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Conceptualisation of inequality and the ex-ante equality impact assessment tool

Enabel & Institute of Tropical Medicine

Introduction

Inequality is now prominent on the international and European agenda, as existing inequalities within and between countries are considered unjust. In addition, the limits of ‘simple’ social sector development and ‘pure’ economic development have become clear. Fighting inequalities is considered an important aspect of development in any country, a catalyst for reaching the sustainable development goals and a key challenge to building just societies. The United Nations Sustainable Development Goals consider the eradication of poverty (SDG 1) and the reduction of inequality within and between countries (SDG 10) crucial pillars to be attained by 2030.

This document describes the conceptualisation by Enabel of inequity and a tool which has been developed to mainstream the attention for inequity when designing a project. This tool is called the ex-ante ‘equity impact assessment tool’ (EIAT)¹. Both the conceptualisation of equity and the tool were developed together with the Institute of Tropical Medicine in Antwerp.

The conceptualisation of inequity and the developed ex-ante equity assessment tool for development projects aspire to accord with – from the global to the local:

- The [2030 Agenda for Sustainable Development](#) and particularly its core principle [Leave no one behind](#);
- [Sustainable Development Goal 10](#) of reducing inequalities within and between countries;
- The [Call of the European Council](#) to its Member States “to strengthen their tools and approaches to make them more effective in addressing inequality and to mainstream the reduction of inequality in their development cooperation”;
- The identification by Enabel of social and economic inequalities as a global challenge.

Definition of inequity or inequality

To define inequity, we started shifting the focus from things to people:

“When **two things** are different, they are **unequal** and the condition of being unequal is called **inequality**. When we talk about **people**, there is nothing wrong as such with being different: every person is unique. Plenty of differences can be taken for granted”.

We then define inequity based on what sets it apart from mere material differences, namely unfair treatment:

“When people are *treated* unfair, that is **inequitable**, leading to unequal outcomes which are also unfair, and the whole of both the process and the inequalities involved is called **inequity**”.

We also recognise that, at least in policy circles, inequality (in singular, as umbrella term) has become a synonym of inequity, including its connotation of unfairness.

This framing allows us to provide the following definitions:

Inequity

- The whole of unequal inputs (e.g. goods, resources and opportunities) and outcomes (including utilities) of people that lead to or are the result of unfair treatment, including the process that connects, causes and reinforces those inequalities.

