

GUIDE FOR MAINSTREAMING THE INEQUALITY-REDUCTION APPROACH IN AECID

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NOTE: This guide also contains as an annex a toolbox (“Tools for the Inequality-Reduction Approach”) developed in conjunction with the guide, which is made available to users to help identify the state of play regarding factors and expressions of inequality.

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Director's Foreword

Law 1/2023 of 20 February on Cooperation for Sustainable Development and Global Solidarity establishes the fight against inequalities in the world as one of the core principles of Spanish Cooperation. Article 2.2.a of the new law states that the first of these principles is “solidarity with the most disadvantaged people and with future generations to support sustainable development, poverty eradication, social and territorial cohesion, and the fight against inequalities in the world.” With this as a starting point, the law reiterates on several occasions its commitment to this principle, defining it as an objective and criterion for action, linking it directly to the 2030 Agenda by committing to “promoting sustainable human development by fighting poverty and inequality in all its dimensions, leaving no one behind” in Article 4.1.a, while Article 5.2 establishes that “in defining geographical and thematic priorities, special attention shall be given to cooperation with the least developed countries, but shall also consider developing countries in transition, which, beyond their classification by income level, continue to face significant challenges in terms of inequality.”

Recently, the new Spanish Master Plan for Sustainable Development and Global Solidarity 2024-2027 introduced for the first time a new cross-cutting approach, the fight against poverty and inequalities, which aims to address the triple transition - social, economic and ecological -, ensuring that these transitions are "just" and therefore carried out while reducing the existing inequality gaps in the societies of our partner countries.

This new legal and strategic framework for Spanish Cooperation underscores the centrality of all types of inequalities as a concern to be addressed in all our actions and cooperation instruments. We want to address all development challenges, from the fight against hunger and poverty to the preservation of our planet or the empowerment of women and girls, analysing in each case the impact on these objectives, but also their distributive effects on societies, seeking in each case to reduce gaps that, in themselves, have an impact on the sustainable development of countries.

To transform these principles into concrete actions on the ground, we need instruments such as this methodological guide we are now publishing and the tools we have developed to facilitate their implementation. We are not starting from scratch. The fight against inequality and poverty has been at the core of our cooperation since its origins, but we need to address these challenges in a more strategic and multidimensional manner, with a solid analytical framework that allows us to identify priorities, measure the impact of our interventions on inequalities and present the results of our work to society.

With this guide, AECID aims to innovate in a priority that we share with many other cooperation stakeholders in an area where, despite growing empirical evidence on the relevance of inequalities as a development challenge and their impact on other indicators, such as economic growth itself, there are few practical instruments that allow us to effectively combat inequalities in our day-to-day work.

The guide establishes our own definition, our own focus and approach, providing tools for its understanding and the development of indicators, and introduces for the first time a marker that must be assessed in all our new interventions, and which will enable us to quantify the impacts of our actions in the future.

This focus on inequalities is key to the success of a triple transition that is just, environmentally and socially sustainable, and leaves no one behind. A society that is unequal in many aspects seriously

affects the lives of the majority of citizens, their life expectations, and results in greater distrust of democratic institutions.

In recent years, this topic has become an increasingly important item on the international sustainable development agenda, as evidenced by the fact that this year the OECD Development Assistance Committee's (DAC) Annual Development Report for 2024 chose this as the central theme of its study, exploring the need to address the green transition in parallel with the fight against poverty and inequalities. The choice is consistent with the thematic priorities that the 32 DAC members are setting as one of the objectives of their development cooperation policies, and it is fully consistent with the recommendations that the DAC Community of Practice on Poverty and Inequalities (COP-PI) has been developing since its creation almost three years ago.

Finally, I would like to acknowledge the efforts of the working group set up at the AECID to prepare this guide, in which all our Agency's directorates at headquarters and six directors from our international offices, representative of our geographical areas of work, have been represented. I would also like to thank the members of the DAC Community of Practice on Poverty and Inequalities, of which the AECID has been a member since its creation, for their support and encouragement in this endeavour, which we now make available to our partners in other countries to encourage reflection on how to address inequalities in our cooperation work.

I hope that this guide, which expresses AECID 's and Spanish Cooperation's commitment to reducing inequalities, will be useful for our work in the four corners of the planet and helps us work towards a more just, sustainable and prosperous world – a world with fewer inequalities.

Antón Leis García

Director of the Spanish Agency for International Development Cooperation.

INTRODUCTION

What is this guide and why is it useful?

This Guide is a methodological resource offering practical guidance and tools for mainstreaming the inequality-reduction approach.

Overall, the guide is useful for: 1) understanding and analysing the causes of inequalities; 2) identifying and engaging the most socially and/or economically disadvantaged individuals, households or communities, and privileged groups; 3) finding an appropriate strategy to support the reduction of inequalities in the context; and 4) supporting monitoring and decision-making during implementation. It also provides guidance on the use of the Marker according to the level of ambition regarding the expected impact of the intervention on reducing inequalities.

Who is it for?

The guide is primarily intended for AECID technical staff at headquarters and in the field, as well as all cooperation professionals participating in the formulation, implementation and evaluation of AECID interventions.

What does it contain?

The guide contains three inter-related sections:

1. The first section presents the regulatory framework in which the inequality-reduction approach is included, based on the Law on Cooperation and the Spanish Cooperation Plan for 2024-2027¹, and is considered a core principle and criterion for action of Spanish Cooperation.
2. The second section covers the development of the methodological framework, which includes a specific AECID methodology for incorporating the inequality-reduction approach, based on 4 criteria:
 - Criterion 1. Analyse and understand the situation of inequalities from the outset.
 - Criterion 2. Identify and involve socially and/or economically disadvantaged individuals, households or communities, as well as privileged groups, in the design of the intervention.
 - Criterion 3. Identify support strategies that have the greatest impact on reducing inequalities.
 - Criterion 4. Support monitoring of the evolution of inequalities by promoting dialogue between stakeholders on the monitoring of inequalities.
3. The third section develops the operational and practical framework, aimed at providing practical guidance on how to address the reduction of inequalities and presenting the tools available.

¹ Spanish Cooperation Master Plan for Sustainable Development and Global Solidarity 2024-2027, approved by the Council of Ministers on 23 July 2024. [La Moncloa 23/07/2024 \[Council of Ministers/References\]](#)

How to use this Guide

The Guide is intended to be a flexible and practice-oriented resource, so it can be used in a modular manner.

- To learn more about the concept of inequality and its implications for Spanish Cooperation, we recommend you read [Chapters 1](#) and [2](#).
- To understand how the inequality-reduction approach is translated into principles of action, please refer to [Chapter 3](#), which presents AECID's own criteria.
- If you are in the process of planning or identifying interventions in which an inequality-reduction approach is to be integrated, [Chapter 4](#) proposes following a process of reflection based on AECID's inequality-reduction Marker. This marker is a tool that allows us to determine the expected level of impact of each intervention on the reduction of inequalities. This level is established on the basis of the 4 criteria of the approach.
- Finally, this Guide proposes a toolbox, the use of which will depend on the level of impact that the intervention will have on reducing inequalities.

1. Conceptual framework

What do we mean by inequality?

Inequality refers to the unequal or asymmetric distribution of goods, resources and rights among individuals or groups. When thinking about inequality, it is important to note the inherently relational and multidimensional nature of the concept, as it is a reality that can be caused by multiple (often interrelated) factors and can manifest itself in different dimensions through different outcomes, depending on the context and the moment.

To understand the phenomenon of inequality, two key issues must be addressed:

- On the one hand, we must ask ourselves what kind of inequalities we are going to influence (the inequality of what?). This question, posed by Amartya Sen², focuses on the “object” of inequality and aims to show the multiple variables that can define equality or inequality, as a reflection of human diversity and the conditions that can affect us. Thus, the focus can be placed on inequality of opportunity (differences in initial endowments at birth, such as ethnicity or location), as opposed to the inequality of outcome (such as income or educational attainment). One can also speak of equality or inequality of rights (and, among these, priority may be given to some over others), or economic inequalities (such as income, consumption or wealth) versus social inequalities (such as education, employment or social status).
- On the other hand, it is necessary to ask which groups or individuals are affected by these inequalities (inequality between whom?). This question focuses on the “subject” of inequality and refers to inequalities between countries, groups or individuals. These are usually grouped into vertical inequalities (mainly income inequalities between individuals) and horizontal inequalities (inequalities between groups that do not share common identities or characteristics such as religion, ethnicity, gender, disability, age, etc.).

How do inequalities manifest themselves?

One type of inequality can act as a driver for another, and the consequences of one can affect the other. Income distribution, for example, is related to access to health services and education; education and health are related to access to employment; and employment is related to income and the level of social protection.

Moreover, characteristics such as sex, gender, ethnicity, disability or religion are interrelated and enhance dynamics of inequality, in what is known as intersectionality. From this perspective, to fully understand the complexity of women's health problems, for example, instead of understanding women's health solely from a gender perspective, it is necessary to consider other social categories such as social status, disability, ethnicity or religion.

The expressions and causes of inequalities are both highly complex and context-specific. This makes it extremely difficult to grasp them through simple measurement. In other words, their approach will always be complex.

² Nobel Prize for Economics for his contributions to the theory of social welfare and social choice.

