care and pre-school education (social care) services. Not coincidentally, it also has the OECD’s lowest labour force participation rate for working-age women. For most mothers in Turkey, the potential monetary gains from paid work are much lower than the costs of purchasing child care and household services. This results in part from underinvestment in social care services—the government spends just 0.18% of GDP on these services, compared to the OECD average of 0.8%.

Ms. Ilkkaracan estimated that raising Turkey’s early child care and preschool enrolment rate to the OECD average would create some 3.3 million places in preschool programmes, and would generate 719,000 social care jobs, directly and indirectly. This is more than 2.5 times the number of jobs that would be created by devoting the same amount of budget funds to construction/infrastructure projects (290,000). An estimated 84% of the workers hired into these social care jobs would have permanent contracts of unlimited duration (versus 25% in construction); 85% would have social security coverage (compared to 30% in construction). Professor Ilkkaracan argued that most of these social care jobs (73%) would go to women, compared to only 6% in the case of construction spending. Yet in absolute terms, spending in the social care sector would still create nearly 200,000 jobs for men—72% of the total number created for men in the construction scenario. A higher proportion of the construction-generated jobs would go to the unemployed, but in absolute terms more unemployed persons would find jobs in the case of social care expansion. The majority of those receiving jobs would be women previously excluded from the labour market and engaged in domestic work.

Professor Ilkkaracan found that, in both scenarios, incomes increase the most for households in the bottom 40% of Turkey’s income distribution. But when the impact of the expansion of social care services on labour force participation rates is taken into account, investment in social care would have the more durable economic impact. In addition to creating income for those employed in the expanded social care sector, investments in this sector also enable parents (mothers) who would otherwise be occupied with full-time care responsibilities to enter the workforce. A programme targeted at poor mothers of small children could potentially reduce Turkey’s relative poverty rate by 1.14 percentage points, compared to only a 0.35 percentage point decrease in the case of construction. And because investments in social care services produce more and better quality jobs in the formal sector than investment in construction, they are likely to produce higher income and social security tax revenues that minimize the net burden on the state budget. An estimated 75% of the initial outlays required to bring Turkey’s social care spending up to OECD levels would ultimately be recovered through higher tax revenues, compared to only 52% in the case of construction spending. Investments in decent jobs could therefore pay dividends for all concerned.

Mr. Richard Filcak of the Slovak Academy of Sciences spoke about the importance of applying environmental justice methodologies to the links between inequalities and environmental sustainability. In the region, these links were apparent, Mr. Filcak argued, in the fact that members of Roma communities in Central and Southeast Europe—who are generally seen as suffering from various forms of socio-economic exclusion—are more likely to be exposed to environmental risks and threats than their non-Roma neighbours. While
policies to address Roma exclusion have sought to address related environmental injustice issues, Mr. Filcak found that many of these policies required conditions of economic growth in order to be successful—conditions that are often lacking. He also highlighted the importance of longer-run demographic trends, which could undermine much of the progress with Roma inclusion recorded to date.

Ms. Meryem Aslan (Oxfam-Turkey’s country director) then presented Oxfam’s recently released “Economy for the 1%” study. This report found that the richest individuals in possession of half of the world’s wealth had declined in number, from 388 in 2010 to only 62 in 2015. The value of the wealth belonging to these individuals is estimated to have risen by more than half a trillion dollars (45%) during this time, while the value of the wealth belonging to the world’s poorest 50% dropped by more than a trillion dollars. The study also found that, since 2000, the poorest half of the world’s population has received less than 1% of the increase in global wealth, while half of that increase has gone to the top 1%.

In the Davos-style discussion among the panellists and other IDD participants that followed these presentations, commentary focused on the extent to which official data showing relatively low inequality levels in the region were in fact correct, and whether the global trends of increasing inequality also applied to the region as well. The discussion also investigated the feasibility and desirability of the proposed policy measures—particularly in light of the region’s prevailing macroeconomic and political economy trends. A number of meeting participants emphasized the importance of governance reforms to develop or strengthen the institutional capacity needed to more effectively implement policies and programmes to reduce inequalities. Others called attention to the need to ensure that work on the RHDR is underpinned by a robust conceptual framework, able to distinguish between such concepts as (in)equalities and (in)equities, horizontal versus vertical inequalities, inequalities of opportunities versus inequalities of outcomes, and perceptions of (versus actual) inequalities.

**Labour markets, gender inequalities, and social protection**

UNDP regional advisors Ms. Bharati Sadasivam and Ms. Sheila Marnie argued that gender disparities, labour market inequalities, and gaps in social protection systems in the region needed to be considered together. Ms. Marnie suggested that, rather than reducing inequalities, social protection systems in much of the region actually reinforce labour market inequalities. This is because many social protection entitlements are linked to formal employment. Labour market exclusion therefore implies exclusion from social insurance rights. Extensive informal employment also means that governments have difficulties collecting the tax revenues needed to cover social protection measures. This can result in vicious circles in which taxes/social security obligations are raised for fiscal purposes—further reducing formal employment. It can also reduce social protection coverage, especially for those outside formal employment. As a result, many find themselves at risk of social exclusion—particularly for such vulnerable groups as the Roma, youth, people with disabilities, and the like.

