



► Brazil's G20 Legacy: Tackling poverty, inequality, and financing challenges

November 21, 2024

👤 Kee Beom Kim

This week, leaders of the world's largest economies, representing 85% of the global gross domestic product (GDP), convened in Rio de Janeiro for the G20 Summit. The G20 was founded in 1999 as a forum for finance ministers and central bank governors from 19 countries and the European Union to discuss international economic cooperation and financial stability in the aftermath of various economic and financial crises at the time. The Summit also marked a milestone 25th anniversary for the G20's Finance Track.

There have been numerous achievements under Brazil's G20 Presidency in 2024. In this article, I delve into three: (1) the launch of the Global Alliance against Hunger and Poverty; (2) the mainstreaming of inequality in all G20 working group discussions; and (3) the adoption of a G20 Roadmap towards Better, Bigger, and More Effective Multilateral Development Banks (MDBs).

The Global Alliance Against Hunger and Poverty

At the summit, the G20 officially launched the Global Alliance Against Hunger and Poverty, which aims to address the challenges through a coordinated and multi-stakeholder approach. This alliance arrives at a critical juncture: following setbacks during the COVID-19 pandemic, a renewed push is needed to meet the corresponding Sustainable Development Goals (SDGs). The alliance aims at supporting the estimated 240 million workers worldwide who earn less than \$2.15 per day (in PPP terms). Equally concerning are the "near-poor" workers earning under \$3.65 per day, a threshold of moderate working poverty that almost doubles the number of extreme working poor. With the African Union joining the G20 discussions for the first time under the Brazilian Presidency, poverty and hunger will continue to be critical issues for the G20 in the years to come. As employment constitutes the primary, if not only, income source for most households, including poor households, generating decent employment opportunities is the surest pathway out of poverty.

Putting inequality at the heart of G20

The issue of inequality, a pressing challenge for the G20 (and a driving element of the ILO-led Global Coalition for Social Justice), permeated throughout the different working group discussions. Within the Employment Working Group, for instance, a sub-group on labour income shares reconvened and a set of [G20 policy priorities to reduce Inequalities in the world of work](#) were identified. Meanwhile, within the Finance Track's Framework Working Group, the implications of inequality on macroeconomic performance were discussed extensively. Based on those discussions, and inputs of the ILO and other international organizations, [a menu of policy measures and recommendations to address inequality pressures](#) was endorsed; The Menu notes, in particular, the importance of increasing aggregate demand for quality employment opportunities, which in turn opens up further possibilities for redistributive policies.

This focus on inequality also comes at a pivotal time. The labour share of national income, one measure of inequality, has experienced a long-term decline since at least the 1980s, with a rising share going to owners of capital. That trend has continued from 2004 until now, with the share in G20 economies decreasing by more than two percentage points, equivalent to trillions dollars* (see also [ILO, 2024](#)). Such developments can weaken long-term growth and social cohesion.



A Roadmap towards Better, Bigger, and More Effective Multilateral Development Banks (MDBs)

A central theme of the Summit was global governance reform, particularly the need to modernize and make MDBs more responsive to today's challenges, and leaders endorsed the G20 Roadmap towards Better, Bigger, and More Effective MDBs. The Roadmap is part of efforts to reform MDBs to better incorporate the voice of the Global South., At the heart of the roadmap lies the recognition that development financing needs are immense and reforming MDBs is one avenue to unlock additional financing that can support developing countries. **By one estimate, the gap between the collective resources required to meet the SDGs and the actual financial resources available to these countries (financing gap) is US\$4 trillion annually (UNCTAD, 2023).** This financing gap is both vast and growing – estimated at US\$ 2.5 billion per year just prior to the adoption of the SDGs in 2015. This also echoes the call of the Social Justice coalition to overcome the financial gaps to accelerate progress on the SDGs, particularly SDG8.



Looking Ahead: Brazil's Legacy and South Africa's Presidency

Under Brazil's leadership, the G20 addressed some of the world's most pressing issues with tangible initiatives that reflect a vision for a more equitable, sustainable future. As we look to the next G20 presidency under South Africa, the progress achieved this year strengthens the foundations for further progress on the issues of poverty, inequality, and development financing.

Check out the [ILO's Employment Policy Action Facility here](#).

International Labour Organization
Route des Morillons 4
CH-1211 Geneva 22
Switzerland

T: +41 22 799 7239
E: EPAF@ilo.org