European Commission

Reducing Inequality through Global Gateway

A Strategic Role for the Private Sector.

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1. Introduction

Global inequality has emerged as one of the most pressing challenges for sustainable development across its three dimensions: economic, social, and environmental. Although global income inequality has declined over the last two decades, primarily driven by reduced disparities between countries, within-country inequality has generally increased. Today, the top 10 percent of the world's population holds more than half of global income, while the poorest half holds less than 10 percent. Wealth disparities are even more pronounced, with the richest 10 percent accruing nearly three-quarters of global household wealth, compared to only 2 percent owned by the poorest half (Chancel et al., 2022). Simultaneously, more than 690 million people (8.5 percent of the world population) remain in extreme poverty, living on less than $2.15 per day.[1]

Inequalities are not isolated, **but cumulative and mutually reinforcing**. They manifest across multiple, intersecting dimensions, including income, gender, geography, ethnicity, and age. Persistent inequality can erode trust in institutions, fuel social unrest, and constrain economic growth. They significantly undermine progress towards the United Nations 2030 Agenda, within which reducing inequality is explicitly recognised as a prerequisite for achieving the Sustainable Development Goals, particularly the eradication of poverty. Addressing inequality is thus central to policymakers' and international organisations' strategies for advancing human development.

In this context, **the private sector plays a pivotal yet complex role**. As the primary engine of growth and job creation, generating approximately 90 percent of employment and around 60 percent of gross domestic product (GDP) in developing countries, **a vibrant private sector is essential for both poverty and inequality reduction**.

This is where the **Global Gateway strategy plays a transformative role**. As the European Union's (EU's) flagship investment strategy, Global Gateway seeks to create smart, clean, and secure links in strategic sectors such as digital, energy, transport, health, education, and research. **More than a traditional infrastructure plan, Global Gateway applies a 360-degree approach** that combines hard and soft investments with enabling reforms, including regulatory alignment, skills development, access to finance, and institutional capacity building. This comprehensive model can reduce inequality by expanding access to essential services, decent jobs, and economic opportunities, especially for those who historically have been excluded.

Reducing inequality should lie at the heart of Global Gateway: it must be its lifeblood and moral compass. *Just as a healthy body depends on a strong and steady heartbeat, the success of Global Gateway rests on embedding equity into every investment and policy decision.* Through its six guiding principles—equal partnerships, democratic values, transparency, sustainability, security, and private sector mobilisation—the EU is well placed to ensure that inequality is not inadvertently exacerbated by investment flows and private sector engagement, but, rather, that every euro invested contributes to building more just, inclusive, and resilient societies.

The following analysis explores how this can be achieved and **how to harness private sector dynamism to ensure the implementation of Global Gateway is inclusive**. It focuses on the reciprocal relationship between inequality and private sector development across the five key Global Gateway priorities, identifying enabling conditions and entry points for action.

1 At a standard of $6.85 per person per day, which is more relevant for upper middle-income countries, 44 percent of the world's population lives in poverty.

2. Reciprocal relationship between inequality and private sector development

Global Gateway's 360-degree approach provides a critical foundation for harnessing the private sector for inclusive outcomes. It does so by explicitly linking infrastructure investment to broader enabling reforms, which are essential for mitigating inequality. Through its six guiding principles, Global Gateway sets a new standard for aligning private sector intervention with equity.

The relationship between inequality and private sector development is multifaceted and context-dependent. The private sector can positively influence inequality, through mechanisms such as the following:

1. Positive impacts primarily occur through **employment generation**. When the private sector creates decent jobs that are accessible to poorer segments of the population, it helps raise incomes at the bottom of the distribution and contributes to reducing inequality. For instance, a 1 percent increase in the private sector employment ratio is associated with a 0.263 percent reduction in income inequality.
2. Private sector development, notably social enterprises, can reduce inequality by **delivering essential goods and services** (i.e., health, education, infrastructure etc.)—which are often unavailable or inaccessible through public provision—at affordable prices for poorer communities. This, in turn, can boost household incomes by improving productivity, reducing opportunity costs, and enabling better participation in economic life.
3. **Innovation** through private firms' research and development have also proven to be transformative in reducing inequalities by enhancing digital skills, financial inclusion, and agricultural productivity in poorer communities. For instance, the expansion of mobile broadband coverage in Sub-Saharan Africa increased household consumption by 7–14 percent in Nigeria, Senegal, and Tanzania, mainly through improved labour force participation among low-income communities.
4. **Inclusive business models** that intentionally integrate disadvantaged communities into commercial value chains, either as consumers of affordable goods or as income-generating participants, such as producers and distributors, can create mutually beneficial economic opportunities. **Responsible investments and corporate practices**, including living wages, diversity in hiring, employee training, and profit-sharing schemes, can directly address inequalities by facilitating wage mobility and distributing economic gains more equitably. An important example is **micro-franchising**, which facilitates self-employment by providing entrepreneurial support and disseminating technology at the grassroots level, as demonstrated by Kenya's micro-franchising healthcare model[2]. **Cooperatives and community-based enterprises** can also empower small-scale producers by aggregating resources, enhancing market bargaining power, and enabling better access to inputs and technology.

Private sector development, especially in essential services like health and education, can, in some instances, negatively impact inequalities, by reinforcing labour market segmentation and generating low-paid and insecure employment, gender gaps, or access disparities across urban and rural regions.

The relationship between inequality and private sector development is not only one-directional: it also shapes the conditions under which the private sector operates:

1. **High levels of inequality negatively affect private sector growth** by constraining consumer demand, reducing investments in human capital, and increasing social and political instability. Unequal access to quality education, healthcare, and nutrition leads to a less skilled and less healthy workforce, which shrinks the talent pool that is available to businesses. This lowers long-term productivity, innovation, and competitiveness. Moreover, heightened inequality increases uncertainty and operational risks, due to potential unrest, supply chain disruptions, and insecurity, raising costs and weakening investor confidence.
2. **Conversely, reducing inequality improves the business environment.** It expands consumer markets, fosters a more skilled and productive workforce, and strengthens social cohesion. Evidence shows that income growth for lower-income groups is more effective in driving GDP growth than gains concentrated at the top: a 1 percentage point increase in the income share of the bottom 40 percent raises GDP growth by 0.32–0.38 percentage points, while the same increase for the top 20 percent reduces growth by 0.08 points.