Ms. Marnie also argued that, in many respects, it is the inequalities among employed workers that are more important and sometimes more striking. In much of the region, those who are in precarious, informal, low wage, low productivity jobs are often as much at risk of poverty/exclusion as those who are unemployed. In some countries (Armenia, Albania), informal employment reaches 50% of all employment. While much of this is comprised of low-productivity agriculture, in Albania, for example, over 40% of all employment is non-agricultural informal employment. In times of crises, as seen following the 2008-2009 financial crises, the informal sector tends to absorb many workers from the formal sector. By contrast, while public-sector workers mostly enjoy secure positions and access to pensions, their earnings can in fact often be extremely low, sometimes insufficient for a decent living. While workers in the informal sector may not enjoy social protection or a secure job, their earnings may in fact be greater than what they would receive in the formal sector.

Ms. Marnie added that, in Central Asia, labour migration to Russia and Kazakhstan absorbs large numbers of workers. While their remittances help reduce income poverty (and compensate for the lack of
access to social benefits), they also create disparities between remittance-receiving and other households. Moreover, the quality of work done by migrants is poor—work is mostly informal and unprotected, and migrants rarely contribute to social insurance funds (at home or in the destination country). Migration in the Western Balkans is also widespread, but the main destination is Western Europe. Recent reports indicate that workers are increasingly returned to their home countries, creating uncertainty into the future.

Ms. Marnie suggested that long-term efforts to formalize employment should focus on:

- Increasing institutional capacity of the institutions charged with labour market regulation, in order to better enforce legal protections for workers’ rights in the formal sector;
- Abolishing those labour market regulations that can not be credibly enforced by state agencies and drive employment into the informal sector; and
- Increased investment in active labour market policies, vocational education, and other measures to boost worker productivity.

“Getting the overall growth framework right”, and improvements in business and commercial environments are clearly necessary condition for employment growth. However, Ms. Marnie pointed out that these are not sufficient conditions for sustained growth in the numbers of decent jobs. Whole-of-government approaches, in which responsibilities for implementing national employment strategies are clearly assigned to all relevant government bodies needed instead. In practice, however, employment is typically “embraced by everyone, but owned by no one”.

Ms. Marnie concluded by suggesting that policy linkages between labour markets and social protection in the region need to be strengthened. While poorly aligned social policies can reduce incentives for labour market participation and hiring, this should not justify reductions in social protection spending and coverage. Instead, wherever possible, the taxation of labour to fund social benefits needs to be reduced in favour of other funding sources, since it can drive employment into the informal sector. Regulations and taxes that place inordinate burdens on SMEs, or migrants and other vulnerable workers, need to be reconsidered or abolished. Alternative financial sources may include: (i) higher taxes on environmentally unsustainable activities; (ii) reductions in budget subsidies that accrue to the wealthy; and (iii) more aggressive measures to reduce the diversion of budget revenues to tax havens. The region’s prevailing demographic trends indicate that needs to find non-labour sources of budget revenues will sharpen in the future.

Ms. Sadasivam struck a similar note, point out that social protection is also about social services and the care economy. Increased investments in social service provision—particularly terms of care for children, the elderly, and persons with disabilities—can boost participation in labour markets and vocational training programmes, especially for women. UNDP’s 2015 Human Development Report 2015 found that, whereas females spend two hours a day more than males on unpaid work, males spent two hours a day more than females on paid work. While approximately 60% of males’ work is paid, almost 70% of females’ work is unpaid. These differences can go a long way towards explaining differences in incomes, and socio-economic position and status, between women and men.

Discussion in this session was kicked off by Ms. Gordana Matković, Director, Social Policy Studies, Centre for Liberal-Democratic Studies, Belgrade. She underscored the importance of understanding how labour market inequalities contribute to inequalities in incomes and living standards. Since most people live in families/households, some labour market inequalities may be more important for income/living standards inequalities (e.g., precarious/vulnerable employment) than others (e.g., youth unemployment, gender aspects). Ms. Matković emphasized the importance of such labour market institutions as unions, collective bargaining, the regulation of employment contracts, and minimum wage. Such institutions have reduced inequality in wages, but they have been in decline for some decades in the region for some years. (This decline may have contributed to rising income inequalities in some advanced economies.) She also underscored the importance of the quality of education systems for determining labour market inclusion and competitiveness; and of agriculture for determining incomes in rural areas. Ms. Matković argued that reducing taxes on labour is
not enough to reduce informal employment—stronger enforcement of labour legislation is also necessary. She concluded by suggesting the following areas for additional research: (i) the adequacy of social benefits; (ii) social protection with three pillar pension systems; (iii) development of social care services and case workers; (iv) multisectoral (inter-ministerial/departmental) coordination, particularly as concerns databases and information systems; and (v) the links between gender, demographics, labour markets, and income inequalities.

