



INEQUALITY POLICY MIX TOOLKIT

Full Version

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LIST OF ABBREVIATIONS

ACHPR	African Commission on Human and Peoples' Rights	ODI	Overseas Development Institute
CBO	Community-Based Organization	OECD	Organization for Economic Co-Operation and Development
CCT	Conditional Cash Transfer	OOP	Out-of Pocket
CDF	Comprehensive Development Framework	PB	Participatory Budgeting
CEB	Council of Europe Development Bank	PEKKA	Female-Headed Household Empowerment Program
CEDAW	Convention on the Elimination of All Forms of Discrimination Against Women	PRSP	Poverty Reduction Strategy Paper
CERD	Committee attached to the United Nations Convention for the Elimination of All Forms of Racial Discrimination	RCT	Randomized Control Trial
CT	Cash Transfer	RPS	Red de Protección Social
DFID	Department for International Development of the United Kingdom (now: UK AID)	SAM	Severe Acute Malnutrition
DQ	Developmental Quotient	SCTS	Social Cash Transfer System
ECD	Early childhood development interventions	SDG	Sustainable Development Goal
ECEC	Early Childhood Education and Care	SEWA	Self Employed Women Association
EE	Emerging Economies	TVET	Technical and Vocational Education and Training
EED	Environmental Enteric Dysfunction	UBI	Universal Basic Income
EPPE	Effective Provision of Pre-School Education	UCT	Unconditional Cash Transfer
FAO	Food and Agriculture Organization	UDHR	Universal Declaration of Human Rights
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH	UHC	Universal Health Coverage
GDP	Gross Domestic Product	UN	United Nations
GPECM	Global Programme to Accelerate Action to End Child Marriage	UNDP	United Nations Development Programme
HH	Household	UNESCO	United Nations Educational, Scientific and Cultural Organization
HiAP	Health in All Policies	UNFPA	United Nations Population Fund
IGR	Intrauterine Growth Restriction	UNICEF	United Nations International Children's Emergency Fund
ILO	International Labour Organisation	UNODC	United Nations Office on Drugs and Crime
IMF	International Monetary Fund	UNRISD	United Nations Research Institute for Social Development
LFPS	Low-Fee Private School	WASH	Water, Sanitation and Hygiene
LGBTI	Lesbian, Gay, Bisexual, Transsexual/Transgender and Intersexual	WB	World Bank
LIC	Low-Income Country	WEF	World Economic Forum
LSE	London School of Economics and Political Science	WHO	World Health Organization
MIF	Multidimensional Inequality Framework	WIDE	World Inequality Database on Education
MPI	Multidimensional Poverty Index	YEI	Youth Employment Inventory
NASVI	National Association of Street Vendors of India		
NGO	Non-Governmental Organisation		
NHRI	National Human Rights Institution		
NMW	National Minimum Wage		
NTD	Neglected Tropical Disease		

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1. INTRODUCTION

Over recent decades there has been a general upward trend in economic inequality, and although this trend is not universal, more than two-thirds of the world population live in countries where inequality has increased (Salverda et al., 2014; OECD, 2008; UN, 2019). There is a growing recognition that deep divisions are harmful to societies and that there are equity, welfare and efficiency gains to reducing inequality (OECD, 2015; Berg et al., 2018), and that poverty cannot be addressed in isolation due to a co-relationship between poverty and inequality (Hills et al., 2019). As a result, the attention of many large, influential organisations and policy makers has shifted not just to measuring inequalities but also identifying and implementing the most effective inequality-reduction policies.

A limitation of much of the progress is the fairly narrow view of inequality considered. For example, much of the focus has been on economic inequalities and, to some extent, education and health inequalities. In addition, the central concern is not clearly identified.

Among social scientists there is a growing consensus that the key aspect of interest is the quality of people's lives, something which cannot be measured simply in terms of economic outcomes or subjective measures of well-being (Sen, 1985; 1999). Quality of life is inherently multidimensional – we value many aspects of our lives which together determine its overall quality. It is logical then to view inequality through a multidimensional, quality-of-life perspective. It is important that such an approach is not arbitrary but theoretically grounded, so that both the understanding of well-being is coherent and the treatment of inequalities systematic. This led to the development of the Multidimensional Inequality Framework (MIF), which is grounded in Amartya Sen's capability approach and identifies inequalities in the capability for people to live a good life, one they have reason to value and would choose for themselves (McKnight et al., 2019). Seven key life domains and inequalities in these domains are identified by the MIF.

The COVID-19 pandemic, which emerged during the development of this toolkit, has thrown into sharp relief the need to understand and tackle inequalities, and to do so multi-dimensionally. There are at least three key reasons for this. First, it is clear that the pandemic is affecting people very differently in all countries: there is ample evidence that chances of infection, hospitalisation and, ultimately, death, are highly variable. The pandemic is no great equaliser, but rather highly unequal. Second, these differences are related not only to standard health characteristics such as the presence of other infirmities, although these figure prominently, but include one's income, ethnicity, access to water and sanitation, housing conditions, and diverse factors belonging to other life domains. The impacts of the pandemic and their inequalities can thus only be understood and fought by incorporating a multidimensional perspective. Third, the legacy of the pandemic will shape inequalities in many dimensions for the foreseeable future, including economic inequalities. An agenda to tackle, say, income and wealth inequalities, must more than ever incorporate other life domains if it is to be successful. In sum, the pandemic has highlighted the interconnection of privilege and deprivation across dimensions.

The Inequality Policy Mix Toolkit has been designed to help users develop an informed policy approach to tackling inequalities in low- and middle-income countries. It draws on the MIF and this multidimensional approach is used to identify a series of inequality-reduction policies which address key quality-of-life inequalities. In total, the toolkit contains 16 inequality-reduction policies. The selection process involved identifying an original long list of policies, drawn from the MIF toolkit and based on prior expertise, and then selecting the final 16 policies through a consultation process with experts (including practitioners). Clearly this pragmatic list of policies is not exhaustive.

In the toolkit, policies are organised according to the seven domains of the Multidimensional Inequality Framework and the Sustainable Development Goals (SDGs) of the 2030 Agenda. Each of the 16 policies is reviewed and the toolkit summarises information on inequalities that they seek to reduce, evidence of their effectiveness (based on a review of the literature), potential challenges to introducing the policies and facilitating factors, along with a broad assessment of potential costs.

An important and novel feature of this toolkit is the identification of ‘policy mixes’, which are combinations of policies likely to be more effective than introducing isolated policies. In total four policy mixes are assessed.

The toolkit is structured as follows: *Section 2 describes the Multidimensional Inequality Framework; Section 3 a mapping of the policies to the SDGs and MIF Domains; Section 4 policies review summaries for 16 policies; Section 5 policy mixes.*

A donut chart illustrating the distribution of 1000 participants across six groups. The chart is divided into six colored segments: green (top), teal, orange, yellow, blue, and pink (left). The segments represent the following counts: Green (150), Teal (150), Orange (150), Yellow (150), Blue (150), and Pink (100).

The life and health domain covers the capability to be alive, to enjoy longevity and to live a healthy life. The domain captures differences in mortality risks and key health inequalities across physical and mental health including objective measures of health and individuals own subjective assessment of their health status.



People need to be physically safe and enjoy legal security to live the life they have reason to value. Domain 2 covers the key elements of physical security highlighting absence of physical security (for example, the experience of violence) as well as subjective measures reporting individuals' sense of physical security and safety. This domain also covers inequalities in treatment before the law and within criminal or administrative systems.



Inequalities in the capability to be knowledgeable, to understand and reason, and to have the skills to participate in society are covered in domain 3. The capability to be a knowledgeable learner is both important in its own right but also contributes to capabilities in other spheres of life. Inequalities in education capabilities over the life-course include measures of educational attainment and unequal access to elite education opportunities. The domain also includes measures of critical thinking, awareness of rights and treatment within learning establishments.



Inequality in the capability to achieve financial independence and security, enjoy dignified and fair work, and recognition of unpaid work and care

The capability to be financially secure and enjoy financial independence is a key element of well-being. In addition, economic inequalities shape inequalities in other domains. Measures include income and wealth inequality, poverty and material deprivation, income insecurity and financial resilience, designed to capture advantage as well as disadvantage. This domain also covers aspects of work, such as differences in working conditions and unequal access to the top jobs.



DOMAIN 5 COMFORTABLE, INDEPENDENT AND SECURE LIVING CONDITIONS:

Inequality in the capability to enjoy comfortable, independent and secure living conditions

Inequalities in the capability to enjoy comfortable, independent and secure living conditions are covered in domain 5. *Measures* capture inequalities in the capability to meet basic needs (food, safe water, sanitation and shelter), access to good quality and secure housing, access transport infrastructure, the ability to live in environments that promote dignity and respect, the quality of the local environment, and the ability to enjoy leisure time alongside employment or caring responsibilities.



DOMAIN 6 PARTICIPATION, INFLUENCE AND VOICE:

Inequality in the capability to participate in decision-making, have a voice and influence

The capability to participate in decision-making, have a voice and influence, affects many spheres of life. Different forms of participation covered in this domain, include participation in democratic processes, the ability to join workplace associations and community action groups, as well as involvement in decision-making within the family. It is recognised that it is possible for some individuals to have ‘too much’ influence as well as ‘too little’. The domain includes measures designed to capture evidence of political elites, political revolving doors and corruption.



DOMAIN 7 INDIVIDUAL, FAMILY AND SOCIAL LIFE:

Inequality in the capability to enjoy individual, family and social life, to express yourself and to have self-respect

The capability to enjoy individual, family and social life, to express yourself, have self-respect, avoid loneliness and social isolation is fundamental for people to achieve a good quality of life. The freedom to develop as a person, form intimate relationships and to enjoy equality within these relationships are important aspects of individuals’ personal lives. Inequality measures include perceptions of freedom of choice and control over the way life turns out, ability to practice religion or beliefs without facing hostility. The domain includes inequality measures in relation to loneliness, self-confidence, self-respect and self-esteem.



3. MAPPING OF POLICIES TO SDGS AND MIF DOMAINS

POLICY 1.1:
Universal Health
Care

DOMAIN 1:
Life and
Health

3 GOOD HEALTH
AND WELL-BEING



POLICY 1.2:
WASH

DOMAIN 1:
Life and
Health

6 CLEAN WATER
AND SANITATION



POLICY 2.1:
Equal Access
to Justice

DOMAIN 2:
Physical and
Legal Security

16 PEACE, JUSTICE
AND STRONG
INSTITUTIONS



POLICY 2.2:
'Fast Track'
Services
for the Rich

DOMAIN 2:
Physical and
Legal Security

10 REDUCED
INEQUALITIES



POLICY 3.1:
Basic Education

DOMAIN 3:
Education and
Learning

4 QUALITY
EDUCATION



POLICY 3.2:
Early Years
Education and
Care

DOMAIN 3:
Education and
Learning

4 QUALITY
EDUCATION



POLICY 3.3:
Vocational
Education

DOMAIN 3:
Education and
Learning

4 QUALITY
EDUCATION



POLICY 4.1:
Wealth Taxes

DOMAIN 4:
Financial
Security
and Dignified
Work

10 REDUCED
INEQUALITIES



POLICY 4.2:
Universal Social
Protection

DOMAIN 4:
Financial
Security
and Dignified
Work

10 REDUCED
INEQUALITIES



POLICY 4.3:
Minimum Wages
and LMIs

DOMAIN 4:
Financial
Security
and Dignified
Work



POLICY 5.1:
Malnutrition

DOMAIN 5:
Comfortable,
Independent
and Secure
Living
Conditions



POLICY 5.2:
Slum upgrading

DOMAIN 5:
Comfortable,
Independent
and Secure
Living
Conditions



POLICY 6.1:
Accountability

DOMAIN 6:
Participation,
Influence and
Voice



POLICY 6.2:
Civic Oversight

DOMAIN 6:
Participation,
Influence and
Voice



POLICY 7.1:
Discrimination

DOMAIN 7:
Individual,
family and
social life



POLICY 7.2:
Child Marriage

DOMAIN 7:
Individual,
family and
social life





4. POLICY REVIEWS

Information on each policy reviewed is summarised as follows:

TITLE OF POLICY

Relationship to Inequality and Poverty	Ways in which this policy could be effective at reducing poverty and inequality (double dividend)				
Key Actors	Key actors, such as government, NGOs, etc.				
Level of Intervention	Level of intervention – national, local, etc.				
Domain/SDG	MIF Domain/SDG				
Evidence of Effectiveness	Key points of evidence of effectiveness established from a review of the literature				
Challenges and Facilitating Factors	<table><tr><td>Challenges</td><td>Facilitating Factors</td></tr><tr><td> - Key challenges to introducing the policy and for its effectiveness at reducing inequalities </td><td> - Key factors that are likely to facilitate the success of the policy or aid its introduction </td></tr></table>	Challenges	Facilitating Factors	Key challenges to introducing the policy and for its effectiveness at reducing inequalities	Key factors that are likely to facilitate the success of the policy or aid its introduction
Challenges	Facilitating Factors				
Key challenges to introducing the policy and for its effectiveness at reducing inequalities	Key factors that are likely to facilitate the success of the policy or aid its introduction				
Costs	Broad estimate of cost to government of introducing policy – classified as high/medium/low				

POLICY 1.1 UNIVERSAL HEALTH CARE

Policies that deliver universal, free at the point of use high-quality healthcare, removing all user fees and funded through general public expenditure.

Relationship to Inequality and Poverty	By eliminating user fees and financial constraints to access, free universal healthcare benefits the whole population and increases average health levels, but particularly those of income- and health-poor individuals, and thus reduces health inequality By reducing out-of-pocket expenditures on health, universal healthcare decreases the risk of catastrophic and impoverishing health expenditures, and thus the link between income- and health-poverty Funding a single universal healthcare through general government expenditure can decrease segmentation in the health system, reducing inequalities in health outcomes and access
Key Actors	Government (national and sub-national); potentially, donors too
Level of Intervention	National and sub-national
Domain/SDG	  MIF Domain 1 SDG 3, Target 3.8
Evidence of Effectiveness	Universal health coverage increases average health outcomes, reduces inequality in health outcomes, and decreases social gradients in access to health services The poorer population in poorer countries generally gain the most from universal health coverage, particularly if financed through general government expenditure Health care that is free at the point of service and adapted to users' needs helps guarantee that access is available, affordable and culturally acceptable Public expenditure on health financed through taxes and mandatory contributions are the most effective way of reducing catastrophic and impoverishing health spending (compared to e.g. private health insurance) Universal healthcare is effective in improving maternal, child, and neonatal health and life expectancy

Challenges and Facilitating Factors	Challenges	Facilitating Factors
	• Fiscal: High-quality health services are some of the most expensive policies • Administrative: High-quality health services require extensive training and coordination with different government spheres, health professionals, users, and potentially donors • Political: There is the risk that richer groups will capture public health services, creating top inequalities • Social: Effective and efficient decrease of health inequalities requires addressing the social determinants of health	• Fiscal: Universal health services funded through general public expenditure tend to be cost-efficient, even if they have overall high costs • Political: Broad political movements focusing on guaranteeing social rights can foreground demands for universal health coverage • Social: Transparency, accountability and democracy can improve the governance of health systems and their responsiveness to the population
Costs	Very high (at the very least, 5% of GDP)	

This Policy is part of



POLICY MIX 2 TARGETING CHILDHOOD INEQUALITIES



POLICY MIX 3 SPATIAL INEQUALITIES



Relationship to Inequality and Poverty

- By eliminating user fees and financial constraints to access, **free universal healthcare benefits the whole population and increases average health levels, but particularly those of income- and health-poor individuals, and thus reduces health inequality**
- By reducing out-of-pocket expenditures on health, **universal healthcare decreases the risk of catastrophic and impoverishing health expenditures**, and thus the link between income- and health-poverty
- Funding a single universal healthcare through general government expenditure can decrease segmentation in the health system, reducing inequalities in health outcomes and access

Before discussing healthcare policies, a clarification about health inequalities is in order. Inequalities in the domain of health can be analysed, first, in terms of **health outcomes themselves**. This comprises, amongst others, the proportion of individuals who are able to access high-quality health services and the distribution of health outcomes in a population (e.g. the prevalence and intensity of morbidity amongst individuals). The second relevant aspect refers to the **social gradients of health inequalities**, meaning the extent to which health outcomes (e.g. poor health, non-coverage) map onto relevant socioeconomic characteristics (e.g. rural/urban residence, gender), of which income is particularly important. Whereas health inequalities per se refer to the distribution of desirable and undesirable outcomes, such as the coexistence of large proportions of the population experiencing poor and good health, the associated social gradients refer to, for example, poor health being concentrated amongst lower-income individuals and good health amongst high-income ones. This review focuses on both dimensions of health inequalities, as well as on average levels of health outcomes.

From a capabilities approach, the health domain refers to the capacity of enjoying longevity and living a healthy life, including being treated with dignity in the health system and having access to culturally sensitive treatment. Compatible with this approach, **access to healthcare can be defined as ‘the empowerment of an individual to use health care** and reflects an individual’s capacity to benefit from services given the individual’s circumstances and experiences in relation to the health care system’ (McIntyre et al., 2009: 181). **Access has ‘three dimensions: availability** (or physical access), **affordability** (or financial access), and **acceptability** (or cultural access) [... and] it is the interaction between the dimensions that determines access’ (McIntyre et al., 2009: 184, emphasis added). As such, inequalities in the capability to live a healthy life will be reduced to the extent that the healthcare provided is widely available, affordable, and adapted to individuals’ cultural and personal needs.

In terms of healthcare policies, **it is necessary to distinguish between health coverage per se, or the percentage of the population that is able to access health services, from the means through which such access is financed and guaranteed.** Risk-pooling mechanisms and reliance on pre-paid health spending, as opposed to out-of-pocket (OOP) health expenditures, are strong indicators of progress towards universal healthcare coverage (UHC). This is regardless of coverage being financed through private insurance, social security contributions, or general government expenditure. This latter dimension – the financing mechanism – also has a strong impact on health outcomes, however, particularly on their inequalities. This report focuses on the impacts of providing universal free healthcare funded through general government expenditure, highlighting the effects of coverage per se and the benefits of this form of financing as compared to others (e.g. private health insurance).

Universal access to healthcare, or universal health coverage, extends access to healthcare to the whole population, be it through making services free at the point of use or by providing (state-sponsored) health insurance, granting access to healthcare to individuals who would otherwise be excluded. This thus increases the overall access to healthcare, and hence improves average health outcomes, and it also provides financial protection from health-related expenses to the poor population. As such, there is a clear double dividend in terms of improving general health, but focused on those who are income-poor and would otherwise be health-poorer. As discussed below, however, a health system that is free at the point of use, with no user fees, and funded through general government expenditure, is better able to address health inequalities than other forms of providing UHC, such as occupation-based segmented systems or private-insurance-based ones. UHC, by reducing inequalities in access to healthcare, therefore **improves a population’s overall health outcomes, reduces inequality in health outcomes, and reduces the social gradients of health statuses.**

UHC also reduces the likelihood of negative health conditions leading to financial deprivation, which constitutes another important equalising effect of the policy. Catastrophic health expenditures occur when those affected suffer a large *financial* burden of disease, defined as OOP expenditures on health that surpass a certain threshold of household income (usually 10 to 25%). Impoverishing health expenditures, in turn, are defined as OOP expenditures that push a household below the poverty line (or further down the poverty line). In both cases, it is possible that the resulting financial strain will further aggravate health outcomes, potentially leading to spiral of worsening health- and income-deprivation. Health insurance and other forms of guaranteeing extended coverage to healthcare all tend to reduce the risk of catastrophic and impoverishing health expenditures, as they pool risks and shift spending to pre-payment. This reduces both health inequalities and social gradients of health outcomes. As many of these schemes might have substantial user fees or cost-sharing for certain services, however, **free universal healthcare, eliminating all user fees, is a more effective way of reducing catastrophic and impoverishing health expenditures.**



Evidence of Effectiveness

- **Universal health coverage increases average health outcomes, reduces inequality in health outcomes, and decreases social gradients** in access to health services
- The poorer population in poorer countries generally gain the most from universal health coverage, particularly if financed through general government expenditure
- Health care that is free at the point of service and adapted to users’ needs helps guarantee that access is available, affordable and culturally acceptable
- **Public expenditure on health financed through taxes and mandatory contributions are the most effective way of reducing catastrophic and impoverishing health spending** (compared to e.g. private health insurance)
- **Universal healthcare is effective in improving maternal, child, and neonatal health and life expectancy**

UHC leads to average gains in health outcomes

Although not directly related to health inequalities, it must first be mentioned that UHC is widely documented to increase average health outcomes. For example, broad socioeconomic developments and the expansion of health-

care systems in Latin America over the past 30 years, even if they still face substantial challenges, has been documented to have increased life expectancy; decreased maternal, under-5 and infant mortality; and reduced the burden of so-called neglected tropical diseases, such as malaria (Atun et al., 2015). Similarly, the utilisation of healthcare increased substantially with the removal of user fees in Zambia (Masiye et al., 2010), Uganda and South Africa (Gilson and McIntyre, 2005; Nabyonga et al., 2005), even if there were issues with the expansion of services as discussed below. More generally, using data for 153 countries and with models that attempt to capture causal effects, Moreno-Serra and Smith (2012: 919) have ‘estimated average reductions of 7.9 (95% CI 1.4–14.4) deaths per 1000 children younger than 5 years and 1.3 (0.2–2.5) adult deaths per 1000, in response to a 10% increase in government health spending per head’ – importantly, the authors continue, there were ‘no effects from higher private insurance expenditures [...] and] a higher share of out-of-pocket payments in national health financing has a detrimental effect on adult health – e.g., an extra 11.6 (1.1–22.2) female deaths per 1000 in response to a 10% higher out-of-pocket share.’ Consequently, **UHC, particularly if funded through general government spending, is seen to increase average health results for the whole population.**

UHC mitigates socioeconomic gradients of access to healthcare and health outcomes

Moreover, across a broad spectrum of outcomes, UHC reduces the social gradients of health conditions, both nationally and in an international comparison. Based on cross-country regressions and aggregate health data, it has been estimated that additional government spending on health disproportionately benefits the poor, who are less able

to substitute government-provided health services for other forms of provision (Bidani and Ravallion, 1997; Gupta et al., 2003). Based on data for 70 developing countries, it has been estimated that **additional public health expenditure reduces child mortality twice as much amongst the poor population** (Gupta et al., 2003). With the expansion of healthcare coverage in Latin America during the 2000s, for example, the average increase in skilled antenatal care and birth attendance was driven almost entirely by greater access to the poor (Atun et al., 2015). Peru, for instance, had approximately 50% coverage of skilled antenatal care in 1996, with about 15% coverage for the poorest 20% of the population and 95% for the top 20%, increasing, in 2012, to 90% (average), 80% (bottom 20%) and 100% (top 20%). The decrease of inequalities was even sharper in skilled birth attendances, for which the top 40% of the population in Mexico, Brazil, Peru and Colombia all had near-100% coverage during the late 1990s, with almost all of the gains over the next decade accruing to the bottom 40% (Atun et al., 2015).

There is also evidence that efforts in Brazil and in Mexico to expand healthcare alongside cash transfers to the poor have decreased health gradients in several outcomes (Guanais, 2015; Knaul et al., 2012). With the removal of user fees in primary health facilities in Zambia, it was found that service utilisation rose by 55%, with greater increases in poorest districts (Masiye et al., 2010). Similar results have been found in Uganda, where the removal of user fees increased utilisation across the board, but particularly for poorest individuals, without significant drawbacks (Nabyonga et al., 2005). Conversely, reliance on voluntary health insurance and OOP for healthcare was shown to be substantially re-

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Challenges

- **Fiscal:** High-quality health services are some of the most expensive policies
- **Administrative:** High-quality health services require extensive training and coordination with different government spheres, health professionals, users, and potentially donors
- **Political:** There is the risk that richer groups will capture public health services, creating top inequalities
- **Social:** Effective and efficient decrease of health inequalities requires addressing the social determinants of health

Facilitating Factors

- **Fiscal:** Universal health services funded through general public expenditure tend to be cost-efficient, even if they have overall high costs
- **Political:** Broad political movements focusing on guaranteeing social rights can foreground demands for universal health coverage
- **Social:** Transparency, accountability and democracy can improve the governance of health systems and their responsiveness to the population

gressive in Ghana, Tanzania and South Africa (Macha et al., 2012; Mills et al., 2012), as well as in India (Balarajan et al., 2011), where high levels of OOP exacerbate poverty. In sum, **poor individuals in poor countries stand to gain the most from UHC and the abolition of user fees and cost-sharing mechanisms.**

Government-financing of UHC reduces the risks of catastrophic and impoverishing health expenditures

Regarding the protection it offers against catastrophic and impoverishing health expenditures, a universal system that is free at the point of use, with no user fees, is particularly effective. In this dimension, healthcare coverage per se is an insufficient indicator of a population's protection from health-induced financial catastrophe or impoverishment, as cost-sharing forms of insurance, user fees and other effective restrictions to access might still prevail amongst the covered population. Evidence indicates that overall health spending as a percentage of GDP does not decrease the risk of catastrophic health expenditure, but rather that the funding mechanisms are key in this regard (Wagstaff et al., 2018). Specifically, using data from 133 countries, **health expenditure channelled through the government, particularly through general spending and not linked to social security, was found to be the most effective protection against catastrophic health expenditures**, whilst 'no evidence was found to suggest that health spending channelled through private insurance and non-profit institutions provides financial protection' (Wagstaff et al., 2018: 177).

Indeed, in the case of Zambia it was found that greater access to health insurance has increased the risk of catastrophic health expenditure (Ekman, 2007). In China, in turn, a massive expansion of health-insurance coverage – from 15% in 2000 to 96% in 2011 – has not provided protection from health-related financial risks, as in 2008 the rate of catastrophic health expenditure was 13.0% and that of impoverishing was 7.5% (Li et al., 2012). Evidence for Latin America also shows that the countries in the region that have higher coverage rates and less fragmented systems, hence approaching the model of a universal system funded through general government spending, display lower incidence of catastrophic health expenditures (Atun et al., 2015). As such, **the abolition of user fees and universal healthcare systems are better positioned to break the reinforcing link between income- and health-poverty and to protect households from financial strain due to illness.**

UHC improves female, infant and neonatal health and equity

UHC is also effective to improve maternal, child and neonatal health and life expectancy, particularly for the poor population. Given that **women are often the ones most responsible for their families' health, but have fewer resources at their disposal, the elimination of user fees is particularly important** in improving not only female health, but that of entire households (Quick et al., 2014).

Moreover, given that unequal access to health care influences gender gaps in health outcomes across the whole lifecycle, free UHC is the model best capable of delivering the necessary services and treatment in an integrated manner. In this vein, infant and perinatal mortality rates are shown to have fallen with greater public spending on health (Bidani and Ravallion, 1997; Gupta et al., 2003), whilst improving health coverage has raised dramatically the percentage of births attended by skilled personnel and adequate antenatal care in Latin America, with most gains falling to the poorer groups in the population (Atun et al., 2015). In Brazil, for example, there has been substantial progress over the past decade in improving the coverage and reducing the inequality of reproductive, antenatal, and delivery indicators, in spite of enduring challenges to female and infant health. In this process, the expansion of public healthcare played a major, if by no means exclusive role, particularly through programmes aiming at poor regions and populations, whilst other socio-economic changes also contributed (Victora et al., 2011). There is also evidence that, in Afghanistan, Mexico, Rwanda and Thailand, a commitment to UHC has led to improved female health outcomes and lower inequality, including in issues such as reproductive health, family planning, and income gradients in access to health services for women (Quick et al., 2014). In turn, **a higher share of OOP for health services was shown to be particularly damaging to women's health across the world**, for example by reducing female life expectancy (Moreno-Serra and Smith, 2012).

UHC is costly, but cost-efficient

A key challenge to the implementation of a universal health system funded through general government spending is its cost (Bloom et al., 2018b). McIntyre et al. (2017) highlight that relative government spending targets (i.e. a target for an overall share of government spending to be on health) are hard to implement, as they reduce the budget autonomy of decision-makers. Absolute values (e.g. dollars spent on health per head) by themselves, in turn, focus on meeting basic needs but do not aim at universal coverage. The authors argue, instead, for a double target: a minimum percentage of GDP spent on health by the government combined to absolute per capita expenditures. Investigating the resources needed to meet a series of targets – including limiting OOP for health, having high rates of skilled birth attendance and antenatal care, reaching an adequate number of health professional per head and so on – they argue that **at least 5% of GDP needs to be spent on health, whilst also focusing on reaching an absolute expenditure of \$86 per head** (McIntyre et al., 2017). These are, however, *floors*: other studies have suggested that around 7 to 8% of GDP is necessary in Swaziland (Mathauer et al., 2008) and Lesotho (Mathauer et al., 2007), and 6% in South Africa (McIntyre and Ataguba, 2012).

Although to reach these targets low-income countries are expected to continue to have to rely on foreign resources to meet financial obligations regarding healthcare – e.g. external funds have represented roughly half to two-thirds

of overall health spending in Tanzania, Malawi, and Mozambique (Moreno-Serra and Smith, 2012) – how these funds are channelled makes a difference. The main issue in this regard is to **establish governance mechanisms that prevent a trade-off arising between foreign resources and government spending on healthcare**, creating, on the other hand, complementarities. Moreno-Serra and Smith (2012: 919) find that doubling health aid per head reduces infant mortality on average by 2%, but caution that ‘health aid to governments tends to reduce domestic government health expenditures, whereas aid targeted at the non-governmental sector is associated with a rise in domestic public spending on health’.

Nevertheless, in light of the evidence presented in the previous section, the **returns to investments in a universal healthcare system can be high** (Bloom et al., 2018b). As health outcomes are expected to improve across the board, particularly for the more deprived sections of the population, this can lead to gains in labour productivity (Bloom et al., 2018a). With a more productive workforce, faster economic growth is expected to follow, thus financing the initial investment through higher government revenue. In this context, the protection from health-related financial strain – particularly weakening the link between health- and income-poverty, by decreasing the risks of impoverishing health expenditures – is especially relevant from the government’s perspective (Wagstaff et al., 2018).

Segmentation of healthcare, even in high-coverage systems, is another challenge that reduces cost-efficiency and the impact on inequality (Cotlear et al., 2015; Mills et al., 2012; Paim et al., 2011; Santoro Lamelas, 2020). Even in situations of high coverage, access to healthcare might be strongly segmented in terms of quality, fees and availability, depending on the overall system of providing health services. This might happen, for example, if a universal health service coexists with a large private system (e.g. in Brazil), if access to public healthcare occurs through different occupation-based systems attached to formal employment (e.g. in Argentina), or if coverage is strongly based on private insurance (e.g. in South Africa). Whilst preferable than a low-coverage system, segmented healthcare nevertheless drives inequalities in terms of quality, effective access, and health-related financial risks, all with strong economic gradients. In order to mitigate segmentation, the funding of healthcare is particularly relevant: having UHC is not sufficient in this regard. On the other hand, **a universal system funded through general government expenditure** – as opposed to earmarked funds linked to employment, such as social security contributions – **works towards guaranteeing equitable access proportionate to individual needs, unconditional on socioeconomic status**. Not only does this potentially increase the cost-efficiency of the system, improving health outcomes for all, but it also stands to benefit the poorest the most, providing a double dividend in terms of health inequalities and poverty (Bloom et al., 2018b; Frenk, 2015; Mills et al., 2012).

It should be noted, in this regard, **that a centralised health-care system does not need to be monolithic**, as suggested by Kumar et al. (2011). The authors’ proposal for India, for example, is for a centrally funded, single-payer system in which ‘the state would enlist public and private providers of allopathic and non-allopathic systems of medicine, establish uniform national standards for payment, and regulate quality and cost by use of appropriate information technologies’ (Kumar et al., 2011: 676). The variety of treatments, whilst still subject to quality control and enjoying the efficiency and effectiveness of single-payer systems, would thus work towards meeting the broader definition of access discussed above (McIntyre et al., 2009), which requires giving individuals the capability to access culturally sensitive, high-quality treatment.

UHC must be combined to other initiatives addressing the socioeconomic determinants of health

A key challenge that exists to improve health outcomes and equity in general is that **there are severe socioeconomic determinants of health, which must be addressed in tandem to other interventions such as UHC** (Andrade et al., 2015; Bloom et al., 2018b; Marmot and Wilkinson, 2005). The literature on the so-called social determinants of health and health equity indicates, for example, that around half of the determinants of the health status of populations might be related to social determinants – such as living or not in healthy environments and supportive communities, having good quality employment or not, and, to a large extent, inequalities in income and wealth (Marmot and Allen, 2014). Even in European and other developed countries, with advanced healthcare systems and wide coverage, social gradients in access to health services are noticeable – especially for specialist care – and these inequalities are reinforced when private insurance or private care options are in place (Doorslaer et al., 2004; Doorslaer et al., 2006). Importantly, rather than relegate UHC to a secondary concern, this implies **the need to address healthcare coverage alongside other determinants of health statuses**, in order to maximise the effects of each intervention. As summed up by Marmot and Allen (2014: 517), ‘universal access to high quality care and a focus on equitable outcomes, then, is central to challenging health inequities. So too is challenging inequities in social conditions which lead to health inequalities.’

The path to UHC should benefit poor groups the most at all steps

Another challenge confronting the expansion of healthcare coverage is how **to ensure that, over the course of reaching UHC, inequalities are not increased**. Effectively, this means aiming that the poorer or more deprived population will benefit the most with each step of increasing coverage. Gwatkin and Ergo (2011) indicate that there is ample evidence that many schemes aiming at providing UHC have a ‘trickle-down’ pattern, in which access is first guaranteed to the rich and only towards the final stages, if they are reached, are the poor covered. Many countries run the

risk of thus going from a situation of mass deprivation to one of marginal exclusion. As a solution to this problem, the authors highlight the cases of Mexico and Brazil, which have (amongst other initiatives) expanded access through programmes that, though universal in aspiration, focus on increasing the coverage of disadvantaged groups (Brazil's Family Health Programme and Mexico's Popular Insurance initiative; this is not to deny the inequalities in both systems, some of which are discussed below, but to highlight positive initiatives). The authors call this approach 'progressive universalism', based on 'a determination to ensure that people who are poor gain at least as much as those who are better off at every step of the way toward universal coverage, rather than having to wait and catch up as that goal is eventually approached' (Gwatkin and Ergo, 2011: 2161). In a similar vein, Gilson and McIntyre (2005), though keen proponents of eliminating user fees,¹ highlight the need to plan their removal carefully, so as not overburden the system or effectively guarantee utilisation only to richer individuals.

UHC can be captured by wealthy individuals, creating top inequalities

Related to the risk that the expansion of healthcare coverage might first benefit richer groups, there is the **challenge of preventing wealthier individuals from capturing the benefits of the system** (Ferraz, 2018). In a context of the right to universal healthcare amidst scarce public resources, it is possible that individuals or groups are able to hoard *effective* access to the system, thus re-creating inequalities. This has been widely documented in the case of Brazil, which has got a universal healthcare system but where access to particular interventions (usually expensive drugs) is often judicialised (Ferraz, 2009). Certain individuals, who as a rule are already privileged in socioeconomic and health indicators, thus get access to further healthcare by virtue of them being able to access the judicial system, whilst other segments of the healthcare system remain underfunded. Although the expansion of healthcare in Brazil has led to substantial improvements in health and health equity (Atun et al., 2015; Guanais, 2015; Gwatkin and Ergo, 2011; Paim et al., 2011; Vitoria et al., 2011), in its interaction with other social inequalities it has also reproduced privilege at the very top, leading to some groups having *too much* healthcare in relative terms.

The expansion of healthcare coverage needs to coordinate several actors and it can leverage political movements fighting for social rights

The **size, scale, and number of different actors involved in a healthcare system presents another challenge for its expansion**, which requires large-scale coordination between several groups. In the first instance, this regards basic

supply-side constraints which can be a major challenge in low-income countries, **such as the lack of skilled health professionals**, and requires long-term planning to deliver training and recruitment in the necessary quantity and quality (Bloom et al., 2018b). Even when there are employed healthcare professionals, **absenteeism is also often a problem**: Chaudhury et al. (2006), for example, found that roughly a third of healthcare professionals were absent in Bangladesh, India, Indonesia, Peru and Uganda. Without trained, motivated and present professionals, the quality of healthcare provided is severely curtailed, particularly in poorer and less connected regions, thus re-creating inequalities in health capabilities.

Beyond this, but still related, it is necessary to coordinate the actors involved, including the beneficiaries of the system. Gilson and McIntyre (2005) relate, for example, how the removal of user fees in South Africa and in Uganda did increase utilisation, but created strains at several points of the system – e.g. health workers were not adequately informed of the changes and thus could not cope with them adequately, staff workload increased leading to a loss of morale, and drug supplies were not duly planned. Conversely, the authors suggest how a system with leadership centred on a single government unit 'to champion the policy as well as ensuring a focus of accountability for implementation', with clear channels of communication and monitoring, and adequate planning for supplies, can direct the expansion of free UHC with a general sense of ownership by the population and all parties involved (Gilson and McIntyre, 2005: 764).

Even more broadly, the expansion of healthcare can be bolstered by large political movements focusing on securing social rights (Atun et al., 2015; Santoro Lamelas, 2020). Latin American countries, for example, have been able to transform their healthcare systems largely in the wake of re-democratisation, which in many instances foregrounded UHC as a right and created the political conditions for expanding coverage (Cotlear et al., 2015). Thailand had a rather unique path, which involved forceful political commitment by the government to reach universal coverage alongside strong pressure and input from technocrats and healthcare professionals (Tangcharoensathien et al., 2019). In general, it has been widely documented how universal services are generally of better quality, and have stronger and wider groups defending them, than fragmented or targeted systems, making them more resilient than others (Kabeer, 2014). Therefore, **if there are political challenges to the implementation of UHC, there are also strong political facilitating factors**, particularly once the systems are in place and wide sections of the population benefit from them and hence are likely to defend them. As Frenk (2015: 1357) put it, 'in a positive-feedback loop, the democratisation of health contributes to the health of democracies'.

1 In their words, 'User fees are the most regressive form of healthcare financing available; they contribute to the unaffordable cost burdens imposed on poor households; and they represent one facet of the social exclusion experienced by these households' (Gilson and McIntyre 2005: 762).

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POLICY 1.2 WASH

Policies related to increasing service coverage of clean water supply and sanitation systems, promoting better hygiene practices, improving water quality and guaranteeing affordability of water and sanitation services for people living in poverty, especially in rural areas.

Relationship to Inequality and Poverty	Lack of adequate water, sanitation and hygiene (WASH) conditions are key drivers of poor health conditions for people living in poverty and in rural areas Reducing WASH-poverty decreases the incidence of a series of diseases, including many neglected tropical diseases (NTDs), diarrhoea and environmental enteric dysfunction, which affect children in particular and especially those in poor households Reducing WASH-poverty reduces the likelihood of childhood stunting, which mostly affects poor households Better WASH conditions have broader socioeconomic gains, including security, time-savings and dignity, with large gains for women and girls Successful WASH interventions can reduce the intergenerational transmission of poverty and inequalities, in the health and other domains
Key Actors	Government (national and sub-national); donors
Level of Intervention	National and especially sub-national
Domain/SDG	  MIF Domain 1 SDG 6, Targets 6.1 and 6.2
Evidence of Effectiveness	The poor and those in rural areas are the most deprived of adequate WASH conditions WASH-poverty might account for up to 6.6% of the global burden of disease, concentrated in children in poor countries Handwashing reduces the risk of diarrhoeal disease by around 30%-40% WASH interventions can successfully reduce the incidence of NTDs (such as <i>Ascaris lumbricoides</i>, <i>Trichuris trichiura</i>, hookworm, and trachoma) Reducing WASH-poverty reduces maternal mortality, improves the education of children (especially girls), saves time that is redirected to productive activities, and generates cash income that is spent on food

Challenges and Facilitating Factors	Challenges	Facilitating Factors
	• Fiscal: The more effective forms of WASH interventions are costly • Administrative: Requires effective coordination of different sectors and scales of intervention • Social: Changes in hygiene practices can be individually costly in low-income spaces with deficient infrastructure • Social: Hygiene habits are hard to change and require repeated, sustained interventions • Cultural: WASH conditions need to be culturally adequate (e.g. deliver water considered palatable by consumers)	• Administrative: Community participation, especially of women, can raise effectiveness and develop solutions that are culturally more appropriate • Administrative: Extended and frequent contact with healthcare professionals improves hygiene interventions • Social: Interventions that have low-cost for the users (e.g. household-level access to safe, reliable, adequate water) have higher uptake • Cultural: Developing interventions that are adequate to local practices increases adherence
Costs	From low to high, depending on the implementation of 'basic' or 'transformational' WASH	

This Policy is part of



POLICY MIX 2 TARGETING CHILDHOOD INEQUALITIES



Relationship to Inequality and Poverty

- **Lack of adequate water, sanitation and hygiene (WASH) conditions are key drivers of poor health conditions for people living in poverty and in rural areas**
- **Reducing WASH-poverty decreases the incidence of a series of diseases, including many neglected tropical diseases (NTDs)**, diarrhoea and environmental enteric dysfunction, which affect children in particular and especially those in poor households
- **Reducing WASH-poverty reduces the likelihood of childhood stunting**, which mostly affects poor households
- **Better WASH conditions have broader socioeconomic gains**, including security, time-savings and dignity, with large gains for women and girls
- **Successful WASH interventions can reduce the intergenerational transmission of poverty and inequalities**, in the health and other domains

WASH conditions are drivers of health status

Having adequate access to clean, safe and reliable water supply, being served by efficacious sanitation systems, and having good hygiene practices (involving both adequate habits and the necessary material conditions to perform them) are widely recognised as key drivers of health and other socioeconomic outcomes (e.g., Cumming and Cairncross, 2016; Dreifelbis et al., 2013; Freeman et al., 2014; Ngure et al., 2014; Stocks et al., 2014). Collectively known as WASH (WATER, Sanitation and Hygiene) conditions, there is ample evidence that large groups are deprived of them, particularly the poor and those living in rural areas (Cumming and Cairncross, 2016; Curtis et al., 2011; Troeger et al., 2018), and that this is a dimension amenable to policy intervention. Therefore, adequately designed WASH interventions can have a double dividend reducing deprivation and inequalities, with positive influences that extend beyond the domain of health (Bisung and Elliott, 2018; Curtis et al., 2011; Ruel and Alderman, 2013; Wutich and Ragsdale, 2008). Indeed, the **‘promotion of safe hygiene is the single most cost-effective means of preventing infectious disease’**, whose burden falls mostly on poor households (Curtis et al., 2011: 312, emphasis added).

From WASH conditions to WASH-security

From a capabilities perspective, the broader notion of water security, which can be expanded to WASH conditions, can be defined as ‘sufficient access by all people, at all times, to adequate water for an active and healthy lifestyle’ (Wutich and Ragsdale, 2008: 2117). Reducing inequali-

ties in this capability thus means **to ensure all individuals have the capacity of meeting their WASH needs, which include biological guidelines** (such as daily volumes of water, cleanliness conditions and so on), **cultural or lifestyle dimensions** (as the choice of lifestyle will, for example, determine one’s need for water), and the **social and economic conditions** surrounding access to these goods, services and practices – including information about hygiene, affordability of water, cultural norms surrounding gendered use of lavatories and related issues (Bisung and Elliott, 2018; Wutich and Ragsdale, 2008). As such, the policies covered in this review approach WASH conditions as determined by material, socioeconomic and cultural factors, and we assess their capacity of reducing inequalities and deprivation in individuals’ capability of pursuing healthy lifestyles.

Improved WASH conditions reduce diarrhoea, NTDs and other negative health conditions

The connections between reducing WASH-poverty and improving health capabilities can be classified into four channels. First, they decrease the incidence of a series of diseases and negative health conditions, including many neglected tropical diseases (NTDs) (Freeman et al., 2013; Freeman et al., 2014; Grimes et al., 2015; Stocks et al., 2014). **WASH conditions are a key determinant of the transmission of infectious diseases, especially diarrhoeal diseases and environmental enteric dysfunction** (which, as explained below, affects nutrition), that are particularly dangerous for young children. On the side of NTDs, improved WASH conditions have been linked to strategies for combatting key morbidities, such as trachoma, schistosomiasis, soil-transmitted helminthiasis, Guinea worm, lymphatic filariasis, dengue and onchocerciasis. WASH conditions have also been linked to maternal mortality rates during pregnancy, delivery or afterwards (Benova et al., 2014). The transmission channels for these diseases involve the direct use of contaminated water, but more often also include poor hygiene and sanitation conditions. Faecal-to-oral contamination is of particular concern (from both human and animal faeces) here,² the prevention of which involves the sanitary disposal of faeces (of children, adults and animals) and adequate hygiene habits, particularly hand-washing with soap at critical moments (e.g. after defecating, tending to babies, and before eating).

WASH-poverty is a driver of childhood stunting

Second, and partially as an effect of the first point, WASH-poverty is a cause of childhood stunting (Cumming and Cairncross, 2016; Dey et al., 2019; Ngure et al., 2014; Rah et al., 2015). Exposure to poor WASH conditions at an early age, particularly until three years of life, can have detrimental effects on childhood development with long-term implications. Diarrhoea is a major concern here, as it is a

2 For example, ‘it was estimated that ingestion of homestead soil amounts to *E. coli* intake similar to or greater than that from untreated drinking water, and that *E. coli* intake from ingestion of chicken faeces is 4000 times greater than that from either untreated drinking water or soil’ (Ngure et al., 2014: 122).

leading cause of child mortality and morbidity, but there are other factors. In particular, **environmental enteric dysfunction is considered a key factor leading to stunting**, and, as explained above, it is largely due to WASH-poverty.³ As a result, **WASH conditions are a key driver of undernutrition for children (and adults)**, as they affect ‘food “availability”, through water as a resource for agricultural production; food “access”, through household income diverted from food by the cost of obtaining water and ensuring adequate sanitation; food “stability”, through the economic shock of treating related infectious disease or associated inability to work; and lastly food “utilization”, through the effect of WASH-related enteric infections on the body’s ability to utilize the available nutrients’ (Cumming and Cairncross, 2016: 91–92).

WASH gains induce broader socioeconomic benefits, particularly for women and girls

Third, better WASH conditions improve capabilities not only through these epidemiological channels, but also promote a series of socioeconomic gains beyond the health domain that are particularly relevant for the poor, those in living in rural areas, and women (Anthonj et al., 2018; Bisung and Elliott, 2018; Wutich and Ragsdale, 2008). As summarised by Cumming and Cairncross (2016: 96), ‘water supply affects nutritional status [also via] the high cost paid for water by the poorest – and the poor pay for water at by far the highest cost – which leaves them with insufficient funds for an adequate diet.’ **Reliable and affordable access to water can lead to time-savings for family members** – particularly women and girls who are usually tasked with acquiring water from potentially distant sites – that can be redirected to productive activities and education. It also leads to direct **financial gains for the poor**, by providing cheaper access to water. Combined to general links connecting improved health capabilities and reduced risks of monetary poverty (see the Policy 1.1), these channels help **break the link between health- and income-poverty**. Other benefits of improved WASH conditions include increased school attendance for pubertal girls, if there are single-sex and usable sanitation facilities, and gains in terms of dignity, convenience and safety for women and girls, who need not travel to use shared sanitation facilities (Cumming and Cairncross, 2016; Russell and Azzopardi, 2019).

Reducing WASH-poverty reduces intergenerational multidimensional poverty and inequality

Fourth, and as a combined effect of the previous three points, reducing WASH-poverty decreases the intergenerational transmission of inequalities (Ngure et al., 2014; Pickering et al., 2019b; Russell and Azzopardi, 2019). It is now

widely recognised that early childhood development can have long-lasting effects on adult health and development, potentially locking individuals into health- and income-poverty traps, with the conditions of girls being particularly important for later-year and next-generation outcomes (Engle et al., 2007; Grantham-McGregor et al., 2007; Walker et al., 2007). WASH interventions can be effective tools to address this, particularly if implemented alongside other policies. By reducing childhood stunting and undernutrition, by improving educational outcomes of girls, by freeing up time for mothers and for other members of the household that can be redirected to productive activities, by reducing the financial burden of households, and by improving overall health capabilities, especially of children, **WASH interventions can be effective tools to address the intergenerational transmission of poverty and inequalities, providing a dynamic double dividend**. In order to maximise this potential, it is important to focus WASH interventions on early childhood.



Evidence of Effectiveness

- The poor and those in rural areas are the most deprived of adequate WASH conditions
- **WASH-poverty might account for up to 6.6% of the global burden of disease**, concentrated in children in poor countries
- Handwashing reduces the risk of diarrhoeal disease by around 30%–40%
- **WASH interventions can successfully reduce the incidence of NTDs** (such as *Ascaris lumbricoides*, *Trichuris trichiura*, hookworm, and trachoma)
- **Reducing WASH-poverty reduces maternal mortality, improves the education of children (especially girls), saves time that is redirected to productive activities, and generates cash income that is spent on food**

WASH conditions are strongly associated to health outcomes

Inadequate WASH conditions are one the key sources of morbidity and mortality, particularly in low-income countries (LICs). At the lower-end, it has been estimated that WASH conditions are responsible for over 800,000 yearly deaths, equivalent to 1.5% of the total global burden of disease, or 5.5% of the burden of disease for young children as they are the ones most affected (Cumming and Cairncross, 2016). Other studies suggest that diarrhoea and enteric infection – conditions particularly associated to WASH –

3 ‘The adverse effects of poor WASH on undernutrition might be partially mediated through diarrhoea, but primarily through environmental enteric dysfunction. This dysfunction is a subclinical condition of the small intestine characterised by permeability, malabsorption, and systemic and gut inflammation; environmental enteric dysfunction is nearly ubiquitous among people living in impoverished, unsanitary conditions in low-income and middle-income countries’ (Pickering et al., 2019b: 1139).

might be severely underestimated (Troeger et al., 2018),⁴ and that **WASH-poverty might account for up to 6.6% of the total burden of disease, concentrated in children in poor countries** (Ngure et al., 2014). It is also estimated that the broad range of diarrhoeal disease is the fourth-highest cause of global disability and, at the higher-end of the estimates, that nearly 10% of global deaths might be prevented through improved WASH conditions (Cumming and Cairncross, 2016). Focusing on under-five children, diarrhoea is the second-leading cause of death worldwide, whilst **WASH-poverty accounts for approximately 19% of child deaths in LICs** (Dey et al., 2019). Despite the wide range of available estimates, it is nevertheless clear that negative health conditions preventable through improved WASH conditions are one of the highest causes of morbidity and mortality, especially amongst children in low-income countries.

The coverage of adequate WASH conditions is low globally, especially for the poor and those in rural regions

A large share of the world's population, particularly the poor and those in rural regions, are not covered by adequate water and sanitation services. Recent estimates indicate that over a third of the world's population does not have household-level access to safe, reliable and acceptable sources of water and sanitation (i.e. they are water- and sanitation-insecure), with the largest – but by no means exclusive – deficits in sub-Saharan Africa and South Asia (Cumming and Cairncross, 2016: 93). Sub-nationally, 2012 estimates indicate that **rural regions had 500 million people without access to adequate water sources and 1 billion people without access to sanitation** (WHO and UNICEF, 2014). The problem is not consigned to rural regions, however, as the WASH-insecurity gap narrows substantially once wealth levels are taken into account: based on data for six African and Asian countries, the richest quintile in rural regions has high coverage, whilst the **poorest quintile in urban regions is largely excluded from adequate WASH conditions** (Rheingans et al., 2014).⁵ Broader data for 35 sub-Saharan African countries, classified by wealth, 'show that 65% of households in the richest quintile have water on premises as compared to 35% of households in the poorest quintile' (Bisung and Elliott, 2018: 7).

A similar picture emerges for hygiene practices, especially handwashing at key moments, although the coverage in high-income countries is far from total. Globally, it is estimated that about 19% of the world's population washes their hands after using a sanitation facility or getting in

contact with children's excreta (Freeman et al., 2014). This figure varies from around 45% for high-income countries in Europe, the Americas and the Eastern Mediterranean, to under 10% in some African countries such as Tanzania and Burkina Faso. As a result, the evidence suggests that 'less than one in six children in developing countries is protected from disease by handwashing with soap at key moments' (Curtis et al., 2011: 314), perhaps **contributing up to 1 million additional deaths per year**.

WASH interventions are effective in reducing diarrhoea, certain NTDs and other diseases

As discussed in the introduction, the 'promotion of safe hygiene is the single most cost-effective means of preventing infectious disease' (Curtis et al., 2011: 312). Several studies have indicated how handwashing is a key element in preventing diarrhoea: based on a review of 42 individual studies, 'meta-regression of risk estimates suggests that **handwashing reduces the risk of diarrhoeal disease by 40%**' (Freeman et al., 2014: 906, emphasis added). Based on evidence from four RCTs in low- or middle-income countries, others have estimated a decrease of 32% in diarrhoea through handwashing interventions (Ngure et al., 2014). Data for interventions related to handwashing-promotion in child day-care centres or schools suggest a decrease of roughly 30% in high-income countries, which can plausibly be expanded to lower-income settings (Ejemot-Nwadiaro et al., 2015).

WASH interventions have also been linked to successful decreases in NTDs, which disproportionately affect poor individuals in low-income countries. Having adequate access to acceptable sanitary facilities, for example, was shown to **decrease soil-transmitted helminth infection**, with odds-ratio compared to the control group of approximately 0.60 for *Ascaris lumbricoides*, *Trichuris trichiura*, and hookworm (Freeman et al., 2013). There is also strong evidence that WASH interventions **contribute to trachoma elimination strategies**, particularly if they are comprehensive initiatives dealing with the three 'pillars' of WASH conditions and are developed alongside efforts specifically targeting NTDs (Anthonj et al., 2018; Stocks et al., 2014). Authors highlight, however, that for these interventions to be successful they need to take into account local conditions that relate to norms of acceptability and cultural adequacy for water, sanitation and hygiene. For example, the impacts of WASH interventions on schistosomiasis are 'highly dependent on the social-ecological context, due to a combination of behavioural, biological, cultural, demographic, ecological, environmental and socioeconomic factors' (Grimes et al., 2015: 9).

4 'Approximately 88% deaths due to diarrhoeal illness can be attributed to unsafe water, inappropriate sanitation and poor hygiene' (Dey et al., 2019: 1098).

5 In Nigeria, 'about 88% of all households that used surface water are from rural areas ... Whereas 64% of households with access to piped water into dwelling are richer and richest households, the middle-class, poorer and poorest households constitute 83.4% of surface water users' (Abubakar, 2019: 40).

Small-scale WASH interventions have mixed results in reducing stunting, in spite of strong theoretical underpinnings

There is widespread consensus that a substantial improvement of WASH conditions (i.e. effectively granting WASH-security to a population) leads to health gains, including lower prevalence of stunting, as happened in all high-income countries over the past century or so (Cumming et al., 2019; Cumming and Cairncross, 2016; Humphrey, 2019). Similarly, there is no disagreement that stunting creates long-term disadvantages⁶ and that it continues to be a prevalent condition: ‘despite a worldwide reduction in the prevalence of stunting, as many as 165 million children younger than 5 years remain stunted, most of whom are in low-income and middle-income countries’ (Maleta and Manary, 2019: e16).

There is less agreement about the kinds of WASH interventions that are successful in reducing stunting. The most recent literature has emphasised that **effective WASH interventions need to be bold and transformative**, whilst there is little evidence that small-scale, limited-reach policies have sustained effects in all desired outcomes (Cumming et al., 2019; Kearns, 2019; Levy and Eisenberg, 2019; Pickering et al., 2019a; Pickering et al., 2019b). These conclusions have arisen to a large extent after a three major randomized control trials (RCTs) (Humphrey et al., 2019; Luby et al., 2018; Null et al., 2018) revealed that interventions that provided ‘basic’ improved WASH conditions (such as pit latrines and chlorination of water at the point of usage), as opposed to comprehensive services (e.g. broader improvements in infrastructure made widely available), did not have appreciable effects on childhood stunting and mixed effects on diarrhoea.

It should be stressed that the three studies mentioned above neither implemented community-wide interventions – e.g. ‘none of the trials intervened on community-level sanitation coverage’ (Pickering et al., 2019b: e1140) – nor guaranteed household-level access to safe, affordable and acceptable water sources. As a result, enduring deficits in infrastructure and broader sources of contamination (e.g. animal faeces) remained present, which invalidates a comparison of the WASH conditions of studied households and that of contemporary developed countries. This is understood as a key reason for the limited effectiveness of such interventions: ‘low-cost WASH interventions ... might not reduce the extremely high concentrations of contamination characteristic of impoverished living conditions to the very low concentrations of contamination required for health’ (Humphrey, 2019: e1158).

WASH interventions bring about larger health and socioeconomic gains

Successful WASH interventions are capable of reducing the double burden of health- and income-poverty, with strong gender gains. First, and more directly, a systematic review of the literature on WASH-poverty and maternal mortality indicated that ‘women in households with poor sanitation had 3.07 (95% CI 1.72–5.49) higher odds of maternal mortality’ (Benova et al., 2014: 368). Furthermore, improved access to water sources at the household level greatly reduces water insecurity; it also saves time otherwise spent on collecting water, which is then generally put to productive use: ‘the majority of households (43%) spent their time savings on income-generating activities such as trading, gardening and rearing animals’ (Bisung and Elliott, 2018: 4). The **money saved on collecting water is mostly spent on food**, thus also increasing food security with further health and financial gains for poor households (although the effects are less pronounced on top-end inequalities).

As water-collection is in many settings an activity predominantly carried out by women and girls,⁷ **improved WASH conditions lead to educational gains for girls, later on translating into health, education and income gains for the next generation** (Russell and Azzopardi, 2019: e417). As income-poor households are the most likely to benefit, this reduces vertical economic inequalities by raising income at the bottom of the distribution. It should be noticed that successful interventions in this regard need to extend the services to the household level, as collective water or sanitation stations might still require large time expenditures for usage and subject women and girls to the risk of violence, whilst the poorest are unlikely to have the resources to extend pipelines to their households (Bisung and Elliott, 2018). With these caveats, given the wide-ranging, multi-dimensional benefits of WASH interventions, that have a clear double dividend in poverty- and inequality-reduction, ‘WASH can appear as a Holy Grail of community-based nutrition projects: delivering savings for more food, particularly to the poorest. As water is regarded as “women’s business”, the savings go directly into the pocket of the housewife and mother, the member of the household who may be best placed to ensure that children benefit’ (Cumming and Cairncross, 2016: 97).

6 For example, ‘stunting at 24 months was associated with a 0.9 year reduction in schooling, delay in school enrolment, and 16% increased risk of failing at least one grade in school’ (Ngure et al., 2014: 119); ‘stunting arises from multifactorial biological, social, and environmental causes that are often interlinked at various levels ... Children who are stunted have increased mortality, impaired cognitive development, and reduced incomes as adults compared with healthy children’ (Maleta and Manary, 2019: 16).

7 ‘Among households spending more than 30 minutes collecting water, adult females were the primary collectors of water across all 24 countries, ranging from 46% in Liberia (17,412 HHs) to 90% in Cote d’Ivoire (224,808 HHs). Across all countries, female children were more likely to be responsible for water collection than male children (62% vs. 38%, respectively). ... In the 24 SSA countries studied, an estimated 3.36 million children and 13.54 million adult females were responsible for water collection’ (Graham et al., 2016: 1–2).



Challenges

- **Fiscal:** The more effective forms of WASH interventions are costly
- **Administrative:** Requires effective coordination of different sectors and scales of intervention
- **Social:** Changes in hygiene practices can be individually costly in low-income spaces with deficient infrastructure
- **Social:** Hygiene habits are hard to change and require repeated, sustained interventions
- **Cultural:** WASH conditions need to be culturally adequate (e.g. deliver water considered palatable by consumers)

Facilitating Factors

- **Administrative:** Community participation, especially of women, can raise effectiveness and develop solutions that are culturally more appropriate
- **Administrative:** Extended and frequent contact with healthcare professionals improves hygiene interventions
- **Social:** Interventions that have low-cost for the users (e.g. household-level access to safe, reliable, adequate water) have higher uptake
- **Cultural:** Developing interventions that are adequate to local practices increases adherence

Guaranteeing WASH-security requires 'transformational WASH interventions'

As discussed above, there has been a call **to move towards what many authors have called 'transformational WASH'**, which must extend beyond episodic interventions at the household-level to induce community-wide change and involve extended contact with health and hygiene professionals (Cumming et al., 2019; Humphrey et al., 2019; Kearns, 2019; Levy and Eisenberg, 2019; Pickering et al., 2019a). To reiterate: these studies do not cast doubt on the benefits of WASH-security for health and other capabilities, but rather underscore the need to implement bolder interventions to secure such improvements. Whilst the precise shape and form of interventions must be designed with the local context and conditions in mind, 'Transformative WASH might require high community coverage of improved sanitation facilities, complete separation of animal faeces from people's living environments, continuous and convenient access to uncontaminated water, reductions in faecal contamination on surfaces where young children crawl and play ... transformative WASH will certainly require strengthened support for governance systems of financing, operations, monitoring, evaluation, and regulation' (Pickering et al., 2019b: e1149). Needless to say, these interventions are costlier, even if expected to bring economic gains over the long term through the improvement of capabilities in multiple domains and the greater labour productivity of healthier workers.

Another key gain expected from transformational WASH interventions is that they will decrease the costs associated to individual users. Smaller-scale WASH improvements often come with monetary or time costs to deliver adequate sanitation and hygiene, such as having to travel to collect water and spending relatively scarce cash on soap and hygiene products. As such, 'low-cost WASH interventions often fail to improve health because they require much more user effort, time, and compromise than is required from residents

of high-income countries for WASH services' (Humphrey, 2019: e1158), with the obverse being true that interventions with low user burdens are more likely to be effective. If transformational WASH interventions are more expensive to implement, they nevertheless might reduce costs at the last-mile, thus increasing adherence.

Long-term changes in hygiene habits are hard to sustain

One key challenge for successful WASH interventions, related to the results described above, is the **difficulty in sustaining changes in hygiene habits**, even when the adequate material conditions are in place: it 'is well known by many WASH implementers that the requisite changes in behaviour are hard to initiate and even harder to sustain over time' (Cumming and Cairncross, 2016: 98). Whilst there are undeniable health gains of improved WASH conditions and handwashing does reduce the incidence of diarrhoea, which can be induced through interventions, there is **less information available to understand the most effective way of maintaining hygiene habits over time** (Dreibelbis et al., 2013: 11; Ejemot-Nwadiaro et al., 2015). Interventions that included high frequency contact with healthcare professionals have been shown to be more effective in the short-term – 'to date, high frequency contact is the only means through which high enough adherence to handwashing and point-of-use water chlorination has been achieved to reduce diarrhoea' (Pickering et al., 2019b: e1144) – leading to the advocacy for 'strong WASH programmes that do not repeat old mistakes of supply-oriented, over-engineered solutions nor forget the most important lesson of all: that people are unlikely to wash their hands or use sanitation facilities unless they actually want to do so' (Cumming and Cairncross, 2016: 99).