Poverty and inequality

While poverty and inequality are strongly interconnected through income distribution, high levels of inequality can be observed in societies where poverty rates are relatively low. This may be due to the huge differences between the most disadvantaged individuals or groups and the rest of the population. In other words, measurements of poverty, even if low, can mask significant inequality between socially and/or economically disadvantaged individuals, households or communities. The opposite situation is also possible: there are societies where inequality rates are very low, but the population is extremely poor because poverty is widespread and there are only a few privileged individuals, families or clans.

Poverty reduction strategies can leave the level of inequality unchanged if they are not well calibrated, and inequality hinders the effectiveness of these strategies. Moreover, while economic growth can mechanically reduce poverty if it is distributed equitably, persistent inequality has been shown to nullify this effect. Poverty reduction efforts must therefore be accompanied by inequality reduction strategies.

2. Regulatory framework

Rules and principles

The normative foundations of the inequality-reduction approach are grounded on human rights principles: equality and non-discrimination are basic principles of rights regulations at international, national and other territorial levels. Every person is the holder of human rights, which implies that every person has value and dignity by the mere fact of being part of the human species, without their differences or specific characteristics preventing them from being able to exercise their rights.

Spanish Cooperation recognises inequality reduction as a basic principle and criterion for actions by Spanish Development Cooperation, and this is reflected in the Law on Cooperation and in the most recent strategic documents (see Figure 2).

Figure 1. Inequality reduction in the Law on Cooperation and the 2024-2027 Master Plan

Law 1/2023 of 20 February on Cooperation for Sustainable Development and Global Solidarity

- The fight against inequalities in the world is the first basic principle of Spanish Cooperation (Article 2.2.a Basic principles).
- Gender equality as an essential element for reducing inequalities (Article 2.2.e).
- Children's rights as a necessary way to break the cycle of poverty and inequality (Article 2.2. f).
- Defined as an Objective and Criterion for Action (Article 4.1.a): committing to “promote sustainable human development by combating poverty and inequality in all its dimensions, leaving no one behind.”

Article 5, in defining the geographical and thematic priorities, account shall be taken of inequalities

Spanish Cooperation Master Plan for Sustainable Development and Global Solidarity 2024-2027

- Its main objective is to promote an approach to the triple transition - social, economic and ecological - in order to reduce or eradicate inequality gaps.
- A new cross-cutting approach in the fight against inequalities and poverty is considered to be necessary for Spanish Cooperation.
- Most of the actions on which Spanish Cooperation is working will give coherence to the other cross-cutting approaches that have been applied through various master plans, within the framework of the first Law on Cooperation.
- Mainstreaming the perspective of combating inequalities by promoting inclusive and sustainable societies, investing with the aim of ending the inter-generational transmission of poverty.

From all of the above, it can be considered that inequality reduction in Spanish Cooperation is defined on the basis of the following key ideas:

- It is a basic principle and a criterion for action of Spanish Cooperation;
- It is a multidimensional concept;
- It is the lever for implementing the Agenda 2030 slogan of “leaving no one behind” (SDG 1 and SDG 10) and the Human Rights-Based Approach (HRBA).
- It is a principle of Spanish Cooperation related to the cross-cutting approaches³ of Spanish Cooperation that must give coherence to the other approaches that have gradually been developed over the years.

³ According to Spanish Cooperation's Master Plan for 2024-2027, AECID's cross-cutting approaches are: the human rights-based approach, the feminist and gender approach, the reducing poverty and inequalities

- It is a principle that can help strengthen the internal capacities of partner countries to develop reliable statistical systems that facilitate the monitoring of poverty, well-being and inequalities.

Table 1 shows the relationship between the priority sectors of the 2024-2027 Master Plan and the fight against inequalities.

Table 1. Sectoral prioritisation of Spanish Cooperation's Master Plan and its link to the inequality approach.

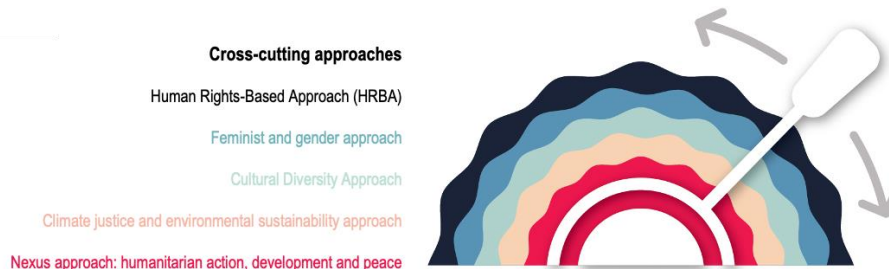
	Priority Sectors	Link to inequality
Sectoral priorities	Social transition <ul style="list-style-type: none"> • Democratic governance • Global health and health systems • Food security and the fight against hunger • Education • Gender equality • Culture and development 	<ul style="list-style-type: none"> • "Working to promote global public goods and facilitate the transition of all countries towards more sustainable, fair and inclusive development models." • "For an effective social transition in reducing inequalities, the 4th Master Plan calls for strengthening the development of fiscal and wage policies to guarantee the progressiveness and protection of the population." • "Upholding women's and girls' rights and combating all forms of violence against women, including sexual harassment and abuse, increasing and accelerating efforts to address the root the root causes of structural inequalities."
	Ecological transition <ul style="list-style-type: none"> • Fight against climate change • Access to renewable energy • Promotion and protection of biodiversity • Human rights, water and sanitation 	<ul style="list-style-type: none"> • Greening: not increasing inequalities and equitable distribution of efforts (e.g. decarbonisation) • Access to clean energy and modern energy services • Promoting biodiversity: increasing inequalities due to land use change, deforestation, pollution and unsustainable exploitation • Access to water and sanitation to combat inequalities
	Economic transition <ul style="list-style-type: none"> • Rural development and agrarian system • Economic and inclusive development • Digitalisation for sustainable development 	<ul style="list-style-type: none"> • "More sustainable production models that conserve ecosystems and enhance the natural resources of the territory, taking into account existing inequalities, including gender inequalities and their underlying power dynamics. Traditional economic models have historically excluded and exploited women and communities in the global south, perpetuating inequalities, gender gaps and economic marginalisation."

Source: compiled by the authors. Spanish Cooperation's Master Plan for 2024-2027.

Cross-cutting approaches in AECID

The inequality-reduction approach is a principle of Spanish Cooperation that is related to the existing cross-cutting approaches⁴: it takes into account the other cross-cutting approaches and enables linkages with the need addressed by each approach.

In other words, it is presented as an approach that complements each of the cross-cutting approaches by focusing on the most vulnerable groups in relation to privileged groups, as well as analysing and identifying the causes of inequalities deriving from the multiple factors that give rise to them.



approach, the climate justice and environmental sustainability approach, the cultural diversity approach and the peacebuilding approach.

⁴ Spanish Cooperation's Master Plan for 2024-2027 "helps to give coherence to the other approaches that have gradually been developed over the years."

For each approach, identified below are the areas of inter-relationship with the reduction of inequalities and the areas to be targeted to ensure our focus incorporates and enhances this approach (see Table 2).

Table 2. Interrelationship of the inequality-reduction approach and other cross-cutting approaches.

AECID's cross-cutting approaches	What does the inequality-reduction approach bring?	Proposals for mainstreaming the inequality-reduction approach
Human Rights-Based Approach (HRBA)	The regulatory foundations of the inequality-reduction approach are grounded on the human rights principles of equality and non-discrimination. ⁵ Therefore, the HRBA contributes towards correcting discriminatory practices and gaps in equitable access to public services and decision-making spaces. ⁶ In this approach, special focus will be placed on the rights of certain prioritised groups (such as children or LGBTI), or those in vulnerable situations, such as persons with disabilities.	<ul style="list-style-type: none"> - Integrate the analysis of existing inequalities and their stakeholders into the context analysis of rights-holders and duty-bearers. - Focus on the relational aspect of inequalities: identify excluded groups and their relationship with privileged groups⁷.
Feminist and gender approach	It combines efforts to identify the root cause of structural inequalities in the defence of women's and girls' ⁸	<ul style="list-style-type: none"> - Emphasis on the consideration of intersectionalities with racial, ethnic, cultural, disability, age, sexual orientation, socio-economic or other inequalities.
Cultural Diversity Approach	Cultural diversity as a perspective that integrates the consideration of people and communities taking into account their cultural identities to help eliminate inequalities. ⁹	<ul style="list-style-type: none"> - Identify factors or causes of inequalities deriving from the cultural specificity of cultural groups that affect interventions (e.g. access to multilingual health services and adaptation to cultural needs). - Promote, generate or consolidate decision-making spaces with the participation of diverse groups, especially traditionally excluded groups.
Climate justice and environmental sustainability approach	The causes and consequences of climate change are not equal. It is necessary not to increase inequalities and to ensure an equitable distribution of efforts (e.g. decarbonisation). The quality and inclusiveness of access to natural resources are factors of social and economic equilibrium.	<ul style="list-style-type: none"> - Analysis of spatial inequalities and focus on population groups living in peri-urban, rural and indigenous areas, cross-referenced with information on access to and the quality of ecosystem services. - Ensure the availability of indicators to capture, reduce - or at least not increase - environmental inequalities (e.g. access to natural resources, pollution levels, etc.) - Combat inequalities in access to water and sanitation, energy and other basic services (e.g. food, construction materials, etc.).
Nexus approach: humanitarian action, development and peace	Human security challenges are exacerbated by different causes related to unsustainable inequalities between countries and within countries. ¹⁰	<ul style="list-style-type: none"> - Principle of not increasing inequalities existing prior to the "emergency" and Humanitarian Aid action. - In human security contexts and interventions, the status of refugees and migrants and their interrelationship with populations of origin must be taken into account.