Ultimately, whether inequality and private sector development reinforce each other positively or negatively depends on the broader context and the presence of effective incentives and institutional frameworks. These do not emerge uniformly across countries or sectors. Rather than approaching the issue in the abstract, the next section examines how private sector engagement in each of the EU's Global Gateway priorities—digital, energy, transport, health, and education—can contribute to reducing inequalities, and under which specific incentives and conditions the private sector intervention becomes inclusive.

3. Private sector engagement in Global Gateway sectors: pathways to reducing inequalities

By investing in large-scale infrastructure through private sector engagement, Global Gateway holds significant potential for reducing inequalities by enhancing access, affordability, and opportunities for disadvantaged groups. Without a 360-degree approach, private activities in these sectors can exacerbate exclusion or deepen existing disparities. **This approach is not ancillary, but rather is core to the transformative vision and comparative advantage of Global Gateway.** This section identifies essential elements that the 360-degree approach should take into consideration in the five Global Gateway priorities to maximise inclusive outcomes.

3.1. Digital

Significant digital divides persist. Approximately one-third of the world's population remains offline, with stark disparities between high-income countries (93 percent online) and low-income countries (27 percent online). **Investing in the digital sector, notably telecommunications, internet connectivity, digital services, and artificial intelligence (AI), has the potentiality to bridge this gap**. In addition to democratising information, digital services can provide disadvantaged groups with access to essential services, such as education, health, energy, and government services, thereby narrowing urban–rural gaps. For instance, M-Kopa, a Kenyan social enterprise, uses pay-as-you-go (PAYG) solar systems that are integrated with mobile money to provide low-income households with off-grid solutions. Mobile broadband access can also significantly increase household consumption (by 7–14 percent), through improved employment opportunities and financial inclusion (*see Annex 1, Box 1*). The adoption of digital technologies also helps companies, especially small and medium-sized (SMEs), to improve their efficiency, competitiveness, and sustainability, thereby contributing to a more inclusive and circular economy.

Unlocking this potential and reconciling social impact with commercial viability requires the right incentives. Supportive frameworks like public–private partnerships (PPPs), universal service funds, and innovative technologies (e.g., satellite internet, or Google's Project Loon, which utilises high-altitude balloons) can incentivise private investments to bridge connectivity gaps in underserved regions. Regulatory incentives, such as affordable spectrum licensing linked explicitly to rural coverage, can also be key. Malaysia's digital economy strategy illustrates how coordinated PPPs that are bolstered by government subsidies and grants targeting digital startups can drive inclusive digital transformation, expand digital infrastructure, boost SME inclusion, and improve public service access.

2 In this model, Child and Family Wellness Clinics operate as micro-franchises, empowering local healthcare entrepreneurs (most of whom are women) to deliver affordable medicines and basic health services in underserved communities. See the Health Store Foundation for additional details.

Several key enabling conditions emerge as critical for ensuring that private sector interventions in the digital sector translate into inclusive outcomes:

1. **Supportive regulation and incentives:** Policies encouraging network expansion into underserved areas (such as universal service funds, coverage obligations, and PPP models), promoting 'test and learn approach'[3], and involving (via a participatory approach) the most vulnerable, including the elderly and persons with disabilities. For instance, platforms like the Malaysia Digital Hub, which provide intellectual property protection and regulatory support, coupled with transparent frameworks like the 2023 PPP Code, have attracted substantial private sector participation in Malaysia.
2. **Competitive market environment:** Anti-monopoly policies that ensure affordability and widespread digital access.
3. **Complementary infrastructure:** Reliable, affordable electricity access, especially in rural and remote regions.

Building on this, Global Gateway's digital pillar should outline concrete principles to help structure equity-oriented digital investments:

DO'S

- **Promote innovative, scalable, low-cost business models** that are tailored to economically disadvantaged users, such as an innovative PAYG financing model[4].
- **Ensure the affordability of digital services:** Flexible data packages that accommodate customers' income volatility by aligning repayments with household cash flows. For instance, India's Reliance Jio significantly expanded affordable mobile data access through aggressive market strategies and low-cost data plans.
- **Develop inclusive and accessible service design:** Locally tailored devices, multilingual content, user-friendly interfaces, accessible for persons with disabilities.
- **Invest in digital literacy:** Partnerships for education and skills training tailored to marginalised populations.
- **Collaborate with governments and non-government organisations (NGOs)** to develop consumer data protection, cybersecurity measures, and affordability frameworks. Private-NGO-government collaborations, such as community technology hubs for youth and small entrepreneurs, and agricultural advisory services via SMS, can empower marginalised groups.

DON'TS

- **Avoid funding or strengthening monopolies** that limit competition and hinder equitable market entry.
- **Do not invest in projects that lack enforceable universal coverage provisions.**
- **Do not assume that infrastructure alone guarantees inclusion.** It is essential to proactively address digital literacy gaps across diverse groups (e.g., through tailored training, community outreach, and accessible content) and to avoid deploying standardised solutions without adapting them to local socio-cultural and technological contexts (e.g. via participatory design, local language integration, or context-specific user interfaces).
- **Do not underestimate data security** and privacy needs among newly connected users.

This strategic guidance can inform ongoing Global Gateway projects in the digital sector (such as the following), which will help to maximise their potential for inclusive outcomes:

- **In Africa:** (i) Medusa cable, (ii) Africa-Europe Digital Regulators, (iii) Data Governance.
- **In Asia and the Pacific:** (i) Satellite connectivity, (ii) Smart City Connectivity in Nusantara, (iii) Digital Transformation.
- **In Latin America and the Caribbean:** (i) BELLA Cable Extension to Central America, (ii) EU-LAC Digital Accelerator, (iii) Paz Total Connectivity (Colombia), (iv) Amazonia Verde Digital Connectivity.

3 A 'test and learn' approach is a regulatory or operational strategy that allows innovative solutions to be piloted in a controlled environment before full-scale implementation or formal regulation. Rather than applying strict rules upfront, regulators or institutions monitor the innovation in real time, gather evidence on its performance and risks, and use these insights to iteratively adapt oversight and frameworks. This approach encourages experimentation, supports responsible innovation, and enables adjustments to be made based on practical experience, balancing flexibility with safeguards to protect consumers and ensure systemic stability.