Intersectoral and multi-scalar cooperation increases the effectiveness of WASH interventions

Community participation, especially that of women, has been identified as a key driver of successful interventions, creating motivation, a sense of ownership, and the necessary adaptations to local conditions for the strategies to have maximum impact (Basu et al., 2015). The **extended and frequent contact with healthcare professionals**, with adequate participation of the community, is also key to raise awareness and promote the necessary skills, helping to overcome the difficulties in sustaining habit-changes identified above (Wood et al., 2012). Reiterating the need for the simultaneous provision of infrastructure and training, authors have highlighted ‘the significance of simultaneous provision of software support (such as information, education, motivation etc.) as well as hardware support (improved latrine, improved water source) in addressing the required behaviour change to optimize the impact of WASH services in communities and institutions towards the desired health impact’ (Dey et al., 2019: 1106).

Community support can also be a way to overcome a common problem with many WASH interventions, particularly lower-cost ones: they are often **hampered by being designed without taking into account local cultural preferences**, such as sensitivity to the taste, colour and smell of water. This often leads to interventions being uninstalled ‘because communities complained of the smell and taste of chlorinated water: some people refused to drink water that was chlorinated at a concentration which most people could not detect’ (Humphrey, 2019: e1159). On the other hand, extended community support and communication – including from neighbours, family members, healthcare professionals and so on – to test, design and implement solutions can lead to better tailored interventions with greater adherence (Wood et al., 2012).

For broader health impacts, it has been highlighted that **establishing connections between WASH and related interventions, such as the prevention of NTDs, can have positive synergistic effects** (Freeman et al., 2013). This follows from the successful trend over the past decades of countries such as Brazil and Peru, where rapid progress has been made through strong inter-sectoralism (Cumming and Cairncross, 2016). Advocacy around the central role of WASH interventions can ensure more **flexibility from donors in implementing projects**, facilitating knowledge-exchange, sectoral and scalar coordination, and the effective participation of stakeholders at different points and levels (Basu et al., 2015; Freeman et al., 2013; Ngure et al., 2014). Related to this, collaboration between government agencies, donors and NGOs at the local, provincial/regional, and national levels has also been indicated as substantial sources of synergy (Freeman et al., 2013). Overall, to maximise the health and social gains of WASH interventions, they need to be conceived as one broad element of development strategies: ‘external support in the form of insurance, knowledge sharing, skills training, land entitlement, and good govern-

ance are required to lift the poor and marginalized population from the vicious cycle of water insecurity and resulting poverty’ (Basu et al., 2015: 62).

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POLICY 2.1 EQUAL ACCESS TO JUSTICE

Policies to ensure equal access to justice.

Relationship to Inequality and Poverty	Inequality and poverty are both a driver and a consequence of lack of effective access to justice Income and wealth inequalities are a major factor shaping unequal access to justice through determining who can afford to pay and who can afford to pay for the high-quality legal services Lack of access to justice disproportionately affects the economically disadvantaged who are most vulnerable to legal problems Disadvantaged individuals are most vulnerable to legal problems The ‘inability to resolve legal problems may diminish access to economic opportunity, reinforce the poverty trap and undermine human potential’ (OECD, 2019: 35)
Key Actors	Governments and NGOs
Level of Intervention	National and local
Domain/SDG	  MIF Domain 2 SDG 16, Target 16.3
Evidence of Effectiveness	Access to justice is important for economic growth, equity and social justice Legal problems are ubiquitous and flow from everyday life Failure to resolve even trivial legal matters can lead to a cycle of decline and potentially create poverty traps. Typically, there exists ‘legal pluralism’ and disputes are resolved in informal as well as formal institutions. Dual systems can hinder as well as help to address inequalities in access to justice. Latest estimates suggest that globally there is a justice gap for 5.1 billion people A range of costs are associated with unmet legal needs – social, economic, health, employment, etc. Demand for legal aid for civil cases is largely unmet

Challenges and Facilitating Factors	Challenges	Facilitating Factors
Costs	Medium	

Challenges

- **Economic:** Cost of resolving legal problems and be high and in many countries there is limited legal aid
- **Implementation:** Low levels of legal capability and knowledge
- **Implementation:** Legal pluralism and the role of informal structures
- **Political:** Corruption is not only harmful to individuals but can deter donors
- **Economic:** A large funding gap has been identified in this sector
- **Political:** Politicisation of Justice system

Facilitating Factors

- **Political:** Focus of Sustainable Development Goals – targets and indicators have established an international consensus
- **Political:** Collaboration among NGOs has helped to establish facts and identify evidence-based policies

Relationship to Inequality and Poverty

- Inequality and poverty are both a driver and a consequence of lack of effective access to justice
- Income and wealth inequalities are a major factor shaping unequal access to justice through determining who can afford to pay and who can afford to pay for the highest-quality legal services
- Lack of access to justice disproportionately affects the economically disadvantaged who are most vulnerable to legal problems
- Disadvantaged individuals are most vulnerable to legal problems
- The ‘inability to resolve legal problems may diminish access to economic opportunity, reinforce the poverty trap and undermine human potential’ (OECD, 2019: 35)

The relationship between inequalities and access to justice takes many forms and is two-way: **‘Inequality is both a driver and a consequence of lack of effective access to justice’** (OECD, 2019: 26). On the one hand, income and wealth inequalities are a major factor shaping unequal access to justice through determining who can afford to pay (OECD, 2019: 26), and through who can afford to pay for the highest-quality legal services. **Lack of access to justice disproportionately affects low-income individuals and those from other disadvantaged groups** (e.g. people with a disabilities, poor mental health, single parents and people living in disadvantaged housing), precisely because of their lack of individual economic resources. In addition, in highly unequal societies the rich are in a strong position to influence policy-making in this area to their advantage. On the other hand, **unequal access to justice can be a driver of economic inequalities** due to the way it affects the ability to generate income (OECD, 2019) and the way in which it influences inequalities in other areas such as: physical safety, political influence, business, employment, housing, health and education.

Evidence derived from legal needs surveys reveals how the **inability to access legal and justice services can be both a result and a cause of poverty** (World Justice Project, 2019a). Limited opportunities to satisfactorily resolve legal problems lead to further disadvantage (Gramatikov and Verdonchot, 2010: 2). In part this is because the ‘inability to resolve legal problems may diminish access to economic opportunity, reinforce the poverty trap and undermine human potential’ (OECD, 2019: 35). The UN Commission on Legal Empowerment of the Poor (2008) argued that 4 billion people worldwide were ‘robbed of the chance to

better their lives and climb out of poverty, because they are excluded from the rule of law’ (cited in Manuel and Manuel, 2018: 8). **Not only are the poor least likely to be able to afford good quality legal services, there is growing evidence that disadvantaged individuals are most vulnerable to legal problems** (see, for example, OECD, 2019: 29; World Justice Project, 2019b: 32; Pleasence, 2016). This may be the result of differences in ‘exposure to the circumstances that can give rise to legal and social problems and/or their lower ability to avoid or mitigate problems’ (OECD, 2019). As Gramatikov and Verdonchot (2010: 26) put it: ‘Legal problems are not only the result of poverty – they reinforce it’.

Evidence of Effectiveness

- Access to justice is important for economic growth, equity and social justice
- Legal problems are ubiquitous and flow from everyday life
- Failure to resolve even trivial legal matters can lead to a cycle of decline and potentially create poverty traps
- Typically, there exists ‘legal pluralism’ and disputes are resolved in informal as well as formal institutions. Dual systems can hinder as well as help to address inequalities in access to justice
- Latest estimates suggest that globally there is a justice gap for 5.1 billion people
- A range of costs are associated with unmet legal needs – social, economic, health, employment, etc.
- Demand for legal aid for civil cases is largely unmet

Why access to justice is so important

Access to justice is defined as ‘the ability of people to seek and obtain a remedy through formal or informal institutions of justice, and in conformity with human rights standards’ (UNDP and UNDOC, 2016: 8). It is **associated with economic growth, equity and social justice** (Manuel and Manuel, 2018: 8). It is a key element of the rule of law (OECD, 2019: 18). ‘Limited access to justice disempowers individuals and communities from claiming their rights and defending themselves from injustice’ (Manuel and Manuel, 2018: 8). ‘Failure to resolve even a trivial legal matter can lead to a cycle of decline with spiralling problems and costs to individuals, communities and societies’ (OECD, 2019: 15). From a capability perspective, **the provision of equal**

access to justice can be seen as an instrument for the protection of people's capabilities, both within as well as beyond the legal process (Segatti, 2016). Legal security derived from access to justice is a 'fertile capability' in the way in which it enhances and makes possible capabilities in other life domains (e.g. physical safety and financial security) and lack of legal security is a form of 'corrosive disadvantage' due to the destructive way in which it limits other capabilities (Segatti, 2016).

The law underlies nearly every aspect of people's lives, including health, employment, education, housing and entrepreneurship (OECD, 2019: 28). Contrary to conventional thinking that considers legal problems to be rare unexpected events, **legal problems are ubiquitous, flowing from everyday life** (OECD, 2019: 28). Legal problems are so common that the majority of people experience legal and justice needs routinely over the course of their lives (e.g. debt, neighbourhood issues). The World Justice Project reported in 2019 that approximately half (49%) of more than 100,000 people surveyed in 2017/18 from 101 countries and jurisdictions, experienced a legal problem in the last two years (World Justice Project, 2019a: 6). The most common problems are related to consumer issues (e.g., problems related to obtaining a refund for faulty or damaged goods), housing (e.g., problems with a landlord about rental agreements, payments, repairs, deposits, or eviction), and money and debt (e.g., difficulties collecting money owed to you; being threatened by debt collectors over unpaid loans or bills) (World Justice Project, 2019a: 8).

Although the main focus is on equal access to justice through formal legal institutions of criminal and civil law (state justice), **typically there exists 'legal pluralism' (co-existence of multiple legal systems) whereby 'rules' can be set and disputes resolved both by formal legal institutions and through traditional/customary law⁸** or through 'normative pluralism' in the form of social norms (World Bank, 2017: 14). In some situations, particularly in rural areas, traditional/customary law and social norms are more influential and ensuring equal access to justice in these systems can be more challenging. 'Informal and traditional mechanisms of justice are often more accessible to poor and disadvantaged people and may have the potential to provide speedy, affordable and meaningful remedies to the poor and disadvantaged. But they are not always effective and do not necessarily result in justice' (UNDP, 2004: 4).

An understanding of the importance of equal access to justice in terms of development led to the inclusion of a specific goal, targets and indicators in the UN Sustainable Development Goals. For the first time this provides internationally agreed goals and indicators in relation to equal access to justice:

Goal 16: Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels

- 16.3** *Promote the rule of law at the national and international levels and ensure equal access to justice for all*
- 16.3.1** *Proportion of victims of violence in the previous 12 months who reported their victimization to competent authorities or other officially recognized conflict resolution mechanisms*
- 16.3.2** *Unsented detainees as a proportion of overall prison population*
- 16.9** *By 2030, provide legal identity for all, including birth registration*
- 16.9.1** *Proportion of children under 5 years of age whose births have been registered with a civil authority, by age*

Although this marks an important step forward, it has been noted that the two indicators under 16.3 target relate only to criminal and not civil justice (Manuel and Manuel, 2018: 17). An in-depth review of SDG 16 undertaken in 2019 found that little progress has been made⁹.

Legal needs and access to justice

To assess legal needs and access to justice at a global level, the World Justice Project collected information from representative samples of 1,000 people in 101 countries and jurisdictions as part of its General Population Poll, between 2017 and 2018. The survey module was designed to capture data on how ordinary people deal with their legal problems, highlighting the most common legal problems, respondents' assessment of their legal capability, and sources of help. In addition, information was collected on the status of people's problems, the resolution process, and the impact of their justice problems on their life (World Justice Project, 2019a). The survey found that **approximately half (49%) of respondents had experienced a legal problem in the last two years**. While the prevalence and severity of problems varies across countries, the most common problems relate to consumer issues, housing, and money and debt (World Justice Project, 2019a: 8). It found that **most people do not turn to lawyers and courts**: 'less than a third (29%) of people who experience a legal problem sought any form of advice to help them better understand or resolve their problem, and those who did seek assistance preferred to turn to family members or friends. Even fewer (17%) took their problem to an authority or third party to mediate or adjudicate their problem, with most preferring to negotiate directly with the other party' (World Justice Project, 2019a: 9).

A number of barriers to people meeting their justice needs were found. These included the ability to recognise that specific problems have a legal remedy: 'fewer than 1 in 3

8 There are advantages and disadvantages with informal (customary) law. For example, in relation to land tenure systems in sub-Saharan Africa – see Platteau (2000).

9 <https://sustainabledevelopment.un.org/sdg16>

people (29%) understood their problem to be legal in nature as opposed to “bad luck” or a community matter’ (World Justice Project, 2019a: 9). For many, their justice problem remained unresolved and there were a range of adverse impacts on their lives. These included experience of physical or stress-related ill health, job loss, need to relocate and loss of income.

For each of the 101 countries covered by the survey, a profile is available drawing on answers to a select number of questions organised by modules which illustrate the legal pathways respondents followed, covering: *Legal Problems* – The percentage of those surveyed who experienced a legal problem in the last two years; *Legal Capability* – Of those who experienced a legal problem in the last two years, the percentage who knew where to get advice and information, could obtain expert help, and were confident they could achieve a fair outcome; *Sources of Help* – Of those who experienced a legal problem in the last two years, the percentage who reported obtaining information, advice, or representation, and the type of advisor contacted; *Problem Status* – Of those who experienced a legal problem in the last two years, the percentage of respondents whose legal problem is done

and fully resolved, or whose problem persists but they have given up any action to resolve it further; *Process* – Assessment of the timeliness, fairness, and cost of the resolution process for respondents whose problem is done, either because it is fully resolved or because the respondent has given up any action to resolve it further; *Hardship* – The percentage who reported experiencing any kind of hardship as a result of their legal problem, and the percentage who experienced specific hardships, including physical or stress-related ill health, the breakdown of a relationship, loss of employment or the need to relocate, and problems with alcohol or drugs.

The table below summarises some of the findings from three countries: Namibia, Ethiopia and the Philippines. Just from these three countries it is clear both how widespread legal problems are and the variation across countries in the experience of legal problems, the capacity to obtain legal help, the persistence of legal problems and the ability to find the resources required to solve legal problems. What is also clear is the high level of hardship resulting from legal problems, leading to disadvantage across several areas of life (health, economic, interpersonal etc.).

Table 2.1.1: Legal needs and access to justice: Namibia, Ethiopia and the Philippines

	Namibia	Ethiopia	Philippines
Experienced a legal problem in the past 2 years	44%	74%	35%
Felt they could get all the legal help they needed	55%	35%	74%
Were able to access help	34%	32%	20%
Problem persists – gave up any action to resolve the problem further	20%	21%	16%
Said it was difficult or nearly impossible to find the money required to solve the problem	17%	26%	22%
Experienced a hardship	52%	66%	49%
<i>Health – physical or stress-related illness</i>	24%	42%	40%
<i>Economic – loss of income, employment or need to relocate</i>	35%	43%	27%
<i>Interpersonal – relationship breakdown or damage to family relationship</i>	25%	26%	21%
<i>Substance abuse – problem with alcohol or drugs</i>	20%	19%	10%

Source: World Justice Project (2019a): p.74 (Namibia), p.39 (Ethiopia), p.85 (Philippines).

Unmet legal need and how it reinforces disadvantage

In 2019 the World Justice Project conducted a large-scale study to establish the facts on unmet legal need, the so-called ‘justice gap’. For this exercise they take a comprehensive view of justice from the standpoint of individuals rather than institutions (World Justice Project, 2019b). The framework identifies three broad types of unmet needs that may arise when people cannot defend or enforce their rights, or obtain a just resolution of their justiciable problems (World Justice Project, 2019b: 7f.):

1. People who cannot obtain justice for everyday civil, administrative, or criminal justice problems

Potential barriers to meeting this justice need include low levels of legal capability, problems accessing appropriate help, and poor dispute-resolution processes. Such barriers are linked with issues of geographical distance from courts or other resolution mechanisms, the cost of legal fees, language barriers, as well as other drivers of exclusion from justice.

2. People who are excluded from the opportunities the law provides

Legal rights and documentation pertaining to an individual’s identity, employment, and property provide basic legal guarantees, as well as opportunities to fully participate in social, political, and economic life. Lacking legal protections pertaining to people’s property and labour limits the ability to access justice mechanisms and to enforce social, economic, and political rights, and leaves such individuals particularly vulnerable to abuse and exploitation. It also presents obstacles to accessing key services, such as healthcare, education, financial services, and social security.

3. People who live in extreme conditions of injustice

People who are stateless, victims of modern slavery, and people who live in fragile states with high levels of insecurity live in extreme conditions of injustice. These people are denied their most basic human rights such as the right to freedom, movement, and security of the person, or they may live in contexts where the systematic failures of institutions make it nearly impossible for them to access justice mechanisms and redress grievances.

The justice gap is estimated as the number of people who have at least one unmet justice need. These are people who are ultimately not getting the justice they need for both everyday problems and severe injustices. Using this framework, the World Justice Project estimate that 5.1 billion people, approximately two-thirds of the world’s population, face at least one of these justice issues, with many confronted by multiple injustices (World Justice Project, 2019b: 5). The breakdown is as follows:

- **1.5 billion people cannot obtain justice for civil, administrative, or criminal justice problems.** These are victims of crime and people with civil and administrative justice needs who may live in contexts with functioning institutions and justice systems, but who face obstacles to resolving their everyday justice issues.
- **4.5 billion people are excluded from the opportunities the law provides.** These are people who lack legal tools – including identity documents, land or housing tenure, and formal work arrangements – that allow them to protect their assets and access economic opportunities or public services to which they have a right.
- **253 million people live in extreme conditions of injustice.** This includes people who are stateless, victims of modern slavery, and people who live in fragile states with high levels of insecurity.

(World Justice Project, 2019b: 5)

There is also a ‘self-reinforcing nature of disadvantage’ in relation to unmet legal needs which can contribute to a cycle of decline (World Justice Project, 2019b: 45). A range of costs arise from unmet legal needs including social, economic, health (physical and mental), education and employment (World Justice Project, 2019b: 45; Pleasence, Balmer and Buck, 2008). Consequently, there are a range of benefits from meeting legal needs. These include improvements in housing outcomes, gender equality, reductions in domestic violence and financial (World Justice Project, 2019b: 46). As a result, unmet legal needs can put individuals in multidimensional poverty traps, whilst meeting legal needs can help foster capabilities across several domains.

Legal aid

One of the key policies designed to improve equal access to justice is legal aid whereby the State covers the cost, or most of the cost, of legal advice and representation. Access to legal aid is means-tested and generally does not cover all types of legal problems. Services that legal aid can cover include:

- *“Provision of ‘primary’ legal advice, which includes the provision of legal information, referral to territorial offices, mediation and public education;*
- *Legal representation and assistance in preparing cases at local and national levels, as well as in submitting cases to international tribunals;*
- *Provision of additional services, such as involving investigators or experts;*
- *Psychosocial support, and a range of other support services”.*

(UNDP and UNODC, 2016: 24)



Challenges

- **Economic:** Cost of resolving legal problems and be high and in many countries, there is limited legal aid
- **Implementation:** Low levels of legal capability and knowledge
- **Implementation:** Legal pluralism and the role of informal structures
- **Political:** Corruption is not only harmful to individuals but can deter donors
- **Economic:** A large funding gap has been identified in this sector
- **Political:** Politicisation of Justice system

Facilitating Factors

- **Political:** Focus of Sustainable Development Goals – targets and indicators have established an international consensus
- **Political:** Collaboration among NGOs has helped to establish facts and identify evidence-based policies

The UN Global Study on Legal Aid established that **the demand for legal aid for civil cases is largely unmet** and where available it is provided through NGOs or through *pro bono* services by the private sector (UNDP and UNODC, 2016: 24). Roughly a third of the 106 countries included in the study had not enacted specific legislation on legal aid (UNDP and UNODC, 2016: 24) and although many countries recognise the right to legal aid for criminal defendants who cannot afford a lawyer, the availability and quality of legal aid provided in practice is limited (UNDP and UNODC, 2016: 2). Coverage was particularly poor in rural areas and this was often due to shortages of provision with nearly half of the countries indicating that the acute shortage of lawyers outside urban areas is one of the biggest impediment facing the delivery of legal aid services (UNDP and UNODC, 2016: 2).

There are a number of barriers to seeking justice. These include costs, amount of time and effort, complexity of the system and legal capability, geographical challenges and, in some cases, language barriers (OECD, 2019: 15). Survey evidence shows that many people do not recognise many issues as legal problems (World Justice Project, 2019b: 31). **These barriers contribute to low levels of people taking legal action or pursuing legal remedies and lead to a high proportion of unresolved issues;** as high as 50% in some OECD member and partner countries (OECD, 2019: 15; World Justice Project, 2019b: 32).

Legal pluralism and barriers to formal justice results in the delivery of justice at the community level through informal structures (Manuel and Manuel, 2018: 9). In recovering fragile states, it is estimated that around 80% of justice is delivered through non-State justice systems (OECD, 2007: 27/40). While these informal systems may play an important role in widening access to justice, there

are concerns about the quality of justice delivered, particularly to marginalised groups (Harper, 2011). Improving access to justice is likely to involve engaging with the plural legal systems that exist in many low- and middle-income countries which rely on both state and non-state justice providers (Manuel and Manuel, 2018: 9). There is a general tendency to focus on programmes supporting formal aspects of justice but recent developments, for example the work of UNDP, have started to focus on strengthening the independence and integrity of both formal and informal justice systems and this has particular benefits for the poor and for marginalised groups (UNDP, 2004).

Another barrier is perceptions of fairness with legal rulings and corruption. Corruption is seen to be a major factor hampering the delivery of justice for all (UNDP, 2016). ‘An independent and impartial judiciary is a cornerstone of the rule of law and of a democratic state. It serves to protect human rights and people’s liberties, provides a check on other branches of government, and helps secure an environment conducive to economic growth and social progress’ (UNDP, 2016: 10). Corruption in the judiciary undermines the very principles of fairness and due process of law, through eroding public confidence in judicial outcomes, and weakening the legitimacy of the institution. Corruption can also deter international aid and NGO support, creating a further barrier to progress. The Global Corruption Barometer Africa 2019 found that perceptions of corruption in public services and the use of bribes is fairly widespread across Africa (Afrobarometer, 2019)¹⁰. The majority of respondents believe that corruption is on the rise and that governments are not doing enough in the fight against corruption. For ex-

¹⁰ This is not unique to Africa and the use of bribes is even higher in some other parts of the world, e.g. Latin America (Global Corruption Barometer, 2017).

ample, 32% of respondents in South Africa think that most or all Judges or Magistrates are corrupt and 49% believe that this is the case for police (Afrobarometer, 2019: 53). Nearly one-fifth (19%) of South Africans who had had contact with the police in the previous 12 months had paid a bribe. The use of bribes is even higher in some other countries. For example, in Uganda nearly half (49%) of those who had contact with the police over the past year had paid a bribe (Afrobarometer, 2019: 58). 70% of Ugandans reported that they felt that most or all police were corrupt and 43% reported that they believed that most or all Judges or Magistrates were corrupt (Afrobarometer, 2019: 58).

Concern about corruption is considered to be one of the factors behind a reluctance of many donors to make financial contributions towards justice reform in lower income countries. A study by the ODI in 2018 identified a significant funding gap and an imbalance between funding for justice and for other sectors (Manuel and Manuel, 2018). This underfunding issue is likely to be particularly acute in low-income countries. Not only is there a funding gap but funding globally had fallen by 40% between 2014 and 2018. However, they conclude that it is too early to assess whether a large-scale global fund is the best approach to supporting access to justice for all, given the known challenges and the political nature of the justice system. Instead, they recommend, smaller-scale pilots using pooled donor funds to enable learning and other steps to try and achieve donor reengagement of this issue in low-income countries (Manuel and Manuel, 2018). Manul et al. (2019: 20) estimate that universal basic justice costs \$20 per person a year in a typical low-income country, \$64 in a middle-income country, \$190 in a high-income country and \$230 in an OECD member country.

Limited access to legal aid for those who cannot afford to pay for legal advice, assistance and representation remains a major barrier to equalising access to justice. Roughly a third of the 106 countries included in the UNDP/UNODC study had not enacted specific legislation on legal aid (UNDP and UNODC, 2016: 24) and although many countries recognise the right to legal aid for criminal defendants who cannot afford a lawyer, the availability and quality of legal aid provided in practice is limited and demand for legal aid for civil cases is largely unmet (UNDP and UNODC, 2016: 2). Even where legal aid is available, lack of organisation, limited number of lawyers who take on legal aid work, location (particularly limited access in rural areas), lack of awareness and knowledge of how to access legal aid (particularly among marginalised groups), corruption and stringent eligibility requirements impede the success of this policy (Manuel and Manuel, 2018: 2/9). In addition, from an inequalities perspective, even the best legal aid systems, are incapable of eliminating inequality, as the rich will be able to outspend the state.

Despite these challenges there are reasons to be optimistic about progress in this area. The inclusion of a specific goal and a number of targets within the UN Sustainable Development Goals has really helped to focus effort, establish the facts and inform policy debate, aided through the work of the UN agencies (UNDP, UNODC, UN's Office for the Rule of Law and UN Women) and the Taskforce on Justice of the Pathfinders for Peaceful, Just and Inclusive Societies. Another factor contributing to progress is the work by other influential international organisations such as the World Bank's Justice for the Poor programme¹¹, the OECD (including their recent White Paper: Building a Business Case for Access to Justice), the European Commission, Oxfam, the World Justice Project and the Hague Institute for Innovation of Law. Collaborations between NGOs and the growing body of survey evidence from organisations such as the World Justice Project and Transparency International's Global Corruption Barometer series all help to develop evidence-based policies. The work of these organisations has not only established the costs of unequal access to justice but also the benefits, to individuals and societies, of improving access to justice.

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POLICY 2.2 'FAST TRACK' SERVICES FOR THE RICH

Policies to address 'fast track' immigration services for the rich.

Relationship to Inequality and Poverty	'Fast track' immigration services for the rich can result in lower tax revenues in the 'origin' countries and a wealth drain, leaving governments with less revenue to spend on poverty reduction policies Through a 'race to the bottom' overall taxation of high net worth individuals falls and, as a result, they keep more of their wealth and global economic inequality increases 'Destination' countries may benefit in the short-term through an increase in capital inflow, tax revenue and investments, at very little cost to governments
Key Actors	Governments and international bodies
Level of Intervention	National and international
Domain/SDG	  MIF Domain 2 SDG 10, Target 10.3
Evidence of Effectiveness	These 'fast track' immigration services are attractive to high net worth individuals. Pull factors include lower taxes, protection of property rights, safe havens, visa free access to clubs of countries, permanent residence and low 'entry fees'. Push factors include political instability, corruption, high rates of crime, relatively high tax rates and low wealth protection Since the 1990s, as capital became more mobile, millionaire and billionaire migration increased with a range of investor programmes on offer. From a lower income country perspective there are risks of a wealth drain and capital/rich flight, leaving these countries with lower revenues to invest. The motive for 'fast track' immigration services for the rich is to attract wealthy individuals in exchange for various investments (typically set in terms of capital transfers, or purchase of government bonds, or creation of jobs or the purchase of real estate) but the long-term benefits of 'cash for citizenship' for destination countries have not been established In many cases individuals taking advantage of 'golden visas' don't even need to live in the destination countries and only spend a limited number of days there each year if any

Challenges and Facilitating Factors	Challenges	Facilitating Factors
	• Political: Eradicating ‘golden visas’ requires international collaboration but there are clear incentives to cheat • Implementation: Ease of capital mobility • Economic: Very powerful group of individuals who can influence policy • Political: Corruption	• Political: Moves to establish co-ordinated international tax policy for the very rich • Political: Some ‘clubs’ are recognising the risks and are taking steps to clamp down on (e.g. the European Union)
Costs	Variable	

Relationship to inequality and potential poverty double dividend

- **'Fast track' immigration services for the rich can result in lower tax revenues in the 'origin' countries and a wealth drain**, leaving governments with less revenue to spend on poverty reduction policies
- **Through a 'race to the bottom' overall taxation of high net worth individuals falls and, as a result, they keep more of their wealth and global economic inequality increases**
- **'Destination' countries may benefit in the short-term** through an increase in capital inflow, tax revenue and investments, at very little cost to governments

These policies tackle a form of top-end inequality which if addressed also has the potential to benefit the less well-off. 'Fast track' citizenship policies for the rich have been developed to attract the global wealthy in exchange for minimum investments, job creation or real estate purchases. These have become known as 'golden visas' (Brillaud and Martini, 2018). In contrast, the only form of 'fast track' immigration service for disadvantaged migrants usually takes the form of deportation. This policy review is concerned with the 'fast track' immigration services offered to the rich. **To attract millionaires and their mobile capital, countries compete with each other in a 'race to the bottom' in terms of tax rates and immigration conditions** (barriers), with countries setting the lowest tax rates and greatest ease of entry most likely to attract high net worth individuals. From a government's perspective there are easy potential financial gains with very little effort involved in terms of setting immigration policy. From a wealthy individual's perspective, residency conditions can be very lax and **'millionaire migrants' might not even need to physically live in a country to benefit from the tax rules.**

Countries competing in this way **reduce the tax burden on high net worth individuals and as a consequence of their collective actions, the amount of tax revenue raised from the wealthy**, limiting the progressiveness of the tax system. **Lower tax revenue means that there are less government funds for progressive policies to reduce poverty and inequality.** 'Origin' countries also lose out due to the wealth drain. 'Destination' countries may benefit in the short-term through an increase in capital inflow, tax revenue and investments.

Evidence of Effectiveness

- **These 'fast track' immigration services are attractive to high net worth individuals.** Pull factors include lower taxes, protection of property rights, safe havens, visa free access to clubs of countries, permanent residence and low 'entry fees'. **Push factors** include political instability, corruption, high rates of crime, relatively high tax rates and low wealth protection
- **Since the 1990s, as capital became more mobile, millionaire and billionaire migration increased** with a range of investor programmes on offer. From a lower income country perspective **there are risks of a wealth drain and capital/rich flight. Leaving these countries with lower revenues to invest**
- The motive for 'fast track' immigration services for the rich is to attract wealthy individuals in exchange for various investments (typically set in terms of capital transfers, or purchase of government bonds, or creation of jobs or the purchase of real estate) but **the long-term benefits of 'cash for citizenship' for destination countries have not been established**
- **In many cases individuals taking advantage of 'golden visas' don't even need to live in the destination countries** and only spend a limited number of days there each year if any

Using data from Forbes Magazine on the world's billionaires between 1996 and 2010, Sanandaji (2014) found that **15% of self-made billionaires migrated to another country.** 80% of billionaires who migrated moved to a country with higher per capita income than their birth country and **70% moved to a country with lower capital taxes.** It is not only billionaires who are on the move, **millionaire migration is common too** (Ley, 2010). **Most are seeking the same thing:** lower tax liabilities, safe havens, protection of property rights and visa free access to clubs of countries, such as the European Union. Political instability, pervasive crime, a weak rule of law, corruption and relatively high tax rates create incentives for the rich to seek safer places to house their wealth, and where they need to part with less of it in the payment of taxes.

There are plenty of countries ready to meet this demand. **Investor visa programmes, or less flatteringly 'cash for citizenship', offer the wealthy citizenship, or 'golden visas', in exchange for minimum conditions** that typically include a sizeable investment (e.g. government bonds or shares in existing companies), job creation or real estate purchase. **An easy option for countries faced with a fiscal crisis**

is to attract the mobile wealthy as it provides a quick way to generate capital (Short, 2016). For example, ‘since hurricane Maria devastated Dominica in 2017, the selling of citizenship and residency now accounts for half of the government’s total revenue’ (Garnier, 2020: 16). ‘Changing the immigration regime to make it easier for the wealthy to relocate is now part of fiscal balancing and economic development policy measures’ (Short, 2016: 365).

This is not something new but as capital became more mobile from the 1990s and the number of millionaires increased, these types of programmes started to proliferate. In 2018 around 108,000 millionaires migrated, compared to 64,000 in 2015 (New World Wealth, 2019). **As more options became available competition between countries increased and the ‘race to the bottom’ in terms of tax rates offered, if any, meant that the wealthy could pick and choose and demand more ‘perks’.** In some cases, this means that the wealthy wanting to take advantage of these schemes might not need to physically move to the ‘host’ country, just move some of their assets (Short, 2016). They can remain living in their birth country with their families, generating more income, secure in the knowledge that their assets are safe elsewhere.

The largest net inflows of high net worth individuals (who have at least \$1million) are to Australia, United States, Canada, Switzerland, United Arab Emirates, the Caribbean, New Zealand, Singapore, Israel, Portugal, Greece and Spain (New World Wealth, 2019). The largest outflows are from (1) China, (2) Russian Federation, (3) India, (4) Turkey and (5) France, but also (10) Nigeria, (11) Venezuela, (12) Ukraine and (13) Egypt (New World Wealth, 2019).

From a lower income country perspective, countries offering ‘fast track’ immigration services pose a risk of capital flight or a wealth drain. Many are unlikely to be able to offer attractive packages to tempt such rich migrants when opportunities are available in Europe and other OECD countries. Various investor programmes available in a number of European countries have attracted attention in recent years (see, for example, Brillaud and Martini, 2018). In 2018, an investigation into the use of ‘golden visas’ found that four EU Member States ‘sell’ passports and 12 ‘trade’ with residency rights, three – Bulgaria, Cyprus and Malta – trade with both (Brillaud and Martini, 2018). For example, in Portugal residence permits are offered to the well-off who in exchange are required to transfer capital to the value of €1 million, or create 10 jobs or purchase a property worth €500,000 (Puga, 2014). Those deciding to take up this offer are only required to spend seven consecutive days in Portugal in the first year, 14 days in a subsequent 2-year periods and they can even keep their main residence in another country (Puga, 2014). If they choose to relocate, they are allowed to bring their family to live with them. The key advantage here is the access such an arrangement provides in terms of travelling visa free within the EU’s Schengen Area and if citizenship is gained then they can live and work in any EU

member state. As it turns out, in Portugal the vast majority qualify through purchasing real estate rather than job creation and this limits the advantages to the ‘host’ country as investment in the luxury property market is little benefit to the national economy (Puga, 2014).

Brillaud and Martini (2018) estimate that in the last ten years, the EU gained more than 6,000 new citizens and close to 100,000 new residents through golden visas schemes. Spain, Hungary, Latvia, Portugal and the United Kingdom granted the highest numbers – above 10,000 each – to investors and their families (Brillaud and Martini, 2018). They are followed by Greece, Cyprus and Malta. Schemes require varying amounts of investment: residency can cost €250,000 in Greece and Latvia, while a Cypriot passport can cost €2 million but they all have the benefit of visa free access to the European Union. These migrants, while wealthy are not risk free. By their very nature, such schemes are ‘an attractive prospect for the criminal and the corrupt’ and applications require careful scrutiny but there are concerns that due diligence checks are not carried out, even within EU countries (Brillaud and Martini, 2018).

Although the main argument in favour of such schemes is economic, there is a lack of impact assessment to determine the socio-economic benefits to the ‘destination’ countries (Brillaud and Martini, 2018).

These ‘fast track’ immigration schemes which give preferential treatment to the rich perpetuate inequality of opportunity and are discriminatory because they favour the wealthy, creating a distinction between first- and second-class migrants (Garnier, 2020; Puga, 2014).



Challenges

- **Political:** Eradicating 'golden visas' requires international collaboration but there are clear incentives to cheat
- **Implementation:** Ease of capital mobility
- **Economic:** Very powerful group of individuals who can influence policy
- **Political:** Corruption

Facilitating Factors

- **Political:** Moves to establish co-ordinated international tax policy for the very rich
- **Political:** Some 'clubs' are recognising the risks and are taking steps to clamp down on (e.g. the European Union)

Eradicating these 'fast track' immigration programmes for the wealthy which risk capital drain from lower income countries and lower tax revenues, requires international collaboration. The most effective approach to tackling this type of inequality involves co-operation between countries including reaching agreements on tax policy and investor immigration policies. However, **countries will come under considerable pressure from this rich and powerful group of individuals who would lose out if these programmes were revised.** In addition, there are potential economic losses and therefore government finance departments will resist change and incentives for countries to 'cheat' are high.

In recent times there have been calls to establish co-ordinated international tax policy for the very rich this would prevent them from 'cherry picking' the most favourable tax regimes. Recent reports highlighting the potential dangers of such schemes to clubs of countries (see, for example, Brillaud and Martini, 2018) could also help to facilitate change.

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POLICY 3.1 BASIC EDUCATION

Policies to deliver free, universal, high-quality primary and secondary education, that seek to improve and equalise school quality.

Relationship to Inequality and Poverty	These types of policies are aimed at equalising opportunities and addressing the pre-distribution of income Education inequalities relate to a range of other social and economic outcomes with important intergenerational effects Inclusive education has the potential to be an important driver of inclusive growth, with effects both on economic inequality and poverty While education system can reduce educational inequalities, they can also exacerbate them. To reduce education inequalities requires a focus not just on access but also on quality
Key Actors	Governments, NGOs, service providers
Level of Intervention	National and local
Domain/SDG	  MIF Domain 3 SDG 4, Target 4.1
Evidence of Effectiveness	Education expansion reduces inequalities in educational attainment, particularly in developing countries. Sequencing is important because different educational levels have the greater effects in different countries (e.g. primary in low-income countries and secondary in middle-income countries) Any difference between coverage and actual usage and learning bears on effectiveness. This places issues of quality at the centre of the policy agenda In relation to quality, the literature evidences the importance of a variety of factors (such as pedagogy, supply-side side interventions, management interventions) as well as their complementarity

Challenges and Facilitating Factors	Challenges	Facilitating Factors
	• Fiscal: Budgetary constraints and limited resources • Institutional: Growth of private sector can create new barriers in achieving an equitable system • Political: Political agendas and priorities conflicting with equity goals • Implementation: Teacher quality and absenteeism • Economic/Social: Demand-side barriers such hidden costs, norms and attitudes can limit access for the poor	• Administrative: Appropriate planning in terms of sequencing, targeting investment in priority educational areas, groups and regions and sustainability strategies • Regulatory: Development of robust accountability mechanisms, including bottom-up solutions and greater role to be played by civil society organisations • Social: Parental attitudes towards schooling can change through sensitisation activities and pre-school attendance • Economic: Cash transfers (including financial incentives) can reduce direct and indirect costs and affect enrolment and drop-out rates
Costs	High	

This Policy is part of



POLICY MIX 2
TARGETING CHILDHOOD INEQUALITIES



POLICY MIX 3
SPATIAL INEQUALITIES



Relationship to Inequality and Poverty

- **These types of policies are aimed at equalising opportunities and addressing the pre-distribution of income**
- Education inequalities relate to a range of other social and economic outcomes with **important intergenerational effects**
- Inclusive education has the potential to be an important driver of inclusive growth, with effects both on economic inequality and poverty
- While education system can reduce educational inequalities, they can also exacerbate them. **To reduce education inequalities requires a focus not just on access but also on quality**

Social investment and in-kind provision of education can lead to poverty and inequality reduction. These types of policies aim at equalising opportunities and affect the pre-distribution of income, as opposed to cash transfers which aim at changing poverty rates and the distribution of income post-taxes and transfers (although cash transfers can help to increase education participation and attainment).

Education inequalities relate to a range of other social and economic outcomes – income and standard of living, social support networks, unemployment risks, health and mortality risks, etc. (UNICEF, 2015; CEB, 2017). **Education has important intergenerational effects:** for instance, in relation to health, maternal education is linked to increased likelihood of receiving prenatal care, children's vaccination rate and likelihood of receiving professional health-care. Children of more educated mothers are also more likely to attend school and have higher educational attainment.

The relationship between education and country-level growth has been firmly established: the positive effect on growth is explained by the increase in human capital occurring as a larger proportion of people in a society obtain education. UNICEF (2015), for instance, reviewed several studies between 1997 and 2013 and found evidence that additional years of education have a significant influence on GDP per capita or its growth. **This need not translate in inequality reduction in the context of entrenched educational inequalities.** There is now convincing evidence of the relationship between inequality and growth (Berg and Ostry, 2011; Stiglitz, 2012), and how this is relevant also for poverty reduction (Hills et al., 2019). For instance, Ravalion (2001) uses data from 47 developing countries to show that for any given rate of economic growth, poverty reduction is significantly associated with greater income equality.

This literature suggests that there should be a focus on inclusive growth where all segments of society have equitable opportunities. **More inclusive education has the potential to be an important driver of inclusive growth.** Educational inequality is deeply correlated to overall inequality (Coady and Dizioli, 2017; CEB, 2017) as those who come from less advantaged families tend to perform worse at school and are less likely to complete higher levels of education, limiting future earnings prospects and social mobility.

The education system can exacerbate inequalities in educational attainment, if it does not ensure inclusiveness and equitable access. Educational systems can reduce, but also exacerbate, disparities depending on their design. It is important to consider this because, in light of the positional value of education (Goldthorpe, 2013), a 'race' exists between the state seeking to increase equality of opportunity and wealthy families responding to increased absolute attainment by seeking to protect the advantages that their families enjoy. These families may have more resources (e.g. in terms of finances, networks and cultural capital) to assist their children than the state has to assist low-income children, placing limits on the extent to which the state can reduce educational inequalities (McKnight, 2017) and fund successful 'pre-distribution' strategies.

Moreover, **improved access and provision of education might not be enough to ameliorate inequality and improve opportunity if poorer children do not receive services of good and more equal quality.** Schools face considerable challenges in relation to educating overwhelmingly poor populations, for instance because of the extra costs associated with educating disadvantaged pupils (Duncombe and Yinder, 2005) and the resources and expertise required to compensate for lower levels of school readiness (UNICEF, 2012). Substantial spatial disparities (e.g. within poor and rich neighbourhoods in urban settings, but also between urban and rural areas) exacerbate educational inequalities. Concentrations of low-income pupils at the school level present several potential obstacles to student achievement, some acting through individual student background and others through environmental influences. Low-performing schools may lack resources for lower-ability pupils, may find it difficult to attract the best teachers and managers; and may exert downward pressure on school processes and quality, as staff must operate additional systems to manage student behaviour and attendance, spending less time on curriculum development and finding greater difficulties to plan and finance extra-curricular activities and parents' engagement (Lupton, 2005). Equalising and improving school quality would seem necessary to bridge disparities in skills that bear on both economic growth and life chances.

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Evidence of Effectiveness

- Education expansion **reduces inequalities in educational attainment**, particularly in developing countries. **Sequencing is important** because different educational levels have the greater effects in different countries (e.g. primary in low-income countries and secondary in middle-income countries)
- Any difference between coverage and actual usage and learning bears on effectiveness. This places issues of **quality at the centre of the policy agenda**
- In relation to quality, the literature evidences the importance of a variety of factors (such as pedagogy, supply-side side interventions, management interventions) as well as their complementarity

Social investment and in-kind provision of education can lead to poverty and inequality reduction. These types of policies aim at equalising opportunities and affect the pre-distribution of income, as opposed to cash transfers which aim at changing poverty rates and the distribution of income post-taxes and transfers (although cash transfers can help to increase education participation and attainment).

There is good evidence of the relationship between education and inequality. For instance, Patrinos and Psacharopoulos (2013) use data for 114 countries in the 1985–2005 period and show that one extra year of education is associated with a reduction of the Gini coefficient by 1.4 percentage points. Coady and Dizioli (2017) in a study for the IMF confirm a large, stable and significant positive relationship between education inequality and income inequality, they also confirm that the net impact of education expansion over the last fifteen years has been to reduce income inequality, especially in emerging and developing economies. Despite differences in the magnitude of this impact across countries the effect is always inequality reducing. They also find an inequality-increasing impact of education expansion in advanced economies which suggests that the inequality-reducing role of education expansion in emerging and developing economies may diminish as these countries develop. This suggests that public investment in education is an important element of strategies to tackle inequality and its role is central to the policy agenda developed by, for instance, the IMF and the OECD (Dabla-Norris et al., 2015; OECD, 2011).

What emerges from the literature is also **the need to understand the impact of different educational levels depending on the country context.** In a large review of the literature, UNICEF (2015) shows that in low-income countries,

the expansion of primary education contributes the most to national income growth. However, in middle-income countries it is secondary education that contributes the most to growth. Focusing on 12 African countries the review also finds that the greatest reduction in poverty is associated with primary education, followed by secondary. Since children from the poorest households often face barriers in accessing tertiary levels of education (and sometimes even secondary levels in low-income countries), when balancing public funding in relation to equity, it is important to consider how investment in different levels of education may favour different groups of students. The risk is designing a system that subsidises areas of education favouring the better-off to the detriment of financing quality services that would make the difference for the most disadvantaged children.

Particularly in budget-constrained contexts, it is therefore important to focus on sequencing: for low-income countries, focusing on primary education is a priority. However, as income levels increase, the importance of higher levels of education also increases. For countries with full or nearly universal primary completion, lower secondary education becomes the level where the highest returns can be reaped.

There is a difference between coverage and actual usage and this bears on the effectiveness of universal, free education. The most absolute form of educational exclusion is never enrolling or attending school ('never entry'). Never entry rates are the highest in sub-Saharan Africa (WIDE, 2016), but countries like India, Pakistan and Nigeria have large numbers of children who never enter school because of the size of their school-age population despite lower 'never entry rates' (UNICEF, 2015). Primary completion rates also remain low in many low-income countries. The lack of capacity to accommodate large numbers of learners in lower secondary education leads to low transition rates from primary to secondary, while comparatively high primary completion rates do not automatically translate into high lower secondary completion rates. For example, Belize had a completion rate of 90 per cent in 2016, improving from 86 per cent in 2011, yet its lower secondary completion rate was only 35 per cent in 2016, and had declined from 42 per cent in 2011 (WIDE, 2016).

Moreover, **even though considerable progress has been made in the expansion of primary education in particular, significant disparities still remain by gender, location (urban/rural), ethnicity, disability and income group** (UNESCO, 2018; Adesina, 2016). Disadvantages often accumulate and lead to high levels of inequality. In relation to gender, while there has been considerable progress over the last decades, especially at primary level, significant inequalities still exist and girls from poor families are the children most likely to be out of school, drop out of school earlier and fail to continue beyond primary education (UNESCO, 2018). UNESCO's *Global Monitoring Report Teaching and Learning: Achieving Quality for All* (UNESCO, 2014) finds

that while the richest boys may on present trends achieve universal primary education by 2021, the poorest girls will not catch up until 2086. Wealth inequalities and spatial location continue to shape inequalities in education: in Nigeria in 2013 a child from the poorest quintile in Nigeria was more than twenty-three times more likely to have never attended school than a child from the richest quintile; while 40 per cent of children in rural areas had never been to school, compared with 10 per cent in urban areas (Adesina, 2016).

As a step **towards universal free education the elimination of student fees can lead to increased demand by removing opportunity-cost impediments and can have the potential of increasing enrolment, completion and progression.** A systematic review of studies of interventions in low-income developing countries (Morgan et al., 2012) evaluated the elimination of school user fees paid by households. These costs include tuition fees, exam fees, fees for textbooks and uniforms, community and parent–teacher association contributions. The review finds that universally abolishing tuition fees, eliminating tuition fees for targeted groups, and providing free uniforms increased school enrolment and positively impacted other outcomes, including age at school entry, persistence/grade advancement, attendance, enrolment and delayed marriage/childbearing. At the same time, **a sudden increase in enrolment can lead to overcrowding and shortages of teachers and resources** – see Grogan (2009) for the case of Uganda. These unintended consequences affect the resources available at school level and reduce educational quality, which may affect the impact of the intervention. The review also includes descriptive studies that confirm increased enrolment and increased equity by extending access to marginalised groups. However, these also highlight declining education quality under free universal primary education policies, which may erode enrolment gains, due to public perception of reduced education quality. This can undermine the policy potential in ameliorating educational inequalities, as wealthier households opt out of the public sector schools and enrol them in better quality private schools. This can also lead to the ‘mushrooming’ of private schools, including low-fee/low-quality ‘private schools for the poor’.

Concerns with quality are pressing because, even when there are improvements in ensuring more equitable access, these do not always translate in actual learning; educational inequalities cannot be ameliorated if children do not develop the expected competencies. Concerns with a ‘learning crisis’ (UNICEF, 2015; Oxfam, 2019) have placed issues of quality at the centre of the policy agenda. Even though there is need of more high-quality research on education quality in developing contexts (Aslam et al., 2016), there is a growing literature on these topics. A few systematic reviews (Conn, 2014; Glewwe et al., 2014; Kremer et al., 2013; Krishnaratne et al., 2013; McEwan, 2014) present divergent conclusions, because they adopt different methodological approaches and selection criteria

(Evans and Popova, 2016). McEwan (2014) finds that the largest impacts were associated with computers or instructional technology, teacher training, smaller classes, smaller learning groups or ability grouping, contract or volunteer teachers, performance incentives and instructional materials. Nearly all successful instructional interventions incorporated at least a minimal attempt to develop teachers’ capacities for effective instruction in the classroom.

Concerns with quality have often neglected pedagogy (Alexander, 2016). The importance of pedagogical reform is found as most effective in reviews by Conn (2014) and Kremer et al. (2013). However, input indicators (e.g. pupil/teacher ratios, expenditure per pupil, teachers’ qualifications) are often privileged over indicators of process. When process elements are considered they often do not reflect teaching and learning but more easily measurable aspects like learning time and class size. However, there is growing evidence that pedagogy aspects do not solely lead to active children’s engagement, but raises standards of achievement in literacy, numeracy and science tests (Alexander, 2016). RCTs in different countries show the effect of pedagogy on accelerating learning and raising measured standards. In a large synthesis of 800 meta-analyses concerning student achievement and pedagogical interactive strategies, these were found to promote teachers’ diagnosis, assessment and intervention (Hattie, 2009). While much of this literature focuses on higher income countries, in a review focused on middle- and low- income countries (Westbrook et al., 2013) classroom interaction emerged as the pedagogical key essential to improve quality of teaching.

The complementarity of interventions is also important – e.g. combining a reduction in class sizes with additional teacher training; or combining incentives with attendance monitoring and sanction enforcement (McEwan, 2014). Masino and Niño-Zarazúa (2016) provide a systematic review focused on three main drivers of change in education quality: i) supply-side interventions (e.g. physical infrastructure, teaching materials, training and hiring of extra teachers); ii) incentives changing the behaviour and preferences of teachers, parents and students – relevant, for instance, to combat absenteeism and ensure resources are employed effectively; iii) bottom-up and top-down participatory and community management interventions – bottom-up policies can improve quality by diffusing information about specific community needs, while top-down policies can optimise standards of practice enforcement and resource deployment through management reforms. They suggest that interventions are more successful when two or more drivers of change are combined.

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Challenges

- **Fiscal:** Budgetary constraints and limited resources
- **Institutional:** Growth of private sector can create new barriers in achieving an equitable system
- **Political:** Political agendas and priorities conflicting with equity goals
- **Implementation:** Teacher quality and absenteeism
- **Economic/Social:** Demand-side barriers such as hidden costs, norms and attitudes can limit access for the poor

Facilitating Factors

- **Administrative:** Appropriate planning in terms of sequencing, targeting investment in priority educational areas, groups and regions and sustainability strategies
- **Regulatory:** Development of robust accountability mechanisms, including bottom-up solutions and greater role to be played by civil society organisations
- **Social:** Parental attitudes towards schooling can change through sensitisation activities and pre-school attendance
- **Economic:** Cash transfers (including financial incentives) can reduce direct and indirect costs and affect enrolment and drop-out rates

Budgetary constraints and limited resources limit the potential of delivering universal, free, high-quality education at primary and secondary level. These can limit the provision of adequate infrastructure to reach all children, especially in rural and remote areas, but also bear on providing adequate resources in terms of staffing and materials. This limits the effectiveness of the system as, for instance, school proximity and overcrowding are important in relation to access and survival rates (UNICEF, 2015). **The efficient allocation of budgets to meet equity goals is thus essential and needs to be weighted so that the higher instructional costs of disadvantaged students are being met.** This can be done only by evaluating gaps to plan appropriate sequencing and targeting of priority educational areas, groups and regions. This also means evaluating sustainability strategies and policies to keep unit costs affordable (e.g. in relation to staff expenditure or by keeping repetition rates low).

These limits are also often discussed in relation to the role played by non-state actors. In the last decades, the lines between state and non-state schooling have been blurred with a great variety of hybrids and models of provision in terms of ownership, financing and partnerships between state, private and third sector actors (Aslam, 2017). **International organizations have played an important role in pushing for a ‘third way’ that sees private schooling as a complement to public schooling** to supply the ever-increasing demand for education (Verger, 2017). This has led to a constant increase in private financing in education and enrolment in primary and secondary private schools all over the world since the 1990s. Low Fee Private Schools (LFPSs) are emerging in many low-income countries as the result of the complex interaction of demand and supply-side dynamics and domestic and external influences. Some have been established through localized efforts in response to excessively high demand and scarcity of supply (Walford, 2015),

but international organizations – including the World Bank, philanthropic organizations and transnational consultancy firms – have also played an important role in scaling up of this schooling modality. Despite its locally situated origins, the phenomenon is becoming more and more embedded in transnational networks of influence, capital and ideas. The establishment of Public-Private Partnerships between governments and LFPSs has also been growing – for instance in Uganda, Rwanda, India and Pakistan (Srivastava, 2016). The argument in support for expanding LFPSs sees them as playing an important equitable role in achieving universal basic education in rural or poor urban areas where the public offer is absent or inappropriate (Heyneman and Stern, 2014). Certain types of non-state providers (in particular philanthropic, religious and community schools) may be able to fulfil this role, particularly in fragile contexts, in the short-term and contribute to rebuilding the education system in the long-term (Aslam, 2017).

However, there is **growing evidence that they seldom serve this function and may in fact create new barriers in achieving an equitable system.** There are doubts that growing expansion in private school enrolment boosts net enrolment rates (in relation to Pakistan see Andrabi et al., 2008). Smith and Joshi (2016) draw a comparison between China and India’s pathways finding that a large private school sector at the primary level may not prevent but slow down the process of achieving universal basic education. **LFPSs are also found to be often clustered in urban areas, disproportionately attended by boys in many contexts, and inaccessible to low-income families** (Andrabi et al., 2008; Day Ashley et al., 2014; Tooley and Dixon, 2006; Woodhead et al., 2013; Härmä, 2009; 2011). Overall, evidence on whether private schools geographically reach the poor is ambiguous, and while there are several studies finding LFPSs located in rural areas, they generally do not serve

the poorest at the aggregate level (Day Ashley et al., 2014; Aslamn, 2017). Supply of LFPs may require the availability of inexpensive staff (permitting LFPs to keep expenditures low) thus limiting potential geographic locations. Moreover, even the least expensive private schools are often cost prohibitive for the poor who may resort to welfare sacrifices in other areas, making continued attendance difficult to sustain (Languille, 2016; Day Ashley et al., 2014, for evidence from Omega Schools in Ghana see Riep, 2015). This, together with the fact that many countries have seen more advantaged students abandon state funded schools and populate all kinds of private schools, including LFPs (Bold et al., 2010; Härmä and Rose, 2012) can lead to a double tier-system in which state funded education becomes a last resort for the poorest and most marginalized (including rural and indigenous populations, females, and those with disabilities) in society. This has consequences for the overall quality and equity of the system and risks entrenching educational inequalities.

Importantly, **politics is a key barrier to the development and delivery of universal, free, high quality public primary and secondary education: the extent to which equity is a key concern in the design of the system influences both budgeting decision and choices in delivery.** For instance, the process that led to the variety of paths taken towards increasing privatization is intensely political. As noted, global policy ideas are one of the main drivers of education privatization, but domestic political coalitions interpret global privatization ideas with consequent different trajectories of privatization – e.g. Dias Rios (2019) explores paths of marketization, erosion of public provision, and dualization in Chile, Argentina and Colombia. The ‘affordable’ terminology associated with LFPs can also be interpreted as a discursive device that obscures contradictory objectives, class interests and distributional choices (Languille, 2016). Corruption can also occur in all aspects of education provision, from finance and service procurement to institutional accreditation, teacher management, examinations, scholarships, etc. **Robust accountability systems are necessary and civil society organizations can play an important role in relation to accountability, through legal mechanisms but also through research, open data, coalition building and media campaign** (UNESCO, 2017). These can put pressure on governments to improve education delivery and offering citizens avenues to identify policy deficiencies and use collective action to advocate for change. Similarly, other bottom-up solutions can empower citizens through participation in budgeting and review of planned expenditure.

Insufficient coverage and resources are also not the sole challenge on the supply side, for instance because resources are not always received or used as intended. **Teachers’ behaviours and practices can present important barriers to delivery.** Having a teacher in the classroom is an important but insufficient pre-requisite for improving achievement, as remarked above. However, teacher absenteeism is a major challenge in many developing countries, with average ranging from 3 per-

cent to 27 percent (Guerrero et al., 2012). Absenteeism is larger in poorer, more isolated schools, contributing to unequal educational opportunities. The evidence suggests that a combination of better monitoring and powerful incentives seems effective in tackling teacher absenteeism. Improving the work environment or promoting professional development could also play a role (Guerrero et al., 2012). Incentives can be monetary or non-monetary and delivered on an individual or a group basis. In order for these to be effective what emerges as important is that teachers understand the way in which incentives are calculated and the specific behaviours that are being rewarded (Duflo and Hanna, 2005; Glewwe et al., 2010). Only in conjunction with increased monitoring of teachers’ attendance incentives appear to improve test score effects (Masino and Niño-Zarazúa, 2016). However, they might encourage teachers to focus on short-term performance rather than achieving long-term improvements in students learning. Boosting monitoring mechanisms and bottom-up accountability can be especially important in contexts in low teacher accountability resulting in absenteeism is tied to political relationships (see Box 1).



Box 1. Teachers Absenteeism in India

Teacher absenteeism in India is a well-recorded and long-discussed phenomenon (Kremer et al., 2005; Chaudhury et al., 2006; Muralidharan et al., 2017). Absenteeism affects the quality of service delivery and has significant financial costs (Muralidharan et al., 2017). The phenomenon has a variety of drivers and lack of effective accountability structures and weak governance are often identified as important ones. India exemplifies the importance of considering the relationship with politics and the political economy. As it is also the case in many other developing countries, teachers are frequently engaged in a variety of political and administrative tasks unrelated to their official role as teachers: they are involved in partisan political activities in a variety of roles, either as members of political parties or other interest groups such as unions, or as poll monitors, census enumerators during elections. This can lead to a lack of separation of powers and functions that undermines good governance and accountability in education (CCS, 2019). On the one hand, there is evidence to suggest that members of political parties have a significantly greater likelihood of absence and that those who run for office are significantly more likely to take unauthorized absences. Davies (2018) also finds evidence that there is a strong and persistent electoral cycle to absenteeism in government schools, with absenteeism declining significantly in election years: variations are likely the result of differential attention politicians pay to public services over the cycle of their tenure, and greater monitoring is not the result of greater accountability. Moreover, there is evidence of widespread clientelism, with politicians, teachers and government officials tangled in a complex system of relations. There are several forms of political top-down control: for instance, Bêteille (2009; 2015) finds that politicians will wield transfers as a form of punishment for non-compliant bureaucrats, making the power of bureaucrat transfer and assignment as a powerful source of patronage. Politicians control postings either directly or indirectly through putting pressure on District Education Officers. District Education Officers, faced with low capacity, high information asymmetries and overburdening often rely on information and political pressures, particularly from elected officials, as a in their decisions to monitor certain schools and sanction teachers. This means that tackling absenteeism needs to focus on the relationship among a variety of stakeholders in the schooling process and on ways of disentangling the political roots weakening good governance and affecting accountability.

Barriers on the demand side include ‘hidden costs’, such as mandatory uniforms and parent–teacher association contributions that can limit access for the poor. Norms and attitudes can also affect the utilisation of education services. Families have to weigh the costs and perceived benefits of educating a child. Children’s age sees increasing drop-out rates as livelihood pressures at home are combined with the burden of household chores and income-generating work. Shocks such as sickness or death of an earning member of the family causes children to take up caring and economic roles and deepens vulnerability. In these respects, gender biases are particularly important in shaping attendance and progression for girls. **Sensitisation activities** improving students’ and parents’ awareness by providing information on returns to investment in education, providing role models and communicating in the native language can play a part in changing perceptions and attitudes (Masino and Niño-Zarazúa, 2016; Thapa and Sarkar, 2019). Poor quality can also affect these attitudes as families get de-motivated on realising that their children are not learning while dealing with the costs of sending them to school. **Preschool also changes children’s and parents’ attitudes and motivation, making children more ready to go to school and making parents perceive and support them as learners** (Arnold et al., 2006). Children who have gone to preschool have a 74 per cent higher chance of being enrolled in school (UNICEF, 2015). At the same time, it is important to understand the cultural context that can shape the extent to which formal schooling produces significant returns for target populations (for a study on the participation of indigenous populations in Bolivia see Bauchet et al, 2018).

Cash transfer play an important role in increasing enrolment and reducing drop-out rates (UNICEF, 2015). Cash transfers can ameliorate the hardship faced by vulnerable households and hence reduce risks of no enrolment and drop-out, and larger support for girls can compensate for gender biases. In relation to Conditional Cash Transfers (CCTs) there is now consistent evidence showing that they can rise overall household consumption, increase investment in productive assets, reduce child labour and increase school attendance (Reimers et al., 2006; Kabeer, 2012). There is also persuasive evidence that CCTs protect household consumption and educational patterns of participation during times of crisis. CCTs tend to reduce children’s labour supply and their impacts are higher among girls when domestic work, which is overwhelmingly performed by girls, is taken into account. CCTs are less effective in relation to student learning – as noted before factors such as school quality and non-school determinants of learning such as home environment are essential in relation to learning. At the same time, cash transfers have a significant impact on a range of outcomes. In a systematic review examining the relationship between household financial resources and children’s outcomes in OECD countries, Cooper and Stewart (2013; 2017) highlight the significant positive effects of income on cognitive development and school achievement, social and behavioural development and children’s health. The relation-

ship is shown to be a causal one, where effects are significant. For instance, they show that the impact of an increase in income is comparable in size to those identified for spending on early childhood programmes or education, but that income influences many different outcomes at the same time. In this sense, **cash transfers are essential not just in relation to education, but because poverty, health and nutrition are essential facilitating factors in promoting children's opportunities and life chances.**

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POLICY 3.2 EARLY YEARS EDUCATION AND CARE

Policies for the provision of high quality early years education for all children (urban and rural) including those with special educational needs and disabilities, and children who have been displaced due to disasters or war.

