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WORLD SOCIAL REPORT 2025

A New Policy Consensus to Accelerate Social Progress

DEPARTMENT OF ECONOMIC AND SOCIAL AFFAIRS

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NOTE

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Foreword

These are troubling times. Rising tensions and increasing polarization are threatening global cooperation. Thus, international solidarity is needed now more than ever.

As highlighted in this year's World Social Report, inequality, insecurity and deep distrust are rife across the world. Countless people are struggling to make ends meet while wealth and power are concentrated at the top. Economic shocks, conflict and climate disasters continue to erase hard-won development gains. For too many, life is marked by uncertainty and insecurity, which, in turn, are fuelling frustration and deepening divisions. The Sustainable Development Goals are woefully off track.

This report charts a path forward – arguing for policymaking that places equity, economic security and solidarity at the core of global, regional and national agendas. And it urges action to drive progress at this year's Second World Summit for Social Development. At its core, the report is a reminder that no nation can thrive in isolation. The global challenges we face demand collective solutions.

Now more than ever, we must strengthen our resolve to come together and build a world that is more just, secure, resilient and united for each and every one of us.

António Guterres

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The report's core team, co-led by Patricia Justino and Marta Roig, included Luísa Cardoso, Weixun Hu, Ismael Issifou, Maren Jiménez, Fernanda Pavez Esbry, Jonathan Perry, Julie Pewitt and Melissa Samarin.

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The following symbols have been used in tables throughout the Report:

A hyphen (-) between years, for example, 1990-1991, signifies the full period involved, including the beginning and end years.

A full stop (.) is used to indicate decimals.

A dollar sign ($) indicates United States dollars, unless otherwise stated.

Details and percentages in tables do not necessarily add to totals, because of rounding.

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The following abbreviations have been used:

AI	artificial intelligence
DESA	Department of Economic and Social Affairs
DHS	Demographic and Health Surveys
EGDI	E-Government Development Index
EU-LFS	European Union Labour Force Surveys
G20	Group of Twenty
GDP	gross domestic product
GNI	gross national income
GSNI	Global Social Norms Index
IDPs	internally displaced persons
IGH	Institute for Global Homelessness
ILO	International Labour Organization
IMF	International Monetary Fund
IT	information technology
ITU	International Telecommunication Union
MDBs	multilateral development banks
MDGs	Millennium Development Goals
MICS	Multiple Indicator Cluster Surveys
MPI	Multidimensional Poverty Index

NEET	not in education, employment, or training
OECD	Organization for Economic Co-operation and Development
OPHI	Oxford Poverty & Human Development Initiative
PISA	Programme for International Student Assessment
PPP	purchasing power parity
PDIA	Problem-Driven Iterative Adaptation
SDGs	Sustainable Development Goals
SDRs	Special Drawing Rights
UN	United Nations
UNCHR	United Nations High Commissioner for Refugees
UNDP	United Nations Development Programme
UN ECE	United Nations Economic Commission for Europe
UN ECLAC	United Nations Economic Commission for Latin America and the Caribbean
UN ESCAP	United Nations Economic and Social Commission for Asia and the Pacific
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNICEF	United Nations Children's Fund
UNRISD	United Nations Research Institute for Social Development
UNU-WIDER	United Nations University - World Institute for Development Economics Research
WEF	World Economic Forum
WIID	World Income Inequality Database
WHO	World Health Organization

For analytical purposes, countries are classified as belonging to either of two categories: more developed or less developed.

The less developed regions (also referred to as developing countries in the Report) include all countries in Africa, Asia (excluding Japan), and Latin America and the Caribbean, as well as Oceania, excluding Australia and New Zealand. The more developed regions (also referred to as developed countries in the Report) comprise Europe and Northern America, plus Australia, Japan and New Zealand.

The group of least developed countries comprises 47 countries: Afghanistan, Angola, Bangladesh, Benin, Bhutan, Burkina Faso, Burundi, Cambodia, Central African Republic, Chad, Comoros, Democratic Republic of the Congo, Djibouti, Eritrea, Ethiopia, Gambia, Guinea, Guinea-Bissau, Haiti, Kiribati, Lao People's Democratic Republic, Lesotho, Liberia, Madagascar, Malawi, Mali, Mauritania, Mozambique, Myanmar, Nepal, Niger, Rwanda, Sao Tome and Principe, Senegal, Sierra Leone, Solomon Islands, Somalia, South Sudan, Sudan, Timor-Leste, Togo, Tuvalu, Uganda, United Republic of Tanzania, Vanuatu, Yemen and Zambia. These countries are also included in the less developed regions.

This report uses the following country groupings or sub groupings: sub-Saharan Africa, which comprises the following countries: Angola, Benin, Botswana, Burkina Faso, Burundi, Cabo Verde, Cameroon, Central African Republic, Chad, Comoros, Congo, Côte d'Ivoire, Democratic Republic of the Congo, Djibouti, Equatorial Guinea, Eritrea, Eswatini, Ethiopia, Gabon, Gambia, Ghana, Guinea, Guinea-Bissau, Kenya, Lesotho, Liberia, Madagascar, Malawi, Mali, Mauritania, Mauritius, Mayotte, Mozambique, Namibia, Niger, Nigeria, Réunion, Rwanda, Saint Helena, Sao Tome and Principe, Senegal, Seychelles, Sierra Leone, Somalia, South Africa, South Sudan, Togo, Uganda, United Republic of Tanzania, Zambia and Zimbabwe.

Northern Africa, which comprises the following countries and areas: Algeria, Egypt, Libya, Morocco, Sudan, Tunisia, Western Sahara.

Central Asia, which comprises the following countries: Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, Uzbekistan. Eastern Asia, which comprises the following countries and areas: China, Hong Kong Special Administrative Region, China, Macao Special Administrative Region, China, Democratic People's Republic of Korea, Japan, Mongolia, Republic of Korea. South-Eastern Asia, which comprises the following countries: Brunei Darussalam, Cambodia, Indonesia, Lao People's Democratic Republic, Malaysia, Myanmar, Philippines, Singapore, Thailand, Timor-Leste, Viet Nam.

Southern Asia, which comprises the following countries: Afghanistan, Bangladesh, Bhutan, India, Islamic Republic of Iran, Maldives, Nepal, Pakistan, Sri Lanka.

Western Asia, which comprises the following countries and areas: Armenia, Azerbaijan, Bahrain, Cyprus, Georgia, Iraq, Israel, Jordan, Kuwait, Lebanon, Oman, Qatar, Saudi Arabia, State of Palestine, Syrian Arab Republic, Turkey, United Arab Emirates, Yemen.

Eastern Europe, which comprises the following countries and areas: Belarus, Bulgaria, Czechia, Hungary, Poland, Republic of Moldova, Romania, Russian Federation, Slovakia, Ukraine.

Northern Europe, which comprises the following countries and areas: Åland Islands, Channel Islands, Denmark, Estonia, Faeroe Islands, Finland, Guernsey, Iceland, Ireland, Isle of Man, Jersey, Latvia, Lithuania, Norway, Sark, Svalbard and Jan Mayen Islands, Sweden, United Kingdom of Great Britain and Northern Ireland.

Southern Europe, which comprises the following countries and areas: Albania, Andorra, Bosnia and Herzegovina, Croatia, Gibraltar, Greece, Holy See, Italy, Malta, Montenegro, North Macedonia, Portugal, San Marino, Serbia, Slovenia, Spain.

Western Europe, which comprises the following countries and areas: Austria, Belgium, France, Germany, Liechtenstein, Luxembourg, Monaco, Netherlands, Switzerland.

Northern America, which comprises the following countries and areas: Bermuda, Canada, Greenland, Saint Pierre and Miquelon, United States.

Latin America and the Caribbean, which comprises the following countries and areas: Anguilla, Antigua and Barbuda, Argentina, Aruba, Bahamas, Barbados, Belize, Bolivia (Plurinational State of), Bonaire, Sint Eustatius and Saba, Brazil, British Virgin Islands, Cayman Islands, Chile, Colombia, Costa Rica, Cuba, Curaçao, Dominica, Dominican Republic, Ecuador, El Salvador, Falkland Islands (Malvinas), French Guiana, Grenada, Guadeloupe, Guatemala, Guyana, Haiti, Honduras, Jamaica, Martinique, Mexico, Montserrat, Nicaragua, Panama, Paraguay, Peru, Puerto Rico, Saint Barthélemy, Saint Kitts and Nevis, Saint Lucia, Saint Martin (French part), Saint Vincent and the Grenadines, Sint Maarten (Dutch part), Suriname, Trinidad and Tobago, Turks and Caicos Islands, United States Virgin Islands, Uruguay, Venezuela (Bolivarian Republic of).

Oceania, which comprises the following countries and areas: Australia, American Samoa, Cook Islands, Fiji, French Polynesia, Guam, Kiribati, Marshall Islands, Micronesia (Federated States of), Nauru, New Caledonia, New Zealand, Niue, Northern Mariana Islands, Palau, Papua New Guinea, Samoa, Solomon Islands, Tokelau, Tonga, Tuvalu, Vanuatu, Wallis and Futuna Islands.

The group of small islands developing States includes 58 countries or territories located in the Caribbean (29), the Pacific (20), and the Atlantic, Indian Ocean, Mediterranean and South China Sea (AIMS) (9).

Low-income economies are defined as those with a GNI per capita, calculated using the World Bank Atlas method, of $1,135 or less in 2024; lower middle-income economies are those with a GNI per capita between $1,136 and $4,465; upper middle-income economies are those with a GNI per capita between $4,466 and $13,845; high-income economies are those with a GNI per capita of $13,846 or more.

Low-income economies: Afghanistan, Benin, Burkina Faso, Burundi, Central African Republic, Chad, Democratic People's Republic of Korea, Democratic Republic of the Congo, Eritrea, Ethiopia, Gambia, Guinea, Guinea-Bissau, Haiti, Liberia, Madagascar, Malawi, Mali, Mozambique, Niger, Rwanda, Sierra Leone, Somalia, South Sudan, Syrian Arab Republic, Togo, Uganda, United Republic of Tanzania, Yemen.

Lower-middle-income economies: Angola, Bangladesh, Bhutan, Bolivia (Plurinational State of), Cabo Verde, Cambodia, Cameroon, Comoros, Congo, Côte d'Ivoire, Djibouti, Egypt, El Salvador, Eswatini, Ghana, Honduras, India, Indonesia, Kenya, Kiribati, Kyrgyzstan, Lao People's Democratic Republic, Lesotho, Mauritania, Micronesia (Federated States of), Mongolia, Morocco, Myanmar, Nicaragua, Nigeria, Pakistan, Papua New Guinea, Philippines, Republic of Moldova, São Tomé and Principe, Senegal, Samoa, Solomon Islands, Sri Lanka, State of Palestine, Sudan, Tajikistan, Timor-Leste, Tunisia, Ukraine, Uzbekistan, Vanuatu, Viet Nam, Zambia, Zimbabwe.

Upper-middle-income economies: Albania, Algeria, American Samoa, Argentina, Armenia, Azerbaijan, Belarus, Belize, Bosnia and Herzegovina, Botswana, Brazil, Bulgaria, China, Colombia, Costa Rica, Cuba, Dominica, Dominican Republic, Ecuador, Equatorial Guinea, Fiji, Gabon, Georgia, Grenada, Guatemala, Guyana, Iran (Islamic Republic of), Iraq, Jamaica, Jordan, Kazakhstan, Lebanon, Libya, Malaysia, Maldives, Marshall Islands, Mauritius, Mexico, Montenegro, Namibia, Nauru, North Macedonia, Paraguay, Peru, Saint Lucia, Saint Vincent and the Grenadines, Serbia, South Africa, Suriname, Thailand, Tonga, Turkey, Turkmenistan, Tuvalu, Venezuela (Bolivarian Republic of).

High-income economies: Andorra, Antigua and Barbuda, Aruba, Australia, Austria, Bahamas, Bahrain, Barbados, Belgium, Bermuda, British Virgin Islands, Brunei Darussalam, Canada, Cayman Islands, Channel Islands, Chile, Croatia, Curaçao, Cyprus, Czechia, Denmark, Estonia, Faroe Islands, Finland, France, French Polynesia, Germany, Gibraltar, Greece, Greenland, Guam, Hong Kong, SAR of China, Hungary, Iceland, Ireland, Isle of Man, Israel, Italy, Japan, Kuwait, Latvia, Liechtenstein, Lithuania, Luxembourg, Macao, SAR of China, Malta, Monaco, Netherlands, New Caledonia, New Zealand, Northern Mariana Islands, Norway, Oman, Palau, Panama, Poland, Portugal, Puerto Rico, Qatar, Republic of Korea, Romania, Russian Federation, San Marino, Saudi Arabia, Seychelles, Singapore, Sint Maarten (Dutch part), Slovakia, Slovenia, Spain, Saint Kitts and Nevis, Sweden, Switzerland, Taiwan, Province of China, Trinidad and Tobago, Turks and Caicos Islands, United Arab Emirates, United Kingdom of Great Britain and Northern Ireland, United States of America, United States Virgin Islands, Uruguay.

Executive Summary

PUTTING PEOPLE FIRST IN A TIME OF RISING INSECURITY

The world has seen extraordinary social and economic progress over the past three decades. Unprecedented gains in reducing extreme poverty and improvements in material well-being have demonstrated the transformative potential of collective action.

Yet, societies across the world are facing deep challenges. Inequalities remain stubbornly high; many people struggle to earn adequate incomes in precarious jobs, and insecurity is on the rise. Frustration with the status quo is fuelling distrust and straining the very foundations of global solidarity.

This report reflects on the social achievements and lessons of the past and presents a way forward to deliver on the commitments made in the Copenhagen Declaration and Programme of Action, adopted in 1995, and accelerate the implementation of the broader set of Sustainable Development Goals (SDGs). The evidence presented underscores the need for urgent action: the risks of allowing the vicious cycle of economic insecurity, inequality, and declining trust to persist are too high.

The risks of allowing the vicious cycle of economic insecurity, inequality, and declining trust to persist are too high

The World Social Report 2025 makes the case for a new policy consensus based on three principles – equity, economic security for all, and solidarity. These mutually reinforcing principles are essential to strengthen not only the social, but also the economic and environmental dimensions of sustainable development. The objectives of such consensus are set out in the 2030 Agenda for Sustainable Development. Renewed momentum and agreement are now needed to translate this collective vision of sustainable development into action.

UNPRECEDENTED SOCIAL CHALLENGES AMIDST GLOBAL TRANSFORMATIONS

Insecure livelihoods

Despite unprecedented improvements in material well-being, people around the world feel economically insecure. Far too many remain vulnerable to deprivation. According to a recent evaluation of life satisfaction, 60 per cent of people worldwide are struggling and 12 per cent are suffering.[1] Recent crises, growing threats from climate change, and escalating conflicts

1 Latest round of Gallup World Poll surveys, conducted in 142 countries and areas in 2023 and 2024. Gallup measures life satisfaction by asking respondents to place the status of their lives now and in five years on a ladder scale, with steps numbered 0 to 10. Individuals are classified as thriving, struggling or suffering based on how they rate their lives now and in the future.

serve as a reminder that many people are one misfortune away from falling into poverty, even in countries that have succeeded in reducing it.

The urgency of preventing falls into poverty, which is difficult to escape, cannot be overstated. Over 690 million people live in extreme poverty, under $2.15 a day. Over 2.8 billion, more than a third of the world's population, live on between $2.15 and $6.85 a day.[2] Even a small shock can send people into extreme poverty, and any escapes from poverty are often temporary. The recent crises and growing threats from climate change and conflict make the universal need to strengthen resilience even more pressing. Nearly one in five people are at high risk from climate-related disasters worldwide (World Bank, 2024). One in seven people was exposed to conflict in 2024, with the number of state-based conflicts having doubled since 2010 (Rustad, 2024).[3] Both climate shocks and conflicts exacerbate poverty and hinder efforts to alleviate it.

Even a small shock can send people into extreme poverty, and any escapes from poverty are often temporary

Living on more than $6.85 a day does not guarantee economic security. With a persistently large share of workers in informal employment and an increasing number in precarious jobs, economic instability is widespread. Almost 60 per cent of people worldwide are very worried about losing their job and about not finding a job.[4] Even workers who may have expected to join a secure middle class, based on the path followed by the previous generation, find themselves struggling for economic stability.

Informal employment remains the most prevalent form of labour market participation in low- and middle-income countries. Despite early expectations that it would decline and eventually disappear with economic growth and development, the share of informal employment has remained stagnant in African countries and declined only slightly in Asian and Latin American countries since 2010.

A large majority of workers remain informally employed for long periods of time – often throughout their lives. While formal wage workers rarely transition to informal jobs, the risk of downward mobility – from formal to informal employment – is significant for workers in formal self-employment, particularly those in low-skilled jobs. There is thus a great social and economic divide between wage workers in formal employment, whose chances of moving to more insecure self-employment or informal employment are low, and the rest of the labour force.

2 Values close to this higher ($6.85) threshold are common national poverty lines in upper-middle-income countries. Data available at https://pip.worldbank.org/home (accessed on 23 January 2025).

3 See also Armed Conflict Location and Event Data (ACLED) Conflict Index Results: July 2024. Available at https://acleddata.com/conflict-index/index-july-2024 (accessed on 24 February 2025).

4 World Values Survey, wave 7 (2017-2022). Based on data for 65 countries and areas, including 23 high-income countries and areas, 41 middle-income countries and areas and one low-income country. The percentage of respondents who worry "very much" or "a great deal" about losing their job or not finding a job is 58.9 per cent. A majority of wave 7 surveys were completed in 2018-2020, with only 12 countries conducting their fieldwork in 2021-2022 and one (India) in 2023.

This divide is not confined to low- and middle-income countries. Growing job instability and the rise of precarious work, even in the formal sector, are driving income insecurity among workers in high-income countries as well. While part-time, temporary and casual work, including in the growing "gig" economy, offer workers significant choice regarding when (and even where) to work, the majority resort to these forms of employment due to the lack of wage jobs under standard contracts.

It is commonly suggested that flexibility and employment insecurity are an inevitable result of the digital revolution, global integration and other ongoing transformations – a necessary response to business needs and worker preferences. Labour market flexibility can be a positive trend for employers and employees alike, if accompanied by the universal social protection and labour rights that promote decent work. In practice, however, flexibility often comes at the expense of income security, employment protections and workers' rights. Its spread reinforces the progressive commodification of work. Digitalization and the rise of the gig economy can exacerbate this commodification, as these trends make it easier to hide human activity and render workers invisible.

The growing rift between labour market regulations that were designed for full-time jobs under standard contracts, and ongoing changes in the world of work, is an important driver of insecurity. This rift undermines the relationship between workers, employers and Governments, along with people's trust in institutions. It is also a root cause of persistently high levels of inequality around the globe.

Persistent inequality and exclusion

Since 1990, income inequality has increased in most high-income countries and in some middle-income countries, including China and India. Countries where inequality has grown are home to two thirds of the world's population. Yet growing inequality is not a universal trend. In most countries of Latin America and in several African and Asian countries, the Gini coefficient, a summary measure of income inequality, has declined over the last three decades.

Countries where inequality has grown are home to two thirds of the world's population

While it is still too soon to assess the full effect of the Covid-19 pandemic and other recent crises, the data available suggest that income inequality remained stable or even declined in the first years of the pandemic in several high-income countries. The temporary provision of large fiscal stimulus packages protected those most at risk. In contrast, low-income countries with limited fiscal space have seen poverty – and in all likelihood inequality – increase.

Despite some positive trends, income and wealth are increasingly concentrated at the top. The share of income going to the richest one per cent of the population increased or remained stable, albeit at the high level of around 60 per cent, in countries with data from 1990 to 2022. The world's richest one per cent of people today own more wealth than 95 per cent of humanity (Oxfam International, 2024). Ongoing global transformations are affecting these trends.

The rapid technological breakthroughs of recent decades have contributed to the rise in top incomes. In the world of work, highly skilled workers have so far benefited the most from new technologies. While the effects of generative artificial intelligence (AI) cannot be predicted with any certainty, preliminary assessments point to unequal effects across skill levels and by gender, with a sustained hollowing-out of middle-skilled tasks.

Climate change is also slowing the pace of poverty reduction and exacerbating inequality between countries and across generations. Globally, it is estimated that in 2019, the poorest 50 per cent of people accounted for only 12 per cent of global emissions yet they were exposed to 75 per cent of relative income losses due to climatic shocks.[5]

With its central pledge that no one will be left behind and its aspiration to promote the social, economic and political inclusion of all, the 2030 Agenda calls attention to attributes that drive inequality and influence the risk of exclusion, including sex, disability, race, ethnicity, origin and economic status.

Overall, there has been some success in promoting inclusion and recognizing the rights of some disadvantaged groups. However, gains have not been fast enough, especially for those who remain furthest behind. Unless progress accelerates, many people, and whole groups of the population, will be left behind by 2030 and for decades to come.

Even as some inequalities between different groups of the population close, other inequalities persist or even grow. For instance, the gender gap in wages persists even in countries where women surpass men in educational attainment. Women shoulder a disproportionate burden of unpaid domestic and care work, which limits their participation in paid employment, restricts their career advancement, and reduces their lifetime earnings, keeping the gender division of labour persistently unequal. In the informal economy, women are overrepresented in the most precarious positions, heightening their risk of working poverty and economic insecurity.

Even as some inequalities between different groups of the population close, other inequalities persist or even grow

There are also significant knowledge gaps regarding those groups that are furthest behind. Many are statistically invisible – excluded from data collection or grossly undercounted. Little is known, for instance, about the situation of homeless persons, persons in institutions such as prisons, those in refugee camps, mobile and nomadic populations, internationally displaced persons, populations in insecure or isolated areas and those living in urban slums, among others.

5 See figure 7 in chapter 2. See also Chancel and others (2024).

In addition, and despite some progress in promoting inclusion, societies are increasingly divided, polarized and fragmented. Political polarization is opening new cleavages between people and societies. Growing inward-looking political movements that blame migrants and other minority groups for their countries' economic woes have found fertile ground in this era of economic insecurity and digital communications.

Declining trust and weakening social cohesion

Social cohesion – the strength of relationships and the sense of belonging and trust among members of a community and in their institutions – plays an important role in how people and social groups cooperate with one another, undertake collective action and maintain the rule of law.

Weakening social cohesion and growing polarization are causing alarm and have risen to prominence on global agendas: the World Economic Forum has identified societal polarization as one of the top five global risks in its two-year time horizon (WEF, 2025). People increasingly perceive politics and society in terms of "us" versus "them". Growing hostility between social groups and increasing support for extreme political positions are fanning the flames of another top global risk: misinformation and disinformation.

While there is no broadly agreed data framework to measure all dimensions of social cohesion across countries, the available evidence shows that trust in institutions has declined in most countries with data since the late 1990s.[6] Currently, over half of the world's people have little or no trust in their government.[7] Trust has been declining from one 10-year birth cohort to the next, and is very low among people born in the twenty-first century, which signals a deepening erosion of confidence. Without action to prevent this generational decline, trust in government is likely to decline even further in coming decades.

Trust between people is also low. Less than 30 per cent of the population in countries with data think that most people can be trusted. Increasingly, differences in opinion, preferences, values and beliefs lead to negative perceptions about other people's moral values, their trustworthiness and their character. This deep lack of trust hinders cooperation and reduces civic engagement.

The spread of misinformation and disinformation, facilitated by digital technologies, is reinforcing divisions and fuelling distrust. While digital platforms hold great potential to connect and inform people, they also allow the spread of disinformation, deceit and hate speech, often at a speed too fast to effectively counter. Social media has been leveraged to obstruct dialogue, incite violence, and stoke conflicts. Often, users find themselves immersed in virtual and siloed "echo chambers" where they are exposed to news and opinions that align with and may radicalize their views. Platform algorithms facilitate the creation of such echo chambers and reward more extreme content and engagement with higher visibility.

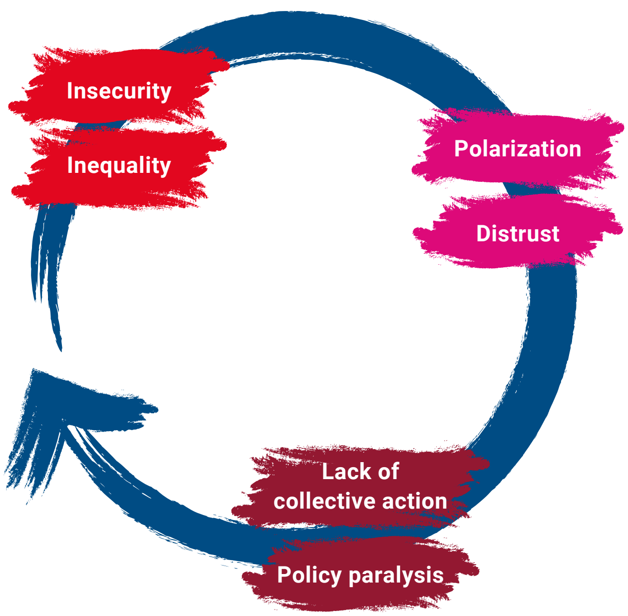
6 See figure 9, chapter 3.

7 Latest wave of the World Values Survey, conducted between 2017 and 2022.

Rising insecurity and entrenched inequality have contributed to a crisis in confidence in institutions that strains the very foundations of solidarity and collective action

Rising insecurity and entrenched inequality have contributed to a crisis in confidence in institutions that strains the very foundations of solidarity and collective action. Decisive efforts are needed to break this vicious cycle and policy paralysis.

Figure 1.
The vicious cycle impeding progress towards sustainable development



Source: Elaborated by UN DESA and UNU-WIDER

THE CASE FOR A NEW POLICY CONSENSUS

Societies are held together by a delicate balance of shared responsibilities, rights, solidarity and protection. This balance is breaking under the strain of growing economic insecurity, staggering inequality, declining trust and rising polarization.

While recent crises have pushed insecurity and distrust into the spotlight, these social fractures have been building for decades. The rapid pace of globalization and technological change have brought significant benefits but have also disrupted lives, deepened social divides and strained the planet's resources.

Policy choices have shaped these ongoing global transformations and influenced their consequences. Specifically, decades of policies favouring deregulation, privatization and fiscal austerity have deepened today's social divides and inflamed political anger. The belief that free markets and minimal government intervention would drive prosperity has instead exacerbated inequality, weakened protections for workers and their families, and eroded trust in institutions.

A new policy consensus must begin with the recognition that today's social challenges cannot be addressed in isolation or through piecemeal approaches

A new policy consensus must begin with the recognition that today's social challenges cannot be addressed in isolation or through piecemeal approaches. Overcoming the current impasse and creating momentum towards achieving the SDGs requires major transformations in policy, institutions, norms and mindsets. Strong social policies are essential but not sufficient: what is needed is a reorientation of policy making through a social lens, as well as institutions and norms that foster trust and social cohesion.

Policymaking through a social lens

Sustained social progress requires a whole-of-government approach and the comprehensive policy framework outlined in the Copenhagen Declaration and Programme of Action (see box A). Coherent and integrated policy solutions are needed to direct technological innovation, globalization, demographic trends and other global transformations towards the goals of eradicating poverty, reducing inequality, promoting inclusion, supporting social cohesion and creating decent work. Policy integration is also critical to ensure that climate action and the transition to green economies prioritize people in poverty and other disadvantaged groups, and help people build resilience against climate and other shocks.

In addition to advancing positive transformations, integrated approaches are required to avoid policies that aggravate the harmful effects of current trends. Many policies today are contributing to inequality rather than helping to contain it. For instance, while technological innovation may be driving polarization and widening wage inequality, policies on financial and labour market deregulation, declines in income tax progressivity and low corporate tax rates are making the situation worse. Similarly, even though fiscal policy should help reduce poverty, many people living in poverty in low- and middle-income countries are further impoverished by inequitable fiscal systems (Lustig, 2017).[8]

Investing more – and better – in people. The experience of the last 30 years shows that social spending is not a discretionary expense but a necessary investment in people and societies. Promoting equity within and across generations and providing income security requires more and better investments in people. It also means pooling and sharing fairly the risks that people face as they move through life.

Investing more and better involves not only expanding access to public services but also enhancing their quality. Doing so includes improving learning and health outcomes, providing safe and adequate housing, and ensuring that all services are reliable and responsive. It means that social protection programmes are available to anyone in need and that benefits are adequate and accessible. Despite significant progress in extending social protection cov-

8 For a broad series of fiscal incidence studies, see https://commitmentoequity.org.

erage over the last decade, many countries fall short in providing universal coverage. Even those people who are covered typically receive inadequate benefits, and the duration of support is too brief to sustainably lift them out of poverty.

Box A. A social lens on policy: the legacy of the World Summit for Social Development

The 1995 World Summit for Social Development marked a turning point in the UN's agenda on social issues. At the Summit, Governments stressed the importance of putting people at the centre of their decisions and joint actions towards sustainable development. In committing to direct their economies to meet human needs, Governments established that economic efficiency and growth were means of improving well-being, rather than ends in themselves. They also stated that economic development, social development and environmental protection were interdependent and mutually reinforcing components of sustainable development (paragraph 6, Copenhagen Declaration).

The outcomes of the 1995 Summit, together with those of other global conferences held during the 1990s, inspired the international development agenda in the decades that followed. The 2030 Agenda for Sustainable Development's core message of inclusion and its rallying pledge to ensure that no one will be left behind echo the framing principles of the Copenhagen Declaration. In the Agenda, Member States committed to achieving sustainable development in its three dimensions – economic, social and environmental – in a balanced and integrated manner. The SDGs, according to the 2030 Agenda's Declaration, are indivisible and balance these three dimensions.

While the 1995 Copenhagen Declaration had explicitly recognized the interdependence between the three dimensions of sustainable development, the 2030 Agenda represents a step forward: its implementation requires an integrated approach across sectors to achieve broader goals. Inequality, exclusion and poverty cannot be tolerated as the price of long-term economic gains or addressed post-facto. Rather, economies and societies should be organized in ways that achieve equal opportunity, decent work and widely shared prosperity. This is what a social lens to policymaking calls for.

Focusing on decent work. Investing more and better requires a focus on creating not just employment, but decent work. Currently, labour market policies place a strong focus on training, lifelong learning and other active labour market policies to prepare workers for a changing labour market. These measures, alone, are insufficient. More must be done to make sure that the labour market is fit for all workers. Promoting access to decent work calls for strengthening collective bargaining, guaranteeing adequate wages, improving health and safety standards, and providing social protection to all workers, including those under non-standard contracts and in the informal sector.

Ensuring fair and progressive taxation. Investing more and better requires resources. Broadening the redistributive impact of taxation entails raising taxes on the wealthiest individuals and corporations, including through more progressive direct taxation, and alleviating the tax burden of low-income groups. The challenges of generating tax revenue have been particularly acute in recent years, amid rising inflation and escalating debt burdens. Meeting people's demands for quality public services and supporting heavily indebted countries, particularly those in need of immediate debt relief, will require stronger and deeper international cooperation.

Institutions and norms to promote social cohesion

Policy interventions alone are not sufficient to hold societies together in environments of trust and cooperation. Economic, social, political and cultural institutions shape the quality of social relations and the extent of solidarity between people and among social groups.

Norms and institutions have little meaning if people do not trust them or abide by the rules that define how we live together. Many of today's institutions are failing to adapt to a rapidly changing landscape – and thus are falling short of people's expectations. At this critical juncture, the unsustainability of the current economic, social and environmental situation should compel societies to reimagine some institutions to promote solidarity, cooperation and other foundations of social cohesion.

The unsustainability of the current social situation should compel societies to reimagine institutions to promote solidarity, cooperation and other foundations of social cohesion

Addressing concentrations of power and wealth. Inclusive and equitable economic and social institutions require political institutions that help prevent and reduce the concentration of power and its arbitrary exercise. Grounding equity in constitutional and legal frameworks, promoting equal access to justice, property rights and markets – including labour, housing, land and credit markets – supports the fair and just exercise of power.

Encouraging participation. Ensuring that all people are officially recognized and counted, starting with civil registration and legal identification, is an essential first step to promote equity and ensure that every member of society can participate actively in economic, social and political life. People's sense of belonging and their trust in institutions are also influenced by whether they have a say in decision-making. Participatory governance helps ensure that institutions are responsive to the needs of citizens. So can participatory labour market institutions. Workers who can participate in their company's decision-making and in collective bargaining, for instance, have a stronger sense of job security and higher levels of civic engagement and political participation than those who do not.

Recognizing the central role of governments. Normative and institutional change cannot be engineered from the top down. It is a whole-of-society process and, often, the result of broad coalitions of stakeholders. The enormous political and social influence of corporations is undeniable, just as the importance of civil society cannot be overlooked. Nonetheless, Governments play a central role in creating an enabling environment for institutional change. Only Governments can guarantee the rule of law; establish fair and clear legal, administrative and regulatory environments; and exercise their mandate to provide services and infrastructure at the scale needed. Action by Governments is crucial in curtailing the excessive concentration of power and influence that ultimately undermines trust and solidarity.

Taking coordinated action. In an era of growing global interdependence, national governments are facing mounting constraints in their ability to drive institutional change. Economic policies, labour standards, and regulatory frameworks are increasingly shaped by global forces – trade agreements, financial markets, and multinational corporations – that limit the policy space of individual states. Competition between countries to attract investment, particularly through lower taxes and deregulation, has created a race to the bottom in terms of fair wages, corporate accountability, and social protection. This reality underscores the urgent need for coordinated, multilateral action.

STRONGER INTERNATIONAL COOPERATION

While there has been progress in bringing social issues to the forefront of global and national policy debates, the world is not on track to achieve the SDGs by 2030. Inequality, poverty, insecurity – and the distrust they generate – are eroding the social fabric and hindering our ability to act collectively to achieve common goals. The current social situation is not sustainable.