Inequalities, natural capital, indicators, and measurement

Ms. Rodica Nicoara, Deputy Head of Policy Analysis and M&E of the Ministry of Economy in Moldova, opened this session by speaking about “Moldova’s experience with measuring inequalities”. After describing the policy and institutional framework for poverty measurement in Moldova, Ms. Nicoara explained how low and declining levels of income inequality played an important role in helping to significantly reduce (absolute) income poverty during 2005-2014. Despite this progress, significant disparities remain in Moldova, between residents of rural and urban areas, as well as for families with many children. In order to better address these challenges, Ms. Nicoara said that the government was looking to revise Moldova’s absolute poverty line, move towards a multidimensional approach to poverty measurement, and to generate a national set of social inclusion indicators that will be aligned with EU requirements.

Mr. Siarhei Khrushchou, Deputy Minister of Natural Resources and Environment in Belarus, described that country’s “green economy” initiatives. The National Strategy for Sustainable Development, the introduction of “green procurement” processes and other, stronger incentives for companies to adopt environmentally friendly technologies, as well as projects on “Supporting the Transition to a Green Economy” and “Technical Assistance to Support the Development of Green Economy in Belarus”—all this received particular attention.

Mr. Edin Šabanović, Assistant Director of the Agency for Statistics of Bosnia and Herzegovina (BiH), gave a presentation on “Spatial Inequalities in Bosnia and Herzegovina”. This presentation, which was based on the findings of the Regional Disparity Assessments made in 2010 and 2015 (covering 17 regions and 142 municipalities), began with the observation that spatial patterns of inequality between and within countries are connected to several Sustainable Development Goals, including: SDG10 (“reduce inequalities among countries”); SDG1 (“reduce poverty”); SDG8 (“Decent work and economic growth”); SDG3 (“Good health and wellbeing”); and SDG5 (“gender equality”). Unfortunately, data constraints limited the scope of these assessments. The final results of the comparison of the 2010 and 2015 data are expected soon.

Ms. Elena Kukharevich, Deputy Head of Belarus’s National Statistical Committee then offered a Belarusian perspective on inequality indicators and measurement. In its support for the implementation of the National Strategy of Sustainable Socio-Economic Development to 2030, Belarus’s National Statistical Committee monitors both absolute and relative poverty—the latter of which is defined as the share of the population with incomes below 60% of the median (on an equivalized, per-capita basis)—as well as the Gini coefficient. Indicators of material deprivation, education, employment, time use, and environmental security are also monitored on a regular basis. In addition to being important in and of itself, this monitoring should offer important advantages in Belarus’s implementation of the SDGs.

The subsequent discussion highlighted inter alia important differences across the region in the institutional capacity of statistical offices for measuring and monitoring inequalities—particularly as concerns inequalities relating to environmental sustainability. It also raised questions about the extent to which existing national policy frameworks can easily adapt to/be aligned with the SDGs, and about whether national data on income (and other) inequalities actually reflect the actual situation in countries.
Inequalities and health

This session revolved around presentations by Mr. John Macauley (UNDP HIV, health and development analyst) on “Programmatic and policy frameworks to address health equity (SDGs, Health 2020)”, Ms. Esther Werling (UNDP consultant) on “The Social, Economic and Environmental Determinants (SEEDs) of health and health equity”; and Mr. Zlatko Nikoloski (Assistant Professorial Research Fellow at London School of Economics) on “Determinants of self-perceived health and inequities” and “SEEDs of HIV and inequities”. Key points included the following:

- While Agenda 2030 aspires to tackle inequality across all of the 17 SDGs, it focuses explicitly on this via SDG 10 (“reducing inequality within and across countries”) and SDG 3 (“promoting health and wellbeing for all at all ages”). Health 2020, the European policy framework supporting action for health and well-being across government and society, envisions stronger equity as one of its two strategic objectives. Health 2020 has been adopted by all 53 WHO Europe member states in 2012, including all UNDP programming countries in the region. Both agendas provide platforms for UNDP to support whole-of-government and whole-of-society approaches to health inequity and development.

- Across the region, inequities along gender, age, education, income, rural/urban, ethnicity, and other vulnerability criteria modify individual exposure to and the impact of social, economic and environmental determinants of health. This is apparent in the distribution of exposure to SEEDs of health and diseases, access to treatment, as well as in such health outcomes as life expectancies, and trends in non-communicable diseases and communicable diseases.

- Important self-assessment indicators of SEEDs of health and wellbeing (based on the Life in Transition Survey’s 2010 dataset) in the region include Gini coefficients for wealth distribution as well as indicators for transparency and accountability in governance (measured by the Polity IV Index), and social support/community networks.

- Exposure to HIV infection risk, access to HIV prevention, treatment, care and support services as well as health outcomes among people living with HIV in the region show pronounced inequities along socio-economic, gender, sexual orientation, age, and other vulnerability criteria across the region. Transparency and accountability in governance, exposure to violence and effective policing, human rights, discrimination and stigma are key SEEDs of HIV in the region—in addition to access to healthcare, availability of healthcare services, and treatment adherence.