Relationship to Inequality and Poverty	Early childhood education and care (ECEC) can help level the playing field by compensating for disadvantages at home and mediating their transmission ECEC is both a right in itself and a major contributor to development and poverty reduction, building on the idea that human capital formation is a dynamic life-cycle process ECEC is of growing importance due to a variety of phenomena such as urbanisation, displacement, migration and changing household structures that disrupt traditional models of care
Key Actors	Governments, NGOs, service providers
Level of Intervention	National, Local
Domain/SDG	  MIF Domain 3 SDG 4, Target 4.2
Evidence of Effectiveness	There is strong evidence that ECEC can improve cognitive and socio-emotional development, help create a foundation for lifelong learning, make child outcomes more equitable, increase intergenerational social mobility However, there is a stark socio-economic gradient in children's access and participation in ECEC services and those more likely to benefit from ECEC are less likely to participate Lessons from both advanced economies and low- and middle-income countries stress that quality is essential for programmes to be effective Development of ECEC requires a holistic approach that considers the integration and coordination of interventions across sectors and understands how contextual factors such as economic inequality, poverty and social exclusion mediate and constrain the effectiveness of ECEC services

Challenges and Facilitating Factors	Challenges	Facilitating factors
	• Political: Lack of policy attention by national governments. Political influence also shapes priorities and ECEC delivery with potential adverse consequences for equity • Administrative: Planning and governance challenges • Implementation: Limited financial and human resources • Social: Public and parental attitudes towards ECEC • Economic: Household resources and economic inequality	• Political: International consensus around ECEC can support its development • Institutional: Horizontal and vertical coordination and integration with clearly defined responsibilities and communication channel • Regulatory: Careful monitoring is needed to promote quality and equity, especially in light of the role of private providers in many contexts • Implementation: Improved career pathways that are linked to both financial and non-financial recognition can support human resource development • Social: Participatory engagement, broad stakeholder involvement and development of context-relevant approaches help promote public support for ECEC
Costs	High – while the costs of some interventions are low, efforts of scaling up successful programmes and increase public investment would involve high costs	

This Policy is part of



POLICY MIX 2 TARGETING CHILDHOOD INEQUALITIES



Relationship to Inequality and Poverty

- **Early childhood education and care (ECEC) can help level the playing field** by compensating for disadvantages at home and mediating their transmission
- **ECEC is both a right in itself and a major contributor to development and poverty reduction**, building on the idea that human capital formation is a dynamic life-cycle process
- **ECEC is of growing importance** due to a variety of phenomena such as urbanisation, displacement, migration and changing household structures that disrupt traditional models of care

Early childhood education and care (ECEC) can help ‘level the playing field’ by compensating for disadvantages at home and mediating their transmission. The importance of the early years has been emphasized by evidence demonstrating that **gaps in cognitive skill development open up between children from advantaged and disadvantaged families at a young age, even before they attend primary school.** Moreover, children’s development may be less amenable to change after they enter school. ECEC can thus compensate for disadvantage and improve children’s life chances by preparing them for future learning, by fostering both cognitive and non-cognitive skills.

ECEC is both a right in itself (UNESCO, 2007) and an important contributor to development and poverty reduction. Improving ECEC thus aims at meeting the needs of all children, ensuring that services are expanded, and inequities tackled by improving the inclusion of the most vulnerable and disadvantaged children. On the other hand, the rationale for how ECEC can help overcome inequality also builds on the idea that human capital formation is a dynamic life-cycle process: skills and abilities acquired in one stage of the life cycle have a direct impact on productivity of education at the next stage (Cunha et al., 2006). Programmes of high quality have the potential to improve the health and nutrition of young children, prepare them for elementary schooling, guarantee their rights are respected and reduce inequality.

In developing countries, the importance of ECEC is growing in face of changing household structures: for instance, as urbanisation, displacement and migration have broken down traditional and reciprocal lifestyles, reducing the role of extended family members as carers (UNESCO, 2007; Penn, 2011). Meanwhile, there are also growing numbers of single-parent, especially mother-headed, households, with women overrepresented in lower-paid, non- and semi-professional work and in the informal sector,

increasing risks of insecurity (ILO, 2018). These trends and emergencies characterising specific contexts (e.g. famine, natural disaster and war) influence the progress made by different nations in this area of policy as well as the types and coverage of ECEC programmes.

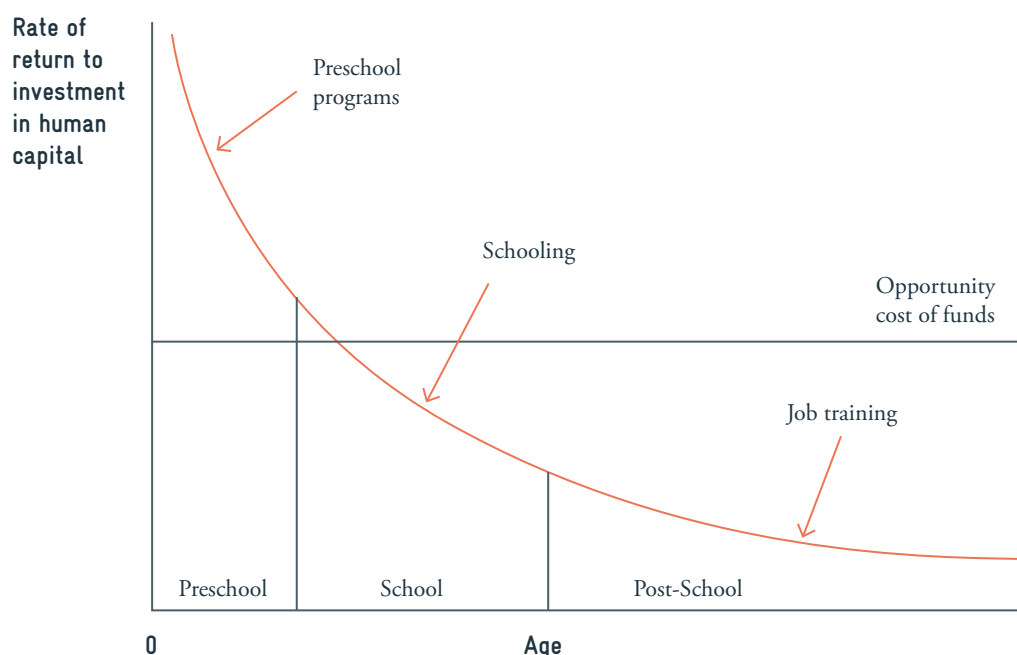


Evidence of effectiveness

- **There is strong evidence that ECEC can improve cognitive and socio-emotional development, help create a foundation for lifelong learning, make child outcomes more equitable, increase intergenerational social mobility**
- However, there is a stark socio-economic gradient in children’s access and participation in ECEC services and those more likely to benefit from ECEC are less likely to participate
- Lessons from both advanced economies and low- and middle-income countries stress that **quality is essential for programmes to be effective**
- **Development of ECEC requires a holistic approach that considers the integration and coordination of interventions across sectors** and understands how contextual factors such as economic inequality, poverty and social exclusion mediate and constrain the effectiveness of ECEC services

There is strong evidence from the scientific and social science literature that identifies the importance of early years for childhood development. A growing body of research recognises that early childhood education and care (ECEC) can improve cognitive and socio-emotional development, help create a foundation for lifelong learning, make child outcomes more equitable, increase intergenerational social mobility (OECD, 2012; 2017; Carneiro and Heckman, 2003; Heckman, 2011; Penn, 2011; UNESCO 2007). Based on long-term studies of early human development and the impact of early investment on schooling and adult outcomes what emerges is that 1) inequality in the experiences of young children result in inequality in cognitive and emotional abilities, academic achievement, health status, employment prospects and earnings; 2) both cognitive skills and social skills matter for these lifelong outcomes; 3) effective investments in quality early childhood interventions can reverse genetic, parental, and environmental disadvantages; 4) Investment in early education for disadvantaged children from birth to age 5 contributes to reduce disparities in later outcomes (from educational achievement, to health and crime), and reduce overall social costs. Heckman (2011) estimates that every US\$ invested in high-quality early child-

Figure 3.2.1: Rate of return to investment in human capital



Source: Carneiro and Heckman (2003).

hood education produces a 7–10% per annum return on investment. Policies that provide early childhood educational resources to the most disadvantaged children produce greater social and economic equity. Based on their seminal work, Carneiro and Heckman conclude that rates of return to investment in early childhood are substantially higher than rates of return to investment in later life (Figure 3.2.1).

This process is cumulative and non-linear, and timing is essential: sensitive developmental periods and the dynamic relationship between early accumulation of experiences and later outcomes make the timing of interventions by parents, caregivers, and service providers important. As the most vulnerable families face higher risks in a variety of aspects crucial to children's wellbeing and development, while lack of resources constrain families' ability to invest in these early experiences, there is a powerful case for government investment in ECEC. **There is strong evidence of large disparities across a range of indicators** (mortality, nutritional conditions, cognitive and emotional development, stimulation activities, access to learning resources) between the most and the least disadvantaged children under 5 in developing countries (Vegas and Jaimovich, 2016). While complicated by paucity of data (particularly for children under 3) **there is also a stark socio-economic gradient in children's access and participation in ECEC services: the most likely to benefit are the least likely to be enrolled** (Penn, 2011; Vegas and Jaimovich, 2016). Access to pre-primary education is particularly low in sub-Saharan Africa, Arab States, where the limited access is also largely provided by the private sector and duration is much shorter (around 0.5 years, compared to 2.5 years in Europe and North

America). Moreover, investment in ECEC is across regions accounts for by far the lowest proportion of total public expenditure on education (UNESCO, 2015).

In a meta-analysis on the effects of ECEC interventions in 23 countries (across Europe, Africa, Asia and Latin America), Nores and Barrett (2012) find that children receive substantial cognitive, behavioural, health and schooling benefits from early childhood interventions, particularly when these combine different components (e.g. education and stimulation with nutrition interventions and cash transfers – rather than nutrition-only or income support-only interventions). **There are several different types of programmes, and their evaluation shows a complex picture.**

- **There is good evidence of the positive effects of ECEC programmes that involve home visiting and parenting support programmes on parental knowledge and practices, children's language and cognitive development** (Vegas and Jaimovich, 2016; Powel et al., 2004; Woodhead et al., 2014; Attanasio et al., 2014). These programmes focus on parent-child interactions and often combine nutritional and health components with stimulation and learning activities. In this area a seminal study is that conducted by Walker et al (1990) in Jamaica, whose long-term educational and earnings trajectories were evaluated, finding positive effects by Gertler et al (2014) 20 years later. The effectiveness of these programmes increases when combining child and parent programmes (rather than including parent interventions only) and when included more frequent visits and systematic training methods for staff (Engle, 2011).

- **Centre- and community-based care provides services which vary in the extent to which they engage local communities or offer pre-primary schooling experiences. Differences in the age of children, qualification of staff, quality control mechanisms and nature of child-nature interactions make comparisons difficult.** Among those that show positive effects are the *Proyecto Integral de Desarrollo Infantil* in Bolivia (Berhman, Cheng and Todd, 2004) and the *Hogares Comunitarios de Bienstar* in Colombia (Bernal and Fernandez, 2013); while zero or negative impacts were found for the *Fondo de Desarrollo Infantil* in Ecuador (Rosero and Oosterbeek, 2011). Overall, there is scarcity of robust evaluations but also **some evidence that the low quality of these services often undermines their effectiveness** (Berlinsky and Schady, 2015).
- **There is good evidence of the effectiveness of pre-school programmes on short- and long-term cognitive and schooling outcomes.** While these programmes vary by country, and may be offered by public or private providers, they share characteristics such as having a specified curriculum, paid and trained staff, learning materials etc. Again, quality matters for cognitive outcomes and educational performance – Aboud and Hossain (2011) show the effects of improved quality of a pre-primary education programme in Bangladesh, Malmberg et al. (2011) show the effects of higher quality pre-schools in East Africa. In particular, Araujo et al. (2014) point to the great importance of teacher effects.

While the literature in low- and middle-income countries is growing, the key lesson in regard to the importance of quality is in line with the extensive research in advanced economies (Sylva, 2011). If care is low quality the expected effects do not materialise, and some provision may even be damaging to children's prospects. Research finds that ECEC makes the most difference for children from disadvantaged financial backgrounds (Ruhm and Waldfogel, 2012). In an extensive review of US evidence, Waldfogel (2004) finds that high-quality preschool programmes for disadvantaged children produces substantial cognitive and non-cognitive gains. Evidence from experimental programmes mainly targeted at disadvantaged children shows that the largest effects were produced for the most disadvantaged. Findings from small scale trials (e.g. the Perry School project) support this view of the benefits of ECEC and give confidence that differences are causal. **However, while they offer solid guidance for the impact of small high-quality interventions on very disadvantaged children, they are less helpful in relation to universal or large-scale programmes.**

Much current research has focused on **defining the successful characteristics of high-quality programmes** (Weiland et al., 2018; Morris et al., 2018; Yoshikawa et al., 2016) especially in the context of scaling up programmes when there is substantial variation in effectiveness. A UK study followed a large sample of children from preschool to school entry,

and beyond (EPPE, Sylva et al., 2004). Analyses show that children who attend preschool enter school with a cognitive advantage. Sylva et al. (2012) found that only high-quality provision leads to lasting gains which can be measured at age 14. More detailed analyses indicate that both the type of care and time in care matter. For instance, centres that integrated care and education provision and nursery schools were found to be particularly effective, with especially beneficial effects for children from low-socioeconomic status families. So too were programmes that had more highly qualified staff and managers. The EPPE study also finds some indications that there may be composition effects, with children making more progress if they attended centres with more children from highly educated families. With regard to hours per day, in contrast to the findings for prekindergarten in the US but similar to the findings for other types of preschool programmes, the study finds no added cognitive benefits of attending full-day rather than half-day. Thus, the cognitive benefits of preschool were evident even if children only attended part-time. **This is important, as it shows that focusing solely on availability and affordability of ECEC at the expense of quality is not adequate if we are interested in fostering child development.**

In several advanced economies priority has shifted in favour of increasing mothers' employment, which is a distinctly different goal from child development. In this sense, the provision of ECEC can lead to poverty and inequality reduction inasmuch as it contributes to removing labour supply constraints, which are particularly significant in relation to gender inequalities. Labour supply constraints limit participation in the labour market, with consequences for employment and earning prospects. Unequal capacity and resources to meet these constraints lead to increased vulnerability, with repercussions on inequalities over the life-cycle, higher risk of poverty and poverty traps, and in higher risks of working – and being trapped – in low paying jobs. At the same time, policies introduced to increase labour force participation would first benefit those already participating to the labour market, and there is some evidence from high-income countries of differential use of ECEC services (Marx and Verbist, 2014; Waldfogel and Stewart, 2017), which leads to social stratification: these factors can limit the potential of these policies in reducing inequalities. However, the underlying assumption is that participation amongst the more disadvantaged would improve, with pro-poor longer-term consequences. Childcare subsidies and strategies to improve affordability are important in these respects. However, **the priority accorded to this policy goal tips the balance between availability, affordability and quality in ECEC provision** (Lewis and West, 2016). In particular, changes prioritising affordability may compromise the quality of provision – which is found essential for supporting child development.

When talking of quality a variety of indicators are often cited, in relation to standards regarding child/staff ratios and group sizes; physical space per child; services such as water and sanitation; feeding programmes; staff qualifications and training; and programme length, but also regulation and monitoring mechanisms and coherent standards set at national and local level (UNESCO, 2007). There isn't a clear picture of the specific pedagogical practices that work for improving outcomes (Sim et al., 2018). At the same time there is a growing body of literature stressing how **defining quality is a process, often contested (Hunkin, 2017) and that requires democratic dialogue** with opportunities to share, discuss and understand value, ideas, knowledge and experiences (Penn, 2011; Mahon, 2016; OECD, 2012; Serpell and Nsamenang, 2015). This can lead to the development of context-sensitive methods of assessment and context-relevant materials and curricula, building on traditional care practices and respecting linguistic and cultural diversity. This increases the engagement and the empowerment of local communities, which can also help remove demand-side barriers limiting participation (Mahon, 2016).

In order to understand how early childhood policies can effectively translate into improved life-chances, these services should not be considered in isolation (UNESCO, 20107). On the one hand this means adopting a holistic approach that considers the **integration and coordination of interventions across sectors** (Vargas-Barón). On the other hand, this also means understanding how **contextual factors such as economic inequality, poverty and social exclusion mediate and constrain the effectiveness of ECEC services** (Penn, 2011; Mahon, 2016). For instance, it has been shown

(Feinstein, 2003) that when considering children's attainment at age 5, initially high attaining children from disadvantaged families go on to perform less well than their peers from advantaged families; similarly, amongst low attaining children, those from advantaged families go on to perform better than their less advantaged peers. This shows that even when showing early signs of low ability, children from better-off families largely avoid downward social mobility (McKnight, 2015a). A holistic approach thus requires an understanding of ECEC interventions within the broader circumstances of children's lives. ECEC interventions will be most effective if taking place in a context of support for children's services more generally, for instance tackling household poverty, and supporting parents in providing good quality care themselves.

i

Challenges

- **Political:** Lack of policy attention by national governments. Political influence also shapes priorities and ECEC delivery with potential adverse consequences for equity
- **Administrative:** Planning and governance challenges
- **Implementation:** Limited financial and human resources
- **Social:** Public and parental attitudes towards ECEC
- **Economic:** Household resources and economic inequality

Facilitating Factors

- **Political:** International consensus around ECEC can support its development
- **Institutional:** Horizontal and vertical coordination and integration with clearly defined responsibilities and communication channel
- **Regulatory:** Careful monitoring is needed to promote quality and equity, especially in light of the role of private providers in many contexts
- **Implementation:** Improved career pathways that are linked to both financial and non-financial recognition can support human resource development
- **Social:** Participatory engagement, broad stakeholder involvement and development of context-relevant approaches help promote public support for ECEC

ECEC has suffered from lack of policy attention by national governments, in comparison to primary and secondary education. Often these policies and supporting legislation are more declarations of intent than realities: national legislation is seldom matched by adequate strategies and public funding or lacked by strong enforcement (UNESCO, 2007; UNESCO, 2015). Labour market trends that see rising participation of mothers with young children in the labour force, coupled with the decline of traditional family childcare arrangements has made some governments more receptive to policies to expand ECEC. However, as noted above, **it is important that the policy goals of supporting labour market participation and child development are distinguished**, particularly as the importance of quality, critical to the latter, may be overlooked by focusing solely on the former. **An important facilitating factor is the international consensus surrounding ECEC.** Concretely, this means that international organizations, aid agencies, foundations and international NGOs can offer support through capacity building, funding, policy development and research. However, **in this area it is also important to understand the political dynamics that underpin priority setting.** For instance, Kosec (2011) finds that richer and more unequal municipalities in Brazil are significantly less likely to expand education spending and public pre-primary enrolment. Two factors contribute to this phenomenon: on the one hand, because the better-off consume private versions, they do not support increased spending on the public sector counterparts; on the other hand, the better-off also have disproportionate political influence while the poor may have little ability to make government publicly supply the goods they most demand (see Policy 6.2). Power relations and socio-political and economic context affect community-based strategies that are often adopted at the local level (Hayden and Wai, 2013). These programmes thus are not always representative, nor are they always inclusive of all community groups. In fact, they can become a means for states to be less involved and pay little attention to ensuring universal access, provision, and consistency in quality delivery.

These dynamics are important in the field of ECEC provision, which is characterised by complex networks and has evolved through varying levels of decentralization, involving a wide range of stakeholders and relying heavily on non-state providers. Table 1 highlights the different historical expansion of ECEC in different regions.

The complex evolution of ECEC systems, coupled with the holistic approach described in the previous section, present planning and governance challenges (Vargas-Barón, 2013; Neumann, 2018). Effective ECEC programmes require coordination across social protection, health, nutrition, WASH and education. Within the sectors, coordination of resources, planning, accounting and monitoring systems are also required, as well as organizational coordination between different institutions or programmes and between different components of ECEC, each with

distinct goals, methodologies and procedures (Woodhead et al., 2014). Effective vertical **integration is also necessary and ambiguities in the allocation of responsibility within and across levels of government and between public and non-public actors can undermine ECEC delivery and quality standards.** While multisectoral distribution of responsibility can bring together agencies with differing areas of expertise (health, nutrition, education) and help pool resources, it can also lead to conflict between ministries or departments (UNESCO, 2007; Woodhead et al., 2014). Where no administrative body has the principal responsibility, the government may be more likely to neglect ECEC. On the ground, fragmented responsibility may lead to disparities in access and quality. Britto et al. (2014) note that a particularly weak area of governance is often at the middle level where within-sector vertical compliance is often a major preoccupation. **Decentralization** can increase local transparency and adapt services and resources to community needs and circumstances but rapid decentralization in the absence of monitoring and coordination can also lead to deterioration in the quality, access, supply and coverage. Increased disparities can also emerge if transfers of power to lower levels of government are not accompanied by central funds to maintain the supply of good quality ECEC at lower in poorer municipalities. Moreover, there are possible advantages in having **state and non-state sectors working together**: this can rapidly scale up early childhood services, an ongoing challenge in many low-resource contexts. However, families can experience differential access and quality depending on their resources while service gaps tend to occur in rural and low-income areas, which are less profitable and more challenging for providers. **Regulation and careful monitoring for equity are also necessary in face of the large role played by private provision in many contexts.**

Table 1: Historical expansion of ECEC in different regions

Regions	Historical characteristics of ECEC
African Countries	Early childhood paradigm based on age segmentation: care programmes for those under age 3 and education from 3 to compulsory school age. Centre-based provision developed for the older group (though covering only a small percentage of children) Younger children continued to be cared for by parents or kinship networks. In some post-colonial countries, pre-schools retained the structure established by the former colonial power.
Caribbean	Predominance of private or charitable initiatives (exceptions: Barbados, Grenada, and Saint Kitts and Nevis). Traditional responsibility of governments for health issues related to birth and immunization, while early childhood provision in all other areas relied upon the initiative of concerned citizens and/or international organizations/UNICEF, the Bernard van Leer Foundation) or religious institutions.
Latin America	Few early childhood programmes before 1970, historically relying on private organizations with little government interest in childcare or pre-primary education. Pre-schools serving mainly the children of urban households, and the upper and middle classes. Since 1970s pressures to expand access to early childhood education grew steadily, with many governments initiating and expanding formal programmes for 3- to 5-year-olds
Asia and Pacific	Great diversity throughout the region East and South-East Asia, pre-primary education expanded slowly, mainly in urban and affluent areas, and was delivered by private providers. Children from poor and socially marginalized families were largely excluded from institutionalized ECEC

Adapted from: UNESCO (2007)

Limited financial and human resources remain a major challenge. Financial constraints contribute to difficulties in scaling up successful programmes and to the great fragmentation that characterises the sector. There is a growing literature focusing on the ECEC workforce, given its key importance in relation to improving quality (Neuman et al., 2015; Neumann and Roland, 2018). Improving the quality of ECEC depends on strengthening the skills, professional development, and employment conditions of those who work with young children. Often there is lack of regard for ECEC workers who are undervalued, underpaid, and inadequately prepared. Neuman et al. (2015) identify important

commonalities in three in-depth country studies of ECEC workforce in Peru, South Africa, and Ukraine. Despite the variety of programmes workers shared the need for on-going, hands-on training and guidance for instance in engaging and communicating with parents, as well as supportive supervision, coaching, and mentoring. Particularly in low-resource settings it is importance for practitioners to receive training and support as more cost-effective integrated interventions are adopted, or because lower-cost, non-formal approaches are used (Neuman, 2018). The latter can improve access and do not necessarily mean lower quality, but this requires both adequate staff training and safeguards to ensure that less

advantaged children do not end up in second-tier programming. The intensity of training is also important in order to translate to improved outcomes for children (Mendive et al., 2016; Özler et al., 2018), while it also appears that integrating staff training and group-based parenting education can have a greater impact and be more cost-effective (Özler et al., 2018). Low pay, heavy workloads, and challenging working conditions (such as short contracts, extensive travel, safety concerns, non-traditional working hours) affect staff morale and their ability to carry out their responsibilities effectively, with adverse consequences for quality (Neuman et al., 2015). Limited career pathways also led to problems in recruiting and retaining qualified workers. Even in contexts that see expansion of ECEC, staffing gaps may increase, particularly in regard to teachers' compensation in rural or most deprived areas (Zhou et al., 2017). **Building career pathways that are linked to both financial and non-financial recognition is important for recruitment, retention, and continuous quality improvement of the workforce** (Mitter and Putcha, 2018).

There are several factors affecting demand of ECEC. Aside from the important barriers imposed by ECEC costs, maternal education, children's age, household composition and employment status all affect participation in ECEC (Mateo Díaz and Rodríguez-Chamussy, 2016). As noted in the previous section, **poverty and inequality constrain access**, particularly as ECEC receives little public funding and relies primarily on private providers in many countries. At the same time, **public attitudes and awareness of the benefits of ECEC also matter.** In a study looking at parental attitudes, belief and expectation in relation to ECEC in Ghana, Kabay et al. (2017) found that parents were critical of the use of play and unstructured time and very supportive of homework, because it gave order to their children's time after school and provided them with a window into what their child was experiencing in the classroom. Parents expected preschool to be a foundation for future learning, adopting a narrower view of pre-schooling than that underpinning programmes inspired by the international agenda – for similar findings in Malawi see Kholowaa and Rose (2007). This means that, in order to improve parental support of ECEC programmes, schools and policy makers need to engage in outreach activities and communicate with parents about the importance of play, and other aspects of children's early learning and development, showing how schools are focusing on developmentally appropriate practice that parents already support. This further emphasizes the importance of making early childhood education culturally specific and relevant. In general, grassroots strategies and broad stakeholder involvement help promoting public support for ECEC. Engaging parents effectively is important to promote sustainable programmes.

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POLICY 3.3 VOCATIONAL EDUCATION

Policies that deliver affordable, quality technical and vocational education and training which ensure equal access for women, low-income and minority groups.

Relationship to Inequality and Poverty	Vocational education and technical training play an important role in reducing skills and income inequality Technical and vocational education and training (TVET) fosters skill development and can improve employment prospects and outcomes TVET fosters broader skills that bear on several aspects of people's lives, for instance by improving literacy, numeracy, health, communication, civic and financial capabilities Informal vocational education and training can ameliorate opportunities for those excluded from formal education
Key Actors	Governments, business associations and employers, NGOs
Level of Intervention	National, Local
Domain/SDG	  MIF Domain 3 SDG 4, Targets 4.3 and 4.4
Evidence of Effectiveness	There is good evidence of effectiveness of TVET programmes on a range of employment outcomes, particularly for certain disadvantaged groups Weak programme evaluation hampers the ability to draw firm conclusions in relation to different types of TVET intervention. Some rigorously evaluated effective programmes are small scale, and scaling issues undermine their potential for large poverty and inequality reduction Education and training can facilitate moving from the informal to the formal sector, from the lower to the upper tier of informal employment and increasing wages for informal workers. However, informal TVET has a limited impact on poverty and inequality reduction

Challenges and Facilitating Factors	Challenges	Facilitating Factors
	• Economic/Social: Participation of the most disadvantaged is hampered by direct, indirect and opportunity costs as well as linguistic and cultural barriers, requiring complex interventions • Fiscal: Limited public investment and budgetary resources impact both the size of the sector and quality of provision • Political: Undervaluing of TVET and the adoption of ‘productivist frameworks’ can hinder the development of inclusive and holistic approaches • Regulatory: Weak evaluation, monitoring and regulatory mechanisms, particularly in face of growing private provision	• Political: Growing international consensus around the role of TVET can support its development • Political: Clear political vision and leadership focused on devising a comprehensive sector-wide strategy • Implementation: Design and implementation are supported by: • Institutional support through the involvement of all stakeholders • Close cooperation with local communities • Employer engagement • Recognition of the needs of the informal economy and of informal training
Costs	High	

This policy is part of



POLICY MIX 4 EMPLOYMENT INEQUALITIES



Relationship to Inequality and Poverty

- **Vocational education and technical training play an important role in reducing skills and income inequality**
- Technical and vocational education and training (TVET) fosters skill development and can improve **employment prospects and outcomes**
- TVET fosters **broader skills** that bear on several aspects of people's lives, for instance by improving literacy, numeracy, health, communication, civic and financial capabilities
- Informal vocational education and training can ameliorate **opportunities for those excluded from formal education**

Technical and Vocational Education and Training (TVET) is a comprehensive term that refers to programmes concerned with acquisition of knowledge and skills relating to occupations in various sectors of economic and social life (UNESCO, 2012). These programmes are designed to facilitate entry into post-school courses and to enhance integration in the labour market. TVET is an integral part of lifelong learning strategies (UNESCO, 2012; 2016). This involves a large range of modes of delivery and types of settings. It is **relevant to poverty and inequality because of its potential impact on work prospects and income. People with higher levels of skills are more likely to be in work and more likely to earn more.** Next to higher education, remedial and vocational education have an important role to play in improving career progression prospects. Effective TVET can thus improve people's opportunities across the life-course. These programmes can contribute to help people out of low-skills/low-income traps.

Next to employability skills, TVET and adult learning can foster literacy, numeracy, digital, health, and civic and financial capabilities. These can lead to more active citizenship and participation in society (from voting to community engagement). Moreover, there is an intergenerational aspect to consider, in light of the close link between parents and children's educational achievement.

Vocational education and training can thus play an important role in empowering people not just by acquiring marketable skills but also by fostering broader capabilities relevant to several aspects of their lives. Especially in developing countries, where the most disadvantaged are often excluded from formal education and do not obtain formal qualifications, informal vocational education and training can offer an opportunity to ameliorate the prospects

of many marginalised youth in regard to employment, allowing to recognise the prior knowledge and skills learners do possess while being outside the formal education system.



Evidence of Effectiveness

- There is **good evidence of effectiveness of TVET programmes on a range of employment outcomes**, particularly for certain disadvantaged groups
- Weak programme evaluation hampers the ability to draw firm conclusions in relation to **different types of TVET intervention**. Some rigorously evaluated effective programmes are small scale, and **scaling issues** undermine their potential for large poverty and inequality reduction
- **Education and training can facilitate moving from the informal to the formal sector, from the lower to the upper tier of informal employment and increasing wages** for informal workers. However, informal TVET has a limited impact on poverty and inequality reduction

The literature covers a variety of different programmes and interventions, ranging from formal technical and vocational education and training, informal skill development programmes, rehabilitation and counselling, leadership and communication skills training and entrepreneurship training programmes. **In developing countries formal school-based TVET is a less prevalent form of skill training than are informal apprenticeships, which are often provided by micro or small enterprises in the informal sector of the economy and often require no formal qualifications.** Comprehensive multiple-service interventions – for instance combining classroom and on-the-job training with paid work experience, job search assistance or wage subsidies – are most prevalent in OECD countries.

Overall, **there is good evidence of the effectiveness of programmes in improving employment outcomes.** Several reviews and meta-analyses focus on low and middle income countries (Tripney, 2013; Ilavarasan, 2017; OECD, 2016; 2018; Kluve et al., 2017; Kingombe, 2011) and, in general, what emerges is that vocational education and training programmes have a positive impact on a variety of outcomes such as employment initiation, formal employment, monthly earnings and weekly hours worked. In fact, effects are larger in low- and middle-income countries than in high-income countries (Kluve et al., 2017; OECD, 2018). Sometimes wage returns of TVET can be equal (Nilsson, 2010) if not higher than those for general education in some

countries – e.g. Eichhorst et al (2012) found that this is the case in Thailand (also Hawley, 2003), Indonesia (for older cohorts of TVET graduates), Cambodia and Turkey, but not in Iran, Indonesia or Tanzania. While TVET graduates tend to achieve lower qualifications (not accessing further or higher education levels) in developing countries, unlike in developed ones, TVET's relative impact on wages does not necessarily increase at higher qualification levels (OECD, 2018).

The majority of the programmes reviewed in this literature are often specifically targeted at disadvantaged young people, based on criteria such as household income, education level, and employment experience (Tripney et al., 2013) and **the positive outcomes reported support the idea that they can be a means to achieve growth in incomes at the lower end of the distribution. In general, the literature finds that these programmes have the greatest positive impacts on the most disadvantaged youth** (OECD, 2018; Kluve et al., 2017). These positive effects, however, need to be understood in the specific contexts in which they occur. For instance, Aizenman et al (2018), focusing on the relationship between TVET and the manufacturing sector of the economy, show how in countries that experience growth of manufacturing, unskilled labourers benefit relatively more from access to vocational education, thereby narrowing the income gap. At a low level of manufacturing contribution to a country's income, increased access to TVET may not produce a reduction in inequality, but as manufacturing increases its relative share in the economy, improvements in students' access to vocational education are associated with larger declines in inequality. In general, social rates of return to spending on vocational education and training are higher when programmes are tied to existing employment opportunities, fast-growing industries and regions (Kingombe, 2011).

The picture is more mixed in terms of long-term effects (Hanushek et al., 2011; Choi et al., 2019) but there is some evidence that the impact of some programmes with large short-term effects persists. Attanasio et al. (2017) show that this is the case in their evaluation of the long-term effects of a randomized Colombian training and job placement programme, whose positive impact included increased formal sector earnings and employment participation and social security contributions. However, **the literature offers a varied picture when it comes to understanding the returns for these programmes by gender and age.** In particular, gender segregation in formal TVET is endemic in developing countries (OECD, 2018; ILO, 2011): this means that women face barriers in accessing TVET courses and often also self-select into less lucrative TVET programmes. Combined with gender-biased labour market practices, this can lead to slower school-to-work transitions for female TVET graduates, lower employment rates and wage levels and employment in poorer-quality and lower-paid positions. However, while some interventions are found to have small positive effects on men but none on women – e.g. as

Cho et al. (2013) found in Malawi – several others lead to improved labour market outcomes for both men and women (Attanasio et al., 2017) or greater effects for women (Tripney et al., 2013) – e.g. in some Caribbean and Latin American countries (Kingombe, 2011; OECD, 2016). Some studies find no effects on men (Attanasio et al., 2011; Card et al., 2007). In general, it seems essential to distinguish how employment, formality and wage effects differ across subgroups: for example, female beneficiaries tend to experience larger employment and wage gains than male beneficiaries, while men tend to obtain better quality jobs (OECD, 2018).

Programme evaluation is often weak, especially in developing countries, and seldom measures both net impact and costs (Kingombe, 2011). Outside the OECD area rigorous evaluations are still quite rare. **Paucity of data, particularly of good quality, hampers analysis particularly in certain regions (e.g. sub-Saharan Africa).** Lack of rigorous evaluations can lead to overestimating programme impacts and to the inefficient allocation of resources by policy-makers. It also leads to less certainty when it comes to assessing different types of interventions. Multi-component programmes may be able to target several barriers affecting particularly the most vulnerable – and there is evidence that programmes that include features (such as start-up grants) to mitigate financial constraints have a more positive impact on employability and productivity than programmes without this feature (Kluve et al, 2017). However, the potential benefits of more complex interventions may suffer where there are difficulties with implementation. Betcherman et al. (2007) seek to identify the determinants of positive programme impacts through a meta-analysis of the interventions in the World Bank's Youth Employment Inventory (YEI) and find no major differences across categories of interventions in terms of impact or cost-effectiveness. Tripney et al. (2013) note that methodological inconsistencies, weaknesses of the current evidence base, and the heterogeneity between studies **do not allow to draw firm conclusions in relation to the effects of different types of TVET interventions or their effects over time. Finally, there is an issue about the scale of programmes**, even those which appear to work. Many programmes, which have been evaluated rigorously, tend to be small-scale programmes. Scaling up is a challenge that affects their potential of producing substantial poverty and inequality reduction.

The literature, however, evidences some key characteristics of effective programmes. **Training time and total duration** of the course are important (Langer, 2013): for instance, TVET programmes with a duration of four months or more have been found to have better labour market effects than shorter programmes (Kluve et al, 2017). **Engagement of the private sector** in programme design and implementation also has more positive impacts than little private sector involvement (OECD, 2018; Kingombe, 2011). **Uniform standards related to monitoring** and certification processes can extend and equalize positive impacts (OECD, 2018; Kingombe, 2011), while **integration of skills programmes**

into community structures can facilitate needs assessment, implementation, outreach and improves sustainability (Langer, 2013).

Eichhorst et al. (2012) review the evidence base around three distinct systems: (i) school-based, (ii) a dual apprenticeship system, and (iii) informal-based. **The dual system emerges as more effective than school-based TVET:** well designed and effective dual training complements the rather firm-specific technical skills acquired by learning on-the-job within a training company with general skills that are transferrable across employers within the occupation. Negative effects of vocational training at the end of the career are observable statistically only in countries that do not have a dual system (Forster, et al 2016). However, dual TVET systems can be established sustainably only if there is significant institutional support and acceptance by major actors. This requires both the participation of employers in the design of training schemes, and the establishing of TVET as an attractive option (lack of parity of esteem between vocational and academic education is an important challenge for the sector and is discussed below). Moreover, borrowing educational models, either through direct cooperation between countries or through the mediating influence of multilateral agencies, is a complex process (Maurer and Ganon, 2014). It often faces substantial barriers, hindered by cultural, sociological and institutional mismatches (Lewis, 2007). Nevertheless, Eichhorst et al. (2012) find that there are successful examples of some elements or 'lighter' forms of dual TVET (with limited institutional requirements) implemented in developing countries and regional or sectoral training clusters can be established with sufficient support and interest from governments and employers.

Another important limitation of most studies is their focus on formal employment. In practice, large informal labour markets limit what some programmes in developing countries can achieve in terms of securing formal employment or increasing wages. Moreover, the extent to which training programmes can reduce poverty and inequality depends on the translation of skills development into skills utilization, which itself depends on the structures within which people live and work. **As most of the poor in developing countries work in the urban and rural informal economy it is essential to understand how skill development can benefit informal workers.**

Firms that operate in the formal sector tend to offer higher pay and improved professional opportunities (Meghir et al., 2015). However, despite the high correlation between high incidence of poverty and high levels of informal employment in many countries, incomes in the informal sector are not necessarily lower than earnings in formal positions. The informal economy can be seen as comprising of an upper and lower tier (Langer, 2013; Jütting and de Laiglesia, 2009): working in the upper tier can yield several times the minimum wage of formal employment. In countries where job growth in the formal wage sector has stagnated,

for instance, it is difficult to absorb rising numbers of new entrants to the labour force. This can result in a growth of self-employment and higher levels of earnings in the informal sector. Meanwhile, the majority of informal workers can be found in the lower tier in jobs that are often characterized by low pay, unsafe working conditions and lack of social protection that increases workers vulnerability. Effective skill development, then, needs to take into consideration the diverging training needs in terms of content, as well as delivery, of the upper and lower tier sector as well as the factors that shape workers' participation in the informal economy. Education is one of the key factors acting as a barrier to move from lower to upper tier (Jütting and de Laiglesia, 2009). **Education and training can thus increase opportunities in three ways: they facilitate moving from the informal to the formal sector, but also from the lower to the upper tier of employment in the informal sector, and, even within the lower tier, they can increase wages in comparison to untrained workers** (Adams, 2008; OECD, 2018). Informal TVET graduates are also likely to have faster education-to-employment transitions than formal TVET and general education graduates because they receive relevant training in the largest employment sector (OECD, 2018). The role played by the informal sector as informal training provider – for instance through on-the-job training and apprenticeships – is particularly important for the most disadvantaged workers who may not be able to access formal vocational training or for whom such formal training may not meet market requirements. Informal TVET can be the sole option for those excluded from formal education by not requiring formal qualifications but also because it might be the most accessible and cost-effective training route avoiding many of the direct and indirect costs of formal schooling.

However, **there are limitations to informal TVET that can create barriers to poverty and inequality reduction.** On the one hand, impact of informal TVET is not only dependent on the relevance of the training but also on its quality, which varies considerably (OECD, 2018). The informality of training may also bear risks to the trainee in absence of a legal framework to enforce certain training standards and working conditions. Informal apprenticeships also tend to be confined to crafts where technological innovation and company growth are limited, and the skills acquired on the job narrow. This limits transferability, thus making job moves more difficult and risks of ending up in a vulnerable labour market position higher (Eichhorst et al., 2012). Moreover, gender barriers can in many countries affect women's access to informal apprenticeships (ILO, 2011). This means that the role of state and non-state actors remains of key importance in pursuing policies that can reduce barriers, assist the informal sector's members to assess and articulate their specific training needs, individually and collectively; improve and equalise the quality of training; reduce the costs of training and improve access to credit, raw materials and technology.

Concern with inequality and the opportunities afforded by the most disadvantaged also requires to focus on how TVET can improve people's capabilities rather than solely on its role in relation to growth (particularly of the formal economy). **This means recognising that education and training matter not just for professional but for broader foundation and transversal skills – such as financial management skills or communication skills** (Powell, 2012). Their development can empower people allowing them to better assert themselves, understanding legal structures and their rights within them, analysing their needs, organise collectively and participate in making political decisions that affect their communities. Here again it is important not to dismiss the role played by informal TVET, for instance, because informal providers are able to develop holistic and integrated approaches tied to the living conditions, needs and resources of the communities they serve (Langer, 2013). This is in line with evidence from developed countries in relation to the wider implications of TVET and adult learning: for instance, Sabates (2008) shows how the inclusion of provisions for financial literacy informs people's financial judgements and facilitates taking effective decisions regarding the use and management of money, understanding access to financial services and consumers' rights. All of these are particularly salient to ameliorate differential financial literacy across the population and can particularly serve to support use of private financial services and planning for future social security, but also for accessing the welfare state. Individual participation in learning is also related to health benefits, for instance by improving health literacy, but also by improving

understanding of how the health service sector works, and of the rights and responsibilities for patients and practitioners. Multi-component initiatives (which combine TVET, life skills training, mentoring and conflict mediation) are also found to bear similar effects in developing countries, for instance enhancing knowledge, improving decision-making abilities and confidence, increasing community participation, improving health, hygiene and protective sexual practices (King and Palmer, 2006; Ilavarasan, 2017; OECD, 2018).

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Challenges

- **Economic/Social:** Participation of the most disadvantaged is hampered by direct, indirect and opportunity costs as well as linguistic and cultural barriers, requiring complex interventions
- **Fiscal:** Limited public investment and budgetary resources impact both the size of the sector and quality of provision
- **Political:** Undervaluing of TVET and the adoption of 'productivist frameworks' can hinder the development of inclusive and holistic approaches
- **Regulatory:** Weak evaluation, monitoring and regulatory mechanisms, particularly in face of growing private provision

Facilitating Factors

- **Political:** Growing international consensus around the role of TVET can support its development
- **Political:** Clear political vision and leadership focused on devising a comprehensive sector-wide strategy
- **Implementation:** Design and implementation are supported by:
 - Institutional support through the involvement of all stakeholders
 - Close cooperation with local communities
 - Employer engagement
- **Recognition** of the needs of the informal economy and of informal training

Reaching the very poor is particularly challenging because their poverty often results not only from lower incomes but from marginalisation by gender, ethnicity, caste, and exclusion from local power structures. Their economic disadvantage is often coupled with inadequate access to education and health. In order to succeed in reaching the most disadvantaged, **programmes need to be designed acknowledging the direct, indirect and opportunity costs that affect participation** (Langer, 2013; Soriano, 2013; King and Palmer, 2006). The most disadvantaged often cannot afford to participate in training programmes because of direct costs, such as training fees, indirect costs for transport, food and clothing as well as opportunity costs, as participation comes at the expense of time spent on income-generating and caring activities. **Linguistic barriers and cultural factors** can also play a role in discouraging participation and need to be considered for programme design (Langer, 2013; von Kotze, 2013). Unless education and training go hand in hand with other supportive measures – addressing costs, but also adapting to the experience in informal work, including women, and recognising linguistic and cultural barriers – they will fail to be inclusive and translate into concrete opportunities.

Overall this means that **meeting the training needs of the most disadvantaged requires more complex types of provision**: for instance, it requires ameliorating the impact of the costs that affect their participation, or it involves individual and community empowerment strategies that are more demanding than the simple provision of technical training (Langer, 2013; King and Palmer, 2010). **Reaching the most disadvantaged can thus be both financially costly – requiring methods and time-frames that make interventions less financially sustainable – and politically and institutionally challenging.** Many small size TVET systems, for instance, lack the resources and the vision to respond to pressures of a shrinking formal economy and re-orient themselves to respond to the needs of workers in rural and urban informal sectors. Moreover, skill development should not be thought of as a silver bullet when it comes to improving employment prospects and poverty and inequality reduction. On the one hand, it is not a substitute to redistribution, nor can it be understood in isolation of the contextual factors shaping access and engagement with the education programmes and with the labour market. The development of coherent and effective skill development is challenging in a context of inadequate social security, high levels of job insecurity and high levels of inequality (Allais, 2012).

In many developing countries the development and implementation of TVET reform programmes is severely **hampered by limited capacity and investment** (Kingombe, 2011; OECD, 2018). TVET can be an expensive form of education that requires adequate facilities, equipment, appropriate training of teachers and instructors and levels of remuneration that attract a qualified workforce. **Inadequate budgetary allocation and weak monitoring and evaluation systems** often translate to poor quality services that

reflect in diminished effectiveness and low returns. Impact assessment is particularly difficult in informal settings, and this affects both political recognition and funding. These resource constraints persist despite **agreement among international organisations, donors and governments on the importance of TVET** (Nwachukwu, 2014; African Union, 2011; UNESCO, 2012; 2016). Moreover, while donor discourse has moved on to talk about flexible skills for the global economy, many small, underfunded and under-pressure systems struggle to re-orient their approach. In practice, investment in this area of education lags behind in comparison to the focus and resources targeted at expanding universal basic education (King and Palmer, 2010; Kingombe, 2011). In both of these areas it is often assumed that expansion will benefit poor and non-poor alike. **TVET and skill development are frequently part of a ‘productivist framework’** (Powell, 2012) more concerned with their role in relation to economic development than with equalising opportunities and improving the capabilities of the poor. This can be a barrier to the development of inclusive and holistic approaches that not only attempt to reach disadvantaged populations but also focus on broader skills. As noted above, some successful programmes are demanding in terms of time, commitment, methodology and support structures and can prove extremely difficult to scale up without a strong social welfare commitment and adequate investment.

Lack of parity of esteem between TVET and academic tracks can also influence the level of investment and shape a vision of the sector as ‘second-best’ option, suitable only as a fall-back position for those requiring a second chance. This perception has been challenged, particularly as technological change reduces opportunities for unskilled work and TVET assumes a key educational role as an entry point to the ‘knowledge society’ (UNESCO, 2012; Hughes, 2009). However, this perceived lack of parity has far reaching implications. In developed countries, there is evidence suggesting that where there is greater parity of esteem between academic and vocational tracks this is likely to reduce skills inequality (Green et al., 2014; Lasonen and Young, 1998; Raffé et al., 2001; Green and Pensiero, 2016). This issue is also related to employers’ and users’ concerns about the relevance, quality and transferability of vocational qualifications which shapes users’ participation and employers’ engagement.

The deep involvement of all stakeholders (i.e. social partners, business associations, and various stakeholder groups in the formal and informal sectors of the economy) in the design and implementation of the TVET system facilitates creating effective programmes. Close cooperation with **local communities**, together with a careful selection of trainers can help to build trust, which can boost participation and programme reach (Langer, 2013). Moreover, the integration of skills programmes into community structures facilitates needs assessment, implementation, outreach, and guarantees sustainability. **Employer engagement** is also a key success factor in relation to employability,

job quality and earnings outcomes (OECD, 2016, 2018; Kingombe, 2011). In practice, however, in many developing countries, publicly provided formal TVET sees little private sector involvement, which results in training being delinked from labour market needs, outdated curricula, mismatch between TVET and available employment opportunities (OECD, 2018). This lowers returns to TVET and undermines its relevance to users.

Criticisms of publicly provided TVET and budgetary pressures have effectively led to a **shrinking role of public provision with informal enterprises and private providers taking on more responsibilities for providing TVET**. As TVET systems suffer under budgetary pressures and struggle to deliver good quality, relevant training, employers are more likely to prefer to take on recruitment and training responsibilities (King and Palmer, 2010). This can be problematic in absence of effective monitoring and regulatory systems as, on the one hand, employer-specified competencies, particularly in causalised labour markets, can lead to a narrow notion of skills (Allais, 2012); nor can this assure approaches meeting the needs of the most disadvantaged. In many countries, the private sector is the main provider of TVET (Soriano, 2013). With low investment in TVET, there is a tendency for governments to promote public-private partnerships, leading to a risk of complete privatisation of provision and commodification of learning. Left to the market, skills systems are likely to favour the non-poor, as they have greater capacity to bear TVET costs and face fewer complex needs and barriers. If TVET is to play an important part in reducing inequality and poverty, what is required is a **clear political vision and leadership that places inclusion and equity goals within a broader strategy focused on building stakeholder partnerships and the capacity of industry associations; defining a role for state and non-state providers of skills** – including assessment of informal training systems – and creating regulatory, monitoring and evaluation systems for skills development.

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POLICY 4.1 WEALTH TAXES

Redistributive tax policies – specifically policies related to wealth and assets.

Relationship to Inequality and Poverty	Taxes on wealth are a progressive policy instrument to raise revenue, and, depending on how revenue is spent, can hence contribute to any initiative to tackle poverty and inequality Wealth inequality is considerably higher than income inequality and the absence of progressive taxation reinforces processes of wealth accumulation and transmission Income taxes alone are unlikely to reduce wealth inequality Wealth plays a key role in the transmission of advantage across generations shaping opportunity and affecting social mobility
Key Actors	Governments (national or sub-national), international bodies
Level of Intervention	Global/National/Local (especially for property taxes)
Domain/SDG	  MIF Domain 4 SDG 10, Target 10.4
Evidence of Effectiveness	Taxes on net wealth, property and inheritances can improve the progressivity of the fiscal system and they represent an untapped or underutilised fiscal resource Tax exemptions, avoidance and evasion limit revenue raising and progressivity of wealth taxes

Challenges and Facilitating Factors	Challenges	Facilitating Factors
	• Fiscal: Tax avoidance and evasion • Political: Pressure from elites against wealth taxes and corruption create barriers to reform, affect design and implementation • Political/social: Lack of trust in government and lack of perceived legitimacy of taxation affect support and compliance • Administrative: Lack of technical and administrative capacity hinders implementation • Institutional: Fragmentation across levels of government and international ‘race to the bottom’	• Political: International cooperation, regional cooperation and information-sharing • Political: More equal political participation • Institutional: Strong checks and balances • Legal: Improved tax-payers protection (e.g. strengthening property rights) increases support and incentives to reform • Social/Political: Sensitisation activities, transparent public investment and spending decisions increase support and compliance • Administrative: Investment in building administrative capacity • Fiscal: Tax simplification • Institutional: Improved cooperation and long-term partnerships
Costs	Revenue raising	

This Policy is part of



POLICY MIX 1
REDISTRIBUTION



Relationship to Inequality and Poverty

- **Taxes on wealth are a progressive policy instrument to raise revenue**, and, depending on how revenue is spent, can hence contribute to any initiative to tackle poverty and inequality
- **Wealth inequality is considerably higher than income inequality** and the absence of progressive taxation reinforces processes of wealth accumulation and transmission
- **Income taxes alone are unlikely to reduce wealth inequality**
- **Wealth plays a key role in the transmission of advantage across generations** shaping opportunity and affecting social mobility

Wealth is generally much more unequally distributed than income (Kohler, 2015; Kopczuk, 2015; Alvaredo et al., 2018; Brys et al., 2016). This is the case also in low- and middle-income countries characterised by extremely high levels of income inequality (Assaud et al., 2018; Alvaredo et al., 2018). **This also means that, as taxes and benefits are largely income-related, welfare states are less redistributive than is normally considered when their effect is evaluated against the joint distribution of income and wealth, instead of against income only** (Kuypers et al., 2018). At the very top of the income distribution, total income is mostly capital income, so even if labour income was perfectly redistributed there would remain substantial income inequality due to capital income (Saez and Stancheva, 2017). High earners are able to save more, and consequently invest more and accumulate more wealth, but they also have access to higher levels of financial expertise and professional advice, while wealth accumulation operates in a self-reinforcing way – for instance because it facilitates investment in riskier assets with higher returns. In developing countries there is evidence of a growing wealthy class whose income derives significantly from capital investments. Leibbrandt and Shipp (2019) show how this is the case in South Africa, where those at the top of the distribution have experienced much higher rates of income-growth than the growth rate of GNI, which means that this group is receiving a greater ‘share of the pie’ than they previously were. These processes are reinforced in the absence of effective taxation.

Low- and middle-income countries display striking differences compared to advanced economies both in income and wealth inequality levels and in their ability to collect tax revenue. The redistributive impact of fiscal policy is an important explanation of their differential ability to reduce inequality (Lustig, 2018). Greater reliance on indirect taxation, low levels of revenue raised through

direct taxes, and narrow income-tax bases, which together contribute to low income-tax ratios and to low tax progressivity, make these systems less effective in reducing levels of inequality. While much has been written on the need (and the challenge) of broadening the tax base (Besley and Persson, 2011), taxes on wealth (net wealth taxes, inheritance, gift and estate taxes, capital gains taxes) are seldom in place in these countries (or they are extremely underused, e.g. property taxes) in face of high levels of wealth inequality. Wealth taxes thus represent an underutilised instrument to improve the progressivity of the fiscal system.

Taxes on wealth and assets can have a double dividend and a positive effect on poverty reduction because they would be a progressive instrument to raise revenue, which could then be spent improving the economic position of the most disadvantaged. As those in the bottom to the middle of the wealth distribution tend to have negative (i.e. debts) or very low net assets, wealth taxes are particularly progressive. By estimating the impact of adopting systems leading to different inequality trajectories (e.g. a high-inequality trajectory followed by the United States, compared with the one followed by the EU), the World Inequality Report (Alvaredo et al., 2018) estimates significant differences on poverty: the incomes of the bottom half of the world population would vary from € 4500 to € 9100 per year, per adult in different (higher-lower) inequality scenarios.

Moreover, **wealth plays a key role in people’s life trajectories and in the transmission of advantage and disadvantage across generations.** In fact, assets play an important role in shaping individuals’ life chances, both in economic and non-economic ways: access to wealth can determine where people live, the schools children attend, the resilience to face variations in income, and the ability to improve employment prospects – e.g. because early asset-holding is associated with better later employment prospects and higher earnings. Disparities among the asset-rich and the asset-poor can reinforce opportunity hoarding, which in turn affects social mobility. This is particularly the case in light of asset-effects that see early asset holding contribute to later outcomes for employment, earnings, general health, and psychological well-being (McKnight and Karagiannaki, 2013).



Evidence of Effectiveness

- **Taxes on net wealth, property and inheritances can improve the progressivity of the fiscal system** and they represent an untapped or underutilised fiscal resource
- **Tax exemptions, avoidance and evasion** limit revenue raising and progressivity of wealth taxes

There is strong evidence that a progressive fiscal system can make a substantial difference in reducing inequality (Salverda et al., 2014) and, as explained above, it can have significant effects on poverty. The design and capacity of fiscal systems in many low- and middle-income countries limits their effectiveness. The inability to tax top incomes, and the low contribution of taxes on property, are among the factors that have limited the effectiveness of taxation in reducing inequality in developing regions, such as in Latin America (Martorano, 2018; Lustig, 2016) and in Africa (Moore et al., 2018).

In developing countries, on average the overall tax-to-GDP ratios have not changed noticeably since the early 1980s (ODI, 2013). This permanence conceals, however, changes in the composition of taxes: the shares of VAT and of corporate income tax in total revenue have increased, private income tax shares have remained flat, and trade tax shares have declined. While some upper-middle income countries such as Brazil and Argentina see shares similar to most developed countries (Ali et al., 2017), levies on land and property are generally underused, particularly in low-income and lower-middle income countries (Moore, 2013). In these countries, the decline in trade tax revenue has generally not been offset by increases in revenues from other taxes relative to GDP. **The lack of increase in tax revenues is partially due to the absence of growth in the fundamental tax base, even where GDP has increased. Another factor, however, concerns increasing difficulties in taxing certain bases that are growing – resource extraction, multinationals and very wealthy individuals (ODI, 2013).** In what follows, net wealth taxes, property taxes and inheritance taxes are explored. Tax exemptions and tax avoidance and evasion are then addressed as factors constraining their effectiveness.

Net wealth taxes

The worldwide trend leans towards abolishing net wealth taxes. For instance, of the 26 OECD countries that incorporated net wealth taxes 15 years ago, only Switzerland, Norway, and Spain do nowadays – with the largest share of net wealth taxes levied in Switzerland at 3.7% of total tax revenue (Drometer et al., 2018).

Net wealth taxes are recurrent taxes on individual's net wealth stocks – imposed irrespective of actual returns and levied on an accrual (not realisation) basis. This means they can be more comprehensive – as not just assets producing returns are taxed – and better reflect the current wealth of taxpayers without creating lock-in effects (which instead emerge for taxes levied on realisation, such as for capital gains, with resulting inefficiencies because of incentives not to withdraw and realise investments). They also better reflect the ability of individuals to pay, as, by deducting debt, they are different from taxes which are measured gross of debt. They can provide stable tax revenue in a volatile environment. **Because wealth is highly concentrated at the top of the wealth distribution, even low proportional taxes can**

increase progressivity – the progressive effect of net wealth taxes on the overall tax system is evidenced in Norway (Norwegian Ministry of Finance, 2017).

However, **the narrowness of the tax base limits its progressivity.** This is largely due to tax avoidance and evasion, as well as to exemptions and deductions. There is a case for including exemption thresholds that would exclude life-cycle savings that smoothen income in old age and prevent liquidity problems which arise when people possess assets that makes them liable to the wealth tax but limited realised income with which to pay the tax. However, it is often the case that the assets widely held by the wealthiest are exempt or preferentially taxed (OECD, 2018).

OECD (2018) examines the case for introducing net wealth taxes – noting that **capital income taxes alone will most likely not be enough to address wealth inequality.** They find that where there are broad-based personal taxes on capital income and well-designed taxes on inheritance and gifts, the case for adding a net wealth tax is limited. There are stronger arguments for having a net wealth tax in the absence of these conditions. Where the overall tax burden on capital is low, or where levying broad-based capital income taxes or inheritance taxes is not feasible, net wealth taxes may thus play an important, albeit imperfect, substitution role. However, these taxes need regular valuation and updating, thus imposing a higher administrative burden than taxes on wealth transfers. They can also raise some equity concerns, because the relationship between income and wealth is imperfect and some households may have valuable assets but limited realised income, leading to liquidity constraints (which can be particularly significant for certain segments of the population – e.g. the elderly). Moreover, households saving when young to consume when old may be taxed at a higher rate, generating inequities across the lifecycle. The system also penalises asset portfolios that are less diversified and with lower returns, making financial expertise, which is accrued at the top, give a greater advantage to the wealthiest over the middle classes. These taxes often raise concerns with 'double taxation' on wealth that was already taxed as income, for instance because accumulated from wage earnings, savings or personal business income.

Property taxes

Land and property are widely recognised as an economically efficient and progressive revenue source (ODI, 2013; Moore and Prichard, 2017). Because land and property are easily identified and immovable, they are potentially easily taxed. They have also generated enormous wealth for property-owners in many low-income countries, where urban-centric economic growth and continued urbanisation led urban real estate values to grow fast (Goodfellow, 2015). These processes exacerbate an urban/rural divide in many countries. While in most OECD countries property taxes account for 1–2% of GDP, they remain underused in many developing countries. For instance, in sub-Saharan Africa collection

amounts to only 0.1–0.2% of GDP, for those countries that have reliable figures, and levels are likely similar or lower for those countries where no data are available (Moore and Prichard, 2017). While there are often-cited weaknesses in collecting these taxes, such as technical difficulties of maintaining complete and up-to-date valuation registers, these challenges are small when compared to the difficulty of tracing the income and wealth of the very rich or of deconstructing the tax accounts of transnational corporations.

Inheritance taxes

Inheritance taxes are non-existent or near zero in high-inequality emerging countries (Alvaredo et al., 2018), leaving space for important tax reforms. Inheritance taxes are less distortionary than personal and corporate income taxes (Brys et al., 2016). Furthermore, by dispersing wealth-holdings on death, they can also play an important role in strengthening equality of opportunity and limiting the inter-generational transmission of inequality. Research from Sweden, Waldenström (2018), shows that inherited wealth has clear effects on how important the family background is for a person's economic life chances. While inheritances have a larger importance for poorer heirs, relative to their pre-inheritance income and wealth, bequests seem to increase intergenerational correlations of income, especially at the top of the distribution. In the UK, Karagiannaki and Hills (2013) find that both the chances of inheritance and the amounts received are greater for more advantaged groups, with inheritance thus reinforcing advantage.

However, these taxes only account for a small portion of total tax revenues in the countries levying them, and they often are set very low and have declined over time. From an average across the OECD of 1.1% of GDP in 1965, inheritance and gift taxes combined make up less than 0.4% of GDP today – they also differ across countries in terms of their progressivity, their marginal tax rates, and exemption thresholds. Low revenues reflect the fact that inheritance, estate, and gift tax-bases are often narrowed by numerous exemptions and deductions. Avoidance opportunities are also widely available, especially for families with high levels of income and wealth. **Because of this, attempts to quantify the effect of inheritances on the observed levels of wealth inequality face complexities** – in developed countries, partly because the pre-inheritance distribution of wealth is so unequal, inheritance taxes in recent years tended to maintain the inequality of wealth, rather than to change it significantly in either direction (Hills et al., 2013).

Exemptions, deductions, avoidance and evasion

Exemptions, deductions, avoidance and evasion reduce the effectiveness of taxes on wealth and assets (Brys et al., 2016; OECD, 2018) and lead to failures in meeting their revenue-raising and redistributive goals. Tax bases are often narrowed by numerous exemptions and deductions and avoidance opportunities are widely available, especially for families with high levels of income and wealth.

This means that **reducing tax exemptions, closing loopholes, and improving tax compliance can raise revenues to finance progressive transfers** (Bastagli et al., 2012). Exemptions and deductions are often intentional and can have underlying political motivations – from being seen as a means to raise political contributions and bribes, to rewarding political elites. They can lead to window-dressing claims about commitments to tackling inequality, while they effectively hollow out the potential of these measures.

The revenue challenge faced by many low- and middle-income countries is exacerbated by international actors and multinationals pursuing 'aggressive tax planning' to minimise their tax liability. This often results from abusing the lack of capacity in revenue authorities, but also widespread exemptions and the preferential treatment of capital. Tax evasion is hard to evaluate because there is no single source of information capturing all of it, but evidence from rich countries finds that, for instance in Scandinavia, the richest 0.01% of households evade on average nearly a third of their due (Alstadsæter et al., 2019). 80% of assets are estimated to be undeclared globally (Zucman, 2015), and the equivalent of 10% of world GDP is held offshore (Alstadsæter et al., 2018; Zucman, 2019). **The phenomenon is particularly severe in certain regions:** for instance, in developing countries, the fraction of wealth held abroad ranges from 20%-30% in many African and Latin American (with annual tax losses of at least \$15 billion and \$21 respectively) to 50% and more in Russia and Gulf countries (Zucman, 2014). These estimates are conservative as studies assume that 80%-95% of offshore wealth goes unreported (Moore et al., 2018).