⁵ Universal Declaration of Human Rights, Articles 1 and 7.

⁶ 2024-2027 Master Plan: "The purpose of the approach is to rectify discriminatory practices and gaps in equitable access to public services and decision-making spaces that hinder progress"

⁷ Based on the "AECID Guide on Inclusion of Disability in Spanish Cooperation".

⁸ Master Plan for 2024-2027: "upholding women's and girls' rights and combating all forms of violence against women, including sexual harassment and abuse, increasing and accelerating efforts to address the root causes of structural inequalities."

⁹ "AECID Guide for the Mainstreaming of Cultural Diversity". AECID (2020), p.19.

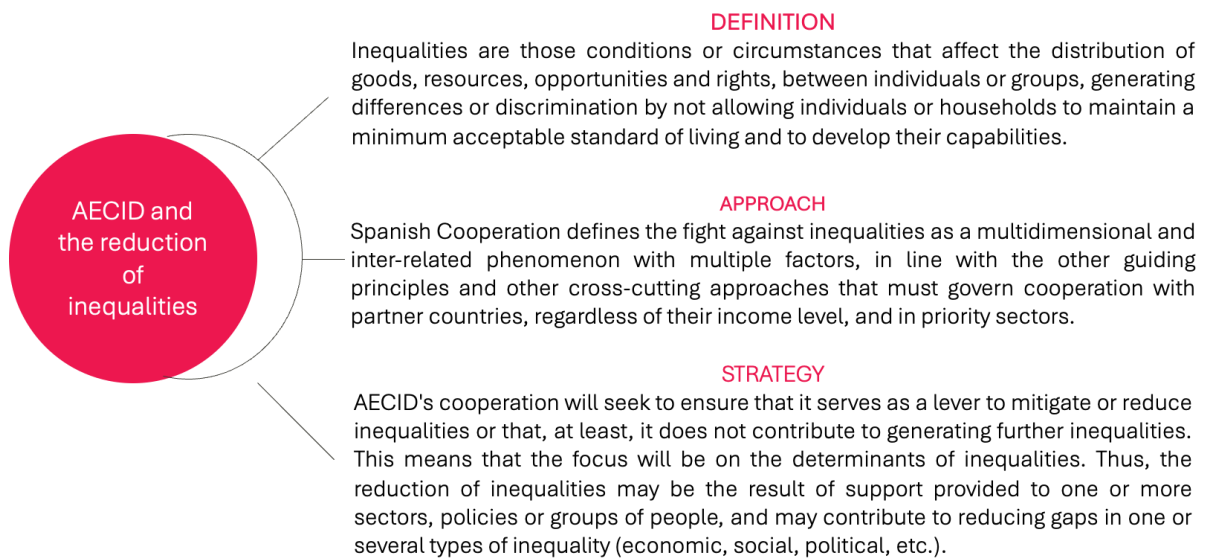
¹⁰ Master Plan for 2024-2027: "the human security challenges being brought about by this change of era, deriving from environmental challenges and the climate emergency, from unsustainable inequalities between countries and within countries (...) Such an approach implies strengthening coordination, complementarity and coherence between humanitarian action, development and peacebuilding (...) in fragile contexts.

3. Methodological framework

The AECID definition

The AECID is committed, as stated in the Spanish Cooperation Master Plan for Sustainable Development and Global Solidarity 2024-2027, to ensuring that all Spanish Cooperation interventions integrate the inequality-reduction perspective by promoting inclusive and sustainable societies, investing in order to put an end to the inter-generational transmission of poverty. To this end, it establishes its own definition of this approach and sets out criteria for analysis and action to facilitate its implementation.

Figure 2. AECID definition, approach and strategy: reducing inequalities



A two-pronged and relational approach to reducing inequalities

AECID develops its actions through different instruments and in different intervention sectors. In all of them, the mainstreaming of the inequality-reduction approach is relevant from a dual perspective: in some cases, actions will be designed and addressed with the primary objective of reducing inequalities. However, it will be more common to mainstream inequalities in a cross-cutting manner¹¹, analysing the context, defining target groups, and adapting activities to consider multidimensional inequalities.

On the one hand, the promotion of specific interventions aimed at reducing inequalities, despite being less common, has high potential due to its demonstrative effect on strategic lines, geographic areas and sectors that drive the reduction of inequalities (for example, through interventions in fiscal policy that have an impact on progressive tax systems and public spending targeted at the most vulnerable populations and most remote areas).

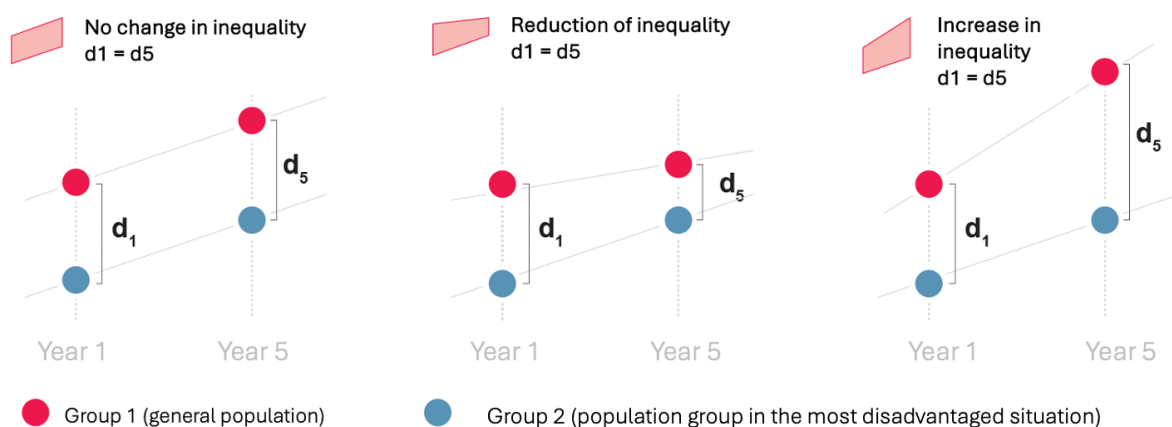
On the other hand, the systematic mainstreaming of the criteria and principles for reducing inequalities makes it possible to generate a sustainable impact, making it progressively feasible to determine the extent to which interventions contribute to reducing inequalities, or, failing that, to not increasing them.

¹¹ Based on the definition used in the [AECID Guide for Gender Mainstreaming](#) (AECID, 2015) and the [AECID Guide for Mainstreaming Disability in Spanish Cooperation](#) (AECID, 2018).

In addition to being a two-pronged approach, reducing inequalities requires a relational approach. This implies that the reduction of inequalities will have an impact on the reference population (either the general population or another specific group) and, in order to determine whether it has contributed to this, it will have to be compared with the evolution of the general population. Therefore, the measurement of the evolution of inequality will be done by comparing the values of the corresponding indicator for the two population groups (target population and reference population) before and after the intervention.

Figure 2 presents three different scenarios for a given period¹²: the first, where the situation for both groups improves to the same extent, indicating that there is no impact on inequality between those two groups (it remains the same); in the second, there is an improvement for both groups, but this improvement is more marked for the target group than for the reference group, implying a reduction in inequality (desired outcome); in the third scenario, the improvement is more marked for the reference population than for the target group, reflecting a de facto increase in inequality (despite the improvement in conditions for both groups).

Figure 3. Three scenarios for the evolution of inequality between two groups over a period of time.



Source: compiled by the authors.

¹² Other possible scenarios could be a deterioration of conditions for all groups, or for one of the groups, or an improvement in conditions for the target group but not the reference group, etc.

Criteria for reducing inequalities

In order to incorporate this approach, AECID establishes four basic criteria that provide coherence and consistency when designing, formulating and implementing (and also evaluating) interventions with a focus on reducing inequalities.