- In order to not to leave anyone behind and ensure effective responses to health inequities (as proxied by life expectancies), policies and programming to address non-communicable diseases (NCDs) and HIV in the region need to adopt multisectoral approaches that take into account the social, economic, and environmental determinants of health (and their associated inequalities).

The ensuing discussion touched on a number of topics, including:

- The economic and social implications of the high burden of premature NCD mortality for labour force supply and care burdens;

- The importance of social protection, financing and governance for health inequity. Besides high out-of-pocket payments, corruption in procurement of medicines and medical products can have severe repercussions for access to treatment. In Ukraine, systemic corruption and inefficiencies in the national health procurement system deprived the country of many life-sustaining medicines during 2014-2015. In response, the Government of Ukraine officially requested UNDP support for the procurement and distribution of a specific range of medicines and related medical products.
• Country level interest and need for support on programmatic action on SEEDs and NCDs were heard from Azerbaijan, Kyrgyzstan, Montenegro, and Kazakhstan during further conversations triggered by the panel discussions.

**Inequalities and inclusive governance**

Ms. Shelley Inglis (UNDP’s Regional Team Leader for Governance and Peacebuilding) opened this session by presenting on the RHDR’s inclusive governance chapter. Following an initial focus on SDG 16 (“Promote just, peaceful and inclusive societies”) and its targets, Ms. Inglis underscored the importance of corruption in the region—particularly as a barrier to quality public service provision. She also highlighted ethnic discrimination (*inter alia* vis-à-vis Roma in Southeast Europe) as a driver of inequalities—which, like corruption, must be addressed by governance reforms. Such horizontal inequalities can fuel or exacerbate the potential for violent conflict that is present in much of the region. In turn, conflicts can deepen inequalities, strengthening vicious circles of inequalities, exclusion, poor governance, and conflict. These challenges often lead citizens to believe that they have only minor influence on what governments actually do—that the significance of their “voice” is limited.

While it can help address these issues, civic engagement itself needs to be bridging and inclusive; otherwise, it can serve as a tool for mobilizing some groups against others. Instead, broad governance reforms to reduce corruption, better protect human and property rights, and reduce the scale of informal economic activities are needed to strengthen the rule of law and address these challenges. Where possible, these reforms should emphasize e-governance, crowd-sourcing, open data, and other innovative approaches to strengthening the work of central and local public administrations, as well as civil and private sector actors. Ms. Inglis concluded by noting that the national implementation of SDG 16 can provide important platforms for promoting these governance reforms.

In the discussion that followed, Mr. Arbi Mazniku, the Deputy Mayor of Tirana, emphasized the importance of making the transition from general guidelines to concrete specifics of governance reforms. Mr. Mazniku described some of the concrete challenges facing public service delivery in Tirana, and how pragmatism and cooperation could in practice be at least as important as first principles. Ms. Sonja Lokar, Executive Director of the Central and East European Network for Gender Issues (in Ljubljana) highlighted the disappointment many citizens felt with the results of the governance reforms introduced since the 1990s. Accession to/integration with the European Union, which had earlier been seen by many as a key driver of reforms and good governance, has instead resulted in wide disenchantment—particularly in the context of the on-going refugee crisis.

**Wednesday, 10 February**

**Open Forum—Partners’ Presentations**

The Istanbul Development Dialogues are intended to serve as a platform for the mutual exchange of information and ideas and policy reforms and good practices/lessons learned in development programming. In this spirit, the second day of the meeting began with presentation by partner organizations concerning their work in addressing inequalities.

Ms. Michaela Bergman, the European Bank for Reconstruction and Development’s Chief Counsellor for Social Issues, began this session with a short presentation on the EBRD’s work to promote gender inequality. The viewing of the “Gender Matters” video was one of the session’s (and meeting’s) high points.
Ms. Gabriele Koehler of Women in Europe for a Common Future described how WECF’s on-going work on gender-sensitive nationally appropriate mitigating actions to address climate change in Georgia is improving household energy security, reducing Georgia’s carbon footprint, and allowing women to spend less time gathering firewood and water, by supporting investments in energy efficiency and renewable energy technologies.

Mr. Žarko Šunderić, Director of the Centre for Social Policy (in Serbia), gave a short presentation on “Subjective Wellbeing in Southeast Europe: The Problem of Trust”. Mr. Šunderić began with a balanced picture of the global literature on inequalities—noting that “There is good and bad inequality, just as there is good and bad cholesterol”. He then explored the relationship between trust, welfare, and inequalities in the Western Balkans, finding that:

- Trust in institutions and the legal system can significantly improve social cohesion, especially at the local level;
- Increases in income have a very small influence on the level of trust; and
- High levels of social mistrust reflect dissatisfaction with social institutions.

Ms. Sonja Lokar the Central and East European Network for Gender Issues (of which she serves as executive director). Starting as an international working group of social democratic women activists during the 1990s, the Network inter alia provided important support to the Stability Pact (now Regional Cooperation Council) for Southeast Europe Gender Task Force during 1999-2009. Its activities have since expanded to Turkey, Arab States, and some African countries; it work now supports the Party of European Socialists and is linked to the European Parliament.