Governments and the international community have the power to chart a new course. In the Pact for the Future, in 2024, Member States committed to urgently accelerate progress towards achieving the SDGs, including through "concrete political steps and mobilizing significant additional financing from all sources for sustainable development".[9]

The upcoming Second World Summit for Social Development, on the heels of the Fourth International Conference on Financing for Development, offers a critical opportunity to gain clarity on how to collectively promote equitable, resilient and cohesive societies. Concrete political steps and cooperation are needed to advance specific strategies for moving forward.

The social summit provides a powerful platform to make the pledge of integrated policymaking a reality and increase investments in people. The social summit must help mobilize cooperation and concrete actions to close gaps in access to education, healthcare, housing and other services, and even larger gaps in the quality of such services; promote decent work for all, including through investments in labour market institutions; and expand social protection coverage. If it rallies support and engagement from all stakeholders, the social summit can reinvigorate the spirit of dialogue and reaffirm the unique role of the multilateral system as a space for global deliberation.

The Second World Summit for Social Development provides a powerful platform to make the pledge of integrated policymaking a reality and increase investments in people

The success of the upcoming global high-level meetings will be measured not only by the commitments made in 2025 but by sustained efforts to make them a reality. The current geopolitical context presents formidable challenges and calls for even greater resolve and stronger international cooperation.

9 The Pact for the Future (A/RES/79/1), paragraph 10.

Introduction

CHARTING THE COURSE

Thirty years ago, world leaders convened in Copenhagen for the first World Summit for Social Development and launched an ambitious, people-centred agenda to promote social progress, justice and the betterment of the human condition. Amidst significant political changes – most notably the end of the Cold War – and renewed hope in the power of multilateralism, Governments advocated for a broad vision of social development, calling particular attention to eradicating poverty, promoting full employment and fostering social integration. With the adoption of the 2030 Agenda for Sustainable Development, Governments carried forward these commitments with their call to achieve sustainable development in its three dimensions – economic, social and environmental – in an integrated manner.

Today, hopes for the transformative potential of international cooperation are not dashed, but have waned. By many measures of material well-being, many people live better lives now than they did in the 1990s. Extreme poverty, although far from eradicated, has declined dramatically. Yet, societies across the world are ailing. Economic and social inequalities persist at stubbornly high levels. While the wealthy have grown wealthier, many other people struggle to earn sufficient incomes in an expanding array of precarious jobs, with little security or opportunities for advancement. Between the polarized experiences of the very affluent and those who still face destitution, a growing sense of insecurity is taking hold. Financial vulnerability and frustration with the status quo are fuelling distrust and inflaming social and political divisions, old and new.

Left unchecked, the vicious cycle of growing economic insecurity, staggering inequality, declining trust and social fragmentation threatens the fabric of societies and strains the very foundations of solidarity and multilateralism.

There is a tendency to attribute the current social malaise solely to the confluence of crises that have shaken the world in recent years. While these crises have brought insecurity and distrust into the spotlight, the roots underlying them run deeper. The rapid pace of globalization and the path of technological change have benefited many people and filled the future with possibilities. At the same time, they have contributed to mounting pressures on the planet and delivered new risks and threats, unsettling lives and societies – and constraining national policy space.

This report is both a reflection on the achievements and lessons of the past and a roadmap to reignite the momentum needed to deliver on the internationally agreed goals

This report is both a reflection on the achievements and lessons of the past and a roadmap to reignite the momentum needed to deliver on the internationally agreed goals. The report highlights that, far from inevitable, today's social crisis is in large part the result of policy choices. For decades, the prevailing policy approach – centred on free markets, small government and economic efficiency – has shaped global transformations for the benefit of only a few.

There is certainly more attention to the human costs of policies aimed at promoting economic efficiency and macroeconomic stability today than at the time of the Copenhagen Summit. Even though there is a long way to go in ensuring that economies are people-centred and oriented towards collective goals, social issues are now front and centre of policy debates at the global and national levels. However, the over-reliance on markets of that approach still casts a shadow on policy practice. It led to a neglect of investments in public institutions and left many states ill-equipped to address today's challenges. As the Secretary-General reminds us, there is a growing disconnect between people and the institutions that serve them.[10] The gap between people's needs, concerns and what national governments, alone, are achieving fuels people's sense of insecurity, injustice and distrust.

Governments and the international community have the power to chart a different course. The evidence presented in this report underscores the need for urgent action: the current social situation is not sustainable.

This report makes the case for a new policy consensus based on three principles – equity, economic security for all, and solidarity – that are essential to strengthen not only the social, but the three interconnected dimensions of sustainable development. The rationale and objectives of such consensus, as described in the remainder of this report, are set out in the Copenhagen Declaration and its Programme of Action, and in the broader framework of the 2030 Agenda. What is needed is renewed momentum and a roadmap on how to translate the vision of sustainable development contained in these agreements into action.

A new consensus must begin with the recognition that tinkering at the margins will not suffice. Strengthening the social dimension of sustainable development is not merely about meeting poverty, employment or social inclusion challenges in isolation, within a short time horizon or until the next crisis hits. It requires structural transformations in policy, institutions, norms and mindsets. Strong social policies are essential but not sufficient. What is needed is a fundamental reorientation of policymaking through a social lens.

10 United Nation's Secretary-General report on Our Common Agenda, available at https://www.un.org/en/content/common-agenda-report.

A SOCIAL LENS ON POLICY: THE LEGACY OF THE WORLD SUMMIT FOR SOCIAL DEVELOPMENT

The 1995 World Summit for Social Development marked a turning point in the UN's agenda on social issues. At the Summit, Governments agreed to approach the social challenges of development in an integrated manner rather than in a piecemeal or sectoral fashion. They stressed the importance of putting people at the centre of their decisions and joint actions towards sustainable development.

The emphasis on a people-centred or social perspective on development can be best understood within the Summit's historical context. The two previous decades had witnessed the rise of the neoliberal policy paradigm premised on the assumption that market-oriented domestic policy reforms and stringent fiscal discipline, including during downturns, would stimulate economic growth and ultimately reduce poverty. Structural adjustment programmes, broadly consisting of cuts in public spending and deregulation, became preconditions for development loans. The human, social and environmental costs of such policy measures were largely ignored, or tolerated as a necessary price of long-term economic gains.

Rising awareness of the excesses of this paradigm galvanized a discourse that increasingly acknowledged the limits of economic growth, stressed the need for structural adjustment "with a human face" and eventually provided momentum for the World Summit for Social Development.[11] In aspiring to put people at the centre of development and direct economies to meet human needs, as set out in paragraph 26 of the Copenhagen Declaration, the Summit's framework inverted the prevailing notion that social development came only second to economic development. At the Summit, Governments clearly stated for the first time, in paragraph 6 of the Declaration, that economic development, social development and environmental protection were interdependent and mutually reinforcing components of sustainable development.

The outcomes of the Copenhagen Summit, together with those of other global conferences held during the 1990s, inspired the international development agenda in the following decades. With concern about growing inequality gaining prominence in policy debates, ensuring "that no one will be left behind" became the rallying cry of the 2030 Agenda for Sustainable Development. In its vision, principles and goals, the 2030 Agenda aligned the international community closely with the comprehensive, people-centred development framework set forth in the Copenhagen Summit. The Agenda's core messages of inclusion and equality echo the Copenhagen Summit's principles.[12] Member States' decision to tackle inequality within countries, in particular, broke new ground. In line with the spirit of the Summit, the process leading up to the Agenda was highly participatory.

11 By the mid-1980s, some UN entities, including UNICEF and ILO, started to draw attention to the high human and social costs of structural adjustment plans – in terms of unemployment, child malnutrition, health and education. Richard Jolly, then Deputy Director of UNICEF, first presented the concept of "adjustment with a human face" in a compilation of studies on development thinking (Jolly, 1985). Two years later, Cornia, Jolly and Stewart (1987) published two volumes of detailed analysis on the same topic.

12 The terms "inclusive" and "inclusion" are used 45 times in the 2030 Agenda, including in Goal 10, on reducing inequality (target 10.2) as well as in relation to education (Goal 4), economic growth (Goal 8), industrialization (Goal 9), cities and human settlements (Goal 11) and, more broadly, societies and institutions (Goal 16).

As importantly, in the 2030 Agenda, Member States committed to achieving sustainable development in its three dimensions – economic, social and environmental – in a balanced and integrated manner. The Sustainable Development Goals (SDGs), according to the Agenda's Declaration, are indivisible and balance the three dimensions.[13] Rather than containing a subset of social goals, the 2030 Agenda calls attention to the social dimension embedded in all the SDGs.

While the 1995 Summit had explicitly recognized the interdependence between the three dimensions of sustainable development, the 2030 Agenda represents a step forward: its implementation requires an integrated approach. The quest for efficiency and growth can no longer take precedence over the need to strengthen the social and environmental dimensions. Action to achieve social goals cannot be relegated solely to the redistribution of resources post-facto. Rather, economies and societies should be organized in ways that achieve equal opportunity, decent work and widely shared prosperity. That is what a people-centred (or social) lens to policymaking calls for.

Economies and societies should be organized in ways that achieve equal opportunity, decent work and widely shared prosperity. That is what a people-centred (or social) lens to policymaking calls for

With the deadline just five years away, the world remains off track to achieve the SDGs by 2030. At the 2023 SDG Summit, Member States committed to addressing the challenges posed by interlocking crises and to accelerating progress towards the SDGs. At the Summit of the Future, they resolved to ensure that the multilateral system is prepared to, among other things, manage uncertainty. Expressing deep concern at persistent inequalities within and between countries, the Pact for the Future brought attention to the need to strengthen trust and social cohesion. Building on the outcomes of these two recent summits, the forthcoming Fourth International Conference on Financing for Development and the Second World Summit for Social Development in 2025 present critical opportunities to turn commitments into action.

The Second World Summit for Social Development provides a powerful platform for Governments to make the pledge of integrated policymaking a reality, to generate concrete commitments to accelerate progress and to address the pressing social challenges of our time.

13 In the Political Declaration of the 2023 SDG Summit, Member States reminded the international community that the SDGs balance the three dimensions of sustainable development in an integrated manner (paras. 2 and 4, Political Declaration).

NAVIGATING THE REPORT

This report, divided into two parts, presents a survey of social trends and provides policy directions to overcome and address social challenges.

Part I identifies three challenges that obstruct progress toward the internationally agreed goals: growing insecurity, persistent inequality and declining trust, both in institutions and in other people.[14] The analysis of these challenges highlights how improvements in measurement and in the understanding of these issues since the 1995 Summit can inform today's policies.

Part II discusses the policy roots of these social challenges and outlines the contours of a potential new policy consensus to strengthen the social dimension of sustainable development. It points to the need to apply a social lens to policymaking and emphasizes that solving today's impasse requires more than policy shifts: fostering social cohesion and trust, in particular, requires changes in institutions, norms and mindsets. In a time of waning hope in the transformative potential of international cooperation to deliver results, the report warns that the inability of national governments and the international community to address global challenges, and thus reduce uncertainty, can further fuel public discontent. The report ends with a call to seize the opportunity of the Second World Summit for Social Development to forge a bold new consensus, break the current stalemate and accelerate progress towards shared global goals.

14 In analyzing these three challenges, the report reviews progress made in the core commitments of the Copenhagen Declaration – eradicating poverty, promoting full and productive employment, and fostering social inclusion. A series of thematic papers that accompany this report provides additional analysis and discussion on the three core commitments and on emerging social challenges. The thematic papers are available at https://social.desa.un.org/issues/world-social-report/2025.

PART 1.

Social challenges amidst global transformations

Introduction

Humankind has achieved unprecedented social progress over the past few decades. There have been many setbacks but also breakthroughs. More than one billion people have escaped extreme poverty since 1995. People are living longer and are more educated than ever before. We are also better connected thanks to rapid technological advances, including expanded internet and mobile phone access.

Yet, many people believe that life is worse now than it was 50 years ago.[15] This part of the report highlights two likely reasons for the pessimistic assessment shared by a large swath of the population, despite advances in a number of social goals. First, the benefits of progress have not been shared equally. Social and economic inequalities persist and, in many cases, have worsened. Second, people around the world also report that they are feeling insecure. According to the most recent Gallup World Poll evaluation on life satisfaction, 60 per cent of respondents were "struggling" – while 12 per cent were described as "suffering".[16] The recent crises, growing threats from climate change, and escalating conflicts underscore that many people remain just one shock away from poverty.

Inequality persists and people around the world are feeling insecure

For countless individuals and families, jobs are not reliable safeguards against risks or pathways to secure livelihoods. Transformations in the world of work, together with technological advances and globalization, have heightened people's sense of insecurity. These transformations have benefited many people but have also put many others at a disadvantage. Technological advances amplify uncertainty not only through their effect on labour markets but on every aspect of life, particularly through the spread of misinformation.

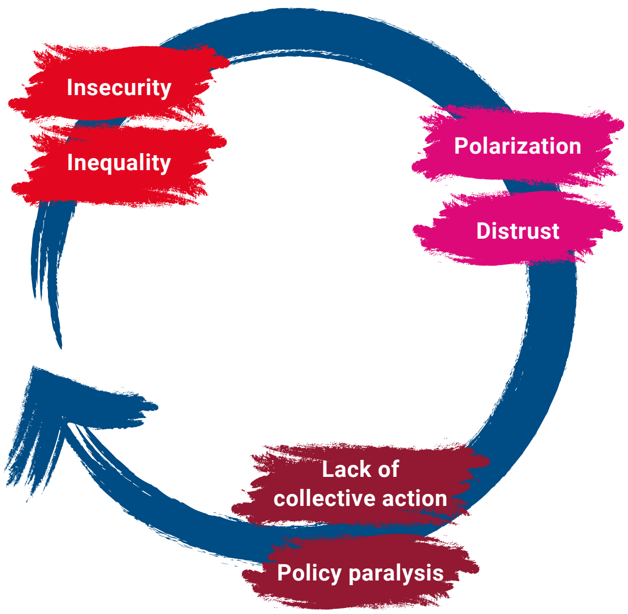
Overall, progress towards the commitments made in Copenhagen 30 years ago has been fragile and uneven. Countless individuals and entire nations are being left behind. Rising insecurity and entrenched inequality are jeopardizing the eradication of poverty, eroding people's

15 In 2017, 38 per cent of people interviewed across 38 countries in the developed and developing world stated that life was worse than 50 years earlier; 43 per cent thought life was better and the remaining 19 per cent thought it was about the same (Pew Research Center, 2017). Age did not appear to be a clear dividing line in this assessment, with some exceptions: the percentage of responders who considered life better at the time of the survey was greater among youth (ages 18 to 29) than among older respondents (ages 50 and older) in some countries (including Australia, Sweden, the United Kingdom and the United States) but smaller in others (the Republic of Korea, Senegal and Venezuela).

16 Latest round of Gallup World Poll surveys, conducted in 142 countries and areas in 2023 and 2024. Gallup measures life satisfaction by asking respondents to place the status of their lives now and in five years on a ladder scale, with steps numbered 0 to 10. Individuals are classified as thriving, struggling or suffering based on how they rate their lives now and in the future.

confidence in institutions and fostering polarization. The vicious cycle of insecurity, inequality and distrust make collective action towards addressing these social problems – and, more broadly, making progress towards the SDGs – more and more difficult (see figure 1).

Figure 1.
The vicious cycle impeding progress towards sustainable development



Source: Elaborated by UN DESA and UNU-WIDER

1. Insecure livelihoods and enduring poverty risks

KEY MESSAGES

Economic insecurity is not only a problem for some unfortunate “others”; it affects most of us.

Many people are still one misfortune away from falling into poverty. Strengthening the resilience of families and communities to prevent descents into poverty is key to its eradication.

Employment insecurity and precariousness, along with the social and economic uncertainties they generate, are putting pressure on societies, affecting trust in institutions and polarizing political discourses.

Development and growth paths that approach work solely as a commodity are not socially sustainable.

From its inception, the United Nations has recognized the importance of protecting people’s economic well-being. Article 25 of the Universal Declaration of Human Rights states that everyone has the right to an adequate standard of living “and the right to security in the event of unemployment, sickness, disability, widowhood, old age or other lack of livelihood in circumstances beyond his control”.

At the World Summit for Social Development in 1995, Governments recognized that far too many people were vulnerable to deprivation and that the insecurity that many people faced about the future – their own and their children’s – was intensifying. They acknowledged that it was their task to address both the underlying and structural causes of poverty, unemployment, and social exclusion and their distressing consequences in order to reduce uncertainty and insecurity.[17]

Uncertainty and insecurity are inherent aspects of human existence, and concerns over them are not new.[18] However, people’s exposure to adverse events that affect economic security is growing while their ability to cope and recover is not improving accordingly, as the evidence

17 A/CONF.166/9, Copenhagen Declaration on Social Development, paras. 2 and 16.

18 People’s sense of insecurity can be driven by political factors (be it instability, violent conflict, general safety or crime), environmental trends or social and economic factors (unemployment, precarious jobs, fluctuations in income and worries about educational or job prospects for the next generation). Given the Copenhagen Summit’s mandate, the focus of this chapter is on the latter.

in this chapter illustrates.[19] Insecurity is not a problem for some unfortunate “others” only: it affects most of us. With persistent informality and an increasing number of precarious jobs, only people at the top enjoy economic stability and live secure lives.

A. ERADICATING POVERTY: FRAGILE GAINS IN A CHALLENGING CONTEXT

1. GOING THE LAST MILE IS NOT THE ONLY CHALLENGE

While extreme poverty fell rapidly from 1990 to 2019, the Covid-19 pandemic and subsequent crises led to the largest global increase in poverty in decades. By 2024, the estimated number of people in extreme income poverty (692 million) was close to the pre-pandemic level (World Bank, 2024a). There has been almost no progress towards eradicating poverty since 2019. Multidimensional measures put the number of people in poverty even higher (see box 1).

It has been widely acknowledged, well before the pandemic hit, that the goal of eradicating poverty is increasingly challenging. This is largely because poverty is more and more entrenched in countries and regions where it is hardest to eradicate – countries with the least resources, institutional capacity and political stability to implement the necessary policies. Many of these countries are torn apart by conflict and disproportionately affected by climate change, or are home to remote pockets of poverty, as illustrated in box 1.

Indeed, extreme income poverty is increasingly concentrated in low-income countries, particularly in sub-Saharan Africa.[20] While middle-income countries have recovered from the pandemic, poverty-wise, low-income countries still record higher levels of poverty than in 2019. In addition, people living in poverty remain further below the poverty line in sub-Saharan Africa than in any other region: almost 10 per cent of the population in this region – 104 million people – lived below half of the extreme poverty line before the pandemic. Improving the situation of people living in these very extreme forms of poverty has been a global challenge: the level of consumption achieved by the poorest people (the consumption floor) has barely increased in the last four decades in countries with data (Margitic and Ravallion, 2019; Ravallion, 2016).

19 Giving a precise, practical meaning to economic insecurity is challenging. People’s feelings of insecurity often draw on their past experience – that is, having experienced downside economic shocks creates insecurity – but they also have a prospective dimension related to risk. Insecurity can be caused by actual risks or be based on people’s perceptions. Despite its many facets, the two elements highlighted in this introduction are common to most definitions of economic insecurity: (1) people’s exposure to – or expectation of – adverse events and (2) their (in)ability to cope and recover from the consequences of such events.

20 For additional data, see “Eradicating poverty in all its forms: unfinished business in a challenging context”, World Social Report 2025 Thematic Paper No.1. Available at https://social.desa.un.org/issues/world-social-report/thematic-papers.

Box 1. Going beyond income and averages: subnational disparities in multi-dimensional poverty

While income and consumption remain the main yardsticks to measure poverty, it is now established that poverty, in all its nuanced manifestations, is not merely an economic shortfall. The commitment to eradicate poverty in all its dimensions, as stated in the 2030 Agenda, reflects the recognition that people living in poverty experience many deprivations in their daily lives.

According to the Multidimensional Poverty Index (MPI), which considers overlapping deprivations in health, education and living standards, 1.1 billion people live in acute multidimensional poverty, nearly double the number living in extreme income poverty (UNDP and OPHI, 2024). The index also shows that subnational disparities in poverty are at times larger than differences between countries. In sub-Saharan Africa, for instance, the percentage of the population in multi-dimensional poverty ranged from 16 per cent (in Gabon) to 91 per cent (in Niger) in the mid-2010s. Within Uganda, the percentage of MPI poor ranged from 7 per cent in Kampala, the country's capital and largest city, to 96 per cent in the poorest region, Karamoja (Alkire, Karagaratnam and Suppa, 2023).

The recent crises have revealed that traveling the "last mile" – eradicating poverty from the poorest, most remote and conflict-affected places – is not the only challenge, however. These crises have exposed how fragile gains are even in countries that had succeeded in reducing poverty. Many of those who have escaped poverty remain vulnerable to falling back into it. Reaching the elusive goal of eradicating poverty, therefore, is not only a matter of lifting people out of deprivation, but also of building resilience – protecting people against major risks and enabling them to withstand increasingly complex shocks. Emerging research is shedding light on what these risks are and how they shape the economic trajectories of individuals and families over time.

2. MOVING IN AND OUT OF POVERTY – COMPLEX DYNAMICS

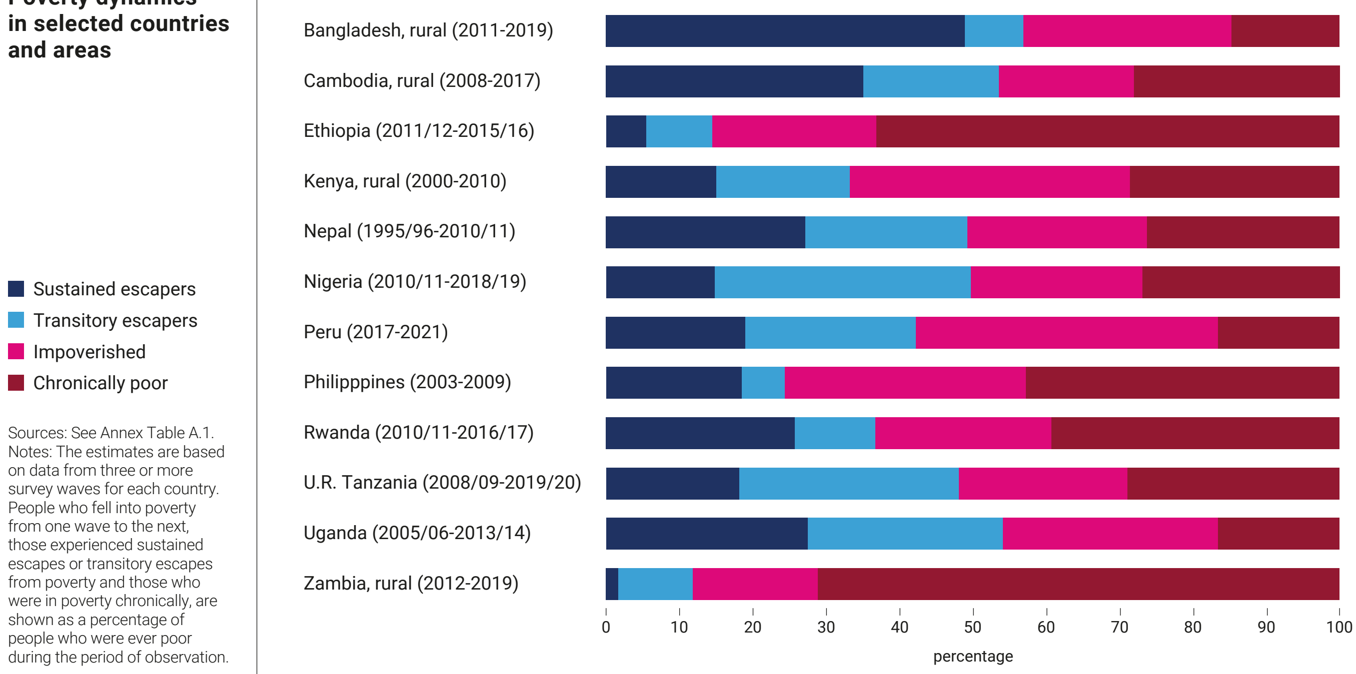
Many more households are affected by poverty than those observed to be living in poverty at specific points in time. In recent decades, the growing availability of longitudinal data – from surveys that follow the same sample of people over time – and of qualitative research has shown that household income and consumption levels fluctuate significantly over time. Some people who move out of poverty do so only temporarily while others can escape it permanently. Some people are born into poverty and remain trapped in it for long periods of time and across generations. Even when the number of people in poverty changes slowly, the composition of the population in poverty is in constant flux. At closer look, progress in reducing poverty is much more volatile than the conventional, aggregate picture of gradual reductions suggests.

At closer look, progress in reducing poverty is much more volatile than the conventional, aggregate picture of gradual reductions suggests

Although the necessary data are still lacking in many low- and middle-income countries, researchers have been able to quantify flows in and out of poverty in some of them. Figure 2 shows what percentage of those people who experienced extreme poverty in low- and middle-income countries with data – or areas within such countries – during the time periods shown made sustained or transitory escapes from poverty, became poor or were living in poverty throughout the period (chronically).

Figure 2. Poverty dynamics in selected countries and areas

Sustained escapes from poverty are infrequent



Sources: See Annex Table A.1.
Notes: The estimates are based on data from three or more survey waves for each country. People who fell into poverty from one wave to the next, those experienced sustained escapes or transitory escapes from poverty and those who were in poverty chronically, are shown as a percentage of people who were ever poor during the period of observation.

Sustained escapes were the most common trajectory in rural areas of Bangladesh (2011-2019) and Cambodia (2008-2017) as well as in Nepal (1995/96-2010/11). Bangladesh and Cambodia experienced continued economic growth with employment creation and significant wage growth during the periods of observation, with a move away from jobs in agriculture towards employment in higher value-added activities, including in rural areas. In contrast, Nepal's sustained escapes from poverty took place alongside low rates of employment and economic growth. The country's brisk poverty reduction is mainly explained by the end of internal armed conflict in 2006 and by the high and continued flow of remittances.

Negative trajectories and temporary escapes from poverty prevailed in most other countries, suggesting that many people were not resilient enough to withstand life course shocks – a health problem, the loss of a job, a bad crop – let alone systemic regional, national or global crises, without adequate social protection systems. The share of people who lived in extreme poverty throughout the period was significant in some cases. In Ethiopia (2011/12-2015/16) and rural Zambia (2011-2019), more than 60 per cent of people in the samples were chronically poor.

Many households rise above the poverty line only to stumble back beneath it, highlighting the precarious nature of many poverty escapes

These examples illustrate that reaching the elusive goal of eradicating poverty is not only a matter of helping people move out of it. Many households rise above the poverty line only to stumble back beneath it, highlighting the precarious nature of many poverty escapes.[21] Poverty must thus be approached as a risk rather than a condition that affects a fixed set of individuals.

3. ABOVE EXTREME POVERTY, BUT STRUGGLING TO STAY AFLOAT

The urgency of preventing falls into poverty, which are difficult to escape, cannot be overstated. Globally, almost one billion people (15 per cent of the world's population) live between the extreme poverty line of $2.15 a day and $3.65 a day.[22] Even more people (close to 1.9 billion) live between $3.65 and $6.85 a day. In all, almost half of the world's population, including a large majority of people in South Asia and in sub-Saharan Africa, live below levels of economic well-being that would be considered as poverty in several upper-middle-income countries.[23] Even a small shock can send them into extreme poverty.

Economic insecurity does not end above this basic floor of $6.85 a day. Many people are teetering on the brink of poverty even as they move up the income ladder

Economic insecurity does not end above this basic floor of $6.85 a day. Many people are teetering on the brink of poverty even as they move up the income ladder. Research in developing regions has shown that individuals and families wedged between poverty and the middle class struggle to stay out of poverty as well.[24] Health shocks stand out as a primary driver of impoverishment among them.[25] Research also shows that many of these "strugglers" work in informal employment, where social protection programmes are largely absent. They benefit

21 In South Africa, for instance, Schotte and others (2018) estimated that eight out of ten South Africans had experienced poverty at least once between 2008 and 2014/15. Of those eight, four lived in poverty throughout the six-year period.

22 The World Bank reports poverty estimates at the $3.65 and $6.85 lines to account for the fact that the $2.15 poverty line is too low to define someone as poor in middle-income countries. These two higher thresholds are common national poverty lines in lower-middle-income and upper-middle-income countries. Estimates are available at https://pip.worldbank.org (accessed on 18 October 2024).

23 As way of example, Malaysia's national poverty line was equivalent to $15.50 a day in 2022.

24 Birdsall, Lustig and Meyer (2013) coined the term "strugglers" to characterize this group.

25 See, for instance, Krishna (2010) and Krishna and Agrawal (2023).

little from social health insurance or public pension schemes once they reach old age, and do not have access to unemployment benefits. In many countries, they pay more in taxes than they receive in public transfers.[26] Many strugglers run businesses and generate jobs on which some people in poverty rely, so their fortunes are closely tied up with those of many people living in poverty.

Even in high-income countries, what in the past used to be a secure middle class is increasingly vulnerable to poverty. Bussolo, Karver and López-Calva (2018) estimate that, from 2005-2008 to 2014 alone, the daily income threshold that would put households at a low risk of falling into poverty increased by almost 20 per cent – from $34 to $40. In Bulgaria, the authors estimate that it grew from $14 to $32 per day and, in Latvia, from $22 to $44. The reasons why the middle class is losing out are explained in the next two chapters.

4. OVERLAPPING CRISES: AN UNCERTAIN CONTEXT FOR POVERTY REDUCTION GOING FORWARD

The recent crises and growing threats from climate change and conflict have exposed massive vulnerabilities and have made the universal need to strengthen resilience even more pressing (United Nations, 2024a). The largest and more persistent impacts are often felt far from where a crisis originated. The much slower recovery from the Covid-19 pandemic and overlaying crises experienced by low-income countries has already resulted in an increase in global disparities in poverty.

Nearly one in five people is at high risk from climate-related hazards worldwide – that is, they are likely to experience a severe climate shock in their lifetime that they will struggle to recover from (World Bank, 2024a). The largest populations exposed to extreme weather events are in South Asia (88 per cent of the total population), Eastern Asia and the Pacific (ibid.). However, sub-Saharan Africa has the largest share of people who are not only exposed but also vulnerable to severe welfare effects from such events – because the ability to cope and recover is lowest in this region. Not only are people in poverty more exposed to drought, floods and other environmental shocks, but such shocks increase the likelihood of living in chronic poverty. A one-degree Celsius increase in temperature is estimated to increase chronic poverty at the $3.65 a day level by about 2 percentage points (Dang, Hallgatte and Trinh, 2024).

The effect of conflict on poverty is particularly overwhelming. Globally, the estimated share of people in extreme income poverty living in fragile and conflict-affected countries increased from about 20 per cent in 2000 to 48 per cent in 2019, even though these countries made up only 10 per cent of the world's population in 2019 (Corral and others, 2020).[27] Based on the latest data available, levels of poverty are much higher in these countries than in countries not affected by conflict, as shown in figure 3. The depth of deprivation is also much higher in

26 For country-specific studies on the effect of fiscal policy on poverty and inequality, see the Commitment to Equity Institute's paper series, available at https://commitmentoequity.org.

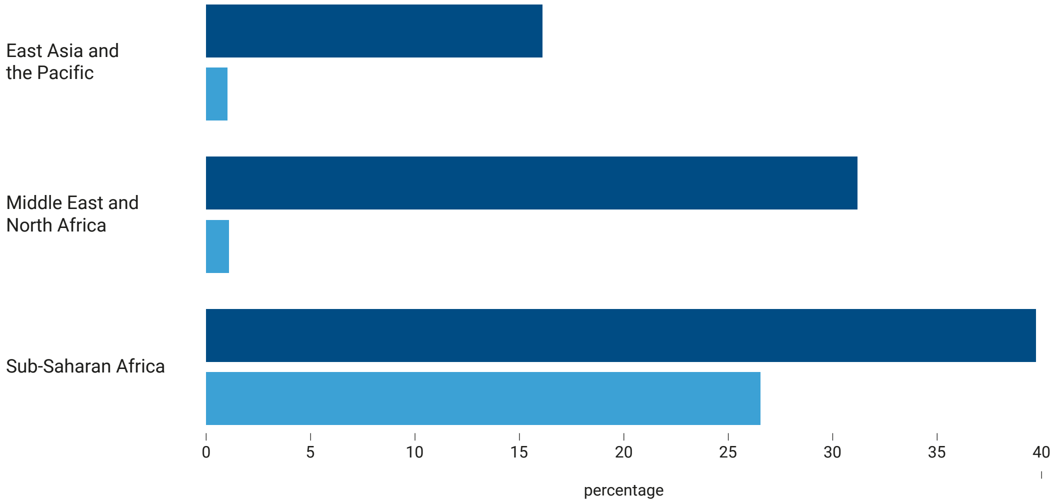
27 The World Bank estimates that 60 per cent of people in extreme poverty may live in countries affected by fragility, conflict and violence in 2030. See https://www.worldbank.org/en/topic/fragilityconflictviolence/overview.

conflict settings, as infrastructure and services crumble and livelihoods are destroyed (UNDP and OPHI, 2024). If current trends continue, two thirds of people in poverty will live in fragile and conflict-affected countries by 2030 (Corral and others, 2020).

The most recent data offer a gloomy outlook: in 2023, there were more active armed conflicts than any time since the end of the Second World War (Rustad, 2024). The number of State-based conflicts has doubled since 2010 (ibid.). An escalation of ongoing conflicts or the eruption of new conflicts will bring more reversals in the global quest towards eradicating poverty.

Figure 3. Percentage of the population in extreme poverty in conflict-affected and non-conflict-affected countries in selected regions, 2019

A high percentage of the population in conflict-affected countries live in poverty



Conflict-affected countries
Other countries

Sources: World Bank Poverty and Inequality Platform, available at https://pip.worldbank.org/home (accessed on 28 February 2024); World Bank's harmonized list of countries in fragile and conflict-affected situations, available at https://www.worldbank.org/en/topic/fragilityconflictviolence/brief/harmonized-list-of-fragile-situations (accessed on 28 February).