In order to deal with large businesses or High Net Worth Individuals, there is broad agreement that **it is necessary to develop risk-management capabilities** – as appropriate strategies need to be adopted to their particular characteristics and compliance behaviour – **while also ensuring effective international cooperation** (OECD, 2017a). In this direction, recent years saw the development and commitment to a global standard for automatic exchange of financial account information (e.g. OECD Common Reporting Standard). Quasi-experimental evidence from Colombia (Londono-Velez and Avila-Mahecha, 2018) shows that greater enforcement improves wealth-tax collection. Expanding coverage of third-party reporting, coupled with systematic cross-validation of reported information and increased scrutiny of high net worth taxpayers, helps strengthen enforcement capacity in developing countries and improve compliance. Furthermore, policies to promote financial transparency and encourage foreign-asset reporting are particularly important to curb offshore sheltering at the top of the distribution. However, more needs to be done in this realm if reforms are to be effective. Johannesen and Zucman (2014), exploiting a unique panel dataset (the OECD, Exchange of Tax Information Portal), assess how information exchange treaties affected bank deposits in tax havens. Rather than repatriating funds, their results suggest

that tax evaders shifted deposits to havens not covered by a treaty with their home country. The crackdown thus caused a relocation of deposits to the benefit of the least-compliant havens. This shows the importance of comprehensive and demanding multilateral agreements which would prevent tax evaders from transferring their funds from haven to haven.

ble of implementing the voluntary compliance needed to extend the tax base, including through risk-management (allocating resources where the risks to revenue are greatest) and taxpayer-segmentation (tailoring intervention and services to deal with the unique challenges posed by different groups). At the same time, simplification strategies



Challenges

- **Fiscal:** Tax avoidance and evasion
- **Political:** Pressure from elites against wealth taxes and corruption create barriers to reform, affect design and implementation
- **Political/Social:** Lack of trust in government and lack of perceived legitimacy of taxation affect support and compliance
- **Administrative:** Lack of technical and administrative capacity hinders implementation
- **Institutional:** Fragmentation across levels of government and international ‘race to the bottom’

Facilitating Factors

- **Political:** International cooperation, regional cooperation and information-sharing
- **Political:** More equal political participation
- **Institutional:** Strong checks and balances
- **Legal:** Improved tax-payers protection (e.g. strengthening property rights) increases support and incentives to reform
- **Social/Political:** Sensitisation activities, transparent public investment and spending decisions increase support and compliance
- **Administrative:** Investment in building administrative capacity
- **Fiscal:** Tax simplification
- **Institutional:** Improved cooperation and long-term partnerships

Tax avoidance and evasion have been discussed above as a challenge that affects the effectiveness of taxes on wealth and assets. This led to discussing the **importance of international cooperation and information-sharing**. Regional cooperation is also important for effective tax enforcement as this is made more challenging by differences between tax systems in neighbouring countries. These differences can prevent useful cooperation, boost tax competition and drive the adoption of complex tax exemptions that undermine the broader integrity of tax systems. Regional cooperation would at a minimum simplify tax administration by reducing pressure for adoption of such exemptions.

Weak technical and administrative capacity is also an often-cited barrier to implementing fiscal reforms (OECD, 2018; ODI, 2013; Besley and Persson, 2014). This makes investment in administrative capacity critical, for instance by improving technical expertise and human resources, in order to make necessary changes and enjoy the expected gains. Reforms are facilitated by building administrations that effectively limit incentives and opportunities for rent-seeking and inappropriate behaviour (ODI, 2013) and are capa-

can better align revenue-collection practices with the reality of limited capacities in tax administration (Prichard and Moore, 2018) – this includes simplified data management and reforming excessively complex administrative practices, which are characterised by complicated principles and systems for granting tax exemptions. For instance, with property taxes, this means avoiding overly complex valuation systems, often made worse by fragmented institutional arrangements and inter-agency rivalry.

While technical and administrative capacity challenges severely undermine successful fiscal reform, the literature (Besley and Persson, 2013; 2014; Moore, 2015; Moore et al., 2018) also emphasises the **role of politics** and political-economy barriers to implementing effective reform. Fiscal and administrative changes cannot occur in isolation, and without a political mandate changes rarely work. Changes that are forced or rushed may not lead to long-term, comprehensive fiscal reform, and the sequencing and tailoring of reforms with corresponding support become key to designing viable strategies. Whether reforms are channelled towards the highest needs depends upon the political

equilibrium. This depends on how the political institutions in place determine the identity of the ruling group that decides on policy and the constraints faced by rulers once power has been acquired (Besley and Persson, 2014). As noted above, exemptions and preferential fiscal arrangements are overwhelmingly political, shaped by the desire to deliver benefits to key political constituencies. This constitutes a key barrier to progressive reform of wealth taxation. The poor targeting of exemptions and incentives reflects their use in answering to political pressures exerted by political elites.

Reforms to foster more equal political participation

(Domain 6) thus play a significant role to support fiscal reforms and prevent political inequalities from entrenching economic inequalities. Experience shows that progress can be made, given strong political will. On the one hand, citizen mobilisation or engagement play a critical role by articulating demands and monitoring government performance, contributing to national level policy changes (DFID, 2010; Vergara-Camus, 2016). At the same time, a common element of success stories is sustained political commitment at the highest levels and reforms that are entrenched to avoid subsequent slippage (ODI, 2013). Stronger **checks and balances** – with a strong legislature and independent judiciary – can help create the conditions for more broad-base arrangements both in taxation and spending. They can tackle problems of inefficiency and corruption – strong executive constraints are associated with lower levels of corruption and, in turn, there is a strong positive correlation between less corruption and the level of taxation (Besley and Persson, 2014), which can be explained by the greater resistance that corrupt systems of government are likely to face in increasing their power to tax.

Taxes can also elicit broad public resistance. The perceived **legitimacy of taxes** is an important factor here, both for ensuring public support that facilitates and sustains reforms and for compliance. This is particularly relevant to taxes that are generally unpopular, as inheritance and property taxes often are in many countries. Their unpopularity is connected to concerns with double taxation but also to their high salience and visibility. In fact, personal income tax, sales and value added taxes, import and export taxes, and excise taxes are mostly collected and remitted to government by someone other than the person who bears the ultimate economic burden (e.g. by employers or by trading firms) and this is making them less visible and irritating to taxpayers. **Lack of trust** in government further contributes to undermine its revenue extraction role. Reporting information that boosts tax-compliance can help support the legitimacy of taxes and social norms around compliance. Improved checks and balances also support these processes as unaccountable states are unlikely to have strong motives to build fiscal capacity and transparent systems – and their citizens are unlikely to evolve strong norms of compliance (Besley and Persson, 2014). Politics also influences how the proceeds of taxation are distributed, which feeds back to affect the political support for higher taxes. Ensuring **transparent and accountable**

public spending can facilitate reform by providing citizens a greater sense of its value – increases in taxes that meet people's expectations in terms of quality and quantity of public service, for instance, can strengthen the state's fiscal pact with its citizens (Martorano, 2018). This counters elitist biases, explained above, that often stir the policy agenda: in fact, ruling elites often prefer private alternatives, and their subsequent demand for using the fiscal system to redistribute is diminished as is their expected support for public spending. **Sensitisation activities**, including tax education programmes, are also particularly important in this realm (see Box 1) as they can change social norms around compliance by transparently highlighting the connections between local revenue collection and specific service delivery, while also facilitating the process of navigating the system.

A range of **transparency incentives** can also be used to support reform. States that fail to raise significant revenues in GDP also commonly fail to protect property rights effectively (Besley and Persson, 2014). The development of transparent systems of taxation can thus lead to adopting and making available clear laws and regulations that embody strong taxpayer-protection, whilst the creation of credit and land registries (showing ownership and the value of land) can improve property-rights, shifting away from more damaging forms of extraction.



Property tax reform in Sierra Leone

Jibao and Prichard (2016) explore a comparatively successful sub-national property tax reform in post-conflict Sierra Leone, highlighting the local barriers and challenges as well as the elements that can explain its success. The programme involved five stages – discovery, assessment, billing, sensitisation, and collection – and was designed with a focus on transparency, low implementation costs, and feasible implementation by locally recruited staff. The programme ran in three city councils and was very successful: tax collection doubled in real terms between 2007 and 2011 and property taxation more than doubled its share of local government revenue over the course of five years. These gains exceeded levels of property tax collection in comparable local councils in more successful countries in the region, such as Ghana. Jibao and Prichard (2016) explore variations across city councils. They show how, next to effective enforcement, softer measures such as effective outreach, transparency about how tax revenues are used, and the delivery of effective and visible public services, contributed to the construction of a ‘fiscal social contract’ that boosted compliance and built popular support for sustaining reform. Within the reform programme, the delivery of billing processes was accompanied by extensive sensitisation efforts designed to communicate to taxpayers the basis for their tax liabilities, the ultimate purpose of the taxes collected, procedures and timelines for tax payment, and available options for appealing tax assessments. These sensitisation activities were to be carried out through a variety of methods, led by regular radio programming involving elected officials, tax officials, and, crucially, influential local individuals, including chiefs and religious leaders.

Fragmented institutional and administrative arrangements also complicate the picture resulting from the political and administrative challenges discussed. Governments are not unitary entities but comprise networks of organisations that may be more or less coordinated or competitive. This means that those responsible for designing reforms and collecting revenue may have limited authority over other institutions, while those on the ground may bypass or reshape standard tax procedures, and thereby reduce the tax take. At the same time, local governments’ interests may fail to be recognised or have high priority when revenue policy and administration are reformed. The reform of sub-national tax collection has progressed slowly in many developing countries (Bird, 2011) and their weakness is grounded in technical constraints, especially a lack of skilled human resources. Other important reasons also include, however, a reliance on policy-frameworks inherited from the colonial period that are poorly suited to low-income contexts (Moore and Prichard, 2017). Politics also needs to be understood

in its local dimension, as local governments can be very reluctant to levy taxes on local elites in particular. In relation to weak property-tax collection, effective enforcement has historically been extremely limited owing largely to the political power wielded by large property-owners and their strong ties with political elites (Jibao and Prichard, 2016). Piracha and Moore (2016) explore these dynamics in relation to property taxes in Pakistan as an example of the complexities of interests and relationships that lead to substantial ‘revenue sacrifice’ – the failure on the part of government to use the functioning tax-collection systems they have available actually to collect revenue. They show how no tier of sub-national government combines real authority over property tax collection with a strong direct incentive to increase yields, while field-level staff use a range of techniques to resist pressures to raise more revenue from property tax, including de facto control of the information needed to deploy those pressures effectively. This emphasises the importance of long-term, hands-on partnerships in order to build local capacity, confront political resistance, and construct a constituency for sustainable reform. It also means that solutions need to be evaluated in the specific contexts, from local-central government collaboration to coordinated allocation of responsibilities.

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POLICY 4.2 UNIVERSAL SOCIAL PROTECTION

Universalistic social protection policies that are gender-sensitive.

Relationship to Inequality and Poverty	Cash transfers are primarily granted to vulnerable or low-income households, and thus tackle poverty and bottom-end inequalities by design Well-designed social protection policies can reach populations with particular needs, e.g. children, the elderly and the unemployed A comprehensive social protection system addresses both chronic vulnerabilities and cushions against financial shocks, that might create poverty traps
Key Actors	Government (national or sub-national), NGOs, donors
Level of Intervention	National and sub-national
Domain/SDG	  MIF Domain 4 SDG 10, Target 10.4
Evidence of Effectiveness	There is ample evidence that cash transfers reduce poverty and, to a smaller extent, inequality (although the latter depends strongly on how they are financed) Whether conditional or not, cash transfers stimulate the achievement of capabilities in other domains, particularly health and education Non-contributory pensions (also known as social pensions or elderly benefits) are highly effective in reducing old-age poverty and overall inequality, especially in systems with high labour informality There is very little evidence of perverse incentives (e.g. labour disincentives, rising informality) arising from cash transfers The overall impact on inequality of cash transfers can be constrained by their small values (this does not hold for pensions)

Challenges and Facilitating Factors	Challenges	Facilitating Factors
	• Administrative: Managing conditional or targeted policies can be costly and requires state capacities • Administrative: Delivering social protection to those in the informal sector is a key challenge in developing countries • Fiscal: The more effective schemes in combating inequality (e.g. non-contributory pensions) are expensive • Political: Cash transfers can be a politically polarising issue • Political: The management of conditionalities and targeting can lead to corrupt and patrimonialistic practices • Social: Receiving targeted benefits can lead to stigmatisation	• Administrative: Having national registries of benefits-eligibility • Fiscal: Targeted conditional cash transfers are inexpensive and can stimulate local economies • Political: Successful implementation of social protection policies can build ‘developmental coalitions’ • Political: There is an ample international consensus pushing for some forms of social protection
Costs	Effective social protection is high cost	

This Policy is part of



POLICY MIX 1
REDISTRIBUTION



POLICY MIX 2
TARGETING CHILDHOOD INEQUALITIES



Relationship to Inequality and Poverty

- **Cash transfers are primarily granted to vulnerable or low-income households, and thus tackle poverty and bottom-end inequalities by design**
- Well-designed social protection policies can reach populations with particular needs, e.g. children, the elderly and the unemployed
- **A comprehensive social protection system addresses both chronic vulnerabilities and cushions against financial shocks, that might create poverty traps**

Effective social protection systems are one of the linchpins of the overall policy matrix needed to ensure an equitable and poverty-free economy. Comprehensive social protection systems should not only **prevent and remedy situations of transitory poverty** – caused by, say, transitory unemployment, crop failures and the like – and smoothen income over the lifecycle, but also **address the structural needs of vulnerable populations** (such as children, the elderly and people with disabilities). As such, social protection systems **must comprise a coherent set of interconnected policies** that together cater for the different needs of individuals, recognising they face differential risks and that they require different levels of monetary income and resources to achieve similar levels of welfare.¹² These systems often focus on eliminating deprivation, especially monetary poverty, through which they can reduce bottom-end inequalities. They are usually not designed to confront top-end inequalities, however. As discussed below, social protection systems have often also been designed to achieve improvements in non-monetary dimensions of welfare, particularly through conditional cash transfers that attempt to stimulate educational and health capabilities.

Given their wide range of objectives and potential instruments, **social protection systems vary substantially in their design, coverage, efficiency and effectiveness**. Besides the composition of the systems as such – i.e. which policies comprise them – two of the main considerations that apply to individual policies are **whether they are universal or targeted (or the level of targeting and means-testing)** and **whether they are conditional or unconditional**. There are technical, administrative and political considerations that apply to the decision of implementing conditional or unconditional programmes. As explored below, **the evidence linking the conditionalities themselves to desired out-**

comes (e.g. improved health and education) is inconclusive, whilst political considerations are likely to vary from case to case. As such, **there is no indisputable argument in favour of either conditional or unconditional policies**: local factors should be assessed on a case-by-case basis, as discussed in the final section.

Whilst a **high-coverage system should ideally ‘leave no one behind’, in practice all systems exhibit some degree of exclusion**. Although there has been growing academic and political interest in exploring unconditional and universal cash transfers, usually referred to as Universal Basic Income (UBI), no country has implemented a substantial UBI scheme (for a wide-ranging discussion of UBI focusing on the British context, see Sloman, 2017). Moreover, even the existing discussions on UBI tend to attach citizenship requirements to the schemes, which would in practice exclude large populations in both developing and developed economies (for a discussion about how social protection from a transnational perspective, see Levitt et al., 2017). Therefore, the discussion is more aptly framed in terms of **how to combine (universal or targeted, conditional or unconditional) policies to achieve the highest possible coverage with adequate levels of benefits in an affordable and efficient manner**.



Evidence of Effectiveness

- **There is ample evidence that cash transfers reduce poverty and, to a smaller extent, inequality** (although the latter depends strongly on how they are financed)
- Whether conditional or not, **cash transfers stimulate the achievement of capabilities in other domains**, particularly health and education
- Non-contributory pensions (also known as social pensions or elderly benefits) are highly effective in reducing old-age poverty and overall inequality, especially in systems with high labour informality
- **There is very little evidence of perverse incentives** (e.g. labour disincentives, rising informality) arising from cash transfers
- **The overall impact on inequality of cash transfers can be constrained by their small values** (this does not hold for pensions)

Cash transfers, whether conditional or unconditional, and with different degrees of targeting, have become one of the key social policies of developing countries. This transformation was particularly strong since the 2000s, al-

12 In the capabilities terminology, this means individuals have different ‘conversion rates’, i.e. they can convert resources into capabilities differently depending on a series of circumstances (e.g. age, disabilities, support networks and so on).

though it began in the preceding decade. If this has recently brought cash transfers to the attention of the international development literature, they have nevertheless been a key element of social protection systems in developed countries, such as through child or disability benefits (whether means-tested or not).

There are three main elements in the social protection matrix of developing countries – for an overview of Latin America, see Lustig and Pereira (2018) and Cecchini and Martínez (2012); for Africa, see Niño-Zarazúa et al. (2012). First, there are **cash transfers**, with different levels of targeting and means-testing and with or without conditionalities, aimed at specific constituencies. By and large, poor families with young children are the most common amongst the latter. Second, there are **public pensions**, amongst which **non-contributory schemes for the elderly** are particularly effective, though they are present in fewer countries. Finally, **social insurance** policies focused on temporary conditions of deprivation are the third component, of which **unemployment benefits** tend to be the key component.

Universal versus targeted or means-tested cash transfers

Cash transfers have grabbed much of the attention recently, and not without reason: they are present in all countries of Latin America, reaching about 20% of the overall population of the region, as well as in many countries in Africa (Cecchini and Martínez 2012, Fiszbein and Schady 2009). The first key difference in cash transfers is whether they are means-tested or not. Barring a truly universal cash transfer, in the form of UBI, **the entitlement to a benefit will necessarily exclude certain segments of the population**. The decision is hence how to define the entitlement and the exclusions. The **more inclusive versions generally identify a certain demographic and give it unconditional access to the benefit**, such as granting child benefits to all households with children. These forms of ‘categorical selectivity’, to the extent that they are implemented through strong covariates of poverty, can lead to relatively low-cost programmes, similar to means-tested benefits, whilst enjoying coverage levels closer to that of universal schemes. **Means-tested benefits in turn introduce direct socioeconomic eligibility criteria**, in addition to demographic considerations, such as restricting access to poor households or to individuals without a formal occupation in the labour market. Child benefits, for example, could be restricted to households below a certain income threshold.

Targeting or means-testing cash transfers pose benefits as well as drawbacks (Devereux et al., 2017). The rationale for targeting is rather straightforward, as in principle it **might allow scarce resources to be focused on those who are most in need of it**. A given volume of transfers will thus tend to decrease poverty and inequality more if it is targeted. Furthermore, **targeted benefits tend to have smaller overall costs**, given that their eligible population is smaller than otherwise (although depending on the context the differ-

ences might not be too expressive). Nevertheless, there are two main drawbacks. First, **targeted benefits have higher administrative costs and require greater state capacities**, as the creation and maintenance of a record of benefits-eligible households can be costly, technically difficult and prone to corruption. Depending on the prevalence of poverty amongst the target population, administrative costs can rival economies in the distribution of benefits. Targeted benefits therefore tend to be less costly, but they have redistributive inefficiencies through administrative costs. Second, **exclusion errors are greatly increased with targeted transfers**, especially with low levels of government capacities and if there are segments of the population that are hard to reach. Likewise, inclusion errors (i.e. handing out benefits to non-eligible groups) are also prone to occur, and the more so in contexts of low state capacities or where corruption and patrimonialism are widespread. Therefore, **targeted benefits are less effective tools to reduce poverty and they tend to face limits in their overall impact on inequality**, given that they do not reach all necessary households and include some that should not be contemplated.¹³

The **evidence indicates that the inclusion and exclusion errors of targeting are highly variable**, with a trade-off between minimising leakage and exclusion that is mediated by administrative capacities and costs (Devereux et al., 2017, Kabeer 2014, Robles et al., 2019). In Latin America, targeted cash transfers reached on average about half of households with children under the extreme poverty line in 2013, varying between 27% in Chile and 93% in Uruguay (Robles et al., 2019). At the same time, about 11% of households receiving such transfers were not poor, and were thus incorrectly included. These results also varied substantially from place to place, from less than 1% of leakage in Guatemala to 15–20% in Brazil, Chile and Uruguay (see also Soares et al., 2010). Moreover, regions can become ‘saturated’ with cash transfers (when large proportions of the population receive them), implying unnecessary monitoring costs and negative impacts for those who do not receive them. Overall, the decision to implement targeted or universal programmes depends on the local context, the desired coverage rate, and administrative capacities, **with pragmatism suggesting that a combination of targeting and universalism can gradually build up to a comprehensive system** (Devereux et al., 2017, Kabeer, 2014).

Conditional versus unconditional cash transfers

Another **key difference in programme design regards the implementation or not of conditionalities**. The two most common conditionalities are related to health and education, such as requiring mothers to take their children

13 For example, ‘A World Bank study of 85 targeted anti-poverty interventions in 36 low-and middle-income countries found that while the median programme transferred 25 per cent more to individuals than would have been the case with universal programmes, a “staggering” 25 per cent of these programmes were regressive in that the poor were disproportionately disadvantaged’ (Kabeer, 2014: 350).

to regular health check-ups and present school-attendance reports to the benefit-administering institution. It has emerged that the standard form of cash transfers in Latin America are means-tested, conditional cash transfers – usually monthly payments to mothers in poor households with young children, conditional on health and education criteria being met for the latter – and, in Africa, they are means-tested but unconditional cash transfers (the relevant difference thus being that health and education conditionalities are not generally imposed).

As with targeting, there are also alleged benefits and potential drawbacks in implementing conditionalities. On the positive side, it is argued that **conditionalities are a way to foster the development of key (health and educational) capabilities** in children whose parents underinvest in them, for one reason or another (Fiszbein and Schady, 2009). They would also **engineer a change of mentality in benefit-recipients**, who would come to see the development of their children as a joint responsibility of themselves and the state. Through these two mechanisms, **conditionalities are argued to alleviate short-term poverty and build long-term capabilities**, breaking a ‘poverty-trap’ and promoting social mobility. Given this focus of conditionalities, they tend to be restricted to child-related benefits and, sometimes, to unemployment benefits (the argument, say, for elderly benefits being attached to achieving educational capabilities, is much weaker).

Conditionalities also imply at least three costs, however (Slater, 2011). First, **supply-side constraints to the provision of health and education might prevent significant improvements to these capabilities** – e.g. requiring mothers to take their children to health clinics operating at full capacity, or to overcrowded and low-quality schools, is likely not to make large differences. Second, **effectively administering conditionalities requires often-absent state capacities**. Moreover, regardless of these capacities being present or not, the third issue is that **enforcing conditionalities is costly both from the implementation side and for recipients**. Besides the obvious administration costs, there are also non-negligible private costs, such as having to travel to show evidence of meeting conditionalities. It is not clear that these costs are greater than the alleged benefits of conditionalities.

There is overwhelming evidence that cash transfers have reduced, but not eliminated, poverty amongst key demographics (Amarante and Brun, 2018; Cecchini and Martínez, 2012; Fiszbein and Schady, 2009, Robles et al., 2019). It should be noted that, unless there are a series of policies targeting several groups or the introduction of a UBI scheme, it is likely that some level of exclusion from the social protection system will obtain. Moreover, there are exclusion errors, as discussed above. Nevertheless, cash transfers have indeed been able to reduce monetary poverty and severity: estimates for Latin America show a direct

decrease of poverty of around 10% (a few percentage points) in most cases (Amarante and Brun, 2018, Soares et al., 2010). Due to their generally targeted nature, and especially because of their low overall value – usually around 0.5% of GDP – **cash transfers are less capable of reducing income inequality**.

The evidence does indicate strongly that cash transfers stimulate the development of a series of capabilities in other domains: uptake of health services, school frequency and a series of other results have been shown to emerge from cash transfers (García and Saavedra, 2017; Kabeer and Waddington, 2015; Lagarde et al., 2007, Millán et al., 2019; Ruel and Alderman, 2013; Slater, 2011). Nevertheless, **the link between conditionalities and improved capabilities is much harder to prove**, and in many instances the evidence points to **income security being the most relevant factor** (Slater, 2011). The **evidence that conditionalities would lead to positive changes in mentality, such as creating a culture of co-responsibility, is also very tenuous** (Molyneux, 2006).¹⁴ Moreover, Handa et al. (2018: 288) compellingly show that unconditional cash transfers in Africa ‘1) [do not] induce higher spending on alcohol or tobacco; 2) are [not] fully consumed (rather than invested); 3) [do not] create dependency (reduce participation in productive work); 4) [do not] increase fertility; 5) [do not] lead to negative community-level economic impacts (including price distortion and inflation); and 6) are [not] fiscally unsustainable.’ Overall, **there is ample evidence that cash transfers have positive impacts on reducing monetary poverty and inequality, but the case for conditionalities being necessary or even helpful is rather ambiguous** (although, depending on the context, they might be beneficial to garner political support).

Pensions: contributory and non-contributory schemes

In spite of the great attention that cash transfers have attracted, **public pensions are key elements in the overall matrix of social protection**. There are two main forms of pensions of importance for this matter, contributory and non-contributory schemes. Both kinds of schemes vary widely in their design and, consequently, in their redistributive and poverty-reducing effectiveness. Contributory pensions are usually differentiated into defined-contribution and defined-benefits systems, with many of the existing systems functioning as hybrids. **A purely defined-contribution system is incapable of addressing elderly poverty and inequality**, as it

14 In an evaluation of Nicaragua’s programme Red de Protección Social (RPS), Adato and Roopnaraine (2004) show that desired impacts on health did not materialise due to lack of consideration for barriers and contextual factors on the ground. In this case, no improvement in anaemia prevalence was recorded because, at the implementation stage, families found that nutritional supplements did not fit well in the diet and were not liked by children, which led to a reluctance to administer them.

essentially leverages an unequal distribution of labour-market earnings and savings over to retirement age – it smooths individual earnings over the lifecycle, but it does not redistribute income between individuals (Arza, 2008; Mesa and Mesa-Lago, 2006).

A defined-benefits scheme, on the other hand, might have a positive impact on inequality and elderly poverty, depending on the characteristics of the scheme (the level of employee and employer contributions, how state contributions are financed, the floor and ceiling of benefits, retirement age and so on). However, **in contexts with high levels of labour informality, contributory schemes are often insufficient tools to guarantee high pension coverage.** They will thus often prolong dualistic labour-market structures into retirement age. **Women and rural populations are particu-**

larly disadvantaged in such schemes, even if less so than under pay-as-you-go arrangements (Arza, 2008; Mesa and Montecinos, 1999). This happens because they are prone to spend longer stretches in the informal labour market and, in the case of women, not to be in paid employment as often, thus contributing to shorter periods of time to the pension system.

Table 4.2.1: Comparison of selected social security policies

Dimension	Cash transfers			Non-contributory pensions
	Unconditional, non-targeted	Conditional	Targeted/ means-tested	
Focus	Usually poor households with young children			Elderly poverty
Effect on poverty	Reasonable			Substantial
Effect on inequality	Low but redistributive			Substantial
Stigmatisation	Medium	Potentially high	Potentially high	Low
Administrative requirements	Low	Medium	Medium	Low
Inclusion/ exclusion errors	Low		High	
Cost	Medium-low	Low (around 0.5% GDP)	Low (around 0.5% GDP)	High (around 2–5% GDP)
Other benefits	Educational and health capabilities			Household income-security often benefits other members

Source: prepared by the authors.

Non-contributory pensions, also known as social pensions (or simply elderly cash benefits), are a way of dealing with gendered and geographical inequalities that negatively affect individuals and households later in life. Non-contributory pensions also vary widely in value, design and coverage, with some focused on specific demographics (e.g. rural populations, who are more prone to have been in informal labour relations) and most of them being means-tested (i.e. only given to otherwise-poor elderly individuals). They are, in effect, an unconditional but often means-tested cash transfer to the elderly, although the term non-contributory pensions is more common in developing countries (it will thus be used here not to confuse them with other forms of cash transfers). **Non-contributory pensions are potentially expensive**, especially in countries with a larger dependency ratio and with long-standing issues of labour informality, given that by definition they are not financed out of prior contributions from recipients. Nevertheless, there is a growing recognition that they are a **particularly effective and gender-sensitive way of tackling elderly poverty** (Devereux and White, 2010), and in many cases they have allowed for resources to be transferred within extended households alleviating child poverty as well (Hoffmann, 2010). There are currently several countries in Latin America and Africa that have introduced them into their policy mixes, mostly with positive results (Devereux and White, 2010; Lustig and Pereira, 2018; Niño-Zarazúa et al., 2012).

The evidence indicates that **non-contributory pensions in particular have been effective in reducing poverty and inequality** in Latin America and Africa (Arza, 2008; Devereux and White, 2010; Lustig et al., 2014; Niño-Zarazúa et al., 2012; Slater, 2011). Their larger budget (usually around 2% of GDP, but sometimes up to 5%) when compared to cash transfers (usually around 0.5% of GDP) makes them more effective tools to reduce income inequality, even if they are less targeted at the bottom of the income distribution. In Argentina, for example, non-contributory pensions have a concentration index of -0.27 (the lower the index, the more redistributive is the benefit), compared to -0.50 for conditional cash transfers, but their much larger size (2.9% of GDP, against 0.6%) makes them have a larger redistributive impact (Lustig and Pessino, 2014). Moreover, **non-contributory pensions have also positively affected other capabilities, such as supporting children in education and reducing child labour** (Hoffmann, 2010).

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Challenges

- **Administrative:** Managing conditional or targeted policies can be costly and requires state capacities
- **Administrative:** Delivering social protection to those in the informal sector is a key challenge in developing countries
- **Fiscal:** The more effective schemes in combating inequality (e.g. non-contributory pensions) are expensive
- **Political:** Cash transfers can be a politically polarising issue
- **Political:** The management of conditionalities and targeting can lead to corrupt and patrimonialistic practices
- **Social:** Receiving targeted benefits can lead to stigmatisation

Facilitating Factors

- **Administrative:** Having national registries of benefits-eligibility
- **Fiscal:** Targeted conditional cash transfers are inexpensive and can stimulate local economies
- **Political:** Successful implementation of social protection policies can build 'developmental coalitions'
- **Political:** There is an ample international consensus pushing for some forms of social protection

Social protection policies face four kinds of challenges: administrative or capacities-related; fiscal; political; and social. **The administrative challenges are related to the need for managing the disbursement of benefits, conditionalities and eligibility criteria.** These tasks are thus **greater in the case of conditional and targeted benefits**, but even universal, unconditional programmes require some level of state capacity that might be challenging in very low-income countries. In light of this, **many initiatives have involved donors or international agencies as funders and implementation partners** (Devereux and White, 2010). Programme evaluation is another challenge, but in meeting it many countries have developed valuable state capacities that might be employed in other areas (Fiszbein and Schady, 2009).

Fiscal challenges are in turn related to the costs of benefits themselves, most of which are non-contributory and must hence be financed out of general expenditure, **and the costs of administering the programmes** (again, higher in the case of conditional, means-tested grants). **The evidence indicates that most cash transfers are indeed fiscally sustainable** (Handa et al., 2018), especially as part of the income transferred will return in the form of taxes (although the levels are highly dependent on the tax system in question). In fact, the cash transfers that have been implemented in Latin America – and to an extent in Africa – are actually some of the most fiscally feasible social policy alternatives (Cecchini and Martínez, 2012; Handa et al., 2018). However, **non-contributory pensions can become expensive and might require specific fiscal arrangements** (Lustig and Pessino 2014). In both cases, impacts on local economies might vary in case there is a large geographic concentration of benefits-recipients, which might require phased implementation strategies not to create strong price movements.

There are **two main political challenges, as cash transfers can be politically polarising and**, depending on the arrangements, **foster patrimonialistic and corrupt practices.** Distributing benefits to vulnerable populations can alienate middle-classes, who might see it as a way of vote-buying or an initiative that alienates their own interests, depending on the broad alliances they make. Where the risk of absolute downward mobility is high, middle-classes tend to align with the poor and vote in favour of policies that support those in poverty; where there is a potential for upward mobility, the middle classes align themselves with the rich and tend to vote in favour of low spending and tax cuts. Depending on these political arrangements, there might be a broader or narrower support for cash transfers, which can be influenced by the presence or absence of conditionalities (Fiszbein and Schady, 2009).

The potentially polarising effect of cash transfers relates to the so-called ‘paradox of redistribution’ (Korpi and Palme, 1998)W, according to which highly targeted systems are *less* capable of reducing poverty and inequality. In the words of Kabeer (2014: 350), ‘targeted programmes benefit those who do not have to pay for them at the expense of those

who do; they exclude those with political clout in favour of those with none. ... The result is, as has been pointed out by various authors over time, that programmes intended for the poor tend to be very poor-quality programmes.’ Furthermore, the administration of conditionalities and eligibility, in situations of low state capacities or entrenched patron-client networks, can follow politically corrupt lines that both reduce the efficacy and efficiency of the programme and create political backlashes. Finally, **highly targeted programmes can create stigmatisation amongst recipients** (Molyneux et al., 2016), which is often minimised in more universal programmes.

These challenges should not, however, obscure that **there are a series of closely related facilitating factors for implementing social protection policies.** Overall, as pointed out by several authors, **initially ‘timid’ initiatives towards conditional, targeted programmes can be a springboard towards more universal social protection networks** (Fiszbein and Schady, 2009; Kabeer, 2014; Molyneux et al., 2016; Slater, 2011). As mentioned above, **targeted cash transfers are inexpensive**, they reduce poverty – and inequality to a lesser extent – and they can have stimulating effects on local economies, if planned properly. **The creation of state capacities that comes with this can build into the development of wider social-policy planning capacities**, such as through the creation of national eligibility registries, **and help build a ‘developmental coalition’ favouring redistributive measures.** National capacities and political preferences can then **shape social protection initiatives, leveraging funds and international aid towards local solutions that have domestic ownership** and are generally more effective than externally imposed ones (Devereux and White, 2010). As Niño-Zarazúa et al. (2012: 174) put it, ‘getting the politics right may be as important, or even more important than getting the initial technical design of programs right’, but there are both challenges and opportunities in achieving dynamics that lead to such ‘right’ politics.

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POLICY 4.3 MINIMUM WAGES AND LABOUR MARKET INSTITUTIONS

Policies that promote collective bargaining, protect the rights of workers to unionise and strike, adequate and enforced minimum wages set through collective wage setting agreements or national statutory minimum rates covering all types of workers.

Relationship to Inequality and Poverty	Earnings are the main source of household income in the working age population and due to the relationship between earnings over the working life and retirement pensions, earnings continue to influence living standards into retirement Collective wage bargaining and minimum wages can be key to reducing wage inequality and improving the quality of jobs at the lower end of the labour market So much of people's lives are spent working, the quality of jobs such as the terms and conditions of work plays an import role in determining the capability for people to live a good quality of life
Key Actors	Government, employers, labour market institutions
Level of Intervention	National
Domain/SDG	  MIF Domain 4 SDG 10, Targets 10.3 and 10.4
Evidence of Effectiveness	Unions help compress the wage distribution and improve the terms and conditions of employment through redressing the imbalance of power between employers and individual workers. Collective wage bargaining systems have been shown to be associated with lower earnings inequality Minimum wages can reduce wage inequality through compressing the wage distribution below the median but to do this a significant share of workers must benefit, spill-over effects need to be present and minimum wages must not be set too high or unemployment could rise or hours of work could fall Minimum wages have been successfully introduced in many countries without significant negative effects on employment In low-income countries low paid workers are more concentrated in low-income households and therefore higher minimum wages can be effective at reducing poverty and income inequality

Challenges and Facilitating Factors	Challenges	Facilitating Factors
	• Regulatory: Potential trade-off between higher union density, lower wage dispersion and higher unemployment, and lower union density, higher wage dispersion and lower unemployment • Implementation: Setting the right minimum wage rate(s): generous enough to improve pay and reduce inequality without having a big impact on employment • Regulatory: Compliance and enforcement can be challenging in countries with less advanced administrative systems • Implementation: Weak enforcement and a vast informal sector could reduce the effects of minimum wages in many developing countries • Economic: Public sector wage bill can increase	• Fiscal: Costs are low • Political: There is a growing consensus on the positive impacts of minimum wages • Implementation: Guidance and advice available from international organisations such as the ILO • Economic: As more low-wage workers are concentrated in poor households in low-income countries, minimum wages are likely to be effective at reducing income inequality and poverty
Costs	Low but costs associated with the need to pay public sector employees at minimum wage	

This policy is part of



POLICY MIX 4 EMPLOYMENT INEQUALITIES



Relationship to Inequality and Poverty

- **Earnings are the main source of household income in the working age population** and due to the relationship between earnings over the working life and retirement pensions, earnings continue to influence living standards into retirement
- **Collective wage bargaining and minimum wages can be key to reducing wage inequality and improving the quality of jobs at the lower end of the labour market**
- **So much of people's lives are spent working, the quality of jobs such as the terms and conditions of work plays an important role in determining the capability for people to live a good quality of life**

Earnings from work are the main source of household income among working age households. Earnings over the working life also influence retirement pensions and therefore continue to play a dominant role in determining economic well-being in old age. This means that inequality in household earnings is an important factor shaping inequality in household income. The absence of work, insecure work and low levels of household earnings increase the risk of poverty.

Macroeconomic policy, labour market institutions, legislation and employment policy all play an important role in shaping inequality in the labour market. Macroeconomic policy, including both monetary and fiscal policy, help to stabilise business cycles through controlling inflation over the cycle and boosting aggregate demand in economic downturns. Keeping unemployment low is crucial for the well-being of individuals and households but also for overall levels of income inequality and the risk of poverty. Labour market institutions are important for minimising discrimination in the labour market, setting minimum wage floors, regulating safety at work and positively influencing the terms and conditions of work.



Evidence of Effectiveness

- **Unions help compress the wage distribution and improve the terms and conditions of employment** through redressing the imbalance of power between employers and individual workers. Collective wage bargaining systems have been shown to be associated with lower earnings inequality
- **Minimum wages can reduce wage inequality through compressing the wage distribution below the median but to do this a significant share of workers must benefit, spill-over effects need to be present and minimum wages must not be set too high** or unemployment could rise or hours of work could fall
- **Minimum wages have been successfully introduced in many countries without significant negative effects on employment**
- **In low-income countries low paid workers are more concentrated in low-income households** and therefore higher minimum wages can be effective at reducing poverty and income inequality

Macroeconomic policy

An economy that creates sufficient numbers of good quality jobs is necessary for limiting labour market drivers of income inequality. OECD research shows that a one-point increase in the employment share is related to a 0.65 percentage point reduction in the Gini coefficient of household disposable income among the working age population, other things being equal (OECD, 2011: 148). However, with the rise of 'laissez-faire capitalism' in many countries, government interventions designed to create jobs and commit to full employment have been in the decline.

Fiscal policy can be an effective tool for creating jobs through an overall investment strategy and regional policy. Fiscal policy also has a role to play in economic downturns as carefully designed fiscal policy can limit job losses and minimise financial hardship and thereby can be effective at improving the economic well-being of the most disadvantaged.

Monetary policy that extends beyond simple inflation control can also be effective at ensuring inclusive growth, but the danger is that high interest rates tend to be most damaging to the least advantaged.

Unionisation and collective bargaining

Wage rates are set in a variety of ways with considerable variation across countries and within countries between different professions, occupations and industries. Practices have evolved over time with pay sometimes determined at

an individual level between a single worker and an employer, according to market forces driven by demand and supply, or can be set at national, regional or industry levels according to wage bargaining agreements made by social partners. Different factors come into play for private sector and public sector employees (for whom public finances have a larger part to play in determining rates of pay). Wage rates are also affected by non-wage costs of employment (social insurance contributions, labour taxes, pension contributions, fringe benefits such as health insurance, housing subsidies, transport, etc.).

Unions play an important role in terms of re-dressing the asymmetry of power between individual workers and large employers. They achieve this by working as a collective, representing large groups of employees in negotiations with employers over pay- and working conditions, as well as defending the rights of workers in disputes over breaches in employment regulations, contracts and laws. Consequently, unions hold more power than workers negotiating on their own. Disagreements and disputes can lead to withdrawal of labour (strikes) which can cause considerable disruption (and costs) on a large scale while such action is largely ineffective at an individual level. There is, therefore, a **greater incentive for employers to improve pay and conditions for a unionised workforce.** The fact that any pay settlement applies to all represented workers rather than a single worker can reduce inequality.

Collective wage bargaining systems have been shown to be associated with lower earnings inequality. The coverage of collective wage bargaining and setting agreements can directly impact on the distribution of final gross hourly rates of pay through influence on the pay of workers within sectors (public/private; industrial sectors), for occupational groups (nurses; care assistance; drivers, etc.), for trainees and for the workforce as a whole. **Collective wage setting agreements can reach beyond workers directly covered through a system of voluntary adherence to agreed rates of pay by employers with workers not directly covered, or through their influence on the supply of workers willing to work for lower rates.**

The success of unions in compressing the wage distribution depends on the position of unionised workers in the distribution, the union premium attached to different types of workers and the degree of centralisation and co-ordination in collective bargaining (Bryson, 2007).

For a long time unions were assumed to increase inequality in countries where union coverage was incomplete by creating a wage differential between union ('insiders') and non-union ('outsiders') sectors (Visser and Checchi, 2009: 232). Freeman and Medoff (1984) demonstrated that overall unions in the US had an equalizing effect on wages through reducing wage inequality within union sectors which more than off-set any increase in inequality between sectors.

Since then, **numerous cross-country studies have shown the existence of a positive relationship between union coverage and compression of the wage distribution** (See, for example, Card et al., 2004, for the US, UK and Canada). Blau and Kahn find a negative association between union presence and wage inequality across 25 countries with higher bargaining coverage and minimum wage legislation the most important factors explaining this association. Centralisation of wage bargaining appears to be an important explanatory factor, although they find some evidence that the relationship has weakened over time (Blau and Kahn, 2012: 241).

However, **identifying the causal impact of unions on wages is not straightforward.** As Bryson (2007) explains, there are selection effects by both workers and unions that could bias estimates. Research looking at changes in unionisation and its association with changes in wage inequality is one approach to assessing the impact of unions. Gosling and Machin (1995) found that the decline in unionisation in the UK over the 1980s accounted for 15% of the increase in wage inequality. Gosling and Lemieux (2004), comparing the US and the UK, show that the effect of de-unionisation has been to increase male wage inequality but has had little effect on female wage inequality. They conclude that the convergence in the unionisation rate between the US and the UK explains about one-third of the convergence in male wage inequality. Wage inequality increased fastest for US women during the 1980s because of the decline in the minimum wage (rather than unions); reflecting the greater incidence in low pay among women and lower rates of unionisation. Over the 1980s and 1990s inequality increased for men faster in the UK because of the decline in unionisation.

The rise in wage inequality in many OECD countries occurred as the power of labour market institutions, including collective bargaining arrangements, waned (OECD, 2011). De-unionisation and declining wage setting institutions accompanied by deregulation and pay setting norms had an impact on low pay but also on wage-setting at the top of the wage distribution (Lemieux, 2008). OECD research finds that trends in employment policies and institutions in 22 OECD countries from the early 1980s to 2008 – weaker employment protection, union coverage and lower unemployment benefit replacement rates for low-wage workers – are generally related to upward trends in wage dispersion within countries (OECD, 2018: 125). In Europe, **stronger labour market institutions have been found to be associated with lower income inequality** (Checchi and García-Peñalosa, 2008).

However, union coverage can potentially have a negative impact on employment rates if increases in wage bargaining power lead to a reduction in labour demand. For example, the OECD found that a 10 percentage point decline in the union coverage rate is associated with an increase of the employment rate by approximately 0.8 points (OECD, 2008: 153). Although this relationship is likely to be non-linear it

does illustrate the **potential trade-off between higher union density resulting in lower wage dispersion and higher unemployment, and lower union density resulting in higher wage dispersion and lower unemployment.**

Stiglitz suggests that **strengthening unions is an important policy for tackling inequality but there is no blueprint for how to build strong and successful unions and broader social partnerships in countries where they have been in long term decline** (Stiglitz, 2012). An important aspect appears to be building partnerships and avoiding conflict but this requires a spirit of co-operation on all sides; not easy where different parties are seeking to secure opposing outcomes. Atkinson (2015: 147) concludes that “[t]o a considerable degree the market outcome [pay] is currently the result of the bargaining power of different participants” with evidence that some have a very limited amount of power. He states that **in order to make progress towards less inequality a society-wide approach to earnings determination is required.**

Minimum wages

Collective wage bargaining agreements typically include wage floors. Wage floors can also be set through legislation in the form of minimum wages. These minimum rates of pay can vary across geographical areas, sectors or between different types of workers (young workers or trainees, for example) or a single rate can cover all workers. **Minimum wages affect the lower tail of the wage distribution and can impact on wage inequality through compressing the lower portion of the wage distribution. They can also have a ‘ripple effect’ if wage differentials are maintained (in whole or in part).** Minimum rates can also have a positive effect on production technologies and training if the higher rates of pay force employers to increase the productive output of their lower paid workers. Minimum wages can also be effective at reducing gender wage inequality. However, **if minimum wages increase unemployment or lead to a reduction in hours worked then potentially minimum wages can increase income inequality.** Minimum wages have been introduced in a number of lower income countries in recent times. For example, from January 2019 a national minimum wage was introduced in South Africa. However, some countries, such as Namibia do not have minimum wage rates.

Some economists have raised concerns about the extent to which wage-setting outside the market will impact on employment and efficiency. “Centralized wage-setting mechanisms which reduce wage variation tend to limit firms’ flexibility in responding to differences in market conditions across industries or geographical areas” (Blau and Kahn, 2009: 178). In contrast, others have argued that due to imbalances in power between workers and employers some workers (in particular the low-skilled) will be paid less than the value of their productivity (Manning, 2003) while others are able to claim a larger share of the wage bill relative to their productive contribution. **In this case minimum wages can redress this imbalance without having a negative impact on employment. “In an imperfectly competitive**

labour market, a higher minimum wage could reduce vacancies and turnover instead of destroying jobs.” (Dube, 2019a: 7). In the absence of minimum wages or wage floors, the least powerful low skilled workers can be exploited and extremely low paid, deprived of the capability to live financially secure lives, exposed to severe financial hardship and a poor quality of life.

Cross-country analysis by the OECD found that the generosity of minimum wages measured in terms of ‘bite’ – minimum wage rate as a percentage of median wage of full-time employees – is negatively correlated with wage dispersion (OECD, 1998). Piketty (2014) describes the role of minimum wages in France and the US and the association between changes in the generosity of minimum wages and the evolution of wage inequality in these two countries. He concludes that during periods **when minimum wages are more generous wage inequality is lower and when minimum wages are weaker wage inequality is higher; at least in the lower half of the wage distribution** (Piketty, 2014: 308–310).



Research evidence highlights that for minimum wages to have a positive impact on wage inequality:

- Minimum wage rates have to be set high enough so that they compress the wage distribution below the median;
- A significant share of workers must benefit;
- Spill-over effects need to be present;
- Minimum wages must not be set too high or unemployment could rise or hours of work could fall;
- They need to be considered alongside social protection provision.

Although minimum wages are introduced to protect the pay of the lowest paid workers, and therefore to effectively compress the lower tail of the wage distribution, most impact assessments have focused on employment effects. This is because the greatest concern of policy makers introducing or uprating minimum wages is that they will lead to an increase in unemployment or a fall in hours worked. Simple economic models of the labour market predict that an increase in the wage rate of low paid workers will lead to a fall in demand and consequently an increase in unemployment. However, these simple economic models are based on assumptions about the labour market which don’t necessarily hold in practice (for example, perfect competition).

There is a growing body of evidence that minimum wages have been successfully introduced without significant negative effects on employment. Extensive reviews of this literature can be found in Card and Krueger (1995) and Neumark and Wascher (2007). **This can be seen as evidence that there is a tendency for workers at the bottom end of the labour market to be paid at rates less than the value of their productivity when wages are not regulated, challenging simple economic models of the labour market and wage setting.** Manning (2003) puts forward a model of monopsony where workers (particularly low skilled) hold a weak bargaining position relative to their employers who hold some monopoly power. This imbalance in power enables employers to pay workers below the value of their marginal product and explains how a minimum wage can increase pay without having a negative impact on employment. Evidence of the impact of minimum wages on employment in developing countries is more mixed. Increases in minimum wage rates in Brazil (1995–2004) do not appear to have had any short- or long-run negative employment effects (number of jobs or hours worked) in either the formal or informal sectors (Lemos, 2009). Increases in the real value of minimum wages in the 1980s in Mexico were not associated with negative effects on employment in the formal sector but were assessed to be ineffective at raising wages due to a very low ‘bite’ (Bell, 1999). However, the same study found that minimum wages in Colombia (where they had a higher ‘bite’) were associated with negative employment effects (Bell, 1999).

In countries where there is a large informal sector, there is some concern that minimum wages set ‘too high’ may discourage hiring in the formal sector and encourage hiring in the informal sector (OECD, 2011: 68). Although in economies with large informal sectors it may seem that minimum wages have only a small role to play as they will only be enforced in the formal sector, there is evidence from some emerging economies – for example, Argentina, Brazil and Mexico – that minimum wages influence wage determination in both the formal and informal sectors (OECD, 2011: 68). A recent meta-level analysis of the impact of minimum wages in low-income countries found that minimum wages are associated with lower formal employment and a higher share of informal workers (Nataraj et al., 2014). Another meta-level analysis using both qualitative and quantitative methods, drawing on evidence on the impact of minimum wages on employment in 14 major emerging economies (Argentina, Brazil, Chile, China, Colombia, India, Indonesia, Mexico, Poland, the Philippines, the Russian Federation, South Africa, Thailand and Turkey), found that minimum wages have only a minimal impact on employment (Broecke, Forti and Vandeweyer, 2017). More vulnerable groups (for example, youth and the low-skilled) were found to be marginally more negatively affected, and there was some indication that higher minimum wages lead to more informal employment. It is also important to note that they found **evidence of reporting/publication bias towards statistically significant negative results.** In recent years considerable

advances have been made in data quality and methodology and Belman and Wolfson (2016) are very clear that what we don’t need is more meta-level analysis of the impact of minimum wages in lower income countries but “**what is needed is additional careful work to provide high quality estimates for future meta-analyses**” (Belman and Wolfson, 2016: 24).



Minimum wages in India.

Rani, U. (2017). ‘Minimum Wage Policies and Their Effects in Developing Countries: A Comparative Perspective’, *The Indian Journal of Labour Economics*, 60(1): 33–55.

- Minimum wages were introduced in India in 1948;
- Only a small proportion of Indian workers are covered by minimum wage rates. Wage determination for formal wage workers is set by a wage setting committee, the Pay Commission, while casual labour minimum wages are set for certain schedules of employment. Not all casual workers are covered by the schedules of employment, and so for a substantial proportion market forces determine their wages. Casual workers are forced to accept very low market determined wages as they cannot afford to be unemployed as a result of the lack of social security benefits or other social assistance. These workers, therefore, have very low reservation wages and very weak bargaining power.
- Despite economic growth, a meaningful and enforceable minimum wage system is still not in place and income inequality remains high;
- Wage growth has lagged productivity growth;
- India has one of the highest numbers of minimum wages: 1,634 categories set by the state governments and 45 categories set by the Central Government. This multiplicity increases administrative complexity and can make it difficult for workers and employers to determine the rate applicable to them. They can also trigger internal migration.

In general, minimum wages tend to be introduced at cautious rates and therefore only a small share of workers is directly covered by them. This limits the extent to which minimum wages can reduce wage inequality but also limits potential negative employment effects. Dickens and Manning (2004) found no effect on earnings at the 10th percentile for the first three years after the UK National Minimum Wage (NMW) was introduced in 1999 and no detectable

spill-over effects. The degree of spill-over effects will be largely determined by the power of workers originally paid above the minimum wage rate being able wholly or partially to maintain pay differentials after the introduction or uprating of a minimum wage. Spill-over effects can also be affected by the extent to which firms substitute slightly higher skilled workers for lower skilled minimum wage workers leading to an increase in demand and an increase in their wage rates. Firms may re-organise production to increase productivity of minimum wage workers which can lead to an increase in the productivity and wages of slightly higher skilled workers (Stewart, 2012). There is also evidence that **spill-over effects are greater in countries with widespread adherence to collective pay agreements** (Grimshaw and Bosch, 2013) where workers are in a stronger position to maintain pay differentials. In this case, minimum wages and collective wage bargaining act in a complementary fashion leading to a reduction in inequality.

While it is intuitive to assume that minimum wages are most likely to impact on the distribution of wages in the lower half of the wage distribution, Bárány (2016) demonstrates that in a general equilibrium model with endogenous skill choice, **minimum wages can also have a significant impact on the top end of the distribution as well.** She outlines a model in which minimum wages affect skill prices changing the incentives that people face when making educational decisions. The impact of falling minimum wages on increasing wage inequality is assessed in a general equilibrium model where both the supply of high-skilled workers and the direction of technical change is endogenous. In this model, a fall in the minimum wage leads to an increase in the wage premium for high skill and therefore an increase in the incentive to acquire education for high 'ability' workers but also a fall in the minimum wage makes it easier for low skilled workers to find work and thus reduces the role of education for lower 'ability' workers. The result is that a fall in the minimum wage can lead to an increase in wages at the top end of the distribution. Conversely, the implication is that the introduction or raising of a minimum wage can potentially compress the top as well as the bottom of the wage distribution.



The estimated impact of minimum wage rates on wage inequality varies according to:

- The share of workers who directly experience a pay increase from the introduction or uprating of a minimum wage;
- The size of any direct pay increase and the 'bite' of the minimum wage;
- Whether or not there are 'spill-over' effects, sometimes called 'ripple' effects – i.e. the indirect effect on the pay of higher paid workers above the minimum wage rate;
- The impact on education and training decisions by workers and firms;
- The impact on technological change;
- Statistical methods used in any assessment, particularly in relation to assumptions made about counterfactual wage rates and wage distributions

Overall there is evidence that minimum wages can lower wage inequality, but few studies have assessed whether or not minimum wages reduce household income inequality. There are some exceptions; for example, Volscho (2005) shows that state minimum wages in the US reduced family income inequality (1960–2000) and Dube (2019b) found that higher minimum wages in the US increase family incomes at the bottom of the distribution, leading to falls in the poverty rate. A recent evidence review conducted by McKnight, Stewart, Mohun Himmelweit and Palillo (2016) highlights the fact that not all low paid workers are living in low-income households and the concentration of low paid workers in low-income households has fallen in some countries and certainly varies between countries. The main beneficiaries of minimum wages in high income countries are typically in the middle of the income distribution as non-working households tend to be concentrated at the bottom of the distribution (pensioners, unemployed and economically inactive) (Metcalf, 1999). This limits the extent to which minimum wages can reduce income inequality through increasing the incomes of low-income households. However, **in low-income countries low paid workers are more concentrated in low-income households and therefore higher minimum wages are more likely to be effective at reducing poverty and income inequality.** For example, in India around 50% of wage earners live in poor households and only half of these workers earn the minimum wage (Belsar and Rani, 2011). In Indonesia, nearly half of all low-wage workers are living in poor households (Bird and Manning, 2008). In Honduras, 71% of workers paid the minimum wage live in poor households (Gindling and Terrell, 2010).



Challenges

- **Regulatory:** Potential trade-off between higher union density, lower wage dispersion and higher unemployment, and lower union density, higher wage dispersion and lower unemployment
- **Implementation:** Setting the right minimum wage rate(s): generous enough to improve pay and reduce inequality without having a big impact on employment
- **Regulatory:** Compliance and enforcement can be challenging in countries with less advanced administrative systems
- **Implementation:** Weak enforcement and a vast informal sector could reduce the effects of minimum wages in many developing countries
- **Economic:** Public sector wage bill can increase

Facilitating Factors

- **Fiscal:** Costs are low
- **Political:** There is a growing consensus on the positive impacts of minimum wages
- **Implementation:** Guidance and advice available from international organisations such as the ILO
- **Economic:** As more low-wage workers are concentrated in poor households in low-income countries, minimum wages are likely to be effective at reducing income inequality and poverty

Unions and other labour market institutions, which play a role in wage bargaining, are in decline in many countries. Although strengthening unions is seen as an important policy for tackling inequality, there is no blueprint for how to build strong and successful unions and broader social partnerships in countries where they have been in long-term decline (Stiglitz, 2012). In addition, there is some evidence which suggests that there is a potential trade-off between higher union density and higher wage inequality/unemployment.

When it comes to determining the level at which a statutory minimum wage(s) should be set (or increased to), despite a large and still growing literature assessing the impact of minimum wages, there is currently little to no precise research that would allow policy makers to determine which rate(s) to choose and what would be the likely effects of any rate on employment, wages, income, and whether the distribution of employment between the covered and uncovered sectors is affected by the level of the minimum wage relative to the distribution of earnings of the country, state or region (Belman and Wolfson, 2016: 24). This **requires countries to set up dedicated commissions to help set minimum wage rates**. One factor that policy makers have to bear in mind is that **minimum wages can increase the cost of the public sector wage bill and the cost of delivering services**, as the government is often a large employer (directly or indirectly) of low paid workers.

Compliance is also a key factor. Only when minimum wages truly “bite” does compliance become a challenge as a low minimum wage means that only a few workers will be paid less than the minimum. Compliance also depends on a range of other factors. For example, non-compliance is

higher in Peru and Costa Rica, where minimum wages are higher, than in Uruguay and Chile. However, institutional factors matter too: although the level of minimum wages is similar in Peru and Costa Rica, non-compliance is substantially higher in the former than the latter (ILO Minimum Wage Policy Guide; ILO, 2016). Although non-compliance is relatively low in both Uruguay and in Chile, this result is achieved in spite of a substantially higher minimum wage in Chile than in Uruguay (ILO Minimum Wage Policy Guide; ILO, 2016).



The ILO Minimum Wage Fixing Recommendation, 1970 (No. 135), suggests that measures to increase compliance should include:

- a. arrangements for giving publicity to minimum wage provisions in languages and dialects understood by workers who need protection, adapted where necessary to the needs of illiterate persons;
- b. the employment of a sufficient number of adequately trained inspectors equipped with the powers and facilities necessary to carry out their duties;
- c. adequate penalties for infringement of the provisions relating to minimum wages;
- d. simplification of legal provisions and procedures, and other appropriate means of enabling workers effectively to exercise their rights under minimum wage provisions;
- e. the association of employers' and workers' organizations in efforts to protect workers against abuses; and
- f. adequate protection of workers against victimization.

Overly complex minimum wage systems can also reduce compliance. Awareness raising and labour inspection are easier in countries with relatively simple minimum wage schedules rather than too complex sectoral or occupational minimum wages, with numerous rates. **A multiplicity of rates obviously makes minimum wages much more difficult to communicate and inspect.** It is also common that non-compliance is more common in rural than in urban areas.

There are a number of facilitators which can help the introduction of minimum wages. There is a **growing consensus on the positive impact minimum wages can have when set at a level that boosts the earnings of the low paid while avoiding large negative effects on employment.** Minimum wages and other forms of wage floors, such as those resulting from collective bargaining and wage-setting agreements, can lead to productivity increases through creating incentives for employers to take what Bosch (2009) refers to as **the “high road”.** In this case, employers improve the productivity of their workers through innovative forms of work organisation and investment in training and new technologies. Where labour market institutions are weak, firms have an incentive to take the “low road” – low skilled, low productivity, low wage employment.

Minimum wages which result in redistribution to low paid workers not only decrease wage dispersion but are likely to boost aggregate demand through a multiplier effect (OECD, 2011: 68; Loureiro, 2020). This is because low paid workers in general have a higher propensity to consume and, therefore, can boost economic growth.

As we have seen, in developing countries low paid workers are more concentrated in poor households and this makes minimum wages a more effective policy tool for reducing inequality and in-work poverty.

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POLICY 5.1 MALNUTRITION

Policies to combat malnutrition including nutrition-specific interventions that avert maternal and child under-nutrition combined with direct cash transfer programmes.

Relationship to Inequality and Poverty	Malnutrition, especially under-nutrition, disproportionately affects poor individuals in low-income countries Interventions that combat maternal and child under-nutrition directly, especially at an early age, are cost-effective ways of addressing multi-dimensional deprivations that will burden individuals over the long-term Nutrition-specific interventions reduce inequalities in nutritional achievements/outcomes, whilst nutrition-sensitive interventions reduce differences in conversion rates between resources and nutritional outcomes Cash transfers increase food consumption and security and improve the social determinants of health for the poorest
Key Actors	Government (national and sub-national); donors
Level of Intervention	National and sub-national
Domain/SDG	   MIF Domain 5 and 1 SDG 2, Target 2.2
Evidence of Effectiveness	Scaling up ten nutrition-specific interventions to 90% would save one million lives per year, reduce stunting by 20% and reduce severe wasting by 60% These interventions are cost-effective (\$370 per life-year saved) and cost-beneficial (median cost-benefit estimate of 18) Nutrition interventions benefit the poorest households approximately six to ten times more than the richest households Nutrition interventions increase the education, developmental quotients, cognitive abilities and future income of recipients, reducing economic inequalities over the long term Cash transfers increase food consumption, but have inconclusive results on nutritional achievements of children

Challenges and Facilitating Factors	Challenges	Facilitating Factors
	• Administrative: Interventions need to reach mothers and children at an early age • Social: Interventions to combat under-nutrition need to avoid the risk of stimulating obesity • Administrative: Coordination between nutrition-specific and nutrition-sensitive interventions is challenging • Administrative: Scaling up interventions requires building government capacities	• Administrative: Properly coordinated, nutrition-specific and nutrition-sensitive interventions have strong synergies • Social: Community-based interventions increase uptake, adapt programmes to local needs and preferences, and are better able to reach those most in need • Political: Strong leadership that frames reducing nutritional inequalities as a central political goal is a key success factor
Costs	Medium: scaling up ten nutrition interventions would cost \$10 billion globally, or \$370 per life-year saved; cost-benefit analysis is highly positive	

This Policy is part of



POLICY MIX 2 TARGETING CHILDHOOD INEQUALITIES



Relationship to Inequality and Poverty

- **Malnutrition, especially under-nutrition, disproportionately affects poor individuals in low-income countries**
- **Interventions that combat maternal and child under-nutrition directly, especially at an early age, are cost-effective ways of addressing multi-dimensional deprivations** that will burden individuals over the long-term
- **Nutrition-specific interventions reduce inequalities in nutritional achievements/outcomes**, whilst nutrition-sensitive interventions reduce differences in conversion rates between resources and nutritional outcomes
- **Cash transfers increase food consumption and security and improve the social determinants of health for the poorest**

Malnutrition and inequalities in nutritional capabilities

Malnutrition, in spite of a certain decrease over the last decades, continues to be a major burden driving inequalities in health and living conditions over individuals' lives and across generations (Akombi et al., 2017; Boerma et al., 2018; Corvalán et al., 2017; Danaei et al., 2016; de Onis et al., 2013; Grantham-McGregor et al., 2007; Lu et al., 2016; Walker et al., 2011). **Interventions that combat maternal and child under-nutrition directly, especially at an early age, are cost-effective ways of addressing multi-dimensional deprivations** that burden individuals over the long term (Barker et al., 2018; Bhutta et al., 2013; Engle et al., 2007; Engle et al., 2011). Combined with cash transfers (see the review of policy 4.2) and a broader range of nutrition-sensitive interventions, such as the provision of adequate water, sanitation and hygiene conditions (WASH, see the review of policy 1.2), nutrition interventions are a proven way of reducing multi-dimensional and intergenerational poverty and inequality (Amarante et al., 2016; Fenn et al., 2017; Gillespie et al., 2013; Gillespie et al., 2015; Ruel and Alderman, 2013; Ruel et al., 2018; Vir, 2016).