Ms. Ketevan Vashakidze presented public opinion research concerning SDG 16 conducted by the Europe Foundation (Georgia), of which she is president. Key results included:

- High levels of popular support are apparent in Georgia for volunteerism, keeping traditions, and social solidarity;
- Popular acceptance of bribery during 2011-2015 remained low, both among ethnic Georgians and minorities; and
- At present, public opinion in Georgia is much more focused on employment than on other socio-economic and political issues.

Ms. Nigina Abaszadeh (UNFPA Regional Gender Advisor) gave a presentation on the life-course approach to gender inequality in the region. Ms. Abaszadeh noted that, in many countries:

- Gender discrimination starts before birth, in the form of preferences for sons and parental decisions to terminate pregnancies of daughters. UNFPA anticipates significant future gender-wise demographic imbalances in such countries as Albania, Armenia, Azerbaijan, and Georgia.
- In adolescence, gender discrimination can take the form of girls being pressed into early marriages that restrict their subsequent development opportunities and life choices.
- In adulthood and middle age, household decisions about time use and care obligations (for children, the sick, and the elderly) can create disproportionately large burdens for women, limiting their labour force participation and professional development. (The impact of such choices can be exacerbated by pro-natalist policies that encourage women to have children in larger number and sooner than might otherwise be the case.)
- In old age, women face greater poverty risks due to smaller pensions (reflecting fewer years worked and smaller pension fund contributions) and to the fact that, in much of the region, they outlive men by 8-10 years—and are therefore less likely to be able to rely on financial support from a spouse.
Ms. Tamar Khitarishvili presented some of the research produced by the Bard College Levy Economics Institute’s Gender Programme (where she is affiliated as a research scholar). These include:

- The Levy Economics Institute Measure of Economic Well-Being, which augments conventional measures of income distribution by including the value of household production;
- Research showing how household production was used in the United States as a coping strategy during the 2008 economic crisis; and
- The Levy Economics Institute Measure of Time and Income Poverty, which expands the definition of poverty to account not only for income poverty, but also for time deficits due to household responsibilities.

Joanne Bosworth of UNICEF’s Regional Office for Central and Eastern Europe and Central Asia gave a brief presentation on UNICEF’s activities in support of social protection for children in the region. Important points included the following:

- Poverty rates for children as a rule exceed overall poverty rates across the region;
- While almost all countries provide family allowances or child benefits, coverage varies and the adequacy of these benefits is relatively low;
- A relatively small proportion of social protection spending goes to children;
- UNICEF’s regional priorities in social protection include:
  - Expanding coverage, increasing access, and reducing exclusion;
  - Increasing benefit adequacy;
  - Promoting the sustainable financing of social protection systems; and
  - Supporting resilience and humanitarian action

**Inequality corners**

Following the open forum/partners’ presentations session, the plenary broke up into four thematic inequality sessions. Key outcomes from this session were as follows:

**Health and inequalities:**

- Key RHDR messages were well-evidenced and broadly accepted;
- Links to other chapters (e.g., impact of premature deaths and demographics on labour force trends, social protection challenges; corruption, access to healthcare, and health outcomes; etc.);
- The impact of research and evidence on health practitioners and policy-making needs to be examined more closely;
- Prioritizing non-communicable diseases (NCDs): national programming could be expanded; and
- Additional attention could be afforded to the environment and health nexus, health and innovation; migration and health; and gender equality—men and boys in the context of NCDs.

**Labour markets, gender inequalities, and social protection.** This corner revolved around presentations by Professor Ipek Ilkkaracan (of Istanbul Technical University) and Professor Emel Memis of Ankara University. High points of Professor Ilkkaracan’s presentation included the following:

- Unfavourable macroeconomic conditions in the region imply that labour market conditions in many counties are likely to deteriorate further.
- Policy response:
  - Governments need to step in for employment creation (more, better jobs), by prioritizing job creation in fiscal, monetary, and employment policies
  - “Purple economy” paradigm:
• Enabling macroeconomic environment, making best use of available fiscal space
• Invest in universal provision of social care
• Stronger labour market regulation to:
  • protect women, other vulnerable workers from bearing disproportionate shares of the macroeconomic burden, and
  • promote gender-neutral job-market conditions
• Special focus on social needs in rural areas, regions dependent on natural resources

High points of Professor Memis’s presentation (on “Gender gaps in labour force participation and employment in Turkey”) included the following:

• Gender seems to play a significantly large role in explaining differences in education attainment than do either income levels or urban/rural residency.
• The Levy Economics Institute Measure of Time and Income Poverty indicates that Turkey’s national poverty line should be nearly doubled, in order to accurately show the time (as well as money) needed to avoid poverty.
• Time poverty rates are significantly higher for rural men and women than they are for urban men and women. They are also higher for older than younger cohorts. By contrast, time poverty rates between rural men and women and urban men and women do not differ significantly.
• Addressing the interlocking issues of time and consumption poverty requires integrated approaches, dealing with:
  o Creation of decent work conditions—especially for women;
  o Expanded public provisioning of social care services; and
  o Social policies for poverty reduction

Inclusive governance and inequalities. Participants commented that the issues raised and conclusions suggested in the RHDR chapter are nothing new. What is important is leveraging the knowledge that we have to address them. New opportunities have appeared with the SDGs’ focus on equality, and because inequalities can be addressed through governance reform. On the other hand, while many of the chapter’s findings are noble, the recommendations could be wrong if they are based on improper data. While framing responses in terms of the rule of law can help, governance is very political and rule of law is a very broad concept. It is perhaps most relevant in terms of discrimination, human rights, equality before the law, and access to justice issues.