Notes:
a. Many of the countries plagued by conflict and violence have no or outdated data on the living standards of their populations.
b. In such cases, poverty estimates are based on projections or interpolations of actual data.
c. Conflict-affected countries include countries that were in conflict or under high levels of institutional fragility in 2019 as well as those that had escaped conflict shortly before 2019.

5. A GREATER POLICY FOCUS ON PREVENTING IMPOVERISHMENT

Growing evidence on household income dynamics and on what drives falls into and escapes from poverty should inform the economic, social and environmental transformations and policies needed to support poverty eradication and avoid setbacks. However, policy design and implementation have not kept up with the evidence. While many countries have strengthened the policy and institutional frameworks that help people escape poverty, tackling chronic poverty and preventing impoverishment remain outstanding challenges, as the recent crises have demonstrated.

Tackling chronic poverty and preventing impoverishment remain outstanding challenges, as the recent crises have demonstrated

Escapes from poverty have usually exceeded falls into poverty during periods of rapid economic growth, where such growth has been employment-rich and real wages have risen. But countries and the international community have often missed the opportunities created by periods of economic expansion to take on the massive investments in social protection, education, healthcare and infrastructure that would help people manage risk and stay out of poverty in the long run.

Similarly, relief efforts during and after major crises – as well as peacebuilding efforts in countries emerging from conflict – have often prioritized short-term recovery solutions while neglecting longer-term investments and the institutional capacity-building that would make sustained escapes from poverty possible. Conditions imposed by international lenders have seldom encouraged these long-term investments. Rwanda stands out as a compelling example of post-conflict reconstruction (see box 2).

Box 2. Post-conflict reconstruction in Rwanda

Following the 1994 genocide, the government of Rwanda prioritized inclusive governance, with a power-sharing model and policies aimed at reducing ethnic divisions. While the political system remains highly centralized, with limited space for opposition, the State's strong governance structures have contributed to long-term stability, effective policymaking, and low levels of corruption compared to other post-conflict countries.

Economically, Rwanda pursued an inclusive development strategy focused on pro-poor growth, entrepreneurship and investment in human capital. Investments in education and healthcare have significantly improved living standards. Rwanda's stability attracted foreign investment, making it one of Africa's fastest-growing economies. While challenges remain, particularly regarding political freedoms and social cohesion, Rwanda's reconstruction demonstrates how strong institutions and economic inclusion can drive long-term recovery.

Managing risk and building resilience are ever more important in the current context of rapid transformations (United Nations, 2024a). At this critical juncture, accelerating progress towards poverty eradication calls for doing more to integrate analysis and policymaking, not only across the social, economic and environmental dimensions of sustainable development, but also between development and peace-building efforts. A focus on the links between poverty and conflict highlights the role of governance and the importance of building institutional capacity, both to prevent conflict and to ensure that countries emerging from it can make sustained progress towards poverty eradication. Investments in building people's resilience will not have their desired effects if the State's capacities to implement policy or enforce regulations are limited.

As regards policy integration across the three dimensions, climate change mitigation and adaptation measures are critical to prevent falls into poverty. Yet, efforts to eradicate poverty can be significantly constrained by some measures aimed to limit or mitigate climate change, especially if the rights of workers and people's livelihoods are not secured as countries embark on the energy transition and economies shift towards sustainable production patterns, i.e., if the transition is not just.

As decent jobs have traditionally been and continue to be the main way out of poverty, strengthening labour market institutions and creating the conditions for the creation of decent work should be at the top of the poverty eradication agenda.

B. TRENDS IN THE WORLD OF WORK: SOCIAL STABILITY AT RISK

While the Covid-19 pandemic and the measures needed to contain its spread had a devastating impact on the world of work, most labour market indicators have returned to pre-pandemic levels and some suggest that the global labour market situation is better today than before Covid-19. At five per cent, the global unemployment rate was lower in 2023 than in any year since 2000.[28]

Yet, almost 60 per cent of people worldwide are very worried about losing their job and about not finding a job.[29] Unemployment levels and trends, alone, do not explain this widespread anxiety or fully reflect decent work deficits. They do not account for the fact that not all jobs provide income security, access to social protection or good working conditions. In fact, one in five employed workers lived in extreme or moderate poverty in 2022.

Many more people find themselves excluded from the labour market altogether, particularly women and youth. Much of the domestic care work that is often performed by women is unpaid and thus not recognized as an economic activity. Challenges to finding a paid job have also resulted in a steady flow of discouraged workers, including 20 per cent of youth who are neither in employment nor in education or training (NEET).

People's concerns also stem from the fact that the world of work is undergoing important transformations. The digital revolution and other fast-paced technological innovations bring new job opportunities but so far have created winners and losers, as discussed in chapter 2. Middle- and low-skilled workers have been on the losing end, in terms of job destruction. The green transition is also creating new jobs but will further disrupt labour markets (see box 3). Global integration continues to affect job creation, destruction and the quality of jobs as well.

28 ILO SDG Labour Market Indicators, ILOSTAT database. Available at https://ilostat.ilo.org (accessed on 5 September 2024).

29 World Values Survey, wave 7. Based on data for 65 countries and areas, including 23 high-income countries and areas, 41 middle-income countries and areas and one low-income country. Percentage of respondents who worry "very much" or "a great deal" about losing their job or not finding a job (58.9 per cent).

Box 3. A just transition towards environmentally sustainable economies and societies

The 2023 Global Sustainable Development Report (United Nations, 2023a) highlights key transformations needed in the three dimensions of sustainable development to achieve the Sustainable Development Goals. To leave no one behind, the greening of the economy and other transformations must aim for a just transition.

Several countries have taken action to empower workers displaced by these transformations. The Just Transition Framework for South Africa, prepared in consultation with displaced workers and signed in 2022, identifies principles for a just transition, at-risk sectors and value chains, and governance and financing requirements. In Brazil, the sugar cane sector moved away from environmentally damaging practices such as pre-burning and towards mechanization, resulting in a 40 per cent drop in the sector's workforce. Projeto RenovAção, ("Project RenovAction"), was introduced to provide training in new occupations in the sugar energy sector and for jobs in other sectors, accompanied by wages and other benefits.

Globally, it is estimated that there were 13.7 million jobs in renewable energy in 2022. As these sectors grow, countries will need to evaluate labour regulations to ensure that new jobs provide safe working environments and access to social protection. Data on job quality remains sparse. However, there are instances of violations of land rights and livelihoods around transition mineral mining projects and some renewable energy installations. In such cases, informed consent in land use negotiations, especially involving indigenous communities, would be a prerequisite for a just transition.

There is no evidence to suggest that the world is heading towards a jobless future. However, there are persistent deficits in the quality of work – in access to social protection, good working conditions, the ability to organize and participate in decision-making in the workplace. There are also changes in how work is performed, organized and managed. These changes challenge the relevance of existing legislation and thus risk intensifying decent work deficits.

Unprotected and insecure types of employment are indeed proliferating in many countries. Workers who may have expected to join a secure middle class through educational attainment or work experience, based on the path followed by the previous generation, find themselves struggling for economic stability. Growing insecurity, persistent precariousness and the widespread anxiety they generate, are putting pressure on societies, polarizing political discourses and undermining the social contract.

Growing insecurity, persistent precariousness and the widespread anxiety they generate, are putting pressure on societies, polarizing political discourses and undermining the social contract

1. DECENT WORK DEFICITS DRIVING INSECURITY

The informality conundrum

Informal employment is ubiquitous and remains the most prevalent means of labour market participation in low- and middle-income countries. For most workers, informal jobs are not a choice but reflect the limited availability of formal, more desirable jobs with a fair remuneration and access to social protection, as well as their limited bargaining power within the businesses that employ them. Economic vulnerability is a defining feature of informal work that affects workers with low levels of education, youth, migrants and other disadvantaged groups disproportionately.

Policy-wise, concern over informality stems not only from the fact that workers have limited access to social protection and are vulnerable to even minor shocks, but also from its effects on sustainable development. Widespread informality is considered a cause of low productivity and other development deficits, with effects on economic growth and tax revenues and, thus, fiscal space (Ohnsorge and Yu, 2022; Rodrik, 2014). The policy focus has thus been on addressing informality as a means to improve productivity. However, the links between informality, productivity and poverty run in both directions. Low-productivity enterprises cannot afford to abide by existing regulations, partly because of their limited access to credit or other resources. People in poverty resort to informal employment because entry barriers are lower and, in turn, informal employment leads to persistent poverty. Informality is, therefore, an outcome of low productivity and overall under-development, rather than just their cause.

Despite early expectations that informal employment would decline and eventually disappear with economic growth and development, it has remained stubbornly high

Despite early expectations that informal employment would decline and eventually disappear with economic growth and development, it has remained stubbornly high. On average, the share of informal employment has remained stagnant in African countries and declined only slightly in Asian and Latin American countries since 2010 (figure 4). Following unprecedented job losses among workers in informal employment during the first year of the Covid-19 pandemic, informality grew at a faster pace than formal jobs in Africa and Asia in 2021 and 2022, thus jeopardizing earlier gains towards formalization.

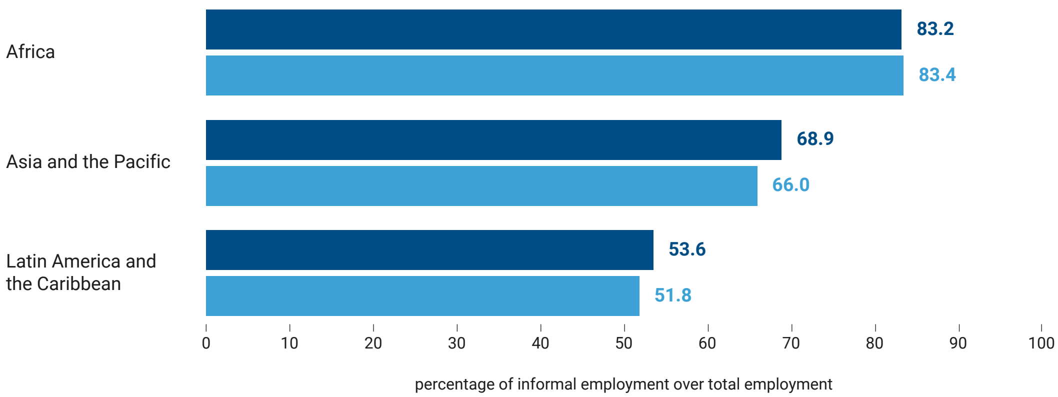
The divide between a well-protected group of workers in formal employment and those in informal jobs is not new. The trend that emerges from recent research is one of growing heterogeneity in the situation of both formal and informal workers.

Research on labour market transitions shows, for instance, that some informal jobs can serve as stepping-stones to formal, more secure employment. However, a large majority of workers remain in informal employment for long periods – many throughout their working lives.

According to a series of developing country studies covering periods ranging from one to 19 years, depending on the study, less than a quarter of informal workers in "low tier" jobs (those requiring little training and providing low earnings) had transitioned to formal employment or to "upper tier" informal employment at the end of the observation period in most countries.[30] Country studies also suggest that, while formal wage workers rarely transition to informal jobs, the risk of downward mobility – from formal to informal employment – is significant for workers in formal self-employment, particularly in low tier jobs.

Figure 4. Share of workers in informal employment, 2010 and 2023

The share of informal employment has remained virtually unchanged



Source: International Labour Organization (ILO) Modelled Estimates and Projections, ILOSTAT database, available at https://ilostat.ilo.org/ (accessed on 16 September 2024).

Thus, the greater divide is that between waged workers in formal employment, whose risk of transitioning to less secure jobs is low, and the rest of the labour force. This divide is not confined to low- and middle-income countries. Growing job instability and the rise of poorly paid, precarious work, even in the formal sector, are driving income insecurity among workers in high-income countries as well. Precariousness affects more and more qualified workers who would have been able to live a comfortable middle-class life a few decades ago but can no longer do so.

Growing job instability and the rise of poorly paid, precarious work, even in the formal sector, are driving income insecurity among workers in high-income countries as well

30 The literature reviewed covers the following countries: China, India, Indonesia, Viet Nam, Egypt, Jordan; Tunisia, Ghana, Niger, Nigeria, South Africa, U.R. Tanzania, Uganda; Argentina, Brazil, Costa Rica, Ecuador, El Salvador, Mexico, Nicaragua, Paraguay, Peru and Venezuela; Albania, Georgia and Ukraine. The percentage of workers transitioning out of low tier informal employment is higher in settings with relatively lower informality. Namely, in the Latin American countries studied (and South Africa) the percentage of low tier workers transitioning out was above one quarter and, in many case, above 50 per cent during the periods covered by the studies reviewed. See Fields and others (2023) and ILO (2021a). See also Brehm, Doku and Escudero (2023), Pagès and Stampini (2009), Natarajan, Schotte and Sen (2020), Tansel and Ozdemir (2015), McCaig and Pavcnik (2015). For additional information, see "Trends in the world of work and its implications for the social contract", World Social Report 2025 Thematic Paper (forthcoming). Available at https://social.desa.un.org/issues/world-social-report/thematic-papers.

Casualization, flexibility and insecurity

Part-time, temporary and casual work, including zero-hours contracts, are on the rise. There are new forms of work emerging, particularly in digital labour platforms. Their spread has been driven by a variety of forces, including the digital transformation but also globalization, sectoral shifts from manufacturing to services, and the weakening of labour market institutions through various waves of deregulation.

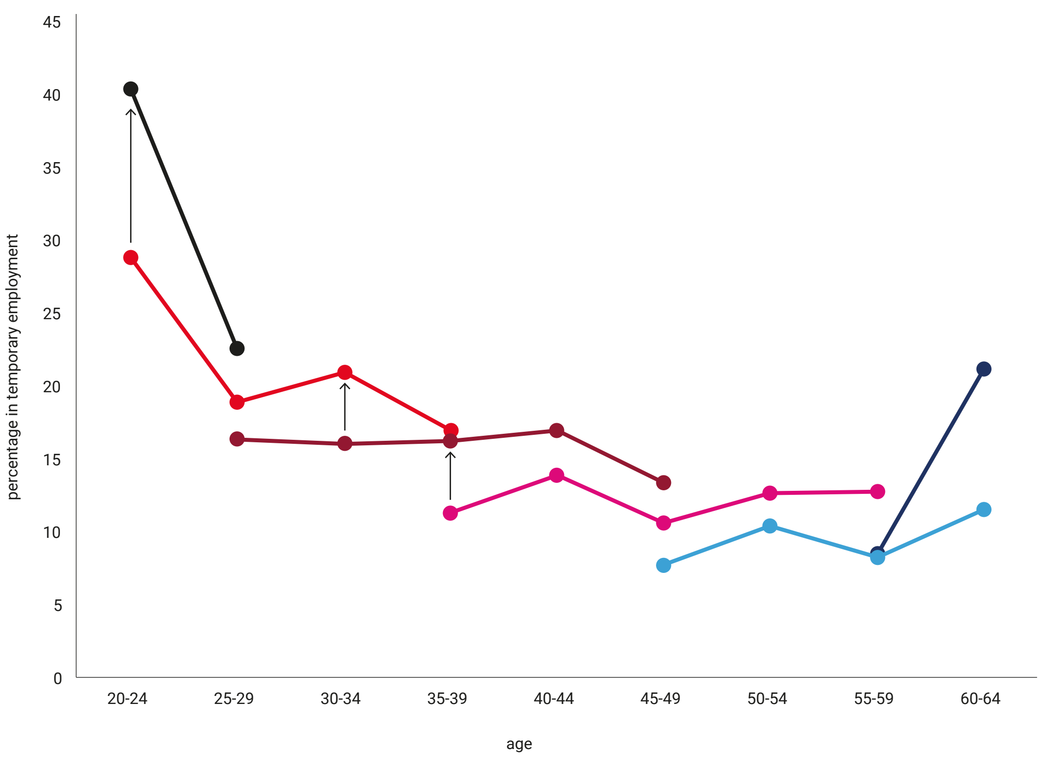
The rise of these alternative (non-standard) forms of employment is most evident in high-income countries and most prevalent among youth. In Europe, the share of workers on temporary contracts (of less than twelve months) has increased from one cohort to the next, particularly among those with low levels of education and youth, as shown in figure 5. For workers aged 20 to 24, for instance, the share of temporary work rose from 29 per cent for the cohort of people born in 1980-1984 to 41 per cent for those born in 1990-1994. While some youth resort to temporary employment while studying, increases in education, alone, do not explain the rapid rise in this type of contract across countries.[31] For those aged 35 to 39, it increased from 11 per cent, among those born in 1960-1965, to 17 per cent for the 1980-1985 cohort. Job tenure – and therefore job security – are declining as a result.

Figure 5.
Estimated share of low-skilled¹ wage workers on temporary contracts by age and birth cohort in European countries

- Born in 1940-1944
- Born in 1950-1954
- Born in 1960-1965
- Born in 1970-1974
- Born in 1980-1984
- Born in 1990-1994

Source: DESA calculations based on anonymized data from successive Eurostat's European Union Labour Force Surveys (EU-LFS), 2020 release.
1. Lower secondary education or less.
Notes: Simple averages, based on data for 27 European countries. Data come from EU-LFS from 1999 to 2019. Each line represents a five-year birth cohort (that is, people born between 1 January 1940, 1950, 1960, 1970, 1980, 1990, 2000 and 31 December 1944, 1954, 1964, 1974, 1984, 1994 and 2004). Temporary jobs are those with a contract duration of less than 12 months.

Younger generations are increasingly employed on temporary contracts



31 The percentage of youth aged 20-24 enrolled in education in OECD countries increased from 42.6 per cent in 2013 to 43.4 per cent in 2022. See https://www.oecd-ilibrary.org/education/data/oecd-education-statistics_edu-data-en (accessed 20 November 2024).

These alternative forms of work have provided many women and men with income-generating opportunities. Some expand choice in terms of where and when people work and can improve the life-work balance. However, they also shift risks and responsibilities away from employers and onto workers. Income instability is the norm. Own-account workers, independent contractors and many workers on temporary contracts, including in the growing "gig" economy, enjoy little employment security, limited access to social protection and few avenues for collective bargaining, much like workers in the informal economy. Many work for more than one employer, especially in crowd work platforms and work-on-demand apps, and lack legal protections against unsafe working conditions, wage theft or discrimination.

Although these forms of work are not and may never become the prevailing type of employment, they put downward pressure on labour market norms and weaken a shared identity among workers.

While workers enjoy the flexibility that many of these forms of employment offer, a majority resort to them due to the lack of traditional wage jobs under standard contracts.[32] The challenges they face are not simply contractual: work in many of these jobs is uncertain, not only in duration but also in hours and shift patterns. Many workers resort to these forms of employment to escape unemployment but fall back into unemployment repeatedly in their lifetimes. Studies conducted in the European Union indicate that not only are perceptions of insecurity (fears of losing one's job) much higher among workers under non-standard contracts than among those with long-term contracts, but perceived health and overall life satisfaction are lower (Eurofund, 2023). Businesses invest less in the training of workers under non-standard contracts, with impacts on their productivity and that of the businesses that employ them (ILO, 2016).

Job flexibility, so far, comes with too high a cost in terms of income insecurity, job instability and rights at work. Its spread is an expression of the progressive commodification of work, with human beings used merely as a service. Digitalization and the rise of the gig economy can exacerbate this commodification, as they make it easier to hide human activity and render workers invisible. The growing rift between these working arrangements and labour market regulations, which were designed for full-time jobs under standard contracts, is an important driver of the commodification of workers.

In the face of growing flexibility and job insecurity, the policy focus has been on training, lifelong learning and other active labour market policies to ensure that workers are prepared for a changing labour market.[33] While these measures are important, more must be done to make the labour market fit for all workers. Promoting access to decent work calls for strengthening

32 For a list of references and additional discussion, see "Trends in the world of work and its implications for the social contract", World Social Report 2025 Thematic Paper (forthcoming). Available at https://social.desa.un.org/issues/world-social-report/thematic-papers.

33 The World Economic Forum's Future of Jobs Report 2025 (WEF, 2025) and the World Development Report 2019 (World Bank, 2019), for instance, place a strong focus on building human capital, lifelong learning and changing skills to adapt to the changing world of work. See also OECD (2024 and 2019) and OECD's Changing skill needs in the labour market platform. See also OECD (2024 and 2019) and OECD's Changing skill needs in the labour market platform (https://www.oecd.org/en/topics/sub-issues/changing-skill-needs-in-the-labour-market.html).

the social dialogue, including through collective bargaining, and adapting social protection systems to the reality of today's world of work.

Collective bargaining at risk?

Beyond providing a certain measure of income security and being safe, decent employment is an important source of social identity, particularly when the workplace allows workers to create ties and build networks. Many workers under non-standard contracts or those who are outside of an employment relationship altogether may develop little identity through their jobs. Given their vulnerable situation, such workers face challenges in mobilizing, organizing collectively and advocating for their rights and interests.

Trade unions have played a critical role in giving workers a voice in policymaking and helping them develop a collective identity. Yet, insecurity has risen with declines in union density. In OECD countries, where unionization rates are highest, trade union density declined by half, from 26.4 per cent of workers in 1990 to 13.2 per cent in 2019 (Visser, 2024). In France, Germany, the United Kingdom and the United States, union density rates in the private sector are currently lower than in the decade before the First World War (Visser, 2024). With tight labour markets and an upsurge in strikes, some countries have experienced a slight uptick in unionization in the aftermath of the Covid-19 pandemic. In the United States, private sector unionization increased by almost one quarter million workers from 2022 to 2023 (Shierholz and others, 2024).

The future viability of unions for collective representation and social dialogue depends on whether they can adapt to today's world of work. Large companies and manufacturing plants, the main centres of working-class union activity in the past, have closed or downsized by subcontracting tasks and jobs. Unions organized around the traditional employer-employee relationship may not be well suited to give voice to those who do not work for a wage, or who do so outside the formal sector or under non-standard contracts.

The growing incidence of informal and non-standard forms of employment has created momentum for new forms of association, such as community and professional organizations, associations of self-employed workers, and cooperatives. These associations often represent members' interests with a local government or municipal authorities, so they resemble social movements more closely than conventional trade unions (United Nations, 2016). While some have improved the working conditions of workers in vulnerable employment, and strengthened their capacity to take collective action, most lack a legal mandate to participate in collective bargaining directly and, for now, do not cover all the tasks of trade unions – from wage setting to ensuring decent labour standards and promoting voice in the workplace (Visser, 2024). At the same time, they protect groups of workers that are rarely covered by unions, including migrants.

Unions are also adjusting to changes in the world of work. Many offer easily accessible services and assistance in matters of taxes and social benefits (ibid.). Some have expanded membership to workers under non-standard contracts or have lobbied to promote their rights, often supporting self-organized grassroots groups and giving them legal backing (Cant and Woodcock, 2020; Rizzo and Atzeni, 2020; MacDonald and Thomas, 2018). In the United Kingdom, for instance, drivers for the platform Uber were reclassified, from independent contractors to workers covered by minimum wage laws and other basic provisions, after a union took their case to an employment tribunal in 2018. In many countries, however, labour laws would need to be reformed to extend associational rights to workers in non-standard employment (MacDonald and Thomas, 2018). Expanding union membership to workers in informal employment poses challenges for the same reason.

Unions will have to find more ways to connect with workers in the gig economy, employees on temporary contracts and high-skilled workers, including those in solo self-employment. Doing so will mean reaching outside traditional workspaces and maintaining a holistic approach to workers' well-being and rights, beyond a strict focus on wage bargaining. Creating alliances with new forms of association and social movements that advocate for affordable housing, better public services or decent wages, for instance, could help improve the living conditions of workers in non-standard or informal employment.

2. IMPLICATIONS FOR SOCIAL STABILITY

There is currently a large gap between ongoing changes in the world of work and the policies and institutions meant to manage them. Many of the institutions designed in now high-income countries during the twentieth century are not well suited to support the kinds of employment that are prevalent in today's labour markets or to address the increasing pace of job destruction and creation. As a result, a growing share of workers are left on their own, beyond the scope of protections that such institutions grant.

Employment insecurity and the social and economic uncertainties it generates undermine the relationship between workers, employers and Governments, with consequences for people's trust in institutions. Workers in informal employment and those under non-standard contracts, as well as people who are unemployed, have lower trust in other people, lower perceptions of fairness in society, abstain from voting more often and, when they do not, vote more for extreme parties than workers on long-term contracts (Eurofund, 2023; United Nations, 2016; Bussolo and others, 2019).

It is commonly suggested that employment insecurity is an inevitable result of the digital revolution, global integration and other ongoing transformations.[34] That it is necessary to respond to business needs and worker preferences for a more flexible labour market. Flexibility can indeed be a positive trend for employers and employees alike as long as it promotes decent work. In its application, however, flexibility has often resulted in an erosion of employment protections and workers' rights without better job opportunities.

At the same time, work remains central to people's lives and to the functioning of societies. If performed in decent conditions, a job is not only a means of survival or a way out of poverty, but it gives people purpose and dignity, and promotes their inclusion. Decent work that brings economic security helps build people's trust and civic engagement, and is therefore a key

34 For a presentation and review of this argument, see Countouris and others (2023) and Aloisi and De Stefano (2022).

pillar of social cohesion. It is at the heart of a virtuous cycle that generates commitment to public mandates, helps increase tax revenues and thus generates fiscal space to make those investments in quality public services, infrastructure and social protection that are crucial to boost economic security and further promote decent work for all.

These instrumental and social roles of work are relevant across societies now and there is no reason why they should fade in the future. Development and growth paths that approach work as a commodity are therefore not socially sustainable. The good news is that a different path is possible. Global competition and other transformations are experienced worldwide, but their effects are not homogenous: some governments choose to prioritize workers' well-being rather than permit their exploitation for short-term gain (see box 4).

The transformations observed in the world of work have weakened workers' shared identity and diminished their collective voice

It is however important to acknowledge that the transformations observed in the world of work have weakened workers' shared identity and diminished their collective voice. Growing power asymmetries between workers and employers are a root cause of persistently high levels of inequality around the globe.

Box 4. Employment protection through labour market transformations - the example of Germany

Germany has distinguished itself from other countries by maintaining strong employment protections through economic downturns and while adapting to digital transformations. The country's Kurzarbeit scheme, which allows companies to temporarily reduce working hours during downturns while the government compensates workers for lost income, proved particularly effective during the 2008–2009 financial crisis. Germany's unemployment rate remained stable during this crisis while other OECD countries saw significant job losses. The programme was expanded to cover a third of the workforce at the peak of the Covid-19 crisis, helping to cushion the shock and facilitate a faster labour market recovery compared to other countries.

Germany has also led in preparing its workforce for structural changes brought about by digital transformation. Unlike economies where technological shifts have led to widespread job displacement, Germany's proactive investment in retraining and lifelong learning has enabled smoother transitions for workers, particularly in sectors like manufacturing and information technology (IT). Government policies anticipating shifts in labour demand, coupled with close collaboration between employers, trade unions and training institutions, have reinforced this resilience.

Non-standard employment arrangements were implemented alongside robust collective bargaining structures and social protection. This prevented the erosion of working conditions seen elsewhere and ensured that wage stability and decent employment standards remained priorities. Germany's ability to safeguard jobs during downturns, facilitate worker transitions amid digital change and uphold strong employment conditions amid rising flexibility underscores the strength of its labour market policies.

Annex 1

Table A.1. Poverty dynamics: sources of information for figure 1 and sample sizes

Country	Area	Source, years	Sample
Bangladesh	Rural	Bangladesh integrated household survey 2011, 2015, 2019	5,260
Cambodia	Rural	Agriculture, Rural Development and Poverty Reduction Survey 2008, 2011, 2014 and 2017	852
Ethiopia	National	Living Standards Measurement Survey 2011/12, 2013/14, 2015/16	3,388
Kenya	Rural	Tegemeo Agricultural Panel Survey 2000,2004, 2007, 2010	1,243
Nepal	National	Nepal Living Standards Survey 1995/96, 2003/04, 2010/11	434
Nigeria	National	Living Standards Measurement Survey 2010/11, 2012/13, 2015/16, 2018/19	1,326
Peru	National	Encuesta Nacional de Hogares 2017, 2018, 2019, 2020, 2021	2,031
Philippines	National	Family Income and Expenditure Survey 2003, 2006, 2009	6,519
Rwanda	National	Enquête Intégrale sur les Conditions de Vie des Ménages 2010/11, 2013/14, 2016/17	1,920
U.R. Tanzania	National	Living Standards Measurement Survey 2008/09, 2011/12, 2014/15, 2019/20	908
Uganda	National	Living Standards Measurement Survey 2005/06, 2009/10, 2010/11, 2011/12, 2013/14	1,398
Zambia	Rural	Rural Agricultural Livelihoods Survey 2012, 2017, 2019	6,625

2. Persistent and deep inequalities

KEY MESSAGES

Income and wealth inequality within countries are extremely high but are not rising everywhere. Inequality trends differ even among countries at similar levels of development: policies matter.

The Covid-19 pandemic and ensuing economic crisis have increased inequality between countries: while high-income countries bounced back quickly, middle- and low-income countries lost ground.

Rapid technological innovation brings opportunities, but it is also marginalizing large segments of the labour force, with impacts on inequality. There are, however, important differences across countries on how these innovations and their effects on labour markets are managed.

Climate change exacerbates inequality. The people who contribute the least to greenhouse gas emissions suffer the most income loss due to climate change.

There has been progress in reducing group-based inequality and promoting the social inclusion of some groups. However, unless progress accelerates, leaving no one behind will remain a distant goal by 2030.

Today's inequalities are staggering. Some individuals enjoy unimaginable affluence while countless others live in grinding poverty – and few in between feel economically secure. Absolute disparities among countries have reached unprecedented levels. The average income of people living in sub-Saharan Africa, for instance, is only 6 per cent that of people in Northern America and 7 per cent that of people in the European Union.[35] To a great extent, life chances are still determined by where people are born and by other circumstances that should have no bearing on their well-being. Entire groups of the population – some statistically visible, some invisible – are systematically excluded from economic and social opportunities because of their gender, age, ethnicity and other inherited circumstances over which they have no control.

Twenty years ago, the *Report on the World Social Situation 2005* cautioned that growing inequality could jeopardize the achievement of the internationally agreed development goals.

35 Calculations are based on gross national income (GNI) per capita, calculated using purchasing power parity (PPP) exchange rates at current international dollars from the World Bank World Development Indicators database, available at http://databank.worldbank.org/data/source/world-development-indicators (accessed on 16 December 2024).

Since then, mounting evidence has revealed that inequality holds back progress towards poverty eradication, creates social tensions and fosters political instability. Without appropriate policies and institutions to prevent it, inequality concentrates political influence among those who are better off, perpetuating cycles of unequal opportunity.

Yet, high and growing inequality is not inevitable. Levels and trends of inequality differ among countries that are at similar levels of development and equally exposed to globalization, technological innovation and even the effects of climate change. Policy plays an important role in influencing inequality.

A. ECONOMIC INEQUALITY: WHERE DO WE STAND?

1. INCOME INEQUALITY WITHIN AND ACROSS COUNTRIES

The 2030 Agenda has focused the attention of the international community on the predicament of growing income inequality. Real and sustained progress in addressing inequality has eluded many, but not all, countries.

Over the past 30 years, income inequality as measured by the Gini coefficient has risen within 52 out of 128 countries with data and has declined in 66 of them, as shown in Table 1. Inequality has grown in the world's most populous countries – China and India – and in most high-income countries. Even though Latin America remains the region with the highest levels of income inequality, together with Africa, most countries in the region have seen the Gini coefficient decline. Overall, countries where inequality has grown are home to two thirds of the world population.

While it is still too soon to assess the effect of the Covid-19 pandemic, the data available suggest that income inequality remained stable or even declined in the first years of the pandemic within several high-income countries (7 out of 14 with data up to 2022) and in some middle-income countries. The provision of large fiscal stimulus packages, and the adoption or expansion of tax-funded social protection programmes, protected those most at risk and even helped reduce poverty in some cases (Trisi, 2023).[36] In contrast, low-income countries without the fiscal capacity to launch these special measures, and in high debt distress, have seen poverty – and in all likelihood inequality – increase.

36 Income losses are often higher among top income earners at the onset of crises. After the onset of the 2008 economic and financial crisis, for instance, the income shares of the top 1 per cent and the top 10 per cent fell in most high-income countries (World Inequality Lab, 2017). Wealth-income ratios fell in all of them. At the same time, the income share earned by the bottom 10 per cent of the distribution experienced a sustained decline in about one third of high-income countries with data after 2009 (United Nations, 2020a). Such sustained decline at the bottom is not observed in almost any high-income country from 2020 to 2024.

Countries where inequality has grown are home to two thirds of the world population

It is too soon to assess whether inequality has continued to decline in high-income countries as the discretionary measures put in place at the onset of the crises were withdrawn. Disruptions in education during the pandemic may further increase inequality in both rich and poor countries in the long run (United Nations, 2024a).

Table 1. Trends in income inequality by region, 1990 to 2022[a]

Number of countries by observed trend in the Gini coefficient

	Africa	Asia	Latin America and the Caribbean	Europe, Northern America, Oceania and Japan	Total	Percentage of countries	Percentage of total population[d]
Rising inequality	**9**	**13**	**4**	**26**	**52**	**40.6**	**65.3**
1990-2022							
2020-2022[b]	n.a.	1	2	4	7		
Decreasing inequality	**24**	**12**	**16**	**14**	**66**	**51.6**	**27.0**
1990-2022							
2020-2022	n.a.	2	5	7	14		
No trend[c]	**2**	**2**	**0**	**6**	**10**	**7.8**	**7.7**
1990-2022							
2020-2022	n.a.	0	0	3	3		
Total	**35**	**27**	**20**	**46**	**128**	**100.0**	**100.0**

a. Or latest year available, if 2010 or later.
b. The number of countries with detailed information for 2020-2022 is below the total number of countries with enough information to assess trends over the full period (1990-2022).
c. Includes countries where inequality has remained relatively constant as well as countries where inequality has fluctuated, but where there is no clear upward or downward trend during the period – that is, where the difference in the Gini coefficient for the starting and most recent years is less than 0.5 points.
d. Percentage of the total population of the 128 countries with data. These 128 countries accounted for over 90 per cent of the world's population in 2022.