Addressing inequalities in nutrition, from a capabilities perspective, implies more than guaranteeing equal access to foodstuffs. At the bottom of the matter lie conversion factors, meaning that, to enjoy similar nutritional achievements, individuals need varying levels of food and related resources depending on personal characteristics and their environment. As aptly summarised by Drèze and Sen (1989: 13), 'the object, in this view, is not so much to provide a particular amount of food for each. Indeed, the relationship between food intake and nutritional achievement can

vary greatly depending not only on features such as age, sex, pregnancy, metabolic rates, climatic conditions, and activities, but also access to complementary inputs such as health care, drinking water and so on'. Moreover, adequate diets vary according to cultural and ethnic norms, a dimension to which interventions must be attentive in order to maximise uptake and efficiency (see, for example, Corvalán et al., 2017; Ramirez-Zea et al., 2014). Based on this, the broader concept of the capability of being food or nutritionally secure has been advanced, which comprises the **availability, access, utilisation and stability of adequate food and nutrition** (Burchi and De Muro, 2016).¹⁵ It should be noted that, although this review focuses on interventions to combat bottom-end nutritional inequalities – specifically under-nutrition – attention must be paid to the broader spectrum of nutritional capabilities, including having too much nutrition.

Malnutrition drives irreversible disadvantages

Malnutrition, especially maternal malnutrition and under-nourishment at an early age, is a strong driver of irreversible inequalities over one's lifetime (Adair et al., 2013; Prendergast and Humphrey, 2014; Vir, 2016; Walker et al., 2011; Walker et al., 2007). Inadequate maternal nutrition, both before and during pregnancy, can lead to intrauterine growth restriction (IGR) or foetal growth restriction (FGR), which are large contributing factors to stunting and wasting. **The first 1,000 days after birth are a crucial period** during which under-nourishment can lead to long-term impairments in health, education and other socioeconomic capabilities, including through greater risks of stunting.¹⁶ Particularly in the case of girls, stunting and lower educational achievements are associated to the intergenerational transmission of deprivations (Russell and Azzopardi, 2019; Vir, 2016). Therefore, early interventions addressing maternal and child nutrition can reduce long-term and intergenerational poverty and inequalities.

Malnutrition and obesity

Obesity, another dimension of malnutrition, has been growing over the world (Jones-Smith et al., 2011; Ng et al., 2014; Swinburn et al., 2011; The GBD 2015 Obesity Collaborators, 2017). Indeed, obesity prevalence has doubled in over 70 countries and increased in most others since 1980, leading to around 100 million obese children and 600 million obese adults in 2015 (The GBD 2015 Obesity Collaborators, 2017).

15 The FAO's definition of food security is: 'Food security exists when all people, at all times, have physical and economic access to sufficient, safe and nutritious food to meet their dietary needs and food preferences for an active and healthy life' (Food and Agriculture Organization, 1996).

16 For example, 'stunting at 24 months was associated with a 0.9 year reduction in schooling, delay in school enrolment, and 16% increased risk of failing at least one grade in school' (Ngure et al., 2014: 119); 'stunting arises from multifactorial biological, social, and environmental causes that are often interlinked at various levels ... Children who are stunted have increased mortality, impaired cognitive development, and reduced incomes as adults compared with healthy children' (Maleta and Manary, 2019: e16).

rators 2017). Whilst the largest burden of obesity continues to be in developed countries (Ng et al., 2014; Swinburn et al., 2011; The GBD 2015 Obesity Collaborators 2017), there is ample evidence of **obesity rising fast in low-income countries** (Jones-Smith et al., 2011; Popkin et al., 2012), leading to the so-called **‘double burden of malnutrition’ in developing countries**, where there is a high prevalence of stunting and obesity (de Onis et al., 2013; Prendergast and Humphrey, 2014; Vir, 2016).

Notice that, contrary to common understandings, under-nutrition and obesity are not opposite phenomena. Indeed, it is even possible for the same individual to be both stunted and overweight, if subjected to a diet that is intensive in calories but low on nutrients. Adequate achievements in nutrition involve not only a sufficient intake and absorption of calories, related to the overall availability of food and the individual’s capacity of utilising them, but also the correct intake of micronutrients, related to the quality and variety of accessible foods.¹⁷ Whilst this review focuses on interventions that combat under-nutrition, obesity is a growing concern in broader nutritional capabilities and the studied interventions are also assessed in terms of them not increasing the obesity risks.

Under-nutrition disproportionately affects poor individuals in low-income countries

Maternal and child under-nutrition is more prevalent in middle- and especially low-income countries, and in these countries it disproportionately affects the poor (Akombi et al., 2017; Corvalán et al., 2017; Lu et al., 2016). For example, ‘In India, the percentage of women with low BMI [body mass index] is 51.5% and stunted children is 59.9% in the lowest wealth index compared with 18.2% mothers with low BMI and 25.3% stunted children in the highest wealth index’ (Vir, 2016: 82). Whilst in developed countries obesity is more prevalent amongst low-income individuals, as a rule this is not the case in developing countries (Jones-Smith et al., 2012; Popkin et al., 2012). Nevertheless, obesity has been *rising* fast amongst low-income or low-status individuals in many developing countries, particularly amongst women, so it is also a driver of nutritional inequalities in these spaces (Jones-Smith et al., 2011). Combating malnutrition can thus tackle national and global forms of multidimensional deprivation and inequality.

Nutrition-specific and nutrition-sensitive interventions from a capabilities perspective

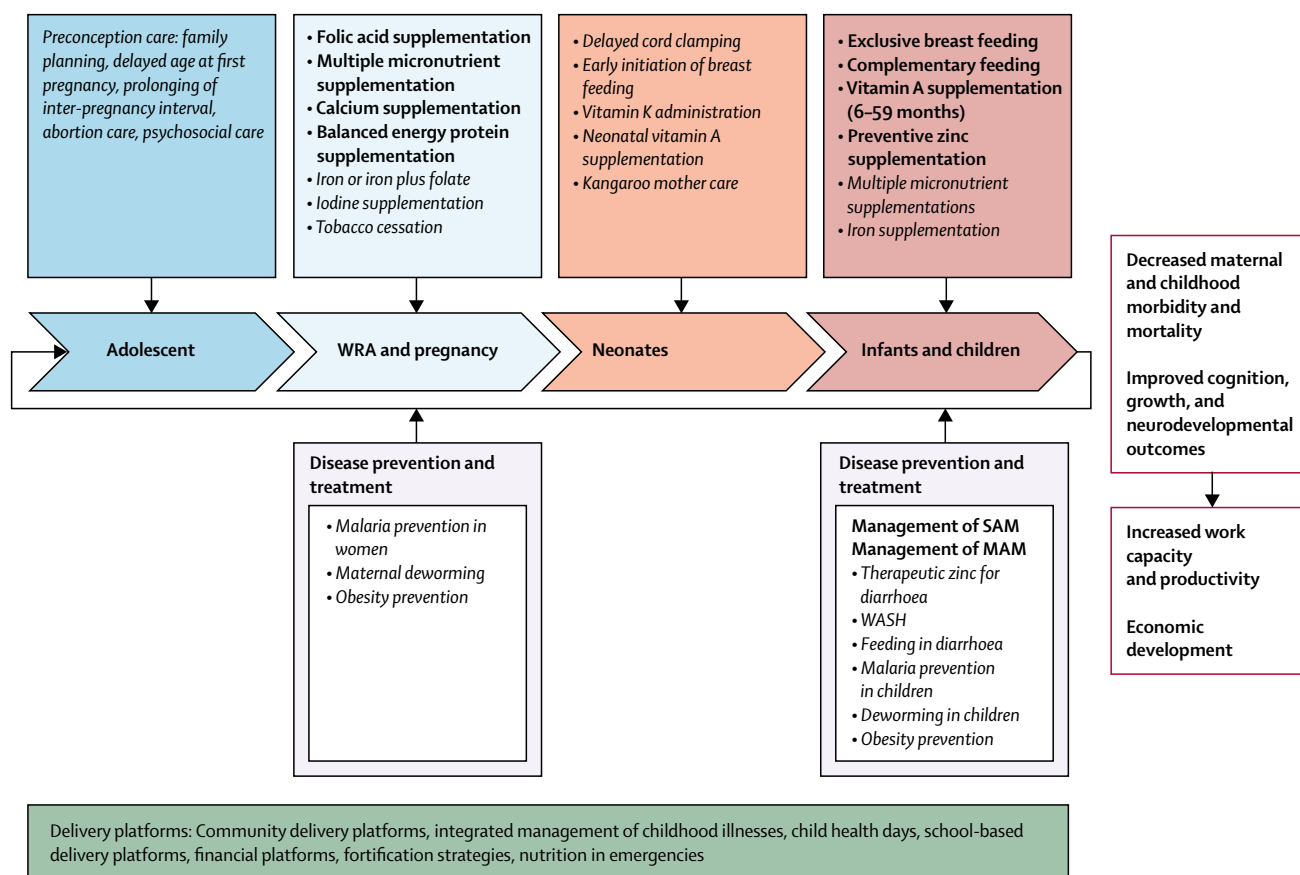
Over the last decade, **the focus of nutrition interventions has gradually broadened to include nutrition-specific and nutrition-sensitive initiatives**, particularly when addressing child and maternal nutrition (Engle et al., 2011; Gillespie et

al., 2015; Ruel and Alderman, 2013; Ruel et al., 2018; Vir, 2016). Nutrition-specific initiatives ‘address the immediate determinants of fetal and child nutrition and development – adequate food and nutrient intake, feeding, caregiving and parenting practices, and low burden of infectious diseases’, including programmes such as ‘maternal dietary or micronutrient supplementation; promotion of optimum breastfeeding; complementary feeding and responsive feeding practices and stimulation; dietary supplementation; diversification and micronutrient supplementation or fortification for children’ (Ruel and Alderman, 2013: 537). Nutrition-sensitive initiatives in turn ‘address the underlying determinants of fetal and child nutrition and development ... and incorporate specific nutrition goals and actions’, including programmes such as ‘agriculture and food security; social safety nets; early child development; maternal mental health; women’s empowerment; child protection; schooling; water, sanitation, and hygiene; health and family planning services’ (Ruel and Alderman, 2013: 537).

From a capabilities perspective, nutrition-specific interventions can be conceptualised as initiatives that affect individuals’ entitlement to foodstuffs and other resources directly relevant to nutritional achievements, whilst nutrition-sensitive interventions are mostly geared to ameliorating inequalities in conversion factors. As a clear example, WASH interventions often aim to reduce environmental enteric dysfunction (EED), the presence of which severely curtails individuals’ capabilities of absorbing nutrients (Cumming and Cairncross, 2016; Mbuya and Humphrey, 2016; Prendergast and Humphrey, 2014), which is to say, the conversion factor in their capability of transforming food into nutritional achievements. To reduce nutritional inequalities, **nutrition-specific and nutrition-sensitive interventions are therefore in principle both equally important**, with their weight depending on local and specific considerations. Nevertheless, this review focuses on nutrition-specific interventions, although discussed in terms of other relevant factors (also, see policy 1.2 for one of the key nutrition-sensitive interventions, namely WASH improvements).

17 Corvalán (2017) indicates, for example, that in some Latin American countries the dual burden is present at up to 13% of households (with overweight mothers and stunted children) and up to 3% of individuals (children who are both stunted and underweight).

Figure 5.1.1: Conceptual framework for interventions to improve maternal and child nutrition



Bold=Interventions modelled
Italics=Other interventions reviewed

Source: Bhutta et al. (2013: 454).

The role of cash transfers (CTs) in reducing nutritional inequalities

Income-supporting initiatives, such as conditional or unconditional cash transfers (CTs), have been given a greater role over time in the broad range of nutrition-sensitive interventions (Bhutta et al., 2013; Engle et al., 2007, 2011; Owusu-Addo et al., 2018; Ruel and Alderman, 2013). The logic is straightforward: if individuals are cash-constrained, particularly poor households, supporting them financially will lead to increased consumption of basic goods, amongst which food stands out. This is particularly the case when resources are transferred to mothers, who in most societies tend to spend a larger share of the income on the wellbeing of children and the overall household. Moreover, cash transfers are usually administratively simpler than in-kind transfers of food, they tend to be somewhat low-cost social policies (around 0.5% of GDP), and they have positive impacts beyond reducing food-poverty, for which they have been recommended and implemented in many countries (Amarante and Brun, 2018; Handa et al., 2018; Kabeer and Waddington, 2015; Millán et al., 2019). As such, **cash transfers have become an integral element of strategies to reduce income- and nutrition-poverty** (see policy 4.2 for a review of their impact on monetary inequalities).

Overall, interventions to improve maternal and child nutrition can act at several points of individuals' lifecycles to reduce deprivations and inequalities, with clear long-term benefits. As shown in Figure 5.1.1, there is a whole range of nutrition-specific interventions, not to mention nutrition-sensitive ones, that are better suited to different phases of childhood, pregnancy and child-rearing. The effectiveness of some of them are reviewed in the following section.



Evidence of Effectiveness

- **Scaling up ten nutrition-specific interventions to 90%** would save one million lives per year, reduce stunting by 20% and reduce severe wasting by 60%
- **These interventions are cost-effective** (\$370 per life-year saved) and cost-beneficial (median cost-benefit estimate of 18)
- **Nutrition interventions benefit the poorest households** approximately six to ten times more than the richest households
- **Nutrition interventions increase the education, developmental quotients, cognitive abilities and future income of recipients**, reducing economic inequalities over the long term
- **Cash transfers increase food consumption**, but have inconclusive results on nutritional achievements of children

Nutrition-specific interventions are cost-effective and efficacious

The efficacy and the cost-effectiveness of nutrition-specific initiatives have been extensively reviewed (see, amongst others, Barker et al., 2018; Bhutta et al., 2013; Boerma et al., 2018; Engle et al., 2007, 2011; Gillespie et al., 2013; Ruel and Alderman, 2013). The message that emerges from these wide-ranging reviews is that, whilst undernutrition continues to represent a tremendous burden in many developing countries,¹⁸ there have been **successful experiences showing that concerted, deliberate action can reduce inequalities in nutritional capabilities worldwide**. Furthermore, these interventions are cost-effective ways of saving lives and reducing inequalities, all the more so in light of their long-term impact on health, education and a series of interconnected capabilities.

Scaling up ten nutrition-specific interventions to 90% would save one million lives, reduce stunting by 20% and reduce severe wasting by 60%

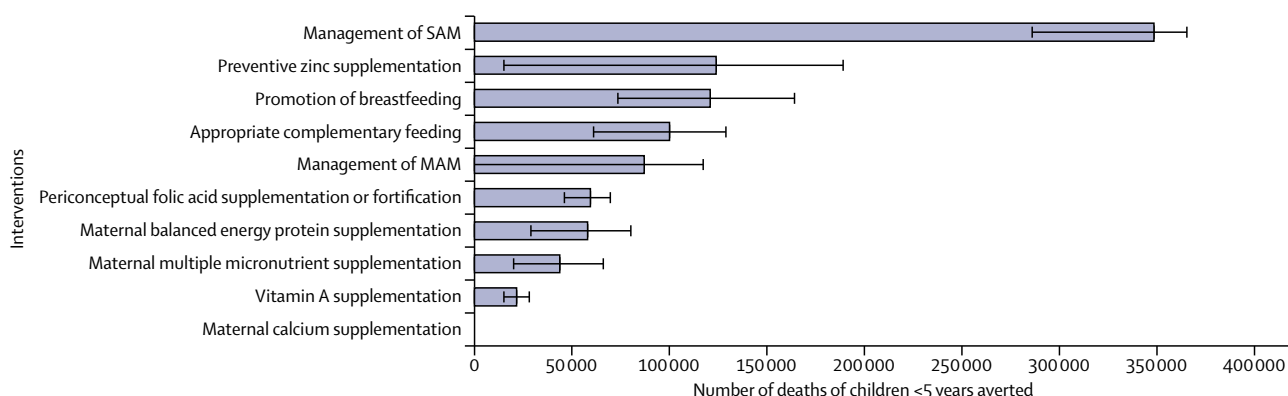
In the most comprehensive recent review of a series of nutrition interventions, Bhutta et al. (2013) propose a package of ten nutrition-specific interventions, whose costs and effectiveness are assessed. The authors highlight that **the man-**

agement of severe acute malnutrition (SAM), preventive zinc supplementation, and promotion of breastfeeding are the three individually most effective nutrition-specific interventions. They propose scaling up (or implementing) to 90% coverage rates the following ten programmes: '1) periconceptional folic acid supplementation or fortification, 2) maternal balanced energy protein supplementation, 3) maternal calcium supplementation, 4) multiple micronutrient supplementation in pregnancy, 5) promotion of breast feeding, 6) appropriate complementary feeding, 7) vitamin A and 8) preventive zinc supplementation in children 6–59 months of age, 9) management of SAM, and 10) management of MAM [moderate acute malnutrition]' (Bhutta et al., 2013: 468).

The overall health effects of these interventions are substantial, as well as focused on low-income children from developing countries. The authors estimate that about **one million lives can be saved** every year, corresponding to approximately 15% of the deaths of children under five years of age; that the prevalence of **stunting can be reduced by about 20%** (33 million individuals); and that **severe wasting would be reduced by 60%** (Bhutta et al., 2013). Of these interventions, by far the most effective in saving lives is the management of severe acute malnutrition (435,000 lives), followed by two child nutrition initiatives (breastfeeding promotion and complementary feeding: 221,000 lives) and zinc supplementation (145,000 lives), as shown in Figure 5.1.2. Interventions to stimulate optimal maternal nutrition during pregnancy would also save a total of 102,000 lives, although at a higher cost per life than most other interventions (\$571 per life saved, compared to an overall cost of \$370 per life-year, as shown below).

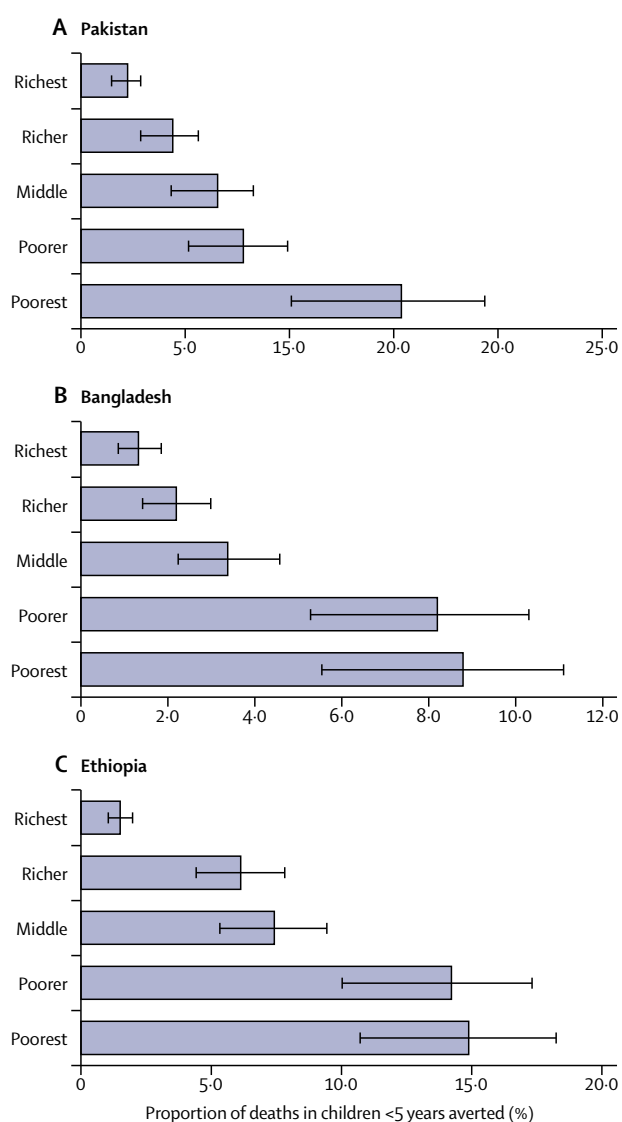
18 For example, 'The estimated number of children exposed to [extreme poverty or stunting] in low-income and middle-income countries decreased from 279.1 million (95% CI 250.4 million–307.4 million) in 2004 to 249.4 million (209.3 million–292.6 million) in 2010; prevalence of children at risk fell from 51% (95% CI 46–56) to 43% (36–51)' (Lu et al., 2016: e916); also, 'Globally, 165 million children are stunted; undernutrition underlies 3.1 million deaths in children younger than 5 years' (Bhutta et al., 2013: 453).

Figure 5.1.2: Estimates of lives saved by scaling up to 90% ten nutrition interventions



Source: Bhutta et al. (2013: 469).

Figure 5.1.3: Proportion of deaths averted of children younger than 5 years of age by wealth quintiles due to scaling up nutrition interventions, in Pakistan, Bangladesh and Ethiopia



Source: Bhutta et al. (2013: 470).

Scaling up these interventions would cost 10 billion international dollars (\$370 per life-year saved), with median cost-benefit estimates of 18

At a cost of roughly 10 billion international dollars (2010 prices) per year for the whole world, roughly half of which corresponds to outlays in India and Indonesia, this leads to a **cost per discounted life-year saved of approximately \$370**, which is very cost-effective for all individual countries under consideration. Moreover, if one takes into account the economic benefits that would accrue from these interventions, the investments become quite favourable from a cost-benefit analysis: 'with assumptions about the 11% uplift in income attributable to prevention of a third of stunting by age 3 years, and about the 5% discount rate of future benefit streams, average cost-benefit estimates have been generated for 20 countries, with a median ratio of 18 (Bangladesh)' (Gillespie et al., 2013: 560).

Nutrition interventions are expected to benefit poor households (those in the bottom wealth quintile) six to ten times more than rich households (those in the top quintile)

As shown in Figure 5.1.3, these interventions are also expected to reduce nutritional inequalities very substantially. If seven of these studied interventions¹⁹ were delivered and promoted on a community-based platform, a model which is better able to reach those in greatest need, **the proportion of deaths of children under five years of age averted would be much higher in the poorest wealth quintiles**. Estimates indicate that 1.3% of deaths in the upper quintile would be averted in Bangladesh, compared to 8.8% for the poorest quintile, whilst, respectively, 1.5% and 14.9% of deaths would be averted in Ethiopia. Overall, this corre-

19 'Multiple micronutrient supplementation in pregnancy, promotion of breastfeeding, appropriate complementary feeding, management of SAM, vitamin A supplementation, preventive zinc supplementation, and treatment of diarrhoea with zinc' (Bhutta et al., 2013: 469).

sponds to a **relative gap of around 6 to 10 times in the incidence of benefits for the poorest quintile, indicating that nutrition-specific interventions are expected to have strong inequality-reducing impacts.**

Nutrition interventions improve the education and development of underprivileged children, leading to a decrease of intergenerational poverty and inequality

Beyond direct health gains, there is also evidence of nutritional supplementation for children leading to educational and developmental improvements. Across a broad number of randomised control trials, there have been gains reported in motor and mental development and cognitive ability, with the difference between those subjected to the intervention and the control group being in the range of 6 to 13 developmental quotient (DQ) points (Walker et al., 2007: 146). A meta-analysis of school-feeding programmes also showed an average increase in school attendance, as well as weight gains (Bhutta et al., 2013). Similarly, school-based nutrition and stimulation programmes in Colombia **decreased by 60% the gap between the cognitive achievements of underprivileged and middle-class children at four years of age** (Engle et al., 2007), whereas ‘in Brazil, boys breastfed for at least 9 months attained 0.5–0.8 school grades more by 18 years than boys breastfed for less than 1 month. Regression of grade level attained on adult income in this population suggests this difference corresponds to a 10–15% difference in income’ (Walker et al., 2011: 1327). Although longer-term data are scarce, they also indicate substantial benefits. A programme in Guatemala has shown that adults between the ages of 25 to 42, who as children received food supplements from birth until 24 months, had higher schooling, reading, and intelligence indicators, as well as higher hourly wages (Engle et al., 2007; Walker et al., 2011). Nutrition-specific interventions can thus decrease not only direct health inequalities, but also ameliorate socioeconomic inequalities associated to them and have a positive intergenerational effect.

Cash transfers (CTs) increase food consumption, but have inconclusive results on nutritional achievements of children

There have also been extensive reviews of the impact of CTs on health, food consumption and nutrition (see, for example, Amarante et al., 2016; Barker et al., 2018; Fenn et al., 2017; Miller et al., 2011; Owusu-Addo et al., 2018; Porter and Goyal, 2016; Ranganathan and Lagarde, 2012). Besides the impact of CTs on income and economic inequalities (see the review of policy 4.2), there is ample evidence that **CTs decrease inequalities in the social determinants of health and increase the food intake of recipient households**, with positive overall impacts on nutrition and long-term social goals. There is less evidence, however, that CTs are capable of addressing specific nutrition objectives of key relevance, such as micronutrient absorption by children, leading to the overall conclusion that CTs are an important, but not by any means sufficient, element of strategies to tackle nutritional inequalities (let alone broader social inequalities).

On the positive side, evidence abounds that CTs – whether implemented with health and other conditionalities (i.e. conditional cash transfers, CCTs, which might require taking children to health check-ups to receive the benefit) or not (i.e. unconditional cash transfers, UCTs) – decrease deprivation in a series of monetary and non-monetary dimensions (Fenn et al., 2017; Guanais, 2015; Ranganathan and Lagarde, 2012; Slater, 2011). CTs decrease monetary poverty, even if their impact on income inequality is small due to their targeted nature,²⁰ and it is mostly through this channel of relatively higher income-security that they have positive impacts on health and education indicators for children. For the purposes of this review, assessments of CCTs and UCTs across Latin America, Africa and Asia all show that **the money transferred is to a large extent spent on food**, thus reducing some dimensions of nutritional inequalities (Handa et al., 2018; Kabere and Waddington, 2015; Millán et al., 2019; Owusu-Addo et al., 2018; Soares et al., 2010).²¹

The evidence is much less conclusive, however, for the increased food consumption that results from CTs translating into improved nutritional achievements for children (Owusu-Addo et al., 2018; Ranganathan and Lagarde, 2012; Soares et al., 2010). Whether because other nutrition-sensitive interventions are necessary to maximise CTs’ decrease of nutritional inequalities (by improving the food-to-nutrition conversion factors of benefit recipients), or because of the timing and other characteristics of the programmes, **CTs have had widely varying impacts on nutrition-specific indicators such as child stunting, wasting and low birthweight**. Owusu-Addo et al. (2018), for example, reviewed the evidence for the impact of seven programmes on wasting and of eight programmes on stunting, indicating that only two were effective in reducing the former and one in reducing the latter (see also Ranganathan and Lagarde, 2012; Soares et al., 2010). On the other hand, there is evidence that properly designed programmes, attentive to local conditions and other social determinants of health, can improve child nutrition (Amarante et al., 2016; Fenn et al., 2017; Porter and Goyal, 2016), although more research is necessary to understand the key characteristics of successful interventions (see more below on facilitating factors).

20 Estimates of the impact of CCTs on poverty in Latin America show a direct decrease of monetary poverty of around 10% (a few percentage points) in most countries (Amarante and Brun, 2018; Soares et al., 2010), for example.

21 Depending on the setting, this can also happen through productive diversification, such as in the case of the Social Cash Transfer Scheme (SCTS) in Malawi: ‘cash recipients also purchase livestock and other productive assets, such as farming equipment and fertilizer coupons, which increase agricultural yield that, in turn, can be consumed or sold for income. Thus directly and indirectly, the SCTS allowed households to smooth their food consumption throughout the year, sharply reducing hunger and food shortages during the rainy season’ (Miller et al., 2011: 236–237).



Challenges

- **Administrative:** Interventions need to reach mothers and children at an early age
- **Social:** Interventions to combat under-nutrition need to avoid the risk of stimulating obesity
- **Administrative:** Coordination between nutrition-specific and nutrition-sensitive interventions is challenging
- **Administrative:** Scaling up interventions requires building government capacities

Facilitating Factors

- **Administrative:** Properly coordinated, nutrition-specific and nutrition-sensitive interventions have strong synergies
- **Social:** Community-based interventions increase uptake, adapt programmes to local needs and preferences, and are better able to reach those most in need
- **Political:** Strong leadership that frames reducing nutritional inequalities as a central political goal is a key success factor

Timing is a crucial issue to improve child and maternal nutrition

One of the key challenges in nutrition-specific interventions is getting their timing right and intervening early (Adair et al., 2013; Gillespie et al., 2013; Walker et al., 2011). When it comes to child nutrition, it is widely recognised that the first 1,000 days in a person's life are the crucial moment to secure adequate nutritional achievements, both in the sense that failing to do so leads to irreversible detrimental consequences and that interventions can be effective if deployed in this period (see also <http://www.thousanddays.org>). The previously mentioned assessment of nutrition interventions in Guatemala, for example, showed that long-term gains for participants were restricted to those who were supplemented during the first 24 months of life, and not later (Walker et al., 2011). When it comes to maternal nutrition, it is important to intervene as early as possible – ideally, even before pregnancy begins – which is often a challenge (Barker et al., 2018). As Bhutta et al. summarised: 'Even though antenatal care services offer a unique opportunity for maternal screening and interventions, the difficulty of reaching women early enough in pregnancy is a major limitation in ensuring adequate uptake of interventions for a reasonable length of time ... This finding underscores the need to address determinants of under-nutrition early in the lifecycle through appropriate strategies, such as enhancing adolescent nutrition and family planning to delay the age of first pregnancy or increase spacing between births' (2013: 471).

Avoiding stimulating obesity whilst combating under-nutrition

Given the rising 'dual burden' of obesity and under-nutrition in many developing countries, another challenge that has arisen is how to combat under-nutrition without aggravating obesity, particularly amongst low-income households. A review of 18 school feeding programmes, for example, showed consistent weight gains in recipients but inconclusive evidence for height gains, raising the possibility of them having stimulated obesity (Bhutta et al., 2013).

Related to the point above about timing, this underscores the importance of focusing interventions on early childhood, which are more likely to combat both sides of malnutrition: 'rapid weight gain should not be promoted after the age of 2–3 years in children who are underweight but not wasted' (Adair et al., 2013: 532). This also generates a **monitoring and data-gathering challenge, as nutrition interventions should measure both the weight and height of recipients** and adapt accordingly, avoiding weight gains unaccompanied by height ones. Conversely, there is the possibility of attempting to address both sides of the issue through school-based interventions: 'parental schooling is consistently associated with improved nutrition outcomes and schools provide an opportunity, so far untapped, to include nutrition in school curricula for prevention and treatment of undernutrition or obesity' (Ruel and Alderman, 2013: 537).

The challenge of vertical and horizontal coordination

The greatest obstacles to effective nutrition interventions, however, are the **political and administrative challenges associated with coordinating several initiatives**: 'The main perceived challenges and constraints to [scaling up nutrition] within countries include little coordination and collaboration between (and within) different ministries, related scarcity of clarity and consensus vision on what scaling up means, undefined roles and responsibilities, and few or ineffective policies and political commitment' (Gillespie et al., 2013: 555). This involves both vertical dimensions of coordination, so that national and local policies can interact productively, and horizontal ones, so that nutrition-specific and nutrition-sensitive interventions are articulated (Gillespie et al., 2015). They are, furthermore, underpinned by the more **general issue of building government capacities** with the necessary expertise at different scales: 'acceleration and sustaining of progress in nutrition will not be possible without national and global support to a long-term process of strengthening systemic and organisational capacities' (Gillespie et al., 2013: 552).

Successful experiences of reducing nutritional inequalities involve a large number of nutrition-specific and nutrition-sensitive interventions

The literature on nutrition interventions and on scaling up nutrition has coalesced around the need **to combine nutrition-specific and nutrition-sensitive programmes to reap synergistic gains** (Bhutta et al., 2013; Gillespie et al., 2013; Ruel and Alderman, 2013). The key message that arises from this literature is that nutrition-sensitive interventions, such as improved WASH conditions, can increase the effectiveness of nutrition-specific ones, such as feeding supplementation, hence leading to overall positive returns to scope. These two kinds of programmes should thus be implemented together: countries should ‘prioritise investment in scale-up of nutrition-specific interventions, and should maximise the nutrition sensitivity of national development processes’ (Gillespie et al., 2013: 552).

The most successful recent experiences (e.g. Brazil, China, and Kuwait) involved, besides nutrition-specific and -sensitive programmes, periods of high economic growth and broader health and social programmes (Bhutta et al., 2013). If these settings are hard to replicate and highlight the multi-dimensional nature of nutritional capabilities, they also indicate that there are synergies to be leveraged that can lead to stretches of inclusive economic growth. As an example, ‘In Ghana, which has achieved the fastest decline in child stunting in sub-Saharan Africa in the past 5 years (from 35% in 2003, to 28% in 2008, at a rate of 1.5 percentage points per year), the agenda was one of investment in agriculture as a driver of economic growth and poverty reduction, together with feeding initiatives for infants and young children, all in the context of a stable political environment’ (Gillespie et al., 2013: 555).

The benefits of community involvement

Community involvement has also been identified as a key element of successful interventions (Bhutta et al., 2013: 471; Engle et al., 2011; Gillespie et al., 2015). Community platforms for stimulating breastfeeding, for example, have been shown to have higher rates of success than ‘standard’ ones (Lassi and Bhutta, 2015; Lewin et al., 2010). Strategies for community platforms can include combinations of healthcare professionals and ‘lay persons’ on the frontlines, with programmes being implemented at different levels (homes, villages and so on, depending on the setting). This is particularly relevant for increasing adherence and uptake of interventions, especially in hard-to-reach localities or groups, and can generate a sense of ownership and promote delivery formats and programmes adapted to users’ needs and preferences. **Community-based interventions can thus have a greater effect on reducing nutritional inequalities:** ‘our findings suggest that community platforms offer a unique opportunity to engage and reach poor and difficult to access populations through communication and outreach strategies’ (Bhutta et al., 2013: 471).²²

The need for political leadership

Underpinning the combination of nutrition-specific and nutrition-sensitive interventions, a third important element is having an **enabling political environment in which strong leadership and advocacy for nutrition are key factors** (Barker et al., 2018; Boerma et al., 2018; Gillespie et al., 2013, 2015). All of the recent success stories in Latin America, Asia and Africa involved high-ranking political figures and advocacy networks for nutrition, which acted at all stages, from raising awareness to implementation and monitoring (Barker et al., 2018; Gillespie et al., 2013). Essentially, without high-level support for an overarching strategy to reduce nutritional inequalities it is hard to achieve coordination between different programmes, raise the necessary resources, develop the needed government capacities, and sustain momentum throughout programme cycles.

Such leadership is, fundamentally, about **positioning nutrition as a key social goal, around which political implications can be structured**. Indeed, ‘Framing of under-nutrition reduction as an apolitical issue is short sighted and self-defeating. Political calculations are at the basis of effective coordination between sectors, national and subnational levels, private sector engagement, resource mobilisation, and state accountability to its citizens’ (Gillespie et al., 2013: 552). Once again, successful experiences were the ones capable of raising nutrition to the level of a national objective, ‘a high-profile social responsibility’ (Barker et al., 2018: 1860), from which monitoring of the governments’ progress was made, interventions were implemented, and political rewards or punishments ensued.

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22 Nevertheless, care and planning are needed: ‘community-based nutrition programmes need meticulous planning, a rights-based framework for engagement of communities and other sectors, and piloting.

Other health system pillars are crucial to success, including training and support for community health workers, strengthening of the supply chain, simplified information systems, monitoring, and regular feedback.’ (Bhutta et al., 2013: 472).

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POLICY 5.2 SLUM UPGRADING

Policies designed to upgrade slums in terms of quality of housing, water, sewerage, drainage, street lighting, paving, recreation areas, access to social services, land titling and property regularisation.

Relationship to Inequality and Poverty	The number of poor people living in slums has been growing continuously, and they are some of the most deprived groups across the globe Slum upgrading decreases the prevalence of ill health, health hazards, and inadequate housing Slum upgrading initiatives can create tenure security for slum residents through different means, with direct benefits and unlocking greater investment in infrastructure Large-scale slum upgrading initiatives can improve physical security, particularly for women, and equalise access to open or communal spaces Slum upgrading initiatives can break multidimensional poverty traps by reducing the prevalence of multiple, overlapping deprivations Slum upgrading promotes gains in dignity and wellbeing for residents
Key Actors	Government (particularly sub-national); local communities
Level of Intervention	Mostly sub-national/local, but also national
Domain/SDG	   MIF Domain 5 and 1 SDG 11, Target 11.1
Evidence of Effectiveness	Despite clear theoretical backing, the evidence for slum upgrading is deeply mixed and, given the variability of initiatives, hard to generalise Slum upgrading <i>can</i> decrease the prevalence of ill health and health hazards Slum upgrading initiatives <i>can</i> create tenure security for slum residents, which increases investment in housing Large-scale slum upgrading initiatives <i>can</i> improve security, particularly for women The evidence on poverty traps is mixed Slum upgrading promotes consistent gains in dignity and wellbeing for residents

Challenges and Facilitating Factors	Challenges	Facilitating Factors
	• Administrative: Local conditions in slums are highly variable making it harder to design national interventions • Political: Elites are prone to ‘capture’ upgrading initiatives for their benefit • Social: Slum upgrading initiatives run the risk of promoting ‘gentrification’ • Social: Ensuring adequate community participation is a complex and drawn-out process • Cultural: Upgrading initiatives must deliver culturally appropriate housing	• Administrative: Choosing the right mix of focuses (infrastructure, tenure, housing units, and neighbourhood) and scale • Political: Leadership at several levels (local to national) promotes the continuity and effectiveness of interventions • Social: Effective community participation can help deliver adequate, culturally appropriate solutions
Costs	Usually high	

This policy is part of





Relationship to Inequality and Poverty

- **The number of poor people living in slums has been growing continuously**, and they are some of the most deprived groups across the globe
- **Slum upgrading decreases the prevalence of ill health, health hazards, and inadequate housing**
- **Slum upgrading initiatives can create tenure security for slum residents** through different means, with direct benefits and unlocking greater investment in infrastructure
- Large-scale slum upgrading initiatives can **improve physical security, particularly for women**, and equalise access to open or communal spaces
- **Slum upgrading initiatives can break multidimensional poverty traps** by reducing the prevalence of multiple, overlapping deprivations
- Slum upgrading promotes gains in dignity and wellbeing for residents

The number of poor people living in slums has been growing continuously

With continuing urbanisation, particularly in developing regions, **the urban poor have increasingly become one of the main groups experiencing high levels of deprivation**. The growth of urban poverty has occurred through rising numbers of slum-dwellers, where a large proportion of the urban poor live. According to UN-Habitat (2016: 14), ‘over 880 million residents lived in slums in 2014, compared to 791 million in 2000, and 689 million in 1990’. The other side of this coin, which frames the issue as one of urban *inequalities*, is the rise of gated communities and other forms of privileged areas, as well as the existence of privileged groups who profit from poor living conditions in slums. Recognising the importance of the issue, the Sustainable Development Goals (SDGs) have set targets for making cities more equitable, particularly through SDG 11 – ‘make cities and human settlements inclusive, safe, resilient and sustainable’ – and, specifically for slums, target 11.1: **‘by 2030, ensure access for all to adequate, safe and affordable housing and upgrade slums’**. As such, this review focuses on slum upgrading initiatives.

Slums, although highly deprived, are intrinsically varied – and so are slum upgrading interventions

Slums, although intrinsically characterised by high levels of deprivation, are nevertheless widely different spaces, both internally and if compared to each other (Gulyani and Talukdar, 2008). In light of this, there are **several competing definitions of slums**. One of the most used definitions

was coined by UN-Habitat (2006: 21): ‘a slum household is a group of individuals living under the same roof in an urban area who lack one or more of the following five conditions: durable housing, sufficient living area, access to improved water, access to sanitation and secure tenure’. This is a household-level definition, however, which can be implicitly expanded to a community or neighbourhood through the high prevalence of slum households. Alternatively, other definitions are explicitly spatial, such as ‘largely self-built urban communities, which are rarely recognized officially and typically are denied life-supporting services and infrastructure’ (Corburn and Sverdlik, 2017: 1).²³ Given the presence of several competing definitions of slums, as well as the multi-dimensional character of all of them, **identifying slums is not a straightforward process**.

The difficulties and ambiguities in identifying slums present particular challenges to review slum upgrading initiatives, which inherit all of the issues with the definition of slums and, indeed, multiply them – for a historical overview of interventions in slums, see Gulyani and Bassett (2007) and Werlin (1999). As such, the **nature and scope of slum upgrading initiatives can vary from very narrow, household-based interventions** – such as cementing dirt floors of selected houses – **to multi-dimensional, community-wide projects** – such as providing improved water, sanitation and electricity to a whole neighbourhood. Given such heterogeneity, it is useful to analyse upgrading initiatives according to their points of intervention, considering that the quality of individual living conditions (in slums and elsewhere) results from the interaction of four dimensions: tenure, infrastructure, the housing unit itself, and the neighbourhood (Gulyani and Talukdar, 2008). Whilst focusing on larger-scale interventions, this review will also consider the more restricted ones when appropriate, but it will not look into slum clearance or relocation projects (i.e. it only analyses *in-situ* upgrading).

Slum upgrading reduces bottom-end inequalities across multiple capabilities

From a capabilities perspective, **slum upgrading initiatives have the potential to ameliorate key lower-end inequalities**. Slum-dwellers are often deprived of basic capabilities, including water, sanitation and hygiene (WASH), safety, access to high-quality public services, and, of course, adequate housing. As summarised by Corburn and Sverdlik (2017: 7), slums offer a series of greater risks to residents, including

23 Also, ‘slums have some combination of the following four characteristics in early stages of their development: (i) informal or illegal land tenure; (ii) physical infrastructure and services – such as water supply, electricity, drainage, sanitation, and street lighting – that are all highly inadequate; (iii) housing units built with poor-quality or impermanent construction materials, usually in violation of various standards; and (iv) neighborhood conditions and location that are poor, and often also fail to meet legally specified regulations and planning standards. If defined very broadly, the term “slum” can include settlements that have any of the above characteristics’ (Gulyani and Talukdar, 2008: 1920–1921).

‘(1) hazardous shelter and local environmental conditions; (2) limited or non-existent access to safe water, sanitation, drainage, public transport, and clean energy; (3) land tenure and housing insecurity; (4) exclusion from affordable, high-quality healthcare, education, refuse collection, and other vital services; (5) spatial segregation; (6) violence and insecurity; and (7) political marginalization.’ Especially for housing, **slum-dwellers are usually more deprived than other poor populations in their countries, even if on average they have higher incomes than rural residents** (Marx et al., 2013).

The capabilities perspective thus highlights the need to improve the actual conditions of the population in terms of housing, access to public services and so on, for which, importantly, higher monetary income in itself might not be sufficient. Moreover, the approach highlights that **interventions need to take into account the cultural preferences and the choices of slum-residents**, under risk of not actually reducing inequalities or granting greater dignity for residents. Based on this, we consider that slum upgrading ideally ‘denotes initiatives seeking to improve housing quality, infrastructure provision, social services, livelihoods, and official recognition for residents. Slum upgrading is also a process that meaningfully includes the urban poor in project and policy design and implementation, [and] aims

to integrate slums into the larger fabric of the city’ (Corburn and Sverdlik, 2017: 2).

Slum upgrading decreases the prevalence of ill health, health hazards, and inadequate housing

Slum upgrading initiatives can thus reduce bottom-end inequalities by reducing one or more deprivations across life domains. Most immediately, **by improving the quality of houses** (such as by improving building materials, cementing dirt floors, providing environmental protection), **households cease to be subjected to hazardous living conditions** (Corburn, 2017; Turley et al., 2013). It should be noted that such hazardous conditions can be related to environmental issues, such as risk of landslides, as well as to internal conditions, such as poor ventilation, mould and fire hazards. Overcrowding – when there are more than two persons per room or less than 5 m² per person – is also prevalent in slums and associated to the greater spread of infectious diseases such as tuberculosis, influenza and rheumatic heart disease, not to mention a significant detriment to wellbeing in itself (Bratt, 2002; Riley et al., 2007). Similarly, the effective provision of key services and infrastructure, such as improved WASH and transport links, in and of itself reduces deprivation in basic capabilities, with further knock-on effects (Corburn and Sverdlik, 2017; Gulyani and Talukdar, 2008; Marx et al., 2013; Parikh et al., 2015).

Table 5.2.1: Expected health benefits from selected characteristics of slum upgrading initiatives

Selected characteristic of slum upgrading initiative	Impact on health inequalities and the social determinants of health
Community Empowerment and Political Recognition via Participatory Upgrading	Trust; empowerment; control of life decisions
Right to Remain (In Situ Upgrading)	Social connections; collective efficacy; no fear of displacement
Housing Improvements and Land Tenure	Reduced anxiety from fear of displacement; address can result in social services, access to banking, etc.
Safety and Security	Reduced gender-based violence; reduced physical violence; improved mental health
Integration of Slums into Formal City	Transportation and access to employment, education and services; reduced isolation and segregation
Poverty Reduction	Income for food, electricity and other services
Climate Change Resilience	Reduced health impacts from flooding, heat events, or water scarcity due to drought

Source: Corburn and Sverdlik (2017: 8).

There are also **several health benefits from different aspects of slum** upgrading initiatives, summarised in Table 5.2.1. Besides these, the benefits of improved WASH conditions, which are also expected from slum upgrading, are discussed extensively in the review of § 1.2. In short, reducing WASH deprivation brings major health gains, particularly for children but with long-lasting effects over the whole lifecycle, reduces childhood stunting, decreases the intergenerational transmission of poverty, and weakens the link between health- and income-poverty (Cumming and Cairncross, 2016; Dreifelbis et al., 2013; Freeman et al., 2014; Ngunjiri et al., 2014; Stocks et al. 2014). Indeed, some authors have argued that the ‘promotion of safe hygiene is the single most cost-effective means of preventing infectious disease’ (Curtis et al., 2011: 312).

Slum upgrading initiatives can create tenure security for slum residents through different means, with direct benefits and unlocking greater investment in infrastructure

Beyond these direct benefits, slum upgrading initiatives can reduce inequalities through induced changes, particularly by securing tenure, and through community-level effects. Secure tenure can be a legal condition, when the occupiers have proper documentation and are protected by law enforcement, or it can be a de facto condition, where there is little perceived threat of eviction even if occupancy is informal (Gulyani and Bassett, 2007; Gulyani and Talukdar, 2008). Tenure security can, moreover, be a direct object of upgrading initiatives, such as by formalising land and house titles in slums, or it can be an indirect effect, which might arise by investing in infrastructure and hence guaranteeing in practice that residents will not be forcefully displaced (Corburn and Sverdlik, 2017; Gulyani and Bassett, 2007; Kim et al., 2019). Regardless of how it is implemented, **tenure security is in itself a dimension of wellbeing and, once in place, it is expected that owners will (further) invest in infrastructure**, improving housing quality for slum residents and thus reducing inequalities (Field, 2005; Galiani and Schargrodsky, 2010; Gulyani and Bassett, 2007).

Large-scale slum upgrading initiatives can improve security, particularly for women, and equalise access to open or communal spaces

Large-scale slum upgrading can have positive community-level effects as well, if they secure the widespread improvement of overall infrastructure and living conditions. The most important one regards safety, as **improvements in outdoors lighting, infrastructure, transport and WASH conditions can all improve the security of inhabitants, particularly women and girls** (Brown-Luthango et al., 2017; Meredith and MacDonald, 2017; Mitra et al., 2017; Parikh et al., 2015; Thomson et al., 2001). Importantly, **the projects need to be scaled up for these effects to be expected**, as unidimensional interventions in selected households will not bring about the neighbourhood-level changes that influence security conditions.

Similarly, securing broad access to open or communal spaces is impossible for small interventions but can be an objective of large-scale upgrading projects. Large-scale slum upgrading projects might, however, improve or worsen access to open spaces depending on whether they incorporate this into their design – which depends in particular on their capacity of providing culturally adequate living conditions. This is an important element in reducing broad inequalities in capabilities, as access to quality open spaces is an element of health, productive capabilities and overall wellbeing, particularly for slum residents: ‘for low-income settlers in congested housing conditions with minimal, low-quality indoor space, open spaces are often where they can enjoy fresh air, socialise, engage in recreational activities, conduct informal economic transactions, perform various domestic chores and grow food for subsistence’ (Hwang and Feng, 2019: 2). As such, **there are important reductions in inequalities that are simply not available to small-scale slum upgrading initiatives** (Gulyani and Bassett, 2007; Marx et al., 2013).

Slum upgrading initiatives can break multidimensional poverty traps by reducing the prevalence of multiple, overlapping deprivations

Due to the several overlapping deprivations to which they are subjected, **slum residents are often caught in a poverty-trap that can be potentially eliminated through slum upgrading initiatives** (Gulyani and Talukdar, 2008; Marx et al., 2013). Given the prevalence of poor health, inadequate access to essential services, spatial segregation and exposure to other risks, compounded by the need to pay high rents without enjoying tenure security, slum residents are often caught in a situation that prevents them from acquiring skills, investing in housing infrastructure or obtaining access to services, further reinforcing monetary poverty. To the extent that upgrading interventions can ameliorate these joint deprivations through a ‘big push’, a positive cycle of reduced inequalities in several dimensions might obtain (Corburn, 2017; Marx et al., 2013). Furthermore, improved access to water saves money for poor households, who otherwise often have to pay dearly for low-quality services, and it saves time for household members, particularly women and girls who are usually tasked with water-collection (Turley et al., 2013). Time saved on collecting water, which comes with reduced exposure to security risks, can be put to productive uses including the education of girls, thus reducing present poverty and its intergenerational transmission (Parikh et al., 2015).

Slum upgrading promotes gains in dignity and wellbeing for residents

Due to the several gains listed above and their joint effect, successful slum upgrading initiatives can improve overall wellbeing and promote residents’ dignity, with particular gains for women (Brown-Luthango et al., 2017; Corburn and Sverdlik, 2017; Parikh et al., 2015). Inadequate infrastructure and being deprived of key services are associated to experiencing a lack of dignity, whilst, on the other hand, high-quality and culturally appropriate housing are important elements in one’s sense of identity and wellbeing

(Hwang and Feng, 2019). Furthermore, there are other improvements beyond the obvious health gains that WASH security can bring. Defecation in open spaces, flying toilets and even the use of public toilets pose hazards for women, who are often subjected to greater risks of harassment when using them (Corburn and Sverdlik, 2017; Parikh et al., 2015). **Large-scale upgrading projects that install in-house toilets, for example, can thus increase the security and the sense of dignity of slum residents, particularly women.**

For all this, it has been argued that ‘few urban initiatives have greater potential to promote health equity and to advance the well-being of poor households in the Global South than participatory, multi-objective slum upgrading.’ (Corburn and Sverdlik, 2017: 1). As discussed in the evidence section, however, realising these gains consistently has been a long-standing challenge.

i

Evidence of Effectiveness

- **Despite clear theoretical backing, the evidence for slum upgrading is deeply mixed and, given the variability of initiatives, hard to generalise**
- Slum upgrading *can* decrease the prevalence of ill health and health hazards
- Slum upgrading initiatives *can* create tenure security for slum residents, which increases investment in housing
- Large-scale slum upgrading initiatives *can* improve security, particularly for women
- The evidence on poverty traps is mixed
- **Slum upgrading promotes consistent gains in dignity and wellbeing for residents**

Slum residents are often more deprived than those in rural areas

The key reason to focus on slum residents, and hence upgrade slums to reduce poverty and inequalities, is that they tend to be some of the most deprived populations in developing countries. **Although slum residents often have higher income than rural populations** (Galiani et al., 2017), **in terms of their actual capabilities they are more deprived.** In Sierra Leone, for example, ‘children under five living in slums have significantly lower weight-for-age and weight-for-height indexes than children under five in rural areas’ (Marx et al., 2013: 193). In general, the evidence across developing countries indicates that poor urban populations – compared to rural households – tend to have

lower life expectancy, higher infant mortality rates, lower nutritional status and higher exposure to violence, as well as larger relative gender gaps in these risks or conditions (Bradley et al., 1992). As such, upgrading initiatives are necessary to assist slum residents in converting resources into actual capabilities, in order to reduce inequalities.

Despite clear theoretical backing, the evidence for slum upgrading is deeply mixed and, given the variability of initiatives, hard to generalise

Despite incontrovertible evidence that slums are marked by strong bottom-end inequalities, the record of slum upgrading initiatives is deeply mixed. Reviews have gone to the point of calling slum upgrading a ‘myth’ (Werlin, 1999) or, with more nuance and optimism, issuing calls to retrieve the proverbial ‘baby from the bathwater’ (Gulyani and Bassett, 2007). It is often noted that ‘risk of bias ... heterogeneity and evidence gaps prevent firm conclusions on the effect of slum upgrading’ (Turley et al., 2013: 2). Amongst several other problems, slum upgrading projects have occasionally created housing units that were not fit to users’ cultural preferences, which led them to be abandoned or modified (Turley et al., 2013); benefited structure-owners and the middle-classes instead of slum residents, who were displaced as an unintended consequence (Gulyani and Bassett, 2007; Kim et al., 2019); led to processes of land speculation benefitting those in positions of power (Desai and Loftus, 2013; Gulyani and Talukdar, 2008); destabilised previous patterns of social interaction and led to a decline of community participation (De Geest and De Nys-Ketels, 2019; Marais and Ntema, 2013); and decreased access to open spaces (Hwang and Feng, 2019).

To be clear, **none of this questions that slum residents are generally deprived across multiple dimensions, that there are large inequalities within and between slums, and that upgrading initiatives, to the extent they can deliver improvements (e.g. the provision of key services), will ameliorate inequalities and reduce poverty.** As there have also been successful interventions, as discussed below, the overall mixed record of slum upgrading initiatives reflects two points. First, they are extremely complex affairs. As mentioned in a systematic review that concluded there was a ‘lack of evidence linking housing and health’, in both the study and the implementation of slum upgrading a ‘holistic approach is needed that recognises the multifactorial and complex nature of poor housing and deprivation’ (Thomson et al., 2001: 187). Second, the very complexity and variability of slum conditions requires correspondent adaptations of upgrading initiatives, against ‘one-size-fits-all’ approaches (Kim et al., 2019; Marais and Ntema, 2013). Consequently, generalising the results and recommending best practices of slum upgrading is difficult, it often being inevitable to resort to the maxim that it is necessary to develop locally appropriate interventions.

Slum upgrading can decrease the prevalence of ill health and health hazards

Improved housing and access to services, particular WASH, can lead to substantial health gains (Corburn, 2017; Corburn and Sverdlik, 2017; Parikh et al., 2015; Thomson et al., 2001; Turley et al., 2013). Across initiatives in India, the Philippines, Indonesia, Pakistan and Kenya, for example, **health gains have been reported from slum upgrading in terms of reduced diarrhoea and waterborne illnesses, lower incidence of viral or parasitic infections, greater safety, and reduced infant mortality, with cost-reducing impacts on healthcare provision.** For example, ‘The Neighborhood Upgrading and Shelter project in Indonesia improved water, sanitation, roads, and electricity for nearly three million people and resulted in avoided health care costs of \$11 m annually’ (Corburn and Sverdlik, 2017: 6). An analysis of interventions in five slums in India has also concluded that the ‘provision of infrastructure would lead to about 0.32 units of standard deviation decreases in family health cost and 1.02 units of standard deviation decreases in the disease incidence’ (Parikh et al., 2015: 479), with greater gains for households with more female members. More limited interventions, such as cementing dirt floors in Mexico, have also been associated to health gains – e.g. a decrease of approximately 20% in the presence of parasites, 13% in the frequency of diarrhoea episodes, and 9% in the incidence of anaemia – and maternal wellbeing – e.g. about 10% lower depression and perceived stress (Cattaneo et al., 2009). In line with the limited nature of such interventions, however, there was no measurable impact on key indicators such as child height and weight. Systematic reviews of the evidence indicate that **health gains are common, but, overall, the quality of the supporting evidence is low and there are a series of interventions with non-significant effects** (Thomson et al., 2001; Turley et al., 2013).

Slum upgrading initiatives can create tenure security for slum residents, which increases investment in housing

Over the previous few decades, both the literature and development practice have moved away from a perspective that singled-out the granting of *de jure* tenure, in light of the complexity of such interventions and their mostly disappointing results (Gulyani and Bassett, 2007). There are currently mixed approaches in place, which include land titling but often focus on other entry-points such as service-provision and infrastructure upgrading, often with positive results. Corburn and Sverdlik (2017: 6) remark, for example, that in an ‘upgrading project [in Ahmedabad], the electricity utility issued meters and monthly bills to female-headed households, providing these women with *de facto* tenure security since the utility and state had no interest in evicting rate-paying customers.’ There is **wider evidence of the ‘de facto provision of tenure security through infrastructure investment’** (Gulyani and Bassett, 2007: 493), although the particular mix of effective strategies must be tailored to each individual situation. **There is also substantial evidence that, once secured, tenure leads to greater investment in**

housing, potentially unlocking a virtuous cycle of improvements in the quality of habitational units (Field, 2005; Galiani and Schargrodsky, 2010; Gulyani and Talukdar, 2008; Parikh et al., 2015).

However, **there is also ample evidence of *in-situ* upgrading projects that led to widespread land sales, as land becomes a valued traded commodity, or the forced displacement of residents**, which must be avoided in order to decrease inequalities and benefit those most in need (Corburn and Sverdlik, 2017; Desai and Loftus, 2013; Marais and Ntema, 2013). Indeed, in many cases ‘insider elites jockeyed to obtain land in the target area’, such as in the example of ‘Nairobi where political interference and misappropriation of plots in the Dandora project led to the dissolution of an elected council and its replacement by a commission of appointed leaders’ (Gulyani and Bassett, 2007: 493).

Large-scale slum upgrading initiatives can improve security, particularly for women

Projects that successfully transform widespread living conditions in slums have been associated to lower crime rates and greater personal security (Brown-Luthango et al., 2017; Mitra et al., 2017; Thomson et al., 2001). Transportation (improving pathways) and public lighting, which are intrinsically community-level interventions, are particularly relevant, as improving them has been reported to increase perceptions of safety and decrease crime rates (Turley et al., 2013). A survey after a road improvement intervention in Kibera (Nairobi, Kenya), for example, indicated that about 75% of respondents thought safety conditions improved (Meredith and MacDonald, 2017), whilst electrification – alongside the provision of communal spaces and other activities – was seen to have a positive effect on security in communities in Cape Town, South Africa (Brown-Luthango et al., 2017). Improved WASH conditions, when water provision and sanitation are installed in households, also leads to greater safety, as using public toilets, defecating in the open and collecting water pose security risks for women (Brown-Luthango et al., 2017; Parikh et al., 2015).

The record on improved safety is mixed, however.

Small-scale interventions, restricted to the level of individual housing units, have been inconclusive (Galiani et al., 2017). Given the multidimensional nature of crime and (perceptions of) safety, **even scaled-up interventions might not be highly effective** in this dimension, as reported in a review of five interventions in Cape Town, South Africa (Brown-Luthango et al., 2017). Indeed, in some dimensions there might be a deterioration of conditions, as ‘different types of violence and crime are reported after upgrading, e.g. domestic violence and child abuse’ (Brown-Luthango et al., 2017: 490).

The evidence on poverty traps is mixed

Whilst it is possible to locate a series of slum upgrading initiatives that have succeeded in reducing particular dimensions of deprivation, evidence on their capacity of freeing residents from multidimensional poverty traps is limited. On the positive side, it is widely reported that upgrading projects that deliver improved WASH conditions reduce time spent on collecting resources (e.g. fuel) and the cost of basic services, such as water, freeing time and resources that can be spent productively (Amis and Kumar, 2000; Turley et al., 2013). For example, 'in Manila, slum-dwellers receiving piped water under the Zonal Improvement Program reported a reduction in household water expenditures; the project also eliminated three to four hours per day of waiting time for water and as many as 72% of beneficiaries reallocated their time to income-generating activities' (Corburn and Sverdlik, 2017: 5–6). There have also been reported gains in education from infrastructure provision: In a study of five slums in India, the provision of infrastructure was estimated to increase reading capabilities by 62% across households, with '0.61 and 0.39 units of standard deviation increases in the male and female school attendance, respectively' (Parikh et al., 2015: 479–480). It should also be noticed that improved infrastructure reduces inequality in a further way, as key services are often provided in slums through highly lucrative, but low-quality and high-cost, channels (Gulyani and Bassett, 2008). As such, there is the potential to reduce certain top-end inequalities through improved services and infrastructure. On the other side, **results are far from consistent across studies and, often, the underlying quality of the evidence is low**, making it hard to identify precisely under which conditions slum upgrading initiatives have reduced poverty traps (Minnery et al., 2013; Turley et al., 2013: 2).