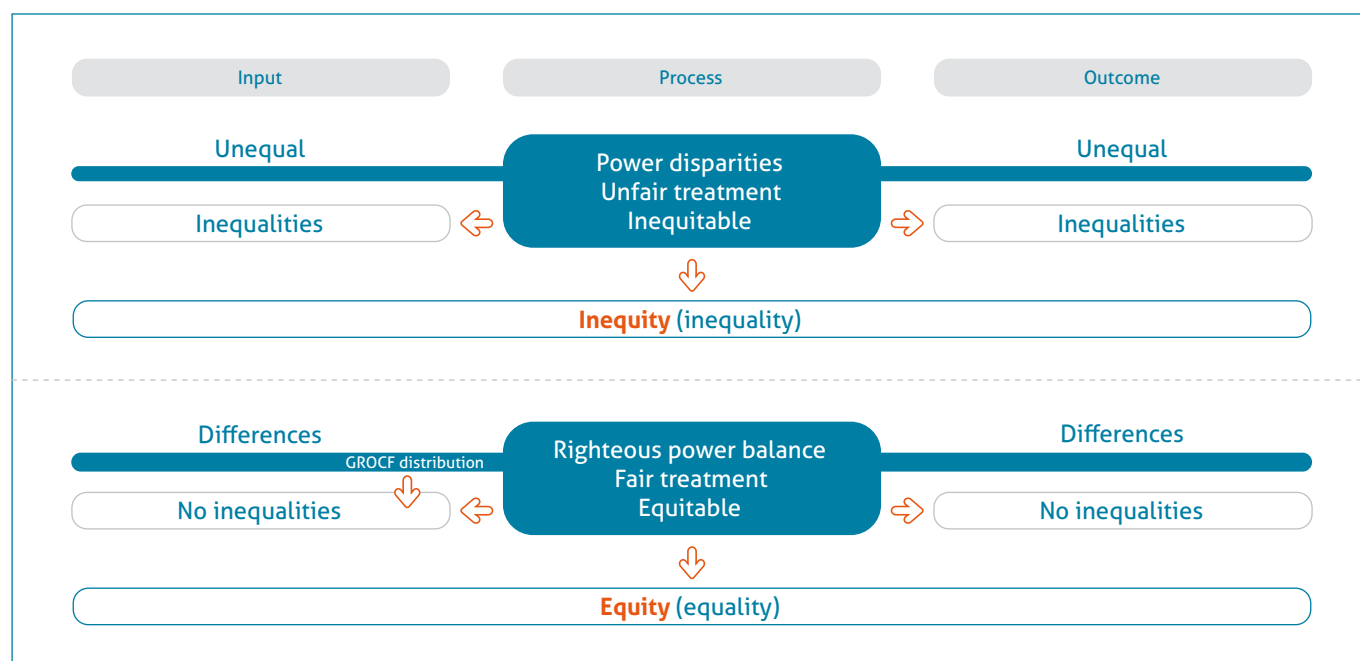
Inequality

- The condition of being unequal
- A synonym for inequity





The following schematic visual represents inequity (at the top of the scheme) and ideal equity (at the bottom):



Note: GROCF stands for goods, resources, opportunities, capabilities and freedoms.

This delineation indicates where we can intervene and how. We need also to address the process. In addition, it has obvious implications for *how* and *to what extent* the ex-ante EIAT will assess inequity in terms of input, process, and outcome. This delineation also has implications for the proposed *terminology*: today, we can use **inequity** and **inequality** interchangeably (but always encompassing unfairness).

We use the term **inequalities** (plural) for those unequal inputs and outcomes of people that lead to or are the result of inequitable treatment. The term **differences** we reserve for those unequal inputs and outcomes that cannot be considered unfair.

Implications of the definition

Attention for the process generating and reproducing inequalities

These definitions do not only consider inequality of opportunities and inequality of outcomes. We also draw attention to inequality of process (through the focus on unequal treatment) that generates and is an essential part of inequity. Therefore, we make use of the capability approach to complement a human-rights framework.

Too often, inequity is reduced to inequalities in opportunities and inequalities in outcomes, thereby largely ignoring the black box of process in between. Equality of opportunity refers to starting situations (where people begin), whereas equality of outcomes points to results (where people end up).

Amartya Sen developed, together with Martha Nussbaum and others, the capability approach. This approach makes the shift from seeing opportunity as merely input-related (as to resources or status) to opportunity as capability, or the ability to do something, which clearly implies a process component.

Process and development are interlinked. In Sen's words: "The concentration on distinct capabilities (...) points to the necessity of seeing development as a combination of distinct processes, rather than as the expansion of real income or utility. The things that people value doing or being can be quite diverse, and the valuable capabilities vary from such elementary freedoms as being free from hunger and undernourishment to such complex abilities as achieving self-respect and social participation. The capability approach combines a focus on outcomes with a focus on processes. When equity is at stake: to make sure that human rights make a real difference in people's lives, both capabilities/opportunities ("substantive opportunities") and processes ("freedom of processes") have to be taken account of. Both the process of widening people's choices and the level of achieved well-being are of relevance for development."

(Monopolisation of) power, in its many manifestations, is a key mechanism generating inequalities

Power is a core element of the process generating inequity. Power can have many manifestations. Processes such as exclusion, discrimination, social stratification... have power in common. We are aware that many definitions of power exist. When pointing out power as core in the inequity-generating process, we pay attention to dimensions identified by Jo Rowlands, namely *power over* (over people, resources,

and the use of resources). For the peoples affected by inequity, this then results in lack of *power to* (shape their life), and both reduced *power within* (self-esteem) and reduced *power with* (for collective action).

Monopolisation of power is a key mechanism generating, exacerbating, and reproducing inequalities. It is worth remembering that talking of monopolisation of power is not synonymous with malevolent practices or blaming higher forces: no bad intentions are needed for this mechanism, which can be identified at every level of human interaction. Power does not have to be repressive or coercive, is not limited to institutional relations, but exercised by all persons in all their relations. Echoing Michel Foucault, power is ubiquitous. Yet, monopolisation causes privileges, and privileges generate inequities.

An example of the effect of the role of power is the 'Matthew effect', a popular term among social scholars, coined by Robert Merton as a confirmation in all spheres of society of a quote from Matthew's gospel: "Whoever has will be given more, and they will have an abundance. Whoever does not have, even what they have will be taken from them". It typically refers to rich people benefiting more from state interventions (e.g. childcare) than poor people. It shows the effect (or manifestation) of the mechanism of monopolisation of power, and more precisely one that amplifies existing inequalities.

