



“Bridging Divides: Evidence-based Policies for Inequality Reduction and Sustainable Development”

AFD-EU International Conference

The EU-AFD Research Facility on Inequalities and its Extension organizes its closing conference, taking place in person (with the possibility of hybrid participation) at the AFD Headquarters in Paris, **the 7th and 8th of October 2025.**

Background and rationale

Low and middle-income countries face a complex dual challenge of reducing persistent inequalities and poverty while simultaneously transitioning to sustainable development pathways. The COVID-19 pandemic has pushed an estimated 97 million additional people into extreme poverty in 2020, while the richest 1% of people in these countries now capture 50% of national incomes on average. These disparities are further reflected in access to essential services, with 759 million people still lacking electricity and 2.2 billion lacking safely managed drinking water. Climate vulnerability compounds these challenges with estimations showing that climate change could force 132 million people into poverty by 2030, as agricultural yields in regions like Sub-Saharan Africa are projected to decline by up to 30% by 2050.

The Pact for the Future signed in September 2024 emphasized the urgent need to address both historical and structural inequalities within and between nations. This comes as a consequence of the acknowledgment that inequality worsened in recent years due to various global crises, and this threatens the achievement of sustainable development goals. Addressing the specific challenges faced by vulnerable populations and low and middle income countries is key to ensure that no one is left behind in the path toward a more just and sustainable future. International cooperation and sustainable development financing, along with the promotion of human rights, need to be strengthened in order to reduce disparities and prevent the deepening of inequalities across borders.

The imperative to address these challenges comes amid a significant shortfall in climate and social finance, with developing countries receiving only \$79.6 billion of the promised \$100 billion annual support by 2020 according to the OECD. Recent initiatives offer potential pathways forward: Indonesia's Just Energy Transition Partnership (\$20 billion commitment), South Africa's \$8.5 billion JETP which aims to support a just transition for coal workers and mining communities, and India's ambitious Pradhan Mantri Ujjwala Yojana program that has provided clean cooking fuel to 80 million households. Brazil's Bolsa Verde program, which combines conditional cash transfers with forest conservation, exemplifies how social protection can be integrated with environmental goals. The G20, under Brazil and South Africa's successive presidencies in 2024 and 2025, has placed these issues at the forefront of the global agenda, with Brazil emphasizing the fight against hunger and poverty

alongside sustainable development reforms, while South Africa has signaled its intention to focus on just energy transitions and reform of multilateral development banks to better serve the Global South.

Meanwhile, innovative financing mechanisms are opening new avenues for funding both environmental and social objectives. These include green bonds (reaching \$269 billion globally in 2020), social impact bonds (with notable examples like India's \$2 million Educate Girls Development Impact Bond and South Africa's \$5.3 million unemployment-focused Impact Bond Innovation Fund), social stock exchanges (like Brazil's recently launched social impact investment platform), and mixed instruments like sustainability-linked bonds that tie interest rates to both environmental and social targets (such as Mexico's \$1.25 billion SDG bond focused on vulnerable municipalities). Debt-for-development swaps, modelled on debt-for-nature swaps like Belize's \$364 million blue bond, are also emerging as tools to create fiscal space for social investments.

The EU, with Global Gateway, also contributes to accelerate the twin green and digital transitions. Global Gateway is a values-based offer to achieve the 2030 Agenda for Sustainable Development, the Paris Agreement, and the Global Biodiversity Framework. It boosts smart, clean, and secure links in the digital, transport, energy, and climate-relevant sectors, and strengthens education, research and health systems and networks. For that, Global Gateway develops investment packages with and for partner countries in a 360-degree approach, leveraging private sector investments in hard infrastructure and nurtures partner countries' economic enabling environment.