Slum upgrading promotes consistent gains in dignity and wellbeing for residents

The dimensions in which slum upgrading projects fare better, though not without exceptions, is in promoting the wellbeing and dignity of residents (Brown-Luthango et al., 2017; Parikh et al., 2015; Turley et al., 2013). Even reduced-scope interventions, such as small improvements in building materials without full access to key services, can increase the wellbeing of residents (Cattaneo et al., 2009; Galiani et al., 2017). **Improved sanitation is in turn a key source of dignity**, in particular for women, in addition to its previously mentioned benefits in terms of security and savings (Corburn and Sverdlik, 2017; Parikh et al., 2015). Overall, **the joint effects of successful interventions can induce highly positive subjective gains**, as reported by an interviewee: 'We have running water, electricity, flush toilets, dignity has been restored, we can invite people over now, we have walls; we live in houses and not *hokkies* anymore' (Brown-Luthango et al., 2017: 479). That being said, lack of continuity in projects, with declining community participation and inadequate maintenance, can be a major source of lower satisfaction and wellbeing over the long term (Marais and Ntema, 2013).

i

Challenges

- **Administrative:** Local conditions in slums are highly variable making it harder to design national interventions
- **Political:** Elites are prone to 'capture' upgrading initiatives for their benefit
- **Social:** Slum upgrading initiatives run the risk of promoting 'gentrification'
- **Social:** Ensuring adequate community participation is a complex and drawn-out process
- **Cultural:** Upgrading initiatives must deliver culturally appropriate housing

Facilitating Factors

- **Administrative:** Choosing the right mix of focuses (infrastructure, tenure, housing units, and neighbourhood) and scale
- **Political:** Leadership at several levels (local to national) promotes the continuity and effectiveness of interventions
- **Social:** Effective community participation can help deliver adequate, culturally appropriate solutions

Slum upgrading projects must be attentive to local conditions and choose the right entry-points and scale

As emphasised throughout this review, slums are highly variable spaces, which presents a challenge to upgrading initiatives and the generalisability of previous findings. In the case of Nairobi (Kenya), for example, there is a combination of low *city-wide* levels of owner-occupancy, which creates a latent demand for quality housing across income levels, and slums with very precarious infrastructure and living conditions. In light of this, slum upgrading projects that only target formal titling of properties are likely to benefit structure owners, and not residents. Localised infrastructure improvements in turn are expected to generate demand from higher-income individuals from other spaces, leading to the gentrification of slums – that is, the displacement of original slum residents, who will not benefit from the initiatives but rather end up relocated to different, non-upgraded slums (Gulyani and Talukdar, 2008; Kim et al., 2019). A slum upgrading project in Ahmedabad (India), on the other hand, found that infrastructure improvements, notably connecting households to services such as water and electricity, granted them *de facto* tenure security, as this created incentives for the state and utility companies not to evict customers (Das and Takahashi, 2009). Infrastructure- and services-led initiatives have also had positive effects across other spaces (Brown-Luthango et al., 2017; Gulyani and Bassett, 2007; Parikh et al., 2015). In all cases, **it is paramount to identify the specific conditions facing each slum and devise the appropriate entry-points, under risk of being counter-productive** (De Geest and De Nys-Ketels, 2019; Sheuya, 2008).

The correct scale of projects is another key issue. Not only are certain upgrading benefits intrinsically restricted to large-scale projects – such as improved safety for all residents by lighting common areas and roads throughout a slum – in many instances, it might be necessary to scale up projects in order to avoid promoting gentrification (Gulyani and Bassett, 2007; Marx et al., 2013; Mitra et al., 2017). This means, first, that individual successful slum upgrading projects might require a ‘big push’ across several areas of intervention (Minnery et al., 2013; Mitra et al., 2017), as **‘the very nature of life in the slums makes it difficult to achieve improvements in standards of living through marginal investments in housing, health, or infrastructure alone’** (Marx et al., 2013: 191). Conversely, smaller-scale projects – e.g. improving building materials of selected houses – have few to none effects on other dimensions, such as access to services, and hence do not generate positive synergies.²⁴ Second, getting the scale right implies **that individual projects should be connected to a larger, city-wide plan for upgrading slums, so that they do not**

lead to the continual displacement of previous slum residents. To avoid gentrification and improve the lives of residents, slum upgrading needs ‘to go “to scale” in a given city – that is, there needs to be a programmatic approach where every slum in the city can eventually be reached’ (Gulyani and Bassett, 2007: 488).

Community participation and multi-level leadership are challenging, but paramount to success

Community participation is perhaps both the key facilitating factor and the main challenge slum upgrading initiatives face. **Appropriate forms of community participation are the only realistic way to acquire information about, and act upon, the specificities of each slum.** This involves knowledge not only about more technical issues, such as prevailing tenure structures, but also the cultural preferences and needs of residents, as discussed below. As summarised by Mitra et al. (2017: 115), ‘projects need to involve communities in consultation and secure community buy-in – this will ensure a robust understanding of the local context, including its risk dynamics, and enable transparency and accountability.’ To increase its effectiveness, **participation must also be included right from the planning stage of an intervention**, as pointed out in a review of interventions across Indonesia, the Philippines, and Vietnam (Minnery et al., 2013).

Participatory-budgeting, a scheme through which residents vote on elements of budgetary allocation and can hence influence key directives of – amongst other issues – slum upgrading projects, is a common way of introducing participation. It has had mixed effects. Where it has worked, it delivered the necessary flexibility for the projects and tailored them to local needs, whilst also providing a clear link between bottom-up participation, fiscal capacity and responsiveness at higher levels of the government: ‘One of the greatest advantages of housing and slum upgrading via [participatory-budgeting] is the ability of this mechanism to provide tailored solutions to complex and diverse housing situations’ (Pimentel Walker, 2016: 65). **Results are not consistently positive, however, given the complexities involved in implementing participatory-budgeting and the various political settings that will influence their reach and mechanisms.**

Effective community participation takes long to build but is easy to shatter, moreover. This has been documented in the analysis of upgrading projects in Nagpur, India, where inconsistent, discontinued attempts at fostering community participation created long-lasting distrust between slum residents and the government (De Geest and De Nys-Ketels, 2019). This prevented the development of ‘cultures of participation’ in some of the areas that had upgrading projects, curtailing the effectiveness of initiatives for long stretches of time. Even in initially successful projects, **it is also important to maintain participation over time**, which is often a challenge with the change of governments and their priorities (Marais and Ntema, 2013). **Long-term par-**

24 See, for example, ‘We find that the program did not induce significant positive complementary investments among beneficiaries. In particular, there are no positive effects on access to water, electricity or sanitation’ (Galiani et al., 2017: 195).

participation can also contribute to guaranteeing adequate maintenance of upgraded infrastructure and housing, which is a key, but often elusive, goal of slum upgrading (Gulyani and Bassett, 2007).

Depending on how it is implemented, **community participation might also just as well lead to elites ‘capturing’ the projects** (Marais and Ntema, 2013; Minnery et al., 2013). As such, participatory mechanisms – including participatory-budgeting – have been employed by governments to stamp solutions with an appearance of popular approval, but without actually empowering citizens and giving them a voice and influence (see also §6.2, that reviews participatory initiatives more broadly). This can reinforce unequal and even exploitative conditions, as there are often powerful and well-connected individuals who profit from poor living conditions in slums. In the case of Kibera (Nairobi, Kenya), for example, ‘there is an informal system for allocating building rights and that it is an important source of political patronage for politicians and the local administration ... much of the squatter land in Kibera has been acquired or allocated by politicians and government employees with enough influence to ensure that they are not displaced’ (Gulyani and Talukdar, 2008: 1930). Therefore, **whilst community participation is absolutely paramount for slum upgrading projects, its success is far from guaranteed**; it can ‘lead to a reinforcement of existing uneven power dynamics’, including through the co-optation of parts of the population as it is ‘often used to gain consent from beneficiaries for the implementation of authoritarian projects’ (De Geest and De Nys-Ketels, 2019: 1675).

Finally, community participation is one side of the equation, but **political leadership at several levels, from the local to the national, are also key facilitating factors** (Corburn and Sverdlik, 2017; Gulyani and Bassett, 2007; Hwang and Feng, 2019; Muchadenyika and Waiswa, 2018). Leadership is necessary at the local level to help formulate a roadmap of the changes that residents require and to communicate their needs to higher levels. At the municipal level, it is needed to devise plans to upgrade slums systematically across the whole city and to develop the specific projects for each initiative. The national level, in turn, is responsible for drawing blueprints or guidelines that can integrate individual initiatives into a broader vision for equitable urban development, and potentially to provide funding as well. **Without the combination of these different levels of leadership, slum upgrading projects run the risk of either lacking the necessary community input or the power to execute local visions**: “top-down” approaches led by institutions with power and resources may fail to generate local engagement. Conversely, initiatives led by non-governmental organizations (NGOs), community-based organizations (CBOs) or other self-help groups may garner good community support but may lack institutional and material resources to meet objectives’ (Meredith and MacDonald, 2017: 1).

Housing and neighbourhood conditions are highly personal, interventions must provide culturally appropriate solutions

Housing, the use of open spaces and the social relations that prevail in slums – as well as in other spaces – are culturally sensitive and highly variable, which must be addressed by upgrading initiatives (Brown-Luthango et al., 2017; De Geest and De Nys-Ketels, 2019). Indeed, ‘self-constructed ... dwellings that dominate the informal landscape are often highly personalised, spatially specific to the needs of the user, and an important part of their social identity’ (Hwang and Feng, 2019: 12). **If housing or neighbourhood improvements do not meet the preferred lifestyles of residents, they might thus lead to negligible improvements in wellbeing and even be deeply transformed or abandoned altogether by residents**. Furthermore, it is fundamental that ‘upgrading interventions do not disrupt the social support networks and informal measures of social control which perform a vital function in informal settlements’ (Brown-Luthango et al., 2017: 491), which culturally unaware interventions are more prone to do.

In an upgrading project that did not deliver improvements according to local needs in Nagpur (India), for example, residents reacted and implicitly protested in several ways (it should be noticed that this project did not involve effective community participation). They did so by ‘illegally renting out, abandoning their newly built apartments, or by an overall neglect of the buildings, which quickly dilapidated as a result’, as well as by ‘making subtle yet sometimes illegal adaptations to the existing dwellings’ (De Geest and De Nys-Ketels, 2019: 1684). Similarly, an upgrading project in Recife (Brazil) assumed a certain notion of ‘modern’ living conditions, which prohibited the benefitted population from rearing animals in the new houses, that was in disagreement with residents’ lifestyles. As a result, ‘although the new houses were not subject to inundations, for many the new housing estate provided worse possibilities for maintaining a livelihood than the shacks’ in which they previously lived (Koster and Nuijten, 2012: 192). To avoid delivering results that do not meet users’ needs and preferences, upgrading initiatives need to involve extensive and effective community participation.

Delivering culturally appropriate projects also involves refraining from providing sub-standard infrastructure and housing, under the assumption that this will be ‘sufficient’ for slum residents. Many upgrading projects have gone down this route, as a cost-saving mechanism, but this turns out to be both inefficient and inefficacious. Indeed, such interventions often ‘have run into significant and/or unexpected local opposition – both from government and from target communities ... lowered standards for sanitation and community facilities were disliked by urban elite and some governmental officers and this led to a halting of implementation and complete redesign with cost implications’ (Gulyani and Bassett, 2007: 498).

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POLICY 6.1 ACCOUNTABILITY

Policies that cap political donations, disclose public financing and lobbying activities, and act against ‘revolving door’ arrangements.

Relationship to Inequality and Poverty	Economic and political inequality are mutually reinforcing High inequality can generate concentrations of political power among the well-off, influencing the political agenda in ways that disregard the interests of the poor Political, economic and social inequalities also affect participation among the most disadvantaged and decrease trust in government institutions The proposed measures can help break the cycle through which inequalities of political opportunity shape inequalities of outcomes, and unequal outcomes allow the powerful more scope to restrict opportunities
Key Actors	Governments, political parties, social movements
Level of Intervention	National
Domain/SDG	  MIF Domain 6 SDG 16, Targets 16.5 and 16.6
Evidence of Effectiveness	Empirical evidence is limited by the fact that a) while their number is growing, just a few countries have adopted measures regulating these activities; b) implementation and levels of enforcement remain generally weak and hard to assess However, there is good evidence of the widespread incidence of these phenomena and their negative consequences Transparency and accountability do not automatically tackle inequalities and more proactive measures to engage groups with lower capacity and create new partnerships might be necessary There is some evidence that measures capping spending on election campaigns and political donations can be effective, while looser contribution limits produce negative effects

Challenges and Facilitating Factors	Challenges	Facilitating Factors
	• Political: Low political will influenced by the reciprocal relationship between political and economic inequality • Administrative/Fiscal: Limited state capacity restricts the range of instruments available, and increases the vulnerability to external pressures • Institutional: Coordination dilemmas across levels of government (exacerbated in contexts of extensive decentralisation)	• Political: Emerging international consensus increases the saliency and urgency of these issues • Administrative: Improved data collection to strengthen implementation • Administrative: Adoption of wider integrity frameworks capable of addressing evolving and emerging risks • Political: Increased political competition and engagement of social movements • Political: Proactive measures foster more inclusive participation
Costs	Low	

This Policy is part of



POLICY MIX 1 REDISTRIBUTION



Relationship to Inequality and Poverty

- **Economic and political inequality are mutually reinforcing**
- High inequality can generate concentrations of political power among the well-off, **influencing the political agenda in ways that disregard the interests of the poor**
- Political, economic and social inequalities also **affect participation among the most disadvantaged and decrease trust in government institutions**
- The proposed measures can help **break the cycle through which inequalities of political opportunity** shape inequalities of outcomes, and unequal outcomes allow the powerful more scope to restrict opportunities

Literature suggests that economic and political inequality are mutually reinforcing (Bonica et al., 2013; Gaventa and Runciman, 2016; Barth et al., 2015; Brady et al., 2016). High inequality can generate concentrations of political power among the well-off, influencing the political agenda in ways that disregard the interests of the poor and provide a double standard for the wealthy elite. Elites and businesses are bound to states through a myriad of social, professional and institutional relations which make policy bias more likely: they can make resource allocation more likely to be guided by particular, as opposed to public, interests; they can also reinforce macroeconomic policies that stir countries' development strategies and impose major limits on the scope for redistributive policy (UNRISD, 2010). Even where social policy may be less influenced in its design by these interests, these groups may benefit from biased implementation and enforcement.

These dynamics have consequences for both inequality and poverty because the extent to which special interests capture a disproportionate share of goods coming from the government bears on their redistributive and progressive allocation (Golden and Min, 2013). Bardhan and Mookherjee (2006) explore whether poor voters experience disadvantages in allocations of government services and the extent to which these are diverted by wealthier groups. While lack of political information amongst the poorest segments of the population plays a role, they also find that these outcomes are connected to how local elites provide campaign contributions or other resources to local political candidates that the poor cannot. Corporate interest can also hinder poverty and inequality reduction as power asymmetries in trade and business-labour bargaining relations can exacerbate disadvantages through worsening of working conditions, wages for low skilled workers and prices for small agricultural producers (UNRISD, 2010).

In the US, Campante (2011) finds that income inequality increases the share of campaign contributions originating from wealthy individuals. This can explain why median-voter predictions (which would see more inequality call for more redistribution) fail, as the advantage of wealthier individuals in providing contributions encourages parties to move their platforms away from redistribution and closer to wealthy individuals' preferred positions. At the same time, **where resources shape the extent to which different groups have voice and influence, unequal resources and material deprivation can create a vicious cycle: 'the greater the inequality, the less the participation; the less the participation, the greater the inequality'** (Carmona, 2013: 5). Economic, social and spatial inequalities also reinforce political inequalities, not solely because the most disadvantaged lack the resources to exert influence, but because they reduce capacity for collective action and mobilisation (Gaventa and Runciman, 2016; Gaventa and Martorano, 2016). Moreover, the perception of regulatory capture, unfair competition, opaque political processes, dubious integrity and policy decisions driven by private, rather than public, interests, all bear on public trust in government (OECD, 2014). Both lack of trust in government institutions and internalised acceptance of the status quo and powerlessness reduce subjective incentives to participation.

Christiano (2012) identifies **four mechanisms that turn money into political power**. These are: (1) the ultra-wealthy buying support for self-interested causes by funding political parties and individuals through campaign financing; (2) political agendas representing upper-middle and upper-class interests who are more likely to be donors to political candidates; (3) influencing opinion through buying media outlets and providing financial backing for lobbyists and ideology-driven think tank research; and (4) using financial power to influence the behaviour of corporations to circumvent policies of democratically elected government.

There is also increasing concern with the so called '**revolving door**' and the movement of individuals between government and industry, but also between government and lobbying groups (and vice versa). In 2009, the OECD stressed the role of this mechanisms in the 2008 financial crisis and called for rules controlling the conflicts of interest generated by this phenomenon (OECD, 2009). The phenomenon raises worries as it can exacerbate corruption and produce economic distortions, leading to unfair competition, lowering efficiency and supporting unproductive rent-seeking activities, while also diverting state resources and reducing public good provision (Cingano and Pinotti, 2013).

Importantly, **one is not to assume that this kind of institutional capture is solely the result of corruption**. Esteban and Ray (2006) point at how inequalities in lobbying matter in how they affect decision-making even in honest, efficiency-seeking governments. This is the case because the process of decision-making by governments is faced by severe informational gaps, and lobbying serves as a generator of vital

information. In this sense, for instance, growth of corporate lobbying can bear severely on problem-solving capacities that are necessary for the political system (Drutman, 2015).

Measures related to lobbying regulation and disclosure, prohibiting or capping the amount of political donations from wealthy individuals and corporations, disclosure of all political financing and regulating revolving-door arrangements could thus **all have a significant impact on both poverty and inequality by breaking the cycle through which inequalities of political opportunity shape inequalities of outcomes, and unequal outcomes allow the powerful more scope to restrict opportunities.**

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Evidence of Effectiveness

- Empirical evidence is limited by the fact that a) while their number is growing, just **a few countries have adopted measures regulating these activities**; b) **implementation and levels of enforcement remain generally weak and hard to assess**
- However, there is good evidence of the **widespread incidence** of these phenomena and their **negative consequences**
- **Transparency and accountability do not automatically tackle inequalities** and more **proactive measures** to engage groups with lower capacity and create new partnerships might be necessary
- There is some evidence that measures **capping spending on election campaigns and political donations can be effective**, while looser contribution limits produce negative effects

Empirical evidence is patchy, partly because just a handful of countries have adopted measures regulating these activities. For instance, before the early 2000s only four countries had implemented lobbying regulation – Australia, Canada, Germany and the US (Ferguson, 2018). While this number is growing, evidence from developing countries is still scarce and **implementation and levels of enforcement remain generally weak and hard to assess.**

With growing demand for lobbying regulation (Holman and Luneberg, 2012; OECD, 2014), substantial questions remain in terms of the best practices to address lobbying inequalities. **Emphasis on transparency and accountability does not automatically tackle inequalities** (Davidson, 2017). For instance, while the principle of transparent regulations is that the public should have insight and oversight over mechanisms through which lobbyists influence policy outputs (Chari, Hogan and Murphy, 2010), there

is a lack of clarity in regard to how specific measures such as national registers effectively address lobbying inequality. Davidson (2017), Holman and Luneberg (2012) note that lobbying transparency reforms might not be designed to address lobbying inequalities but rather encourage interaction between business and legislators, formalising special rights and privileged access of the former to the latter. This leads to worries that too **stringent regulations on lobbying can create barriers that prevent low-resource groups from lobbying.** More generally, this area of regulation has to cope with **actors that strategically adapt to lobbying laws**, thus requiring policymakers to be mindful of trade-offs and adaptive effects of regulation (Strickland, 2018). Regulating the campaign finance activities of registered interest groups may drive more of them to lobby in an unregistered, shadow capacity.

In this context, tackling lobbying inequalities might require non-reactive measures (OECD, 2009), not relying solely on transparency regulations, but for instance focusing on **subsidising or transferring resources to groups with lower capacity, as well as exploring new forms of social partnerships.**

Some recent evidence from Brazil suggests **that measures capping spending and donations can be effective.** Aviz et al. (2017) exploit a natural experiment induced by an electoral reform in Brazil, which set a lower spending cap for some municipalities compared to others. They find that a more stringent limit on campaign spending increases political competition, reduces the chances of richer candidates getting elected, and reduces incumbency advantage, allowing for new entrants into politics. In absence of public funding and of limits on campaign spending, wealthy people are more likely to run for office than poorer people because they are better able to finance their campaigns. These findings confirm the idea that setting spending limits can reduce the concentration of political power in the hands of political elites, where these come disproportionately from richer families.

There is also **evidence of the negative effects of decreasing, rather than tightening, regulation and campaign limits.** Gulzar et al. (2019) use data from Colombia to show that looser contribution limits reduce the number of donors per candidate and increase the average size of donations, thus leading to an increased concentration of donations. They also find that looser campaign limits concentrate the allocation of public resources and increase the share of contracts for donors while reducing the competitiveness and transparency of how public contracts are assigned. Ruiz (2018) confirms that campaign limits are effective in reducing the size of the reward for donors.

The relationships between these different policies are dynamic and little explored. Weschle (2019), in a study of the synergies between revolving door practices and campaign donations in the US, shows that deregulation of campaign

funding led to a drop in the probability that members of state legislatures left politics to become lobbyists. The decrease was driven by fewer incumbents *voluntarily* leaving office to take up a position in the private sector, with no effect on the frequency with which incumbents became lobbyists after a lost election. If the goal is to devise effective policy to tackle the relationship between political and economic inequality, **these dynamics are essential to consider and invite for a comprehensive rather than silo approach that is sensitive to the relationships between these different phenomena.**

Incidence and consequences

There is good evidence of the incidence and consequences of these activities. In a recent review of Latin American and Caribbean countries between 1990 and 2017, OXFAM (2018) finds that the revolving door is the most common mechanism to exert influence (69% of countries), followed by business elites employing party donations to secure fiscal privileges (54%) and lobbying by elite groups targeting both legislative and executive branches of the government (46%).

In the OECD, revolving door practices appear to be in place in all countries, with numbers that see around a quarter of lobbyists having previously held position in the public sector. In some countries these numbers have increased dramatically: in the US, while in 1974 only 3% of retiring members of Congress became lobbyists, in 2012 this number had raised on to 42% among members of the House of Representatives and 50% among senators (OECD, 2014). Only a third of OECD member countries have restrictions in place in regards to revolving door practices and hiring lobbyists to fill regulatory and advisory roles in government, and only a fourth require officials to obtain permission before taking up private-sector appointments. The concern with advisory groups is growing: while members of these groups are in the position to access decision makers directly and lobby from the inside, there are generally no requirements to ensure a balanced representation of interests in their make-up (OECD, 2014). In general, there also seems to be more attention paid to public officials' post-public employment than to pre-employment.

In regards to the **consequences of these activities**, Diaz-Cayeros et al. (2016) trace government transfers for poverty relief in Mexico over a half century as policy evolved from clientelistic to programmatic. They find that welfare outcomes improved as Mexican welfare policy became less discretionary. Discretionary transfers based on patron-client networks (e.g. campaigns handouts, subsidies, tariff protection or pork-barrelling) lead to worse welfare outcomes than the provision of public goods. In Italy, Cingano and Pinotti (2013) explore the costs of the revolving door and find that private returns to political connections are obtained by distorting the allocation of public expenditure. The reallocation of market shares in favour of connected firms is associated to a reduction of around 20% in the provision of public goods, compared to a scenario with no or ineffective political

connections. In the US, Vidal et al. (2010) find that political connections are a key determinant of the demand for a lobbyist's services, but also that lobbyists connected to serving politicians earned significantly higher revenues. Connected ex-staffers earned 63% more than those with no such connections, while revenues dropped by 24% when the senator left office (up to 50% in a single semester for ex-staffers).

Difficulties in determining causality remain. Powell (2013) discusses the methodological difficulties in statistically modelling the effect of money on votes, compounded by the fact that many donors do not necessarily leave a clear data trail and that institutional features produce wide variation in donor influence. In a review of the theoretical and empirical literature on regulatory capture, Dal Bó (2006) shows the complexity of explaining the dynamics that see poor countries with high levels of inequality display high degrees of inefficiency in managing resources. On the one hand even for a given degree of inequality the inefficiency of public decision is higher in poorer countries. On the other hand, there are many instances that see **reduction in inequality improving the efficiency in decision making.** Next to the common explanation referring to the role of corruption and rent seeking, it is important to see causality also working in the opposite direction, with **aggregate poverty and distributional inequality polluting the transmission of information to policy makers and provoking inefficient decisions, not necessarily signalling corruption.**



Challenges

- **Political:** Low political will influenced by the reciprocal relationship between political and economic inequality
- **Administrative/Fiscal:** Limited state capacity restricts the range of instruments available, and increases the vulnerability to external pressures
- **Institutional:** Coordination dilemmas across levels of government (exacerbated in contexts of extensive decentralisation)

Facilitating Factors

- **Political:** Emerging international consensus increases the saliency and urgency of these issues
- **Administrative:** Improved data collection to strengthen implementation
- **Administrative:** Adoption of wider integrity frameworks capable addressing evolving and emerging risks
- **Political:** Increased political competition and engagement of social movements
- **Political:** Proactive measures foster more inclusive participation

The **main obstacle to policy reform is the reciprocal relationship between economic and political inequality itself and the vicious dynamics that we have seen connect political power to economic advantage**. Political will is necessary to design, bring about and enforce reforms that would restrict elitism and policy bias, but this political will is shaped by the interests it should attempt to restrict. Moreover, this self-reinforcing mechanism is exacerbated by the fact that poverty, economic and social inequalities themselves undermine political mobilization, depress political interest and participation among poorer citizens (Solt 2008; Brady et al. 2016). **Tackling inequality and poverty is thus necessary to decrease political inequalities, but also made less likely and more challenging in contexts in which the latter are high.**

Emerging international consensus on the need for transparency and the urgency of adopting integrity frameworks (e.g. the OECD Strategy on Trust) have at least shifted the conversation and made these issues more salient. The last decades have seen an increasing number of countries, particularly in the OECD, adopt some regulatory measures. In order to strengthen implementation, it is necessary to **identify and collect relevant data, benchmarks and indicators** (OECD, 2014; Mejia Acosta, 2013), but also, since measures concern strategic and resourceful actors, to adopt **a wider integrity framework capable of adapting to evolving and emerging risks** (OECD, 2014). Nevertheless, promoting compliance and enforcement remains a challenge, compounded by poor coordination, for instance of transnational lobbying practices.

These strategies face greater challenges in developing countries, where limited state capacity further restricts the policy space and the range of effective instruments available. This is also made difficult by the increased structural power of business and elite groups: on the one hand, governments' limited capacity results in greater dependency,

while fear of capital flight entrenches their growing influence. This can be particularly the case in countries depending on sectors that can shift location easily, leaving national governments little leverage. On the other hand, non-state actors are also increasingly assuming regulatory authority and implementation responsibilities (UNRISD, 2010) – this increases public-private circulation (Maillet et al., 2019) but also changes narratives around the role of business elites, who are progressively framed as 'partners'.

Moreover, particularly in countries that saw extensive decentralisation – see Mejia Acosta and Tillin (2019) for a discussion of India and Latin American countries – the **bargaining power of national and subnational political elites increases coordination dilemmas**. In these countries mechanisms such as malapportionment (the degree to which the voices of local citizens are proportionately represented at a national level), while strengthening the voice of poorer, less densely populated regions, effectively empowers local elites (Beramendi et al., 2016), with effects on the quality of democratic representation and on the formation of national legislative coalitions and the provision of public goods. These representational biases encourage parties and local elites to develop clientelistic exchanges with their bases of support (Mejia Acosta and Tillin, 2019) and there is a 'strong connection between the scope of malapportionment and the pervasiveness of non-programmatic forms of political exchange' (Beramendi et al., 2016).

In order to understand how change can come about, **some answers can be suggested by the literature exploring transformations in policy approaches, particularly in relation to poverty and inequality reduction**. Garay (2016) looks at Mexico, Chile, Brazil and Argentina and shows how **social movement actors and political competition** create the political environments that incentivize political actors to extend social policies to the poor and informal sectors. Opposition parties exert the most influence in conditioning the

nature of policy. A credible opposition reflecting preferences and interests of those normally considered outsiders can lead incumbents to adopt policies to stave off this competition and forestall accusations of undue influence. Moreover, specific coalitions of social movement actors (e.g. with labour unions) not only allow outsider social movements to gain national prominence and organizational capacity, but also shift policy to more expansive and inclusive approaches. There is growing evidence of examples of social movements and forms of social mobilization that have contributed to creating conventional and unconventional channels of participation and more positive policies for addressing inequalities (ODI, 2014; Gaventa and Martorano, 2016).

Based on the evidence discussed above, part of these inclusive approaches should focus on **supportive measures that enable to increase participation and engagement of those normally excluded from policy processes**. Lobbying is connected to provision of information and policy support, something that any democracy requires, and in clear contrast to the information bias and erosion of impartiality it often produces. Proactive measures can ensure regular, open (but also regulated and transparent) contacts between government and often forgotten parts of civil society, decreasing the risk of state capture (Johannsen and Pedersen, 2005). These measures can parallel citizen engagement initiatives (e.g. participatory budgeting): not only are these ways of gaining democratic participation, but of tackling economic inequality (Baiocchi and Ganuza, 2014; Gaventa and Martorano, 2016). The state can play a proactive role in nurturing and supporting civil society organizations, and this also includes **fostering their capacity to produce relevant knowledge and research capable of influencing the public discourse**. Economic, political and social inequalities intersect with knowledge inequalities, which shape the issues that are considered important, whose knowledge counts, and how knowledge is used (Pantazidou and Gaventa, 2016; Gaventa, 2016).

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POLICY 6.2 CIVIC OVERSIGHT

Policies that enable formal citizen participation and oversight, including inclusive and transparent budgeting processes at national and local levels, citizen satisfaction surveys, public consultations and participatory planning initiatives, and the involvement of civil society in formal advisory groups of the government.

Relationship to Inequality and Poverty	Inequalities in voice and influence perpetuate and entrench social and economic inequalities – a key driver of this is the lack of institutions that promote inclusion and participation Civic engagement can positively influence other outcomes: Increase state effectiveness, ameliorate knowledge inequalities, contribute to building social capital and improve social cohesion and trust in government
Key Actors	Local governments, civil society, NGOs
Level of Intervention	Mostly local
Domain/SDG	  MIF Domain 6 SDG 16, Target 16.7
Evidence of Effectiveness	Amongst a variety of participatory governance approaches, participatory budgeting has seen a growing popularity across the globe. Outside Latin America results of Participatory Budgeting have been less transformative Participatory Budgeting programmes are unlikely to be a silver bullet to address stark and underlying economic inequalities on their own, because of the policy areas which they prioritise, the level of resources available and limitations of localized programmes The risk of tokenism and of developing empty forms of participation is something that affects participatory approaches to governance and hinders their effectiveness Evidence of the impact of citizen engagement and participatory programmes is generally mixed, both in terms of their effects on inclusion and participation and in relation to how, even when achieved, these translate into improved social and economic outcomes

Challenges and Facilitating Factors	Challenges	Facilitating Factors
	• Social/Economic: Social and economic inequalities might hamper the capability of individuals to participate • Political: Elite capture can perpetuate the status quo • Political/Implementation: weak political will and technical capacity at the local level • Implementation: Weak capacity for participation because of individual and collective expertise and resources	• Institutional: Institutionalised legal frameworks and functional and strong institutions at the centre enable civic engagement • Political: International consensus and donor support • Political: Central state support is required to sustain and scale-up programmes and achieve lasting change • Implementation: Support within civil society enhances capacity for collective action
Costs	Low	

This Policy is part of



POLICY MIX 1 REDISTRIBUTION



Relationship to Inequality and Poverty

- **Inequalities in voice and influence perpetuate and entrench social and economic inequalities** – a key driver of this is the lack of institutions that promote inclusion and participation
- **Civic engagement can positively influence other outcomes:** Increase state effectiveness, ameliorate knowledge inequalities, contribute to building social capital and improve social cohesion and trust in government

As explored in policy 6.1, **there are growing concerns in regard to the reinforcing relationship that connects political and economic inequalities.** Economic inequality can erode democratic governance as political power is captured by elites, influencing policy making in their favour and to the detriment of others (Fuentes-Nieva and Galasso, 2014; Stiglitz, 2012). Inequalities of both voice and influence perpetuate and entrench social and economic inequalities. **A key driver of this is the lack of institutions that promote inclusion and participation: this leads to some stakeholders within society to lack voice and influence on the process of decision-making.**

From a capability perspective this hampers the ability of some to participate in decision-making, which imposes substantial constraints on people's agency and choice, but also hollows out political institutions that ultimately fail to produce actual political opportunities and limit the range and reach of the democratic process. **This creates inequality in the capability for public functioning,** which is essential for all citizens to develop 'capacities that give them effective access to the public sphere and then sufficient respect and recognition so as to be able to influence decisions that affect them in a favourable direction' (Bohman, 1997: 323–324). Reducing inequalities in this capability thus means to ensure that all individuals have the capacity to participate in the political process, in articulating and claiming their needs (e.g. economic needs) and have effective voice in decision-making on issues affecting their daily lives.

There are different ways in which citizen participation can open often 'closed spaces' at the different levels at which policy is made and resources allocated (Oswald et al., 2018). Participation may include, for instance, involvement in policy processes or investment processes and is often supported by providing information or by consulting formerly excluded groups to get their feedback on issues or decisions. At the same time, participation can lead to the creation of new spaces where those who are currently excluded in the economic sphere develop their own processes or business models, such as worker-owned enterprises and cooperatives. **This policy review focuses on the former**

and covers different forms of formal citizen and civil society participation. Within these, it is important to acknowledge that there is a 'spectrum of participation': from nominal participation to active engagement that puts decision-making power in the hands of those affected (Figure 6.2.1). Along similar lines, McGee (2003) distinguishes four types of participation reflecting a spectrum of participation: information sharing (e.g. the state shares publicly budget and public policy information); consultation (e.g. mechanisms such as forums, councils, and referendums, focus groups or surveys to gather information on citizen preferences); joint decision making (e.g. citizens not only provide information on their needs and preferences but are active in real decision making); and initiation and control by stakeholders (e.g. direct citizen control of developing, raising funds for, and implementing projects or policy).

Figure 6.2.1: Spectrum of participation

Increasing Impact on the Decision

	INFORM	CONSULT	INVOLVE	COLLABORATE	EMPOWER
PUBLIC PARTICIPATION GOAL	To provide the public with balanced and objective information to assist them in understanding the problem, alternatives, opportunities and/or solutions.	To obtain public feedback on analysis, alternatives and/or decisions.	To work directly with the public throughout the process to ensure that public concerns and aspirations are consistently understood and considered.	To partner with the public in each aspect of the decision including the development of alternatives and the identification of the preferred solution.	To place final decision making in the hands of the public.
PROMISE TO THE PUBLIC	We will keep you informed.	We will keep you informed, listen to and acknowledge concerns and aspirations, and provide feedback on how public input influenced the decision.	We will work with you to ensure that your concerns and aspirations are directly reflected in the alternatives developed and provide feedback on how public input influenced the decision.	We will look to you for advice and innovation in formulating solutions and incorporate your advice and recommendations into the decisions to the maximum extent possible.	We will implement what you decide.

Adapted from *International Association for Public Participation* <https://www.iap2.org>

Policies that enable formal citizen participation and oversight and that involve civil society in a range of participatory planning initiatives can ameliorate political inequalities. This requires mechanisms to strengthen voices but also strengthening the receptivity of institutions to such voices (Gaventa, 2013) – but even when these preconditions are created, participation and engagement cannot be taken as a given. **Reducing political inequalities has in turn the potential to produce reductions in economic inequalities and poverty:** civic engagement in economic policy can influence the policy process and resource allocation in the direction of greater pro-poor spending.

Additionally, **civic engagement can positively influence other outcomes.** It can increase state effectiveness (Fölscher, 2007), because when citizens are able to make their needs known and hold public institutions to account, public resources are likely to be used more efficiently and the delivery of public goods and services is better aligned to those needs. Local knowledge can thus be incorporated at different levels of decision-making, from the determination of citizen expectations to the selection of public policy objectives and the identification of the means of achieving them, thus con-

tributing to effective implementation. In turn this translates into different forms of participation in planning, funding, delivering, and monitoring public goods and services. In particular, **participatory budgeting** offers citizens at large an opportunity to learn about government operations and to deliberate, debate, and influence the allocation of public resources. These initiatives can also have broader outcomes, because they foster capacities necessary for these forms of engagement. For instance, by strengthening access to information, engaging in activities that equip citizens with expertise and resources to initiate participation, **they can also ameliorate knowledge inequalities, contribute to building social capital and improve social cohesion and trust in government** (Fölscher, 2007).

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Evidence of Effectiveness

- **Amongst a variety of participatory governance approaches, participatory budgeting has seen a growing popularity across the globe.** Outside Latin America results of Participatory Budgeting have been less transformative
- Participatory Budgeting programmes are **unlikely to be a silver bullet to address stark and underlying economic inequalities on their own**, because of the policy areas which they prioritise, the level of resources available and limitations of localized programmes
- **The risk of tokenism and of developing empty forms of participation** is something that affects participatory approaches to governance and hinders their effectiveness
- **Evidence of the impact of citizen engagement and participatory programmes is generally mixed**, both in terms of their effects on inclusion and participation and in relation to how, even when achieved, these translate into improved social and economic outcomes

As noted above there are a variety of ways in which participatory governance has developed across the globe. Some formalised approaches through which citizens and civil society work with the state include accountability (e.g. citizen feedback and monitoring) and transparency (e.g. information about rights and public service performance) mechanisms; the joint management and implementation of public services (e.g. participatory priority setting) as well as planning and deliberation to include marginalized groups.

Participatory budgeting (PB) has seen growing adoption since the 1990s and the practice has globalized with organizations such as the World Bank promoting it around the world (Goldfrank, 2012). In just 15 years, in Latin America alone these initiatives (depending on how strictly PB is defined) saw an expansion from about a dozen cities, mostly in Brazil, to 250–2,500 locales (Goldfrank, 2007). PB has spread across countries around the world, making it a case of an approach developed and consolidated in the Global South that has found traction in numerous countries in the Global North. Sintomer et al. (2012) identify six overarching models but PB's global expansion has coincided with a variety of very different local implementations, with different models and tools adapted in different contexts in order to foster different goals. **The literature on PB usually credits its creation to the experience in Porto Alegre, Brazil, in 1989. Research on the implementation of PB in Porto Alegre demonstrates that having local commu-**

nities make decisions on the use of municipal resources can be very effective in local development (Abers et al., 2018; Souza, 2001). Access to water and sanitation increased from 49% of the city population in 1989 to 98% for water and 85% for sanitation in 1996. The number of students enrolled in elementary or secondary schools also doubled during this period (De Sousa Santos, 1998; Baiocchi, 2001; Avritzer, 2000). Between 1989 and 2001, the new system achieved the redistribution of public investment to poorer areas; improving services and infrastructure based on the citizens' proposals; improved governance cooperation between individual administrative departments; facilitated internal administrative operations and greater responsiveness on the part of public administration; and improved citizen participation (Sintomer et al., 2012). However, the young and the extremely poor remained under-represented (World Bank, 2008), with opportunity costs, time requirements, use of complex language, and limited understanding of the PB process presenting substantial barriers. Moreover, the poorest and less-educated segments of the population considered the cost of living, low salaries and job opportunities as priorities over infrastructure, which was the main focus of investment in Porto Alegre (Souza, 2001).

Looking at the **broader experience with PB in Latin America**, there is evidence that it can improve participation of those on low incomes and have low levels of education (Nylen, 2003; Wampler, 2008; Sintomer et al., 2013). PB can also increase the transparency of the use of public funding, reducing corruption (Kuriyan et al., 2011) – for instance, in Brazil, **municipalities that implemented PB were likely to have less corruption and make fewer budgetary mistakes** than municipalities that did not implement it (Zamboni, 2007). It can also **reduce clientelism** (Avritzer, 2009) because negotiations and deliberations happen in public and require a horizontal dialogue between citizens, rather than merely “private” vertical exchanges between politicians and electors.

The literature, however, presents **a more mixed picture when it comes to evaluating whether this translates into improved social outcomes (e.g. poverty reduction; health and educational outcomes; economic inequality)**. On the one hand, PB has recorded successes in very different settings (Goldfrank, 2007): from small, poverty-stricken, indigenous, rural villages to large cities. Drawing on the Porto Alegre experience, Marquetti (2003) finds that public spending **via PB** was concentrated in the poorer regions of the municipality and inverted trends of the previous decade in relation to the spatial distribution of resources, helping to ensure that low-income and densely populated regions would receive greater levels of resources in both absolute and relative terms. An analysis by the World Bank (2008) also found PB positively and strongly associated with improvements in poverty rates and improvements in living conditions (e.g. indoor plumbing and piped water). However, **the poverty reduction, especially income poverty, achieved through PB on its own is not large** (Goldfrank, 2007). Sig-

nificant change seems to require that fundamental principles of transparency, direct participation, redistribution toward the poor are applied beyond the local level and in concert with international policy-making institutions. The effects on poverty rates are also confirmed in Boulding and Wampler (2010), who use matching techniques and data from Brazil's 220 largest cities.

Moreover, while municipalities adopting PB are also found to spend a significantly higher share of their budget on health and education, there is **no evidence that this shift in budget priorities affects measurable health and education outcomes**. There are also **no impacts on economic inequality** (although reducing inequalities in participation is a goal in its own right). This is consistent with the literature that finds that services are generally less redistributive than cash transfers (Cantillon, 2011; Esping-Andersen and Myles, 2009; Vandenbroucke, and Vleminckx, 2011). Boulding and Wampler (2010) also find that broader regional economic trends appear to affect outcomes more substantially than municipal-level poverty programmes, while average per capita budget is a better predictor of changes health, education, and income indicators than the presence of PB programs. Moreover, it appears that **PB programmes do not generally lead to substantive assessment of areas such as fiscal policies and revenue capacity** (WB, 2008; Baiocchi, 2006) and tend to focus on investment allocation over fiscal management decisions. This can reflect both the fact that community demands do not give priorities to fiscal oversight as well as barriers imposed by lack of technical knowledge and adequate training. On the other hand, this also points to the importance of the **level of resources available** to the municipality to invest in new programs as there is only so much that a municipal government programme working within tight budgetary constraints can do. **Because of all these reasons – policy areas prioritized by PB, level of resources available, limitations of localized programmes in relation to broader regional and national dynamics – these programmes are unlikely to be a silver bullet to address stark and underlying economic inequalities on their own** (but PB can reduce inequalities in participation).

In general, the **experience with PB across five continents** shows that major albeit contrasting results have been achieved (Sintomer et al., 2013). Experiences with participation reveal a significant tension that does not allow to take for granted that participation in itself will be democratizing and lead to actual inclusion, while at the same time it is important not to dismiss its potential for collective engagement and social transformation (Baiocchi, 2017). Unlike in Brazil and Latin America, experience in Europe or North America has not seen PB leading to a reversal of priorities to benefit weaker social groups, and the changes it has promoted in the relationship between civil society and the state have been far less radical. In Africa, PB remains largely dependent on the action of international donors and NGOs. This can often lead to overlooking PB as a 'citizens' right' and adopting instead a 'donor perspective', designed

to guarantee transparent management in relation to goals of the international community. Differences emerge also between Lusophone, Francophone and Anglophone countries, characterized by different institutional and administrative structures which can support or hinder PB implementation, while PB is more or less absent in certain regions (e.g. Northern Africa). **The effectiveness of PB is largely conditional on whether its introduction is "for real"** - e.g. not only consultative and accompanied by significant investment; **'fake' experiments have proliferated across the globe**, often imposed top-down, not based on the independent mobilization of civil society, with control only over a limited amount of money. Where commitment to citizens' engagement is largely of a symbolic nature, with glaring gaps between the proclaimed objective and the reality, **PB can amount to little more than window-dressing. Appeal to PB can be used to legitimate paths that have already been embarked upon and further entrench previously existing, unequal relationships.**

The risk of tokenism and of developing empty forms of participation is something that affects participatory approaches to governance more generally. Gaventa and Barrett (2010; 2012) explore outcomes of citizen engagement in relation to 1) the construction of citizenship (e.g. participatory programmes leading to increased civic and political knowledge and a greater sense of empowerment), citizen participation, responsiveness and accountability of the state, and societal inclusion and cohesion. Using 100 in-depth qualitative case studies across 20 countries they evaluate the association of negative and positive outcomes with various forms of engagement. In face of the greater focus, especially in some donor circles, on supporting institutionalised fora for participatory governance, they find that local associations and social movements have far more positive outcomes than formal participatory governance spaces. While outcomes linked to associations were 90% positive and only 10% negative, and 71% positive and 29% negative for social movements, the ratio was only 55% positive to 45% negative for engagement in formal participatory governance spaces. They conclude that participation in formal governance spaces, especially where not backed by collective action, may be linked to relatively empty forms of participation, which may not contribute by themselves to positive change.

Evidence of the impact of citizen engagement and participatory programmes more generally is also mixed.

A meta-analysis across 20 low- and middle-income countries (Waddington et al., 2019) found that interventions were effective in producing active citizen engagement (e.g. improving meeting attendance, contributing to community funds, and general knowledge about service) and improving access and quality of services. However, improved citizen engagement did not translate to improved wellbeing outcomes (e.g. mortality, income, poverty status, nutritional status and food security, resilience to shocks) or state-society relations (perception of corruption, public trust in institutions). In relation to the latter, tax compliance appeared to be an

exception, with citizen engagement interventions seemingly improving tax collection. However, in a large review of over 500 studies, Mansuri and Rao (2013) find evidence of elite capture, as participants in civic activities tend to be wealthier, more educated, of higher social status, male, and more politically connected than nonparticipants. It also appears that resource allocation typically reflects preferences of more advantaged groups and fails to be pro-poor. Moreover, while there appears to be positive outcomes when it comes to resource sustainability and infrastructure quality, these seem to benefit the most advantaged. Health service and education outcomes emerge as modestly positive overall, although the causal link between participation and service delivery outcomes is often vague. In relation to health programmes, the most successful are often located within larger government health delivery systems. Programmes also appear to have limited impact on income poverty. Where positive outcomes are found, they appear to dissipate beyond the life cycle of the project. There are some examples that show that even when there are some improvements in relation to income – e.g. Saguin (2018) in the Philippines – programmes do not appear to foster sustained participation amongst the poor, show signs of elite capture and do not necessarily lead to increased trust in the government and solidarity. Participation, however, may have some intrinsic value, as communities tend to express greater satisfaction with decisions in which they participate, even when participation does not change the outcome or when outcomes are not consistent with their expressed preferences.

Institutionalised legal frameworks encourage citizen and civil society engagement (Fölscher, 2007). While not sufficient in themselves, they constitute an enabling factor to more empowered forms of participation (Gaventa, 2004). However, **simply opening up deliberative spaces can lead to having them filled by powerful actors, replicating the status quo**. Addressing these power relationships requires a) understanding how they relate to economic and social inequalities; b) building capacity to participate (e.g. addressing

skills and knowledge inequalities and improving awareness of rights); 3) supporting the ability to mobilize and act collectively within the broader institutional framework; 4) increasing the responsiveness of local governments in order to effectively translate voice into empowerment. These factors will be considered in turn.

Social and economic inequalities constitute important barriers to the development and the effectiveness of participatory and civic engagement programmes (Souza, 2001; Sintomer, 2013; Thorpe et al., 2019). Studies from a variety of countries show that communities in which inequality is high have worse outcomes (Mansuri and Rao, 2013). Even if open spaces are created in which all participants *formally* have an equal right to influence decision-making, socio-economic inequalities tend to inhibit the effective participation of certain groups of people – for instance because of differential opportunity costs, as seen above. Moreover, hierarchies of power and authority overlap with social and economic inequalities: this means, for instance, that former patron-client relationships are hard to overcome – as shown by Sintomer et al. (2013) in the African context. **Elite capture also limits the effectiveness of participatory and citizen engagement programmes** (Saguin, 2018; Mansuri and Rao, 2013). The question about who effectively participates is also one that transversally applies to all the different forms of participatory governance. When participants are elected volunteers, like in Porto Alegre, their opportunity costs are high, and there may be systematic self-selection. The poorest may not have the resources to participate while women may face differential constraints imposed by their multiple responsibilities. When participants are not elected and come from civil society organizations, their representativeness is also questionable (Bräutigam et al., 2005). While opportunity costs impose barriers to the participation of the poor, injection of resources for participatory development projects can also attract the better off. In these circumstances, participatory processes can mask the exclusive, or elitist nature of public

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Challenges

- **Social/Economic:** Social and economic inequalities might hamper the capability of individuals to participate
- **Political:** Elite capture can perpetuate the status quo
- **Political/Implementation:** Weak political will and technical capacity at the local level
- **Implementation:** Weak capacity for participation because of individual and collective expertise and resources

Facilitating Factors

- **Institutional:** Institutionalised legal frameworks and functional and strong institutions at the centre enable civic engagement
- **Political:** International consensus and donor support
- **Political:** Central state support is required to sustain and scale-up programmes and achieve lasting change
- **Implementation:** Support within civil society enhances capacity for collective action

decision making, giving the appearance of broader participation and inclusive governance while using public funds to advance the interests of powerful elites (Souza, 2001).

Voice and engagement require building the necessary capacities in terms of expertise and resources to initiate participation (Sintomer, 2013; Bräutigam et al., 2005; Gaventa, 2004). This means fostering knowledge and awareness of legal rights, procedures, roles, and responsibilities, communication and negotiation skills at the individual level, but also broad-based community knowledge of the roles and functions of local bodies, awareness of the opportunities and processes for community engagement. Building capacity for participation must also be understood as an exercise in *democratising* knowledge, challenging the often narrow control over ‘technical’ subjects such as economy policy via alternative forms of expertise (e.g. the National Association of Street Vendors of India [NASVI] co-authoring India’s street vendor policy), tackle language barriers (e.g. translation between languages or from jargon to everyday language) and facilitate platforms engaging technical ‘experts’ to analyse policy (Thorpe et al., 2018).

On the other hand, voice without responsiveness simply builds frustration. **Local officials and administrative staff are often only weakly committed** to using these participatory mechanisms to tackle inequalities or to empower individual participants and communities (Sintomer et al., 2013). Building and supporting the capacity of local governments and representatives to be responsive to community participation entails adopting new roles, changing attitudes, behaviours and organizational culture. It also requires adequate skills and support systems for elected officials and staff to operate effectively in the new context. Both **political will and technical capacities** are thus crucial (Gaventa, 2004; 2013; Aber et al., 2018). Even when participatory programmes and bottom-up initiatives have the buy-in of central government and donors, resistance on the ground can be substantial and, for instance, can induce reluctance in communicating transparently about progress and emerging challenges (Waheduzzaman and As-Saber, 2015). Moreover, they can suffer of a “co-optation problem” (Souza, 2001) because inequalities between governments and participants with respect to control over information and resources can lead to the manipulation of participatory venues by government officials. Because of this, incentive and performance systems that reward responsiveness to community participation, systems of downward accountability and accessible processes for transparency and information sharing are all essential for successful implementation on the ground (Mansuri and Rao, 2013; Gaventa, 2004).

International consensus and donor support are important facilitating factors, in conjunction with **support by the central state**. Challenges in scaling-up successful programmes as well as avoiding that positive outcomes remain confined to the lifecycle of the project require integration with central government structures. Allocation of sufficient resources,

sustainability and, ultimately, lasting change are unlikely without this support and **‘participatory development is most effective when it works within a “sandwich” formed by support from an effective central state and bottom-up civic action’** (Mansuri and Rao, 2013).

The more successful experiences also happen not just with the **support of local and central government but also of significant other civil society allies**, such as political parties and social movements (Gaventa and Barnett, 2010). Interventions that work through local civil society and stimulate capacity for collective action, particularly amongst vulnerable groups, may be more effective than those that rely on engaging unorganized citizens (Waddington et al., 2019). These are key to any sustainable engagement because participation without local collective action to build citizenship and maintain political pressure from the outside is often very weak (Gaventa and Barnett, 2010; Gaventa and McGee, 2010). There is strength in numbers when working to overcome exclusionary economic institutions – the examples of NASVI (mentioned above) and Self Employed Women Association (SEWA) in India, or the Female-Headed Household Empowerment Program (PEKKA) in Indonesia are instructive in this sense (Thorpe et al., 2019). The ability of civil society organisations to speak through multi-level (local, national and global) networks can foster real change and stimulate the development of stronger formal institutions. At the same time, in a reciprocal relationship, civic engagement, local oversight and participatory policy processes **increase, rather than diminish, the need for functional and strong institutions at the centre** (Mansuri and Rao, 2013). They require integration with well-functioning, higher-level institutions of accountability: judicial oversight, independent auditing agencies, free media and protection of the right to information appear to be necessary for effective local participatory initiatives. Without these conditions, it is also unlikely that civil society can conduct public policy and advocacy work. While contexts of vibrant contest for political power, see more options for effective civil society participation (Fölscher, 2007).

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POLICY 7.1 DISCRIMINATION

Comprehensive anti-discrimination laws, implementation and enforcement.

Relationship to Inequality and Poverty	Discrimination can be an important factor shaping differences in the well-being of individuals and increasing the risk of multidimensional poverty for those discriminated against Some individuals face intersectional discrimination (e.g. ethnicity and gender) and, as a result, experience even greater disadvantage Discrimination in the labour force can affect the chance of being in work and the types of jobs people hold leading to income and earnings inequality and exposing some to greater risks of poverty Negative impacts on non-economic aspects of people's lives also arise from discrimination. E.g., in relation to health, justice, family life, independence, voice and influence, negatively affecting the capability for individuals to have a good quality of life Comprehensive anti-discrimination laws, their implementation and enforcement can both reduce inequalities and poverty risks
Key Actors	Governments and NGOs
Level of Intervention	National and local
Domain/SDG	   MIF Domain 7 SDGs 10 and 5, Targets 10.3 and 5.1
Evidence of Effectiveness	International legal frameworks have set strong standards since the middle of the 20th Century, starting with the 1948 Universal Declaration of Human Rights. In many cases these have been translated into national (and regional) laws prohibiting discrimination Some progress is starting to be made in considering the nature of intersectional discrimination but more needs to be done in this area Forms of discrimination are still legal in some countries (for example, against homosexuals in Uganda) National Human Rights Institutions (Equality Commissions) play an important role in helping to develop and enforce Human Rights legislation Root causes of discrimination need to be tackled, such as the causes of stigma and patriarchal social and political structures Positive discrimination and affirmative action may be necessary to address cycles of disadvantage brought about by entrenched discrimination

Challenges and Facilitating Factors	Challenges	Facilitating Factors
	• Regulatory: Even where discrimination is illegal enforcement and legal challenges are difficult • Political: Existence of dual legal system. • Political: Forms of discrimination are still legal in some countries • Political/social: Objections to positive discrimination • Implementation: Lack of good evidence on what works best in tackling causes of discrimination	• Regulatory: International human rights framework providing a standard approach • Regulatory: SDGs with goals and targets focused on ending discrimination • Political: Progress in taking an intersectional approach to addressing discrimination • Social: Growing intolerance to discrimination and an appetite for social change
Costs	Low	

This policy is part of



POLICY MIX 4 EMPLOYMENT INEQUALITIES



Relationship to Inequality and Poverty

- **Discrimination can be an important factor shaping differences in the well-being of individuals** and increasing the risk of multidimensional poverty for those discriminated against
- **Some individuals face intersectional discrimination** (e.g. ethnicity and gender) and, as a result, experience even greater disadvantage
- **Discrimination in the labour force can affect the chance of being in work and the types of jobs people hold** leading to income and earnings inequality and exposing some to greater risks of poverty
- **Negative impacts on non-economic aspects of people's lives also arise from discrimination.** E.g., in relation to health, justice, family life, independence, voice and influence, negatively affecting the capability for individuals to have a good quality of life
- **Comprehensive anti-discrimination laws, their implementation and enforcement** can both reduce inequalities and poverty risks

Discrimination occurs when a distinction is made between individuals on the basis of an actual or perceived trait, or by association, which leads to negative, unjust or prejudicial treatment²⁵. **Discrimination limits people's capabilities**²⁶, leading to a range of negative outcomes such as not being able to enter certain professions, being overlooked for promotion at work, being a victim of a violent hate crime, experiencing bullying at school or not being allowed to attend school at all, facing a greater likelihood of being arrested or dying in police custody, or not being able to marry or live with the person you love. It is also harmful to economic development (Esteve-Volart, 2004). Although the characteristics of groups who face discrimination can vary country to country, some characteristics are regularly associated with discrimination: race/ethnicity, nationality, class, caste, religion, belief, sex, gender, sexual orientation, gender identity, disability, particular health conditions such as HIV and age. **The most pervasive form of discrimination is that against women.** This not only results in high levels of inequality

between men and women but puts women and girls at a greater risk of poverty. Discrimination can be an important factor shaping differences in the well-being of individuals and increasing the risk of poverty for those discriminated against. As discrimination puts some groups at a disadvantage relative to others, it perpetuates inequalities. In addition, others gain from discrimination and these advantages tend to persist.

Traditions, policies, ideas, practices and laws can result in discrimination which can take place at an individual level or an institution level (sometimes called systemic discrimination). It can be direct or indirect and may result from statistical discrimination. The theory of statistical discrimination was developed to explain why employers with imperfect information about job applicants' productivity might make recruitment decisions based on the average characteristics of the applicant's group identity (Phelps, 1972; Arrow, 1973). If minority groups are historically associated with perceived lower productivity, they will be discriminated against in the recruitment process. Statistical discrimination also occurs outside the labour market. For example, by the police when identifying potential suspects for a crime, or by financial institutions when making decisions on who to lend to (Dymski, 1995). Some types of discrimination are thought to derive from 'unconscious bias'.

Some individuals face intersectional discrimination and, as a result, experience even greater disadvantage and hardship. Crenshaw (1991) is often credited with coining the term, although the concept of "intersectionality" was developed over the course of the 20th Century through the work of scholars who identified how black women in America face racism, sexism and classism and that it is the intersection of social identity structures that shape life experiences in a way that can't be explained by single socio-demographic variables (for example, race) (Gopaldas, 2013). Intersectionality is now used more widely to describe social identity structures that can be interdependent and to understand unique forms of discrimination. For example, domestic violence among Indigenous Australian women calls for an intersectional understanding of the specific form of discrimination they face, and the policy response required (Buxton-Namisnyk, 2014/15).

Comprehensive anti-discrimination laws, their implementation and enforcement can both reduce inequalities and address the perpetuation of disadvantage and poverty risks.

25 Here we are not referring to discrimination based on relevant traits such as sporting performance in the selection of athletes or qualities required to perform a particular job, but unfavourable treatment based on an irrelevant trait (Font-Reaulx, 2017).

26 In terms of the Capability Approach to assessing well-being, discrimination acts to prevent people from converting their resources (skills, etc.) to 'functionings' (achievements in terms of what they can do or be).



Evidence of Effectiveness

- International legal frameworks have set strong standards since the middle of the 20th Century, starting with the 1948 **Universal Declaration of Human Rights**. In many cases these have been translated into national (and regional) laws prohibiting discrimination
- **Some progress is starting to be made in considering the nature of intersectional discrimination but more needs to be done in this area**
- **Forms of discrimination are still legal in some countries** (for example, against homosexuals in Uganda)
- **National Human Rights Institutions (Equality Commissions) play an important role** in helping to develop and enforce Human Rights legislation
- **Root causes of discrimination need to be tackled, such as the causes of stigma and patriarchal social and political structures**
- **Positive discrimination and affirmative action may be necessary** to address cycles of disadvantage brought about by entrenched discrimination

Legal frameworks

Strong anti-discrimination laws play an important role in tackling discrimination and since the middle of the 20th Century clear international standards have been set which most countries have adopted. These legal frameworks set international standards and help to promote change. **In relation to discrimination, the United Nations (UN) human rights legal framework sets out legal guidelines regarding discrimination.**

Human rights

In 1948 the Universal Declaration of Human Rights (UDHR) was adopted by the United Nations General Assembly. As UDHR is a declaration rather than a convention, **the UDHR's 30 articles are not legally binding but it has become a common standard and played an important role in confronting human rights violation and discrimination around the world.** It is now part of the International Bill of Human Rights which also includes: International Covenant on Civil and Political Rights (1966); International Covenant on Economic, Social and Cultural Rights (1966); Protocol to the International Covenant on Civil and Political Rights; Protocol to the International Covenant on Economic, Social and Cultural Rights. The UDHR first seven articles (shown below) demonstrate the importance of human rights

in relation to discrimination with the first two articles entirely devoted to the principle of equality and the second article provided the original articulation of the modern formulation of anti-discrimination (Klug and Wildbore, n.d.):

Article 1.

All human beings are born free and equal in dignity and rights. They are endowed with reason and conscience and should act towards one another in a spirit of brotherhood.

Article 2.

Everyone is entitled to all the rights and freedoms set forth in this Declaration, without distinction of any kind, such as race, colour, sex, language, religion, political or other opinion, national or social origin, property, birth or other status. Furthermore, no distinction shall be made on the basis of the political, jurisdictional or international status of the country or territory to which a person belongs, whether it be independent, trust, non-self-governing or under any other limitation of sovereignty.

Article 3.

Everyone has the right to life, liberty and security of person

Article 4.

No one shall be held in slavery or servitude; slavery and the slave trade shall be prohibited in all their forms.

Article 5.

No one shall be subjected to torture or to cruel, inhuman or degrading treatment or punishment.

Article 6.

Everyone has the right to recognition everywhere as a person before the law.

Article 7.

All are equal before the law and are entitled without any discrimination to equal protection of the law. All are entitled to equal protection against any discrimination in violation of this Declaration and against any incitement to such discrimination.

In addition to the International Bill of Human Rights, there are a number of instruments in the form of declarations and standards that address specific forms of discrimination, including discrimination against indigenous peoples, migrants, minorities, people with disabilities, discrimination against women, racial and religious discrimination, or discrimination based on sexual orientation and gender identity. These include:

- United Nations Declaration on the Rights of Indigenous Peoples
- Declaration on the Rights of Persons Belonging to National or Ethnic, Religious and Linguistic Minorities
- Convention on the Rights of Persons with Disabilities

- Convention on the Elimination of All Forms of Discrimination against Women
- International Convention on the Elimination of All Forms of Racial Discrimination
- International standards on freedom of religion or belief
- United Nations Resolutions – Sexual orientation and gender identity

Although the legal approach has traditionally led to considering discrimination and human rights violations according to a single identity (for example, disability, gender, race, etc.) and dealt with by a single convention, there has been some movement in terms of considering intersections. Buxton-Namisnyk (2014/15) notes that the work of UN Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW) committee and the Committee attached to the United Nations Convention for the Elimination of All Forms of Racial Discrimination (CERD) increasingly have an intersectional focus. However, difficulties still remain in terms of deciding under which convention violations should be tried when ‘multiple forms of human rights abuses occurring simultaneously’ (Bond, 2003) and it is the intersection of identities that is key. A possibility would be to allow individuals to bring legal challenges on the basis of dual discrimination.

Considerable progress in terms of international law has been made but, in some countries, particular forms of discrimination are still legal. In these cases, national laws often disregard international law. For example, in a number of countries, particularly in parts of Africa and the Middle East, same-sex relationships and marriages are outlawed and sentences can be severe. In 2014 Uganda passed the Anti-Homosexuality Act which permits life imprisonment sentences for some sexual acts between consenting adults. It criminalises the undefined “promotion” of homosexuality, a provision that threatens human rights advocacy work (Human Rights Watch, 2014). The law also criminalises “a person who keeps a house, room, set of rooms, or place of any kind for purposes of homosexuality,” which has been used to justify evicting LGBTI tenants (Human Rights Watch, 2014), thus extending the forms of deprivation LGBTI groups experience to other domains. In these cases, where international law is flouted, the international community has a key role to play. As a last resort, this can take the form of withholding financial aid and applying economic sanctions but also bringing attention to discriminatory laws.

Despite laws prohibiting discrimination in most countries, discrimination still takes place. This is in part due to anti-discrimination laws not being adequately enforced.