Inequity is about people and is social; economic inequity is part of it

As outlined in our definition: when concerned about equity, differences between any kind of things (characteristics, resources, wealth, outcomes...) are important insofar as they are unfair for people. Hence, equity is in essence a human-centred concept, and more specifically a relational one. The human-centred nature of inequity has implications for framing and assessing inequity. Anything related to human society and its organisation is fundamentally **social**. It seems thus only logical to consider the social phenomenon inequity as the umbrella under which inequity in all areas of human interaction (politics, the economy, the environment...) can be grouped. Economic inequality can therefore be seen as part of social inequity. Though, social inequity usually comes to the fore through economic inequalities and economic inequalities can typically be easily measured. We can learn lessons from indicators, but ultimately people count.

This is not however how inequality is usually framed. Often economic and social inequality are juxtaposed, considering economic inequality first and foremost. While an excessive focus on economic inequality might be deemed inadequate, substituting income inequality for economic inequality is even more reductionist. As [Amartya Sen](#) stated we tend to pay too much attention to economic inequality, given that income inequality, on which economic analysis of inequality so often focusses, gives a very inadequate and biased view of inequalities (...). Income is only a means to other ends

and it is only one means among others. The relation between income (as one input) and achievements (outcome) is far from constant, co-determined as the latter are by a whole range of personal, social, and environmental resources, enablers and barriers.

Despite all shortcomings of using income and consumption measures, there is no reason not to use monetary data at all. First, in some instances, they might be the only ones available. Second, because they do say something about inequity. The double challenge then consists in making sense out of them as what they mean to people, and complementing them with non-monetary data, such as indicators on inequality of opportunity (e.g. access to basic services) or multi-dimensional inequality measurements.

Inequity is generated by people and is therefore also remediable

Inequity is neither fixed nor inevitable, it is amenable to change. Paraphrasing Jean Ziegler: "What is man-made, man can unmake". Or, in the words of OECD secretary-general Angel Gurría: "There is nothing inevitable about high and growing inequalities. Our policies have created a system that makes them grow and it's time to change these policies".

While the bottom line of equity is fairness at the individual level (human-centred fairness, between people and for all people), the flourishing of individuals depends on how society is constructed and reconstructed. To redress inequity and bring about fairness for all, transforming the social processes and mechanisms that generate inequity is essential. In fact, many countries over the last years, have managed to significantly reduce income and non-income inequality through a combination of progressive economic and social policies, often accompanied by the greater participation and empowerment of those who had been left behind by the development process.

Equitable distribution of opportunities, process, outcome or all of them?

Fair opportunities and satisfaction of basic needs at individual level are contingent on distribution. While there is no doubt that distribution affects inequity and that redistribution can make a society more equitable, disagreement continues to exist on what should be distributed first and foremost. Milton Friedman for example argued that equality of outcome is at odds with liberty. It leaves people without opportunity and is thus not equitable at all. Libertarians will thus radically opt for equality of opportunities and leave it to the market to distribute the outcomes. It can however be argued that it is in the distribution that Adam Smith's 'invisible hand' becomes visible: it is people who distribute, and power of people that shapes the distribution, for good or for wrong.

Societies can opt for distribution of goods and resources because they aspire fairness in outcomes and believe fairness in opportunities through carefully distributing goods and resources will achieve this. Yet a fair distribution of goods and



resources will not by itself be equitable. As Sen reminds us, there are significant variations in the conversion of resources and primary goods into freedoms.

Acknowledging that distributing inputs is insufficient and that distributing outcomes is simply not feasible, we have good reason to apply distribution and the rule of fairness over a broad spectrum: goods and resources (including income), opportunities, capabilities (enhancing the opportunity aspects of freedom) and fair treatment (core to the process aspects of freedom).

Fair distribution can be brought closer by combining direct action on resources (e.g. through taxes and transfers) and enhancing capabilities and freedoms (e.g. through adequate nutrition, education, and health care, and through capability-enhancing legislation, implementation, claim procedures and adequate governance). Universalist approaches are key, but targeting can contribute, and can be complementary if careful strategic choices are made.

Inequalities are systematic: they do not just happen occasionally

Arguably, not all unfair and unequal outcomes at societal level are intentional. They can also be the consequence of policy failure by misinformed policy design or inadequate policy implementation, or simply by lack of public policy, exacerbating market failure. In any case, clear patterns of inequalities can be recognised. Unfair outcomes rarely occur in isolation. Quite the contrary, across all populations, clusters of people – sharing ethnic, socio-economic and other attributes – with similar unfair outcomes can be identified.

