

Key intervention: Centre of excellence on inequalities

Thematic Area of the Coalition	<p><i>Addressing inequalities, discrimination and exclusion</i></p> <p>High levels of inequality and persistent systemic discrimination are major obstacles to social justice and social cohesion. Preventing and reducing inequalities hinges on addressing the root causes as well as the drivers and determinants across all dimensions in a coherent and coordinated manner with a focus on the most vulnerable. This also requires tackling both vertical inequalities often stemming from discrimination and exclusion among households or individuals, and horizontal inequalities across different groups distinguished by factors such as gender, age, nationality, ethnicity and disability. Partners are committed to intensifying action and collaboration to prevent and reduce inequality in all its dimensions, to foster equal opportunities and outcomes and to enhance access for all to basic needs and services. The collective ambition is to create societies where social justice is a reality for all, ensuring that the benefits of progress and development are shared equitably across all segments of society, and no one is left behind, and to contribute to the achievement of SDGs 1, 2, 3, 4, 5, 8 and 10.</p>
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1. Background and context

Inequalities are complex, multifaceted and dynamic, and rooted and influenced by multiple factors including adverse circumstances and unequal opportunities in access to, inter alia, financial resources, essential social infrastructure, and education and training. Such disparities in access and outcomes are often exacerbated for certain population groups, particularly those defined by gender, ethnicity, or race.

It is important to monitor and measure inequality across all its dimensions to design effective policies to reduce inequalities. International development institutions have adopted, so far, the notion of the shared prosperity premium to monitor progress toward inequality reduction. The shared prosperity premium measures whether the income of those in the bottom 40% (B40) grows at a higher rate than the national mean. If that condition is satisfied, income growth is considered equalizing. This is captured in the SDG Target 10.1. While the B40 concept is intuitive, it is discretionary and has no theoretical grounds: so far, shared prosperity is measured and tracked at the national level, which is unsatisfactory, given the high and growing levels of within-country inequalities, and only for a limited number of countries. There is, in addition, an ongoing debate surrounding the SDG10 monitoring framework. As highlighted by numerous actors, the achievement of SDG10 is instrumental to achieving most of the other SDGs. Yet, this is currently hindered by the challenge of monitoring inequality across different dimensions.

This intervention proposes two components to take decisive action to prevent and reduce inequalities.

The first component supports the creation of an **Inequality Hub** to enhance and sustain a data infrastructure for measuring and monitoring the levels and trends of vertical and horizontal inequalities, in particular in the world of work but also how they manifest outside of it: at global, national, and sub-national levels and within and between countries. The objective of the Inequality

Hub is thus to support a robust data infrastructure and innovative tools to measure, monitor, and analyze inequalities in the world of work at global, national, and sub-national levels. By developing comprehensive statistical methods, benchmarks, and knowledge-sharing platforms, the initiative aims to support the development of policy responses, to build the capacities of local stakeholders, and foster collaboration with and between national and local governments, academic institutions and civil society organizations to reduce inequalities and promote equity in the world of work.

The Inequality Hub will further develop innovative measures and alternative benchmarks to track progress toward reducing inequality at global, national, and sub-national levels to address the current challenges associated with the B40-approach. This will also be beneficial for different partners that require it as a baseline for tools used to assess the inequality-reducing impact of their interventions.

The Inequality Hub will rely on the technical advice of academic networks of universities and research centres, particularly leading ones in the Global South, with demonstrated expertise on inequalities across all its dimensions. Such collaborations will foster dialogue and joint research, bringing together comparative advantage and specialized knowledge between institutions in the North and the South, as well as South-South collaboration, to further build knowledge and capacity for the ILO to better serve its constituents to implement its strategy on inequalities in the world of work.

The second component of the initiative involves the development **Coherent and integrated approaches to meeting basic needs and addressing inequalities**, capitalizing on the comparative advantage of each of the Coalition's partners, leveraging multilateral collaboration, and creating synergies with tools and methodologies for sustainable and inclusive solutions. Once the data infrastructure under the Inequality Hub has been established, it will directly support the development of these approaches by providing data and information on the levels of inequalities in the target countries to design evidence-based policy mixes.

Two initial pilot countries will be identified to pilot the component, with the possibility of adding others based on circumstances, results, and continued commitment. Committed partners will work to develop an operational framework that specifies which inequality dimensions, along with their respective drivers and determinants, will be tackled, how, and by whom. Partners will agree on a joint-analysis framework to diagnose a country's levels of inequalities across different dimensions, to identify unmet basic needs and the specific policy actions that could be scaled up at the country level to address inequalities in an integrated manner. The intervention will enable synergies between tools and methodologies developed by other actors in the multilateral system, such as the ILO's country-specific approaches to preventing and reducing inequalities. This system of cooperation will combine the expertise, tools, and resources of partners to address various dimensions of inequality based on their respective comparative advantages. Social dialogue will be central to this approach, ensuring the voices and effective participation of all stakeholders. Agencies will co-design a joint model for implementing effective strategies to tackle inequalities, focusing on addressing the basic needs of the most vulnerable populations. This model is intended to serve as a scalable and replicable framework to inspire and guide broader initiatives in other

regions and countries. Countries will be selected based on criteria such as contextual levels of inequality, data availability for diagnostic exercises, political will to tackle inequality using a ONE-UN approach, and complementarity with ongoing operations of committed partners.