4 The PAYG financing model allows customers to access products or services, like solar energy, by making small, regular payments over time, instead of paying the full cost upfront. Using mobile money platforms, users can pay in instalments based on their income flow, making essential services affordable and financially manageable for low-income households. A successful example is the Kenyan social enterprise, M-Kopa.

3.2. Energy and climate change

Access to affordable, reliable, and clean energy is a key enabler of private sector development, and a powerful lever for reducing inequalities. Yet energy poverty remains widespread: approximately 685 million people still lack electricity, and around 2.1 billion rely on polluting fuels and inefficient cooking technologies. Limited access to modern energy constrains private sector competitiveness. Without reliable electricity, local businesses face higher operating costs, reduced productivity, and limited working hours, especially in rural and peri-urban areas. Energy poverty also weakens the foundations for long-term private sector development by eroding human capital. Traditional cooking fuels cause indoor air pollution, leading to health issues that lower workforce productivity. Poor lighting restricts children's study time and adult learning. Expanding access to clean, affordable energy reverses this cycle. Rural electrification supports income-generating activities, notably for the most vulnerable, boosts agricultural productivity (e.g., solar irrigation), and enables business growth (e.g., in ecotourism). Improved lighting extends the hours available for study and enterprise activities, while energy-efficient appliances and clean cookstoves reduce costs and health risks. In this way, **inclusive energy access is a multiplier for inequality reduction, underpinning both individual opportunity and inclusive market growth.**

Private sector engagement plays a vital role in delivering these outcomes. While energy infrastructure was traditionally a public domain, private actors now contribute significantly across the energy value chain, from grid generation to decentralised off-grid solutions. Independent power producers (IPPs), often operating through PPPs, expand electricity supply and improve service reliability, reducing outages that disproportionately harm small businesses and informal livelihoods. For example, the Ruzizi III Hydropower Project, jointly developed by Rwanda, Burundi, and the Democratic Republic of Congo, aims to provide sustainable electricity to 30 million people, half of whom live below the poverty line. In parallel, **private innovation drives off-grid renewable energy solutions that are both affordable and scalable**. Companies such as d.light have reached over 30 million households in 70 countries using affordable PAYG models. These solutions are further scaled through **innovative financing models**, including concessional blended finance, output-based subsidies, and 'energy-as-a-service' schemes. Crucially, **social enterprises** are often at the forefront of reaching last-mile populations. Africa GreenTec, for instance, deploys mobile solar units to underserved communities in Mali, Niger, and Senegal, while the Beyond the Grid Fund for Africa is incentivising firms, through per-connection payments, to reach 1.75 million new users by 2029. These models succeed when they are responsive to communities *(see Annex 1, Box 2)* and designed with social safeguards, ensuring that innovation and entrepreneurship serve inclusive outcomes, rather than reinforcing divides.

Yet this positive impact of private sector initiatives on energy equity is not automatic. Scaling these contributions requires deliberate public stewardship. Without clear social mandates and the following conditions, privatisation risks deepening inequalities, through unaffordable tariffs, reduced service coverage, or a focus on commercially viable areas to the detriment of marginalised populations:

- **Supportive national policy:** Lifeline tariffs, cross-subsidisation (where higher-paying industrial customers subsidise lower rates for poorer households), and targeted subsidies for the most disadvantaged.
- **Strong institutional capacity and regulation:** Competent institutions managing contracts and enforcing regulations for affordable access, notably via streamlined licensing.
- **Complementary infrastructure development:** Coordinated development of transportation, digital connectivity, and financial services to maximise the impacts of energy investments.
- **Community support and networks**, in particular to ensure the implementation of the last-mile distribution model or governance committees. For instance, Acciona Microenergia Peru's governance model[5] emphasises community engagement through local Photovoltaic Electrification Committees, involving residents in system maintenance, payment collection, and key decision-making processes.

5 Through its Luz en Casa initiative, Acciona Microenergia Peru, a non-profit civil association, has significantly contributed to rural electrification in the Andean region of Peru, providing solar home systems to over 4,000 poor and extremely poor households across 117 communities in the Cajamarca region, which has some of the lowest electrification rates in Peru.

To translate these insights into actionable steps for implementing Global Gateway, the following guidance highlights key principles that should be applied in order to align energy investments with inequality reduction goals:

DO'S

- **Prioritise regions with high energy poverty,** leveraging PPPs for grid and renewable off-grid solutions.
- **Invest in innovative and blended financing ensuring affordability:** Concessional loans, PAYG with a last-mile distribution model, guarantees, microfinance, de-risked public–private funds[6], results-based contracts, and ad-hoc financial structures similar to asset recycling instruments[7].
- **Foster inclusive, gender-sensitive business models** that empower women and local companies: Comprehensive entrepreneur training and capacity building, entrepreneurial diversification, and strategic partnerships with international organisations, NGOs, and manufacturers. For instance, Solar Sister empowers over 11,000 female entrepreneurs to distribute solar lights and clean cookstoves, providing a key example of a women-led social enterprise that is addressing the intersection of clean energy access, rural inaccessibility, and women's economic empowerment in Sub-Saharan Africa.
- **Coordinate energy investments closely with complementary infrastructure** (digital connectivity, transportation).

DON'TS

- **Do not prioritise profitability over affordability,** equity, or universal access objectives (include equity and affordability criteria in the tender and licensing processes and social impact assessments as part of project approval).
- **Avoid tariff structures that disproportionately disadvantage low-income consumers** (introduce progressive tariff designs, cross-subsidisation models, or lifeline tariffs that guarantee a minimum level of affordable consumption).
- **Prevent frequent, unregulated disconnections** without targeted protection measures (establish clear disconnection protocols, grace periods, and targeted social protection schemes, such as energy vouchers or consumption subsidies).
- **Avoid privatisation without frameworks that protect rural or less profitable regions** (universal service obligations in contracts, performance-based incentives for rural coverage, and private investment with targeted public subsidies or blended finance).