Participants also called attention to differences in governance challenges and opportunities across sub-regions. Whereas the EU accession process continues to drive the governance agenda in the Western Balkans and (to some extent) Georgia, Moldova, and Ukraine, no such influence is apparent in most of the rest of the region. While transition processes have in many countries decentralized power to sub-national institutions, this process has not been without difficulties and may not always be the best solution. While social service quality and access are concerns across the region, local government institutions do not necessarily see their role in providing these services. Responsibilities have often been transferred but without the necessary resources, or professional and capacitated civil service. Participants felt that although resources are often available, the political will to channel them effectively is often missing.

In terms of women’s political participation, participants suggested that a qualitative shift is needed from merely increasing numbers to increasing the power of women in all branches of government.

Ms. Sabine Freizer (UN Women governance and peace and security advisor) explained how gender assessments can help design a targeted response to the challenges posed by the refugee crisis in Southeast Europe. Ms. Freizer argued that governments’ slow reaction time created potential for conflict and deepening inequalities. Data collection challenges made contingency planning difficult, especially since women’s councils and women’s NGOs were not initially involved.
Ms. Heghine Manasyan (CEO of the Caucasus Research Resource Centre—Armenia) discussed the importance of achieving peace through governance. Whereas people want to reconcile their differences, governments sometimes may not. Ms. Manasyan also suggested that conflict can be very conducive to corruption, and that civic engagement, through heightened awareness and increased participation, is needed to bring about change. However, CSO capacities in the region are often low; funding and partnerships with businesses and governments are often missing. On a more optimistic note, the Bosnia and Herzegovina Country Office shared a good experience with creating a social media application for reporting the misuse of public office. This application has been used extensively, and has had an immediate impact on government responses to abuse of office and corrupt activities.

Ms. Dafina Gercheva (UN Resident Coordinator in Moldova) discussed the UN Delivering as One in the context of SDG implementation in Moldova. The results of a 2014 questionnaire showed that people want better social services, decent jobs and a non-corrupt government. This requires responsive, accountable and transparent institutions, quality social services and good quality jobs. The reform needed to create these institutions, services, and jobs in turn require coalitions across different public-, private- and third-sector bodies. However, the “brain drain” is a serious constraint on the implementation of such reforms, as many young people are leaving the country (particularly in the context of an ageing population). Social innovation labs are being used for big data and open data collection and to bridge the data gaps. Behavioural insight methodologies are helpful when social services are being designed.

Participants recommended that UNDP undertake research on the SDG indicators, in order to accelerate the integration of SDG commitments into national priorities. In Uzbekistan, the UN Country Team and the Government have developed a roadmap to address the localisation of the SDG framework. Following an initial funding consultation, UNDAF-aligned thematic working groups (with Government participation) were created, to group the 169 SDG targets into a more manageable 20-30. The Government then made a commitment to this framework in terms of resource allocation and a costing exercise was carried out. This is now being cast in a government resolution. (A similar process is underway in Turkmenistan.) In Albania, UNDP has had positive experience with a governance pilot project, but has likewise faced challenges in identifying targets and indicators.

The corner concluded with the following recommendations:

- Institutional capacity gaps—particularly at sub-national levels—hinder the effective implementation of government policies and potentially exacerbate inequalities. Local authorities often face unfunded mandates in attempting to provide public services. Capacity development efforts need to focus in particular on strengthening monitoring and reporting functions, in order to level the playing field and reduce gaps in service delivery.

- Disconnects within the public administration are often present between the numbers of staff and their skills for the tasks at hand. Processes and procedures are not always clearly defined or streamlined, and vertical and horizontal coordination is often lacking. In order to reduce corruption and improve service delivery and quality, UNDP and its partners need to support government capacities to prioritize, improve coordination mechanisms, and clarify job descriptions and work processes.

- The SDGs and many governance reform principles are generally applicable across the region. However, varying national conditions and priorities need to be taken into account when helping governments to localize the SDGs.

- Capacities to create, collect, disaggregate, monitor, and evaluate data need to be strengthened across the region. Subjective data are particularly important, as they capture the sensitivities and views of the population. The SDGs should be used as a framework to standardize the collection of
data that are disaggregated by gender, age, ethnicity, religion, and other criteria, in order to produce well-targeted action and responses.

- Coalitions between civil society, government, the private sector, and development partners are needed to advance the SDG agenda. Standards for collaboration between NGOs and government, as well as public/private/third sector partnerships, should be set by international organizations. Civil society should be encouraged to investigate and report on relevant issues.