One explanation for this systematic clustering is offered by the structural inequality theory. Structural inequality is defined as “a condition that arises out of attribution of an inferior or unequal status to a category of people, in relation to one or more categories of people, a relationship that is perpetuated and reinforced by a confluence of unequal relations in roles, functions, decision rights, and opportunities”. Structural inequalities based on gender and tribal, ethnic, or racial differences are important examples.

Patterned inequality draws our attention to the concept and importance of intersectionality: “Inequities are never the result of single, distinct factors. Rather, they are the outcome of intersections of different social locations, power relations and experiences”. The intersectionality perspective gives importance to the interaction between categorical differences (black/white, male/female, urban/rural, healthy/with disability...) and thereby challenges identity politics that reduce unique human individuals to a common characteristic. Intersectionality helps both to better understand within-group inequities and to effectively address them.

Time and space are also important structuring elements of inequity. Opportunities and risks, capabilities and freedoms,

and outcomes during people’s life courses are shaped by historical conditions (e.g. cohorts share an economic crisis or war or a change in legislation). In addition, they are shaped by their ‘personal times’, their life courses among birth and death, and when they experience life-events and experiences (e.g. end of schooling, leaving the parental house, marriage, having children, death of children...). Similarly, opportunities and risks, capabilities and freedoms, and outcomes during people’s life courses are also shaped by the places (and virtual access) they experience over the life course (e.g. living in a poor or rich neighbourhood, living in a village or in the capital city).

Furthermore, the events and experiences (e.g. death) lived by individuals linked to their lives (partners, parents, children...) matter. People can accumulate inequalities within families and over generations (e.g. through assortative mating, inheritances, and the intergenerational transmission of social and cultural capital). Consequently, it is of relevance to consider individuals within their social networks. Hence, systematic inequalities repeat and reproduce themselves when left untouched.

Addressing inequalities requires systemic action in terms of life fields and sectors with long-term follow-up

The need for systemic action across the life course

As most themes and sectors (in development cooperation terms) roughly correspond to personal life spheres, any intervention to promote equity in one sector will most likely also have an equity impact in other sectors. Besides, and this can unexpectedly complicate things, a positive equity impact in one sphere/sector will not always generate a positive one in other spheres/sectors. But for people, life is one. Any impact of inequity in one sphere of one person’s life will have ramifications (over time) in the other spheres of life of that person and can affect future possibilities. This should affect the way interventions are designed and (possible) impacts are assessed.

The need for systemic action within a development sector or domain

Inequity is a complex and wicked societal problem. It originates in a multitude of societal structures and dynamics and is complicated further by personal choices (conscious or not) and largely unpredictable individual life-events. Consequently, inequity is the outcome of a complex system (society as a whole) and therefore can only change through a systemic approach.

We know from systems thinking, that (social) systems behave in a non-linear, unpredictable manner and have the tendency to behave conservatively if put under pressure by external factors (change initiatives). This implies that any corrective measure, especially a ‘one-bullet’ type of measure, is likely to be confronted with a societal response against change and/or with emerging unexpected perverse effects. Therefore,

inequity, as all other societal phenomena, needs a systemic approach to be tackled. Measures must be taken carefully, considering a wide range of contributing factors at a time and an attitude of learning to constantly adjust or diversify initiatives. Such an approach allows for early detection and response to possible unwanted side effects or to refine the intervention strategy for ever better results. It demands a broad analysis of the situation, considering contextual factors and an attitude of learning by doing and flexibility in the options for action. Therefore also, fighting inequity takes time; magic bullet solutions simply do not exist.

Such a systemic approach does not signify that the inequity problem must be tackled in all its aspects at a time. Instead, constructing a society with less inequity is demanding strategic decisions for partial solutions, an incremental change through 'learning by doing' and always being aware that perverse effects might occur that need new adaptations of the strategy and with the modest attitude of recognising that the whole inequity question reaches far beyond particular initiatives.

A first and necessary condition in applying a societal, systemic perspective is context evaluation and project follow-up. Our equity impact assessment tool serves exactly that purpose.

Consensus on what fairness entails is based on the human rights framework

The inherent attribute of inequity of being unfair is based on moral judgment, which differs across tenets and ideologies. Assessment of inequity and reduction of inequalities is thus contingent on consensus on what fairness entails.