Figure 4. Criteria for reducing inequalities and available tools

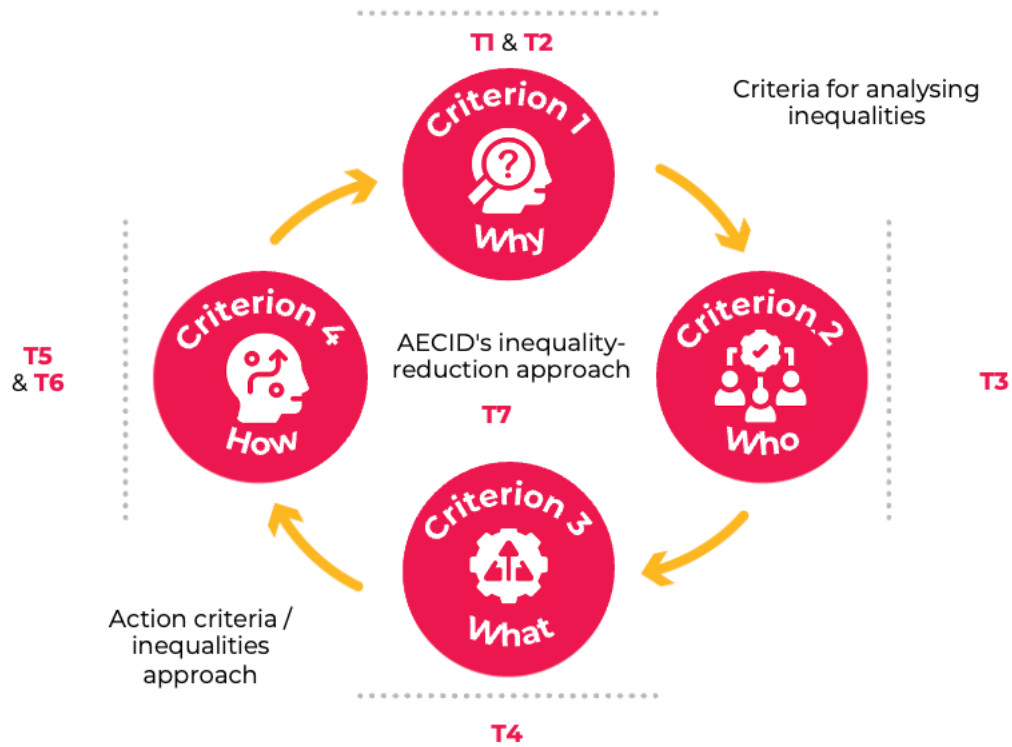


Table 3. Details and comparison of the four criteria for reducing inequalities

Criterion	1. Analyse and understand the situation of inequalities from the outset (why)	2. Identify and involve socially and/or economically disadvantaged individuals, households or communities, as well as privileged groups (who/among whom) in the design of the intervention	3. Identify support strategies that have the greatest impact on reducing inequalities (what)	4. Support the monitoring of the evolution of inequalities by promoting dialogue between stakeholders on such monitoring of inequalities (how)
What is it?	Criterion to support the context analysis to understand, analyse and interpret the inequalities present in the intervention context.	Criterion to support the analysis of the situation of the most socio-economically discriminated individuals, households or groups.	Criterion to support the search for strategies to address inequalities based on the analysis of the context, available resources and intervention priorities.	Criterion to support monitoring of the progress of the intervention, by measuring progress and exchange between stakeholders.
What is it for?	Analyse and understand the situation of inequalities from the outset (in the country, region or sector), which allows for understanding the context and evaluating intervention opportunities.	Substantiate the identification and engagement of socially and/or economically disadvantaged individuals, households or communities, as well as, to the extent possible, privileged groups.	Reflect on which strategy may be most appropriate to support the reduction of inequalities in the context and choose how to integrate this into the intervention approach.	Support monitoring and decision-making during implementation. Document progress (or setbacks) in the context of inequalities and promote the exchange of experiences.
How do we apply it?	"Guiding" questions in the context analysis, with emphasis on the multidimensional perspective required in the inequality-reduction approach.	"Guiding" questions in the context analysis, with emphasis on the relational or comparative factor required in the inequality-reduction approach.	Analysis of key factors (context, resources, objectives) of the intervention approach, possible scenarios and choice of strategy.	Obtaining information to enable monitoring: primary/secondary sources, quantitative/qualitative techniques.
What value does its implementation bring?	Recognise and clearly define the specific problems that affect different groups and maintain or reinforce inequality gaps.	Identify persons in a disadvantaged situation or at risk of exclusion and their distinguishing characteristics.	Substantiate the identification and selection of strategies that can be linked, to the extent possible, to specific sectors/topics and with concrete stakeholders that have an inequality-reducing effect.	Comprehensive approach to monitoring an intervention. While indicators provide a quantitative and objective basis, dialogue ensures that interpretations of these data are contextualised.
What are the challenges or difficulties in its implementation?	It requires resources and time.	It requires specific analytical techniques.	It requires favourable contexts or, in their absence, collateral support strategies.	It requires a relational approach (double measurement) and often goes beyond formal spaces of dialogue.
Available tools	H1. Context analysis H2. Data Sources	H3. Diagnosis of inequalities	H4. Inequality-reduction strategies	H5: Guidelines for the development of indicators H6: Guidelines for stakeholder dialogue
H7: AECID Inequality-Reduction Marker				

Criterion 1 / WHY



Contextual analysis of inequality, its drivers and determinants

What is it?

Criterion 1 supports the context analysis by providing practical guidance on what information is important and necessary to understand, analyse and interpret the inequalities present in the intervention context (multilateral, regional or national). This criterion is especially important at the design stage (identification and formulation) of any intervention, since it focuses on understanding the causes and determinants of inequalities, the relationships between them, and how these affect the most disadvantaged individuals and/or groups. This information will help us to subsequently develop the objectives of the intervention.

What it is for?

Criterion 1 serves to analyse and understand the situation of inequalities from the outset (in the country, region or sector), thus enabling an understanding of the context and an evaluation of the intervention opportunities.

Applying this criterion can help you to examine in greater depth:

1. The factors that influence inequality gaps (economic, social, demographic, geographic, etc.);
2. The underlying historical perspective of this reality;
3. The spatial or geographical perspective underlying the existing gaps;
4. The identification and grouping of the main drivers of inequality within each sector or thematic area.

How do we apply this criterion?

To apply this criterion, we need to introduce certain "guiding" questions into the context analysis and obtain the information necessary to answer those questions.

→ See Tool 1. Context analysis

The context analysis with a focus on inequalities should provide a comprehensive understanding of inequalities in a specific context, addressing their multiple dimensions. For this reason, it is important to take into account general aspects, as well as questions targeted at specific sectors or areas of public policy that compare more disadvantaged groups with the general average or with groups that enjoy a privileged situation.

In this sense, the analysis should be informed with data that include different areas such as socio-economic factors (wealth distribution, employment access and opportunities), educational factors (access to and quality of education, literacy rates), health factors (life expectancy, infant mortality, access to health services, disease incidence), access to basic services (drinking water, electricity, housing, etc.), rights and participation (access to justice, political participation) or discrimination factors (social, cultural, political, etc.).

This should also include an analysis of the specific initiatives or policies that have been implemented to address these inequalities and their results.

In order to be able to answer these questions that help to define the problem(s) to be addressed, it is imperative to have information and data to support the analysis. There are often sources of information (national statistics, prior research, or national, sectoral or AECID's analyses) that can serve as a starting point to know, understand and analyse the context.

→ See Tool 2. Data sources

When there is no prior information or reliable data to conduct the analysis, start by supporting research and data collection in the region, country or sector.

What value does its implementation bring?

Understanding and describing existing inequalities in a given context makes it possible to identify and clearly define the specific problems that affect different groups, shedding light on the factors that are at work, what resistance may exist, and facilitates the planning of action strategies.

In particular, the context analysis from an inequalities perspective enables the following:

- Understand the problems of inequality in AECID interventions in different contexts and sectors and document them.
- Nurture dialogue between stakeholders to include the reduction of inequalities as a strategic objective or address struggles related to inequality (e.g. discrimination). In favourable contexts, joint or complementary analyses with national stakeholders and/or cooperation partners may be encouraged.
- Promote applied research projects with a focus on reducing inequalities that provide relevant data and support future formulations.

What are the challenges or difficulties in its implementation?

- Analysing and understanding inequalities requires a data collection exercise and investment in processes to gather information that is often sensitive and not readily accessible. It requires resources and time.

Criterion 2/ WHO



Identify and involve socially and/or economically disadvantaged individuals, households or communities, as well as, to the extent possible, privileged groups

What is it?

Criterion 2 complements Criterion 1, which serves to guide the analysis of the situation of most socio-economically discriminated individuals, households or groups, whose situation may be due not only to income level but to a situation of vulnerability due to ethnicity, religion, sex, sexual orientation or gender identity, disability, migration status or language; belonging to socio-economically disadvantaged, remote and urban slum areas/homelessness; as well as the intersection of these characteristics with variables such as sex and age.

What is it for?

This criterion serves to inform the identification and engagement of the most socially and/or economically disadvantaged individuals, households or communities, as well as, to the extent possible, privileged groups.

Understanding the context (Criterion 1) and identifying the different groups (Criterion 2) enables the design of effective responses aimed at reducing inequalities and targeting the lowest income or most vulnerable persons in a society.

How do we apply this criterion?

To apply this criterion, we need to introduce into the context analysis the relational or comparative factor required in the inequality reduction approach. This entails not only describing the state of affairs in the region, country or sector and how it affects the population at large, but also breaking down the population into groups in order to understand how different realities affect each group.

This analysis and decision criterion benefits greatly from participatory approaches that promote engagement and dialogue with national and local stakeholders. Likewise, it is worthwhile including in the analysis, diagnosis, design and implementation the privileged groups against whom the inequality gap is measured.

- See Tool 1. Context analysis
- See Tool 3. Diagnostic methods

What value does its implementation bring?

Its application makes it possible to identify who is most disadvantaged (in terms of income, opportunities, access to services and employment) or at risk of exclusion, as well as their distinguishing characteristics (age, sex, gender, ethnicity, religion, etc.).