- When it comes to women’s political participation, a qualitative shift is needed from merely increasing numbers to increasing the power of women in all branches of government.

**Inequalities, natural capital, indicators, and measurement.** This corner focused on four issues: (1) the impact of falling commodity prices on the region’s development prospects; (2) the current status of the design of the SDG indicators; (3) issues in measuring environmental, economic, and social sustainability; and (4) how the RHDR chapters on measuring inequalities, and on inequalities and natural capital, should address point (3).

Mr. George Bouma (UNDP regional sustainable development team leader) opened the session by calling attention to the importance of integrating environmental sustainability and inequality analyses and narratives. While UNDP’s 2001 *Sustainability and Equity* Human Development Report took important steps in this direction, nothing similar has been attempted for Eastern Europe and Central Asia. The “inequality and natural capital” chapter of UNDP’s regional human development report, and the broader research agenda surrounding it, constitute such an attempt. In this context, efforts to expand on analyses of the data via the environmental footprint, adjusted net savings, sustainable human development index, and other such indicators merit particular attention.

This was followed by a short presentation by Ms. Vania Etropolska of UNECE’s Statistic Division, who spoke briefly about the negative impact of falling commodity prices on the region’s development prospects, and the current status of the design of the SDG indicators. Regarding the latter, Ms. Etropolska pointed out that, while the final list and content of the official SDG indicators have not yet been formally adopted, the ambition of the SDG agenda and the numbers of SDG indicators likely to be approved will place a premium on national statistical capacity building efforts. The appropriate national prioritization and adaptation of SDG targets and indicators, which seem likely to happen during the course of 2016, will also be extremely important.

Mr. Mihail Peleah (UNDP Green Economy and Employment Specialist) began his presentation on “Measuring Sustainable Development” by contrasting UNDP’s human development index (HDI)—which does not seek to measure environmental, social, or economic sustainability) with related indicators that could be able to do so. These include the HDI adjusted to reflect either environmental sustainability concerns (SHDI) or sustainability concerns along the HDI’s social and economic components (the “affordable” HDI); they also include the environmentally adjusted multi-dimensional poverty index (EMPI). Notwithstanding conceptual challenges associated with these indicators, Mr. Peleah showed that these indicators can indeed be calculated on the basis of existing data—and had first been done so (for the SHDI) in Armenia in 1995. Following the presentation of the SHDI at a side event sponsored by the Armenian government at the “Rio+20” sustainability summit in June 2012, the SHDI also appeared in Montenegro’s 2014 national human development report on resource efficiency.

In the discussion that followed, Mr. Richard Filcak of the Slovak Academy of Sciences mentioned that the European Commission’s efforts to develop and apply a single environmental sustainability indicator that would be accepted by all EU member states had founded on methodological concerns. This did not augur well for the potential application of such an instrument at the global level, vis-à-vis countries with widely different socio-economic, geographic, and demographic (as well as ecological) characteristics. Mr. Ben Slay (UNDP senior advisor) concurred with this assessment—also calling attention to the methodological weaknesses present in the environmental footprint and adjusted net savings indicators. At the same time, the
impact of the desiccation of the Aral Sea, and of the “compound crisis” of energy, water, and food insecurity that continues to affect millions of people in the less wealthy Central Asia countries—people who, generally speaking, are among the poorest and most vulnerable in the region—shows that the mismanagement of the region’s natural capital can deepen and exacerbate the consequences of existing socio-economic inequalities.

**Country case studies and programmatic follow up**

The final IDD 2016 session, which was devoted to national analytical and programmatic initiatives intended to reduce inequalities in the region, began with a presentation by Ms. Leyla Fathi on UNDP-Azerbaijan’s project on “Promoting Rural Women’s Participation in Socio-economic Life”. In its efforts to address gender inequalities in Azerbaijan, the project is creating women’s resource centres in rural areas of four Azerbaijani regions, which support women entrepreneurs and the creation of decent jobs in the non-oil sector. Some 1070 rural women and more than 100 central and local government policy makers have benefited from trainings and seminars conducted under the auspices of this project. The Government’s Committee for Family, Women and Children Affairs is planning to scale up activities developed under the project, which are also supported by the EU, USAID, UNFPA, and UNHCR.

Professor Ayse Bugra of Istanbul’s Bogazici University presented the initial results of country case studies on inequalities in Turkey, which will be featured in UNDP’s RHDR. Using Turkstat and OECD data, Professor Bugra argued that inequalities in Turkey are among the highest among OECD and G20 countries. Within Turkey, many of these inequalities are concentrated in the country’s southern and southern regions. These inequalities appear to have persisted during the past 30 years, despite sharp declines in the shares of the labour force employed in agriculture and significant growth in the numbers of salaried workers. Factors that may explain the persistence of these inequalities include:

- An 8% decline in the share of Turkey’s gross national income that is distributed to labour during 1995-2012 (the largest decline among developing countries in the G20);
- Turkey’s relatively high rates of unemployment and of youth not engaged in employment, education, or training; and
- The relative ineffectiveness of Turkey’s social protection system in reducing poverty and inequalities.