This strategic guidance can inform the rollout of ongoing Global Gateway energy projects, such as the following:

- **In Africa:** (i) Energy Efficiency in Buildings, (ii) Just Energy Transition Partnership.
- **In Asia and the Pacific:** (i) South Asia Energy Connectivity, (ii) Rogun Dam Hydroelectric.
- **In Latin America and the Caribbean:** (i) Global Green Hydrogen, (ii) Electricity Market Integration and (iii) Renewable Energy Facilities.

3.3. Transport

Transport infrastructure and services influence inequality by determining spatial and social inclusion. Poor accessibility and connectivity isolate rural communities and restrict low-income urban residents and citizens who have reduced mobility, exacerbating poverty and limiting economic participation and private sector activities. Unregulated transport growth can also risk exacerbating congestion: for instance, high subsidies to drivers and unclear caps on vehicles in operation can increase the number of vehicles on the road, leading to market inefficiencies. Conversely, **improved transport expands market access for the private sector, employment, and essential services for disadvantaged groups, fostering social inclusion and reducing inequalities**. For example, India's PMGSY rural road programme, which has constructed over 100,000 roads since 2000, has substantially improved employment opportunities, market access, and agricultural practices. **Regional transport corridors**, integrating networks of roads, railways, and ports, can also significantly reduce spatial inequalities. Africa's Northern Corridor, which links Kenya's Mombasa port with landlocked countries, has markedly decreased transports costs, boosted regional trade, and facilitated regional economic inclusion. Effective **last-mile connectivity** (feeder roads, local transport) remains crucial for maximising infrastructure's inclusive potential.

Private sector participation, via construction firms, logistics providers, and mobility services, plays a critical role in addressing transport inequalities. However, purely market-driven transport investments typically favour profitable routes and higher-income users, potentially neglecting disadvantaged communities in the absence of targeted regulation or incentives. Inclusive transport development therefore requires PPPs that are explicitly designed to enhance accessibility and affordability for all users. Bangkok's Mass Rapid Transit system (*see Annex 1, Box 3*) exemplifies the potential of a structured PPP with affordable fares and accessibility features.

When the following enabling conditions are present, inclusive transport systems can improve accessibility, affordability, and economic opportunities for marginalised groups:

- **Balanced regulatory frameworks and strong government commitment to formalising public transport:** Robust oversight, balancing private efficiency and public equity, and explicitly addressing tensions between cost recovery and universal access.
- **Complementary investments:** Feeder roads, alternative routes for low-income users, logistics, involvement of real estate companies, and market access infrastructure supporting economic participation of disadvantaged communities and groups. For instance, the Mega Manila Dream Plan, which aims to interconnect key transport hubs such as seaports and airports, strategically integrates real estate development with infrastructure investment to foster urban cohesion and maximise socioeconomic opportunities.
- **Community engagement:** Local involvement in planning and labour-intensive construction methods, maximising employment and aligning investments with community needs.

To operationalise these insights within Global Gateway, the following strategic guidance outlines how transport can be designed and financed to foster inclusion and equitable access across regions:

DO'S

- **Prioritise transport infrastructure that explicitly targets underserved and disadvantaged populations:** Direct investments towards informal settlements, peri-urban and rural areas; upgrade road and mobility infrastructure in low-income zones; and ensure last-mile connectivity through inclusive spatial planning, needs assessments, and multimodal transport integration.
- **Invest in affordability measures:** Cross-subsidies, affordable tariffs, fare caps, and targeted subsidies, ensuring affordability for lower-income users. Ride-sharing platforms and micro-mobility services (e.g., e-bikes) are increasingly bridging crucial last-mile gaps, as in Indonesia, where shared mobility services reduce commuting time and costs, directly benefiting low-income urban residents.
- **Ensure integrated planning:** Routes, fares, and coverage explicitly designed for universal access and inclusivity.
- **Support the transition from informal to formal transport systems:** Provide regulatory pathways for formalisation, public financing tools to upgrade fleets, and capacity building for informal operators. Panama City's MiBus PPP exemplifies how formalising previously informal bus operations can enhance service reliability, working conditions, and inclusiveness in urban mobility.
- **Structure PPPs** to mandate inclusive features, including accessibility features for users of reduced mobility, feeder roads, affordable fares, gender-sensitive practices, and local employment opportunities. Implement financial mechanisms like viability gap funding, cross-subsidies, and performance-based incentives to ensure inclusive and sustainable service coverage.

6 De-risked public–private funds are funds where public entities (donors/development finance institutions/multilateral development banks) absorb the first losses through investing in junior equity to cover part of the risks private investors are not willing to take. These structures make it possible to achieve scale and high leverage through pooling private and public resources together and offer adequate risk/return for investors, while also lowering their cost of due diligence. The involvement of a well-reputed asset management company is an asset as it can bring its institutional client network and enhance visibility in the market.

7 Ad-hoc financial structures similar to asset recycling instruments are structures that allow governments in partner countries to transfer (partially or fully) their existing or new sustainable infrastructure to the private sector, thereby funding them without increasing—and perhaps even reducing—their public debt. These structures usually involve an ad-hoc special purpose vehicle (SPV) created to offload the sustainable infrastructure assets partially or entirely to the private sector, thereby freeing up their balance sheets and creating fiscal capacity. The SPV should be accompanied by appropriate de-risking mechanisms and technical assistance on structuring.

- **Incorporate gender-sensitive and safety-focused** design and operational practices to meet women's mobility needs. A similar approach should be applied for persons with disabilities.
- **Include broad consultations with end users and communities** when designing and monitoring transport operations.

DON'TS

- **Avoid purely profit-driven private transport investments** without enforceable inclusive provisions: Ensure that all private sector contracts and concessions include mandatory service obligations, such as coverage of low-income areas, capped fare increases, and accessibility requirements, monitored through enforceable performance indicators and social impact assessments.
- **Avoid neglecting complementary investments** in feeder infrastructure, logistics, and market accessibility: Prioritise parallel investments in secondary roads, footpaths, last-mile connectivity, and intermodal facilities that connect remote or informal communities to core transit systems, markets, and essential services.
- **Do not minimise or omit community engagement processes,** which can lead to misaligned priorities and inadequate local support.