In particular, the analysis of groups from an inequalities perspective enables the following:

- A differentiated analysis of the population that, in certain cases, is disaggregated into rights-holders, rights-upholders and duty-bearers.
- To the extent possible, a participatory identification exercise.

What are the challenges or difficulties in its implementation?

- Identifying the most disadvantaged persons in line with the poorest 40% criterion (referred to as the "bottom 40%" by the European Commission) as it requires very specific data and double measurement systems (at the beginning and at the end). Moreover, the bottom 40% of the population may present marked differences between groups within the bottom 40%. Data on income and living conditions may sometimes be incomplete, inaccurate or outdated, making it difficult to correctly identify the poorest 40%. Similarly, not all people within this group have the same needs or conditions. There can be great differences between those close to the poverty line and those in extreme poverty, thus complicating classification and policy targeting.
- Identifying the most disadvantaged groups on the basis of other variables may be technically easier but also requires specific analytical techniques.

Criterion 3/ WHAT



Identify support strategies that have the greatest impact on reducing inequalities

What is it?

Criterion 3 is a criterion that supports the search for strategies to address inequalities based on an analysis of the context, available resources and priorities for action. The criterion is key in order to identify and prioritise actions in sectors or thematic areas and with specific stakeholders that can have an inequality-reducing effect (taxation, provision of public services such as health or education, adaptation to climate change, access to employment, etc.).

What it is for?

Criterion 3 serves to reflect on which strategy may be the most appropriate, taking into account, among other factors, the resources available for the intervention, to support the reduction of inequalities in the context and to choose how to integrate it in the intervention approach.

As a result, several options are available:

1. The main objective of the intervention will be to reduce inequalities in a given context and between certain groups.
2. The intervention will include the specific/significant objective of helping to reduce inequalities in intervention area.
3. The intervention will not aim to reduce inequalities, but will at least maintain the commitment to not contribute to increasing them.

How do we apply this criterion?

In order to apply this criterion, it is necessary to assess the key factors of the intervention approach, namely:

- What are the objectives of the intervention, in which the sectors or thematic areas will cooperation be prioritised?
- What resources (financial, material, human and time) are available?
- How sensitive is the context in which the intervention is carried out (political factors, access to all groups involved, geographical accessibility of the intervention areas, ease of obtaining data, etc.)?

It is important to highlight that any intervention has the potential to help reduce inequalities provided the right approach is applied. However, it should be noted that there are areas of intervention in which the effect on inequality reduction is more structural and, therefore, sustainable. We are referring to the mechanisms governing fiscal policy (in its two spheres: revenue and expenditure), support for progressive tax systems and investments (on the expenditure side) in basic social services (social protection, health and education) that are universal or targeted at the most socio-economically disadvantaged populations and in more remote locations.

→ See Tool 7. The Inequality Marker

What value does its implementation bring?

Its application enables the following:

- Perform a pre-implementation strategy identification and selection exercise that can be linked, whenever possible, to specific sectors/thematic areas and with concrete stakeholders that have a reducing effect on inequalities.
- Prioritise a results-oriented action strategy that includes and documents the effects on existing inequalities.
- Identify and take advantage of favourable contexts in which reducing inequalities is recognised as a priority for action.

What are the challenges or difficulties in its implementation?

- In politically sensitive or less favourable contexts, it may be difficult to articulate the support strategy around this objective. However, it is possible to 'compensate' through specific projects targeting a specific objective (e.g. supporting statistical systems, generating data, systematising needs etc.) or a specific group.
- In addition to individual interventions, it is necessary to maintain an approach consistent with all interventions supported by AECID cooperation to ensure alignment in actions to combat inequalities.

Criterion 4/ HOW



Support the monitoring of the evolution of inequalities by fostering dialogue between stakeholders on such monitoring

What is it?

Criterion 4 supports the monitoring of the progress of the intervention by measuring progress and exchange between stakeholders. It provides guidance on two key aspects during implementation:

1. How observed changes can be monitored and evaluated in order to understand, adapt and account for them.
2. How this information and data on the effects of inequalities can be used to raise awareness and bring about change through spaces for stakeholder dialogue (which can take place at different levels and in different formats, including, where possible, in high-level political and public policy dialogue).

What is it for?

The criterion supports monitoring and decision-making during implementation. It also allows to document progress (or setbacks) in the context of inequalities and promote the exchange of experiences within AECID, as well as with other stakeholders. The aim is to promote spaces for debate, reflection and action on inequalities and to include in this dialogue people or groups of people in disadvantaged situations, as well as privileged groups, and other key stakeholders in the territory (local authorities, NGOs, Ombudsmen, research/academic institutions, etc.).

The generation of data beyond the technical process is an opportunity to foster debates with civil society on how to make inequality and participation visible. Participatory processes (within the framework of intervention formulation) are opportunities to consolidate or generate spaces for exchange with population groups in disadvantaged situations or at risk of exclusion.

How do we apply this criterion?

In order to apply this criterion, it is necessary to have information that enables monitoring. This information may come from primary sources (data and statistics produced within the framework of

the intervention, questionnaires, interviews, rounds of dialogue, etc.) or secondary sources of information (such as academic reports, publications, external databases and repositories, etc.).

Monitoring must be articulated on the basis of indicators that classify and order those variables that make it possible to report on the evolution (or not) of the expected results.

→ See Tool 5. Guidelines for the development of indicators

→ See Tool 6. Stakeholder dialogue

What value does its implementation bring?

The use of indicators and stakeholder dialogue offers a comprehensive approach to monitoring an intervention. While indicators provide a quantitative and objective basis, dialogue ensures that interpretations of these data are contextualised and that decisions made reflect the realities and needs of the stakeholders involved.

Measuring progress in reducing inequalities enables the following:

- Report on progress and/or difficulties in an objective and measurable manner, through indicators that provide quantifiable data.
- Detect deviations from initial objectives, allowing for timely corrections.
- Identify areas that require more attention or additional resources.

Encouraging dialogue between stakeholders make it possible to:

- Understand how the intervention positively or negatively affects the target groups and adapt the intervention in response to changes in context or new challenges that arise.
- Foster inclusion and participation, involving beneficiaries in the process, ensuring that their needs and perspectives are taken into account.
- Increase legitimacy and acceptance of the intervention among local communities and other key stakeholders.
- In sensitive or potential rejection contexts, it makes different perceptions visible and facilitates the resolution of conflicts and disagreements between the stakeholders involved, helping to reach consensus and to commit to the decisions taken, improving the implementation of the intervention.
- Promote the identification and adoption of innovative solutions to emerging problems. Strengthen certain national stakeholders, such as civil society organisations (universities, Ombudsmen, etc.) and institutions related to national statistical systems, by building capacity and promoting knowledge transfer.
- Ensure coordination and synergy between the different stakeholders, avoiding duplication and ensuring that all work towards the same objectives.

What are the challenges or difficulties in its implementation?

The measurement of inequality is always relational; it is therefore necessary to measure the evolution of difference between the values of the corresponding indicator for the two population groups (target population and general or reference population) before and after the intervention.

- The exercise of "attributing" improvements in the conditions of the target population to an intervention is technically complex and its interpretation risky, since improvements (if any) may be due to many other factors outside the scope of the intervention. Thus, measurements of the evolution of inequality should be interpreted as an outcome in the direction desired (or not) by the intervention.
- Systematic data collection and their publication requires a robust monitoring and evaluation system at different levels (e.g. project, programme, instruments, sectors, country, etc.)

- Promoting dialogue between stakeholders requires going beyond the spaces for dialogue created ad-hoc within the framework of interventions and generating/maintaining spaces for dialogue between all key stakeholders, in an inclusive manner. Even if it generates difficulties and results that are not very evident in the short term, it is already a way to address inequalities.

4. Operational framework

General considerations on the practical integration of the inequality-reduction approach

- Mainstreaming the reduction of inequalities is neither a standardised nor a homogeneous process: it requires a relational multidimensional and intersectional approach that questions existing social, economic and/or political structures in the intervention context.
- This approach is not without its challenges, including the following:
 - the need for disaggregated data, which are often non-existent or difficult to identify;
 - the financial, human and time efforts required to identify the most disadvantaged individuals, households and communities, and to collect data; and
 - political sensitivity on the issue since, when tackling inequalities, the dynamics of power, inclusion and exclusion must be addressed with the different stakeholders; this is a highly socially sensitive process, and a delicate one for cooperation and institutional relations-
- Poverty and inequality are not addressed in the same way or with the same strategies. While poverty and inequality are strongly interconnected through income distribution, high levels of inequality can be observed in societies where poverty rates are relatively low. Poverty reduction strategies, even if successful, do not necessarily lead to a reduction in inequalities. The fundamental difference is the relational nature of inequality, which forces us to focus not only on the “poorest” groups but also on the “most privileged” groups (voluntarily or involuntarily) and, consequently, to analyse and address highly sensitive dynamics of power and exclusion. Hence, the strategies are different, not because of the dimensions but because of the relationships.
- Based on the foregoing, it is important to note that there may be situations in which it is not possible (due to context and needs) or desirable (due to sensitivity) to address the reduction of certain inequalities in an explicit manner (i.e. if it cannot be incorporated as a specific objective of the intervention). An analysis of the context and factors such as relevance, added value, risks and opportunities is necessary to make decisions on how to intervene. However, identifying the most disadvantaged population and knowing the determinants and factors that influence their vulnerability is considered indispensable when undertaking any intervention.