Amartya Sen states that a theory of justice (or fairness) is the ethical cornerstone of equity, for which a capability perspective alone would be insufficient, and that the human rights framework provides such theory. Human rights have generated scepticism among many legal and political theorists. The latter is no less the case today, with criticism of Eurocentrism and questioning of universality adding up to earlier concerns. We assume that the 1948 [Universal Declaration of Human Rights](#), complemented with the International Covenant on Economic, Social and Cultural Rights, and the International Covenant on Civil and Political Rights (and its optional protocols), is the best moral compass available and avoids the volatile temporality of ideologies. It avoids the difficult and probably endless discussion about the role of luck, fate and responsibility that may be seen in various ways by cultures and individuals. It is a pragmatic approach: we can build a consensus on it.

One of the doubts on the utility of the human rights framework is its cumbersome realisation and to that the, often misunderstood, inherent human rights principle of 'progressive realisation'. There is a tendency to interpret progressive realisation as a pretext for inaction, thereby delaying the realisation even further. This is erroneous: *progressive* realisation indicates the dependency on available resources for full realisation. But it does not in any way

diminish the *immediate* obligation to take appropriate steps towards full realisation.

Hence, we conceptualise fairness as the progressive realisation of human rights – with a particular focus on economic, social, and cultural rights – at interpersonal, inter-group and overall societal level.

Inequality and poverty reduction: two important goals

When considering inequality and poverty reduction, two things are beyond dispute:

- The mutual relationship between inequality and poverty;
- The welcome adoption of inequality reduction as Sustainable Development Goal.

The [Millennium goals](#) (MDGs, 2001–2015) had no specific goal on inequality reduction but put poverty reduction in the forefront, with [Eradicating extreme poverty and hunger](#) being Goal 1. The Sustainable Development Goals (SDGs) and the corresponding [2030 Agenda](#) kept poverty reduction in place (with Goal 1 now [End poverty in all its forms everywhere](#)), but also introduced inequality reduction: Goal 10 [Reduce inequality within and among countries](#). The new focus on inequality reduction was also reflected in the 2030 Agenda's catchphrase [Leave no one behind](#).

The inclusion of equity in the global goals was long awaited. Already in 2005, the United Nations made an explicit plea for it when reformulating its UN Development Agenda. Hence, the adoption of SDG 10 in 2015 came to no surprise.

Inequality or poverty reduction: which to prioritise?

When it comes to assess the extent of poverty, the scope of inequality, the main direction in the relation between inequality and poverty, and to setting priorities among inequality and poverty reduction, things have been much less undisputed. Today, there should be no more doubt that reversing the widening inequality trends is urgently needed, also for timely, significant, and lasting poverty reduction.

The question if poverty reduction or inequality reduction should come first has long puzzled many development actors. Accumulating evidence however allows for clear answers. Recent history shows that inequality appears more resistant to change than poverty does. Already in 2007, the United Nations posited that "Reducing poverty may not necessarily reduce inequality, and it may be difficult to significantly improve income distribution in the short-term. However, this should not be allowed to discourage immediate efforts in this direction: distributional equity is a permanent goal against which to judge the effects of short-term measures". In 2008, the social policy unit of the World Bank advocated for a focus on inequality, at national level: "not from an ideological commitment that sees inequality as more politically significant than poverty, growth, or some other concern, but



rather from the analytical argument that in many respects inequality—or more precisely, the social processes that create it—precedes poverty or growth”. All this suggests making inequality reduction a priority goal. Consensus grew about the need for poverty reduction through inequality reduction. Poverty is an outcome of inequality and needs substantial inequality reduction for its eradication.

Ex-ante Equity Impact Assessment Tool

The proposed ex-ante Equity Impact Assessment Tool (EIAT) aims to examine the possible impact on inequality and poverty of Enabel’s projects to fine-tune the design of projects (to do no harm). It is intended to mainstream the attention for inequality in any action of Enabel, whether it deals with private sector development, health, education, agriculture or another theme.

As mentioned before, the delineation of inequity as ‘the whole of unequal inputs and outcomes of people that lead to or are the result of unfair treatment, including the process that connects, causes and reinforces these inequalities’ has a series of conceptual implications, which in turn have practical implications for assessing inequity (see chart below):

Furthermore, the locus and sphere of influence of projects being sub-national or national, the ex-ante EIAT focuses on within-country inequity, from the bigger inter-group to the smaller inter-personal (household) level.

The ex-ante Equity Impact Assessment Tool facilitates **the identification of groups**, within the project’s social space, beneficiaries and non-beneficiaries of the project, **of which the people can be expected to experience an equity impact** (positive, negative or neutral) **of the project**, in any sphere of life, be it short-term, in the medium term or long-term.