The list below presents selected Global Gateway transport projects, where the application of the enabling conditions and strategic guidance discussed above could strengthen the equity of outcomes:

- **In Africa** (i) Sustainable Aviation Fuels.
- **In Asia and the Pacific:** (i) Trans-Caspian Transport Corridor, (ii) Sustainable Aviation Fuels.
- **In Latin America and the Caribbean:** (i) Metro line 2 in Lima, (ii) Port Infrastructure (Brazil), (iii) Urban Transport Development in Santo Domingo.

3.4. Health

The health sector provides a key illustration of how private sector engagement can either significantly reduce or exacerbate inequalities. Stark health disparities, reflected in unequal life expectancy, disease burdens, and access to essential services, remain deeply entrenched between and within countries. While wealthier populations often access high-quality care, either domestically or abroad, poorer communities are frequently left behind, facing unaffordable costs, limited infrastructure, and low-quality services. These inequalities have broader implications for economic development: ill health reduces labour productivity, undermines learning outcomes in children due to undernutrition or illness, and weakens workforce resilience. For the private sector, this translates into a smaller, less skilled labour pool and weaker consumer demand, highlighting the direct economic case for investing in equitable healthcare.

Private sector innovation has emerged as a powerful force in bridging some of these gaps, particularly when public systems are overstretched. Private healthcare providers, including hospitals, pharmacies, diagnostic centres, and pharmaceutical companies, often expand access in underserved areas. The development and distribution of affordable generic medicines, for instance, have significantly improved equity in treatment access. Mechanisms such as differential pricing and voluntary licensing have led to dramatic reductions in HIV drug costs across Africa. Similarly, health-tech solutions are opening new frontiers: Sofía, a Mexican start-up, exemplifies how app-based telemedicine platforms can expand remote care, provide continuity during crises, and strengthen system resilience. In parallel, private sector logistics have revolutionised service delivery in remote settings. For example, Zipline uses drones to deliver medical supplies across rural Ghana, dramatically improving last-mile healthcare access. This was particularly the case during the COVID-19 pandemic (*see Annex 1, Box 4*). Cross-sectoral innovations like We Care Solar's 'Solar Suitcase', providing solar-powered electricity to health clinics in off-grid areas, show how integrated solutions can simultaneously tackle multiple inequalities, such as maternal health and energy access.

Yet these innovations are not sufficient on their own. Harnessing private sector potential in ways that reduce inequality can require intentional public frameworks. The incentives and business models that drive innovation do not automatically align with equity goals. Profit-oriented solutions may remain inaccessible to the poorest, and digital health tools often exclude those who lack connectivity or digital literacy. Public regulation, strategic procurement, and blended finance can therefore be essential to ensure that innovation serves broader development outcomes. Public–private platforms like Gavi, the Vaccine Alliance illustrate how this alignment can be achieved. By leveraging donor financing and negotiating with pharmaceutical companies for bulk purchasing at subsidised prices, Gavi has helped close the global immunisation gap, delivering vaccines equitably across income levels. This model demonstrates that with well-designed coordination, the public and private sectors can jointly deliver health outcomes at scale, building more inclusive systems.

Several conditions and interventions are therefore crucial for ensuring equitable private sector engagement:

- **Robust regulatory frameworks:** Strong oversight (notably of electronic medical records and data security), transparent pricing (particularly for essential medicine), rigorous licensing, and ethical and quality standards, ensuring quality care and preventing exploitation.
- **Strategic public–private alignment:** Clearly defined roles, aligning private initiatives with national public health goals, avoiding duplication, and maximising coverage. Standardising high-quality care across public and private providers can also mitigate health inequalities.
- **Institutional capacity:** Effective institutions managing PPP contracts, enforcing accountability, and ensuring equitable standards, especially in underserved regions. For instance, in Chile, the government strategically contracts private clinics and laboratories to provide healthcare and diagnostic services for public sector patients, with the aim of reducing waiting times and improving access.
- **Supportive infrastructure and technology:** Reliable electricity, digital connectivity, and logistical systems, enabling private healthcare delivery in remote areas.
- **Community trust and health literacy:** Collaborative outreach and awareness campaigns to build trust and ownership involving private providers, NGOs, and community health workers, addressing cultural and informational barriers among marginalised groups.

Building on these lessons, the following strategic guidance offers practical directions for integrating private sector contributions within Global Gateway health initiatives, with the aim of improving equitable access and advancing universal health coverage:

DO'S

- **Prioritise universal and affordable healthcare and medicines** via local generic production, differential pricing, and vaccine alliances (price controls on essential medicines, mandatory service provision in underserved regions).
- **Invest in inclusive technologies** (e.g., drone delivery, remote supply chains) to reach geographically isolated areas. An app-based model can particularly benefit rural and underserved urban populations with limited medical infrastructure and typically long wait times for healthcare services.
- **Promote equitable and inclusive financing models** like output-based aid, subsidised services, and clinical social franchising models[8] guaranteeing affordability and financial protection for low-income populations. Rwanda's Mutuelle de Santé and Ghana's National Health Insurance Scheme exemplify successful models that integrate private providers into publicly funded schemes. In contrast, India's Pradhan Mantri Jan Arogya Yojana, similarly incorporating private hospitals into publicly funded insurance, shows that private sector engagement can also limit effectiveness in reducing catastrophic health expenditures, indicating the critical role robust regulation plays in ensuring financial protection and equity.
- **Invest in capacity building and training:** Rigorous accreditation, standardised provider training, and quality guidelines to elevate private sector standards.
- **Strengthen community trust and health literacy** through partnerships with private providers, NGOs, and local health workers.
- **Explicitly address gender disparities** through targeted maternal and reproductive health services and gender-sensitive care.

8 Innovative private sector models that explicitly target low-income populations, including franchised clinics, can effectively narrow healthcare disparities. Networks like Marie Stopes International and Population Services International (PSI) have expanded reproductive health coverage in underserved regions of Sub-Saharan Africa and South Asia, illustrating how private initiatives can balance efficiency and equity. Similarly, evidence from clinical social franchising models operating in low- and middle-income countries shows potential for increasing service utilisation and improving certain dimensions of health service quality.