Context as a starting point

The context, characterised by multiple factors, will be essential for setting the 'starting point' and defining the level of 'ambition' of each intervention. So will the available resources (financial, human and technical), as well as time.

Depending on these conditions, it will be possible to set or determine the objective to be achieved and therefore the level of impact that can be achieved. Key questions to ask when planning an intervention include the following:

- Context: Is the context favourable for promoting actions to reduce inequalities (willingness of partner countries/stakeholders, resources, timing)?
- Data availability: Are there quantitative and qualitative data on inequalities and knowledge on the determinants of inequality?

- Dialogue on inequalities: Are there stakeholders and spaces for dialogue driving awareness, debate and action on inequalities?
- If the answers to one or more questions are "no", it is advisable to keep in mind the objective of “not increasing inequalities”, to carry out context analyses with a focus on inequalities and to promote complementary actions, mainly in two key areas:
 - Generation of relevant data to understand the determinants of inequalities. Research actions (generating quantitative or qualitative information on the context) and/or collaborations with national statistical systems (to collect data, improve disaggregation, make under-represented population groups visible in statistics or include specific inequality indicators) may be considered.
 - Creation of spaces for dialogue between stakeholders through actions ranging from the generation of maps of stakeholders addressing inequalities to the contribution or creation of spaces for awareness-raising and analysis of inequalities and the search for specific actions.
- In addition to these starting conditions, it is important to bear in mind the two levels of action of AECID cooperation. If we are at a strategic planning level (for example, in the process of negotiating a new Country Partnership Framework (CPF)), the reduction of inequalities will require a more general approach geared towards lines of action that address sectors, groups or public policies. However, at a specific level of intervention, the approach may be oriented towards resolving particular clearly-defined inequality gaps and aimed at specific population groups. In both cases, the reduction of inequalities is an expected outcome, but the level of scope is different.

The following table proposes a series of generic recommendations for achieving an impact on the reduction of inequalities. This list is illustrative and not exhaustive.

Table 4. Proposals for addressing the reduction of inequalities by level of action.

Strategic level (strategic planning processes by instrument or sector and also in policy dialogue with partner countries)

- Identify a strategic line for reducing inequalities, aligned with a key public policy or sector.
- Establish a specific funding target (e.g. funding amount or percentage) at country/region/sector level to address specific inequalities.
- Incorporate specific research on factors, determinants or actions to combat multidimensional inequality, such as diagnostics on specific groups, exchanges between stakeholders or data collection.
- Support the improvement of national statistical systems to collect disaggregated data for invisible groups and specific inequality indicators.
- Promote a programme composed of different interventions to reduce inequalities in various sectors, geographical areas or with various AECID instruments.
- Promote high-level policy dialogue between excluded groups and other groups in spaces beyond projects and with long-term sustainability, as well as in the process of identifying and formulating CPFs or strategic documents.
- Promote the fight against inequalities in all areas of cooperation (e.g. during diagnosis and analysis of context or the sector, at donor roundtables, etc.)
- Address taxation issues (both the tax system and public investment) in cooperation with other partners.

Operational level of design and implementation of AECID interventions (specific projects and programmes)

- Plan evidence-based strategic actions that can serve as “pilot examples” in terms of: 1) impact in remote areas; 2) economic inequalities (access to credit, markets, income generation) between groups; 3) access to services for different groups; 4) vulnerability to climate change of different population groups; 5) participation of all stakeholders in dialogue groups.
- Incorporate this approach in a cross-cutting manner the sector or thematic area of intervention and with interventions with a main or specific objective.
- Context analysis with a focus on inequalities and in-depth diagnoses (in the form of quantitative and/or qualitative data) on the context, people or groups in a situation of greater inequality and relate this to other reference groups.
- Generate information and research on spatial inequality and other dimensions of inequality (intersectionalities).
- Identification of possible strategies adapted to this context: what type of inequalities could the intervention aim to reduce and among which population groups?
- Raise awareness about inequality in the areas of AECID's intervention: make data and evidence visible, awareness-raising campaigns and debate on inequalities.
- Develop stakeholder maps using an inequality approach (identify excluded and privileged groups).
- Design indicators, identify data sources and/or generate data to measure inequalities.
- Promote the fight against inequalities in the field of intervention (during diagnosis and analysis of the context or sector, in the design of activities with data and with spaces for dialogue between stakeholders using an inequality-reduction approach, etc.).

The Inequalities Marker as a roadmap¹³

Once the starting point has been analysed and taking into consideration the four criteria for action that AECID will maintain to address an approach based on reducing inequalities, the Inequalities Marker will serve as a roadmap to determine the level of impact that can be expected from each intervention.

The Marker is a tool designed to classify into four levels the degree of impact that one or more AECID interventions can generate on inequalities. It is necessary to assess whether the main impact of the intervention is expected to be the reduction of inequality (E-2), whether the impact could be significant (E-1.2), not significant (E-1.1) or whether it will have no impact on the reduction of inequalities (not targeted, E-0).

Table 5. Levels of the AECID Inequality Marker

AECID Marker	Expected level of impact of the intervention in reducing inequalities
E-0	➤ Not targeted - No impact
E-1.1	➤ Targeted - Not significant
E-1.2	➤ Targeted – Significant
E-2	➤ Main

Therefore, before beginning any intervention that aims to reduce inequalities, it is advisable to apply the analysis proposed by the Marker and to observe how far-reaching or impactful the intervention is. This will provide information on the 'level' of impact and what tools are useful to incorporate in the design and implementation of the intervention.

Classification into one level or another is based on the analysis of the four criteria, articulated around a series of key questions. For this purpose, the questions in Table 6 are very useful.

¹³ For more information, consult Tool 7 – AECID Marker for the reduction of inequalities.

Table 6. Key questions to determine the expected level of impact on reducing inequalities

Criterion 1. Analyse and understand the situation of inequalities from the outset (why)		
Inequalities analysis: is there already an analysis of trends and drivers of inequalities at the policy level of the intervention/programme?		
If this does not exist, is it expected to be performed within the framework of the intervention?		
Specific data in the analysis: have specific research or diagnostics on inequality been carried out and/or will external sources of expertise on inequality be consulted?		
If there is no data on inequalities in the country, are there plans to support the country's statistical systems or fund research or studies that analyse inequalities and/or address proposals for intervention in the country/sector?		
Criterion 2. Identify and involve individuals, households or communities in the design of the intervention		
Socio-economically disadvantaged groups: does or will the description of the context of the country/region/call include an analysis of specific population groups that may be disadvantaged or at risk of exclusion and the characteristics (age, sex, gender, ethnicity, disability, religion, etc.) that distinguish them?		
Privileged/disadvantaged: does or will the planning and implementation of the action involve the participation of the most disadvantaged and the most privileged groups?		
Criterion 3. Identify support strategies that have the greatest impact on reducing inequalities (what)		
Is/will the reduction of inequalities be an objective of the intervention?		
If yes, will a diagnosis of inequalities in the area of intervention be carried out?		
Will the reduction of inequalities not be an objective of the intervention, but will it be treated as a cross-cutting issue?		
Is it possible to say that one or more objectives will have an impact on some type of economic inequality (income distribution/asset ownership)?		
Is it possible to say that one or more objectives will have an impact on social inequalities (inclusion/social cohesion/anti-discrimination policies)?		
Can it be said that one or more objectives will have an impact on power structures (representativeness, decision-making)?		
Criterion 4. Support the monitoring of the evolution of inequalities by fostering dialogue between stakeholders on such monitoring (how)		
Are there or will there be indicators specifically measuring the reduction of inequalities? In other words, at the end of the intervention, will it be possible to measure the “gap” between the most disadvantaged target population group and the reference group?		
If so, will an impact assessment be carried out to analyse developments and factors that have influenced the outcome?		
Are there or will there be indicators related to population groups that may be more disadvantaged (in terms of opportunities, access to services and employment) or at risk of exclusion, disaggregated by exclusion characteristics (age, sex, gender, ethnicity, disability, religion, etc.)?		
Are there or will there be geographic or spatial indicators such as rural versus urban areas, for example?		
Are there or will there be economic indicators related to levels of income, taxation, etc.?		
Are there plans to create or strengthen spaces for dialogue between stakeholders on the intervention and/or some of the determinants of inequalities in the sector/country/region?		