Source: Calculations based on data from UNU-WIDER's World Income Inequality Database, version released on 28 November 2023, available at https://www.wider.unu.edu/database/world-income-inequality-database-wiid (accessed between September and October 2024).
Note: See Annex Table A.2 for detailed trends by sub-period.

Additional indicators show that income is increasingly concentrated at the top of the income ladder, including in some countries that have seen the Gini coefficient decline. The share of income owned by the richest one per cent of the population increased or remained stable, albeit at a high level, in 113 out of 182 countries from 1990 to 2022 (see figure 6).[37] In 2022, the top one per cent owned more than 20 per cent of all income in 29 countries, including in Chile, India, Mexico, Saudi Arabia and the United States.

37 World Inequality Database, available at https://wid.world/data/ (accessed on 22 September 2024).

**Figure 6.
Share of income earned by the top 1 per cent, 1990 and 2022**

Income is increasingly concentrated at the top of the income ladder

Source: World Inequality Database, available at https://wid.world/data/ (accessed on 22 September 2024).
Notes: Estimates based on pre-tax national income, which is the sum of personal income flows from labour and capital before taxes and all transfers except pensions.

Income inequality between countries is more pronounced than that observed within countries, although it had been falling prior to the pandemic in relative terms (United Nations, 2020a). Strong economic growth in Asia, especially in China, was the main driver of this decline from the 1980s to the 2010s.

Inequality between countries fell from the 1980s to 2020. The Covid-19 pandemic and ensuing economic crisis reversed this trend

The Covid-19 pandemic and ensuing economic crisis reversed this trend: while high-income countries quickly bounced back from the pandemic, developing countries lost ground (United Nations, 2024b). The gap in income per capita with rich countries widened in nearly half of developing countries in 2020-2024 – the highest share since the 1990s (World Bank, 2024b).

While economic growth had picked up in some middle-income countries by mid-2024, low-income countries have not recovered and will continue to face headwinds against a backdrop of devastating debt crises, high debt service costs and the worsening impacts of climate change and conflict, which are disproportionately felt by those at the bottom of the income spectrum.

Climate change, technological innovation and other powerful global trends are already affecting inequality. Their implications are broad and varied. Some can help equalize opportunities, while others are exerting mounting pressure on income inequality, mainly through their effect on labour markets.

2. WEALTH, CAPITAL, LABOUR AND TECHNOLOGICAL INNOVATION

The distribution of wealth is even more unequal than the distribution of income. The following findings have been widely publicized: while the poorest half of the global population owned just 2 per cent of all wealth in 2021, the richest 10 per cent owned 76 per cent, and billionaire wealth has soared since 2019 (World Inequality Lab, 2022).[38]

In addition, the distribution of income between capital and labour has undergone major changes. Globally, the share of wages in total GDP has been declining since the 1980s.[39] Improvements in labour productivity have not translated into better labour compensation. As regards wage inequality, trends differ considerably by country. While the existing literature shows increases in wage inequality in high-income countries from the 1980s to the early 2000s, approximately two-thirds of countries with data across more and less developed regions experienced declines in wage inequality from 2006 to 2021 (ILO, 2024a).

Yet, top salaries have risen dramatically. A sizeable proportion of the observed gains in top income shares over the last decades are due to an increase in top wages (ibid.). In the United States, wages for the top 1 per cent rose by 206 per cent from 1980 to 2021 while wages for the bottom 90 per cent grew just 28 per cent (Economic Policy Institute, 2022).

The rapid, revolutionary technological breakthroughs that the world has experienced in recent decades have contributed to these trends. For all its promise, technological change tends to create winners and losers, and its current pace brings new and urgent policy challenges. In the world of work, highly skilled workers have benefited the most from new technologies. Job disruption – and, at times, destruction – is affecting mainly low-skilled and middle-skilled workers in routine tasks. From the late 1990s to the early 2010s, the share of routine, task-intensive occupations in total employment declined by 10 per cent in Southern Europe, 8 per cent in Western Europe and 6 per cent in Northern Europe (World Bank, 2018).

38 These estimates should be interpreted with caution, as measuring levels of wealth is particularly challenging, especially in poor countries and for people that have negative wealth (debt and mortgages, for example).

39 United Nations (2020b). For recent trends, see ILOSTAT database, available at https://ilostat.ilo.org/ (accessed on 16 September 2024).

While it is impossible to predict the effect of the still-developing generative artificial intelligence (AI), forecasts based on AI's current capabilities suggest that middle-skilled workers in clerical tasks will be the most exposed to automation (Gmyrek, Berg and Bescond, 2023; WEF 2025). Most workers in those clerical occupations are currently women. Preliminary conjectures thus point to the sustained unequal effects of technological innovation by skill and by gender with, in particular, a possible hollowing out of middle-skilled tasks. They also indicate that job and task destruction and creation will affect workers in different jobs and sectors – reinforcing the importance of a just transition aimed at ensuring that no worker, place or country is left behind.

Technology's unequal effects can worsen if, as is the case in many countries, the large gains brought about by new technologies continue to be captured by a small number of dominant companies. The presence of monopolistic or oligopolistic companies have distorted market competition and hindered the diffusion of new technologies within and among countries.

There is plenty of evidence on how digital technologies and AI are undermining jobs and democracy (Acemoglu and Johnston, 2023). Although the fast pace of innovation poses major policy challenges, its effects are not set in stone. There are important differences across countries in how jobs are being redesigned and tasks regrouped into new or existing jobs in response to technological changes, including AI. There are also important differences in the effect of digital platforms on workers' rights and agency. Whether ongoing innovations are directed to automating work – and whether the automation of tasks inevitably leads to the disappearance of jobs – is as much a technological question as it is an institutional one. Regulations and institutions influence the profitability of regrouping tasks into new jobs and the ability of workers to upgrade their skills to take on new responsibilities. Policies and institutions can also help encourage socially beneficial innovations, as discussed in part II of this report.

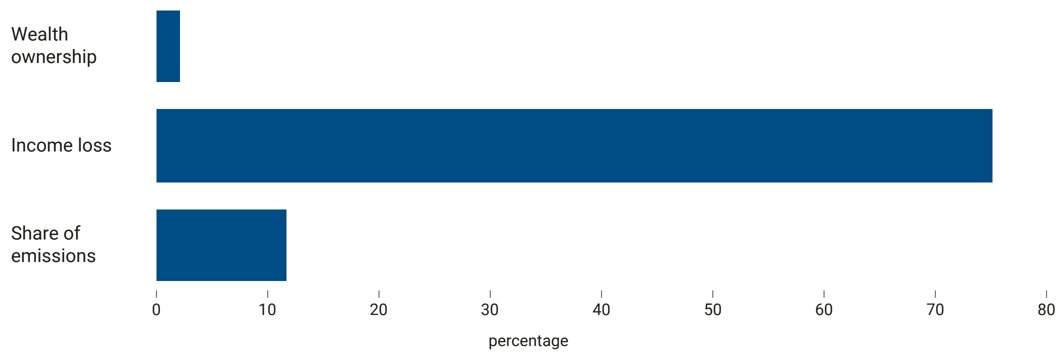
3. INEQUALITY AND CLIMATE CHANGE

A growing body of evidence indicates that climate change has exacerbated inequality between countries and is slowing down the pace of poverty reduction (United Nations, 2020a). A widely cited pre-pandemic study estimates that, by the late 2010s, the ratio between the income of the richest and poorest 10 per cent of the global population was 25 per cent larger than it would have been in a world without global warming (Diffenbaugh and Burke, 2019).

Climate change is also having an impact on intergenerational equity. The increasing disruptions caused by climate change are likely to reduce the livelihood opportunities of future generations, especially in countries hardest hit, and exacerbate downward intergenerational mobility. Regarding labour productivity, for instance, it is estimated that by 2030, 2.2 per cent of total working hours will be lost due to extreme heat – a productivity loss equivalent to 80 million full-time jobs (ILO, 2019a). Without increased mitigation and adaption efforts, water scarcity induced by climate change will reduce global GDP by 0.5 per cent by 2050 (World Bank, 2016).

While gradual environmental degradation and the sudden shocks brought about by climate change are affecting the poorest countries and groups the most, high-income countries and wealthy groups are the biggest polluters. Globally, it is estimated that the bottom 50 per cent of the world's population, ranked by the share of greenhouse gas emissions, accounted for only 12 per cent of global emissions in 2019 yet was exposed to 75 per cent of relative income losses due to climate change (figure 7). In addition, they had less capacity to cope and recover from losses than higher-emitting groups, since they own only 2 per cent of global wealth. The top 10 per cent of emitters, in contrast, owned 76 per cent of global wealth and was only at risk of losing 3 per cent of their income, on average (Chancel and others, 2023). Consumption and investment patterns by a small percentage of the global population are the main drivers of climate change.

Figure 7.
Share of greenhouse gas emissions, income losses and wealth owned by the bottom 50 per cent of emitters



Source: Chancel and others (2023).

Even though climate change and technological innovation are currently exacerbating inequality, the impacts of these and other global trends are not set. They can be managed in an equitable manner so that benefits are broadly shared, and burdens do not fall disproportionately on those who have the least resources to cope (United Nations, 2020a).

Even though climate change and technological innovation are currently exacerbating inequality, the impacts of these and other global trends are not set

B. PROMOTING SOCIAL INCLUSION: GAINS ARE NOT FAST ENOUGH

1. UNEQUAL OPPORTUNITY

While high and growing inequality fuels polarizing political debates around the globe, there is consensus that the chances to succeed in life should not be determined by one's gender, race, ethnicity, place of birth, disability or other circumstances beyond one's control. With its central pledge to ensure that no one will be left behind, the 2030 Agenda aims to promote the social, economic and political inclusion of all.

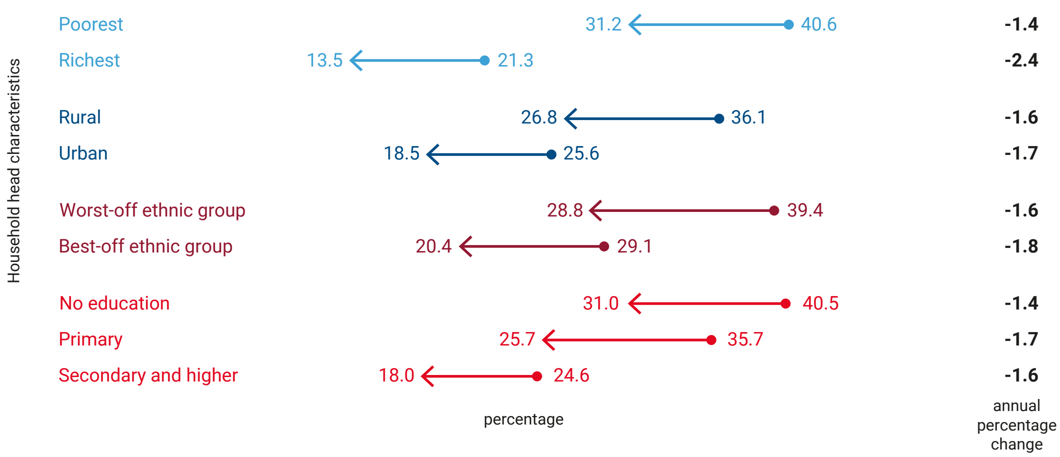
The world is, however, far from giving all people and groups the same opportunity to live a healthy and prosperous life. A sizeable share of total income inequality – almost 80 per cent in South Africa, about 60 per cent in many Latin American countries, 50 per cent in India and 40 per cent in the United States – can still be attributed to inequality based on characteristics such as race, caste, place of birth, or family background (Ferreira, Brunori and Salas-Rojo, 2024).

The world is far from giving all people and groups the same opportunity to live a healthy and prosperous life

There are positive trends, including a reduction of inequalities between some groups in access to primary education and an increasing representation of disadvantaged groups in political processes (United Nations, 2016 and 2020a). Other trends are less positive. As shown in figure 8.a, disparities in child stunting based on household wealth, place of residence, parental education and ethnicity persist, on average, in a large sample of developing countries. For instance, the percentage of children stunted declined from 41 to 31 per cent – an annual rate of 1.4 per cent – among households in the poorest wealth quintile, and from 21 to 13 per cent – an annual rate of 2.4 per cent – among the wealthiest quintile from the 1990s to the early 2020s. At the rate of progress observed during this period, stunting gaps related to household wealth will not be closed during this century – and neither will those linked to ethnicity, rural-urban residence or parental education. Unless progress accelerates, children from those groups that are furthest behind in stunting will remain behind.

Figure 8.a.
Trends in the proportion of stunted children by socioeconomic status, place of residence and ethnic group, 1990s to 2020s

At the current rate of progress, gaps in childhood stunting will not close by 2030



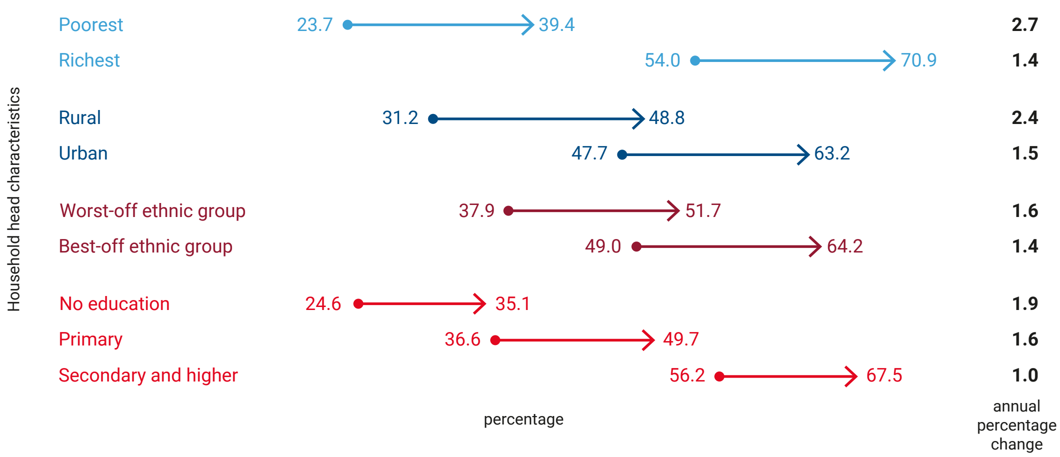
Notes:
a. A child is considered stunted if she or he is below minus two standard deviations from the WHO Child Growth Standards median height-for-age. Household wealth as measured by DHS and MICS is based on a household's ownership of selected assets, materials used for housing construction and access to water and sanitation facilities. Ethnic groups are classified as "worst-off" and "best-off" based exclusively on the prevalence of stunting and secondary school attendance in the starting year.
b. Data collection ranges from 1994 to the early 2000s for the earliest survey, and from 2010 to 2022 for the most recent survey. Stunting estimates are based on data for 59 countries. Estimates by ethnic group are based on data for 35 countries, including 20 in Africa, 6 in Latin America and the Caribbean, 6 in Asia and 3 in Europe. Secondary school attendance estimates are based on data for 61 countries. Estimates by ethnic group are based on data for 34 countries, including 20 in Africa, 5 in Latin American and the Caribbean, 6 in Asia and 3 in Europe.

Source: Calculations based on data obtained from Demographic and Health Surveys (DHS) and Multiple Indicator Cluster Surveys (MICS).

Significant gaps endure, also, in secondary school attendance (figure 8.b), although they are slowly narrowing. Attendance increased at an annual rate of 2.7 per cent among the poorest households and at 1.4 per cent among the wealthiest households, for example. With sustained effort, further convergence could occur over the coming decades. However, equality in secondary school attendance by 2030 is highly unlikely.

Figure 8.b. Trends in secondary school attendance by socioeconomic status, place of residence and ethnic group, 1990s to 2020s

With concerted efforts, gaps in secondary school attendance can be closed in the next decades



Notes:
a. A child is considered stunted if she or he is below minus two standard deviations from the WHO Child Growth Standards median height-for-age. Household wealth as measured by DHS and MICS is based on a household's ownership of selected assets, materials used for housing construction and access to water and sanitation facilities. Ethnic groups are classified as "worst-off" and "best-off" based exclusively on the prevalence of stunting and secondary school attendance in the starting year.
b. Data collection ranges from 1994 to the early 2000s for the earliest survey, and from 2010 to 2022 for the most recent survey. Stunting estimates are based on data for 59 countries. Estimates by ethnic group are based on data for 35 countries, including 20 in Africa, 6 in Latin America and the Caribbean, 6 in Asia and 3 in Europe. Secondary school attendance estimates are based on data for 61 countries. Estimates by ethnic group are based on data for 34 countries, including 20 in Africa, 5 in Latin American and the Caribbean, 6 in Asia and 3 in Europe.

Source: Calculations based on data obtained from Demographic and Health Surveys (DHS) and Multiple Indicator Cluster Surveys (MICS).

Beyond school attendance and educational attainment, gaps in learning outcomes are large and persistent as well. Across OECD countries, for instance, native students scored 29 points higher than students of immigrant origin in a standard mathematics test in 2022 (OECD, 2023). And even though trend data on internet access are lacking, a recent snapshot shows large disparities: the percentage of youth who have never accessed the internet ranges from 85 per cent for youth in the poorest quintile to 61 per cent among the richest quintile.[40]

Equal opportunity is the driving force towards intergenerational equity. Improvements in income, education, occupation, or social status from one generation to the next should be achieved independently from a parent's social or economic status.

However, while levels of education and income have risen globally, upward intergenerational mobility has not increased at the same rate. Many people find themselves at the same socioeconomic level as their parents, rather than moving up (van der Weide and others, 2024;

40 For additional estimates and analysis, see "Promoting social inclusion: what is the score card?", World Social Report 2025 Thematic Paper No. 3. Available at https://social.desa.un.org/issues/world-social-report/thematic-papers.

Narayan and others, 2018; OECD, 2018). In developing regions, intergenerational mobility has remained low for decades (Narayan and others, 2018).

People at the top of the socioeconomic ladder tend to remain at the top while children from economically disadvantaged families often struggle to achieve higher education levels and earn more than their parents did. Some individuals in the middle of the income distribution move up the ladder, but some move down: over a four-year period, one in seven middle class households in OECD countries slid into the bottom 20 per cent of the income distribution ladder (OECD, 2018).

Factors other than education and income influence intergenerational mobility. Across the world, upward intergenerational mobility has traditionally been lower among children belonging to ethnic minority groups than among children in the majority ethnic group across most countries with data (Funjika and Gisselquist, 2020). In India, people belonging to scheduled tribes and scheduled castes are less socially mobile than other groups (ibid.). In the United States, Chetty and others (2024) find that children from families of African descent, at all parental income levels, have recently experienced improvements in economic mobility, while those from low-income families of European descent have faced declines. This trend has been driven by falling employment rates among low-income parents of European descent (ibid.).

Children born into wealthier families have better access not only to economic resources, but also to networks and opportunities that help them maintain or improve their status. However, policies and societal structures can be designed to facilitate upward social mobility (see box 5).

Box 5. Investing in ladders of opportunity – an agenda for the twenty-first century

Anirudh Krishna, Duke University

Talent is everywhere but opportunity is not. In the twenty-first century, fostering upward social mobility and transforming human potential into productivity calls for building an infrastructure of opportunity that enables individuals to rise to the full height of their abilities.

Successful ladders of opportunity are an all-society effort built on the principles of open access, transparent standards, diversity of pathways, vibrant role models, competition and collaboration. These principles ensure that anyone can access a ladder at the lowest level, advance through merit, and benefit from systems tailored to different capabilities. In this way, talent is systematically identified and groomed, minimizing the chances that excellence remains hidden.

Examples from around the world – Jamaican runners, Estonian tech entrepreneurs, Finnish teachers – demonstrate the transformative potential of ladders of opportunity and show how they can thrive in both wealthy and resource-constrained settings. Genetics, geography and culture have little to do with why a particular flow of excellence has come up in a particular location.

The more diverse and specialized a country's ladders, the more sophisticated and effective is its opportunity economy. Conversely, countries with limited or poorly developed ladders struggle to transform human potential into productive activity. In the ideal case, every individual is matched with opportunity that is commensurate with their interests and abilities. As children find better outlets for their talents, they lead more meaningful lives. As opportunities grow and people move even part way up a ladder of opportunity, the income gap decreases, communities and nations flourish and economies expand. This is the promise of investing in the opportunity economy.

Understanding and addressing differences in social mobility across generations is crucial for creating a more equitable society. Inequalities along the life course are not merely due to disparities in health or in access to education during childhood. Even as these disparities close, markets and institutions continue to make socially driven distinctions, as the persistently unequal gender division of work in and outside of the labour market illustrates.

2. AN UNBALANCED GENDER DIVISION OF PAID AND UNPAID WORK

The gender division of labour, paid and unpaid, has been persistently unequal worldwide. According to the UN Minimum Set of Gender Indicators,[41] women spend an average of 4.2 daily hours on unpaid domestic and care work worldwide, on average, while men spend only 1.7 hours on such tasks.[42] The burden of unpaid care work affects women's availability for paid employment, systematically leaving women in a disadvantaged position in the labour market – and economically more insecure throughout the life course. Gendered social norms and biases reinforce persistent gender gaps (see box 6).

The burden of unpaid care work affects women's availability for paid employment, systematically leaving women in a disadvantaged position in the labour market – and economically more insecure throughout the life course

Globally, 70 per cent of men and 50 per cent of women participate in the labour force. For those women in the labour market, earnings are consistently lower than men's: the gender wage gap stands at 15 per cent in low-income and lower-middle-income countries, 22 per cent in upper-middle-income countries and 13 per cent in high-income countries (ILO, 2024a). Men earn more than women in all country income groups and across the entire wage scale (ibid.). As a result, women earn only 35 per cent of all labour income – a share that has barely increased since 1990 (World Inequality Lab, 2022).

While pay gaps are evident at all skill levels and in all occupations, female-dominated occupations, particularly in the paid care sector, are often those with the lowest pay. The need to go beyond aggregate estimates is also clear in the gender distribution of informal work. Globally, the percentage of women in informal employment (55.2 per cent) is below that of men (60.2 per cent). However, women in informal employment are more often found in the most vulnerable situations – as contributing family workers and as domestic workers – and, in developing countries, are more likely to live in working poverty than men (ILO 2018b, 2023).

41 United Nations Statistics Division. Available at https://gender-data-hub-2-undesa.hub.arcgis.com/pages/indicators (accessed 3 March 2025).

42 For additional analysis, see "Trends in the world of work and its implications for the social contract", World Social Report 2025 Thematic Paper (forthcoming). Available at https://social.desa.un.org/issues/world-social-report/thematic-papers.

Box 6. Educated but underpaid: unveiling the role of gender social norms

Yu-Chieh Hsu and Josefin Pasanen, Human Development Report Office, UNDP

Significant progress in women's education globally has not yielded reductions in gender income gaps, even in countries where women surpass men in educational attainment. UNDP's Gender Social Norms Index (GSNI) unveils the critical role of entrenched gender social norms in perpetuating income and other gender disparities by capturing biases against women in four key dimensions – political, educational, economic and physical integrity. The data is based on 80 countries and territories with data from wave 6 (2010–2014) or wave 7 (2017–2022) of the World Values Survey, accounting for 85 per cent of the global population.

Worldwide two-thirds of people believe men are more entitled to a job or are better business leaders than women. Overall, nearly 90 per cent of people hold at least one bias against women. Higher levels of social norms biases, as captured by the GSNI, are associated with greater gender income disparities – more so than educational gaps – and a heavier unpaid care workload for women. Deeply ingrained gender biases in social norms sustain the inequalities that women face in public and private domains, including gender-based violence, barriers to exercising full rights, the disproportionate burden of unpaid domestic and care work, and more.

Transmitted across generations, gendered social norms shape beliefs and attitudes that perpetuate and reinforce disparities between women and men. The GSNI underscores how gender gaps are rooted in gendered social norms and provides a critical tool to identify and challenge the biases that hinder gender equality.

Despite being unrecognized, the value of unpaid domestic and care work is valued at an estimated $11 trillion, or around 9 per cent of global GDP (ILO, 2018a). Beyond its economic value, unpaid and paid care work is essential for the functioning of economies, societies and political systems. The Covid-19 pandemic exposed the needs and shortcomings of the paid and unpaid care economy, including the persistence of inequalities in the distribution of care work.

Major global transformations underway – particularly population ageing – have important implications for care needs in the future. As the number of older persons rises, shifting family dynamics and personal aspirations challenge the assumption that women will be available to fill gaps in the paid care systems as they have in the past. Policy action is urgently needed to recognize, reduce and redistribute care work.

3. BEYOND WHAT WE CAN MEASURE

A person's chances in life continue to depend on circumstances that should not affect access to opportunity or life outcomes. The legacy of past inequalities has a direct effect on the opportunities afforded to these groups and on the outcomes they achieve, regardless of whether discriminatory behaviours persist or have been outlawed. Members of groups that experienced discrimination in the past start off with fewer assets and lower levels of social and human capital than members of groups that were historically more privileged. Without concerted action to address group-based inequality, it will take generations for these groups to catch up.

International efforts to advance the rights of particular groups, including women, youth, older persons, persons with disabilities and Indigenous Peoples, among others, have led to the adoption of international instruments aimed at realizing their rights. Democratization and the demand for equal rights have also led many Governments to repeal discriminatory laws and policies that sustain unfair treatment. Most constitutions now enshrine the principles of equality and non-discrimination

Prejudice and discrimination are far from eradicated, however. It is estimated that one in six people globally experience discrimination based on their characteristics, with women, members of ethnic minorities, and persons with disabilities disproportionately affected (United Nations, 2024c). Experimental studies from around the world have documented hiring discrimination based on migrant status, ethnicity, age and disability status (Bertrand and Mullainathan, 2004; Lippens, Vermeiren and Baert, 2023; Pager and Shepard, 2008).

Challenging social and cultural norms, values, attitudes and behaviours, such as racism, xenophobia, sexism and homophobia, which perpetuate structural injustice, discrimination and exclusion, requires institutional change, as discussed in part II.

In addition, numerous groups remain statistically invisible as well. Namely, household surveys omit some groups at high risk of exclusion and poverty, such as homeless persons (see box 7), people in institutions – including prisons, hospitals and refugee camps, among other places – and mobile, nomadic and pastoralist populations.

Box 7. "Seeing"homelessness through better data collection

Lydia Stazen, Institute of Global Homelessness

Despite being both "a concrete violation of human rights and an indicator of extreme poverty and social exclusion" (A/78/236), the state of global data on homelessness is woefully lacking. The Ruff Institute of Global Homelessness (IGH) recently launched Better Homeless Data Project found that only 44 countries have official government statistics on homelessness, and only 12 per cent of all countries have reported their statistics publicly since 2017.

Measuring homelessness is challenging and may never be one hundred per cent accurate. We must also stay wary of the power of definitions to exclude or stigmatize, the danger of measurement to obscure issues or be used for political talking points, and the risks of data being co-opted for harm, such as in the case of criminalizing homelessness. Despite the imperfections and risks, efforts to define and measure are critical to make informed decisions about a problem that is widespread and assist people that, while victims of housing deficiencies, are vilified.

Many others – including populations in informal settlements, those in insecure or isolated areas, persons in atypical households and internally-displaced persons – are typically undercounted (see box 8). While population censuses do not omit homeless persons or any other group by design, they often under-enumerate them. However, it is challenging to assess the extent of under-enumeration, given the lack of alternative data.

Box 8. The global picture of internally displaced persons

Christelle Cazabat, Internal Displacement Monitoring Centre

People who are forced to leave their homes because of conflicts, violence or disasters are amongst the most vulnerable to poverty, insecurity and exclusion. Those who do not cross an international border and remain displaced within their home countries are often the most invisible, both data- and policy-wise. Yet, they represent the majority of displaced people: the recorded number of internally displaced persons (IDPs) reached 75.9 million in 2023 and has been growing (Internal Displacement Monitoring Centre, 2024). Nearly 90 per cent of displaced people were displaced because of conflicts or violence, including in highly affected countries such as Colombia, the Democratic Republic of the Congo, Sudan, the Syrian Arab Republic, Ukraine and Yemen. Disaster-related displacement affects more countries in all regions, and resulted in an estimated 7.7 million IDPs in 2023.

While efforts are underway to improve estimates of the number of IDPs, there is little information on their characteristics. The 2022 United Nations Secretary-General's Agenda on Internal Displacement recognized the need for improved data on IDPs, and the International Recommendations for IDP Statistics, approved in 2020, were a step in the right direction, but many gaps remain.

There has been success in reducing some group-based inequalities and recognizing the rights of some disadvantaged groups, but gains have not been fast enough

Overall, there has been success in reducing some group-based inequalities and recognizing the rights of some disadvantaged groups, but gains have not been fast enough. Unless progress accelerates, many people and groups will be left behind by 2030, and for decades after. There are also other worrying trends. Political polarization has increased around the world, opening new cleavages between people and societies (UNDP, 2022 and 2024).[43] Growing inward-looking and nativist political movements that blame migrants and other minority groups for their country's economic woes have found fertile ground in this era of economic insecurity. Despite some progress in promoting social inclusion, societies are increasingly divided, polarized and fragmented (see chapter 3).

43 For trends in political polarization, see UNDP (2022), figure 4. Today's polarization is more than a matter of differences in ideology or beliefs. McCoy and others (2018) define polarization as the process whereby people increasingly perceive and describe politics and society in terms of "us" versus "them". In UNDP (2022), polarization is described as "deepening social divisions between groups, where intergroup relationships become hostile and disharmonious, distrust between groups intensifies, opposing groups tend towards more extreme positions and the scope for cooperation diminishes" (p.150). Political polarization within countries, according to UNDP (2024), often translates into intolerance and an aversion to compromise and negotiation, with effects that spill over to international cooperation.

Annex 2

Table A.2. Trends in income inequality by region and by subperiod, 1990 to 2022[a]

Number of countries by observed trend in the Gini coefficient

	Africa	Asia	Latin America and the Caribbean	Europe, Northern America, Oceania and Japan	Total	Percentage of countries	Percentage of total population[d]
Rising inequality 1990-2022	**9**	**13**	**4**	**26**	**52**	**40.6**	**65.3**
1990-1999[b]	8	14	11	21	54		
2000-2007	11	12	3	20	46		
2008-2019	8	6	0	16	30		
2020-2022	n.a.	1	2	4	7		
Decreasing inequality 1990-2022	**24**	**12**	**16**	**14**	**66**	**51.6**	**27.0**
1990-1999	11	3	7	8	29		
2000-2007	16	11	14	15	56		
2008-2019	17	14	15	21	67		
2020-2022	n.a.	2	5	7	14		
No trend[c] 1990-2022	**2**	**2**	**0**	**6**	**10**	**7.8**	**7.7**
1990-1999	3	3	2	3	11		
2000-2007	2	1	1	4	8		
2008-2019	4	3	1	8	16		
2020-2022	n.a.	0	0	3	3		
Total	**35**	**27**	**20**	**46**	**128**	**100.0**	**100.0**

Source: Calculations based on data from UNU-WIDER's World Income Inequality Database, version released on 28 November 2023, available at https://www.wider.unu.edu/database/world-income-inequality-database-wiid (accessed between September and October 2024).

Notes:

a. Or latest year available, if 2010 or later.

b. The number of countries with detailed information for each of the subperiods (1990-1999, 2000-2007, 2008-2019, 2020-2022) is below the total number of countries with enough information to assess trends over the full period (1990-2022).

c. Includes countries where inequality has remained relatively constant as well as countries where inequality has fluctuated, but where there is no clear upward or downward trend during the period.

d. Percentage of the total population of the 128 countries with data. These 128 countries accounted for over 90 per cent of the world's population in 2022

3. Social cohesion at risk: a trust deficit

KEY MESSAGES

The weakening of social cohesion undermines capacities for collective action, threatening social progress and the achievement of the SDGs.

Trust, a core dimension of social cohesion, is low and declining, both among people and toward institutions.

Over half of the global population has little or no trust in their government. Each consecutive cohort, from those born in the 1930s to those born in the 1990s, has been less trusting of government than the one before.

Less than 30 per cent of people believe others can be trusted. Difference and disagreement often turn into animosity and mistrust, carving new fault lines in societies.

Delivering on public services and social protection matters for trust. Perceptions of inequality, public expenditure, and one's economic situation correlate with trust in institutions.

Despite their potential, new technologies are contributing to the erosion of social cohesion and trust. Widespread mis- and disinformation are fuelling polarization and obstructing public dialogue and civic participation.

In 2024, social polarization was one of the top three global risks identified by the World Economic Forum in their two-year time horizon (WEF, 2024). Political polarization and antagonism between groups of people seem to be growing, while social cohesion – a society's internal bonds, what it shares, and its capacity to operate together for a common good – is faltering. Although it is hard to measure social cohesion with precision, the signs of concern are clear. Support for extreme political positions is increasing in countries across the world, public dialogue is deteriorating, especially online, and, as this chapter shows, distrust in institutions is growing. Social cohesion plays a pivotal role in the health of societies and in their ability to navigate uncertainty and advance social progress. It matters for peacebuilding, cooperation, collective action and maintaining the rule of law.

Trust, a key pillar of social cohesion, is declining globally. The weakening of trust has heightened its visibility as a crucial lever to achieve global goals, including the SDGs. As such, social cohesion and trust have become growing areas of policy concern. The available empirical literature does not provide a comprehensive explanation for why social cohesion and trust have declined, but it offers suggestions. Gaps in social progress, including growing insecurity in the world of work, stubborn inequalities, and the looming threat of falling into poverty, can undermine cohesion, generating a vicious cycle that leads to policy paralysis. Increasingly, social media and other digital technologies also play a key role in aggravating division and polarization.