2. Collective ambition and rationale

The importance of data to develop relevant policy responses to inequalities has most recently been highlighted by the 2024 G20 Development Working Group under the Brazilian Presidency. The DWG Compact on Inequalities acknowledged “the pressing need [...] to increase significantly the availability of high-quality, timely and reliable disaggregated data to ensure that no one is left behind”, including by developing tools to measure the contribution of government actions to reducing inequalities. In September 2024, furthermore, the Summit of the Future recognized the critical importance of quality data “for tracking, targeting and accelerating progress across the Sustainable Development Goals”. World leaders committed “to strengthen international cooperation to close the current serious gaps on data for development” and to “strengthen efforts to collect, analyze and disseminate relevant, accurate, reliable and disaggregated data for better monitoring and policymaking to accelerate the achievement of the 2030 Agenda while respecting privacy and data protection.”

The measurement of inequalities and its different dimensions is also highly relevant for the Beyond GDP Agenda. In November 2021, the United Nations System Chief Executives Board for Coordination (CEB) outlined “some of the limitations of GDP as a measure of societal progress and well-being, such as those relating to the environment and inequalities, as well as of a country’s financial resilience, [noting] that the continued use of GDP as the sole indicator of progress could be a serious obstacle to an equitable, inclusive recovery from the pandemic and to the achievement of the Sustainable Development Goals” .

The ILO Strategy on Inequalities recognizes the importance of having available “relevant data and information on the levels and types of inequalities and a monitoring system to track the progress and effectiveness of policy interventions”. It further calls for the development of country-specific approaches designed based on contextual levels of inequalities, their dynamics and drivers, as well as the capacities and relations between the stakeholders. A country-specific strategy to tackle and reduce inequalities is thus a system-wide approach that covers a range of policy areas and measures to ensure an integrate impact, and that capitalises on synergies with other relevant development actors and their operations.

This integrated approach, bringing together partners with different expertise and comparative advantages, can be a powerful and innovative mechanism to show how progress towards the achievement of SDG 10 can be hastened to reduce the delay the goal is facing. SDG 10 is a central goal to the 2030 Agenda, and it is inherently linked to many other SDGs; it can thus act as a point of convergence for many actors of the multilateral system to partner towards the collective goal of achieving social justice for all.

3. Actions and expected results

Component 1 – The Inequality Hub will build on the ILO’s existing data infrastructure to measure, analyse and monitor inequalities in the world of work, while complementing it with other relevant data from other organizations. It will achieve the following specific objectives:

- Specific Objective 1 (SO1) – to support the collection, harmonisation and maintenance of a worldwide resource of inequalities data.
- Specific Objective 2 (SO2) – to support the measurement, analyses and monitoring of inequalities in the world of work based on new and existing inequality indicators.
- Specific Objective 3 (SO3) – to build the capacities of national and sub-national governments, national statistical offices, social partners and tripartite constituents, civil society organisations and academia to develop integrated policy responses to prevent and reduce inequalities.

Component 2 – Coherent and integrated approach to meeting basic needs and addressing inequalities will achieve the following specific objectives:

- Specific Objective 1 (SO1) – to develop a shared conceptual, operational, and methodological framework for joint analysis, capitalizing on the comparative advantage and technical expertise of each of the Coalition’s partners, and conduct multidimensional inequality diagnostics in the pilot countries.
- Specific Objective 2 (SO2) – to identify implementation mechanisms to transform analysis into policy reforms and develop country-specific approaches to tackle inequalities and meet basic needs.
- Specific Objective 3 (SO3) – to promote policy coherence on inequalities through engagement and coordination at the UNCT level.

The initiative will seek synergies and complementarities with existing and planned initiatives to foster cooperation and leverage concerted action between key interventions of the Global Coalition, such as the Equal Pay International Coalition (EPIC), the Global Accelerator on Jobs and Social Protection for Just Transitions, the Initiative on Living Wages.

4. Partners’ contributions

Interested partners can join the intervention primarily by expressing their commitment to technically and financially support the initiative.

- Governments can express their interest in the initiative, including by volunteering to participate in the application of the tools and the calculation of the various inequality

measures. Governments can further support the establishment of cooperation with national statistical offices for the purpose of data collection and harmonization as well as for capacity building activities. Governments can further volunteer to be pilot countries. Their nominations will be taken under consideration based on the criteria expressed above. Governments of pilot countries will be responsible for nominating the department or the institution/body that will be in charge of leading the design of the national strategy. This department will be further responsible for the participation of the different ministries concerned, the participation of social partners and other public and private actors in the design of the strategy.

- Social partners will further benefit from the capacity-building activities, the enhanced calculated data that will provide information on the world of work not currently available and help shape the initiative at country-level for the development of the strategies and their implementation. Social partners will in particular help to identify the basic needs that must be met for the approach to be effective and reach expected results.
- International organizations will support the technical analysis, the development of national strategies and their implementation. Their support and involvement will contribute to the achievement of the SDGs, through their respective mandates, and expertise to tackle specific forms of inequalities.
- Non-governmental organizations and civil society can contribute by supporting data collection, deeper analysis of the root causes of inequalities, and support the policy-making process.
- Enterprises, companies and their foundations can contribute by contributing to the data-gathering process, proposing and supporting research on inequalities and its many forms.
- Academic institutions can contribute by supporting the continuous development of data-gathering tools, concepts, and measurement methods; disseminate the knowledge produced by the **Centre of excellence**; and deliver the capacity-building activities at local level.