Table 7. The AECID Inequality-Reduction Marker: levels (E0, E1.1., E1.2, E2) and criteria

Criteria for incorporating the inequality approach - AECID	Classification levels			
	E-0 Not targeted - No impact	E-1.1 Targeted – Not significant	E-1.2 Targeted – Significant	E-2 Main
Criterion 1. Analyse and understand the situation of inequalities from the outset (<u>why</u>)	No analysis of inequalities in the context of the intervention has been carried out.	<ul style="list-style-type: none"> Some available sources of information on inequalities in the context of the intervention have been identified and briefly analysed, without any further impact on its design. 	<ul style="list-style-type: none"> A more comprehensive search and analysis of available sources has been carried out, and the analysis has been taken into account in the design of the intervention. 	<ul style="list-style-type: none"> A diagnosis of inequalities and their origins has been carried out, and the findings of this analysis have influenced the design of the intervention, which acts on the causes of the inequalities.
Criterion 2. Identify and involve socially and/or economically disadvantaged individuals, households or communities, as well as, as far as possible, privileged groups (for whom/inequalities between whom) in the design of the intervention	The definition of the target group(s) for the intervention does not take into account the inequalities that affect them or the differences with respect to privileged groups.	<ul style="list-style-type: none"> The existence of inequalities affecting the target group(s) has been identified. However, although factors affecting inequalities have been identified, the intervention addresses issues that are not directly linked to these factors, and this/these group(s) has/have not been involved in the design of the intervention. 	<ul style="list-style-type: none"> The target group(s) has/have been precisely identified, in particular in terms of the inequalities affecting them, but this/these group(s) has/have not been involved in the design of the intervention. 	<ul style="list-style-type: none"> The target group(s) has/have been precisely identified, mainly by the inequalities that affect them, and this/these group(s) has/have been involved in the design of the intervention.
Criterion 3. Identify support strategies that have the greatest impact on reducing inequalities (<u>what</u>).	The intervention does not include the objective of reducing inequalities	<ul style="list-style-type: none"> The intervention addresses inequalities, but reducing inequalities is not an objective of the intervention, and the factors that influence inequalities are not recognised nor are there plans to act on these factors. 	<ul style="list-style-type: none"> Reducing inequalities is one of the objectives of the intervention, but it is not the main objective, and the factors that influence inequalities are recognised but there are no plans to act on these factors. 	<ul style="list-style-type: none"> Reducing inequalities is the main objective of the intervention, which also acts on the factors that affect inequalities in a fundamental way (through regulation, redistribution of resources, social and economic benefits, or other).
Criterion 4. Support the monitoring of the evolution of inequalities by fostering dialogue between stakeholders on the monitoring of inequalities (<u>how</u>).	<ul style="list-style-type: none"> There are no indicators to monitor changes in inequalities and no ex-post inequality impact assessment is foreseen; and no space for dialogue to monitor inequalities has been strengthened, consolidated or created. 	<ul style="list-style-type: none"> Monitoring indicators have been defined, but they do not directly measure the impact of the intervention in reducing inequalities, and no ex-post inequality impact assessment is foreseen; spaces for dialogue have been identified where the monitoring of inequalities could be addressed with the different parties. 	<ul style="list-style-type: none"> Monitoring indicators have been defined that directly measure the impact of the intervention in reducing inequalities, and such an impact analysis has been carried out or is planned; a dialogue on inequalities and its follow-up has been initiated with the various parties. 	<ul style="list-style-type: none"> Monitoring indicators that directly measure the impact of the intervention on reducing inequalities have been defined in the intervention formulation phase, and an ex-post evaluation measuring the impact on inequalities has been carried out or is planned (with the necessary budget); a space for dialogue on inequalities and its follow-up with the different parties has been strengthened, consolidated or created.

For a practical understanding of how to apply the Marker, two examples are presented below:

Example 1:

Imagine an intervention in a West African country, which will focus on improving the country's data generation and statistical capacities.

Criterion 1: Why. During the context analysis, a lack of disaggregated data necessary for a good analysis of inequalities (by sex, age, ethnicity, disability, religion and geographical location) is identified. It is concluded that inequalities are concentrated in remote rural areas, prompting the creation of a working group with representatives from various sectors to present the results, discuss the situation and seek funding to improve the country's statistical capacities.

Criterion 2: Among whom. The analysis of inequalities is carried out mainly through desk work and some interviews with academics, civil society leaders and civil servants. Although excluded and privileged groups are not included in this initial phase, they have been more or less clearly identified with the available data.

Criterion 3: What. No specific intervention aimed at reducing inequalities is designed at this stage.

Criterion 4: How. The intervention will improve the availability of data and promote spaces for inclusive participation which, in addition to improving data sources, will contribute to raising awareness of the situation of inequalities.

The labels assigned to the criteria are:

	Not targeted E-0	Targeted -Not significant E.1.1	Targeted- Significant E.1.2	Main E-2	Score
Criterion 1				X	1
Criterion 2			X		0,7
Criterion 3	X				0
Criterion 4				X	1
Score					0.68=E1.2

Example 2:

Imagine an intervention in Latin America to promote renewable energies

Criterion 1: Why. During the context analysis, a search and analysis of inequalities has been carried out (previous reports are available and some additional sources have been consulted), and this analysis is present when designing the intervention.

Criterion 2: Among whom. The context analysis identifies Afro-descendant women as a group that is particularly discriminated against in terms of access to quality health services and education, and with little or no participation in the country's political processes. While this exclusion is found throughout the country, it is much more pronounced in rural areas. The decision is taken to focus efforts on ensuring that the new energy generated reaches the rural areas with the highest proportion of Afro-descendant population.

Criterion 3: What. The intervention is aimed at promoting renewable energies. As the implementation of these energies in the country is still very low, it is not relevant to target the intervention at the health and education sectors specifically, but an objective of the intervention is defined aimed to improve access to energy in these areas.

Criterion 4: How. The proposal is to develop an indicator to measure the objective, with a baseline and intermediate and final evaluations. Although it is not foreseen to directly measure the impact on energy access and the exclusion of Afro-descendant women, it is suggested to use spaces for dialogue to seek future data and measurement techniques.

The labels assigned to the criteria are:

	Not targeted E-0	Targeted -Not significant E.1.1	Targeted- Significant E.1.2	Main E-2	Score
Criterion 1			X		0,7
Criterion 2		X			0,4
Criterion 3		X			0,4
Criterion 4		X			0,4
Score					0.48=E1.1

Tools as support resources

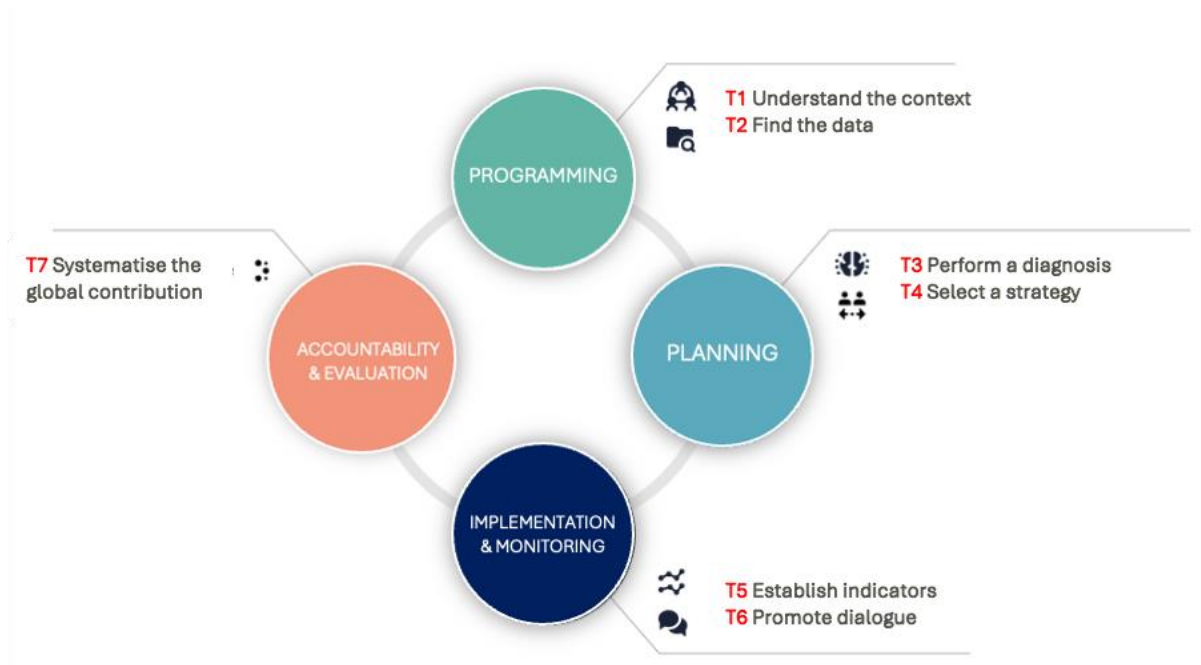
To guide the planning, implementation and accountability process with a focus on reducing inequalities, in addition to the Marker, the Toolbox aims to support staff involved in interventions with practical resources to implement this approach.

Depending on the needs and the degree of deepening required in each context and in each intervention, the use of one or other tools is suggested. Their use is designed to be gradual, i.e. increasing in correlation with the expected level of impact on the reduction of inequalities.

In general, the use of the tools is designed to respond to the level of impact of the intervention according to the label assigned in the Marker:

- Interventions marked as -0 (Not targeted) and E-1.1 (Targeted - Not significant) will at least consult **Tools 1 and 2**.
- Interventions marked as E-1.1 (Targeted - Not significant) and E-1.2 (Targeted - Significant) will use **Tools 1, 2, 4 and 6**.
- Interventions aiming to impact level E-1.2 (Targeted - Significant) or E-2 (Main) should use **most of the tools**.
- All interventions will use the Marker (**Tool 7**) to obtain an initial idea of the level of impact and to report in the corresponding planning documents.

Figure 5. Tools for reducing inequalities in the intervention cycle



The following table presents each of the available tools and provides access to each of them.

Table 8. Toolbox: description and access.