DON'TS

- **Avoid private healthcare expansion without robust regulation and that is disconnected from broader public health strategies**, which risks increasing inequalities. Private sector engagement should be anchored in national health plans and backed by enforceable regulations—covering licensing, service quality, equitable geographic coverage, and pricing transparency—to prevent fragmentation.
- **Do not rely significantly on out-of-pocket payments**, which disproportionately affect poorer households.
- **Do not permit substandard or exploitative practices**, which undermine trust, safety, and equity. Such practices can be avoided by enforcing strict accreditation standards, regular quality audits, and grievance redress mechanisms to ensure ethical conduct, prevent overcharging or unnecessary procedures, and safeguard patient rights across all private healthcare providers.

The health-focused projects listed below, which fall under the Global Gateway umbrella, offer opportunities for applying this guidance. This can enhance their contribution to reducing inequalities:

- **In Africa:** (i) MAV+, (ii) Digital Health.
- **In Asia and the Pacific:** (i) Darkhan City's Energy-Efficient Hospital, (ii) One Health Cambodia.
- **In Latin America and the Caribbean:** (i) Health Resilience and Vaccine Production, (ii) Pharma Manufacturing (Costa Rica).

3.5. Education

Education plays a pivotal role in shaping inequality. Working as both a driver of inequality and a remedy for it, education can entrench disadvantage when access is unequal, but it also offers one of the most powerful pathways to breaking intergenerational poverty. Unequal access to quality education reinforces disparities in skills, employment opportunities, and incomes. Wealthier families often benefit from high-quality private education and supplementary tutoring, while poorer households rely on underfunded public schools or remove children early from school to contribute to household income. In rural and remote areas, shortages of schools and qualified teachers further exacerbate these disparities. Conversely, education has the capacity to drive social mobility and boost private sector development. A well-educated workforce attracts private investment beyond low-wage industries. Empirical evidence shows that each additional year of schooling increases individual earnings by about 10 percent, and nearly half of global poverty reduction since 1980 is attributable to educational expansion.

The private sector plays an increasingly important role in addressing these disparities, particularly in contexts where public education systems are under strain. Private schools, vocational institutes, and ed-tech companies are expanding access, improving quality, and driving innovation in both pedagogy and delivery. For instance, vocational training programmes aligned with industry needs help equip disadvantaged youth with market-relevant skills, which directly improves their employment prospects. Digital platforms and mobile learning solutions democratise access to high-quality content that was previously restricted to urban elites. Khan Academy, an ed-tech platform offering free online instructional videos and interactive exercise, has been successfully integrated into schools in Chile and Brazil, improving student engagement, confidence, and independent learning, particularly when supported by adequate infrastructure and trained teachers. During the COVID-19 pandemic, ed-tech models proved their value in maintaining continuity of learning, but also revealed sharp digital divides, as students without reliable internet or devices were excluded.

This is where the role of the public sector is decisive: not only in regulating and guiding private initiatives, but also enabling them through strategic investment and partnerships. The private sector may risk exacerbating inequality, as quality private schools and online platforms become accessible primarily to affluent students. Effective public regulation can be essential to ensure affordability, minimum quality standards, inclusive admissions policies, and alignment with national education goals. Equally, public investment can act as a powerful enabler of private sector solutions, crowding in resources and improving delivery at scale. The Giga Initiative, a PPP launched by the United Nations Children's Fund (UNICEF) and the International Telecommunication Union (ITU), exemplifies this approach. By connecting schools in underserved areas to the internet, Giga transforms them into digital community hubs, enhancing digital inclusion and education equity. In Rwanda, Giga-supported investments in broadband infrastructure significantly reduced school connectivity costs while catalysing private sector investment, showing how public action can unlock broader innovation and market participation. PPPs in education also play a crucial role in **bridging the gap between education and the labour market**. Mexico's 'Youth Building the Future' programme exemplifies how targeted vocational placements, jointly delivered with private companies, can improve employability for marginalised youth, including women and indigenous communities (*see Annex 1, Box 5*).

When embedded within strong public frameworks, private sector initiatives in education can substantially reduce inequalities. But this impact is not automatic. It depends on the following set of enabling conditions being in place:

- **Robust regulation and quality assurance:** Accreditation standards, regular monitoring, and accountability measures, ensuring equitable, high-quality private education and preventing exploitative practices.
- **Inclusive educational national policies:** Explicit national strategies addressing gender, disability/special learning needs, geographic, ethnic, and socioeconomic disparities, supported by outreach programmes, quotas, and enrolment incentives.
- **Strategic PPPs, supported by ambitious national policies:** Clearly structured partnerships targeting underserved populations, with transparent admissions criteria and performance-based accountability in relation to achieving equity objectives. Strong PPPs can mobilise resources, negotiate reduced broadband costs, and facilitate infrastructure implementation. India's National Education Policy 2020 is a case in point: by promoting digital integration, encouraging PPPs, and reducing regulatory barriers for startups, it fosters a more inclusive and innovation-driven education landscape.
- **For digital education, reliable technological infrastructure**—particularly internet connectivity and the availability of digital devices.
- **Curriculum consistency and relevance aligned with labour market opportunities***:* Alignment between public and private curricula, incorporating private sector innovations while ensuring equitable outcomes.
- **Community engagement** to ensure local relevance, acceptance, and sustainability.

Drawing on the discussion of enabling conditions above, the following strategic guidance can ensure that Global Gateway's education investments translate into equitable outcomes:

DO'S

- *Explicitly target disadvantaged groups* (low-income, rural, girls, ethnic minorities, children with disabilities) through scholarships, targeted internships programmes, conditional grants, vouchers, outreach initiatives, and rural school adoption programmes or branches.
- *Prioritise equitable financing mechanisms*: Targeted subsidies, blended finance, and conditional cash transfers, enabling affordable access to private education for low-income students.
- *Actively address gender, disability, geographic, and ethnic disparities via targeted programmes* (e.g., stipends for rural girls, assistive learning technology, affirmative action, pedagogical support, teacher training), enhancing educational outcomes and socioeconomic equity.
- *Encourage social protection policies*, combined with education strategies that include school feeding programmes, child grants, scholarships, or transfers combined with active labour market policies, to smooth transition from education to employment.
- *Foster vocational training* that is closely aligned with industry needs to improve employability among disadvantaged youth.
- *Support SMEs and entrepreneurship*: Comprehensive programmes that provide SMEs with access to finance, training, and supply chains are particularly impactful: for example, helping informal businesses to formalise, expand, and stabilise[9].