Independent statutory human rights and equality commissions

In many countries, commissions play an important role in the enforcement of human rights and anti-discrimination law. They may do this through assisting claimants and investigating their cases before presenting evidence at court and may litigate cases on the complainant’s behalf. Equality commissions can also be involved in finding out-of-court solutions through arbitration or mediation which may include the use of dedicated tribunals, such as an employment tribunal specialising in cases which involve discrimination in the labour market. However, these roles need to be kept separate and this can be achieved through setting up a complaint handling arm and an enforcement arm (Allen, 2010).

The UN has been extensively involved in establishing and strengthening National Human Rights Institutions (NHRIs)²⁷. ‘National human rights institutions are State bodies with a constitutional and/or legislative mandate to protect and promote human rights. They are part of the State apparatus and are funded by the State.’ (UN, 2010:13). Importantly, NHRIs have statutory legal basis and particular legal responsibilities as part of the State and are not NGOs.

“The differences between NGOs and NHRIs are perhaps most pronounced with regard to the investigation of complaints. NHRIs are neutral fact finders, not advocates for one side or another. An NHRI must be, and be seen to be, independent of the NGO sector, just as it must be independent of the Government. In investigation, an NHRI may operate within a legally defined framework and must comply with the general principles of justice and the rule of law.”

(UN, 2010: 13)

The Principles relating to the Status of National Institutions (The Paris Principles²⁸), adopted by UN General Assembly in 1993, cover the status and functioning of NHRIs, setting out two main responsibilities:

Human rights promotion – creating a national culture of human rights where tolerance, equality and mutual respect thrive. The legal roles of NHRIs will always come from the enabling statutes or constitutional mandate, or both.

27 Following the 1993 World Conference on Human Rights in Vienna, NHRIs compliant with the Paris Principles were formally recognized as important and constructive actors in the promotion and protection of human rights, and their establishment and strengthening formally encouraged (UN, 2010).

28 <https://www.ohchr.org/EN/ProfessionalInterest/Pages/StatusOf-NationalInstitutions.aspx>

Human rights protection – helping to identify and investigate human rights abuses, to bring those responsible for human rights violations to justice, and to provide a remedy and redress for victims. NHRIs should have a legally defined mandate to undertake these functions and to issue views, recommendations or even seek remedies before the courts. In all cases, reference should be made to the enabling law. (UN, 2010: 21)

In addition to national institutions and networks (e.g., the Network of African National Human Rights Institutions), some commissions are set up to support whole regions. For example, the African Charter on Human and Peoples' Rights, now signed and ratified by 54 African States, is supported by the African Commission on Human and Peoples' Rights (ACHPR), which was set up in 1987 as a pan African organisation, and the African Court on Human and Peoples' Rights.

Policy frameworks

Policy frameworks can help set international standards and promote change. In relation to discrimination, the UN Sustainable Development Goals sets out a number of goals and targets to reduce discrimination by 2030.

United Nations Sustainable Development Goals (SDGs)

The UN SDGs and associated targets provide an ambitious “blueprint to achieve a better and more sustainable future for all. They address the global challenges we face, including those related to poverty, inequality, climate change, environmental degradation, peace and justice” (United Nations). UN Member states have agreed to seek to meet these goals and targets by 2030. The SDGs provide a unifying framework with policy guidance and monitoring resources. Two main goals and constituent targets relate specifically to discrimination (although other goals also cover aspects of discrimination). These are:

Goal 5: Achieve gender equality and empower all women and girls

5.1 *End all forms of discrimination against all women and girls everywhere*

5.A *Undertake reforms to give women equal rights to economic resources, as well as access to ownership and control over land and other forms of property, financial services, inheritance and natural resources, in accordance with national laws*

5.C *Adopt and strengthen sound policies and enforceable legislation for the promotion of gender equality and the empowerment of all women and girls at all levels*

Goal 10: Reduce inequality within and among countries

10.2 *By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status*

10.3 *Ensure equal opportunity and reduce inequalities of outcome, including by eliminating discriminatory laws, policies and practices and promoting appropriate legislation, policies and action in this regard*

Understanding the root causes of discrimination

Beyond introducing and enforcing anti-discrimination laws, understanding the root causes of discrimination can help design policies that address the drivers of discrimination. Considering the case of discrimination against women, despite fairly widespread gender equality legislation women remain at a disadvantage. Since 2006, the World Economic Forum have estimated and published the Global Gender Gap Index which synthesises information on gender gaps across four dimensions – Economic Participation and Opportunity, Educational Attainment, Health and Survival and Political Empowerment – to produce a score for each country (WEF, 2019). In 2020, on the basis of the pace of progress that is being made, WEF estimate that it will take nearly 100 years to close the gap but this conceals the fact that for Educational Attainment the gender gap is projected to be closed in only 12 years while **for Economic Participation and Opportunity it is projected to take 257 years to close the gap due to the very slow progress made in this dimension** (WEF, 2019: 16). Despite some progress in Political Empowerment, in parliaments only 25% of 35,127 global seats are occupied by women and only 21% of the 3,343 ministers are women (WEF, 2019: 5). In some countries, women are not represented at all, and over the past 50 years, in 85 of the 153 countries covered there has never been a female head of state (WEF, 2019: 5). **Beneath these inequalities lie patriarchal social and political structures which will need to be reformed before gender discrimination and inequality is eradicated.**

For people with disabilities, stigma often lies at the root of the discrimination and exclusion (Mostert, 2016: 5, 11). Mostert (2016: 3) finds that ‘a major social challenge to the implementation of the Convention on the Rights of Persons with Disabilities in Africa relates to the widespread stigma attached to the characteristics of disability and those who embody them.’ The roots of stigma begin when people distinguish among and label human differences in a negative way (Mostert, 2013: 7).

Rohwerder's review of the literature on disability stigma in developing countries found that different types of impairments carry different levels of stigma, as does the severity of the impairment and how it was acquired (Rohwerder, 2018). The review identified a number of drivers of disability stigma. These included **lack of understanding and awareness regarding the causes of disabilities and their resulting**

characteristics. Misconceptions about the cause of disabilities often result from cultural or religious beliefs, with disability often blamed on: misdeeds of ancestors, of parents, of the person with disabilities or due to supernatural forces such as demons/spirits, witchcraft, or punishment or fate from God (Stone-MacDonald and Butera, 2014). As a result, people with disabilities may be thought to be not quite human or a source of shame, which has serious consequences for how they are treated (Rohwerder, 2018).

Misconceptions about the nature and abilities of people with disabilities is another driver of disability stigma

(Rohwerder, 2018). These include the misconceptions that people with disabilities are unable to contribute financially, that they are not able to have a normal relationship, that they will be unable to report sexual abuse, that their disability is contagious or they bring bad luck, that their bodies have magical powers, or that they are witches (Rohwerder, 2018).

Low levels of tolerance are often expressed in relation to stigmatised groups. For example, across 33 African countries in 2014/15 only around one-fifth of households reported that they would like or not care if they had homosexuals as neighbours (Boniface, Sambo and Dionne, 2016). HIV-related stigma and Anti-homosexual legislation in African nations are seen to have contributed to the HIV epidemic (Hagopian et al., 2017) and countries can have laws and policies that perpetuate stigma and discrimination against people with disabilities (DSPD, 2016).

However, despite the fact that stigma is one of the root causes of some forms of discrimination, the available evidence base on the most effective policies to tackle stigma is weak. Despite numerous interventions aimed at tackling disability stigma, there has been little evaluation of their effectiveness (Werner and Scior, 2016). In addition, where evaluations have been conducted there remain methodological and conceptual limitations (Werner and Scior, 2016).

Positive discrimination, affirmative and positive action

One approach to tackling the negative effects of historical discrimination, is through positive discrimination or affirmative (positive) action. For example, in trying to reduce inequalities in recruitment where employers have historically discriminated against some groups of applicants (for example, people with disabilities, women or ethnic minorities) or for appointment to positions of power where incumbents are unrepresentative of the population, a number of different steps can be taken:

1. Candidates can be selected solely on the basis of a discriminated (protected) characteristic;
2. Where there are two equally suitable applicants and one has a characteristic that has been previously discriminated against, this applicant is selected;
3. Quotas, or targets, can be set to improve the representativeness and diversity of, for example, company boards, national sports teams, the police service or political leaders;
4. Action can be taken to try and encourage minority groups, people with disabilities, women etc. to apply for jobs and positions where they are unrepresented. This can involve targeted advertising campaigns;
5. Employers can be offered financial incentives by the government to employ people from discriminated groups. For example, grants can be paid to employers if they recruit ex-offenders or long-term unemployed people;
6. Access programs can help disadvantaged groups gain university places. This may be in the form of extra tuition, training, mentoring or additional funding.

Examples 1, 2 and 3 are generally regarded as forms of positive discrimination and 4, 5 and 6 positive action.

In fact, positive gender discrimination is not only legal it is actively encouraged by the UN Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW), at least temporarily until equality is achieved (Anju, 2011):

“Article 4: 1. Adoption by States Parties of temporary special measures aimed at accelerating de facto equality between men and women shall not be considered discrimination as defined in the present Convention, but shall in no way entail as a consequence the maintenance of unequal or separate standards; these measures shall be discontinued when the objectives of equality of opportunity and treatment have been achieved.”

Anju (2011) goes even further and concludes that positive discrimination is a ‘right of every woman’ in countries that have ratified CEDAW and where gender equality is absent. She considers the case of Bangladesh where positive discrimination is used particularly in relation to civil service posts.

Objections to positive discrimination have been raised and the four main objections are: the failure to select the ‘best’ candidate, the undermining of meritocracy, the negative impact on the beneficiaries and the injustice of reverse discrimination (Noon, 2010). But counterarguments to these objections are available and Noon (2010) concludes



Challenges

- **Regulatory:** Even where discrimination is illegal enforcement and legal challenges are difficult
- **Political:** Existence of dual legal system.
- **Political:** Forms of discrimination are still legal in some countries
- **Political/social:** Objections to positive discrimination
- **Implementation:** Lack of good evidence on what works best in tackling causes of discrimination

Facilitating Factors

- **Regulatory:** International human rights framework providing a standard approach
- **Regulatory:** SDGs with goals and targets focused on ending discrimination
- **Political:** Progress in taking an intersectional approach to addressing discrimination
- **Social:** Growing intolerance to discrimination and an appetite for social change

that ‘positive discrimination provides the necessary structural conditions in order for radical, transformative change towards equality to take place’.

Despite strong international anti-discrimination legal frameworks, discrimination is still commonplace in many countries. Sometimes this is because national laws allow for some forms of discrimination. This can be particularly problematic where a dual legal system is in place where customary law or religious law allows for discrimination, but civil law prohibits it. In other cases, it is because of the difficulties involved in enforcing anti-discrimination laws. Individuals who have been illegally discriminated against face considerable barriers to challenging this discrimination in law courts. These barriers include:

1. **Cost – legal challenges can be lengthy and very costly.** Those discriminated against are often economically disadvantaged in the first place and without legal aid or the help of intermediaries acting on their behalf and providing finance, they will not be able to challenge discrimination. Even where legal aid is available the differences in resources available between the claimant and the accused (e.g., a large employer) can determine the outcome.
2. **Difficulty of presenting evidence/proof.** It can be difficult for complainants to collect and present legal evidence of discrimination. For example, people with disabilities may be discriminated against in job recruitment, yet it is difficult for an applicant with disabilities to prove that they were discriminated against and were not offered the job, or even an interview, based solely on their disability status.
3. **Norms and acceptance of discrimination.** Some may accept that discrimination is ‘normal’ and see little point in challenging it in the courts. They might not even be aware that it is illegal or believe that anything would be done about it if they reported being discriminated against.

The rise in National Human Rights Institutions or statutory equality commissions help with the enforcement of anti-discrimination laws and help to facilitate reductions in discrimination but to be effective they need to be well-funded, independent and have sufficient strength. Other facilitating factors include the work of national and international NGOs and the framework of the SDGs which includes specific goals and targets in relation to eliminating discrimination. In addition, the recognition that positive discrimination and affirmative action is both legal and may be necessary, at least in the short term, to achieve equality has the potential to help progress this policy area. A better understanding of the intersectional nature of many forms of discrimination can also help facilitate both better design of legal frameworks and the development of an agenda for change which also helps to empower those who are most affected. Drawing on the example of domestic violence against indigenous women in Australia, Buxton-Namisnyk (2014/15) notes that human rights, as enshrined and protected in UN conventions and declarations have traditionally been expressed along identity lines (Buxton-Namisnyk, 2014/15: 119). ‘...there has historically been little acknowledgement of the ways in which multiple identity strands interact to produce a specific experience at the intersection of numerous heads of discrimination’ (Buxton-Namisnyk, 2014/15: 119). However, this practice has been changing, with UN Committees increasing acknowledging the ways in which various identity strands interact to produce a unique experience of discrimination or human rights violation (‘intersectional’ practice) (Buxton-Namisnyk, 2014/15: 119). It is suggested that this intersectional accountability focus be adopted by the international community to facilitate the development of remedial approaches and prevention strategies suitable to both the gender and culture of Indigenous women, and that this additional layer of scrutiny be used to encourage and facilitate the effective partnering of State and community responses to domestic violence (Buxton-Namisnyk, 2014/15).

Initial successes in combating discrimination can often generate a self-propelling feedback, as marginalised groups become more empowered to demand their rights and fight discrimination, positive results generate inspirational examples for other members of the group and future generations, and public sentiment towards the policies might improve. This tends to be the case when anti-discrimination laws or affirmative action initiatives successfully target large constituencies, generating a group-based decrease of inequalities that leads to changes in social norms within the relevant group and in the wider society.

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POLICY 7.2 CHILD MARRIAGE

Policies designed to eliminate child marriage.

Relationship to Inequality and Poverty	Early marriage denies people, particularly girls and young women, the right to choose who and when they marry. It is a violation of their human rights Early marriage has a negative impact on educational attainment, financial independence and limits future prospects It leaves girls and young women vulnerable to sexual abuse, domestic violence, sexually transmitted diseases and complications associated with early pregnancy and birth and limits their capability to enjoy a good quality of life It exacerbates gender inequality and is more prevalent among lower income families
Key Actors	Governments, community and religious leaders, schools and NGOs
Level of Intervention	National and local
Domain/SDG	  MIF Domain 7 SDG 5, Target 5.3
Evidence of Effectiveness	A wide range of factors drive child marriage, some of which are context-specific but others are more general. They include social, cultural, religious and economic factors. Some of the traditions and gender-discriminatory norms are seen to be rooted in patriarchal values and ideologies, many of which are centre around the control of girls' sexuality Financial transactions between families associated with marriage of daughters and sons (dowries and bride price) can also affect the incentives for child marriage Policies to tackle child marriage include those designed to increase retention of girls in school, empowering girls economically through vocational training, enforcing laws on child marriage, tailored advocacy programmes, and policies designed to address harmful socio-cultural norms and practices The inclusion of a target to eliminate child marriage in the SDGs has helped focus efforts. However, the evaluation evidence on 'what works' is still very limited

Challenges and Facilitating Factors	Challenges	Facilitating Factors
	• Social: Entrenched, gendered social and cultural norms • Economic: Poverty and its relationship to incentives associated with child marriage and investment in girls' education • Economic: Dowries/bride price • Implementation: Non-legal/informal unions • Regulatory: Bribery and corruption. • Regulatory: No universal definition of a 'child' (age of maturity) • Regulatory: Legal exceptions can include parental consent • Implementation: Limited evidence on 'What Works'	• Political: The growing focus of a number of large, influential international organisations • Political: The inclusion of a target to eliminate child marriage by 2030 in the UN's Sustainable Development Goals. Joint work of UNFPA-UNICEF in assisting to meet this target through the Global Programme to Accelerate Action to End Child Marriage • Implementation: Data improvements in the measurement of child marriage and the availability of these data • Implementation: Body of evaluation evidence is growing
Costs	Medium – the United Nations Population Fund estimate the total cost of ending child marriage across 68 countries is \$35 billion. \$600 to avert one case of child marriage.	



Relationship to Inequality and Poverty

- Early marriage denies people, particularly girls and young women, the right to choose who and when they marry. It is a **violation of their human rights**
- Early marriage has a negative **impact on educational attainment, financial independence** and limits future prospects
- It leaves girls and young women vulnerable to sexual abuse, domestic violence, sexually transmitted diseases and complications associated with early pregnancy and birth and **limits their capability to enjoy a good quality of life**
- It exacerbates **gender inequality** and is more prevalent among lower income families

One of the main drivers of early marriage, child marriage, is poverty. While both girls and boys marry early, **the vast majority of early marriages involve girls and older men;** highlighting an acute form of gender inequality and one that contributes to other forms of inequality. **Due to discriminatory practices that can arise from entrenched social and cultural norms, girls can be viewed as a financial burden to families.** In many lower income countries girls live with and support their husband's family while boys remain home and are considered to be an investment and financial asset. This means that families are more likely to ensure that boys complete their education and get a good job. Girls are often most at risk of an arranged child marriage if they are not considered to be performing well at school. In addition, **there are sometimes financial incentives for families to offer their girls for marriage due to dowries, which may be higher for younger girls.** Any financial gain can be short-lived as some girls are returned home after complicated pregnancies and if their husbands tire and decide to take a younger wife. In the long-term girls who marry young face economic disadvantage and greater risks of poverty. They face an **increased risk of sexual abuse, marital rape, domestic violence, sexually transmitted disease and complications associated with early pregnancy and birth.** Complications from pregnancy and childbirth are the second-leading cause of death for girls aged 15–18 globally. Eliminating early marriage will reduce gender inequality and poverty risks.



Evidence of Effectiveness

- A wide range of factors drive child marriage, some of which are context-specific but others are more general. They include **social, cultural, religious and economic factors.** Some of the **traditions and gender-discriminatory norms** are seen to be rooted in patriarchal values and ideologies, many of which are centre around the control of girls' sexuality
- **Financial transactions between families associated with marriage of daughters and sons** (dowries and bride price) can also affect the incentives for child marriage
- Policies to tackle child marriage include those designed to increase **retention of girls in school, empowering girls economically through vocational training, enforcing laws on child marriage, tailored advocacy programmes, and policies designed to address harmful socio-cultural norms and practices**
- The inclusion of a target to eliminate child marriage in the SDGs has helped focus efforts. However, **the evaluation evidence on 'what works' is still very limited**

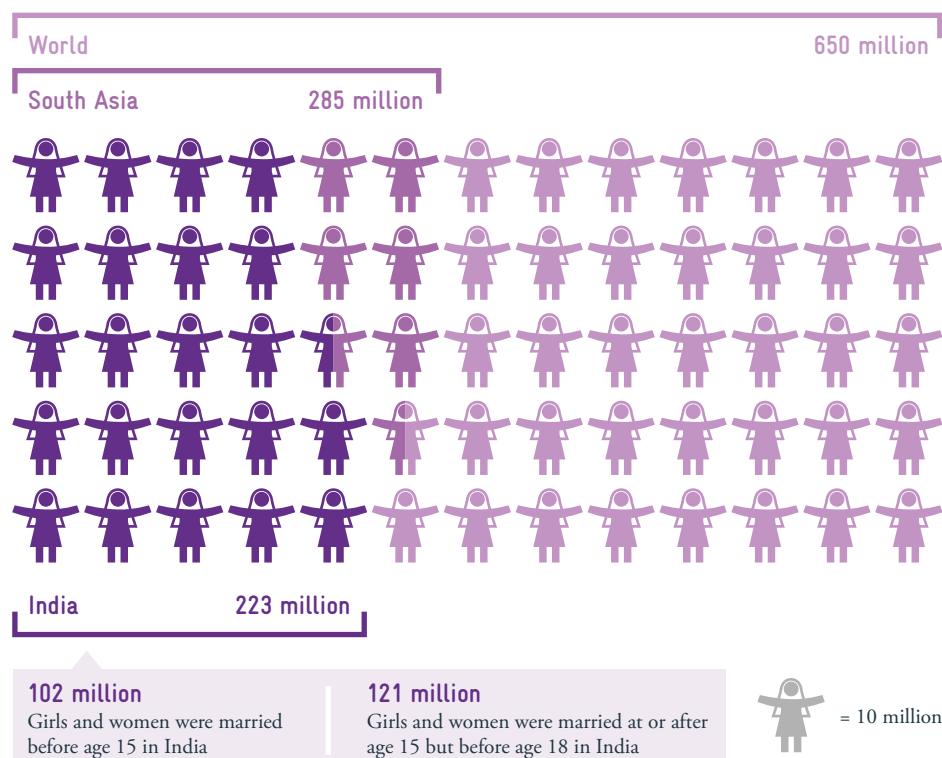
Incidence and trends

Child marriage refers to any formal marriage or informal union between a child under the age of 18 and an adult or another child. **The United Nations estimates that 650 million people living today were married as children** (UNFPA, 2020).

The United Nations Population Fund (UNFPA) estimate that globally **one in every five girls is married or in a union before reaching the age of 18 and every year 12 million children marry early.** In the least developed countries that number doubles: 40 per cent of girls are married before 18 and 12 per cent of girls are married before the age of 15 (UNFPA, 2020). **Child marriage disproportionately affects girls although boys represent around 18 per cent of those married under the age of 18** (UNICEF, 2014).

According to the latest UNICEF statistics, countries where at least 40% of women were married by the age of 18 are: Central African Republic (68%); Chad (67%); Bangladesh (59%); Mozambique (53%); Burkina Faso (52%); South Sudan (52%); Guinea (51%); Mali (50%); Somalia (45%); Nigeria (44%); Malawi (42%); Madagascar (41%); Eritrea (41%); Ethiopia (40%); Nepal (40%) (UNICEF Global Database, 2019).

Figure 7.2.1: Number of girls and women who were first married or in union before age 18, India, South Asia and the world



Source: Adapted from UNICEF, 2019.

Note: Due to rounding, individual figures may not add up to total

In only two countries were more than a fifth of men married before the age of 18: Central African Republic (28%); Belize (22%) (UNICEF Global Database, 2019).

However, more than a fifth of women were married before the age of 15 in: Chad (30%); Central African Republic (29%); Niger (28%); Bangladesh (22%) (UNICEF Global Database, 2019).

In South Asian countries the highest percentages of women aged 20 to 24 years who were first married or in union before age 18 are in Bangladesh (59%), Nepal (40%), Afghanistan (35%) and India (27%) (UNICEF, 2019).

One in three of the world's 'child brides' live in India, with 223 million girls and women married before their 18th birthday, and 102 million married while under 15 years of age (UNICEF, 2019).

Within countries the incidence of child marriage can vary by region. For example, over half of Indian child brides live in five states: Uttar Pradesh, Bihar, West Bengal, Maharashtra and Madhya Pradesh (UNICEF, 2019).

In addition, the risk of child marriage varies between groups. In India, girls living in rural areas or from poorer households are at greater risk, and a higher proportion are found among those with little or no education (UNICEF, 2019).

There is evidence that progress has been made in reducing the number of child marriages with marked declines in some countries. For example, UNICEF reported in 2014 that 700 million women were married before their 18th birthday (UNICEF, 2014), while today it is estimated that 650 million women were married as children (UNFPA, 2020). However, **at the current rate of progress, the SDG 2030 target will not be reached.**

Child marriage is not just about statistics. Those who marry early are at greater risk of marital rape, domestic violence, risk of Sexually Transmitted Infections, exploitative unpaid work. It limits their access to decent work and increases the risk of health problems associated with early pregnancy and childbirth. Many do not complete their education. **Early marriage typically limits the capability of those affected to enjoy a good quality of life. It is a violation of human rights and stumbling block to achieving development goals related to gender, health and education** (Svanemyr et al., 2015).

Drivers

A wide range of factors are understood to contribute to child marriage, some of which are context-specific but others are more general. These include social, cultural, religious and economic factors. The UNFPA identify the most significant of these factors as: **prevailing gendered social and cultural norms; poverty; financial transactions around marriage such as dowry or bride price, and a lack of positive alternatives for girls and families such as quality education and opportunities for decent work** (UNFPA, 2020). **Girls most at risk are often from poor families, marginalised groups or rural areas and may be the hardest to reach** (UNFPA, 2020).

In 2016 UNFPA-UNICEF set up a Global Programme to Accelerate Action to End Child Marriage. For this work they identified a number of key drivers of child marriage:

- **Discrimination against girls and women**
- **Gender roles that restrict girls and women to family and household roles**
- **Economic opportunities/structure of the economy**
- **Inaccessible and/or low-quality services such as schools or health facilities**
- **Legal and policy frameworks that do not protect adolescents**
- **Poverty**
- **Conflicts and natural disasters**

UNFPA-UNICEF (2019)

Some of these drivers, many of which are interlinked, are examined below in more detail below.

Gender-discriminatory norms

Some of the traditions and gender-discriminatory norms are seen to be rooted in patriarchal values and ideologies (Svanemyr et al., 2015). “Despite national laws and international agreements forbidding early marriage, gender roles and marriage systems in many countries dictate the practice” (Mathur, Greene and Malhotra, 2003). **Many of the norms centre around the control of girls’ sexuality.** Some girls are forced to marry after becoming pregnant (Tanzania – Human Rights Watch) and child marriage can be used as a mechanism to protect chastity as premarital sex and childbearing are seen by some as bringing shame to the family (Malhotra, 2010). **In Ghana, betrothal is often early, sometimes even before birth, to ensure sex and childbearing occur within marriage** (Malhotra, 2010). Parents may hasten a daughter’s marriage to avoid the risk that she will be sexually harassed, romantically involved, or simply perceived to be romantically involved, prior to marriage (Svanemyr

et al., 2015). Concern about girls’ sexual ‘vulnerabilities’ in times of conflict and war can also hasten marriage further. It can even be a tactic of war (for example, a practice which has been used by Boko haram and Daesh).

Religious beliefs and practices can also influence child marriage as some invoke concerns about morality linked to religion – such as births occurring within marriage – and the role of women.

Economic opportunities

Economic dependence of girls is another key factor and contributes to the perception that girls are a burden on families while boys are a long-term investment. Discriminatory gender norms can dictate that a girl lives with her husband’s family, while a boy remains with his parents and provides financial support (Svanemyr et al., 2015) and this can affect the ‘economic value’ that families place on their children according to their gender. One consequence is that parents can be disinclined to invest in their daughters’ education, especially where education is costly, which further limits their ability to make a financial contribution and be independent, autonomous adults. This factor can particularly affect girls from lower income families. In addition, in times of natural disasters (such as famines) economic factors can play an even bigger role.

Reinforcing social ties or building alliances is another traditional factor that influences child marriage (Nour, 2009; Mathur, Greene and Malhotra, 2003).

Dowries and Bride price

Financial transactions between families associated with marriage of daughters and sons can also affect the incentives for child marriage. However, these incentives are not all in the same direction. For example, in Bangladesh, where the bride’s parents pay a dowry to the groom, the younger the girl, the lower the dowry. This creates an incentive to marry daughters early as lower-income families believe that if they don’t marry their daughters early, they will not be able to marry them at all. However, **in some countries a ‘bride price’ (or bride wealth) is paid by the groom or his family.** A review by the Population Council found that in some cases, such as South Africa, this can slightly delay the age of marriage as families may invest more in their daughters (for example, education) if the payment is higher for ‘higher-value brides’ based on their education (Amin and Bajracharya, 2011). However, **in many situations, bride price is higher for younger brides, often because of the value put on virginity, and this increases the incentive for families to marry their daughters at a very young age** (Lee-Rife et al., 2012).

In some situations, there are also perceived ‘pull factors’ that increase the incentive for girls to marry young. For example, the level of respect that a girl receives in the community can increase after she marries, and they may gain materially from getting married.

Policies and policy frameworks

Experts suggest a number of key policies are required to eliminate child marriage. These include **policies designed to increase retention of girls in school, empowering girls economically through vocational training, enforcing laws on child marriage, tailored advocacy programmes, and policies designed to address harmful socio-cultural norms and practices** (Ahonsi et al., 2019). Particular efforts should be directed towards curbing teenage pregnancy, through working with reproductive health partners, both local and international, to improve adolescent girls' access to and utilisation of reproductive health services including family planning (Ahonsi et al., 2019).

Some policy frameworks take a rights-based approach as child marriage is a violation of a number of human rights. Article 16 (2) of the Universal Declaration of Human Rights, states that “Marriage shall be entered into only with the free and full consent of the intending spouses”. It also violates Article 16 of the Convention on the Elimination of all Forms of Discrimination Against Women (CEDAW), that women should have the same right as men to “freely choose a spouse and to enter into marriage only with their free and full consent”. The United Nations Convention on the Rights of the Child has 54 articles that cover all aspects of a child's life and sets out the civil, political, economic, social and cultural rights that all children everywhere are entitled to. Four of the articles are seen as special and known as the “General Principles”. They are: (1) Non-discrimination (article 2); (2) Best interest of the child (article 3); (3) Right to life, survival and development (article 6); (4) Right to be heard (article 12). It is clear that child marriage is a violation of these general principles.

One aspect of the Convention which is problematic in efforts to tackle child marriage is that it defines a child as any human being under the age of eighteen, unless the age of majority is attained earlier under national legislation. Some countries define the age of majority well under the age of 18 and some even define the age of majority as being reached once the child has married. Experts at the Human Rights Watch have called for “Making 18 the minimum marriage age, avoiding loopholes such as exceptions for parental consent, ensuring laws require free and full consent of both spouses, requiring proof of age before marriage licenses are issued, and imposing penalties on anyone who threatens or harms anyone who refuses to marry” (Varia, 2016). Tackling child marriage can also be a strategic way to advance women's rights (Varia, 2016).

Ending child marriage is a key component in the United Nations Sustainable Development Goals (SDGs), with two goals – Goal 05. *Achieve gender equality and empower all women and girls* and Goal 03. *Ensure healthy lives and promote well-being for all at all ages* – and a specific target – Target 5.3 ‘*Eliminate all harmful practices, such as child, early and forced marriage and female genital mutilations*’ – focuses specifically on ending child marriage by 2030.

The UNFPA and UNICEF joined forces in 2016 and created the Global Programme to Accelerate Action to End Child Marriage (GPECM). The GPECM is designed to contribute to the achievement of Sustainable Development Goal (SDG) Target 5.3. The programme is implemented in 12 countries within 4 regions and involves multiple partners and stakeholders at the national, regional and global levels. These countries have been identified as having the most high-prevalence or high-burden and are listed below with the percentage of women married before age 18, according to UNICEF Global Database (2019):

Eastern and Southern Africa

Ethiopia (40%)
Mozambique (53%)
Uganda (34%)
Zambia (31%)

West and Central Africa

Burkina Faso (52%)
Ghana (21%)
Niger (76%)
Sierra Leone (30%)

Middle East and North Africa

Yemen (32%)

South Asia

Bangladesh (59%)
India (27%)
Nepal (40%)

GPECM identified five strategies to help accelerate action to end child marriage:

1. Empower girls with information, skills and support networks
2. Educate and mobilize parents and community members
3. Offer economic support and incentives for girls and their families
4. Enhance the accessibility and quality of formal schooling and health services for girls
5. Foster an enabling legal and policy framework and improve the knowledge and evidence base

Another leading organisation is *Girls Not Brides*, which was formed in 2011, and is a global partnership of more than 1400 civil society organisations committed to ending child marriage and enabling girls to fulfil their potential. To achieve their overall objective of a world without child marriage, where girls and women enjoy equality with boys and men, and are empowered to reach their full potential, they have developed a Theory of Change which is freely available, alongside a range of resources. They have identified five main

strategies: Empower girls; Mobilise families and communities; Provide services; Establish and employment laws and policies (Girls Not Brides).

Evaluation evidence

Some progress has been made with overall rates of child marriage falling over the last decade. Although policy plays an important role in reducing child marriage, recent falls, in large part, have been attributed to improving socioeconomic conditions and demographic change (Lee-Rife et al., 2012). Change is incremental and recent assessments find that the SDG target of ending child marriage is unlikely to be met by 2030.

A key issue highlighted by reviews of policies and initiatives is the lack of high-quality evaluations and that many programmes have not been evaluated (Jain and Kurz, 2007; Mukherjee et al., 2008; Hervish and Feldman-Jacobs, 2011). For example, Jain and Kurz (2007) found that only 10 percent of the programmes identified in their review had been evaluated. In this section we review some of the published evaluation evidence on policy effectiveness but note that there remains a knowledge gap in this area.

A systematic review of the evidence, commissioned by the World Health Organisation, on ‘what works’ reviewed evaluation evidence from 23 child marriage prevention programmes carried out in low-income countries (Lee-Rife et al., 2012). Out of the 23 programmes reviewed, only 4 addressed child marriage prevention as a primary objective, 13 included it as one of several objectives, and 6 addressed objectives related to child marriage less explicitly than the other programmes (Lee-Rife et al., 2012: 290). The programmes employed one or more of five approaches:

1. Empowering Girls with Information, Skills, and Support Networks
2. Educating and Mobilizing Parents and Community Members
3. Enhancing the Accessibility and Quality of Formal Schooling for Girls
4. Offering Economic Support and Incentives for Girls and Their Families
5. Fostering an Enabling Legal and Policy Framework

The measured outcomes included changes in knowledge of negative consequences associated with child marriage, perceptions of the ideal age at which girls should marry, attitudes toward decision-making regarding marriage, actual age at marriage for girls, and proportions of girls marrying before age 18. The review found a variety of methodologies and data collection methods, a wide range in the degree

of rigor, and several important limitations. They found evidence that integrated programmes focusing on girls’ empowerment and programmes offering incentives have been reasonably successful (Lee-Rife et al., 2012).

However, as Svanemyr et al. (2015) note in assessment of research priorities on ending child marriage and supporting married girls, **many of the efforts to prevent child marriage or delay the age of marriage among girls have tended to be relatively small-scale and there remain knowledge gaps, particularly around effective approaches to addressing child marriage at scale**. They also assess that further research is needed to understand what works to effectively implement relevant laws and on the pros and cons of sanctions versus incentives (Svanemyr et al., 2015).

Early lessons from the Global Programme to End Child Marriage suggest that boys must be targeted as beneficiaries and as agents of change. The active engagement of men and boys is required to shift harmful patriarchal norms that underpin child marriage practices. However, they found that involvement of adolescent boys has not been systematic (UNFPA-UNICEF, 2019). More effort is needed to reach the most vulnerable populations and more high-quality evaluation evidence is required to help design the most effective future programme.

Despite progress that has been made through the GPECM, in the 2019 joint evaluation report, they conclude that despite efforts to reach the most vulnerable, interventions have not yet reached the most remote areas in many instances, which would include many of those furthest behind (UNFPA-UNICEF, 2019). In addition, disability has not been addressed systematically and the impact and reach of communication campaigns for those affected by multiple vulnerabilities have not been well tested.

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Challenges

- **Social:** Entrenched, gendered social and cultural norms
- **Economic:** Poverty and its relationship to incentives associated with child marriage and investment in girls' education
- **Economic:** Dowries/bride price
- **Implementation:** Non-legal/informal unions
- **Regulatory:** Bribery and corruption.
- **Regulatory:** No universal definition of a 'child' (age of maturity)
- **Regulatory:** Legal exceptions can include parental consent
- **Implementation:** Limited evidence on 'What Works'

Facilitating Factors

- **Political:** The growing focus of a number of large, influential international organisations
- **Political:** The inclusion of a target to eliminate child marriage by 2030 in the UN's Sustainable Development Goals. Joint work of UNFPA-UNICEF in assisting to meet this target through the Global Programme to Accelerate Action to End Child Marriage
- **Implementation:** Data improvements in the measurement of child marriage and the availability of these data
- **Implementation:** Body of evaluation evidence is growing

A number of challenges hinder efforts to eradicate child marriage. **One of the main driving factors behind child marriage is entrenched social and cultural norms** and these are very difficult to change while there exist power imbalances. Poverty is another significant driving factor and therefore **tackling poverty is going to be an important part of reducing child marriage in low-income countries.** This is because poverty can affect the extent to which families are incentivised by financial transactions associated with child marriage (dowries and bride wealth) and how much they are able to invest in their daughters' education.

There are also **a range of legal aspects that hinder efforts to eradicate child marriage.** Although in most countries it is illegal for children to be formally married, families can get around this through creating informal unions that are not registered but to all intents and purposes are marriages. In addition, variation between countries in relation to the age of majority, and in some cases how it can be defined in terms of marriage, means that children can be married before the age of 18. **Exceptions within the law can also mean that in some cases children can marry before the age of 18** as long as they have their parental consent and unfortunately in this regard parents are not acting in the best interest of the child. Even where legal frameworks are clearly defined **bribery and corruption can mean that legal documents are changed so that it appears that children are legally 18 years or older and that local police may choose not to enforce laws that make child marriage a crime.**

Despite these challenges there are reasons to be optimistic that progress can be made. For example, considerable effort is being made by large and influential, international organisations such as the United Nations, a target to eliminate child marriage is included in the Sustainable Development Goals and the joint programme between UNFPA and UNICEF, the Global Programme to Accelerate Action to End Child Marriage, has been set up to assist with meeting this target, and this will undoubtedly mean that the incidence of child marriage will fall over the next decade. Factors helping this progress include considerable data improvements in measuring the incidence of child marriage across countries and regionally within countries and there is a growing body of evaluation evidence. **What is clear is that more effort is required to reduce this inequality and to improve the capability of girls and women to have a good quality of life.**

Costs

The UNFPA has developed a methodology for estimating the cost of ending child marriage across 68 countries which account for around 90 per cent of the current global burden of child marriage (UNFPA, 2020). For the purposes of estimating the cost, ending child marriage was defined as lowering the rate of child marriage below 5 per cent in the 68 target countries. Modelled over the period 2020 to 2030, **the estimated total cost of ending child marriage across these countries is \$35 billion.** They also note that the benefits of ending child marriage are quite considerable (UNFPA, 2020). They estimate that **only \$600 are required to avert one case of child marriage.**

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5. POLICY MIXES

INTRODUCTION AND LITERATURE OVERVIEW

To-date, little research has been done on the interaction between inequalities and how best to address them. Whilst there is ample evidence on multidimensional poverty, less is known about how different life domains associate to each other along the whole distribution of relevant outcomes and capabilities. As such, designing policy mixes to combat multidimensional inequalities is a promising but still preliminary field. Rather than discuss often-patchy evidence bases, in what follows this document focuses on the rationale and guiding principles to design context-specific policy mixes to combat inequalities. In the next section, this toolkit uses this framework to explore the potential of four policy mixes, drawing on the individual policies reviewed in section 5.

5.1 Inequality

Not much literature can be found on how to develop effective policy mixes in relation to inequality – most papers and reports recognise the importance of focusing on a range of policy areas and develop recommendations across sectors (Oxfam, 2014; Kohler, 2015; OECD, 2012). Some papers develop frameworks of how different policy instruments

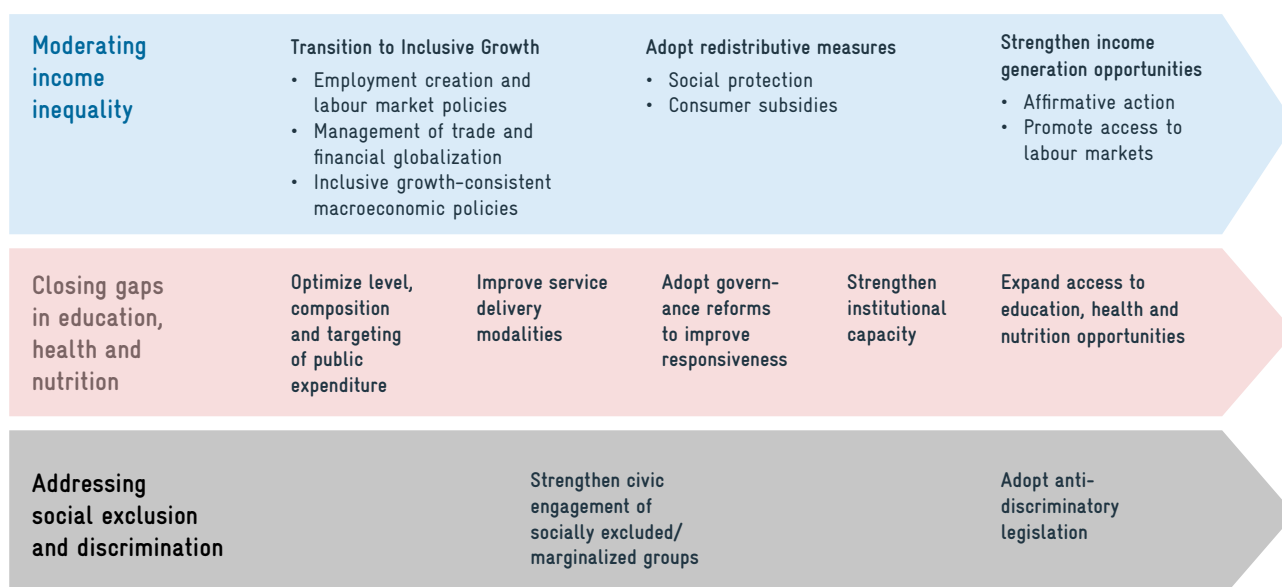
are connected (Kohler, 2015) and these can serve to inform our understanding of how different policies relate and can complement each other.

An example of this can be found in the policy framework for addressing inequality in developing countries adopted by the UNDP (2014). The approach is based on three related pillars:

- Moderating income inequality
- Closing gaps in health, nutrition and education
- Addressing social exclusion by promoting agency, combating discrimination and transforming inequality-reproducing cultural norms.

This shows an approach to inequality that addresses a range of disparities across different dimensions but does not focus on their interactions – the result is a parallel approach exemplified by the picture below.

Figure 0.1: Policy Framework to address inequality



Source: UNDP (2014).

Some examples are discussed in relation to their potential for achieving one or more policy objectives through specific policy instruments. For instance, social protection instruments such as cash transfers can help address inequality in the distribution of income, but they can also help close gaps in education, health and nutrition. However, this is the only sense in which the UNDP framework attempts to guide a combination of policies. “The mix of policies and how they are sequenced to address inequalities are context-dependent and specific to the needs and requirements of each country” (UNDP, 2014: 226).

5.2 Poverty

A greater focus on policy coordination can be found in the poverty literature. This is in large part due to the fact that a multidimensional understanding of poverty has led to focusing on the interaction of different deprivations and requires policy responses that are also multidimensional. From this perspective, policies cannot aim to reduce individual hardships without considering the strong interlinkages that exist between the different dimensions of poverty. The development and the adoption of a Multidimensional Poverty Indicator (MPI) and MPI indices (Alkire, 2018) has enabled policy-makers to use new instruments to identify different dimensions of deprivation, targeting specific groups, households and areas, but also contributed to inform decisions on budget allocation and, most relevantly, policy coordination (UNDP, 2019; Alkire, 2018). It is in order to adopt integrated and multi-sectoral policies to achieve the SDGs (Alkire and Jahan, 2018) that MPI is considered to play an important role to ‘support policy coordination which – in line with the SDG emphasis – facilitates integrated multi-sectoral policies that can be more cost-effective and high-impact methods for addressing interconnected deprivations and managing change’ (Alkire, 2018: 12).

In practice this has led to a country-specific approach – not just in identifying the most relevant policy options but also in the development of processes to support policy coordination. The national MPIs have been used in multiple ways to increase coordination within governments and with other non-government actors – for instance connecting the institutions that calculate the measure with those that design and implement social policies affecting each of the indicators included in the MPI. Overall this means that it is not possible to trace a specific guiding principle for the development of policy mixes, which vary depending on the MPI diagnostics in each context, but what has generally emerged is the importance of ‘coherence between the notion of poverty of a

multidimensional poverty index and its application’ (Angulo, 2016). The MPI is seen as stimulating coordinated action to reduce poverty, with emphasis not just on accurate design but also on the institutional architecture that supports the process from the design of the index to its application.

IMF and WORLD BANK approaches

A multidimensional understanding of poverty has also informed the ‘Comprehensive Development Framework’ (CDF), adopted by the World Bank and the IMF as an attempt to operationalise a holistic approach to development. By recognising the multidimensionality of poverty, the new approach promised to go beyond economics as economic policies alone would not lead to the ‘comprehensive set of well-coordinated measures’ that would provide solutions to poverty (Ames et al., 2001). The CDF coincides with a reorientation towards a focus on poverty and a ‘Post-Washington Consensus’ which sought to develop country-driven strategies and had Poverty Reduction Strategy Papers (PRSPs) as a key instrument for countries’ relations with the donor community. PRSPs outline a national programme for poverty reduction which would be the foundation for lending programmes and involve a) a broad-based participation by civil society and the private sector in all operational steps and b) a comprehensive long-term perspective on poverty reduction recognizing the multidimensional nature of poverty. Critics have challenged the scope for country ‘ownership’ in the CDF approach, analysed the transformed form of conditionality it entails, and pointed out the limitations of this new ‘holistic strategy’ (Pender, 2001; Ruckert, 2010). While the process component of PRSPs, focused on broadening civil society participation, was not clearly outlined; the policy component was stirred by the Sourcebook for Poverty Reduction Strategies. This identified “best practices” countries were expected to follow in the implementation of PRSPs, with classic Washington Consensus policies at the heart of the privileged macroeconomic approach.

Harris and Kende-Robb (2008) look at how to choose the right policy mix for poverty reduction integrating macroeconomic policies and social objectives. They look at the extent to which a country’s economic and social policy choices are constrained by the country’s macroeconomic context. Macroeconomic factors are considered a starting point that can influence resource availability, policy instruments and timing, with reforms depending on the country’s ability to absorb the adverse impact of the macroeconomic imbalances. They provide typology of countries to assess the scope for macroeconomic and social policy choices (Harris and

Kende-Robb, 2008: 101–102). While not strictly providing a guide to develop effective policy mixes in regard to poverty and inequality, these considerations are useful when we take into consideration the role of state capacity in conditioning policy choices.

5.3 Health

The literature on health inequalities is rich when it comes to thinking about multisectoral solutions and the interactions between health policies and policies across different sectors. This is because it recognises social, environmental and economic determinants of health and much of the debate revolves around developing joint action that requires multi-sectoral governance, policy and regulatory coherence and the development of partnerships between public, private and third sector actors (WHO, 2014; 2018). Multisectoral efforts are essential because, for instance, no country has reduced achieved SDG targets through healthcare alone, without transformations in social and economic development (Rasanathan et al., 2015). This means, for instance:

- a) Addressing structural forces and social and gender norms that affect all of society, including those that drive health disparities.
- b) Understanding how actions within single sectors other than health (such as ensuring children attend school and learn well for the education sector, access to safe water for the water and sanitation sector, or access to clean power for the energy sector) bear on health inequalities.
- c) Ensuring the health sector recognises its own role in generating health disparities (such as discrimination and abuse, provision of differential quality of care to different groups, and inadequate water and energy supplies to health facilities) and maximises its key role in primary prevention.
- d) Identifying, promoting, and co-financing actions that require collaboration between two or more sectors (intersectoral work) to produce joint or “co-benefits” and to maximise health benefits (such as the use of cleaner stoves to reduce indoor air pollution, or sexual education in schools).

Even when structural societal factors – such as poverty, economic inequality, gender inequality, and other forms of discrimination – are recognised as generating health inequities, and when interventions to mitigate these adverse factors (such as reducing poverty, ending child marriage, or tackling violence against women and children) are seen to improve the health of women, children and adolescents, there is a lack of comprehensive evidence of the effects of specific interventions on indicators such as mortality (Rasanathan et al., 2015). Multisectoral approaches may also be difficult to assess robustly in terms of effectiveness.

Evidence on which policies and interventions are necessary is accumulating – WHO (2014b) offers a useful guide for multisectoral policy implementation in ‘Reproductive,

Maternal, Newborn and Child Health’. The WHO has also developed a Health in All Policies (HiAP) approach (WHO, 2014a) – the Americas are the first WHO region that has adopted a plan of action on HiAP with targets set for 2019 (PAHO, 2017). The [UCL Institute of Health Equity](#) is a great source for further material on this.

5.4 General Criteria for Policy Mixes

The literature on policy design offers some insights on principles and criteria to construct policy mixes and the challenges this entails. This section discusses some of this literature as well as studies that attempted to explore the characteristics of effective policy mixes in other areas of policy (e.g. R&D).

Howlett (2018) offers a review of the policy design literature and identifies the following principles based on two broad concerns: the character of the tools deployed in a design and the matching of the design to the context of policymaking.

Aiming for coherence, consistency and congruence as measures of design quality and integrity

- The literature agrees on the need for the various parts of a mix to be *integrated* and co-ordinated for maximum effectiveness. ‘*Consistency*’ refers to the ability of different policies to reinforce rather than undermine each other; ‘*coherence*’ is the ability to coexist with each other and with the norms of instruments, and ‘*congruence*’ is the ability of goals and instruments to work together in a mutually supportive fashion.

Maximising complementarity effects and minimising counter-productive ones.

- A key challenge is achieving ‘complementarity’ and possibly useful ‘redundancy’ while avoiding excessive duplication and counter-productive elements. In fact, in some instance’s arrangements might be unnecessarily duplicative while in others some level of redundancy may be advantageous in ensuring that goals will be met. There are significant interactive effects among policy tools some of which may be very difficult to anticipate or quantify using standard analytical tools. The interaction can lead to potential negative conflicts (‘one plus one is less than two’) or promising synergies (‘one plus one is more than two’).

Understanding and incorporating the context of policy into policy designs.

- This means considering institutional/spatial dimension and a temporal dimension when understanding policy mixes. There are constraints imposed by the fact that mixes change overtime as new instruments appear and old ones evolve or are eliminated. It is important then to understand how and why mixes change over time and how the processes of policy formulation followed in

adopting such complex designs. Suboptimal situations are very common in many existing mixes which have developed haphazardly through processes of policy layering, creating a mixture that is quite possibly inconsistent. Questions about how best to sequence and phase in instruments over time affect the overall design.

Degrees of freedom in policy designs

- It is not the case that *any* combination of tools is possible in any circumstance. There are constraints on design imposed by existing trajectories of policy development. That is, it is seldom the case that decision-makers have unlimited *degrees of freedom* and this is likely only in specific circumstances – what Thelen (2004) terms ‘replacement’ or ‘exhaustion’. How much room to manoeuvre or degrees of freedom designers have to be creative is thus a key consideration for effective design of new policy mixes.

Goodness of fit

- This refers to need for designs to match governance mode and policy regime capacities. In order to be effectively adopted and implemented, policy mixes need to be congruent with the governance modes or styles practiced in particular jurisdictions and sectors, which in turn require different capabilities on the part of state and societal actors.

These criteria mirror those outlined by Rogge and Reichardt (2016) in relation to policy mixes supporting sustainability transitions and environmental technological change. Rogge and Reichardt also emphasise the importance of coherence and consistency and use the notion of credibility to define the role played by a range of factors – such as commitment from political leadership – which could be subsumed under the ‘contextual factors’ outlined by Howlett. The perception of credibility plays an important role in the achievement of policy objectives, affecting the effectiveness of the mix. This is the case also for the stability of the policy mix – which can be achieved through the adoption of a long-term perspective, with targets that go beyond electoral cycles, and through fostering relationships and communication across different levels of government and among key actors in the design and implementation.

Overall, this can lead us to identify some elements that are important to consider when making choices in regards to the policy mixes (e.g. coherence and complementarity), while others are important to highlight when outlining implementation barriers that can enable others to use the toolkit in the specific context. The literature emphasises trade-offs and bargaining between actors in choosing one set of tools, goals and policies over another – even more difficult to do when instruments belong to different territorial/administrative levels. This means that identifying key actors, types and levels of intervention is an essential step for a toolkit

that aims at been useful to implementing partners as this can facilitate identifying key relationships and potential sources of tensions.

Finally, for the European Commission, Nauwelaers et al. (2014) look at policy mixes for research and innovation strategies for smart specialisation, which is a condition for accessing European Structural and Investment Funds. Their approach is consistent with that outlined thus far in other fields. In particular, they stress the importance of understanding policy interactions – whether this is positive and complementary so that the combined use of these instruments is larger than the sum of the individual impacts, negative and interfering disruptively so that one policy instrument can attenuate or even cancel the impact of the other, or neutral – because instruments function independently and their impact is also independent.

Flanagan et al. (2011) provide a useful representation of how to understand policy mix interactions, which adds to the literature explored so far as it includes the dimensions across which interactions occur and the potential targets of interventions (Figure 0.2).

Figure 0.2

Dimensions in which interactions can occur Across: • policy space • governance space • geographical space • time	Possible types of interaction Between: • ‘different’ instruments targeting the same actor/group (within/across dimensions) • ‘different’ instruments targeting different actors/groups involved in the same process (within/across dimensions) • ‘different’ instruments targeting different processes in a broader system (within/across dimensions) Between: • ‘the same’ instruments (across different dimensions)
Possible sources of tension between instruments in the policy mix Conflicts between: • policy rationales • policy goals • implementation approaches	

Source: Flanagan et al. (2011).

Nauwelaers et al. (2014) also stress the importance of factors highlighted above, which affect the effective implementation of policy mixes: 1) levels of competence and capacity; 2) types of organisational structures and how responsibility is allocated at different levels of government; 3) political appetite and policy priorities; 4) lack of long-term approach; and 5) policy history, path dependency and problems of policy inertia.

They also offer some solutions. For instance, in relation to problems of governance across different levels (e.g. national, regional, local) and across policy domains, they stress the importance of overcoming issues of communication as well as tensions between different priorities existing at different levels. This requires:

Ensuring transparent governance structures for the implementation. This means both evaluating the effectiveness of existing mechanisms as well as creating effective horizontal and vertical coordination mechanisms (i.e. within the same level of government and across levels) if these mechanisms are insufficient.

Highlighting and aligning actors’ agendas is necessary in order to understand the (hidden) agendas of key actors.

The report suggests the need to identify a) gaps between policy objectives and existing policy instruments in order to assess how well the instruments correspond to the policy objectives and b) inconsistencies in content between policy documents; budgetary allocations; and existing programmes

dedicated to the priorities. Most importantly, it stresses the importance of selecting instruments that contribute to solving current shortcomings – something that individual policies in isolation would not be able to achieve. This is essential not just for the design of the policy mix, but also to achieve the buy-in of key stakeholders.

5.5 Additional Notes on SDGs

Recent research on SDGs is more promising in outlining some principles for developing policy mixes integrating SDGs. Integration of SDGs is supported not just by the efficiencies it would generate and recognition of the inter-dependent nature of the SDGs, but also because of the inescapability of trade-offs which need to be better understood. The literature stresses the need to understand the dependency between SDG goals, as the agenda is often presented as an ‘indivisible whole’ (Nilsson et al., 2016; Collste et al., 2017; Weitz et al., 2018). This approach risks obscuring more than it clarifies, as relationships remain unexplored and applications vague. Most governments are not effectively organized to deal with multi-sectoral, multi-scale, multi-actor issues and a deeper understanding of interactions can facilitate the identification of priorities and the strategies that can help or hinder progress towards the goals. This literature focuses on interactions between specific SDGs – e.g. health, education and energy in Collste et al. (2017) – and on the development of models and tools to support policy-making through their application in specific countries – e.g. in Tanzania (Collste et al., 2017) or Sweden (Weitz et al., 2018).

Nilsson et al. (2016) propose a simple framework for rating such relationships between SDG targets along a scale of interaction (Table 1), which can prove useful when understanding the interactions of different policies in relation to inequality outcomes.

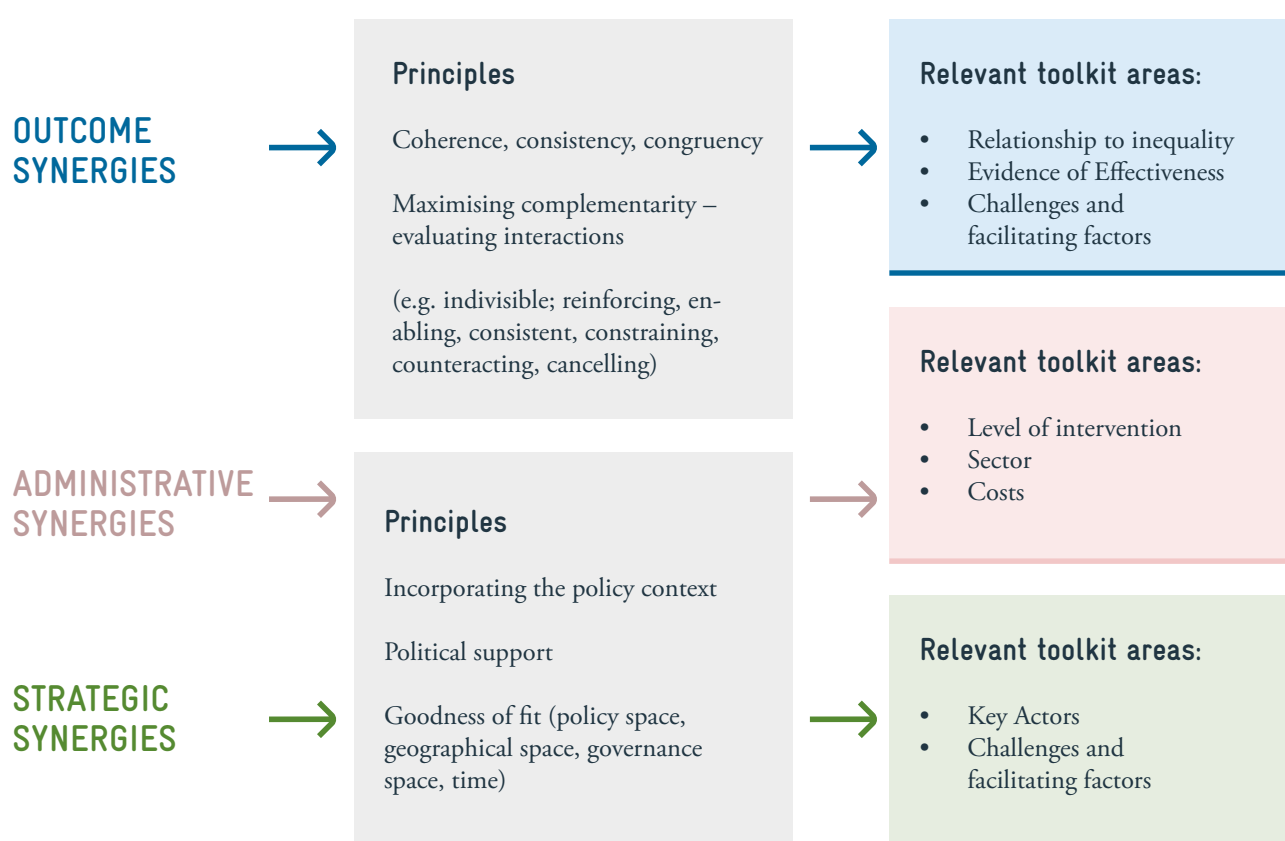
Figure 0.3: Framework to evaluate the scale of interaction (most negative = -3; most positive = +3)

Interaction rating	-3	-2	-1	0	+1	+2	+3
Interaction type	Cancelling	Counteracting	Constraining	Consistent	Enabling	Reinforcing	Indivisible
Explanation	Makes it impossible to reach another goal.	Clashes with another goal	Limits options on another goal.	No significant positive or negative interactions.	Creates conditions that further another goal.	Aids the achievement of another goal.	Inextricably linked to the achievement of another goal.

Source: Adapted from Nilsson et al. (2016).

This can complement our understanding of policy mixes and the principles that can be employed to develop them. Figure 0.3 below offers a way of framing this discussion in terms of different types of synergies that can be identified in the literature explored.

Figure 0.4: Tentative framework for the development of inequality-reducing policy mixes



Source: Prepared by the authors.

While *Outcome Synergies* identify relationships of complementarity and coherence in terms of how policies relate to inequality-reduction goals, *Administrative and Strategic Synergies* focus more on contextual elements that need to be identified to develop a promising policy mix strategy. The figure also captures how relevant policy toolkit areas can be used to inform our understanding of these synergies. Importantly, the toolkit does not apply to a specific context, so each of the areas covered is useful to identify potentially relevant aspects that then need to be evaluated in specific settings.

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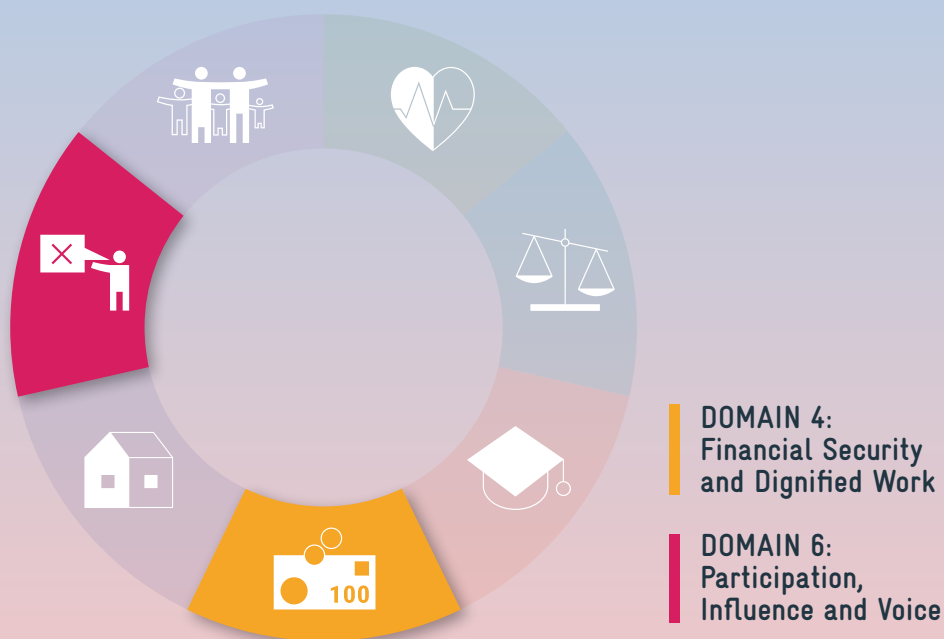
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POLICY MIX 1: REDISTRIBUTION POLICY MIX



Policies included:

POLICY 4.1:
Redistributive tax
policies –
specifically policies
related to
wealth and assets

POLICY 4.2:
Universalistic social
protection policies

POLICY 6.1:
Policies that cap
political donations,
disclose public
financing, lobbying
activities and act
against 'revolving
door' arrangements

POLICY 6.2:
Policies that enable
formal citizen
participation and
oversight

Relevant SDGs:



Target 10.4



Targets 16.5,
16.6 and 16.7

Additional policies which could potentially be considered

- Other redistributive tax policies including increasing marginal tax rates for high earners, effective personal income taxation (including of the self-employed), effective corporate income taxation (Domain 4)
- Redistribution of land ownership, including possible caps on land sizes and high land value taxation for large (and unused) landholdings (Domain 4)
- Policies that support the formation of stakeholder groups in society and their ability to participate in decision-making processes (Domain 6)

Find out more about these policies and connected drivers of inequalities [here](#).