A. WHAT WE KNOW ABOUT SOCIAL COHESION

Social cohesion is generally defined along three key dimensions.[44] First, people in cohesive societies are willing to cooperate and show solidarity in pursuit of the common good. Second, there is a shared concern for equity, fairness and inclusion. Third, cohesive societies foster a sense of belonging and trust among their members and in their institutions. Social cohesion may grow or falter for a variety of reasons. Social and economic changes, especially structural transformations like the industrial revolution, the rural-urban transition, or globalization, have significantly impacted social cohesion in the past (Vrolijk, 2023). When the existing order shifts, societies must adjust to find a new equilibrium, usually not without friction.

Measuring levels and trends of social cohesion is key to assessing the impact of actions to promote it and track progress. However, identifying a set of common criteria applicable across countries and translating them into concrete indicators is difficult. Each society's unique history, culture and institutions contribute to different dimensions of social cohesion and thus challenge its measurement at the global level. This is partly why social cohesion has remained a contested and hard concept to operationalize (Swain and Urban, 2024). For example, voting and other forms of political participation, recycling, engagement in local communities, volunteering, tax compliance, respect of traffic laws, and social justice advocacy are just some examples of behaviours that could support the common good as defined by a society.

The existing literature has measured social cohesion and its various dimensions using information on people's perceptions of trust, freedom, fairness, safety and discrimination as captured by opinion surveys, electoral participation, life satisfaction, participation in local organizations and social mobilization, crime and violence rates, among others. Yet, no single indicator or set of indicators captures the notion of social cohesion universally or comprehensively. To date, there is no consistent data framework to measure levels or trends of social cohesion across countries. There is, however, some empirical evidence at the regional and country levels.

44 See Dragolov and others (2013), Barron and others (2023), Bertelsmann Stiftung (2017), Larsen (2014), OECD (2011), and UN ECE (2023) for a discussion of the dimensions and indicators most commonly used to characterize social cohesion.

A large cross-country study of social cohesion in 36 African countries focusing on levels of trust, cooperation and the strength of an inclusive identity, found low levels of social cohesion overall, even in countries that had not experienced social unrest or violence in the last decade (Leininger and others, 2021). The study identified different types of social cohesion. French-speaking countries, for example, showed higher levels of trust than other countries. Countries with more inclusive identities had experienced strong liberation movements, which, authors believe, likely helped shape strong national identities after independence (ibid.).

A study of 22 countries in Asia also found common profiles of social cohesion, based on nine dimensions across three main domains: extent of social relations, level of connectedness and strength of people's focus on the common good. More cohesive societies in Asia tended to be relatively wealthy and/or small (Croissant and Walkenhorst, 2020). Moreover, the study identified some clusters of countries sharing a similar pattern of social cohesion, including a "South Asian Cluster" based on the regional proximity of the five least cohesive countries, and a "Malay-Buddhist" cluster including countries with high or intermediate levels of social cohesion despite having diverse cultures, political institutions and levels of social and economic development.

In Latin America and the Caribbean, a 19-country study on social relations, trust and belonging, and orientation towards the common good as constitutive elements of social cohesion, found slightly waning levels of trust in other people (with less than 20 per cent agreeing that most people can be trusted). This was matched with low levels of trust in institutions. The study also found a strong shared conviction toward the redistributive role of the State, with a regional average of 70 per cent of people believing that the State should implement policies to reduce income inequality (UN ECLAC, 2021).

These examples illustrate differences in the measurement of social cohesion as well as in the array of factors that might contribute to shaping social cohesion patterns around the world. There is, however, one central dimension of social cohesion common to all definitions and studies, and for which empirical evidence is available: trust, both in institutions and in other people.

B. THE ROLE OF TRUST

Trust, typically defined as the expectation that others will act in ways that are beneficial or at least not harmful to us, is a central element in how societies, polities and markets operate and are organized. It is a key pillar in building and maintaining social cohesion over time, and between people. Internationally, trust is fundamental to fostering the international cooperation needed to achieve the SDGs. International cooperation cannot function well without the expectation that States will respect the commitments that they have undertaken. Nationally, trust binds and shapes cooperation and solidarity within and between social groups and also between citizens and state institutions.

Trust in institutions and trust in other people are determinants of the social organization of societies. When people perceive institutions to be legitimate, fair and efficient in delivering on the provision of goods and services – and to have a fair process to determine and implement policy and adequate administrative capacity, including to control the misuse or abuse of institutions – they are more likely to comply and uphold their duties and responsibilities. They might be more willing to cooperate, participate and adhere to rules and norms such as paying taxes, complying with government regulations, accepting the rule of law, adhering to contracts, voting, or recycling. In turn, this enables institutions to continue to better provide for people's needs, with benefits to economic security, prosperity and growth as well as political processes (Levi, 2022).

Trust in other people is more challenging to capture. A person may trust those who are close (family members, neighbours) but may not trust strangers. They may trust those who share traits with them, be it age, gender, ethnicity, political views, socioeconomic status, but may trust members from other groups less. Trust in others affects how people act collectively, behave in society, cooperate with one another and engage in political and civic affairs.

Both types of trust are essential for collective action at local, national and global levels towards common societal goals, such as reducing the impact of climate change, addressing pandemics, mitigating economic shocks and sustaining peace. While levels of interpersonal trust often predict levels of institutional trust, one may occur at the expense of the other. High levels of interpersonal trust may compensate for low levels of institutional capacity, by acting as a mechanism to ensure the enforcement of contracts and reducing the likelihood of harmful social behaviours, in contexts where formal institutions are weak or non-existent.

While maintaining and fostering trust is important and has inherent value, a certain level of distrust as well as temporary fluctuations are to be expected, especially in the case of institutional trust. Some distrust in institutions can be a response to disagreements over the political ideology of a specific government. It can also indicate that people's aspirations or expectations are becoming higher. If such expectations are matched with adequate responses from institutions, trust may not be impacted in the long term. Very high levels of institutional trust may also depress political participation, especially when citizens believe that they do not have a voice in decisions made by the State. A certain level of mistrust can help maintain the checks and balances necessary to ensure that public institutions deliver (Jennings and others, 2021). However, sustained declines in trust across countries point to potential disconnects in the relationship between people and the institutions meant to represent, protect and serve them.

1. INSTITUTIONAL TRUST IN DECLINE

The world is facing a worsening crisis of institutional trust.[45] Today, over half of the global population has little or no trust in their government: 57 per cent of people claim their level of confidence in government is low.[46] In many countries, levels of institutional trust have declined

45 For additional analysis, see "Trust in a Changing World: Social Cohesion and the Social Contract in Uncertain Times", World Social Report Thematic Paper No.2. Available at https://social.desa.un.org/issues/world-social-report/thematic-papers.

46 According to the latest wave of the World Values Survey, conducted between 2017 and 2022, 34 per cent of respondents do not trust the government very much and 23 per cent do not trust it at all.

steadily over recent decades. Over 50 per cent of countries with data have seen increases in the share of people who do not trust their government at all over the past two decades (figure 9), and the average share of people that do not trust their government has increased by 7 per cent (see figure A.1 in Annex).

57 per cent of people worldwide have low levels of confidence in their government

There have also been sudden declines, some of them widespread, coinciding with the onset of global crises, including the 2008 economic and financial crisis, the Covid-19 pandemic and others linked to the onset of conflicts (see box 9). The 2008 crisis prompted marked declines in institutional trust, particularly in high-income countries. These declines in confidence took over a decade to recover from and were reflected in widespread protests and the rise of several social movements in response to fiscal austerity measures and against growing inequality (OECD, 2022). The rise of political extremism and populism across many parts of the world has also contributed to declines in trust (Algan and others, 2017; Guriev and Papaioannou, 2020).

Box 9. Trust and conflict

Patricia Justino, UNU-WIDER

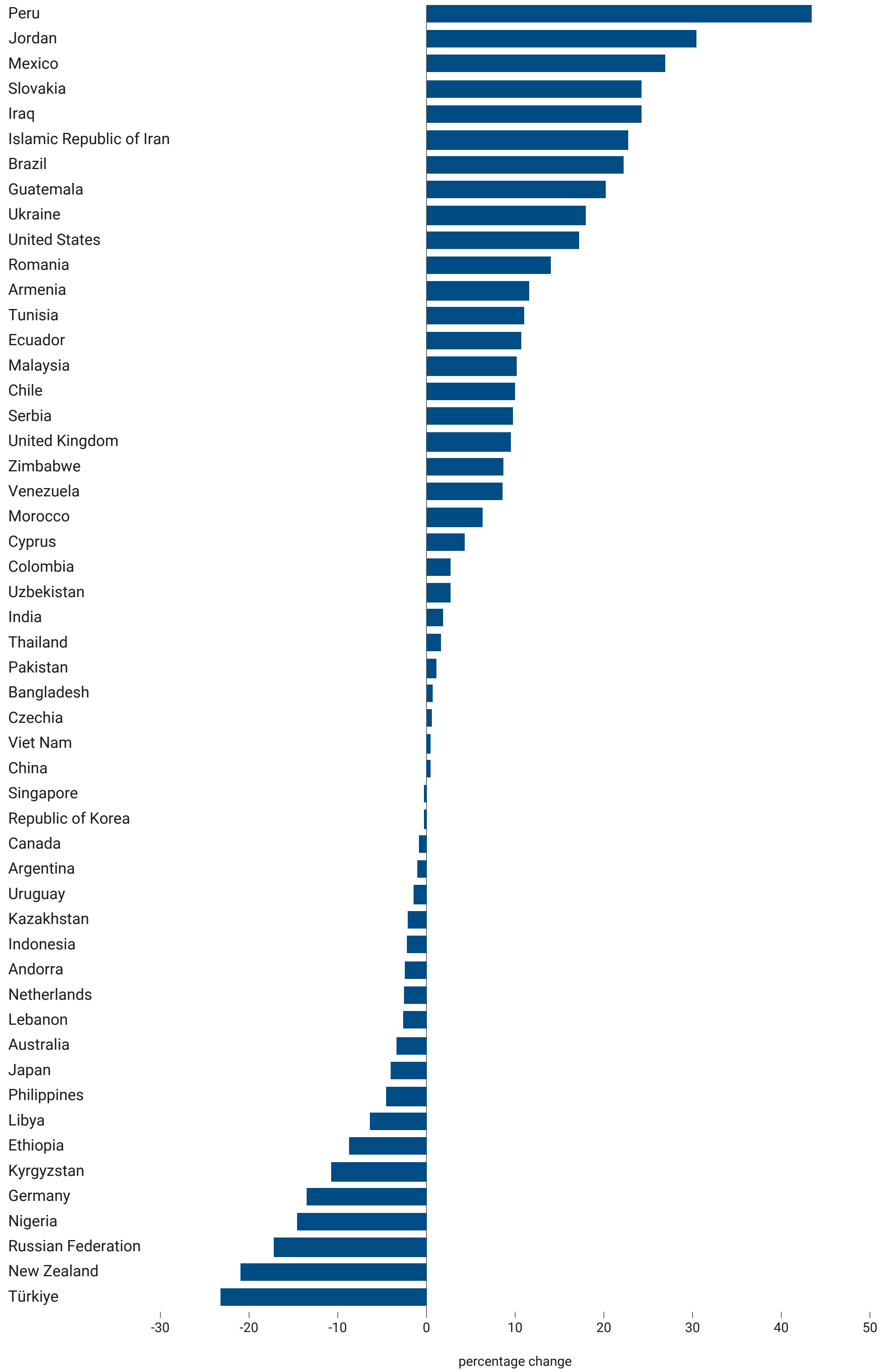
Outbreaks of violent conflict are the strongest signs of a breakdown of social cohesion and the social contract. Exposure to armed conflict has, unsurprisingly, been found to decrease both institutional and interpersonal trust.[47] In Nepal and Uganda, for instance, the largest declines in trust occurred in the immediate aftermath of the civil war when new institutions had not yet replaced wartime organizations (De Juan and Pierskalla, 2014; De Luca and Verpoorten, 2015). Levels of trust in the immediate post-conflict period have, in turn, consequences for how citizens comply with their side of the social contract, how peace agreements are sustained and what state-building trajectories and civil society structures are adopted by new governments (Justino, 2022). Low trust in post-conflict countries may also result in renewed conflicts if people do not have confidence in newly formed governance institutions, and social tensions between groups remain unresolved. There is some evidence, however, that exposure to violence and conflict can increase pro-social behaviour, including trust in institutions and among people (Bellows and Miguel, 2009; Sacks and Larizza, 2012; Gilligan and others, 2014; Bauer and others, 2016), but this shift is often in favour of in-group individuals, increasing parochial attitudes (Cassar and others, 2013).

Regardless of the impact of violence on trust, evidence shows that higher levels of trust are more likely to prevent instances of conflict. Greater levels of trust, both interpersonal and institutional, are positively associated with supportive attitudes toward, and successful implementation of, wholescale reconciliation (De Tezanos-Pinto and others, 2017; Casas-Casas and others, 2020). Trust is also considered a prerequisite for successful peacebuilding and state-building initiatives and a factor in determining their success and longevity (De Luca and Verpoorten, 2015).

47 For a list of references and additional discussion, see “Trust in a Changing World: Social Cohesion and the Social Contract in Uncertain Times”, World Social Report Thematic Paper No. 2. Available at https://social.desa.un.org/issues/world-social-report/thematic-papers.

**Figure 9.
Change in the share of people who do not trust their government at all, late 1990s to early 2020s**

In over half of countries, increasing shares of people have no trust in their governments



Source: DESA calculations based on data from the World Values Survey.
Notes: Based on data for 52 countries with surveys conducted between 2017 and 2022 (wave 7), and 1995-1998 (wave 3), when possible, or otherwise a later wave. The change represents the difference between the share of people who claimed to have no confidence at all in the government ("None at all") in wave 7 and those with the same answer in the earliest wave available for each country (starting in wave 3). This figure uses data from the World Values Survey Longitudinal Data File, providing time series data between 1981 and 2022. Numbers for each country and wave might differ slightly from those reported for each wave separately.

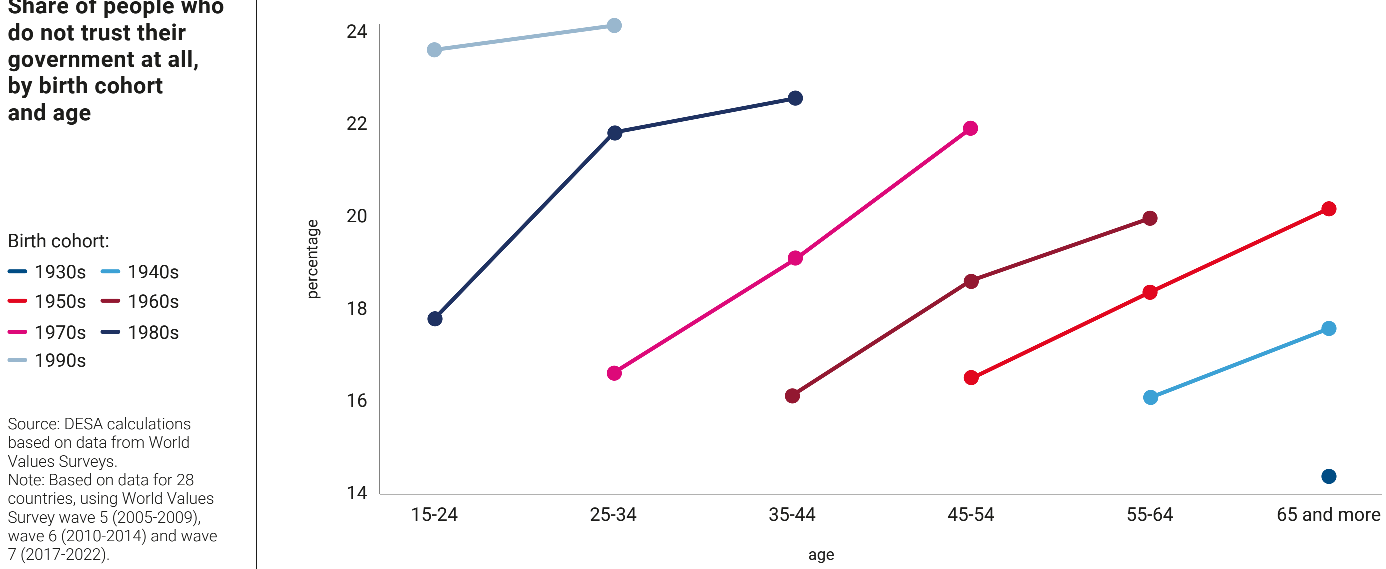
2. CHANGES IN TRUST: FUTURE PROSPECTS

People's age and the period in which they were born are strong predictors of attitudes, opinions and behaviours. Each cohort – say, people born within one same decade – grows up in a specific historical context, shaped by distinct economic, social and political conditions. Each cohort inherits a world that is different from that of its predecessors, with new norms, opportunities and challenges, which in turn shape their expectations of what life should be like. In some cases, a historical event – a war, a global crisis, a pandemic – can have an outsized effect on members of one cohort, especially if it occurs during a key period in their lives, particularly adolescence or young adulthood. Sudden events, technological advances and shifts in norms and values further define each cohort's worldview and influence how they perceive institutions and other people.

Levels of trust will thus evolve as today's cohorts age and as new cohorts are born. Assessing levels of confidence across successive cohorts of people provides important insights on possible future trends. As shown in figure 10, levels of trust in institutions have declined from one ten-year birth cohort to the next. For the age bracket 25 to 34, for instance, the percentage of people who do not trust their government at all increased from 17.5 per cent, for the cohort born in the 1970s, to 25 per cent for the cohort born in the 1990s. For the age bracket 45 to 54, it rose from 17.5 per cent for the 1950s cohort to 22.5 per cent for those born in the 1970s.

Figure 10.
Share of people who do not trust their government at all, by birth cohort and age

Younger generations increasingly lack trust in their government



Source: DESA calculations based on data from World Values Surveys.
Note: Based on data for 28 countries, using World Values Survey wave 5 (2005-2009), wave 6 (2010-2014) and wave 7 (2017-2022).

To some extent, trends across cohorts are affected by temporary shocks. For example, part of the 1980s cohort reached their 20s and early 30s during the 2008 economic and financial crisis, which resulted in a protracted unemployment crisis that affected youth disproportionately. However, temporary shocks alone cannot account for the systematic declines in trust across cohorts and within cohorts by age.

Based on current trends, and without remedial action, trust in institutions is likely to continue declining in the future, as those cohorts who are now in their teens and 20s reach adulthood. That is, should the age and cohort pattern portrayed in figure 10 remain unchanged, confidence in governments will plummet in the coming decades.

Based on current trends, and without remedial action, trust in institutions is likely to continue declining in the future

Not only do such dismal trends call into question the legitimacy of governments. They also signify a breakdown of the social contract and should serve as a warning sign of a future marked by social turmoil. Addressing drivers of such widespread discontent, including growing insecurity and persistent inequality, as well as people's perceptions around insecurity and inequality, requires swift policy action, but also major transformations in norms and in institutions.

3. ESCALATING TENSIONS AND MISTRUST IN OTHERS

Less than 30 per cent of the global population thinks most people can be trusted, according to data from wave 7 of the World Values Survey. When asked, *"Generally speaking, would you say that most people can be trusted or that you need to be very careful in dealing with people?"*, the majority of people answered that one must be very careful when dealing with others. Overall, these levels are not trending significantly downwards – or upwards – over time. As a result, interpersonal trust has remained low over the last two decades.

Yet, people do not regard everyone equally. We tend to trust those people who are close to us more. Trust is highest towards one's family – 80 per cent of respondents to the most recent round of the World Values Survey claim to trust their family a great deal – and this trust falls as distance or difference increases, such as with neighbours (18 per cent), people of another religion (7 per cent) or nationality (6 per cent). In Latin America and the Caribbean, for instance, the gap between trust toward people in the same community versus trust in people in general has remained above 40 per cent in the last decade (UN ECLAC, 2021).

Recent evidence suggests that affective polarization is rising in many countries.[48] Increasingly, people express positive feelings towards those who think or believe similarly and negative feelings towards those who do not. The coupling between differences in opinion and animosity or mistrust is carving new fault lines in societies across the globe. Differences of opinion, preferences, values and beliefs – such as religious beliefs, political affiliation, or the right measures to face a global pandemic – are attached more and more to perceptions of another's moral value, their trustworthiness, and their character. As such, differences become driv-

48 Literature on affective polarization (also termed affective looping and pernicious or toxic polarization) focuses mainly on the United States and Europe (Iyengar and others, 2019; Wagner, 2024). However, a growing number of studies also document this trend in South and Southeast Asia (Carothers and O'Donohue, 2020), Latin America (Sarsfield and others. 2024), and Arab countries (Hassan and others, 2023).

ers of negative emotions and mistrust (Vallier, 2023). Negative affect leads people to believe that views are more polarized than they actually are, a misconception that further reinforces polarization (Lees and Cikara, 2021; Druckman and others, 2022).

Differences of opinion or beliefs are affecting perceptions of other people's moral value and their trustworthiness

Othering – or a perspective of "us versus them" – fuelled by affective polarization can strengthen cohesion within groups of the population but is not conducive to social cohesion at the national level or to cooperation across larger divides (Torcal and Thomson, 2023). Pervasive group-based inequalities contribute to maintaining in-group cohesion but negative feelings towards other groups (Walkenhorst and Croissant, 2019). Especially when embedded in institutions, group-based inequalities and exclusion create distances between people and foster feelings of unfairness and insecurity that fuel polarization and social divisions.

C. INEQUALITY AND THE IMPORTANCE OF PERCEPTIONS FOR TRUST

Income inequality is often cited as a major driver of declines in trust (Beugelsdijk and others, 2004; Gould and Hijzen, 2016). It has been shown to affect interpersonal trust by increasing social distances between people, thus creating resentment, hindering the ability of different groups to resolve conflicts, cooperate towards common causes, or act with empathy and in altruistic ways (Bowles and Gintis, 2011).

Inequality has also been linked to institutional trust, mostly negatively (Palmisano and Sacchi, 2024). High inequality is seen as a failure of the State to deliver on its redistributive function, resulting in a loss of confidence in government. Negative externalities of inequality, such as when social exclusion leads to higher incidence of crime and social instability, might also undermine the reputation and effectiveness of institutions. Conversely, more equal societies might promote stronger bonds among people and more incentives to respect rules and shared norms, thus strengthening institutional effectiveness and promoting their trustworthiness. Where occurring, distrust in institutions among the most affluent has strong repercussions, considering their ability to pay for private services. The more these groups pay their own way, the less willing they may be to pay taxes and engage in forms of collective action – thus perpetuating weak institutions, low institutional trust and mistrust between social groups.

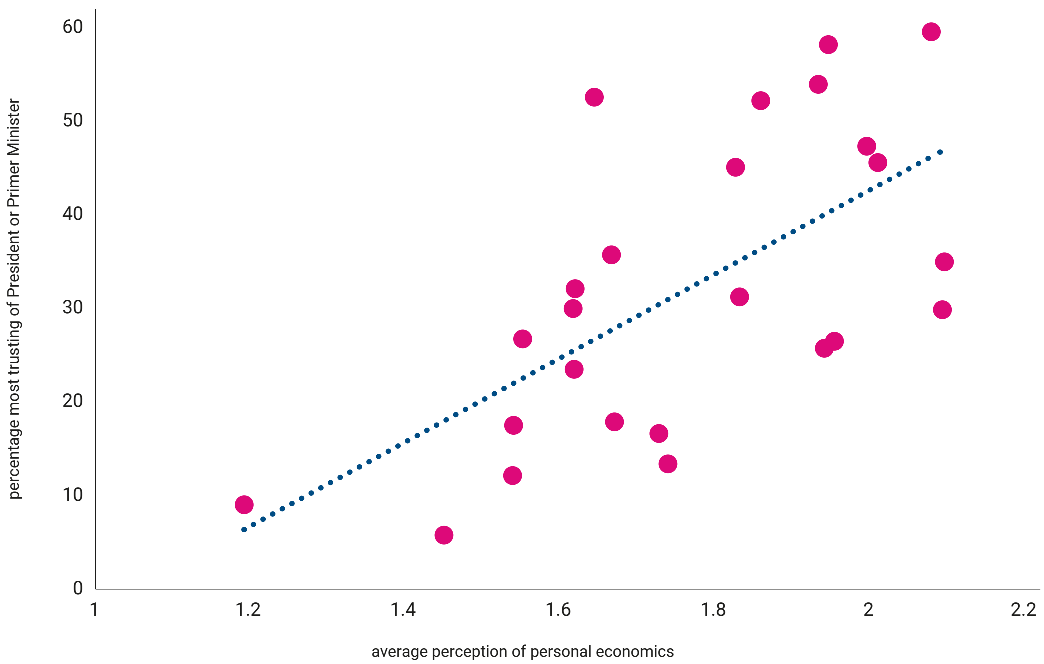
Inequality also affects people's subjective well-being. Perceptions of inequality, regardless of whether they match common measures of economic inequality, reveal people's sense of fairness or lack thereof. In fact, the negative correlation between perceived inequality and trust is stronger than the correlation with actual levels of income inequality.[49] People who deem the system unfair are likelier to have less confidence they have in their government.

In OECD countries, four out of five people feel that income inequality is too high in their country (OECD, 2021). Insecurity affects perceptions of inequality as well. In general, people who are not in stable, full-time jobs, perceive inequality to be higher and are more likely to report that they feel poorer than those with stable jobs, suggesting that insecurity affects people's sense of fairness (Bussolo and others, 2019; OECD, 2021). Similarly, people who think that their employment situation is worse than that of their parents perceive inequality to be higher than those who think they have experienced upward mobility (Bussolo and others, 2019). In the United States, perceptions of financial stability at the household level play a key role in trust formation as well, with more economically unstable households being less trusting (Wroe, 2016).

Other measures of subjective well-being are also associated with trust in institutions. For example, people's perception of their own economic situation shows a positive relationship with institutional trust. In the case of Latin America and the Caribbean, better evaluations of one's own personal economic situation correspond to better evaluations of the Head of State or Head of Government (figure 11), further reaffirming links between subjective well-being and trust in public institutions.

Figure 11. Percentage of respondents trusting of the Head of State or Government and average perception of own economic situation, selected countries, most recent year available

Perceptions of subjective well-being are positively linked to levels of trust



Source: Latin America Public Opinion Project, waves 2008-2023
Notes: The sample includes 25 countries. The latest wave of available data for each variable was used. Trust in the president/prime minister is ranked on a 7-point scale. The percentage of 6 or 7 responses on the scale by country is represented on the y-axis. The perception of personal economics variable is ranked on a 3-point scale from "worse' to "better". The average of all responses by country is reflected on the x-axis.

49 The correlation between perceived inequality and trust in government revealed an R-squared value of 0.278, compared to a 0.012 R-squared value for the correlation between inequality (Gini coefficient values) and trust in government, based on 22 countries with available data from the International Social Survey Programme.

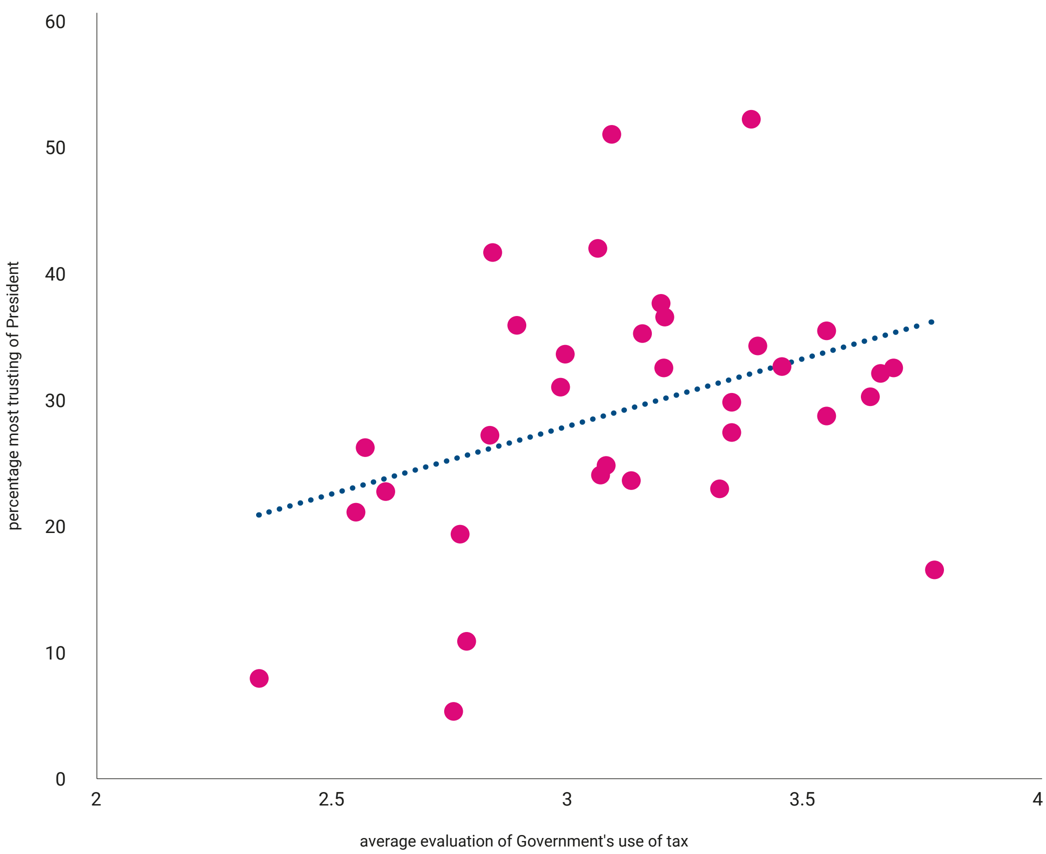
D. TRUST AND SOCIAL POLICY: OPPORTUNITIES FOR A VIRTUOUS CYCLE

Social policies can help build legitimacy and bolster institutional trust. People's perception of how Governments address economic vulnerabilities through social spending is positively associated to their trust in institutions, as shown by data from African countries (figure 12): trust in public institutions is higher where people perceive that taxes are well spent and are satisfied with the quality of public services and government efforts to improve the living standards of the poor. Similar results have been reported across OECD countries (OECD, 2019). These findings are consistent with predictions that evaluations of government performance are responsive to institutional trust-building, an argument that appears particularly salient for redistributive policies (Martinangeli and others, 2023; Moramarco and Palmisano, 2023).

At the same time, higher levels of trust in public institutions can foster compliance with tax collection and regulations, and respect for property rights, hinting at the potential to enable a virtuous cycle between the performance of public institutions and people's trust in them (Citrin and Stoker, 2018).

Figure 12. Percentage of respondents most trusting of the President and average evaluation of the government's use of tax revenue, selected countries, most recent year available

Positive perceptions of public spending are linked to trust in leadership



Source: Afrobarometer, wave 8 (2019-2021).
Notes: The sample includes 33 countries. The latest wave of data for each variable was used. Trust in the president is ranked on a 4-point scale. The percentage of responses coded as 'a lot' for each country is reflected on the y-axis. The evaluation of government variable is ranked on a 5-point scale. The average of all responses by country to this question is reflected on the x-axis.

E. BALANCING TRUST IN THE DIGITAL ERA

1. A DOUBLE-EDGED SWORD: COLLECTIVE ACTION, THE DIGITAL GAP AND MISINFORMATION

Digital technologies have long promised great potential and have become an unavoidable feature of modern life. They have helped improve accessibility and efficiency and made life easier for many. It is estimated that digital technologies could accelerate the achievement of 70 per cent of the SDG targets (ITU and UNDP, 2023). Over time, technological capacities have continued to expand, for example with the arrival of AI systems, further raising the potential for human progress.

Communication technologies in particular, such as social media, have the potential to bolster social cohesion by increasing exposure to diverse groups of people. The ability to rapidly and massively spread information enabled by these technologies can support collective action and mobilization. Social media allows institutions to relay crucial information faster and more efficiently to their target audiences. It has also been instrumental in the articulation and evolution of many social movements worldwide, where people have come together in support of human rights, environmental protection, gender equality, and economic, social and cultural rights, among others. The Arab Spring, Fridays for Future, and the MeToo movement are known large-scale examples, but social media has become a central part of collective action at all levels around the world. Its growing prominence as a tool for collective action has also resulted in some backlash. Increases in censorship, banning and surveillance attest to social media's growing influence.

As digital technologies become a larger feature in human life, equitable access and their comprehensive and agile regulation, for the benefit of people and the planet today and in the future, has become an urgent collective concern (United Nations, 2024d). The persistence of a global digital divide risks further deepening inequalities, exacerbating social exclusion and economic insecurity, and eroding social cohesion. An estimated 63 per cent of the world population is online, but digital divides exist across regions, rural and urban areas, and by age, gender, and income levels. Over 90 per cent of people use the internet in high-income countries, compared to only 27 per cent in low-income countries (ITU, 2024). These divides become more meaningful as online technologies open opportunities for social, political and economic inclusion – through innovations in education, health, employment, civic participation, social protection, and more.

Digital technologies and AI are eroding social cohesion

At the same time, the use of digital technologies and AI in social, political and economic life is creating new challenges and risks that are endangering progress and eroding social cohesion. This situation is raising the stakes on an urgent need for effective cooperation on governance and human oversight of technological advancements. AI could contribute to labour force displacement and increases in income inequality, widen gaps in social inclusion, empower non-State actors, deepen divides in access to technologies and its benefits, and contribute to climate change through a large environmental footprint, among others (United Nations, 2024d). The expanding frontiers of digital technologies have ushered in a new era for mis- and disinformation, with threatening implications for social cohesion.

Just as lives can be saved by the fast and wide sharing of crucial safety information via social media to those who need it in a disaster or emergency, lives and well-being can be endangered by the fast and far spread of false or deceiving information inciting violence and other harm. Misinformation – the spread of false or inaccurate information – and disinformation – the deliberate use of false or inaccurate information to mislead – are more salient than ever in the age of social media. From fabricated or false content to manipulated content and unintentional errors, they leverage social media's potential to relay information and enable communication to harm and mislead, with devastating consequences for trust and social cohesion.