DON'TS

- *Avoid expanding private education without clear regulatory frameworks being in place*, which risks increasing inequalities due to variable quality, high fees, or exploitative practices.
- *Prevent excessive reliance on tuition or user fees*, which disproportionately exclude low-income or marginalised students.
- *Do not allow significant disparities in curricular standards or quality between public and private systems*: Introduce national learning benchmarks, harmonise curricula, and require private

9 Notable microfinance and financial innovation initiatives in Sub-Saharan Africa, such as MicroLoan Foundation, Letshego, Opportunity International, and Pula's microinsurance, demonstrate the potential of targeted financial support for SMEs.

institutions to meet minimum quality indicators to ensure all students—regardless of school type—achieve comparable educational outcomes.

- *Prohibit selective admissions* that disproportionately favour wealthier students: Enforce inclusive enrolment policies in publicly supported private schools and mandate transparency in selection criteria, while incentivising diversity through funding tied to equitable access and representation.

These guiding principles can inform the implementation of the following Global Gateway projects:

- **In Africa:** (i) Regional Teachers Initiative for Africa (RTIA), (ii) VET Toolbox 2.
- **In Asia and the Pacific:** (i) Quality Education for All, (ii) Skills for Tourism, Agriculture and Forestry (STAF).
- **In Latin America and the Caribbean:** (i) Vocational Education and Training (TVET) initiatives, (ii) Social Cohesion.

Across the five Global Gateway priorities, the private sector emerges as a powerful catalyst for reducing inequalities. However, fully unlocking this potential depends critically on broader socioeconomic and institutional conditions, including factors like gender equity, regional disparities, minority inclusion, and overall political and macroeconomic stability.

4. The role of socioeconomic and institutional factors

The interplay between inequality and private sector development is deeply shaped by socioeconomic and institutional conditions that influence opportunities, incentives, and outcomes within societies. This synergy creates a reinforcing cycle wherein enhanced human capital drives productivity, broad-based consumer demand, and equitable socioeconomic outcomes.

4.1. Social factors that enable private sector-driven inequality reduction

In addition to health and education (see Section 3), **effective social protection systems**, including both non-contributory and contributory social protection schemes, are key to ensuring that private sector activity contributes to inequality reduction. Social protection is redistributive in nature, reducing income inequality and contributing to ensuring equitable access to social services. Conditional cash transfers, for instance, can also foster human development. Social protection systems also maintain household consumption stability during economic downturns, indirectly benefiting businesses by sustaining consumer demand. At the same time, an effective legal framework for social security, with adequate enforcement mechanisms, ensures that private businesses provide decent jobs, with access to social security for workers and their families. Similarly, mechanisms that promote **social mobility**—such as progressive taxation and social transfers, redistributive public spending, and access to credit for disadvantaged groups—help unlock talent and stimulate entrepreneurship. Microfinance programmes and SME financing expand opportunities for marginalised individuals, directly enhancing income generation and market participation.

Tackling **horizontal inequalities—related to gender, geography, and minority status—further widens the base for inclusive private sector development**. Empowering women through education, equal employment, hiring practices, entrepreneurship programmes, financial inclusion, and legal rights (property ownership, inheritance) not only strengthens household well-being but could raise GDP by up to 35 percent in countries with low female labour force participation. Such empowerment effectively doubles the potential workforce and entrepreneurial base, directly enhancing private sector development. **Reducing regional disparities** through infrastructure investment and decentralisation policies expands markets and supply chains, as evidenced by China's 'Go West' strategy. Equally, **promoting the economic inclusion of marginalised groups** such as ethnic minorities, persons with disabilities, or migrants—via anti-discrimination laws, recruitment practices, affirmative action, equitable land rights, and targeted entrepreneurial support—unlocks untapped potential. Malaysia's affirmative action for ethnic Malays successfully narrowed ethnic wealth gaps, enhancing social cohesion and growth. From a business perspective, diversity improves innovation, market insight, and resilience.

Companies that actively *integrate persons with disabilities, for instance, often report superior revenue and profitability growth*[10]. **Inclusion, far from being a constraint, is a source of competitive advantage and a foundation for more equitable economic transformation.**

4.2. Economic factors

Stable macroeconomic environments, characterised by low inflation, sustainable fiscal policies, and steady growth, are fundamental to inequality reduction, as they lower uncertainty, encourage long-term investment, and preserve the economic benefits of reduced inequality. Competitive, open market environments amplify the gains from inequality reduction by boosting consumer demand, preventing monopolistic practices, and promoting equitable market participation, especially for businesses started by marginalised groups. Indeed, competition policies prevent monopolistic practices, improving market access and lowering prices. Additionally, **progressive fiscal policies and effective public investment**, including enhanced tax progressivity and targeted social spending, foster inclusive growth by funding essential public services, infrastructure, and human capital development. **Fair labour market conditions and regulations**, including adequate minimum wages aligned with productivity growth, safe working conditions, and collective bargaining rights, ensure equitable wage growth and foster sustained economic inclusion.

4.3. Political and institutional factors

Political stability and the quality of institutions are fundamental to shaping the private sector's capacity to reduce inequalities. In environments characterised by stable governance, and transparent and accountable institutions, the private sector is more likely to invest in employment-intensive sectors, support innovation, and contribute to broad-based growth. Key institutional features—such as strong property rights, effective contract enforcement, low levels of corruption, equitable regulatory frameworks, and participatory mechanisms—reduce uncertainty and enable long-term, inclusive investment strategies. In such settings, governments are also better equipped to redistribute resources efficiently, facilitate targeted social investments, and ensure fair competition. Competent bureaucracies, independent judiciaries, and broad political representation enhance the legitimacy and effectiveness of redistributive policies, while **reinforcing public trust and social cohesion**. In contrast, **weak governance, elite capture, and political instability—often exacerbated by existing inequalities—undermine private sector contributions to inclusive development**. Such contexts discourage long-term investment, constrain private sector activity to enclave or rent-seeking industries, and heighten the risk of unrest. Corruption and regulatory capture further distort competition, marginalise SMEs, and stifle innovation. In these settings, strong anti-monopoly legislation, transparent procurement practices, and anti-corruption reforms are vital to ensure a level playing field and broad-based market participation.