This in turn will allow:

- **To fine-tune the project design** where needed and possible
- **To inform the equity impact monitoring and evaluation during the project implementation** based on the identified groups and areas of attention

The impact assessment exercise consists of three phases: understanding concepts on inequality, doing an equity assessment at country level, and finally doing an equity assessment at the level of the project. Prior to an equity assessment at project level, acquiring elementary insight in equity and equity trends at national level is essential. These three phases cover 10 steps that are described in the table page 7. The table provides a step-by-step approach.

The ex-ante Equity Impact Assessment at project level uses qualitative and quantitative evidence all the way through. With the planned intervention’s theme and sector as a starting point, the project formulation team identifies, collects, analyses and synthesises context-relevant qualitative and quantitative information in the literature and in the field.

Conceptual implications	Assessment practice
Process is part and parcel of inequity	Check for people’s capabilities and freedoms
Monopolisation of power is a key mechanism within that process	Check for power disparities
Inequity is essentially about people Equity is human-centred, and relational	Measure things, think people
Inequity is generated by people & therefore also remediable	Explore leverage for change
Inequalities are systematic They do not happen just occasionally	Check for structural causes
Inequalities are systemic They will manifest in all spheres of life and should be addressed by a systemic approach	Apply an intersectional perspective
Consensus on what fairness entails is needed We conceptualise fairness as the progressive realisation of human rights	Check for enablers of people’s rights

Step	Do	Consider	Points of attention
Understanding concepts on inequality			
1	Read the equity concept note	All concepts & definitions in headings and glossary at minimum	- Internalise concepts & definitions
Equity assessment at country level			
2	Do an equity-focused quick desk review of the country	Monetary distributional indicators (Gini index, Palma ratio...)	- Ensure validity; - Look for differences between groups & locations; - Look for changes over time.
		Non-monetary distributional indicators: access and outcome indicators for basic services (e.g. education & health)	
		Institutional & legal framework	- Is equity addressed? How? Are target populations defined? Any legislative gaps?
		Government commitment (translation of plans in budget & compliance with legal framework)	- SDG indicators as entry points: - Proportion of government spending on essential services; - Level of national compliance with labour rights; - Redistributive impact of fiscal policy.
3	Assess the information collected so far	- Did you find all core data? - Do you miss some information to make sense of the data?	- Recent, accurate & stratified distributional indicators (income, education, health); - Political economy of national plans, policies, frameworks, and commitment.
4	Check for missing and complementary information	Beyond your web-based search: contact and ask local experts to complement information	
5	Assess and synthesise the information collected		
Equity assessment at project level			
6	Explore and systematically forecast the possible equity impact of the project on its direct target population	Expected and foreseeable results for the target population in the sphere of life addressed	- In which constitutive elements of equity? Inputs (resources & opportunities), process (treatment), outcomes? - When expected? - Immediate/short term/ medium term/long term? - Considering information from step 2 to 5?
		Expected and foreseeable results for the target population in other spheres of life	
7	Assess & synthesise the information collected on the target population		
8	Explore and systematically forecast the possible equity impact of the project on other population groups (within the project's social space)	Expected and foreseeable results in other population groups within the project's social space in the sphere(s) of life addressed	- In which constitutive elements of equity? Inputs (resources & opportunities), process (treatment), outcomes? - When expected? - Immediate/short term/ medium term/long term? - Considering information from step 2 to 5?
		Expected and foreseeable results in other population groups within the project's social space in other spheres of life	
9	Assess & synthesise the information collected on these identified groups		
10	Bring together, assess, and synthesise all information in the project formulation document		- Make sure to identify groups and areas of attention for follow-up in the processual EIAT

With this tool, Enabel aims to do no harm and contribute to the reduction of inequality throughout all its interventions. The tool will be implemented in the spring 2021 in Mauritania and later in Niger to test its design and the time needed.



Belgian development agency
Public-law company
with social purposes

Rue Haute 147
1000 Brussels, Belgium
T + 32 (0)2 505 37 00
info@enabel.be
www.enabel.be



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Contact

Sarah Carpentier

Expert Knowledge Development for SOCIEUX+
sarah.carpentier@enabel.be

Werner Soors

Equity & health
wsoors@itg.be

Paul Bossyns

Coordinator Global Health, Social Protection and Human Rights unit
paul.bossyns@enabel.be



Belgium
partner in development