Ms. Envesa Hodzic-Kovac (from the UN Resident Coordinator’s Office in Bosnia and Herzegovina) then presented on “Spatial Development Inequalities in Bosnia and Herzegovina” (in follow up to Mr. Šabanović’s presentation of the previous day). Focusing on trends in 15 equally weighted spatial development indicators for 17 regions and 142 municipalities during the 2010-2014 period, Ms. Hodzic-Kovac found that ten regions experience improvements during this time, while seven did not. (Although Sarajevo was one of the seven, it nonetheless retained its position at the top of the ranking.) On the whole, however, disparities across regions in 2014 were somewhat less than had been the case in 2010. Particularly large reductions in inequalities were noted in terms of access to services. Still, out of 142 municipalities, only 20 (14%) were above the national mean in 2014. Instead of finding isolated “pockets of poverty”, Ms. Hodzic-Kovac pointed to isolated “pockets of economic activity”. These trends support the view that getting back to average pre-war (1990) per-capita GDP levels in BiH will take up to two generations.

Mr. Dumitru Vasilescu (of UNDP-Moldova) have a short presentation on “Urban inequality and poverty in Moldova”. This research (which is intended to support the RHDR) demonstrated how—despite generally low and declining Gini coefficients of income distribution, Moldova faces important inequality challenges. These take the form inter alia of urban/rural disparities, which in turn are driving significant rural-to-urban migration flows. However, in addition to aggravating rural depopulation trends (which are driven by Moldova’s declining, aging population dynamics and significant external migration), these rural-to-urban migration flows

---

4 This Prezi presentation can be accessed at link [https://prezi.com/oxj6z0x9mu9/moldova-urban-inequalities-and-poverty/](https://prezi.com/oxj6z0x9mu9/moldova-urban-inequalities-and-poverty/).
raise questions about poverty and inequalities in urban areas. These concern not only new migrants, but also longer-term residents who may already have concerns about urban infrastructure quality, decent employment opportunities, and the effectiveness of longer-term municipal development planning. Recent survey research confirms the importance of quality housing conditions as a key driver of perceptions of inequalities in urban areas in Moldova.

Ms. Elmira Shishkaraeva (UNDP-Kyrgyzstan) then presented on “Gender inequality and political participation in the Kyrgyz Republic”. This research (which is also intended to support the RHDR) pointed out that UNDP’s work on behalf of gender equality in the Kyrgyz Republic had been developed in a complex context of political and economic instability, weak state governance. Women’s vulnerability was a particular concern during the crises of 2005 and 2010, when it led *inter alia* to the manipulation of politically active women to serve the short-term interests of certain political groups (i.e., the “OBON” phenomenon). As a result of these constraints, some of UNDP’s gender initiatives and projects have been more successful, and sustainable, than others. In particular:

- Support for women’s political empowerment has often focuses primarily on women political leaders (e.g., parliamentarians, managers)—which led to exclusion of majority of women (the leaders sometimes became more important and privileged than those they represented). The lesson learned has been to concentrate on the political rights of women voters—particularly among rural, poor, multi-ethnic and vulnerable communities. At present, the emphasis is increasingly on creating a new political empowerment agenda focusing on inclusive political structures. Efforts to raise awareness of women through different platforms based on broad approaches to political participation are particularly important.

- Efforts to institutionalize gender-based approaches in governance and policy making have at times encountered significant unfavourable internal and external obstacles. Programming in this area has sometimes created additional expectations for the state—which have not always been met.

- The impact of programming to increase economic opportunities for women remains uncertain. While microfinance has many pluses, it can also increase debt burdens for women. Expectations for the development of women’s entrepreneurship without appropriate supporting empowerment programmes may have been exaggerated.

Ms. Yllka Gerdovci (UNDP-Kosovo\(^5\) Inclusive Growth Portfolio Manager) concluded the session by describing gender inequality trends on Kosovo’s labour market. 2012-2014 labour force survey data indicate that women in Kosovo have both lower labour force participation and higher unemployment rates than men—in the labour force in general, and for youth in particular. In response to these challenges, UNDP-Kosovo has developed (or participated in) programming in support of gender-sensitive active labour market policies, capacity development for the Public Employment Service, integrated territorial development, aid for trade, diaspora engagement for economic development, a joint UN programme against domestic and gender-based violence, and labour market reintegration of repatriated persons. In 2015, this programming created 1350 new jobs and improved livelihoods for some 12,000 people—49% of whom were women, and 37% of whom were members of non-majority communities. UNDP support for the Public Employment Service in 2015 helped to:

- double the number of registered job vacancies—to 12,762, from 6,566 in 2014;
- increase the numbers of registered jobseekers to 115,868 (from 87,395 in 2014)—44% of whom were women; and
- increase the numbers of individuals involved in in employment mediation and job placement by 40%, and in vocational training courses by 20%.

---

\(^5\) All references to Kosovo in this document, and during the meeting, were understood to be in the context of UNSCR 1244 (1999).