The introduction of AI has made possible new forms of misinformation including, for example, media that is synthetically or artificially produced or altered by automated means. An example of such disinformation are *deepfakes*, or the creation of visual or audiovisual media using someone's likeness to generate false content that convincingly impersonates and deceives (UNHCR, 2022).

Social media users often find themselves immersed in virtual echo chambers, where people are exposed to news, information, discourse and opinions that align with their views, often leading to confirmation bias (the tendency to only seek out information that reaffirms one's own views). At the same time, online spaces can lead to higher exposure to extreme positions, and even vitriol, online, which can fuel misperceptions that polarization in society is more extreme than it might be offline (Gonzalez-Bailon and Leikes, 2022). In turn, people become more polarized based on the perceptions that others hold extreme beliefs, closing a self-fulfilling cycle that breeds harassment, hate speech, violence and other forms of harm. These conditions are set by a mix of user-led engagement reinforced by algorithmic decision-making, which has been shown to, at times, reward more sensationalist or extreme content with higher visibility and interaction.

The harmful potential of these technologies is emerging from uses that might seem innocuous, such as the production of entertainment content reinforcing group identities and othering. Or it may arise more intentionally, as in the case of targeted harassment and disinformation. Both undermine trust among people and in public institutions, and reinforce divisions, misinform, polarize and erode social cohesion. In 2021, social media platforms played a significant role in creating the conditions that led to an assault on the United States' Capitol. Mis- and disinformation disseminated over social media messaging has also been linked to the spread of civilian vigilantism, mob violence and lynchings in India; and, in interaction with other variables such as geographical location, fake news was linked to the dissemination of xenophobic violence against refugees in Germany. The 'infodemic', or the overabundance of both accurate and inaccurate information, that accompanied the Covid-19 pandemic, affected the effectiveness of containment strategies and even fueled instances of violence and vandalism. And while social media has provided the Rohingya diaspora with spaces for visibility and community amidst a context of statelessness, violence, persecution and displacement, it has also been employed to incite violence and promote anti-Rohingya speech, significantly contributing to the ongoing crisis.[50]

Mis- and disinformation are being employed by politicians and even States as a tool to influence perceptions for political and other gains (Echeverria and others, 2024). This is worrisome, considering the possibilities that digital technologies offer, especially to those with privileged access to information, such as is often the case with politicians and State institutions.

2. A SOCIAL GRIP ON THE EVOLUTION OF DIGITAL TECHNOLOGIES

Digital communication technologies, when effectively leveraged, can promote social cohesion by fostering inclusive dialogue and providing new avenues for participation and cooperation. Technological capacities are however evolving quickly, often without government oversight or accountability to society at large. Online discourse, including mis- and disinformation, easily crosses physical, language and other barriers. Finding solutions to the challenges posed by digital technologies and enabling their potential for equity, inclusion and solidarity will take coordinated solutions. As highlighted in the Global Digital Compact, fast-tracking cooperation and regulation on these technologies is important to set guiding principles and commitments for institutions and the international community.

In the 2024 Pact for the Future, United Nations Member States made a commitment to 'address the risks to sustaining peace posed by disinformation, misinformation, hate speech and content inciting harm, including content disseminated through digital platforms, while respecting the right to freedom of expression and to privacy and ensuring unhindered access to the internet in accordance with international law, domestic legislation and national policies'.[51] This commitment supports a global conversation to tackle mis- and disinformation, with States as involved stakeholders.

Member States have also called on digital technology companies, social media platforms, and developers to collaborate with users, governments, and other stakeholders to create safer, more inclusive, accountable and transparent online spaces. In some parts of the world, Governments have taken active steps to regulate digital technologies. For example, the European Union's Digital Services Act of 2022 has introduced strict rules for online platforms on content moderation, transparency, and accountability, balancing free speech with the need to protect users from harm (European Commission, 2022). Public institutions can also enhance the accountability of their own resources and entities by incorporating mechanisms to prevent, identify and punish the use of public funds for disinformation (United Nations, 2023b).

50 See more on these examples in Jeppesen and others (2022); Banaji and Bhat (2019); Hinz and others (2023); Van der Linden and others (2020); Ansar and Maitra (2024); Lee (2019); Rio (2021).

51 The Pact for the Future (A/RES/79/1).

Though targeted interventions, such as fact-checking or labeling of false or misleading social media content, can help, investments to promote media and information literacy are key

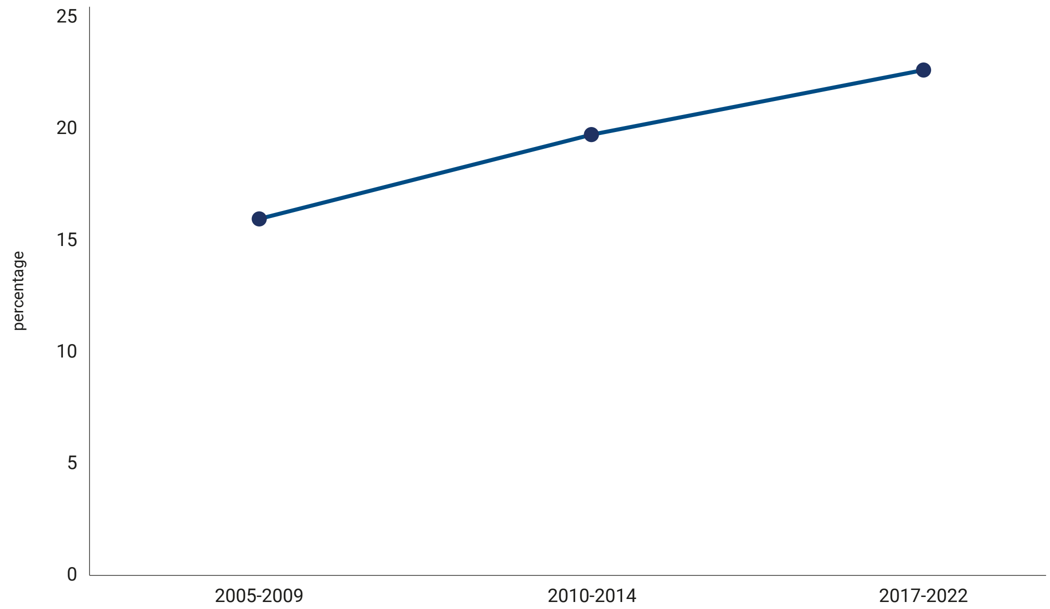
Though targeted interventions, such as fact-checking or labeling of false or misleading social media content, can help, investments to promote media and information literacy are key. Providing people with the tools to think and assess critically, and to discern false or misleading information, can empower them to participate meaningfully and strengthen public dialogue. Media and information literacy curricula have already been rolled out in Finland, for instance – a country recognized for its proactive approach to equipping students with the critical thinking skills necessary to analyze media content, identify misinformation and navigate the digital environment responsibly (European Commission, 2023). The promotion of diverse information ecosystems – including through strengthening independent and public media, and promoting and facilitating access to independent, fact-based, timely, clear and accessible information – is also essential.

Public-private partnerships can be an important avenue for effective action, especially regarding risks emerging from new technologies, where non-State actors often hold a greater role, resources and expertise. In South Africa, for instance, where 90 per cent of schoolteachers reported seeing misinformation shared by pupils, the Western Cape Government collaborated with Google Africa to impart online safety curricula for children and corresponding training for educators (United Nations, 2023b).

Making sure that people remain at the centre of technological and economic progress requires the involvement of public institutions at all levels to ensure that new capacities, tools and opportunities emerging from innovation are leveraged to advance people's well-being and that risks along the way – such as the spread of misinformation and disinformation – are mitigated and addressed.

Annex 3

**Figure A.1.
Trends in the share of people who do not trust their government at all, selected countries**



Source: UN DESA with data from World Values Survey
Note: Unweighted average for 31 countries with data for survey waves 5 (conducted between 2005 and 2009), 6 (2010 to 2014) and 7 (2017 to 2022) of the World Values Survey.

PART 2.

Advancing equity, security and solidarity

4. The case for a new policy consensus

KEY MESSAGES

Recent crises have brought insecurity and distrust into sharp focus, but these deep-rooted social challenges have been building for a long time.

Decades of leaving individuals, families and communities to confront growing risks on their own have sparked social backlash and political anger, and are now driving policy paralysis.

The vicious cycle of insecurity, staggering inequality and eroding trust cannot be addressed through fragmented efforts. A new policy consensus based on equity, economic security for all, and solidarity is essential to breaking this cycle and accelerating progress towards the commitments made in Copenhagen and the broader set of SDGs.

Societies hold together through a fine balance of shared responsibilities, rights and the assurance of mutual solidarity and protection. The vicious cycle of growing economic insecurity, staggering levels of inequality, declining trust and increased polarization lays bare a broken balance. Fuelled by the economic woes of large shares of the population and deepening divides within and across countries, distrust and polarization are undermining the ability of Governments and of the international community to take meaningful steps to end this vicious cycle.

The vicious cycle of growing economic insecurity, staggering levels of inequality, declining trust and increased polarization lays bare a broken balance

Although the recent crises have brought insecurity and distrust to the forefront of public attention, these dysfunctional social trends have been looming for decades. The policy approach to development that took over much of the world in the 1970s and 1980s – and the way in which it shaped the paths of rapid globalization and technological innovation – are at their root.

A. THE POLITICAL ROOTS OF INSECURITY AND DISTRUST

In the thirty years following the Second World War, Governments of now high-income countries achieved rapid reconstruction and social progress, underpinned by full employment and an expansion of social protection systems and access to social services. This expansion was supported by a strong and well-organized working class, with collective bargaining as the main feature of a social contract centred around the relationship between workers, employers and Governments. In developing countries, Governments also played an active role in promoting structural transformation and nation-building, once they gained independence from colonial powers. The multilateral institutions established after the war provided a rules-based order for peace and development.

The oil shocks of the 1970s and the breakdown of the Bretton Woods system of fixed exchange rates served as catalysts for an ideological shift premised on free markets and small government – with the government's main role in the social and economic domains being that of maintaining macroeconomic stability. The assumption was that low inflation and cuts in public spending, together with a series of market-oriented reforms aimed at deregulating and privatizing services, would stimulate economic growth and that such growth would eventually benefit everyone in society. Social dynamics were ignored – as were the ecological implications of growth – and self-reliant individualism was prioritized.[52] In developing countries, low inflation, balanced budgets and the opening of capital accounts became conditionalities in the IMF rescue packages and the main principles of structural adjustment programmes – in what was later called the Washington Consensus.

The shortcomings of this neoliberal paradigm have been widely documented. Its expected growth benefits failed to materialize in the decade that followed, punctuated by recurrent economic and financial crises, from Latin America to Eastern Asia, and the rapid increase in inequality diminished the impact of growth on poverty reduction (United Nations, 2010, 2013 and 2020a; World Bank, 2005). Its excesses prompted the emergence of the United Nations social development agenda, as described in the introduction, as well as reforms to increase fiscal space and set up or expand social protection systems at the national level. The need for corrective action, if only to address the social impacts of shocks, was increasingly acknowledged by a broad range of stakeholders.

However, the basic premises of the neoliberal paradigm continued to inform economic policy in both low- and high-income countries. Rapid trade liberalization and unrestricted capital

52 The shift to a "you are on your own" policy narrative is illustrated by this statement from the Prime Minister of the United Kingdom from 1979 to 1990, Ms. Margaret Thatcher: "I think we have gone through a period when too many children and people have been given to understand "I have a problem, it is the Government's job to cope with it" (…) and so they are casting their problems on society and who is society? There is no such thing! There are individual men and women and there are families (…). It is our duty to look after ourselves and then also to help look after our neighbour (…) and the quality of our lives will depend upon how much each of us is prepared to take responsibility for ourselves (…)" (Excerpts from 1987 interview from Women's Own, available at https://www.margaretthatcher.org/document/106689).

movements continued to be promoted – while migration was heavily restricted – under the premise that their benefits would trickle down to people in poverty and the poorest countries. Poverty and inequality, it was thought, could be addressed separately from the pursuit of efficiency and without distorting the functioning of markets or questioning production models (Besley, Bucelli and Velasco, forthcoming; Samans, 2024).

The global economic and financial crisis of 2008 served as a magnifying glass on the failures of this paradigm. Public policy mindsets had evolved since the 1980s: at the crisis' onset, many countries, including developing countries, made efforts to address its impacts despite financial constraints. However, most of them switched to fiscal austerity too quickly and while unemployment was still growing.

The focus on short-term stability and over-reliance on market instruments in the preceding decades had led to the neglect of the long-term and institutional investments that are indispensable, not only to build resilience against crises, but also to foster fairer and more cohesive societies. By the time of the 2008 crisis, public and labour market institutions had lost considerable power and policy space vis-à-vis global markets and large companies (UNRISD, 2022). As a share of national income, public wealth (public infrastructure, firms and financial assets) had been declining since the 1970s in all countries with data (World Inequality Lab, 2021).

The social backlash and politics of anger generated by decades of leaving individuals, families and communities on their own in the face of growing risks are now a driver of policy gridlock

The social cracks became more visible in the immediate aftermath of the 2008 crisis: as employment and real wages dropped, popular discontent rose, and trust in institutions declined, as described in chapter 3.[53] Inequality, which had been the subject of growing academic attention, gained prominence in national policy discourses and in those of international organizations, including the Bretton Woods institutions.[54] Growing global concern with inequality led to the inclusion of SDG 10 on reducing inequality within and among countries in the 2030 Agenda. Today, equity and sustainability play a larger role in orienting policy design than they did in the 1980s and even in 2008, during the financial crisis.

When the Covid-19 pandemic hit, the need to build resilience in the face of climate change and other global challenges had taken centre stage in policy discourses. However, there is a considerable gap between policy discourse and practice. Despite widespread acceptance of

53 The Occupy Wall Street movement, in the United States, called attention to the excesses of shareholder capitalism. Similar movements in Spain and in other high-income countries rose in protest against austerity measures.

54 Together with the *Report on the World Social Situation 2005* (United Nations, 2005), the *World Bank's World Development Report 2006* (World Bank, 2005) was one of the first reports from an international organization on inequality and its costs.

the need for integrated policymaking – and the fact that a holistic approach to sustainable development is at the heart of the 2030 Agenda – the tendency to put "sound" macroeconomic policies first, and then add social policy correctives to address poverty, inequality and other socially-desirable goals post-facto, has deep roots (see box 10).[55]

Covid-19 has also exposed the extent and effect of the dysfunctional social trends described in this report: deficits in trust, solidarity and cooperation stood in the way of effective responses to the pandemic, even in countries that ranked high on pandemic preparedness (Global Preparedness Monitoring Board, 2023). The social backlash and politics of anger generated by decades of leaving individuals, families and communities on their own in the face of growing risks are now a driver of policy gridlock. Insecurity, inequality and distrust require action but, paradoxically, they thwart the ability of governments and of the international community to act.

Box 10. Calls for reducing public debt – with correctives to prevent inequality hikes

Heeding lessons from the 2008 and earlier crises, Governments launched the largest mobilization of social protection measures ever seen in response to the Covid-19 pandemic (ILO, 2021b and 2024b). Countries with comprehensive social protection systems in place succeeded in containing inequality during the pandemic's height, as shown in chapter 2. Developing countries expanded social assistance or launched new measures, even as public revenue declined. However, many of these measures were temporary and did not serve to strengthen social protection systems (Orton and others, 2024; ILO, 2024b). Very high levels of public debt and historically high debt service burdens in many developing countries – driven by the pandemic, macroeconomic shocks and recent conflicts – challenge developing countries' options to strengthen such systems domestically.

In its Fiscal Monitor report of October 2024, the International Monetary Fund called for putting a lid on public debt (IMF, 2024). It warned that "the political discourse on fiscal issues has increasingly tilted toward higher government spending in recent decades" (p. x) and called for much larger adjustments than currently planned. The Fund presented a "well-designed adjustment plan" meant to mitigate impacts on output, primarily, but also on inequality – a testament to the evolution of the public discourse. It acknowledged that low-income countries would need concessional financing to avoid unnecessary fiscal tightening. However, some of the measures proposed in the report to maintain economic growth are not conducive to a reduction of inequality. To raise revenue, for instance, the Fund recommended increasing indirect taxation in several middle- and high-income countries. On the expenditure side, it recommended cuts in high-income countries. As for social policy, it mentioned targeted transfers to vulnerable households. There was no elaboration on whether such targeted transfers were proposed as an additional measure to existing social protection programmes or as a current expense that should be maintained – while other, universal measures may be cut. There is a large body of evidence on the drawbacks of relying on targeted transfers alone to reduce poverty and inequality, including within the Fund.[56]

55 As Samans (2024) eloquently puts it, "The trickle-down mental model of progress implicit in modern economics (…) is increasingly out of step with the lived human experience and changing political attitudes of a growing cross-section of society (…)" (p.4).

56 For IMF research, see Coady and Le (2020). See also United Nations (2018 and 2020a), Kidd and Atthias (2020).

B. REGAINING BALANCE – A NEW CONSENSUS

Reimagining the balance of shared responsibilities and rights that holds societies together calls for a shift in narrative and a new policy consensus. Although the contours of this balance can take different forms depending on country or context, the principles of equal opportunity, solidarity, as well as the imperative of protection are timeless and universal moral foundations across societies. There are also instrumental reasons for upholding these principles, considering the high social, political and economic costs of not doing so.

A new narrative articulated around these principles and a people-centred vision of the future should start with the acknowledgment that we are all in this together. Humanity's social, environmental, economic and political challenges cannot be met by individuals striving harder or paying their way through shocks and crises alone. Recognizing our interdependence means sharing risks collectively, rather than relying solely on private means of insurance, and expanding the balance of shared responsibilities and rights to future generations. It also requires widening our circles of belonging beyond our immediate group and transcending the "us" versus "them" mindset.

This shift will not be easy. Group identities are becoming increasingly factious, often fuelled by movements that promote opposition and confrontation over solidarity. Although technology enables connection, building meaningful social networks and strong bonds of solidarity is ever more challenging amid rising levels of misinformation and hate speech. The number of conflicts is rising around the world. But the stark picture of the social situation that this report presents cannot lead to capitulation. The inequality and division created by societies that promote self-interest and leave people to fend for themselves, or that put group-based identities over broad-based solidarity, are not sustainable. As the UN Secretary-General noted in his report "Our Common Agenda", breaking through to a more positive future requires a deeper commitment to solidarity.[57]

Policy-wise, a new consensus is essential to turn this narrative into action. The arguments presented so far highlight three broad principles that should drive such consensus: equity, economic security for all, and solidarity.

These principles were at the heart of the Copenhagen Declaration and are embedded in the 2030 Agenda.[58] With its 17 SDGs, the 2030 Agenda serves as a shared global framework and an agreed set of outcomes of this consensus. The dysfunctional social trends highlighted in this report stand in the way of progress towards the commitments made in Copenhagen and the broader set of SDGs. Achieving these goals, however, would help break the vicious cycle of insecurity, inequality and distrust, and thus overcome the current policy impasse.

57 Our Common Agenda – Report of the Secretary-General, para. 9. Available at https://www.un.org/en/content/common-agenda-report.

58 Equality is one of the core principles of the shared ethical and spiritual vision of social development agreed to in Copenhagen (Copenhagen Declaration, para. 25). Promoting solidarity and supporting security are two of the goals of the Declaration's framework of action (para. 26, k and l).

These dysfunctional trends cannot be addressed in isolation or through piecemeal approaches. Overcoming the impasse and creating momentum towards achieving the SDGs requires major transformations in policy, institutions, norms and mindsets and, thus, action by many stakeholders at both the national and global levels.

The forthcoming Second World Summit for Social Development offers the opportunity to come together to usher in a new consensus on the need for transformative change. This report identifies three levers that can lead to broad transformations, beyond their immediate scope.

The first lever entails embedding a social lens into all policymaking. Promoting equity within and across generations and providing economic security calls for investing more, and better, in people, and ensuring that the risks facing individuals along the life course are pooled and shared fairly. Investing more and better means not only expanding access to public services but also improving their quality; not just ensuring that social protection programmes are available but also guaranteeing that benefits are adequate and accessible; and not just creating employment, but fostering decent work.

While social policies play a crucial role, the barriers to delivering on social investments lie beyond their immediate scope. A social lens to policymaking calls for policy coherence. It means, for instance, putting the reduction of inequality and the creation of decent work at the centre of macroeconomic policy frameworks, as discussed in chapter 5. It also calls for reconsidering policies that aggravate the harmful effects of technological innovation, globalization, climate change and other global trends on poverty, inequality and decent work.

The second lever involves fostering changes in institutions, norms and values. Whether societies hold together in environments of trust and cooperation is not a matter of policy interventions alone. Many of the institutions designed in the past century are not equipped for today's challenges, leaving a void that furthers people's sense of insecurity and unfairness. Promoting solidarity and rebalancing the relationship between people and the State, workers and employers, and among people also requires renegotiating formal and informal norms and values and ensuring that institutions are fit for the challenges of the twenty-first century.[59] Changes in norms and values are necessary, for instance, to move from paradigms that make efficiency, growth and stakeholder value the purposes of society and the yardsticks of success to paradigms that put people's well-being, their dignity and environmental sustainability first (see box 11). While institutions, norms and values evolve slowly and are affected by the actions of many stakeholders, Governments and the international community can create an enabling environment for such transformations.

59 Arguably, many of the institutions built during the Twentieth Century are not meeting people's current needs. In addition, as noted by UNRISD (2022), the social order built after the Second World War excluded many people even at its height (workers in informal employment, for instance, and those, mostly women, whose work is unpaid).

Box 11. After the GDP-shareholder value paradigm

Marc Fleurbaey, Paris School of Economics and French National Centre for Scientific Research (CNRS)

Our current economic and social system is dominated by a paradigm in which value is placed on income at the macroeconomic level and on profit at the business level. In such a paradigm, households are supposedly free to pursue their goals, balancing work and family, market and non-market activities. But in reality, individuals and households are encouraged to embrace a productivist model in which formal work and market consumption are the signals of social success.

It is now recognized that this paradigm is seriously flawed, as it entails severe disruptions to planetary well-being. This paradigm insidiously promotes bad jobs, undermines community life, and generates a large-scale mental health crisis. Moreover, our planet is suffering from the human frenzy for extractivist growth and consumption in a similar way as a healthy body can be put off balance by a cancerous tumor.

It is widely believed that economic theory provides the justification for this paradigm by showing that national income is a good proxy for social welfare and that profit maximization is leading to an efficient allocation of resources. But this is only true under unrealistic assumptions in which labour is painless, inequalities do not matter, externalities are ignored, and information is equally spread among economic actors. A sound application of economic concepts actually yields a severe assessment: the current paradigm lets the most nefarious actors win the economic competition while undermining planetary health, social cohesion and human flourishing.

An alternative paradigm is available and is worth promoting against the old one. It consists in pursuing *social well-being* at the macroeconomic level and *stakeholder* value at the business level. Moreover, it is possible to define the social objectives and the business performance indicators in a coherent way, making the latter track the contribution of the business company to the former. The key concept for this new paradigm is "equivalent income", which consists in correcting the ordinary measure of income or wealth by incorporating the cost of externalities that are generated by economic activities and by the non-market aspects of quality of life (Fleurbaey and Blanchet 2013).

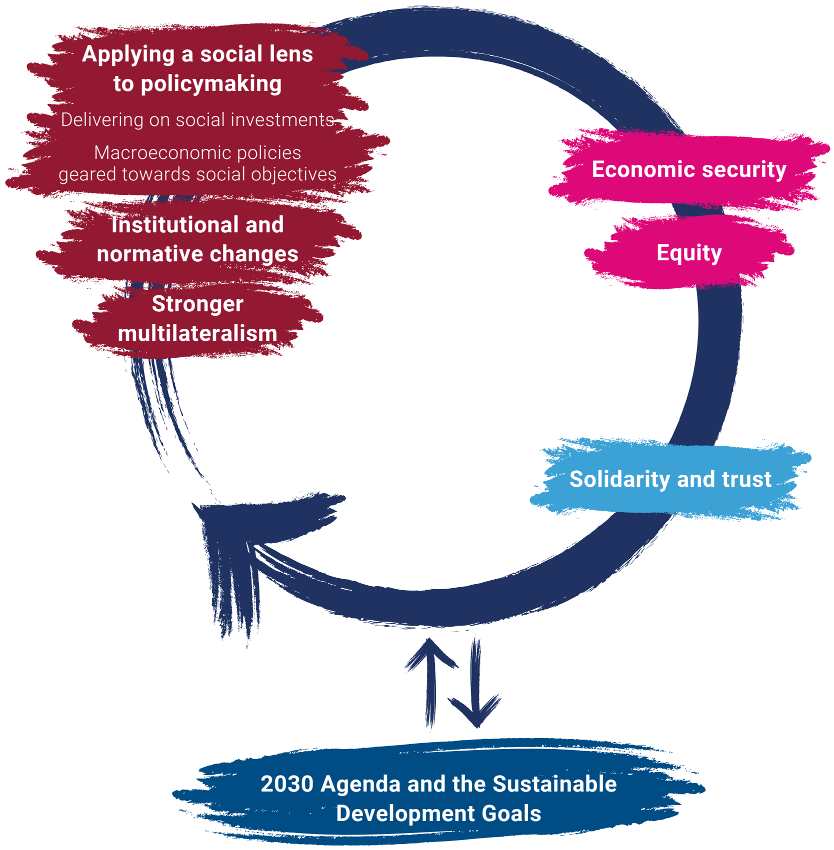
Stakeholder value is not as easy to measure as profit for a business organization because it involves subjective valuations by customers and workers. Fortunately, it is possible to design guidelines for a socially responsible type of profit maximization that is equivalent to maximizing stakeholder value (Fleurbaey and Ponthière, 2023). It involves correcting profit for the use of market power and the externalization of costs, in particular.

This new paradigm cannot spontaneously emerge because market competition between firms and competition on tax and regulation among countries undermine socially responsible actors. But a coalition of sufficiently influential countries and businesses can make the transition to this new paradigm possible.

The third lever involves fostering stronger and more effective international cooperation. A reinvigorated multilateral system can pave the way toward a virtuous cycle of economic security, reduced inequalities, and the cohesion and trust necessary to accelerate progress towards the agreed international goals (figure 13). Acknowledging our shared interdependence must thus be at the heart of a new policy consensus.

Many of the institutions designed in the past century are not equipped for today's challenges, leaving a void that furthers people's sense of insecurity and unfairness

**Figure 13.
From vicious to virtuous cycle: leveraging a new policy consensus**



Source: Elaborated by UN DESA and UNU-WIDER.

5. Embedding a social lens into policymaking

KEY MESSAGES

A social lens calls for putting the reduction of inequality and economic insecurity, and the creation of decent work, at the centre of integrated and coherent policymaking.

There is broad agreement on the importance of universal access to quality education, healthcare and other services to break the intergenerational cycle of growing inequality and economic insecurity. Sadly, the quality of such services is often lacking, even where there is universal access.

Improving access to social protection through a mix of contributory and tax-financed schemes is essential to promote economic security.

The level of social investments varies widely among countries at similar income levels, suggesting that such choices are driven by factors other than fiscal capacity alone.

Tax systems and more progressive fiscal policies should play a stronger redistributive role to reduce poverty and inequality. There is a need to enhance the fairness of taxation, including by ensuring that people living in or at the margins of poverty are not paying more into the system than they receive.

Sustained social progress requires the whole-of-government, comprehensive policy framework set forth by the Copenhagen Declaration and Programme of Action. Integrated and coherent policy solutions are required to enhance the positive impacts of technological innovation, global integration, demographic shifts and other megatrends on the goals of eradicating poverty, reducing inequality, promoting inclusion and creating decent work; and to ensure that climate action and the transition to green economies prioritize people living in poverty and other disadvantaged groups. Integrated approaches are also needed to reconsider policies that aggravate the harmful effects of these trends. While the current path of technological change may be driving job polarization and widening wage inequality, for instance, financial and labour market deregulation, low corporate tax rates and declines in income tax progressivity have also contributed to rising inequality.

There is no one, fixed set of policies to address the diverse circumstances faced by different countries and in different contexts. Rather, successive editions of this report have highlighted some basic building blocks of coherent and comprehensive policy frameworks to promote economic security and reduce inequality.[60] This chapter highlights two such blocks. The first one is to guarantee equal access to opportunity through investments in people. The second one is to ensure complementarity between economic and social policies. Fiscal and monetary policies affect poverty, inequality and employment not only because they have a direct bearing on income distribution, but also through their role in mobilizing resources for social investments. Choices regarding taxes and transfers are in fact key to strengthen the fabric of society. This chapter offers policy pointers to strengthen these two blocks and expand fiscal space – which is increasingly constrained in low- and middle-income countries.

A. INVESTING MORE – AND BETTER – IN PEOPLE

Public spending on education, health, energy, housing and other basic services, as well as universal social protection, are key to promoting equal opportunity. These investments are also engines of productivity, resilience and economic security, and can foster solidarity within and between generations. Effective social spending is thus not a luxury but a necessary investment in people and societies. The Pact for the Future recognizes its significance in its commitment to invest in people to end poverty and strengthen trust and social cohesion through universal health coverage; quality, inclusive education and lifelong learning; decent for work all; universal access to social protection; adequate, safe and affordable housing; and affordable, reliable, sustainable and modern energy for all.[61]

Effective social spending is not a luxury but a necessary investment in people and societies

Even where there is universal access to public services, the quality of such services is often lacking. Across the world, some children attend school but do not meet learning standards. Low-quality health care can increase the burden of injury and disease rather than reduce it. Yet, the availability of reliable, responsive and fair public services is at the top of people's daily concerns (OECD, 2024a). Numerous protests over the last decade arose from grievances regarding public provision of education, healthcare or transportation. Poor social service delivery and corruption, for example, led to mass civil unrest in South Africa for years (Akinboade, Mokwena and Kinfack, 2014; Bond and Mottiar, 2012). When complaints about poor public service delivery are ignored, protests might further expand into expressing more discontent over broader governance issues. In 2013, for example, protests against increasing bus fares in Brazil spiraled into a wider movement against inefficient public services (Ortiz and others, 2021).

60 See United Nations (2010, 2013, 2016, 2018, 2020a, 2021, 2023c and 2024a).

61 The Pact for the Future (A/RES/79/1), paragraph 25.

The opting out of publicly funded health, education and other services by the most affluent can reduce political support for public investments and has contributed to their commodification. One reason for withdrawing is that the quality of public services is often deemed worse than that of private services (van den Bekerom, van der Voet and Christensen, 2021). This perception does not always reflect reality. In the case of education, for instance, students in public schools scored 11 points higher in mathematics than students in private schools, on average, across OECD countries, even taking the socioeconomic status of both students and schools into account (OECD, 2023).

1. INVESTING IN QUALITY EDUCATION

In general, expanding access to quality primary education and enforcing compulsory schooling up to the lower secondary level of education has helped boost equitable access, as has the expanded provision of pre-primary schooling. Yet, with the increased demand for educational services over the past three decades, many governments are finding it difficult to provide the necessary resources to support this demand for education through public funds.

The equity-inducing effects of public spending on education can yield the most benefits through investments in the primary and secondary levels. However, as education levels continue to rise and the skills required for higher-paying jobs are primarily obtained through tertiary degrees, consideration will need to be given to how tertiary education and life-long learning can be funded in a way that does not exclude lower-income students. Similarly, the importance of ensuring equitable outcomes in education stresses the role of pre-primary schooling, which is also heavily privately funded, in closing gaps (OECD, 2024b).

What is more, the expansion of access to education has not been accompanied by systematic improvements in the quality of education. Low- and middle-income countries suffer from substantial shortages of teachers with adequate qualifications: in primary education, the ratio of pupils per teacher was above 60 in sub-Saharan Africa in 2023, more than double the 25:1 ratio recommended by the United Nations Educational Scientific and Cultural Organization (UNESCO, 2024). Indeed, a significant gap in teacher qualification persists – globally, on average, 15 per cent of teachers lack minimum qualifications (United Nations, 2024c). Even in regions with enough qualified teachers, large proportions of students do not achieve minimum proficiency in reading and, in some cases, learning outcomes are deteriorating, particularly after disruptions in attendance and learning due to the Covid-19 pandemic Overall performance levels in mathematics across OECD countries fell by a record 15 points between 2018 and 2022, while reading scores also declined by 10 points (OECD, 2023).

Countries that have improved learning outcomes have invested in training teachers and increased their salaries; they have also made efforts to deploy teachers equitably across regions and areas. Evidence from low- and middle-income countries indicates that successful teacher training programmes deliver high student learning gains when they link training to incentives, when they have a specific subject focus, when teachers practice delivering lessons during the training, and when training has at least an initial face-to-face component (Popova and others, 2022).

2. INVESTING IN EQUITABLE ACCESS TO QUALITY HEALTH SERVICES AND HEALTH COVERAGE

Ensuring that everyone has access to affordable healthcare is a crucial lever of equal opportunity. Healthcare is often the largest social expenditure after old-age pensions.[62] However, countries with higher health investments do not necessarily have better health outcomes. Although the United States spends more than other high-income countries in health care, for instance, morbidity and mortality rates are higher in this than in other high-income countries (Gunja, Gumas and Williams, 2023). The high cost of healthcare appears to be the main reason for these poor health outcomes.

While some health interventions may widen existing health disparities between different socioeconomic groups, other types of interventions can actively work to reduce these gaps. However, most public health programs lack sufficient analysis to understand how their interventions affect different populations, making it difficult to target efforts effectively towards closing health inequalities (Lorenc and others, 2013).

The distributional impacts of the amount of healthcare spending and how healthcare funds are spent are further complicated by the source of funding. Out-of-pocket payments are among the most prominent financing mechanisms in health systems, especially in developing countries, worsening inequality and leading many to economic hardship and poverty, as noted in chapter 1.[63] Over one billion people are pushed into poverty or further into poverty by out-of-pocket payments for health services (World Health Organization and World Bank, 2023). Higher public health spending leads to less out-of-pocket spending, but whether the quality of services improves depends on how the resources are spent and who benefits from them.