Phases of the cycle of interventions	Which tool is proposed	What it is used for	What it consists of
Programming	H1. Context Analysis	Understanding the context of inequalities	Checklist of aspects to analyse and a mapping of information on stakeholders working on inequalities to make a brief analysis of the inequalities in our intervention, sector and context.
	H2. Data Sources	Finding data	List of references on where to find data and explanation of the main indices (e.g. GINI, Palma, etc.)
Planning	H3. Diagnoses of inequalities	Conducting in-depth diagnosis/identify the target and reference population	Key aspects that should be included in an in-depth “Diagnosis” and explanation of the methods for diagnosing inequalities that currently exist.
	H4. Inequality-reduction strategies	Selecting a strategy	Key questions to identify possible strategies and proposes three types of strategies to address inequalities.
Implementation and Monitoring	H5. Guidelines for developing indicators	Measuring with indicators	Methodological guidelines and examples to guide indicators towards the measurement of inequalities (based on the premise that there are no specific indicators, but rather a way of measuring them).
	H6. Dialogue between stakeholders	Promoting stakeholder dialogue	Information on what stakeholder dialogue is and how to approach it, and a checklist that invites us to reflect on how the intervention contributes to generating spaces for participation.
Accountability	H7. Quick guide to the AECID Marker	Systematising AECID's contribution to inequalities	A more in-depth explanation of how to use the AECID Marker and criteria for marking E.0 (Not targeted), E.1.1 (Targeted - Not significant; E.1.2 (Targeted - Significant); E.2 (Main)

GLOSSARY

Inequality / Inequalities (Types / Approaches)

Vertical inequality

Vertical inequality focuses on inequality between individuals (or households) in a region, country, or the world. Vertical inequality refers to inequality in the distribution of a variable across the entire population and focuses on the gaps between individuals.

Horizontal inequality

Horizontal inequality, in contrast, affects individuals and groups that share an identity in a society, be it similar income, education, gender, ethnicity or place of birth. Horizontal inequality refers to inequality in the distribution of a variable between groups of people or countries, regions, etc.

Economic inequality

Economic inequality refers to differences between the positions of individuals or groups within the distribution of economic resources, with respect to income, consumption or wealth or inequality in other dimensions driven by economic position. It focuses primarily on the gap between positions in the distribution of income. Income is the money received by an individual or household from various sources, such as employment, investments, savings, welfare transfers, pensions or rent. Consumption refers to the purchase of goods and services for household use.

Social inequality

Social inequality refers to the unequal distribution of public and social goods, such as access and achievement in education, health and nutrition, housing and employment, and security, power and rights (World Bank, 2006). A key component in addressing social inequalities is discrimination. Discrimination can be highly visible, but it can also be invisible when it is embedded in the system through social norms, traditions and unconscious biases.

Political inequality

Political inequality refers to the unequal influence on decisions made by political bodies and the unequal outcomes of those decisions. It can be translated into: 1) unequal political opportunities, i.e. unequal access to political decision-making or governance processes that may lead to the exclusion of certain groups in these processes; 2) unequal political outcomes, i.e. discriminatory laws, symbols, policies or other products resulting from the political process.

Income inequality¹⁴

The analysis of income inequality trends has focused on the distribution of income among households in an economy. Household income distribution can be interpreted at three levels (van der Hoeven, 2011): 1) primary income distribution: the distribution of household income consisting of the different factor incomes (sometimes cumulative) in each household before taxes and subsidies determined by markets and market institutions; 2) secondary income distribution: the distribution of household income after taxes and including transfer payments (i.e. determined by fiscal policies); 3) tertiary income distribution: the distribution of household income when the attributed benefits of government spending are added to household income after taxes and subsidies.

¹⁴ UNDP, November 2013. *Humanity Divided: Confronting Inequality in Developing Countries*. Own translation.

Unequal opportunities

Inequality of opportunity refers to that part of inequality that is due to differences in circumstances (gender, ethnicity, disability, origin, etc.) as opposed to inequality due to differences in effort (Roemer). Some studies and research have associated inequality of opportunity with intergenerational mobility, as measured using cross-national data on various indices of intergenerational mobility, such as the elasticity of an individual's income (or education) with respect to the income (or education) of their parents.

Inequality of outcomes

Inequality of outcomes refers to differences in people's living conditions, such as income inequality (where they end up).

Gender inequality

Gender inequality refers to differences between men and women that systematically favour one group. In turn, these inequalities can create inequities between men and women in access to resources such as health, education, work or political participation, among others.

Environmental inequality

Environmental inequality refers to the unequal distribution of environmental risks and hazards (e.g. air or water pollution) and unequal access to natural resources and other ecosystem services (e.g. land, parks and fresh water) among different social groups. Environmental inequality is also closely related to social and economic inequality

Other related concepts

Universal accessibility

It is the condition that environments, processes, goods, products and services, as well as objects, instruments, tools and devices, must meet in order to be understandable, usable and practicable for all people in conditions of safety and comfort and in the most autonomous and natural way possible. It presupposes the strategy of "universal design or design for all people", and is understood without prejudice to the reasonable adjustments that must be adopted. Universal accessibility also includes cognitive accessibility to enable easy understanding, communication and interaction for all people. Cognitive accessibility is deployed and made effective through easy reading, alternative and augmentative communication systems, pictograms and other human and technological means available for this purpose. It is also important to mention accessibility to information and communication, which is the dimension of universal accessibility that environments, processes, goods, products and services, as well as objects, instruments, tools and devices, must comply with in order to be understandable, usable and practicable for all people, in appropriate and accessible formats such as Spanish sign language, subtitles, audio description, texts and audios in clear language and other means of support for oral communication, which enable access to information and communication for people with disabilities in conditions of safety and comfort and in the most autonomous and natural way possible.

Source: Spain. Royal Legislative Decree 1/2013, of 29 November, approving the Consolidated Text of the General Law on the Rights of Persons with Disabilities and their Social Inclusion.

Inclusive growth

Inclusive growth is another term often used to describe more equitable growth, although, as with inequality itself, there is no clear consensus on what is meant by this term. Current definitions include those by Martin Ravallion and Shaohua Chen, who define it as any period of growth during

which there is a reduction in poverty, while Nanak Kakwani and Ernesto Pernia, Klasen (2010), and Ali and Son (2007), consider growth to be inclusive when the incomes of the poor grow faster than the incomes of the rich.

Non-income variables, often determinants of opportunity, such as access to health care, education, infrastructure services or employment opportunities, can also be added.

Equity and equality

Equality refers to a situation in which each person is granted the same rights and responsibilities, regardless of individual differences, in the absence of discrimination based on sex, age, ethnicity, disability, nationality, etc. Equity takes into account individual needs and requirements and seeks to adapt accordingly.

From this perspective, equity is a process and equality is an outcome: equity is the necessary condition that must be met to achieve equality.

Bottom 40 per cent (Bottom 40 or B40)

The classification of population groups has been formalised by the OECD and included in SDG 10. The population is considered to be divided into three categories determined by income levels. The B40 refers to the 40% of the population at the bottom of income or consumption distribution. The Top 10 refers to the richest 10% and, finally, the middle class located between these two categories. However, it should be noted that the Inequality Observatory estimates that the middle class lies between the poorest 30% and the richest 20%. Therefore, part of the middle class may also be part of the B40 and could be identified as "vulnerable".

Intersectionality

The concept of intersectionality describes the ways in which certain aspects of inequality (gender, race, ethnicity, sexual orientation, income, gender identity, disability, class, etc.) interact with each other. For example, an urban ghetto will result in poor access to good education, good healthcare, transportation and mobility, or affordable drinking water. These inequalities of opportunity will translate into inequalities of outcomes. A disabled person, a woman or a migrant living in an urban ghetto will face additional inequalities in terms of access and opportunity, which will translate into inequalities of outcomes for her and her children.

Leaving no one behind

Inequalities are also often linked to the concept of "leaving no one behind", which is at the heart of the SDGs. According to the Overseas Development Institute (ODI), "leaving no one behind" means ending extreme poverty in all its forms and reducing inequalities both between individuals (vertical) and between groups (horizontal). The key to "leaving no one behind" is to prioritise and accelerate actions in favour of the poorest and most marginalised. It goes beyond an anti-discrimination agenda; it is a recognition that expectations of a "trickle-down" progress are unfounded, and that explicit and proactive attempts are needed to ensure that populations at risk of being left behind are included from the outset. The New European Consensus on Development places leaving no one behind and tackling inequality at the heart of EU development cooperation.

Non-discrimination

The principle of non-discrimination prohibits situations in which persons or groups of persons in the same situation are treated differently, or individuals or groups of individuals in different situations are treated equally. The Universal Declaration of Human Rights reaffirms the principle of non-discrimination and proclaims that all human beings are born free and equal in dignity and rights and

that everyone, without distinction, may claim all the rights and freedoms set forth in that Declaration.

The international legal framework for human rights, as well as legislation at other territorial levels (European, state, autonomous community and regional), contains instruments to combat specific forms of discrimination.

Shared prosperity

The concept of shared prosperity promoted by the World Bank focuses on the poorest 40% of the population in each economy and is defined as the annualised growth rate of their average per capita household consumption or income. The shared prosperity premium is the difference between the growth of the poorest 40% and that of the entire population. Through this concept of "shared prosperity", the World Bank focuses on vertical income inequalities within countries.

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