While the drive for a just ecological transition is crucial and innovative financing mechanisms are being developed, achieving it is not a given. In a context of rising polarization, the formation of a social pact around this transition is deeply challenging and depends on creating enabling conditions that foster broad public support. This dynamic can take two opposing paths: a virtuous cycle, where inclusive policies enhance legitimacy, equity, and positive societal impacts, building growing public endorsement; or a vicious cycle, where divisive, punitive narratives fuel resistance and polarization, undermining collective action. Without an integrated approach, reactions to these issues could reinforce structurally regressive development responses, deepening inequality and societal rifts. Addressing these challenges holistically is therefore essential to forge a resilient, inclusive path forward.

In the aftermath of the UN's Fourth International Conference on Financing for Development and preceding the 30th session of the Conference of the Parties (COP 30), **this conference aims to set up a discussion on what are the policy actions needed for bold, transformative actions that would ensure inclusivity, economic justice, and equitable access to resources.** The different panels will use concrete examples from studies conducted within the [EU-funded Research Facility on Inequalities and its Extension](#) to identify effective strategies for balancing economic growth, social equity, and environmental sustainability.

Objectives:

The conference will aim to answer the following question:

How can we ensure that social and environmental objectives are realistically reconciled in a just transition and how do we fund it?

In order to do that, the conference will:

- Explore fiscal and social protection strategies that promote inclusive green transitions.
- Examine effective policy approaches that address inequalities while fostering economic growth and decent work.
- Generate actionable recommendations for policymakers to ensure equitable resource access and economic justice.

Format and Structure:

A two-day hybrid public event at the AFD Headquarters in Paris on October 7-8, 2025, featuring:

- Keynote addresses by leading figures in economic and development policy.
- Thematic panels and discussions on social and fiscal policies, sustainable energy transitions, and innovative policy mechanisms.
- Workshops and networking sessions aimed at fostering dialogue and partnerships.

The event will be recorded and replays will be available.

Themes and Sub-Themes:

1. **Social and Fiscal Policies for Inequality Reduction in the Context of Green Transitions**
*Focus: **What** is the fair approach to green transitions in the current policy making context?*
 - The role of social policies in supporting communities impacted by fossil fuel phase-outs.
 - Fiscal policies' balance between equity and efficiency in promoting inclusive green transitions.
 - Case studies: Social protection systems in South Africa and fiscal policies in Indonesia.
2. **Sustainable Energy Transitions and Environmental Policies through an Inequality-Reduction Lens**
*Focus: **How** do we ensure that the green transition is fair?*
 - Green transitions as means to promote social mobility and economic empowerment.
 - Community-owned renewable energy projects as models for equitable development.
 - Case studies: Energy transitions in Colombia and social ownership in Mexico and South Africa.
3. **Innovative Development Policies and Financing Options for Sustainable Futures**
*Focus: **Which next steps** in order to implement and fund fair green transitions?*
 - Leveraging industrial and trade policies for inclusive economic growth.
 - Equitable investment strategies and value-sharing mechanisms in sustainable development.
 - Case studies: Mexico's nearshoring and South Africa's workforce development in renewable industries.

Expected Outcomes:

- A set of policy recommendations and strategic frameworks for addressing inequalities through sustainable development. Building on the different panels, these recommendations will be compiled and shared with participants after the conference. They will also be published on the Research Facility on Inequalities and its Extension website.
- Enhanced collaboration among stakeholders in policy, finance, and academia focused on just and equitable transitions.

- Conference proceedings to guide international stakeholders in addressing social equity within climate resilience policies.

Target Audience:

The conference is tailored for policymakers, academic researchers, financial and development institutions, and practitioners working in inequality reduction, sustainable development, and climate adaptation fields.

Call for papers

A call for papers will be organized based on the following themes:

- Social and Fiscal Policies for Inequality Reduction in the Context of Green Transitions
- Sustainable Energy Transitions and Environmental Policies through an Inequality-Reduction Lens
- Equitable investment strategies and value-sharing mechanisms in sustainable development.
- Innovative tools to address inequality
- Tackling climate change and its implications for intergenerational inequality