Outcome synergies

From the standpoint of the policy mix approach (outlined in the introduction to the policy mixes), the first step in addressing the rationale of a specific policy mix is considering the scale of interaction of different elements. If **social protection** is financed through regressive forms of **taxation**, the benefits in relation to poverty and inequality may not materialise. On the other hand, an effective social protection system can ensure that revenue is spent progressively: tackling inequality and ameliorating disadvantage at the bottom end depends on how the money raised is spent. This means adopting an approach that moves away from evaluating anti-poverty strategies in isolation from the taxes used to pay for them. Revenue-raising instruments can include higher tax burdens on the poor (e.g. through no-exemption value added taxes), which are sometimes justified in virtue of their use to finance pro-poor expenditures with a net poverty-reducing effect (Ebrill et al., 2001). However, the problem with this approach is that it can produce a system that, while poverty-reducing for a range of poverty lines and poverty measures, still makes a substantial proportion of the poor worse off: i.e. it improves the condition of the poorest households, but negatively impacts those who are still poor but just above a lowest levels (Higgins and Lustig, 2016). Differences in the combination of policies characterising the tax and transfer system thus make a substantial difference to their net impact: for instance, Brazil and Ecuador are found to have overall similar levels of fiscal gains for the poor, but

fiscal impoverishment (the proportion of the poor who pay more in taxes than they receive in transfers) is much higher in Brazil than in Ecuador. This can be attributed to the multiple consumption taxes levied in Brazil, with almost no exemptions, compared to the Ecuadorian system that exempts food, basic necessities, and medicine (Llerena Pinto et al., 2015). In this example, no-exemption consumption taxes can be seen as having a counteracting effect that diminishes the coherence of the system in relation to outcomes – consumption taxes are shown to play a similar role in many other low- and middle-income countries (Lustig et al., 2020). Instead, **4.1 (Redistributive tax policies)** and **4.2 (Universalistic social protection)** should have congruent goals and a reinforcing type of interaction (Figure 1.1).

There is a growing literature evaluating the potential effects of different fiscal instruments to counter the fiscal impoverishment that characterises many systems (Lustig et al., 2020). These instruments – from increases to progressive direct taxes to proportional increases in indirect taxes – present different challenges in terms of economic and political feasibility. This toolkit focused on the potential of different forms of wealth taxation, including the reduction of exemptions and deductions (4.1). These taxes present an often-untapped potential that can raise additional revenue in a progressive manner to be used for social protection spending, while revenue lost due to base erosion and profit-shifting has also been shown to be significant. These resources might not suffice to ameliorate the incidence of fiscal impoverishment (Lustig et al., 2020) and the distortions of different elements of the tax and transfer system would need to be evaluated in specific contexts.

The **outcome synergies between asset-based taxation and universalistic social policies are promising** because, on the one hand, cash transfers are primarily granted to vulnerable or low-income households, and thus tackle poverty and bottom-end inequalities. They are shown to be effective in reducing poverty, despite varying degrees of exclusion, and inequality, albeit to a smaller extent, due to their small values. In this regard, non-contributory pensions have emerged as more effective in reducing inequalities, because of their larger values, and can thus complement other forms of cash transfers. On the other hand, wealth is much more unequally distributed than income – capital income plays a particularly key role at the very top of the distribution – and wealth taxes are particularly progressive (as those at the bottom and the middle of the wealth distribution tend to have negative

Figure 1.1: Scale of interaction



Source: Adapted from Nilsson et al. (2016).

or very low net assets). Moreover, both can have consistent and potentially complementary broader effects – wealth plays a key role in people’s life trajectories and in the transmission of advantage and disadvantage across generations, while cash transfers stimulate the achievement of capabilities in other domains, particularly health and education.

At the same time, the interaction with MIF Domain 6 policies is essential. **Economic and political inequality are mutually reinforcing.** Poverty, economic and social inequalities themselves undermine political mobilization and participation among poorer citizens, while high inequality can generate concentrations of political power among the well-off, constraining resource allocation and making progressive and pro-poor policies difficult. Indeed, political barriers emerge as a key challenge in relation to both 4.1 and 4.2. Policies explored under 6.1 would attempt to tackle these barriers, by reducing risks of government capture and reducing the influence of the affluent through the disclosure of lobbying activities and political funding, caps on donations, and policies against revolving door arrangements. Meanwhile, because of the vicious circle of the reciprocal relationship between economic and political inequality, tackling inequality and poverty is necessary to decrease political inequalities – making the outcome synergies between 4.1, 4.2 and 6.1 reinforcing (Figure 1.1). Policies covered under 6.2 would facilitate these goals by ensuring citizens’ and civil society participation. While 6.2 is unlikely on its own to produce radical changes, it is one of the proactive strategies that can support 6.1 goals and equalise political influence; moreover, while there is currently little experience in using 6.2 policies in relation to fiscal reform, there is evidence that they can shape 4.2. progressively. At the same time, worries about corruption and lack of transparency in how taxes are spent are barriers to tax compliance – 6.1 and 6.2 would complement each other and attempt to ameliorate these challenges and there is some evidence that 6.2 has indeed achieved positive results in this sense.

Strategic and administrative synergies

Administrative and strategic synergies are contextual so the policy mix overview only aspires to highlight key issues, which must then be evaluated at the implementation stage in specific contexts. Table 1.1 summarises different elements that contribute to this analysis in relation to the four policies comprising the policy mix: first, the identification of key actors, as well as common barriers and facilitating factors, can support the development of effective strategies; second, overlaps in areas of intervention and costs suggest administrative synergies and increase the feasibility of adopting some of these policies together.

Table 1.1: Aspects relevant to strategic and administrative synergies

	4.1	4.2	6.1	6.2
Key actors	Governments (national or sub-national), taxpayers, tax intermediaries	Government (national or sub-national), NGOs, donors	Government (national or sub-national), civil society, international and regional organisations	Local Governments, civil society, donors, Citizens
Level of intervention	Global/National/Local (especially for property taxes)	National and sub-national	National, Sub-national, local	Local
Challenges and facilitating factors	Administrative: Lack of technical and administrative capacity hinders implementation Institutional: Fragmentation across levels of government Institutional: Complementarities between fiscal and legal capacity building Political: Lack of trust in government and lack of perceived legitimacy of taxation affect support and compliance Political: Need for international cooperation, regional cooperation and information-sharing Political: Pressure from elites and corruption create barriers to reform, affect design and implementation	Administrative: Lack of technical and administrative capacity hinders implementation Institutional: Contribution to state capacity building and the creation of wider social policy planning capacity Fiscal: The more effective schemes in combating inequality are expensive Political: Management of conditionalities and targeting can lead to corrupt and patrimonialistic practices Political: International consensus pushing for some forms of social protection Political: Cash transfers can be politically polarising issues	Administrative: Need to develop monitoring and assessment system supported by improved data collection and wider integrity frameworks Institutional: Coordination dilemmas across levels of government Institutional: Limited state capacity restricting the range of instruments available, and increasing the vulnerability to external pressures Political: Need to develop proactive measures fostering more inclusive participation Political: International consensus increasing the saliency and urgency of reform Political: Increased political competition and engagement of social movements Economic and social: Reforms facilitated by low and decreasing levels of inequality and poverty	Implementation: Weak commitment and technical capacity at the local level of government. Institutional: Institutionalised legal frameworks and functional and strong institutions at the centre enable civic engagement Political/Institutional: Lack of central state support hinders the capacity to sustain and scale-up programmes and achieve lasting change. Implementation: Weak capacity for participation because of individual and collective expertise and resources Political: International consensus and donor support Political: Elite capture can perpetuate status quo. Economic and Social: Social and economic inequalities hamper the actual ability of individuals to participate.
Costs	Revenue-raising but with medium-high administrative costs	Low conditional cash transfers, high for universal schemes	Low but requiring investment in building administrative capacity	Low

■ Challenging factor ■ Facilitating factor ■ Can be both

Source: Prepared by the authors.

In relation to strategic synergies we can see how these policies face common or related challenges.

All policy reviews highlight the challenge posed by **lack of technical or administrative capacities** and the need to develop these in the respective policy areas in order to successfully bring about effective reforms. There are important complementarities to consider here.

- The **development of administrative capacities does not proceed in isolation in different policy areas**. While specialized skills, knowledge and structures are needed for some functions, administration requirements also involve some general skills and techniques that are not unique to the specific areas – e.g. in terms of human resource practices or resource development (particularly information technology). Monitoring and evaluation are not, for instance, unique to a specific area of administration, although suitable performance indicators for different functions must be developed (Calder, 2014).
- **This challenge is compounded by institutional fragmentation across levels of government, posing coordination dilemmas and hindering implementation** (e.g. in relation to 4.1 and 6.1, but also because of potential disconnect between national and local levels in 6.2). Technical constraints are often greater at sub-national levels of government and effective strategies need to align with the reality of these limited capacities, reforming or avoiding excessively complex administrative practices. Fragmented administration also hampers capacity-building through the inefficient use of human resources and the duplication of functions. These technical difficulties intersect with political challenges experienced at different levels which remain often overlooked.

Administrative capacity intertwines and interplays with state capacity and addressing this interdependence is key to designing reform strategies in which enhancement of capacity elements is complementary (El-Taliawi and Van Der Wal, 2019).

- For instance, as noted in relation to transfer programmes, while programme evaluation is a key challenge, meeting it has led many countries to develop valuable state capacities that might be employed in other areas (Fiszbein and Schady 2009). The development of these programmes can contribute to wider social-policy planning capacities, such as through the creation of national eligibility registries.
- Fiscal reforms can be supported by structures that contribute to building state capacity, for instance by developing clear laws and regulations that embody strong taxpayer-protection, whilst the creation of credit and land registries can improve property-rights, shifting away from more damaging forms of extraction.

- Administrative capacity depends on overarching system-wide institutions: for instance, on regulatory and oversight systems that function with autonomy and impartiality. In this sense, the development of transparency and accountability mechanisms under 6.1 can be considered as part of a strategy supporting a stronger system of checks and balances, and this has been shown to have a positive effect on the ability of states to design, implement and monitor the budget (Ricciuti et al., 2019). The importance of well-functioning, higher-level institutions of accountability is also essential for mechanisms under 6.2 to operate at the local level.

International actors play an important role in relation to all these policies. On the one hand, rising international consensus can be seen as one of the key supporting factors underpinning the development of strategies around 6.1, 6.2, and 4.2, while there is a growing acknowledgement within the international community of the need for international and regional collaboration essential for 4.1.

All these policies face **related political challenges**. Some of these are directly connected: fiscal reform is affected by political pressures from elites and, as already noted, 6.1 contributes to tackle some aspects of these. 4.1 and 4.2 also face issues concerning the lack of trust in governments and corruption which are also related to transparency and regulatory measures addressed in 6.1, while 6.2 can also contribute to ameliorate these by creating more inclusive and transparent budgeting practices. At the same time, challenges such as the politically polarising potential of cash transfers refers to how targeted programmes benefit those who do not have to pay for them at the expense of those who do and can thus alienate middle classes. On the one hand, this challenge must be understood within the broader discussion of universalism and targeting; on the other hand, adopting a policy-mix perspective connects the issue to the revenue raising instruments that can be adopted to finance these programmes: in this sense progressive financing approaches (as 4.1) need to focus on tackling poor targeting of exemptions and preferential fiscal treatments that often benefit the most advantaged in society. The political challenges, however, can potentially be turned on their head and unfold into a virtuous cycle of reduced income inequalities and greater political participation. Reduced income inequalities, delivered through progressive taxation and expenditures, might leverage existing government capacities and open space for political reform, in turn increasing popular participation, accountability and engagement, hence leading to further policies reducing income inequalities.

In terms of administrative synergies, 4.1, 4.2, 6.1 and 6.2 all require a focus on the relationships between different levels of government – as they all envisage interventions not just at national level, but at sub-national and sometimes local level. As noted above, this requires assessing current communication and coordination challenges. At the same time, the policy mix envisages costs with a good degree of

complementarity: not just because it includes revenue raising instruments necessary to fund spending in social protection, but also because of the potential for coordination and inter-dependency of administrative capacities highlighted above.

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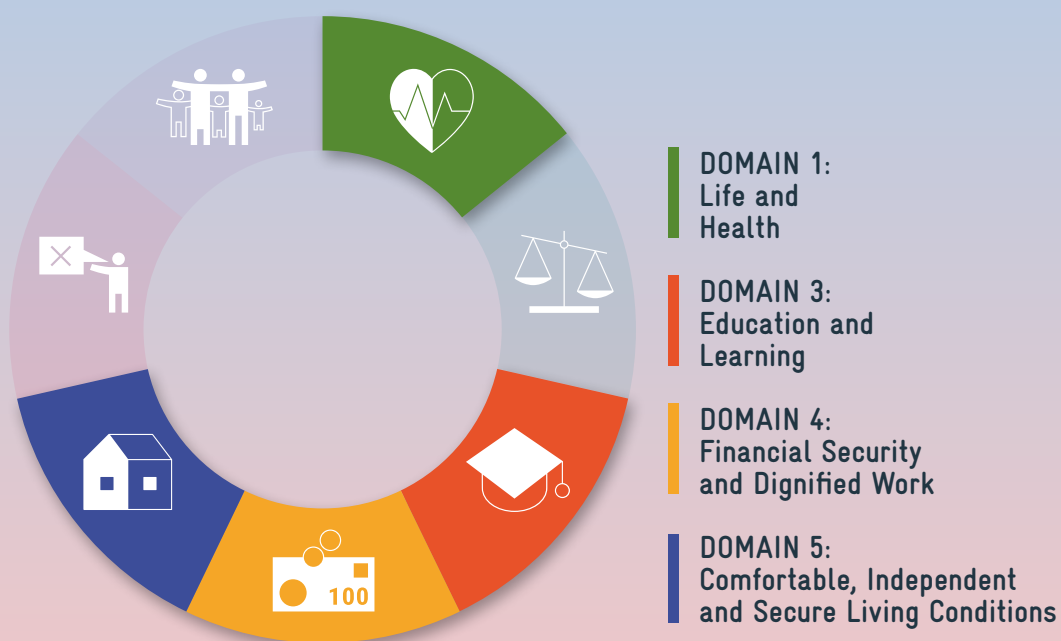
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POLICY MIX 2: TARGETING CHILDHOOD INEQUALITIES POLICY MIX



Policies included:

POLICY 1.1:
Free, high-quality,
universal healthcare

POLICY 1.2:
Policies improving
water, sanitation and
hygiene (WASH) con-
ditions and guaran-
teeing affordability

POLICY 3.1:
Free, high-quality,
universal primary
and secondary
education

POLICY 3.2:
Provisions of early
years education and
care

POLICY 4.2:
Universalistic social
protection policies

POLICY 5.1:
Policies to combat
malnutrition

Relevant SDGs:



Target 2.2



Target 3.8



Targets 4.1
and 4.2



Targets 6.1
and 6.2



Target 10.4

Additional policies which could potentially be considered

- Other redistributive tax policies including increasing marginal tax rates for high earners, effective personal income taxation (including of the self-employed), effective corporate income taxation (Domain 4)
- Redistribution of land ownership, including possible caps on land sizes and high land value taxation for large (and unused) landholdings (Domain 4)
- Policies that support the formation of stakeholder groups in society and their ability to participate in decision-making processes (Domain 6)

Find out more about these policies and connected drivers of inequalities [here](#).

Childhood inequalities can shape opportunities and differences in adult lives. Children largely lack autonomy and are dependent on parents and state interventions. Early interventions that reduce inequalities have long term benefits. This mix considers how a number of distinct policies can be effectively combined to reduce childhood inequalities.

Outcome synergies

Physical, cognitive, psychosocial developmental trajectories interact and shape children's social, economic, educational and health outcomes. Interactions across different development systems have cumulative consequences for development –sometimes referred to as ‘developmental cascades’ (Masten and Cicchetti, 2010). **Because of the striking similarities and connections between the factors shaping children's lives, an integrated perspective, rather than one approaching policy sectors (e.g. education, health, social protection) in isolation, allows to understand how positive developments in one area can translate to improvements in another.** Moreover, while early circumstances matter considerably, they are not all that is important for children's subsequent development. There are other ‘windows of opportunity’ and ‘critical junctures’, and remedial strategies at different stages of children's lives should not be overlooked. This means that even within one distinct policy domains we need to focus on the interaction between policies relevant to different stages of children's lives as well as on their families and preventive factors.

Differences in children's well-being have common roots and the same children often experience multiple disadvantages or advantages. Nutrition affects physical growth, other domains of development and has long-term health effects – malnutrition is a key driver of inequalities in health (Akombi et al., 2017). Nutrition also strongly impacts on cognition, and nutritional status is predictive of both later learning and psychosocial well-being (Dornan and Woodhead, 2015). At the same time, household resources greatly impact children's opportunities. **Economic disadvantage** is strongly associated with undernutrition (Dornan and Woodhead, 2015), and plays a key role in relation to both health and educational inequalities, acting as an important barrier to reducing inequalities in these domains. Lack of resources exposes households to more risks (food security, drought, economic pressures etc.) and makes them more vulnerable to external shocks, narrowing the range of possible coping strategies open to them, with the result that shocks have persistent consequences and their impacts are magnified. Social protection measures can buffer these shocks and enable more effective coping strategies, making them an important foundation for supporting holistic development (Woodhead, 2014). Cash transfers in particular are an integral element of approaches aiming to increase food consumption and security and improve the social determinants of health for the poorest. Income has been shown to have a causal impact on a wide range of children's outcomes, from health to cognitive development and educational attainment (Cooper and Stewart, 2017). **In a policy mix aimed at reducing childhood inequalities, policies covered under 5.1 (nutrition-specific interventions) and 4.2 (universalistic social protection) are essentially indivisible from those pursued in the areas of education and health** (Figure 2.1).

Figure 2.1: Scale of interaction



Note: *refers to families and mothers in particular

Source: Adapted from Nilsson et al. (2016).

Moreover, understanding policies 3.1. (free, high-quality, universal primary and secondary education), **3.2.** (early years education and care), **1.1.** (free, high quality, universal health care) **and 1.2** (WASH policies) **in isolation would overlook the reinforcing relationships that underpin their interactions** (Figure 2.1). On the one hand, recent years have stressed the importance of early interventions, because of the dynamic relationship between early accumulation of experiences and later outcomes. Much attention, therefore, has been placed on how 5.1., 1.2. and 3.2. impact children's life at an early age. Early childhood education and care (3.2.) helps level the playing field for all children by compensating for disadvantages at home and mediating their transmission. 3.2 policies improve cognitive and socio-emotional development, create a foundation for lifelong learning and increase intergenerational social mobility. They can support participation in later schooling (3.1.), because they have been shown to produce changes in children's and parents' attitudes and motivation, making children more ready to go to school and making parents perceive and support them as learners. However, the substantial cognitive, behavioural, health and schooling benefits from early childhood interventions emerge particularly when these encompass different components (e.g. education and stimulation with nutrition interventions and cash transfers – rather than nutrition-only or income support-only interventions). Meanwhile, WASH interventions (1.2), particularly if implemented alongside other policies, can reduce childhood stunting and undernutrition, improve overall health capabilities and educational outcomes – especially for girls – and reduce the financial burden of households by freeing up time for mothers and for other members of the household who can then engage in productive activities. Without these interventions, the impact of 3.1 and 3.2 are severely curtailed, as children will enter (and exit) school with substantial cognitive disadvantages driven by health and other conditions during the first years of life. Universal health care (1.1.) mitigates socioeconomic gradients of access to healthcare and health outcomes. It disproportionately benefits the poor and is effective to improve child and neonatal health and life expectancy. Childhood health inequalities bear on educational inequalities and economic inequalities in the longer run – as better health supports educational attendance, learning and achievement. At the same time, the education inequalities that can be ameliorated by free, universal, high-quality primary and secondary education (3.1.) relate to a range of other social and economic outcomes – income and standard of living, unemployment risks, health and mortality risks.

It is important to understand how childhood inequalities emerge from intergenerational cycles of advantage and disadvantage. In this sense, **synergies between policies in these different domains for families and mothers – 1.1., 3.1., 5.1. – function as enabling factors for approaches targeting children** (Figure 2.1). This is the case, for instance, because maternal malnutrition before and during pregnancy contributes to child stunting and wasting and is a key driver of long-term inequalities, which are likely to be

passed on to their own children. Moreover, there is a synergy between health, hygiene and maternal education, which can be seen, for instance, in how intersectoral and multi-scalar cooperation increases the effectiveness of WASH interventions. 3.1 and 1.1. can play an important enabling role here. Extended and frequent contact with healthcare professionals, with adequate participation of the community, is key to raise awareness, promote necessary skills and sustain habit-changes. Relatedly, women's education in particular has been shown to influence domestic hygiene practices and use of health care services (Barrett and Browne, 1996). Parental, and particularly maternal, education is also an important determinant of a variety of child health outcomes (Breierova and Duflo, 2004; Andriano and Monden, 2019; Mensch et al., 2019; Dornan and Woodhead, 2015). Meanwhile, as 1.1. has been shown to mitigate socioeconomic gradients in health outcomes, it also affects household risks and shocks that affect both child poverty and participation in education. The advantaged, conversely, can use their wealth, knowledge and influence to secure the best opportunities that are available for their children (e.g., in the education system, and later in the labour market). This 'opportunity hoarding' can limit the progress of children from less advantaged backgrounds (where, e.g., places are limited in good schools, for health treatments or securing the best jobs) and lead to inefficient and inequitable outcomes.

Strategic and administrative synergies

Recent years have seen a growing literature addressing the challenges of developing a multi-dimensional and multi-sectoral approach to early childhood development interventions (ECD). This literature (Britto et al., 2014; Woodhead, 2014; WB, 2017; Sayre et al., 2015) offers useful background framework to explore the administrative and strategic synergies that characterise a policy mix targeting childhood inequalities. Table 2.1 offers an overview of the different elements employed for this analysis.

All of the policies considered face challenges in relation to financing. Some of the most effective social protection schemes (4.2.) and high-quality services in health, education or WASH (1.1., 3.1., 1.2) are expensive, while the scaling up of programmes in nutrition and early childhood education and care (3.2, 5.1) also requires substantial investment.

At the same time, **all these policies also promise to be cost-efficient** in light of the substantial gains resulting from a healthier, more productive population. The case for the cost-effectiveness of these strategies is stronger when considering their integration (Sayre et al., 2015). For instance, alongside 1.1. the policies proposed promise to address other determinants of health statuses, maximising the effects of each intervention. These policies also have in common the fact that **they involve a variety of local/national/international actors** and, especially in low-capacity contexts and at initial intervention stages, they often rely greatly on support by external financing. This leads to a **common issue in establishing governance mechanisms that prevent a**

trade-off arising between foreign resources and government spending. Moreover, innovative forms of finance (e.g. new taxes with earmarked proceeds; consumer donations, and impact bonds) are unlikely to solve under-investment problems and risk instead relegating funding for these services to a ‘special category’. Instead, these forms of financing can function as a springboard to jumpstart investment and support. This, in practice, requires a) evaluating existing structures in order to take pragmatic steps towards ‘joined up’ services and b) understanding the potential of integrating financing of underfunded services (e.g. 3.2) into existing mainstreamed financing of core education, health or social protection services (Putcha et al., 2016). Finally, focusing on childhood inequalities and the deprivations experienced by the most disadvantaged can structure financing strategies supporting the development of a holistic and sustainable approach – from the gradual expansion of social protection to understanding how to adequately sequence (e.g. in relation to 3.1.) and target service investment towards priority areas, regions and groups.

Table 2.1: Aspects relevant to strategic and administrative synergies

	1.1	1.2	3.1
Key actors	Government (national and sub-national); potentially, donors	Government (national and sub-national); donors	Governments, international agencies, service providers
Challenges and facilitating factors: administrative and capacity-building	Fiscal: high-quality health services are some of the most expensive policies Administrative: high-quality health services require extensive training and coordination with different government spheres, health professionals, users and potential donors Implementation: supply-side constraints, such as lack of skilled health professionals compounded by absenteeism	Fiscal: the most effective forms of WASH interventions are costly Administrative: effective coordination of different sectors and scales of intervention is challenging Implementation: extended and frequent contact with healthcare professionals improves hygiene interventions	Fiscal: budgetary constraints and limited resources Institutional: growth of private sector can create new barriers in achieving equitable system Implementation: supply-side constraints in terms of physical and human resources, compounded by widespread absenteeism hinder effective delivery and quality
Challenges and facilitating factors: political	Political: there is the risk that richer groups will capture public health services, creating top-end inequalities Political: broad political movements focusing on guaranteeing social rights can foreground demands for universal health coverage Social: transparency, accountability and democracy can improve the governance of health systems and their responsiveness to the population.	Political: widespread political consensus and support	Political: Political agendas and priorities conflict with equity goals. Regulatory: Development of robust accountability mechanisms, including bottom-up solutions and greater role to be played by civil society organisations
Challenges and facilitating factors: social, economic and cultural	Social: effective and efficient decrease of health inequalities requires addressing the social determinants of health	Economic: changes in hygiene practices can be individually costly in low-income spaces with deficient infrastructure Social/Cultural: hygiene habits are hard to change and require repeated, sustained interventions and WASH conditions need to be culturally adequate (e.g. deliver water palatable by consumers) Administrative: community participation, especially of women, can raise effectiveness and develop solutions that are culturally more appropriate	Economic/Social: demand-side barriers such as hidden costs, norms and attitudes can limit access for poor families Economic: cash transfers reduce direct and indirect costs and affect enrolment and drop-out rates Social: parental attitudes towards schooling can change through sensitisation activities and pre-school attendance
Costs	Very high (at the very least, 5% of GDP)	From low to high, depending on the implementation of 'basic' or 'transformational' WASH	High

	3.2	4.2	5.1
Key actors	Governments, international agencies, service providers	Government (national or sub-national); NGOs; donors	Government (national and sub-national), communities; donors
Challenges and facilitating factors: administrative and capacity-building	Fiscal: investment in ECEC remains very low; while scaling-up successful programmes comes at a high cost Administrative: there are significant planning and governance challenges both in terms of horizontal coordination (across policy sectors) and vertical coordination (across levels of government) Regulatory: clear allocation of responsibilities and careful monitoring are needed to promote quality and equity, especially in light of the role of private providers in many contexts Implementation: supply-side constraints in terms of physical and human resources Implementation: improved career pathways that are linked to both financial and non-financial recognition can support human resource development	Fiscal: the most effective schemes in combatting inequality are expensive Administrative: lack of technical and administrative capacity hinders implementation Institutional: contribution to state capacity building and the creation of wider social policy planning capacity	Financial/administrative: scaling-up interventions requires building up financial and government capacities, but investments are favourable from a cost-benefit analysis standpoint Administrative: vertical coordination (across levels of government) and horizontal coordination (between nutrition-specific and nutrition-sensitive interventions) is challenging Administrative: scaling-up interventions requires building government capacities
Challenges and facilitating factors: political	Political: Lack of policy attention by national governments Political: political influence shapes priorities and ECEC delivery with potential adverse consequences for equity	Political: management of conditionalities and targeting can lead to corrupt and patrimonialistic practices Political: cash transfers can be a politically polarising issue Political: international consensus pushing for some forms of social protection Political: successful implementation of social protection policies can build development coalitions	Political: strong leadership that frames reducing nutritional inequalities as a central political goal is a key success factor
Challenges and fac. factors: social, economic and cultural	Economic: poverty and inequality constrain access Social: public and parental attitude towards ECEC Administrative/social: participatory engagement, broad stakeholder involvement and development of context-relevant help promoting public support for ECEC	Social: receiving targeted benefits can lead to stigmatisation	Social: community-based interventions increase uptake, adapt programmes to local needs and preferences, and are better able to reach those most in need
Costs	High – while the cost of some interventions are low, efforts of scaling up successful programmes and increase public investment would envisage high costs	Highly variable – low for targeted conditional cash transfers, high for universal scheme	Scaling up ten nutrition interventions would cost \$10 billion globally, or \$370 per life-year saved; cost-benefit analyses are highly positive

Source: Prepared by the authors.

All these policies face administrative capacity challenges and, in particular, vertical coordination (across levels of governments) and horizontal coordination (within sectors and across sectors). These coordination challenges are compounded by reliance on a variety of actors, from NGOs to the private sector (e.g. 1.1., 3.1., 3.2), which introduces **ambiguities in the allocation of responsibility but also has the potential to undermine equity goals.** In each sector typically there are complex and multi-layered systems of governance and financing, that often also involve programme delivery via non-state actors or community-based services.

It is important to understand that there is a spectrum of possible levels of integration (see Table 2.2) and operationalizing an integrated system requires assessing current structures – as integrated systems are unlikely to start from a blank canvas. It is also unlikely that there will be a ‘one size fits all’ solution and full integration might be both unrealistic and undesirable depending on the particular circumstance. This entails evaluating current needs and cost-effective strategies.

Table 2.2: Integration ladder

5	Full integration of governance, finance, service delivery, training etc.; at all levels through to service users, led by national policy and/or lead ministry
4	Partial integration, joint policies and/or combined services, including national, municipal or community-based initiatives
3	Active inter-sectoral collaboration e.g. via joint planning office, shared training, quality standards, inspections, etc.
2	Basic coordination of roles, goals and delivery, with effective inter-sectoral communication at ministry and municipal levels
1	Sector based services with minimal connection between policies, services, professionals, etc.
0	Fragmentation amongst sectors and providers at all levels

Source: Adapted from Woodhead (2014).

At the same time, a few general lessons can be drawn from the commonalities these different policies present.

Most contexts, especially in low-income countries, are characterized by weak monitoring and evaluation mechanisms. As noted in policy mix 1, the development of these capacities presents substantial overlaps. **Training and monitoring** have proven to be crucial for the success of many early childhood development programmes in different contexts (WB,

2017). The development of instruments such as standardized costing tools (Gustafsson-Wright et al., 2017) can ensure methodological consistency and be used across a range of interventions, contributing to capacity building. **Regulatory and accountability mechanisms** for equity are particularly important where service provision has seen an expanding role of private providers.

A key to integration is often the identification of an institutional anchor – often the Ministry of Finance, Education or Health (Britto et al., 2014; Sayre et al., 2015). This is also particularly central to scaling-up, budgeting and more generally ensuring national commitment to the multi-faceted approach. At the same time, intermediate levels of government (namely, provincial/regional and district) are often found to be the bottleneck presenting the weakest horizontal coordination (Britto et al., 2014). At this level within-sector vertical compliance is often a major preoccupation.

Finally, as stressed also in relation to Policy Mix 1, the **development of administrative capacities does not proceed in isolation in different policy areas.** For instance, the gradual expansion of social protection in many countries provides one important foundation for supporting holistic development and administrative capacity, while development coordinated models at the level of service delivery provides another.

1.1., 1.2., 3.1. and 3.2. **face supply-side constraints, particularly in relation to human resources,** which are often compounded by high rates of absenteeism in many contexts. This often hinders the effective implementation of these policies, particularly in relation to quality of service delivery – which in turn has demand-side consequences as it contributes to undermine public trust, engagement and access. While service professionals in these different fields require specialized skillsets, training and support, these challenges raise broader questions around background structures (e.g. human, legal and regulatory). Human resource development can thus entail boosting monitoring mechanisms, assessing possible incentives (monetary or non-monetary and delivered on an individual or a group basis), improving work environments or promoting professional development (e.g. through career pathways that are linked to both financial and non-financial recognition). Different sectors can learn from one another and contextual analysis can help identifying further commonalities: for instance, in contexts where absenteeism challenges are tied to political relationships, the development of monitoring, including bottom-up accountability, can be especially important.

While **all these policies enjoy strong international political support,** national governments have tended to prioritise some (e.g. 3.1, 1.1.) and show little commitment towards others (e.g. 3.2.), often leading to the adoption of approaches that fail to be bold and transformative (e.g. in 1.2.). Successes in some of these areas have shown that **strong leadership that frames reducing inequalities as a central**

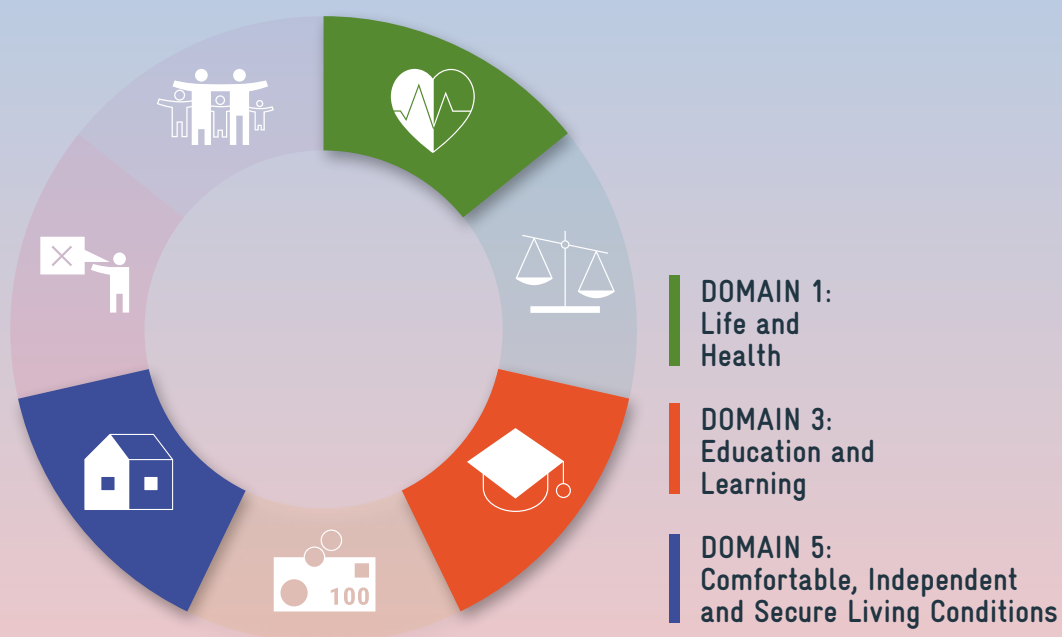
political goal is a key success factor (e.g. 5.1). Central to a multi-dimensional and intersectoral approach is the idea that the framing of these political priorities in terms of trade-offs fails to account for the fact that children live multi-dimensional lives, and experience multi-dimensional advantages and disadvantage that hinders development and entrenches inequalities in later life. Many of these policies (1.1; 3.1; 3.2; 4.2) face the **risk of capture** by wealthier groups (opportunity hoarding), and the extent to which equity is a key concern in the design of these policies influences budgeting decision and choices in delivery. Elite capture can lead to exacerbating, instead of ameliorating, inequalities. Successful experiences, such as the expansion of healthcare systems in Latin American countries, show how reforms can be bolstered by large political movements focusing on securing social rights and creating the political conditions for extended coverage. Transparency, accountability and democracy can improve governance and **civil society organizations play an important role in relation to accountability**, through legal mechanisms but also through research, coalition building, collective action and media campaign.

Demand-side barriers, both economic (e.g. hidden direct costs, indirect opportunity costs) **and social** (e.g. concerning parental attitudes, cultural norms and practices), affect several of the policies considered here (1.1., 1.2., 3.1, 3.2, 5.1). On the one hand, this emphasizes the importance of including social protection measures (4.2) that are essential to ameliorate these barriers to access and engagement – which often also present stark gender differences. On the other hand, **community participation and broad stakeholder engagement** is also a common facilitating factor that sustains habit and preference change, allowing for greater local ownership, cultural sensitivity, alignment with local needs and improved reach of those most in need. In approaching childhood inequalities from a multi-dimensional standpoint this is essential as care-giving traditions within local cultures mediate the engagement with all these policies.

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POLICY MIX 3: SPATIAL INEQUALITIES POLICY MIX



Policies included:

POLICY 1.1:
Free, high-quality,
universal healthcare

POLICY 3.1:
Free, high-quality,
universal primary
and secondary
education

POLICY 5.2:
Policies to upgrade
slums

Relevant SDGs:



Target 3.8



Targets 4.1



Target 11.1

Additional policies which could potentially be considered

- Job-creation policies, which can benefit disadvantaged areas of a country, and policies that limit top-earnings, which are usually concentrated in richer regions (Domain 4)
- Income-supporting and productive policies for rural households (Domain 5)
- Policies to combat malnutrition (Domain 5)
- Policies to ensure freedom of speech, assembly and protest, particularly in deprived areas (Domain 6)

Find out more about these policies and connected drivers of inequalities [here](#).

Outcome synergies

If inequalities are ultimately about how people are positioned in the distribution of the diverse capabilities, they are nevertheless structured across – and reinforced or even caused by – spatial dimensions. This policy mix thus addresses multidimensional spatial inequalities, combining three sets of policies. It comprises: in the domain of Life and Health, policies that deliver **universal, free at the point of use high-quality healthcare, removing all user fees and funded through general public expenditure**; in the domain of Education and Learning, policies to deliver **free, universal, high-quality primary and secondary education, that seek to improve and equalise school quality**; and, in the domain of Comfortable, Independent and Secure Living Conditions, policies designed to **upgrade slums in terms of quality of housing, water, sewerage, drainage, street lighting, paving, recreation areas, access to social services, land titling and property regularisation**.

Only one of the policies included in this mix is inherently spatial (slum upgrading), the two others being universal in nature (healthcare and education), but **their interaction has the effect of reducing spatial inequalities**. In the case of healthcare, providing a high-quality, free service throughout the whole territory assures a base level of healthcare which everyone can access, reducing disparities in access and health outcomes (Andrade et al., 2015; Cotlear et al., 2015, Frenk 2015).²⁹ In the case of education, both the presence and the quality of primary and secondary schools tend to vary greatly between localities, whether between rural and urban

spaces or between different neighbourhoods of the same city. Equalising access and quality, therefore, is a crucial element in the overall plan to reduce educational inequalities across different vectors (Goldthorpe, 2013; McKnight, 2017), but with a clear spatial element.³⁰ Finally, slum upgrading initiatives focus on pockets of multi-dimensional deprivation in urban centres, which include but are not restricted to precarious access to healthcare and education, and thus directly address some of the most spatially concentrated inequalities.

Individually, these policies are already expected to have inequality-reducing effects in dimensions other than their primary domain of intervention (see the individual reviews for details). For example, improved access to free healthcare will reduce inequalities not only in health outcomes themselves, but also in their economic gradient (i.e. the association between income or wealth and health outcomes) and in economic inequalities, as it reduces the risk of impoverishing out-of-pocket health expenditures (Bloom et al., 2018; Somkotra and Lagrada, 2008; Wagstaff et al., 2018). These policies thus stimulate what is known in the literature as ‘**fertile capabilities**’ (see Nussbaum, 2011), i.e. those that are expected to drive multi-dimensional gains (and, conversely, the deprivation of which increases the chances of individuals being caught in multidimensional poverty traps).

This policy mix, combining the inequality-reducing impact of the three individual policies and their spillover effects, **creates further synergies capable of addressing inequalities across several domains**. At its most essential, this mix guarantees the basic aspects of the rights to health, education and housing, thus reducing spatialised bottom-end inequalities in some of the most important life domains. And, as each of these rights are secured, capabilities in the other two flourish as well.

Three key outcome synergies are, first, that **maternal education increases health outcomes for children**, such as through higher usage of prenatal care and children vaccination rates (UNICEF, 2012). This requires, in turn, the supply-side element of there being available, accessible and acceptable healthcare provided. For the spatial element of the mix, this requires that both healthcare and education be provided in slums.

Second, extensive **slum upgrading projects** often involve the upgrading of water, sanitation and hygiene (WASH) conditions, which **improve the health and the education of residents, particularly women and girls** (Corburn, 2017; Corburn and Sverdlik, 2017; Gulyani and Bassett, 2007). Adequate WASH conditions in slums increase the efficacy and efficiency of healthcare, as they prevent the spread of

²⁹ This does not imply that the same level and complexity of services will be available in all localities, as more specialised treatments and facilities tend to be used less often and as such as available in fewer, more central spaces. What this implies is that there is an integrated, free service that can tend to all individuals in all spaces, either through direct, in-place treatment, or through referrals and similar procedures.

³⁰ Similar to the note above, higher education, as a more specialised service that fewer people access, need not be as spatially ubiquitous as primary and secondary education.

Figure 3.1: Scale of interaction



Source: Adapted from Nilsson et al. (2016).

waterborne diseases and other health hazards (including the risks of sexual assault). Furthermore, they free up the time of female members of the household to study and undertake productive activities, which would otherwise be spent collecting water and fuel (Turley et al., 2013). Conversely, without access to high-quality healthcare and education, slum residents are unlikely to be able to escape the multi-dimensional poverty traps that often characterise these spaces (Marx et al., 2013).

Third, all **the three policies have an element of risk-reduction, financial and otherwise, that is strengthened when combined.** Universal healthcare greatly reduces the risks of catastrophic or impoverishing health expenditures, directly attenuating the link between health- and income-poverty (Knaul et al., 2012; Wagstaff et al., 2018); slum upgrading initiatives increase productive capabilities, with positive effects on expected income, and reduce the risks of housing-related hazards (e.g. landslides and flooding), which carry large health and financial risks (Corburn and Sverdlik, 2017); and access to high-quality primary and secondary education gives individuals greater skills and employment opportunities, reducing their long-term vulnerability to economic poverty.

As such, these policies mostly reinforce each other by **stimulating complementary capabilities**, but in some dimensions they can furthermore be considered **almost indivisible**. In particular, slums are usually characterised by a lack of adequate services and infrastructure, not only in individual households (e.g. inadequate sanitation) but also for the neighbourhood as a whole. The latter include infrastructural aspects, such as inadequate public lighting and unsafe roads, but also the provision of services – especially primary and secondary schools and health centres. Or, if these services are present, they often are of lower quality than those available in other regions. Therefore, depending on local characteristics, **slum upgrading projects might involve health- and education-provision as constitutive elements**, whilst, conversely, **the universalisation of high-quality healthcare and education might need to occur through their provision in slums.**

Another key feature of this policy mix is **to address the long-term, inter-generational reproduction of inequalities.** Health and education are some of the key capabilities individuals need to be productive, earn higher wages and, more generally, to flourish throughout their whole lives. Primary and secondary education are central to full development of children and adolescents, generating lasting returns over the long term, whilst high-quality, free health services

are in different ways important throughout the whole life cycle. Antenatal care and adequate child health and nutrition, in particular, have irreversible effects (Ngure et al., 2014). Slums in turn are often the spaces most deprived of these services, so upgrading them will allow for their residents to access such services regardless of financial constraints, whilst still maintaining access to the greater productive and leisure opportunities urban centres provide (Corburn and Sverdlik, 2017). This policy mix can thus help **increase social mobility over an individual's lifecycle and across generations.**

Strategic and administrative synergies

Beyond synergistic gains in outcomes, these policies, if implemented together, are likely to produce underlying conditions that increase their joint likelihood of being successful. A key element in the success of all three policies, especially universal healthcare and primary and secondary education, is **the development of adequate administrative and planning capacities across national and sub-national spheres of government** (Bloom et al., 2018). The expansion of health and education systems often runs across 'supply-side' constraints, which range from the presence of trained professionals to logistical issues and, importantly, coordination across areas and scales of governments. Whilst some elements of the latter are specific to each policy, there is a more general issue of administrative capacities, including the establishment of communication channels between government departments, common information-gathering institutes, and coordination and accountability mechanisms linking national and local governments. Focusing specifically on spatial inequalities, these administrative capacities are essential to reap increasing returns to scale, as they can allow for the sharing of 'best practices' between regions and coordinate different local initiatives into a larger plan. The latter point has been emphasised in the literature on slum upgrading, which highlights that **a consistent plan must combine local demands, community participation, and an overall – usually national – programme to upgrade all slums,** with due financial backing (Gulyani and Bassett, 2007; Marx et al., 2013; Mitra et al., 2017). Similarly, absenteeism of professionals is a challenge to the provision of high-quality healthcare and education (Chaudhury et al., 2006), which can be partially tackled through common mechanisms. The scaling up of these three policies can thus benefit from each other, as past experiences and administrative capacities are shared between them.

Table 3.1: Aspects relevant to strategic and administrative synergies

	1.1	3.1	5.2
Key actors	Government (national and sub-national); potentially, donors too	Governments (especially sub-national), international agencies, service providers	Government (especially sub-national); communities
Challenges and facilitating factors: administrative and capacity-building	Fiscal: High-quality health services are some of the most expensive policies Administrative: High-quality health services require extensive training and coordination with different government spheres, health professionals, users, and potentially donors Fiscal: Universal health services funded through general public expenditure tend to be cost-efficient, even if they have overall high costs	Fiscal: Budgetary constraints and limited resources Implementation: Teacher quality and absenteeism Administrative: Appropriate planning in terms of sequencing, targeting investment in priority educational areas, groups and regions and sustainability strategies Regulatory: Development of robust accountability mechanisms, including bottom-up solutions and greater role to be played by civil society organisations	Administrative: Local conditions in slums are highly variable Administrative: Choosing the right mix of focuses (infrastructure, tenure, housing units, and neighbourhood) and scale
	Political: There is the risk that richer groups will capture public health services, creating top inequalities Political: Broad political movements focusing on guaranteeing social rights can foreground demands for universal health coverage	Political: Political agendas and priorities conflicting with equity goals Institutional: Growth of private sector can create new barriers in achieving an equitable system	Political: Elites are prone to ‘capture’ upgrading initiatives for their benefit Political: Leadership at several levels (local to national) promotes the continuity and effectiveness of interventions
Challenges and facilitating factors: social, economic and cultural	Social: Effective and efficient decrease of health inequalities requires addressing the social determinants of health Social: Transparency, accountability and democracy can improve the governance of health systems and their responsiveness to the population	Economic/Social: Demand-side barriers, such as hidden costs, norms and attitudes, can limit access for the poor Economic: Cash transfers (including financial incentives) can reduce direct and indirect costs and affect enrolment and drop-out rates Social: Parental attitudes towards schooling can change through sensitisation activities and pre-school attendance	Social: Slum upgrading initiatives run the risk of promoting ‘gentrification’ Social: Ensuring adequate community participation is a complex and drawn-out process Cultural: Upgrading initiatives must deliver culturally appropriate housing Social: Effective community participation can help deliver adequate, culturally appropriate solutions
Costs	Very high: at least 5% of GDP	High	Variable, but usually high

■ Challenging factor ■ Facilitating factor

Source: Prepared by the authors.

Another feature that has been consistently associated to successful transformations in these three areas is **having a strong leadership that champions change** (Gilson and McIntyre, 2005; Hwang and Feng, 2019). If there are indeed relevant supply-side constraints, it is often political aspects that prevent transformations from taking hold – and a leadership that advocates change and sets goals and priorities is key to overcome both of these elements. Indeed, as observed in the case of fighting undernutrition but with a more general remit, ‘political calculations are at the basis of effective coordination between sectors, national and subnational levels, private sector engagement, resource mobilisation, and state accountability to its citizens’ (Gillespie et al., 2013: 553), which requires strong leadership at different levels. A programme of change that straddles these three areas does present its challenges, as goals multiply and priorities might become blurred, but it also offers a unique opportunity for developing an equality-led leadership centred on guaranteeing rights for individuals in all areas of a country.

A risk that is common to all of these policies is that **elites of one kind or another might capture their benefits for themselves**, thus reducing or eliminating their inequality-reducing effect (Ferraz, 2009; Ferraz, 2018; Gulyani and Bassett, 2007). Whilst there is no magic bullet to prevent this from happening, there are indeed conditions associated to a higher chance of progressive outcomes – conditions which, importantly, are shared across the three policies. From the side of the government and service providers, transparency and accountability are key requirements. But, more broadly, successful processes of universalising healthcare and education and of upgrading slums have been associated to **broad political movements demanding rights and strong community participation** (Atun et al., 2015; Muchadenyika and Waiswa, 2018; Santoro Lamelas, 2020). As discussed in the individual policy reviews (see also 6.2), community-participation initiatives are far from guaranteed to succeed, but they do tend to be necessary conditions for adequate, culturally appropriate interventions. And, as initial successes occur, they can generate ‘cultures of participation’ that are inherently multi-dimensional, reaping benefits for all three policies in this mix.

Community participation has the further benefit of **promoting adaptation to local conditions**, which is a key element for the success of these policies – particularly in the case of slum upgrading (Brown-Luthango et al., 2017; De Geest and De Nys-Ketels, 2019; McIntyre et al., 2009). As conditions in slums are highly variable, in the absence of strong inputs and leadership from the affected communities it is likely that interventions will reproduce regional or spatial inequalities. The same is valid, if to a lower degree, for healthcare and education, as the needs and capacities of different spaces in a country also vary. Therefore, there are synergistic gains to be had from **building upon existing community institutions and fora, which can participate in the design, implementation and monitoring of policies in the three domains**.

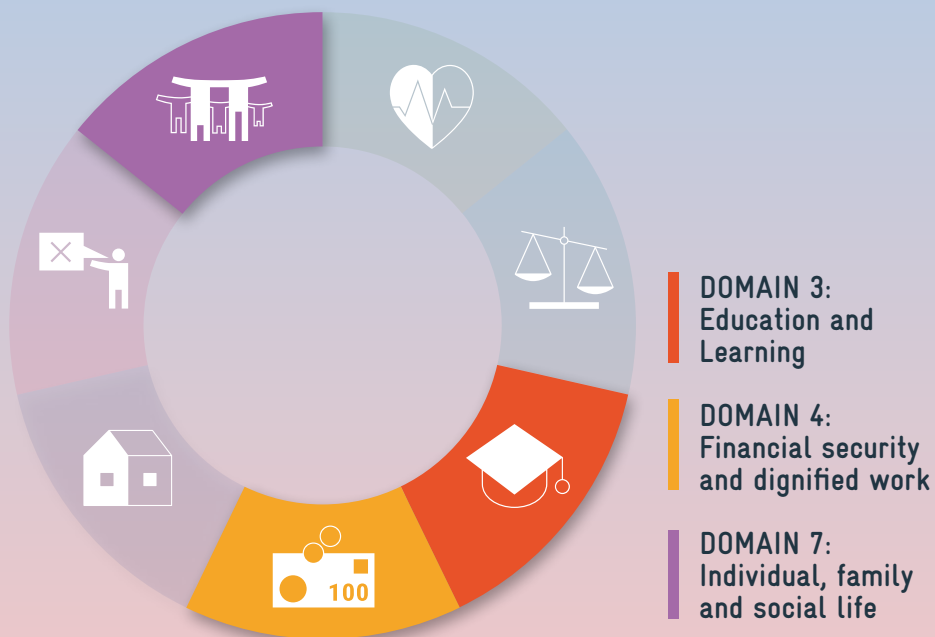
As these policies cover some of the very key human capabilities, **partial successes in each one can fuel the progressive development of a rights-based agenda that maintains social momentum for the transformations**. It has been argued, for example, that the transition towards a universal healthcare system should occur through ‘progressive universalism’, i.e. based on ‘a determination to ensure that people who are poor gain at least as much as those who are better off at every step of the way toward universal coverage, rather than having to wait and catch up as that goal is eventually approached’ (Gwatkin and Ergo, 2011: 2161). This requires leadership at a high level, committed to reaching universal healthcare, but also community participation to ensure that local conditions are met at all steps. And, as these movements towards universalisation reduce inequalities and deprivation, they can further stoke the political and social conditions pushing not only for healthcare, but also for the right to high-quality education and housing for everyone. Taking into account the outcome synergies described above, which further reinforce gains in these three dimensions as the individual policies are implemented, this mix can form the basis of a ‘big push’ in a social-rights agenda.

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POLICY MIX 4: EMPLOYMENT INEQUALITIES POLICY MIX



Policies included:

POLICY 3.3:
Affordable, quality technical and vocational education and training

POLICY 4.3:
Policies that promote collective bargaining, protect the rights of workers to unionise and strike, adequate and enforced minimum wages

POLICY 7.1:
Comprehensive anti-discrimination laws, implementation and enforcement

Relevant SDGs:



Targets 4.3 and 4.4



Target 5.1



Targets 10.3 and 10.4

Additional policies which could potentially be considered

- Job-creation policies, which can benefit disadvantaged areas of a country, and policies that limit top-earnings, which are usually concentrated in richer regions (Domain 4)
- Policies to deliver free, universal, high-quality primary and secondary education, that seek to improve and equalise school quality (Domain 3)
- Social protection policies (Domain 4)
- Free, high-quality, universal healthcare (Domain 1)

Find out more about these policies and connected drivers of inequalities [here](#).

Outcome synergies

This policy mix addresses multidimensional employment inequalities, combining three main policies. These are: in MIF domain 3 Education and Learning, policies that deliver **affordable, quality technical and vocational education and training which ensure equal access for women, low-income and minority groups**; in MIF domain 4 Financial Independence and Security, policies that **promote collective bargaining, protect the rights of workers to unionise and strike, adequate and enforced minimum wages set through collective wage setting agreements or national statutory minimum rates covering all types of workers**; and, in MIF domain 7 Individual, Family and Social Life, **comprehensive anti-discrimination laws, their implementation and enforcement**.

All three policies included in this policy mix have a direct effect on reducing employment inequalities. Increasing skills and enhancing employability through affordable, quality technical and vocational education and training, particularly for individuals at risk of disadvantage in the labour market, results in lower employment inequalities as higher levels of skills expand workers' capabilities, productivity and wages and reduces the risk of unemployment (Kluve et al., 2017; OECD, 2018; Nilsson, 2010; Eichhorst et al., 2012). Especially in developing countries, where the most disadvantaged often don't benefit fully from secondary and tertiary education, vocational education and training offer opportunities to improve the employment prospects. **Policies that promote collective bargaining, protect the rights of workers to unionise, and adequate and enforced minimum wages help to redress power imbalances between employers and employees. These policies improve the wages of the lowest paid, have a positive impact on employment relations and conditions and reduce inequality** (Blau and Kahn, 2012; Checchi and García-Peñalosa, 2008; Piketty, 2014; Neumark and Wascher, 2007; Lemos, 2009). **Comprehensive anti-discrimination laws, their imple-**

mentation and enforcement act to reduce discrimination in the labour market (as well as more broadly) which can affect who is employed, who secures the best jobs and earnings inequality. As such, they can also contribute to redress power imbalances between employers and employees and amongst employees. Such policies can be particularly important for addressing labour market discrimination against women, ethnic minority groups, lower class/caste or people with disabilities.

These policies don't just act to reduce inequalities in a single domain but have cross-domain inequality reducing effects. For example, discrimination has a negative effect on the capability for individuals to convert their resources (for example, skills) into valuable things they can do or be (for example, being financially secure) and, therefore, policies addressing discrimination can have wide ranging benefits. **Increasing skills and knowledge through TVET, can play an important role in empowering people not just by acquiring marketable skills but also by fostering broader capabilities relevant to several aspects of their lives.** In this way we can think of vocational skills and knowledge as 'fertile capabilities' (see, for example, Nussbaum, 2011). Through combining the inequality-reducing impact of the three policies in this policy mix, **not only are employment inequalities addressed, but collectively there are likely to be even greater returns through the way in which they enhance a range of outcomes particularly those most at risk of disadvantage.** The most disadvantaged groups are most likely to be discriminated against, benefit from minimum wages and experience the greatest gains from TVET (OECD, 2018; Kluve et al., 2017). Given the wide-ranging and long-lasting improvements in capabilities that these policies can promote, they are also capable of contributing to decrease the inter-generational reproduction of multidimensional inequalities, including in terms of employment.

An effective articulation of these policies is also, intrinsically, an intersectional approach to reducing inequalities.

This mix highlights which groups are discriminated against and how to overcome this, the acquisition of relevant skills through access to education, and a significant dimension of individuals' wellbeing by focusing on their insertion in the labour market. Particular groups might be disadvantaged or enjoy privileges in these three dimensions, configuring patterns of inequality that can be addressed more effectively through a combined effort. In order to maximise this policy mix's capacity of addressing intersectional forms of inequality, attention must be paid to the specificities of how each group is restricted in their capability of acquiring skills, the forms of discrimination they experience, and their position in the labour market. The precise mechanisms will vary in each case, but it might be relevant to establish, say, specific training routes for ethnic minorities, or to focus attention on particular barriers in the labour market for certain groups (such as being over-represented in informal jobs or being unable to progress towards mid- or upper-level positions over time).

Figure 4.1: Scale of interaction



Source: Adapted from Nilsson et al. (2016).

Three key outcome synergies are, first, that **access to affordable, quality vocational education and training** is likely to increase wages and reduce the risk of being out of work and in a minimum wage job. More knowledgeable workers are in a better position to engage with collective bargaining and have a better understanding of their rights and anti-discrimination laws.

Second, **tackling discrimination through comprehensive anti-discrimination laws reinforces the role of labour market institutions** such as unions, and inequalities in relation to who is able to participate in vocational education and training programmes. **Gender segregation in formal TVET is endemic in developing countries** (OECD, 2018; ILO, 2011): this means that women face barriers in accessing TVET courses and often also self-select into less lucrative TVET programmes. Combined with gender-biased labour market practices, this can lead to slower school-to-work transitions for female TVET graduates, lower employment rates and wage levels and employment in poorer-quality and lower-paid positions. Anti-discrimination policies aided by labour market institutions can work to reduce this form of gender inequality.

Finally, all **three policies work together to improve employment outcomes for individuals in the most disadvantaged groups**. Reducing discrimination equalises access to vocational education and training programmes and strengthens the role and impact of labour market institutions, and with greater knowledge workers are able to understand and exercise their rights. Also, as certain individuals in disadvantaged groups experience social mobility, particularly if as part of a broader process including progressive labour market institutions, this can lead to dynamic effects. Through this, successful individuals can act as mentors or role models for others, more opportunities might be created for these groups and, overall, there might be an equalising feedback process which helps break multidimensional poverty traps.

Policy 3.3 has an enabling type of interaction within this policy mix while policies 4.3 and 7.1 have a reinforcing interaction (Figure 4.1).

Employment plays a central role in people's lives, not just through economic returns, although important, but also the impact on broader measures of well-being that are influenced by relations and conditions of work. Earnings largely determine standards of living not just during the working life but over the lifecycle through their impact on retirement

pensions, and the resources parents have to spend on their children. This means that **employment inequalities have far reaching repercussions and reducing them should be a key priority for policy makers**.

Strategic and administrative synergies

Where these policies are implemented together, **labour market institutions can play a pivotal role in addressing discrimination** in the labour market and can act as an important intermediary helping workers bring cases of discrimination to the courts. Workers acting collectively through labour market institutions are more powerful and this increases their chance of success in resolving disputes with employers, particularly in the case of more disadvantaged workers. **The introduction of higher minimum wages can require employers to increase the productivity of their lower paid workers and one way this can be achieved is through TVET**. Labour market institutions can work with employers in helping to identify the most effective TVET programmes. Some trade unions are directly involved in skills development at national, sectoral and enterprise level and recent calls have been made for this role to be strengthened (Bridgford, 2017; World Economic Forum, 2014). Evidence suggests that **engagement with the private sector** in programme design and implementation leads to more positive impacts than those with little private sector involvement (OECD, 2018; Kingombe, 2011). Labour market institutions through building sectoral knowledge on skill shortages and effective TVET programmes can contribute positively to the development of these programmes.

Another strategic synergy might arise in terms of the political conditions of implementing these policies. Specifically, **combating discrimination might be politically easier if it is not done in a 'zero-sum' situation**, in which gains for the previously discriminated against come at the expense of other groups. Although strictly zero-sum scenarios are rare, a broad progressive environment in which wide-ranging inequalities are reduced, including but not restricted to discrimination-based ones, can increase support for the relevant policies. As such, TVET can help create the conditions for social mobility by increasing individuals' skills, whilst labour market institutions such as broad union membership and higher minimum wages can reduce broad inequalities in employment and pay. Anti-discrimination laws, in this scenario, can contribute to both processes by **addressing the conditions of marginalised groups under conditions of shared prosperity and reduced inequalities**, which can raise political support for the whole policy mix.

Table 4.1: Aspects relevant to strategic and administrative synergies

	3.3	4.3	7.1
Key actors	Governments, business associations and employers, NGOs	Governments, employers, labour market institutions	Government and NGOs
Challenges and facilitating factors: administrative and capacity-building	Fiscal: High-quality vocational and technical education is costly Fiscal: Limited public investment and budgetary resources impact both the size of the sector and quality or provision Regulatory: Weak evaluation, monitoring and regulatory mechanisms, particularly in face of growing private position Implementation: Design and implementation are supported by: • Institutional support through the involvement of all stakeholders • Close cooperation with local communities Employer engagement	Fiscal: Public sector wage bill can increase Regulatory: Potential trade-off between union density, wage and unemployment Regulatory: Compliance and enforcement can be challenging in countries with less advanced administrative systems Implementation: Setting the right minimum wage rate(s): generous enough to improve pay and reduce inequality without having a big impact on employment Fiscal: Costs are low Implementation: Guidance and advice available from international organisations such as the ILO	Regulatory: Even where discrimination is illegal, enforcement and legal challenges are difficult Implementation: Lack of good evidence on what works best in tackling causes of discrimination Regulatory: International human rights framework providing a standard approach Regulatory: SDGs with goals and targets focused on ending discrimination
Challenges and facilitating factors: political	Political: Undervaluing of TVET and the adoption of 'productivist frameworks' can hinder the development of inclusive and holistic approaches Political: Growing international consensus around the role of TVET can support its development Political: Clear political vision and leadership focused on devising a comprehensive sector-wide strategy	Political: There is a growing consensus on the positive impacts of minimum wages	Political: Existence of dual legal systems Political: Forms of discrimination are still legal in some countries Political: Progress in taking an intersectional approach to addressing discrimination

Challenges and facilitating factors: social, economic and cultural	Economic/Social: Participation of the most disadvantaged is hampered by direct, indirect and opportunity costs as well as linguistic and cultural barriers, requiring complex interventions	Economic: Increase in employers' wage bill, including in the public sector	Social: Objections to positive discrimination
	Recognition of the needs of the informal economy and of informal training	Economic: As low-wage workers are concentrated in poor households in low-income countries, minimum wages are likely to be effective at reducing income inequality and poverty	Social: Growing intolerance to discrimination and an appetite for social change
Costs	High	Low, but costs associated to paying public sector employees minimum wages	Low

■ **Challenging factor** ■ **Facilitating factor**

Source: Prepared by the authors.

There remain challenges particularly in relation to helping workers in the informal sector who are least likely to benefit from anti-discrimination laws (due to poor enforcement), high quality TVET programmes and labour market institutions. It is clearly the case that informal sector workers would benefit from trade union support even more than formal sector workers. They lack protection, recognition, minimum wages, have the least training and many are unaware of their rights or are unable to exercise them even if they are. Informal workers associations, sometimes called 'informal unions' are quite common in lower income countries with large informal sectors (Nanfosso, 2016). With a growing recognition that large informal sectors are set to be a feature of many economies for some time, many trade unions are working to understand how they can be involved in organising the informal economy, which is seen both as a challenge and an opportunity (ILO, 2019). The rise of the so-called 'gig economy' presents another challenge and opportunity in this regard, with new unions being formed to address the specificity of these workers' conditions and existing unions attempting to adapt their practices.

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