3. INVESTING IN ACCESS TO ADEQUATE, SAFE AND AFFORDABLE QUALITY HOUSING

Not only is adequate housing a human right, it is essential for people to reach their full productivity and potential. Yet, in urban centres across the globe, the cost of housing is rising faster than wages (Wetzsten, 2017). Housing costs now rank above education and health costs as households' top concern (Romei and Fleming, 2024).

Providing affordable housing reduces the financial burden on low-income families, allowing them to allocate more of their income towards other essential needs. When people have access to affordable, quality housing, they are better able to participate in education and work. On the contrary, housing insecurity – including homelessness and poor quality housing – can lead to health issues, which in turn can increase healthcare costs and reduce student and worker productivity. Housing insecurity also often leads to employment insecurity; forced

62 See IMF COFOG, available at https://data.imf.org (accessed on 23 October 2024).

63 See also, "Eradicating poverty in all its forms: unfinished business in a challenging context", World Social Report 2025 Thematic Paper No. 1. Available at https://social.desa.un.org/issues/world-social-report/thematic-papers (accessed 6 December 2024).

evictions significantly increase the likelihood of subsequent job layoffs, suggesting that investing in affordable housing could have positive knock-on effects on employment security (Desmond and Gershensen, 2016).

Investing in adequate, safe, and affordable housing ensures that investments in education, health and jobs are not lost and instead help to build human capital. Options to increase affordable housing are various and include such measures as redesigning property taxes and improving their collection, inclusionary zoning or tax incentives for housing developers (Moreno-Monroy and others, 2020). Yet, affordable housing development can be met with local opposition over concerns about potential negative effects on local property values and local service provision (Scally and Tighe, 2015). People in the community may fear that the fiscal concessions given to promote the supply of affordable housing in established communities will not cover the costs of increasing the supply of basic services to such developments (Scally and Koenig, 2012). Evidence on how to change perceptions around investments in affordable housing is thin but suggests that shifts are needed in traditional planning and development to better engage with the public and supply appropriate information about the community benefits of investing in affordable housing (Scally and Tighe, 2015).

Investing in adequate, safe, and affordable housing ensures that investments in education, health and jobs are not lost

4. INVESTING IN ACCESS TO AFFORDABLE CLEAN ENERGY

To promote equal opportunity, investments are needed to ensure access to affordable, reliable, sustainable and modern energy for all, as recognized in SDG target 7.1. Electrification, in particular, improves educational outcomes and is key to closing the digital divide (Lee, Miguel and Wolfram, 2020). Despite notable advances in the expansion of electricity, particularly among those furthest behind, significant gaps in access between rural and urban households and by socioeconomic status remain.[64] Moreover, the number of people lacking electricity access grew between 2021 and 2022 for the first time in a decade, as the expansion in electrification has not kept pace with population growth (United Nations, 2024c).

Despite the rise in the global capacity to generate electricity from renewable energy sources such as solar and wind power, increased access and uptake of clean energy are challenged by financial constraints and perverse financial incentives. On the one hand, significant investments are needed to expand and upgrade the infrastructure for renewable energy sources. Investing in decentralized options, such as stand-alone off-grid solar and mini-grids, can bridge the access gap by rapidly introducing electricity generated by renewable sources in areas that are not reached by the current energy grid.

64 See "Promoting social inclusion: what's the scorecard?", World Social Report 2025 Thematic Paper No. 3. Available at https://social.desa.un.org/issues/world-social-report/thematic-papers.

On the other hand, the prevalence of fossil fuel subsidies remains high in many countries. Not only are fossil fuel subsidies a fiscal burden, but they are regressive – they benefit the well-off the most while simultaneously damaging the environment. Globally, fossil fuel subsidies reached a record high of $7 trillion dollars in 2022, amounting to more than 7 per cent of global GDP (Black and others, 2023). Even though such subsidies are politically popular, their persistence is limiting the adoption of cleaner energy options. Savings from subsidy reform can finance income support measures and increased access to clean energy sources, with positive knock-on effects on poverty, health, transportation and climate. Yet, care must be taken in the way in which fossil fuel subsidies are reformed. For these reforms to be economically, socially and politically sustainable, protections for the income security of those families that would be most harmed by the removal of subsidies must be introduced, and reforms must be accompanied by transparent information and communication with the general public to ensure a clear understanding of the benefits to build buy-in and support.

B. INVESTING IN DECENT WORK

Improvements in education, health and infrastructure will have little effect on inequality and insecurity without successful school-to-work transitions and decent job prospects. The growing disconnect between ongoing changes in the world of work and labour market regulations is generating insecurity and stands in the way of progress towards decent work, as highlighted in chapter 1. An initial step towards addressing this disconnect is for Governments to strengthen labour market policies and institutions.

Improvements in education, health and infrastructure will have little effect on inequality and insecurity without successful school-to-work transitions and decent job prospects

In 2019, ILO’s Global Commission on the Future of Work called for establishing a universal labour guarantee to ensure that all workers can enjoy fundamental workers’ rights, decent working conditions and an adequate living wage (ILO, 2019b). Yet, millions of people are still in forced labour or trafficked for work, and millions of children worldwide are working – many in hazardous jobs, including in global supply chains – despite numerous legal standards against these practices. Gender and other forms of discrimination are also pervasive.

As regards wages, over 90 per cent of countries have minimum wage laws (ILO, 2024a). Many have also adopted measures to reduce gender pay gaps, strengthened protection against the non-payment of wages, and implemented temporary wage subsidies. While these policies only cover workers in formal employment, evidence from developing countries indicates that minimum wages can drive increases in earnings in the informal sector as well (United Nations, 2020a). However, minimum wages are below the income necessary to meet basic living costs in many countries. Among upper-middle-income countries, for example, the minimum wage is about 60 to 70 per cent of a living wage in Guatemala and Malaysia, and only about half of this level, 30 to 40 per cent, in Azerbaijan, Iraq and Kazakhstan (Samans, 2024). Among high-income countries, the statutory minimum wage is above the living wage in countries as in New Zealand and Spain, while the United States' federal minimum wage is only 30 per cent of that needed to meet basic costs (ibid.). These differences suggest that many countries have considerable scope to increase minimum wages. The fact that many countries do not have laws requiring regular adjustments in these wages further undermines their adequacy.

Many countries have strengthened regulatory frameworks on labour standards beyond wages to prevent excessive working time, safety and health risks, restrictions on freedom of association and workplace discrimination. However, their enforcement remains weak in many countries. Private adherence to regulatory norms through codes of corporate responsibility has also failed to address poor working conditions on a broad scale, including in global supply chains (Brudney, 2023).

All workers, regardless of wage or skill, are likely to experience an increasing number of job transitions over the course of their lives. Active labour market policies can support these transitions by improving job matching and fostering new job opportunities. Such policies are well recognized and accepted by Governments. However, their ability to reach the poorest is contingent on how the programmes are designed and implemented. Often, they are not located in the neediest areas, and not enough mechanisms are put in place to effectively target the poorest households. Traditional job search assistance, for instance, has not been effective in countries with large informal sectors, where most workers are self-employed and engaged in agriculture. New technologies can improve the flow of information on job opportunities.

C. STRENGTHENING SOCIAL PROTECTION ACROSS THE LIFE COURSE

The value of social protection has been broadly recognized. Social protection helps people and families manage everyday risks, including illness, maternity, and unemployment, and provides support during even larger, unexpected events. Social protection also plays a key role in reducing and preventing poverty and insecurity. Comprehensive medical care and basic income security at all stages of the life course can be offered through a system combining contributory social insurance and tax-funded programmes to provide unemployment, sickness, disability, maternity and child benefits, old-age pensions and access to health care without financial hardship.

Entitlement to contributory schemes has often been limited to workers in formal employment, leaving many workers in informal employment and persons outside the labour market without adequate social protection. However, momentum is growing towards making social insurance both more inclusive and better adapted to the changing world of work. As social insurance systems in both developed and developing countries evolve, for example, several countries have extended social protection coverage to people employed in diverse forms of work, including domestic workers, self-employed workers and workers in micro-enterprises, among others (ILO, 2021c).

In order for social protection systems to be inclusive, countries must strive to build and maintain social protection floors, comprised of basic social security guarantees, financed through a mix of taxes and social security contributions, to ensure that everyone has access to essential health care and basic income security across the life course. While some tax-financed schemes are grounded in solid legal and institutional frameworks, others are implemented in the form of small-scale, often temporary programmes. The latter can help to address short-term needs, but most leave participants vulnerable to future shocks. Anchoring social protection programmes in strong legal frameworks – as called for in the first World Summit for Social Development and international social security standards – helps secure the long-term funding and institutional stability needed for a comprehensive social protection system while ensuring the predictability of benefits for rights-holders (United Nations, 2018, 2024a).

While many countries have made great strides in expanding social protection coverage, significant gaps remain – almost half (47.6 per cent) of the world's population has no access to social protection. While old-age pensions cover almost 80 per cent of older people worldwide, most children (72 per cent) lack any access to child benefits (ILO, 2024b).

There are also notable differences across regional and income groupings. High-income countries are edging closer to universal coverage (86 per cent), upper-middle-income countries and lower-middle-income countries are making large strides in closing social protection gaps (71 per cent and 32 per cent, respectively). However, coverage rates in low-income countries (currently under 10 per cent) have hardly increased since 2015 (ibid). Very large coverage gaps also exist in those countries that are most vulnerable to climate-related shocks – mostly low-income countries and small island developing states (SIDS). Social protection coverage is under 10 per cent in the 20 countries most vulnerable to climate-related shocks (ibid.).

Ramping up social protection coverage is an achievable goal

Ramping up social protection coverage is an achievable goal. The ILO World Social Protection Database shows that a minimum 2-percentage-point annual increase for SDG indicator 1.3.1 is realistic, based on current growth rates in social protection coverage among the strongest performing countries (see box 12).[65]

65 SDG indicator 1.3.1 is the proportion of population covered by social protection floors/systems, by sex, distinguishing children, unemployed persons, older persons, persons with disabilities, pregnant women, newborns, work-injury victims and the poor and the vulnerable.

Box 12. A global call to action to accelerate the achievement of universal social protection to reduce poverty and inequalities

International Labour Organization and the Global Partnership for Universal Social Protection to Achieve the Sustainable Development Goals (USP2030)

SDG target 1.3 upholds the promise of universal social protection by 2030. Expanding social protection is essential for eradicating poverty, reducing insecurity and inequality, formalizing economies, facilitating a just transition to a green economy and promoting gender equality.

As of 2023, 52.4 per cent of the world's population were effectively covered by at least one social protection cash benefit, up from 42.8 per cent in 2015. Although this is welcome progress, it masks significant disparities across social protection benefits and population groups, while leaving 3.8 billion people entirely unprotected. If progress at the global level continues at this rate, it would take another 49 years for everyone to be covered by at least one social protection benefit.

To close the social protection coverage gap, countries need to set realistic short-term targets. The ILO and USP2030 call on all countries to accelerate the achievement of SDG target 1.3 by prioritizing public investments to extend social protection coverage by at least two percentage points per year, prioritizing populations and countries with greatest coverage gaps.

Is this target realistic? Between 2015 and 2023, 42 countries and territories, representing 51 per cent of the global population, achieved an average growth rate in aggregate social protection coverage at or above 2 percentage points per year. Based on this evidence, increasing social protection coverage by at least 2 percentage points per annum is both feasible and achievable.

Achieving the target in low- and middle-income countries would require an investment of $17.4 billion, or 0.04 per cent of their GDP per year. To prioritize social protection investments, governments need to implement sustainable finance solutions adapted to their contexts, combining progressive taxation, social security contributions, reallocation of savings from the gradual phasing out of fossil fuel subsidies, and official development assistance where needed.

Yet, measures to increase social protection coverage will have little impact on inequality and poverty if the benefits received fail to guarantee basic income security. Tax-funded transfers often fall short. In countries with data, the median level of benefits provided through tax-funded pensions, for instance, represents less than 40 per cent of the minimum wage, on average—a level that is insufficient to meet basic living costs in many countries. If social protection systems are to have a meaningful impact, many countries will need to increase investments and sustain such investments through economic cycles.

On average, countries spend 12.9 per cent of their GDP on social protection (excluding health). This figure masks vast variations between countries, ranging from 16.2 per cent among high-income countries to 0.8 per cent of low-income countries (ibid). It is estimated that low-income countries face a social protection financing gap equal to 52.3 per cent of their GDP ($308.5 billion), while the financing gap for upper-middle-income countries amounts to 1.4 per cent of their GDP (ibid.). On average, Governments across Africa have allocated more than one-quarter of their revenues to interest payments in 2024, leaving little space to fill the social protection financing gap (United Nations, 2025). Faced with mounting debt servicing costs and limited fiscal space, low-income countries are unlikely to close these financing gaps on their own. Ensuring adequate funding requires coordinated efforts to mobilize resources, ensure equitable allocation of budgets, and foster international cooperation as agreed to in the Addis Ababa Action Agenda.

Faced with mounting debt servicing costs and limited fiscal space, low-income countries are unlikely to close these financing gaps on their own

In the face of fiscal constraints, Governments might resort to means-tested, targeted social protection programmes to rationalize social spending. However, the implementation of means-tested social protection schemes is challenging, and, if they are the only schemes available, they often undermine the core principles of a social protection floor. Assessments of targeted social protection schemes across the world have found exclusion errors ranging from 44 per cent (Bolsa Familia in Brazil) to 97 per cent (Umurenge programme in Rwanda), (Kidd and Athias, 2020). In Asia and the Pacific, exclusion from means-tested child benefits is estimated to range from 41 to 67 per cent (UN ESCAP, 2024).

However, it is important to recall that, for the most part, targeted (means-tested) social assistance schemes are part of broader social protection systems, which usually combine tax-financed schemes and social insurance to guarantee a social protection floor for all. Means-tested schemes can play a secondary, residual role, designed to support individuals who, for some reason, are not reached by universal schemes. Certainly, targeted schemes that are part of universal social protection systems must be rights-based; their eligibility criteria, benefit levels and modalities need to be set out in national legislation to ensure transparency and accountability. Those who are eligible have a right to receive benefits when they need them (Razavi and others, 2022).

D. THE SOCIAL IMPACTS OF MACROECONOMIC POLICY

1. FISCAL POLICY, POVERTY AND INEQUALITY

While increasing social investments is key to reduce inequality and economic insecurity, their effect cannot be assessed in isolation. Macroeconomic and social policies have often had opposing effects on the creation of decent work and on the reduction of poverty and inequality. Emphasis on balancing public budgets has resulted in deficits in social investment in services, infrastructure and technologies, all of which are critical to reducing inequality and strengthening resilience.

Fiscal policies have in fact increased poverty in several developing countries, mainly because the coverage and amount of public transfers has not been sufficient to offset the amount of taxes paid by people living in poverty. In a study covering 28 developing countries, Lustig (2017) shows that a proportion of people in poverty are net payers into the fiscal system and thus are impoverished by it. In five of these countries – Ethiopia, Ghana, Guatemala, Nicaragua and the United Republic of Tanzania – the extreme poverty rate is higher after than before taxes and transfers (ibid.). Indirect taxes, especially high consumption taxes on basic goods, are the main cause of impoverishment (Tekgüç and Eryar, 2023; Carrasco and others, 2022).

In some countries, the extreme poverty rate is higher after than before taxes and transfers

In contrast, fiscal policy has helped reduce inequality in all low- and middle-income countries with data.[66] However, its impact is much more limited in these than in high-income countries, as shown in figure 14. There are significant differences in the redistributive power of fiscal policy even among countries at similar income levels. Taxes and transfers reduce the Gini coefficient by 5 points (11 per cent) in Costa Rica but by less than 3 points (6 per cent) in Chile, for instance. This is likely due to higher reliance on indirect taxes such as the value-added tax in Chile and significant higher social spending in Costa Rica (Martínez-Aguilar and others, 2017; Sauma and Trejos, 2014). In Belgium, Finland and Ireland, direct taxes and transfers reduce the Gini coefficient by more than 15 points. In contrast, fiscal policy reduces the Gini coefficient by less than 8 points in Japan and Switzerland. Within OECD countries, on average, income taxation and direct transfer spending contributed to the reduction of the Gini coefficient by about 25 per cent in 2015 (Causa and Hermansen, 2018). The bulk of this decline was attributable to the effect of transfers (Zouhar and others, 2021).

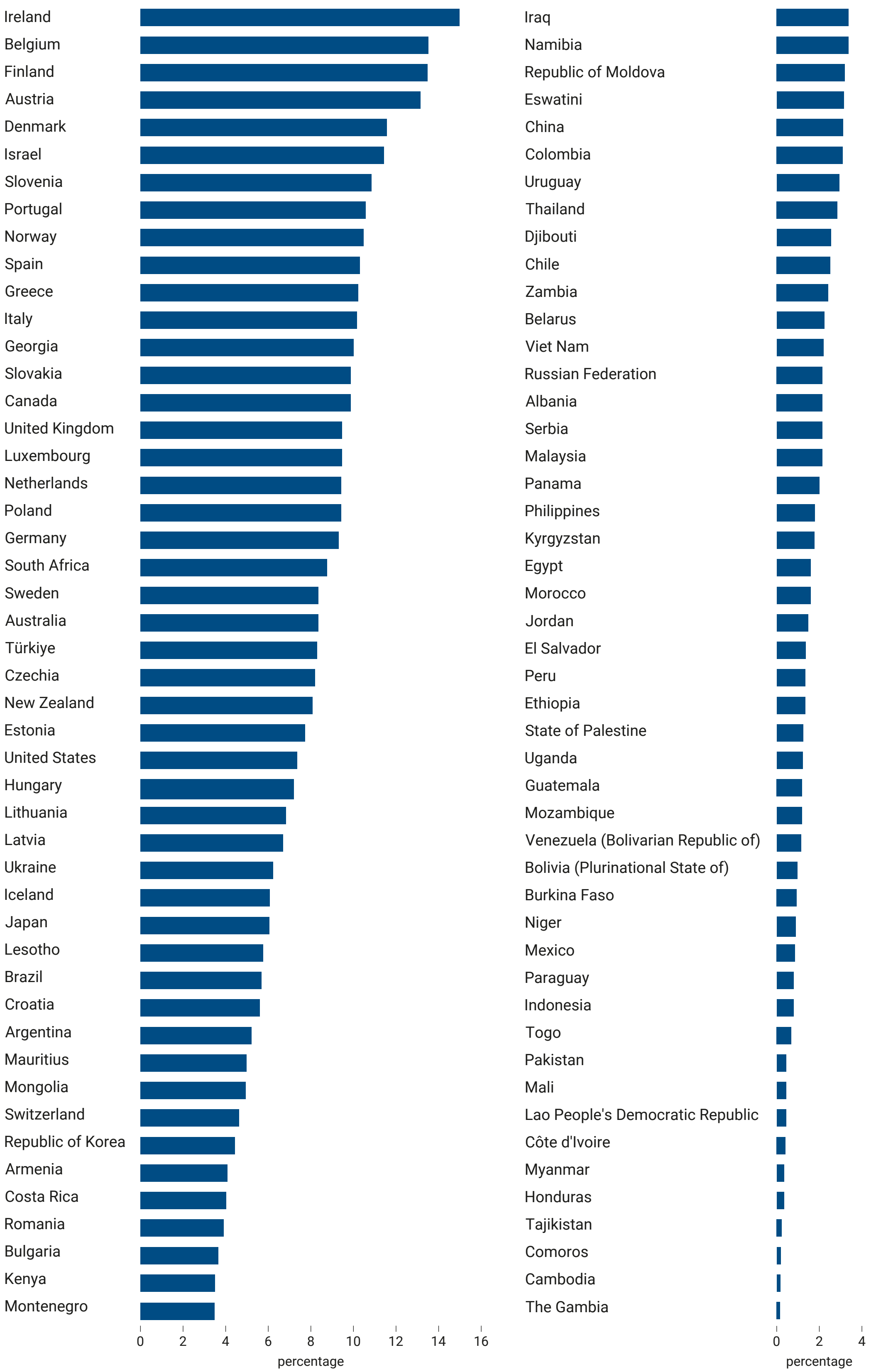
Over time, however, the redistributive impact of taxes and transfers has failed to correct the trend towards growing income inequality. In countries of the OECD, top income tax rates fell from 66 per cent in 1981 to 43 per cent in 2018 (OECD, 2019). Yet, there is no empirical evidence to suggest that the top marginal rates common in the 1980s have been harmful for economic growth (IMF, 2017b; OECD, 2015). In addition, as the share of market income earned by those in the top percentiles has grown, there may be scope for increasing top marginal tax rates.

To be clear, inequality in disposable incomes has increased mainly because inequality in market incomes – before taxes and transfers – rose in the first place. But, with important exceptions, policies have not become increasingly redistributive (Immervoll and Richardson, 2011; Causa and Hermansen, 2019).

66 For a broad series of fiscal incidence studies, see the Commitment to Equity (CEQ) Institute website (https://commitmentoequity.org).

**Figure 14.
Difference (in points) between the Gini coefficient of market and disposable incomes, latest available year**

Fiscal policy reduces inequality more in developed than developing countries



Source: UN SDG database, available at https://unstats.un.org/sdgs/dataportal (accessed on 23 October 2024).
Note: The redistributive impact of fiscal policy is a recent addition to monitoring implementation of SDG 10 on reducing inequality. It is calculated by subtracting the Gini coefficient of disposable income from the Gini coefficient of market income.

2. THE POWER OF PROGRESSIVE TAXATION FOR EQUITY AND SECURITY

A fair and progressive tax system is essential to finance and secure social investments. Opinion surveys show widespread support for taxing the rich and supporting people in poverty across a range of countries, even among richer respondents.[67] In a study of people's willingness to pay taxes, those who received accurate information about the progressivity of their country's tax system were more willing to pay taxes than those who did not (Hoy, 2022). On the other hand, the perception that some people and companies are evading or avoiding taxes puts a strain on the relationship between governments and people (Ritter, Burt and Ferreira Liotti, 2024).

There is widespread support for taxing the rich and supporting people in poverty across countries, even among richer respondents

Broadening the redistributive impact of taxation calls for increasing direct taxation, raising taxes at the top of the income distribution and lessening the tax burden on people at the bottom.

Narrow tax bases, high levels of informality, capital flight, illicit financial flows and weak tax administration have typically limited the ability of Governments in developing countries to generate tax revenue. Adjusting exemptions and deductions can help expand the tax base and improve the redistributive impact of income taxation in many of them (United Nations, 2020a; Ebrahim and Muyaa, 2024). The challenges of generating tax revenue have been particularly high in recent years, amid elevated living costs and poverty rates, as well as the crushing burden of mounting debt in low- and middle-income countries. Boosting tax collection in a post-pandemic environment, especially in developing countries, is a multifaceted challenge that requires international cooperation.

In addition to income taxes, wealth taxation has emerged as a critical tool to promote redistribution. As economic disparities and fiscal pressures intensify, the debate on wealth taxation has grown more prominent, with diverse perspectives emerging on designing systems that advance fairness, sustainability, and effective implementation.

Income from wealth (profits, interest and capital gains, in particular) is generally taxed at lower rates than labour income. This is in part because the reporting of wealth income is more responsive to taxation – that is, there are more options to avoid taxation, and savings can be invested abroad – and its measurement is more challenging. However, given the amount of revenue that can be raised through wealth and property taxes, Governments should consider devoting resources to their enforcement.

67 Based on data of the most recent round of the World Values Survey, which covers 92 countries and areas. Respondents were asked how supporting they were of governments taxing the rich and subsidizing the poor on a scale 0-10. Over 40 per cent of respondents, on average, chose a score of 8 or higher.

Wealth taxation can take different forms, including taxes on capital income, taxes on the transfer of wealth, or taxes on the stock of wealth, including net wealth taxes. A net wealth tax is more comprehensive than its alternatives, since it is levied regardless of whether assets generate a financial return. It captures the actual wealth of taxpayers better, on an accrual basis, irrespective of taxpayers' willingness to cash-in their assets. Net wealth taxes also can serve as a steady revenue stream through volatile economic cycles (Ritter, Burt and Liotti, 2024). Nevertheless, they also entail challenges in implementation due to administrative complexities, tax avoidance and lack of political support, as they might increase tax rates levied on policymakers themselves. These implementation challenges, however, can be addressed through better policy design, technological advancements and enhanced international cooperation.

The Group of Twenty (G20) has emphasized the importance of wealth taxation in advancing progressive tax systems. A proposal for a globally coordinated tax on ultra-high-net-worth individuals commissioned by the 2024 Brazilian G20 presidency advocates for a 2 per cent annual wealth tax on billionaires (Zucman, 2024). The tax, according to the proposal, would raise $200-$250 billion per year globally (ibid.). The proposal includes recommendations to limit incentives for ultra-high-net-worth individuals to relocate to nonparticipating countries, as well as rules to incentivize broad participation. The G20 2024 Leaders' Declaration emphasizes international cooperation and progressive taxation as essential tools for addressing inequality but leaves the design and enforcement of wealth taxes to national discretion.

The UN General Assembly recently established an open-ended intergovernmental committee tasked with drafting terms for a United Nations framework convention on international tax cooperation. This initiative aims to create an inclusive platform where all nations, irrespective of economic status, can have an equal voice in shaping global tax policies. The effort represents a significant shift toward democratizing global tax governance, emphasizing mutual accountability and the recognition that transnational tax issues require collective solutions.

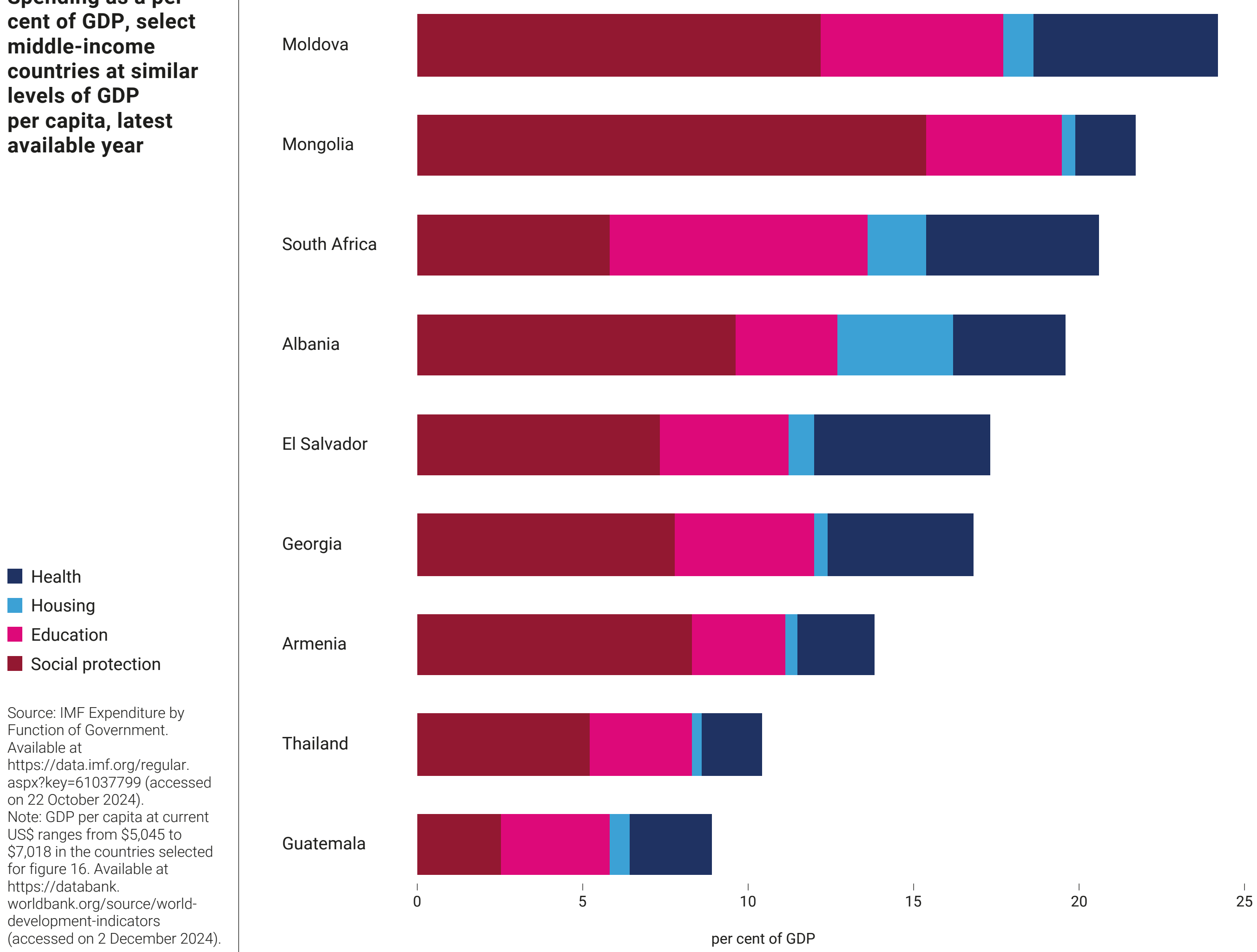
E. FISCAL SPACE, FISCAL SUSTAINABILITY AND POLICY PRIORITIES

Macroeconomic policies focused narrowly on short-term stability and on balancing public budgets have constrained social investments when and where they are most needed. However, it can be argued that, beyond fiscal capacity, political will plays an important role in social investment decisions. As an example, a comparison of countries at similar income levels reveals significant variation in spending on social services (figure 15).

Beyond fiscal capacity, political will plays an important role in social investment decisions

Figure 15. Spending as a per cent of GDP, select middle-income countries at similar levels of GDP per capita, latest available year

The level of social investments varies widely among countries at similar income levels



Source: IMF Expenditure by Function of Government. Available at https://data.imf.org/regular.aspx?key=61037799 (accessed on 22 October 2024).
Note: GDP per capita at current US$ ranges from $5,045 to $7,018 in the countries selected for figure 16. Available at https://databank.worldbank.org/source/world-development-indicators (accessed on 2 December 2024).

Fiscal space is increasingly constrained in many developing countries by the cost of servicing their debt. The median developing country now allocates 11 per cent of fiscal revenues to interest payments (United Nations, 2025). In Africa, interest payments consumed 27 per cent of government revenues in 2024, up from 19 per cent in 2019 (ibid). In several African countries, interest payments have exceeded total expenditure on education and health. Coordinated efforts to mobilize resources, ensure equitable budget allocations, and foster international cooperation, in line with the Addis Ababa Action Agenda, are essential to meet the demand for investments in quality public services to effectively promote equal opportunity and security.

Questions are also raised about the financial sustainability of social investments, especially in countries at advanced stages of population ageing. Yet, reforms meant to ensure sustainability, applied across the board, can negatively affect the income security of low-income earners. The *World Social Report 2023* (United Nations, 2023c) proposed measures to improve fiscal sustainability while maintaining or increasing the inequality-reducing role of old-age pensions. The main message is that promoting intra- and intergenerational equity need not be mutually exclusive or incompatible goals (see box 13).

Box 13. Leaving no one behind in an ageing world – promoting equity in fiscally sustainable ways

The *World Social Report 2023* (United Nations, 2023c) posits that action on two fronts can promote equity and economic security, including in old age, while addressing concerns over fiscal sustainability.

The first front consists of actions that can be taken during people's lifetimes to promote labour market participation and increased productivity while preventing ill-health and poverty before people reach old age. These are, in essence, the policies proposed in this chapter to promote equal opportunity from birth.

The second front consists of policy strategies to maintain or increase the inequality-reducing role of old-age pensions without adding fiscal burdens. In countries with comprehensive social protection systems, measures include granting low-income workers higher pension accrual rates, lowering minimum contribution thresholds, crediting periods of unemployment, improving the portability of pensions and, above all, strengthening efforts towards decent work, including decent wages. More frequent or generous adjustments of retirement incomes to the cost of living – or indexation – for low-income workers, only, would also help prevent economic insecurity as they grow older.

In countries without comprehensive social protection systems, the report notes that the focus must be on extending pension coverage, providing adequate benefits and creating fiscal space to finance public pension systems to meet SDG target 1.3 of the SDGs. Action on three fronts can help increase pension coverage. The first one is to encourage pension savings, including by improving financial literacy. The second one is to introduce and expand tax-funded pension schemes to ensure that all older persons have at least a basic level of income security. The third one is to promote decent work for all, including transitions from informal to formal employment. Overall, the larger the pool of people contributing to pension systems, the more the risks are shared and the more sustainable they are.

6. Institutions and norms for social cohesion

KEY MESSAGES

Promoting equity, participation, solidarity and other foundations of social cohesion requires changes in institutions, norms and values.

Governments play a key role in fostering the institutional conditions for social cohesion.

Inclusive and participatory political institutions, together with well-functioning governments, are often the main trigger of other normative changes. Once in place, they tend to create checks and balances that prevent the concentration of power and support the creation of inclusive economic, social and cultural institutions.

Whether societies hold together in environments of trust and cooperation is not a matter of policy interventions alone. Markets, corporations, families, educational systems and other economic, social, political and cultural institutions shape the quality of social relationships and the extent of solidarity between people and among social groups. Inclusive and participatory institutions can foster positive changes in attitudes and behaviours; empower people economically, socially and politically; promote social cohesion; and, ultimately, create the conditions needed to eradicate poverty, reduce inequality and accelerate progress towards all the SDGs.

Some of today's institutions are falling short of people's expectations and struggle to adapt to a rapidly changing global landscape

Norms and institutions have little meaning if people do not trust them and do not abide by the rules that define how we live together. A loss of trust breaks down the legitimacy of institutions, weakening them. Analysis in this report suggests that some of today's institutions are falling short of people's expectations and struggle to adapt to a rapidly changing global landscape. At this critical juncture, the unsustainability of the current social trajectory should compel societies to reimagine some such institutions.

Institutional change is a slow process, however. Norms, values and institutions have historical roots and are embedded in culture. Change challenges the status quo and thus is likely to face resistance, especially when it disrupts existing power dynamics. Growing awareness of the harmful effects of inequality and exclusion, for instance, has yet to prompt the normative shifts needed to address them.

This chapter highlights examples of institutions that must be transformed to support the foundations of social cohesion, including trust and a sense of belonging, cooperation and solidarity. It also discusses the role that Governments can play in this process. Normative and institutional change cannot be engineered from the top down. It is often the result of action by broad coalitions of stakeholders. Nonetheless, Governments play a central role in setting the rules, removing formal and informal institutional barriers to – and actively expanding – participation in social, political and economic life, and ensuring that the State is accountable and responsive to all citizens.

A. BUILDING EQUITABLE AND INCLUSIVE INSTITUTIONS

1. INSTITUTIONS FOR EQUITY

The foundations of inclusive and equitable economic and social institutions are usually forged by political institutions that distribute power in society and constrain its arbitrary exercise.

Grounding equity in constitutional and legal frameworks ensures the fair and just exercise of power in a manner that respects individual rights and promotes the common good. Constitutions often enshrine fundamental human rights, such as the right to education, healthcare and housing. Constitutional guarantees of equality can also address the historical injustices faced by many groups of people, advance their rights, and frame accountability against discriminatory practices and policies. Most constitutions include general provisions on equality and non-discrimination, and also provide specific provisions to promote gender equality such as guaranteeing access to education, protection from violence, or political quotas (Duncan, 2017). The Plurinational State of Bolivia's 2009 Constitution, for instance, stresses inclusivity and respect for different communities, and guarantees extensive rights for Indigenous Peoples while enshrining Bolivia as a plurinational state (Braver, 2022).

Respect for fundamental rights also depends on legal systems to help prevent abuses of power and provide the stability necessary for social, economic, and political life to thrive. Access to justice is, however, far from equal. People living in poverty, for instance, often have limited awareness of their rights and face barriers to accessing assistance or adequate representation – barriers that perpetuate cycles of poverty and exclusion. Legal empowerment – improving legal literacy, providing accessible legal information and supporting vulnerable groups in navigating the justice system – is thus critical to ensure that legal institutions promote equity, rather than reinforcing inequalities.

The Uraia Trust in Kenya, for example, distributes copies of the constitution and provides civic education, to make sure that citizens, including those in remote areas, can get information about their rights and how to assert them.[68] In Brazil, public defenders' offices are a key mechanism for improving access to justice in the civil and criminal arenas by offering free legal services to those who cannot afford private counsel (dos Santos Cunha, 2020). The public defenders' offices are functionally, administratively, and budgetarily autonomous, which enhances their ability to advocate for vulnerable groups without external influence. In Liberia, after the civil war, ensuring that citizens in rural areas had access to the formal legal system was a challenge. Legal aid initiatives and mobile courts were introduced to bring justice closer to the people, particularly women and vulnerable groups who had been disproportionately affected by the conflict.

Market regulations and property rights have significant distributional effects as well. Secure land tenure, for instance, is a base to maintain good health and improve livelihoods, invest and foster lasting ties within communities. Insecure land tenure systems discourage investment, limit access to credit, trigger faster environmental degradation and often lead to social unrest and conflict. Yet, land regulation and compliance systems remain weak in many countries: 70 per cent of land in developing countries is unregistered.[69] These deficiencies have led to the formation of large informal settlements in many cities around the world.

Improving land governance promotes inclusion and can foster social cohesion. Legal acknowledgment of the customary rights of Indigenous Peoples over land in countries across Africa, Latin America and the Caribbean, and Asia, has helped support entrepreneurship, economic security and development among these historically excluded groups. Similarly, a range of gender-sensitive reforms in land titling and inheritance laws across Latin America and the Caribbean, including expanding the property rights of married women and those in consensual unions, increased inheritance rights for widows, and granting priority to female household heads and quotas for women in state land allocation and titling, has made land ownership more gender equitable (Deere and Leon, 2003).

2. INSTITUTIONS FOR RECOGNITION

Ensuring that people are counted and recognized is essential to promote social cohesion. Recognition involves challenging the social and cultural norms, values and attitudes that perpetuate discrimination. It also entails strengthening formal mechanisms to officially acknowledge all members of society, starting with the most basic forms of legal and administrative recognition – namely, systems of civil registration and legal identification. Making sure that groups that have often been "invisible" in official statistics – including members of ethnic minorities, persons with disabilities, migrants, people experiencing homelessness and persons in institutions – have a legal identity equips the State with the necessary information to allocate resources fairly and thus govern effectively.

Ensuring that people are counted and recognized is essential to promote social cohesion

68 More information is available at https://uraia.or.ke (accessed 6 November 2024).

69 https://www.land-links.org/document/infographic-why-land-rights-matter (accessed on 20 December 2024).

Acknowledging that civil registration lays the foundation for people to claim their rights, including access to basic social services, SDG target 16.9 seeks to provide legal identity for all, including birth registration, by 2030. Globally, around 22 per cent of children under the age of 5 were not registered in 2023 (UNICEF, 2024). In 2018, around 1 billion people lived without any proof of identity (World Bank, 2018).

Some social groups face extensive barriers to obtaining legal identity. Foreign migrants and refugees are in a particularly vulnerable situation. In 2023, only 65 per cent of refugee children under five had their births registered in 68 reporting countries, for instance (UNHCR, 2023). While migrants in an irregular situation can register the births of their children in most countries, there are obstacles to their doing so. Some authorities refuse to issue a birth certificate when the mother is unable to verify her identity or produce a hospital birth notification (Petrozziello, 2024). In some countries, civil registrar offices are required by law to report undocumented migrants to the immigration authorities when they seek their services (ibid.).

In their efforts to promote social inclusion and reduce inequality, Governments and the international community must be mindful of fostering people's capacity to live together in harmony as well. Policies and institutions that reinforce oppositional notions of identity, rather than promote a sense of shared belonging, can breed antagonism and distrust.

B. FOSTERING TRUST AND SHARED BELONGING

People's sense of fairness and trust in institutions depend to a great extent on whether they have a say in decision-making processes. For democratic States, legitimacy stems not only from the laws and policies implemented but also from the way in which these decisions are reached and who has a say. SDG target 16.7 calls for ensuring responsive, inclusive, participatory and representative decision-making at all levels.

The legitimacy of democratic States stems not only from the laws and policies implemented but from the way in which decisions are reached

Attempts to improve participation in governance have had mixed results. Participatory budgeting, for example, was introduced in Brazilian cities more than 30 years ago to empower people living in poverty, reduce inequality, and increase government accountability through collective action. It provided ways for people to take an active role in defining priorities for investment in infrastructure in their communities, with a progressive distribution of resources to ensure that poorer areas would receive more funding than wealthier ones. Early evidence shows that people in poverty, the middle classes and youth often remained underrepresented in decision-making (Souza, 2001). In some contexts, increased participation opens up opportunities for elite interests to co-opt participatory processes, hindering the ability of public institutions to act in the interest of those they are meant to serve. Other examples suggest that participation in the budget process improves budget transparency and Governments' responsiveness to citizen feedback (United Nations, 2019).

E-governance represents a leap forward in participatory governance. Leveraging digital governance tools can lead to more inclusive public engagement on policy issues, allowing more people to voice their opinions on public policies regardless of geographic location. The E-Government Development Index (EGDI) – a measure of digital government development – shows an increasing trend among countries towards digitalization (United Nations, 2024d). Countries with higher EGDI values generally score higher on measures such as providing information to the public, engaging in consultations, and including people's voices in decision-making (ibid).

Yet, e-governance has been expanding slowly. Much remains to be done to effectively link participation initiatives in the digital sphere to formal institutional processes. In addition, people's willingness to engage in digital forms of public participation depends on their level of trust in government institutions and their trust in digital platforms (United Nations, 2024d).

Moreover, despite its potential, e-governance can aggravate exclusion. Populations with limited internet access and lower digital literacy can be left further behind. In general, participants in e-governance mechanisms tend to be wealthier, more educated, and politically connected than average. Additionally, legal frameworks have generally not kept up with the development of digital technologies, raising concerns regarding digital surveillance and the privacy of citizen's data stored on digital platforms.

While SDG target 16.7 and its indicators focus mainly on public institutions, the responsibility of businesses in promoting inclusion and participation has been widely recognized.[70] The positive effects of participation in the workplace extend beyond the labour market. Workers who can participate in a company's decision-making as well as in collective bargaining activities show higher levels of civic engagement and political participation and have more democratic attitudes than those who do not (Pateman, 1970; Rybnikova, 2022; Weber and others, 2020).

Yet, as discussed in part I, growing vulnerability in the world of work has taken place alongside declines in trade union membership, especially in high-income countries where union density used to be stronger. The revitalization of unions and the rise of alternative forms of representation and protection require legal and institutional support from Governments. In providing an enabling environment for workplace representation, Governments should bear in mind the positive effects of social dialogue – and those of broader workplace democracy – for the social contract. Fostering workers' participation in their companies' decision-making is also within Governments' reach.[71]

70 See, for instance, the SDG 16 Business Framework. Available at https://sdg16.unglobalcompact.org/ (accessed 11 December 2024).

71 Germany requires significant employee participation in the boards of large companies, for instance (see https://worker-participation.eu/legislation/european-company-se/countries-transposition/germany).

C. ENABLING COOPERATION AND SOLIDARITY

Enabling spaces where people can come together to achieve common goals is key to building social cohesion. Doing so includes providing formal and institutional mechanisms for cooperation and solidarity as well as creating an enabling environment for bottom-up cooperation to elevate collective interests, interact with formal institutions, and promote change.

Social movements and local associations have traditionally given people – particularly people living in poverty and those who belong to other excluded groups – a stronger voice and greater agency to articulate their interests. Often informal and organic, these forms of collective action are an essential countervailing force to the excessive concentration and use of power. Social mobilization efforts have helped discourage people from joining violent conflicts and have opened space for the exercise of civic and political rights. They have challenged stereotypes and have played a role in building self-esteem and shared identities among, for instance, workers in the informal sector – and have brought recognition to their work. Historically, they have raised and advanced issues, from environmental degradation to women's rights, that have subsequently become important priorities for the State.

Governments can create an enabling environment for such grassroot movements by guaranteeing freedom of association and expression, building capacity, opening spaces for consultation and enhancing feedback mechanisms between social movements and political institutions, including parliamentary committees and political parties. Changes in legislation may also be necessary to legitimize such movements and strengthen them.

Cooperative enterprises can strengthen solidarity between workers and employers, and between people and their governments

Cooperatives are a prime example of an institution that can strengthen the bonds of solidarity between workers and employers, and even between people and their governments. As entities of a social and solidarity economy, solidarity is one of the key values of cooperatives, together with self-help, self-responsibility, participatory decision-making, equity and social responsibility. According to the Secretary-General, working within a cooperative encourages cooperation, as one of its key principles is democratic self-governance, giving each member an equal say.[72]

A supportive regulatory and financial environment can help expand a cooperative culture. For example, Mondragon is now the world's largest industrial cooperative groups. The group can be traced back to 1941 in the Basque Country of Spain, which was devastated by the Span-

72 Report of the Secretary-General, Cooperatives in social development, A/78/187.

ish civil war. In the agricultural sector, the significant task of rebuilding could be done more efficiently through collaboration among members of the community. Decades later, the Constitution of Spain (1978) placed a duty on public authorities to promote cooperatives. A conducive regulatory environment offered Mondragon more opportunities for growth. While the cooperative was created out of historical necessity, its growth influenced legislation, which subsequently strengthened its position.[73]

Ultimately, social capital – the gains that come from cooperation between individuals and groups and the creation of social networks – is as important to empowerment as human capital. By investing in social capital through supporting social mobilization, helping build collective associations and strengthening community action, Governments are enabling individuals and groups to be agents of change and development.

D. THE ROLE OF GOVERNMENTS

Institutions and norms that foster trust, inclusion and cooperation for the common good are built through actions taken by many stakeholders, including States as well as civil society organizations, social movements, trade unions and other workers' associations, the private sector and the media, as the examples in this chapter illustrate. The enormous political and social power of corporations, in particular, cannot be ignored. But these processes are complex, and none of these actors is in full control. In practice, it is often the formation of broad coalitions of stakeholders, rather than action by the State or civil society, alone, that leads to the creation of fair and inclusive institutions.

The role of Governments remains key to creating an enabling environment for institutional change

However, the role of Governments remains key to creating an enabling environment for institutional change. Only Governments can guarantee the rule of law, establish fair and clear legal, administrative and regulatory environments, and apply their mandate and resources to the provision of services and infrastructure at the scale needed. Action by Governments is also crucial in curtailing the excessive concentration of power and influence that ultimately undermines trust and solidarity. Doing so requires, among other things, tackling corruption and establishing mechanisms for accountability. It also calls for ensuring that public institutions are effective – that is, that they have the capacities required to implement policy. Approaches such as Problem-Driven Iterative Adaptation (box 14) can help overcome implementation challenges.

73 ibid.

Box 14. Enhancing state capability for implementing policy reforms: The Problem-Driven Iterative Adaptation (PDIA) approach

Michael Woolcock, World Bank

The effectiveness of policy reforms largely turns on the extent to which they are analytically sound, politically (and financially) supported, and administratively well implemented (Andrews and others, 2017).[74] Challenges associated with implementation are often the reason why policy reforms fail: it is often assumed that implementation problems can be solved by upgrading technology, providing training, hiring technical experts, or transferring "best practices" from elsewhere. Most policy challenges cannot be solved this way – especially if they entail reforms altering interactions between people, such as improving classroom learning or curative care. Identifying the context-specific factors enabling a policy reform to work "there" and assessing whether they are also present "here" is central to determining its likely effectiveness.

An alternative approach to addressing complex implementation challenges in policy reforms, across numerous sectors and countries, is Problem Driven Iterative Adaption (PDIA). First articulated in 2012, PDIA seeks to help dedicated teams of policy decision-makers and front-line practitioners enhance their collective implementation capability by deploying a four-step strategy: (i) start by clearly articulating and identifying the highest priority problem; (ii) unpack the key reasons why and for whom this problem matters, and the array of small-scale constituent factors (or "root causes") combining to elicit it; (iii) assess the extent to which plausible solutions to this problem are likely to be Authorized (by key decision-makers), Accepted (by those providing and receiving them), and adequately implemented by staff with the requisite Ability; and (iv) learn from any previous efforts – successful and unsuccessful – to deploy the nominated solutions, and then adapt and iteratively modify them over time to "fit" the new contextual realities. (Setbacks are likely during this stage, so the sustained support of Authorizers is crucial to enabling the "best fit" response to emerge.)

In development generally, and specifically in policy reform, the focus too often is on trying to quickly deploy predetermined solutions rather than facilitate the difficult, time-consuming work required to identify, prioritize, and analyse the details of context-specific problems. PDIA is not a panacea; it can readily complement more familiar approaches to reform and should itself continue to be refined and adapted. But for responding to crucial development challenges – such as building public sector institutions and implementing complex policy reforms, which have such a long history of disappointing outcomes –alternative approaches such as PDIA show that there is a potentially better way.

An example of PDIA in action comes from Sri Lanka – a country with major macroeconomic challenges in the 2010s, but which sought to address them by, among other initiatives, reforming its public financial management system, with a view to enhancing direct foreign investment.[75] Sri Lanka was attracting less FDI than its neighbors and those at similar levels of development elsewhere. Engaging with the PDIA approach helped them address the issue. Explaining their predicament required getting data they did not have on why potential investors had backed off. Which specific aspects of Sri Lanka's legal, financial, or administrative systems – which were designed to attract investors – had in fact turned them off? What industries were these potential but disillusioned foreign investors from?

74 This box summarizes the detailed articulation of the PDIA approach provided in Andrews, Pritchett and Woolcock (2017).

75 See Andrews and others (2017). Numerous detailed case studies of PDIA in action in countries around the world are available at https://bsc.hks.harvard.edu/publications. For a formal independent assessment of the effectiveness of PDIA in addressing public financial management reform challenges in six African countries, see Lawson and Harris (2023).

The team committed to identifying the "missing" investors and asking if they would complete a survey on their experiences, both positive and negative, engaging with Sri Lankan officials, legal advisors, and bankers. It took persistence to track down the investors and obtain the necessary information. But once collected and analysed, this data enabled the team to highlight the challenges that had left many investors frustrated. In a second round of work, the team explored the viability of different approaches to rectify these challenges. It was not initially clear if any of the solutions considered had sufficient authorization, acceptance and ability to go forward. Once solutions meeting these three criteria were identified, however, and then trialed, their relative merits could be tracked and adjusted over time so that the best performers became apparent. With the "weak links in the foreign investment chain" strengthened, Sri Lankan officials were well placed to confidently target and assist potential investors. In due course, they were able to secure a multi-million-dollar foreign investment in a domestic solar panels firm.

Though the causal connection between PDIA and the solar panels investment cannot be solidly established, the central role of the PDIA process was to enhance the Sri Lankan public sector's capability to implement policy – which is to say, its collective capacity to routinely identify, prioritize, analyse, and respond to local problems with local solutions. Policy reforms can entail technical refinements and will require sustained political and financial support, but ultimately their realization and effectiveness will turn on the capability of designated institutions to implement them.

Different institutions are parts of one system and thus rarely change independently, especially if institutional sets inertia. Often, inclusive and participatory political institutions, together with well-functioning governments, are the main trigger of normative changes. Once in place, participatory political institutions tend to create checks and balances that prevent the concentration of power and support the creation of inclusive economic, social and cultural institutions. Conversely, exclusionary political institutions can perpetuate harmful norms and weaken other institutions.

Recent trends are not encouraging. By several objective and subjective measures, the effectiveness, transparency and inclusiveness of public administrations have deteriorated in the past ten years (Institute for Economics and Peace, 2024).[76] The observed trend may be due to more than one factor, including actual declines in the effectiveness of public administration as well as the fact that people have more access to information, and thus higher expectations about government performance. Regardless of the cause, increases in measures of corruption, transparency and inclusiveness clearly affect people's trust in institutions (Pinto and others, 2024). Other indicators show that more than half of all countries have also experienced declines in democratic performance – political representation and rights, including political exclusion due to economic or geographic factors and civil liberties (International IDEA, 2024).

Anticipating where the impetus for transformation will come from is not easy. But even small normative changes triggered by grassroots movements or torchbearers of some sort can

76 The study accounts for both subjective perceptions and objective indicators: government's openness and transparency (the extent to which governments operations can be legally influenced by citizens and are open to scrutiny from society); governments' dissemination of false information; perceptions of the extent of public control over corruption; perceptions of public sector theft; perceptions of quality of regulatory power; perceptions of governments' effectiveness; perceptions regarding the rule of law (IEP, 2024).

gradually grow in significance over time. Local actors may test different ideas, and those that are successful may gather support and momentum. The role of Governments will then be to enable change towards more inclusive approaches and their legal implementation.

Governments can also promote change toward social norms and attitudes supportive of trust and solidarity. Take, for instance, economic and measurement systems that reward unsustainable and exploitative patterns of behaviour. Many Governments are already laying the foundations of more environmentally and socially sustainable economic arrangements, rewarding a fairer distribution of resources rather than just accumulation and competition. Another example is the dominant approach to justice, which typically seeks accountability and retribution. While such approach may be necessary in specific contexts, it can breed retribution, reinforce division and stoke resentment and distrust. Governments can lead the way in promoting conceptions of justice based on compassion and rehabilitation that aim to bring unity.

Countries cannot move towards fairer economic systems or socially and environmentally sustainable business practices unilaterally, however. With growing global interdependence, national governments are facing mounting constraints on their ability to drive institutional change. Regulatory frameworks, economic policies and labour standards are increasingly shaped by financial markets, multinational corporations and other global forces that limit the policy space of individual governments. Competition between countries has created a race that undermines efforts towards these institutional and normative transformations, underscoring the urgent need for coordinated action.

7. Towards a new policy consensus: the role of international cooperation

KEY MESSAGES

Fostering deeper international cooperation, securing additional financing and opening spaces for deliberation are key building blocks of a new policy consensus based on equity, economic security for all and solidarity.

The Second World Summit for Social Development is an opportunity to advance this new consensus and agree on concrete strategies to meet the commitments made in Copenhagen and the broader set of SDGs.

The transformational policy and institutional changes needed under a new consensus will take time to materialize. They require an unwavering commitment from the international community well beyond 2025.

A. STRONGER MULTILATERAL COOPERATION

The international community is now at a critical juncture. The world is not on track to achieve the SDGs by 2030. Inequality, poverty, insecurity and the distrust they generate are eroding the social fabric and hindering our ability to act collectively to achieve common goals. Inaction, in turn, exacerbates public discontent and fuels divisions, further eroding the capacity of the international community to act.

Yet, commitment to these common goals has not withered, despite this escalating cycle of setbacks. In the Pact for the Future, in 2024, Member States committed to urgently accelerate progress towards achieving the SDGs, including through "concrete political steps and mobilizing significant additional financing from all sources for sustainable development".[77] They also pledged a "new beginning in multilateralism" based on a stronger multilateral system.

77 The Pact for the Future (A/RES/79/1), paragraph 10.

This report highlights the need for consensus on the concrete political steps needed to accelerate progress and, as importantly, safeguard progress in the long run. Securing deeper cooperation and additional financing from all sources are key building blocks of such consensus. Box 15 puts forward some proposals to do so in the current context, with broader support from the multilateral development banks.

Box 15. Financing the SDGs in a fracturing world

Nancy Birdsall and Brian Webster, Center for Global Development

In 2015 the nations of the world agreed at the United Nations on 17 SDGs to be reached by 2030, the closest humanity has come to defining a measurable social contract. Two big shocks since that time, Covid-19 and growing climate damage in both the north and south, have driven home the logic of a global “compact” in a world of shared risks. But these shocks have also eroded the financial resources of developing countries to provide services and the political will of rich countries to expand aid. Moreover, they occurred in a multi-polar world increasingly defined by cross-cutting rivalries between China and the United States and between former colonies and colonizers.

It is now clear that the SDGs will not be met by 2030, but there are signs that in the long run the world can live up to the global social contract that they represented. There is an emerging consensus around reforming the Bretton Woods institutions to better address the challenges of the 21st century, embodied by three specific developments.

First is the realization of a goal set by the G20 countries for the advanced economies to “recycle” $100 billion of their unneeded IMF Special Drawing Rights (SDRs) for use by low-income countries. An initial round of the resulting financing, including $21 billion of US SDRs approved earlier this year by the US Congress, is going to the IMF funds that make low- and zero-cost loans to help low-income countries reduce their debt burden and invest in education, health and other social programs. And after more than two years of discussion, there is finally real hope for the approval of more recycling of SDRs in the form of “hybrid capital” to the African Development Bank and the Inter-American Development Bank; the SDRs are loaned to the banks in perpetuity, with some withdrawal safeguards. Then banks are able to leverage the resulting funds, multiplying their value for investments in low-income countries.

Second is the growing support of the rich donor countries for greater leveraging of their existing capital by the major multilateral development banks (MDBs). That follows careful discussion with the credit rating agencies validating that after three quarters of a century, the structure of the MDBs has stood the test of time, and their capital can and ought to be better leveraged at acceptable risk. Steps in that direction include offloading MDB portfolio risk to insurers and investors to create more MDB lending headroom with existing capital, and use of traditional donor guarantees of MDB loans, which also free up MDB capital.

Finally, there has been a move by MDB member countries towards the formalization of “climate” as a twin goal of traditional development lending. This makes clear the role of the MDBs in financing the costs of adaptation and resilience in response to climate change in the world’s poorest and most climate-vulnerable countries; and it represents a psychological breakthrough, opening the door to the logic of the international institutions supporting global health security and other global public goods as part and parcel of social and economic development progress.

Might these initial steps towards cooperation in our current context lead to a larger social contract, combining moral authority with institutional capacity and financial resources? Making this vision a reality will require leadership, most importantly from G20 governments and their civil societies but also from the leadership of the MDBs themselves.

To be true to its Charter, the UN system must ensure that the voices of those people, groups and countries that have been historically marginalized are represented in global decision-making processes

How a new policy consensus is reached also matters. Paying attention to how people see their own lives and the world around them is essential to understanding today's social challenges, as the evidence presented in this report indicates, and to shaping a way forward. Representing all people and renewing their commitment to a shared future calls for listening to the concerns and aspirations of societies. To be true to its Charter, the UN system must ensure that the voices of those people, groups and countries that have been historically marginalized are represented in global decision-making processes.

With the Pact for the Future, Member States have reiterated their commitment to strengthen the voice and representation of developing countries in the international financial institutions and make the Security Council more representative, inclusive and accountable. Ensuring adequate representation also calls for bolstering participatory mechanisms to enable a broad set of stakeholders to take part in decision-making. Closer citizen engagement is needed for multilateral processes to reflect the diverse perspectives and experiences of people across the world. It may also be a pathway for people to gain higher stakes and confidence in multilateral processes that otherwise may feel very removed from their lives. Digital platforms that facilitate global town halls or consultations could serve as tools to promote wider participation – if accessibility is prioritized.

Promoting inclusive deliberation at the national level is equally important, especially amidst rising polarization and weakening social cohesion. After all, the successful implementation of global initiatives requires adaptation to local contexts and local ownership. Opening spaces for deliberation can help bridge the gap between global commitments and local realities.

The multilateral system must continue to use every opportunity to gather consensus on the concrete political steps needed to accelerate action, opening spaces for deliberation and proving itself fit for purpose to deliver on its commitments. The upcoming Fourth International Conference on Financing for Development and the Second World Summit for Social Development can be opportunities to do just that.

B. TOWARDS THE SECOND WORLD SUMMIT FOR SOCIAL DEVELOPMENT

The Second World Summit for Social Development presents a crucial opportunity for immediate and coordinated action to advance the long-term, integrated policy approaches that are needed to address social challenges and lay a solid foundation to achieve the SDGs.

The 2030 Agenda for Sustainable Development and the 1995 Copenhagen Declaration outlined objectives that remain relevant and continue to serve as guiding frameworks – *what* must be accomplished. The social summit provides a key moment to agree on the "concrete political steps" needed to achieve these long-standing objectives – to gain clarity on *how* we must collectively promote equitable, resilient and cohesive societies, and to advance concrete strategies and cooperation to do so.

The social summit provides a key moment to agree on how we must collectively promote equitable, resilient and cohesive societies

Closing gaps in access to social services, and even larger gaps in their quality, is a first critical step. Enhancing the quality of services is a long-term and complex process that extends beyond what it takes to improve access or build infrastructure. It requires institutional capacity to, for instance, improve learning outcomes and equip students with the needed skills, competencies and critical thinking. Service quality improvements have lasting effects, amplifying the impact of infrastructural investments, improving trust in institutions and helping safeguard development outcomes in the long run. The social summit can be the forum to mobilize sustained investments and the long-term approaches to financial and technical cooperation that are needed to strengthen institutional capacity.

Achieving full employment and decent work is another critical step but remains an elusive goal. Especially since globalization, competition among countries, and the growing role of foreign shareholders in decisions that affect domestic employment have narrowed the national policy space to regulate labour conditions, often to the detriment of decent employment and labour rights. Today, the actions needed to manage ongoing changes in the world of work and tackle informality can only be implemented through international cooperation.

The social Summit provides a platform to promote effective and fair labour regulations and policies, and to invest in labour market institutions, including those needed to revitalize collective representation. Preventing a race to the bottom in terms of working conditions calls for the global ratification, implementation and supervision of international labour standards, along with the promotion of labour rights as key dimensions of inclusive and sustainable growth.

Expanding social protection coverage is essential for combating economic insecurity. Universal access to comprehensive social protection systems entails ensuring that everyone, including people in poverty and other vulnerable groups, are covered. In most countries, social protection funding gaps can be bridged through the mobilization of domestic resources, but many low-income countries require international support. These efforts can be supported by ambitious agreements at the Fourth Conference on Financing for Development, including by tackling informality, integrating social protection financing into national development plans and ensuring uninterrupted funding during crises.

The social Summit can strengthen cooperation to support countries that do not have sufficient fiscal space to implement social protection systems and measures for all, including by facilitating debt relief and supporting countries to establish debt monitoring mechanisms. It also provides an opportunity for Member States to deepen commitments to increase and protect social investments, including in times of crises, and to promote macroeconomic policies that encourage the creation of decent work, the reduction of inequality, and the eradication of poverty. Progressive taxation and sustained social investments will be crucial to achieve longstanding and emerging social goals.

Beyond strengthening political and technical cooperation, the social summit must articulate a forward-looking vision of social progress. It must rally support and engagement from all stakeholders, including those at the heart of its mission – people living in poverty and many others at the margins of societies. In doing so, the social summit can also reinvigorate the spirit of dialogue and reaffirm the unique role of the multilateral system as a space for global deliberation.

The social summit must rally support and engagement from all stakeholders, including those at the heart of its mission – people living in poverty and many others at the margins of societies

Through the preparations towards the social summit and its outcome, Member States have an opportunity to show robust leadership to strengthen the social dimension of sustainable development. Ideally, they can chart clear pathways for social and economic policies to work in tandem to deliver on their commitments.

C. BEYOND 2025

In 2025, the Second World Summit for Social Development and the Fourth Financing for Development Conference are critical opportunities to advance a new policy consensus. However, these events are not end points but, rather, steps in a long-term process. The transformational policy and institutional changes that such consensus must trigger will take time to materialize. They require sustained cooperation, trust-building and an unwavering commitment from the international community well beyond 2025.

The current geopolitical context presents formidable challenges to achieving such consensus. Growing political tensions, economic uncertainty, and deepening polarization risk undermining multilateral cooperation at a time when global solidarity is most needed. Yet, these obstacles must not lead to complacency or capitulation. On the contrary, they underscore the need for even greater resolve. The pursuit of a new policy consensus is not a one-time negotiation but an ongoing process – one that must be strengthened and reinforced in the years ahead. At its core, this long-term effort must go beyond the quest for efficiency and growth. It must be guided by universal moral foundations such as the ones underscored in this report: equity, security and solidarity within and between generations.

The success of the upcoming global forums will be measured not only by the commitments made in 2025 but by sustained efforts to build upon them in the years and decades ahead. The task before the international community is not just to reach an agreement but to generate lasting momentum, ensuring that promises are translated into actions for a more equitable and secure future for all. Ultimately, the task before us is not just about policy or politics – it is about people.

The task before the international community is not just to reach an agreement but to generate lasting momentum

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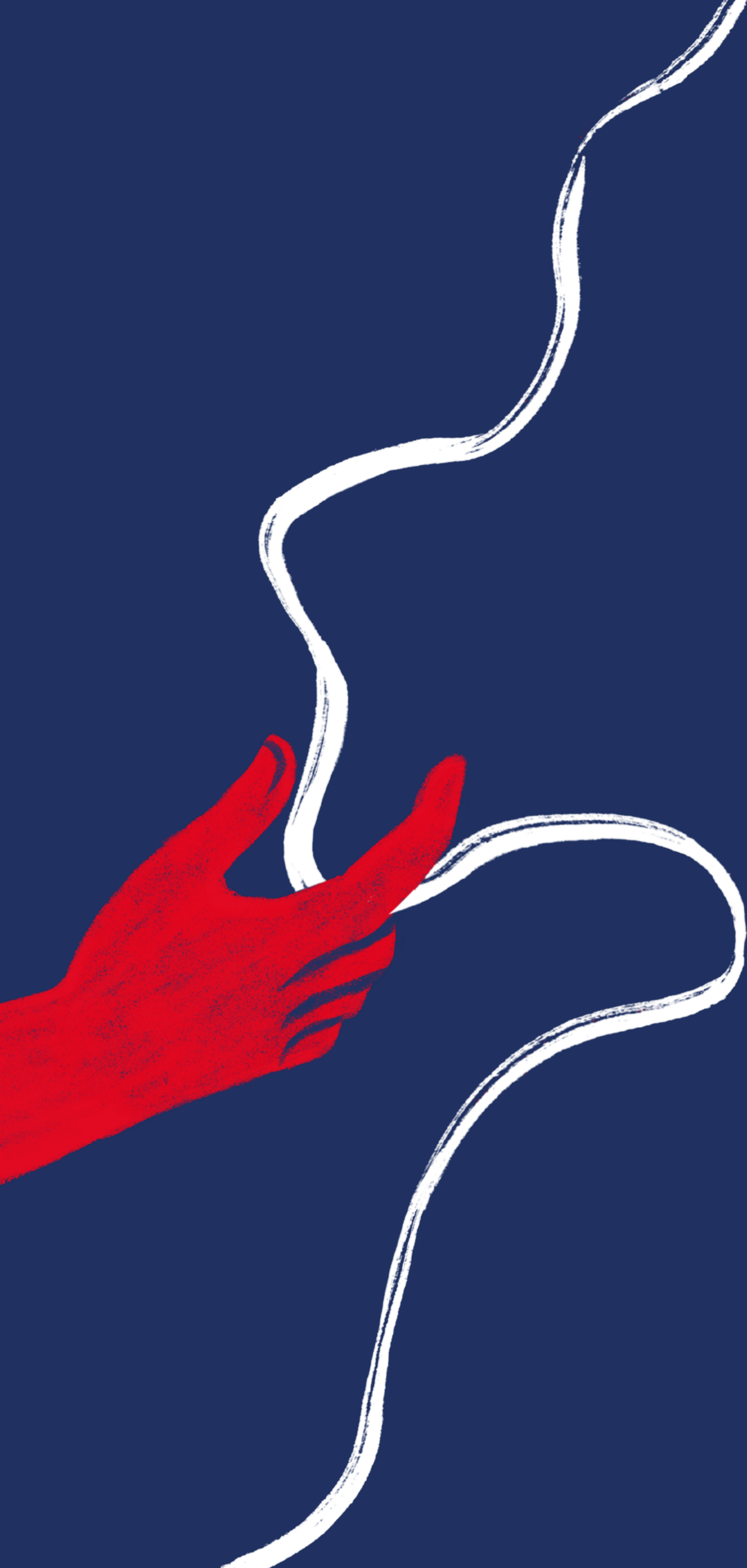

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