10 A 2020 Accenture report indicates that companies that excel in disability inclusion see 28% higher revenue and 30% greater profit margins. The Global Economics of Disability Report (2023) found that companies that invest in disability inclusion outperform their competitors by 10–15% in market value growth (Return on Disability Group, 2023).

5. Conclusion

Private sector development and inequality reduction are not competing goals, they are mutually reinforcing when pursued under the right conditions. Inclusive business models, support to SMEs, responsible corporate conduct, and well-designed public policy for universal essential services, equitable infrastructure access, and social protection can together form the foundation of inclusive growth. *These policies do not only mitigate disparities, they also fuel innovation, productivity, and human capital, all of which are critical for private sector development.*

Global Gateway, with its 360-degree approach, provides a unique opportunity for the EU to integrate inequality reduction as a central strategic pillar in its external investments. To operationalise this vision, three actions are critical:

1. **Make inequality a core objective of Global Gateway**: All projects should be designed and monitored through the lens of inequality reduction. This includes systematic use of the Inequality Marker—including for European Fund for Sustainable Development Plus (EFSD+) blending and guarantee operations—and the integration of intersectional analysis to ensure the most marginalised populations are reached. Inequality reduction indicators should be embedded in environmental, social, and governance (ESG) and evaluation frameworks, supported by data that is disaggregated by income group, gender, geography, age, and other relevant dimensions. Social impact assessments should be systematised.
2. **Leverage the full potential of the 360-degree approach**: The EU must deploy its blended finance tools, technical assistance, and policy dialogue to create enabling environments that foster inclusive private sector action. This requires combining hard infrastructure with institutional reforms that enhance regulatory fairness, judicial independence, tax equity, and anti-corruption measures. These investments should also be aligned with inclusive growth objectives, focusing on rural development, SME promotion, minimum wage and social protection policies, and the integration of disadvantaged groups into supply chains and labour markets.
3. **Strengthen inclusive governance and participation**: From design to delivery, civil society, local governments, private sector actors, and affected communities should be active partners in shaping investments. This ensures projects are not only technically sound but also socially legitimate and locally anchored.

By positioning inequality reduction as a guiding principle of its external action, the EU can deliver on its global commitments and reinforce its geopolitical positioning as a reliable, rights-based development actor. **Global Gateway is more than a connectivity strategy: it is a strategic platform for transformation. Let it also become a blueprint for equity.**

ANNEX 1: CASE STUDIES

Box 1: M-Pesa (Kenya)

Launched in Kenya in 2007, M-Pesa is a mobile-based money transfer and microfinancing service initiated by Vodafone UK and Safaricom, Kenya's largest telecommunications provider. M-Pesa enables users to manage their money, pay for goods and services, send remittances, pay bills, access loans, and maintain savings accounts—all through mobile phones. As at the fourth quarter of 2024, M-Pesa's market share in the mobile money sector reached 91 percent, covering over 34 million users.

DIRECT AND INDIRECT IMPACTS ON INEQUALITIES:

- Enhanced financial inclusion (direct), by expanding access to secure banking services, among marginalised populations.
- Gender empowerment and reduced gender disparities (direct and indirect). Over 60 percent of M-Pesa users are women. M-Pesa enables greater financial autonomy for women, facilitates women's entrepreneurship, improves household financial management, and enhances overall family welfare.
- Strengthened SMEs (direct), by offering microloans and replacing cash transactions, which were previously vulnerable to theft and mismanagement, with secure digital payments.
- Improved household financial security via remittances (indirect). Many Kenyans working in urban centres or abroad use M-Pesa to send money home, supplementing family incomes and enabling sustained access to essential services.

SEVERAL ENABLING CONDITIONS have been instrumental in M-Pesa's success in reducing inequalities:

- Regulatory flexibility was crucial: the Central Bank of Kenya adopted a supportive, adaptive approach rather than traditional and rigid frameworks.
- Strong collaboration between public and private actors further supported M-Pesa's growth. Safaricom partnered closely with government agencies, international organisations such as the UK's Department for International Development and financial institutions.
- Kenya's market conditions provided a conducive environment for mobile banking innovation. Given the significant portion of the population without traditional banking access, there was strong demand for alternative financial solutions, directly contributing to the rapid adoption of M-Pesa.

Sources: Based on Jack and Suri (2011), Kingiri and Fu, (2019), Mas Ribo and Radcliffe (2010), Ndung'u (2021), Rouse at al. (2023), Sungi et al. (2022), Suri and Jack (2016), and Fintech Magazine Africa.

Box 2: Coopeguanacaste Electricity Cooperative (Costa Rica)

Coopeguanacaste, one of Costa Rica's four major rural electrification cooperatives established in the 1960s, has been vital in expanding electricity access, particularly in rural areas. By 2023, the cooperative had achieved 100 percent renewable energy generation, supplying electricity to approximately 90,000 members across nearly 3,700 km^2 and directly supporting around 400 jobs. Beyond basic electricity distribution, Coopeguanacaste diversified its offerings to include energy-efficient appliances, the operation of two mini-hydropower plants, and the provision of high-speed internet and digital TV services to over 5,000 households. The impetus for rural electrification emerged directly from local communities seeking diversified income sources and improved living conditions through reliable electricity for household needs, such as cooking and lighting. The cooperative governance model, characterised by **collective decision-making**, ensures strong local engagement, community empowerment, and long-term sustainability—distinct from more centralised electricity distribution approaches.

DIRECT AND INDIRECT IMPACTS ON INEQUALITIES:

- Expanded rural electricity access (direct).
- Enhanced economic participation and income diversification, improving living conditions (indirect).
- Strengthened community governance and empowerment (direct and indirect).

ENABLING CONDITIONS:

- Strong and sustained political stability. Costa Rica's longstanding political stability, dating back to the mid-20th century, fostered strong governmental and public support for community-driven electrification initiatives, viewing universal energy access as a fundamental right.
- Supportive historical context. The influence of the United States' foreign policy during the 1960s provided an initial stimulus for developing cooperative models.
- Favourable natural resources and climatic conditions. Climatic conditions, particularly consistent solar and hydro resources, further supported renewable energy development.

Sources: Based on Cornick and Lara (2020), Madriz-Vargas et al. (2016), Ranalder (2017), and coopeguanacaste.com.

Box 3: Mass Rapid Transit (Thailand)

The Bangkok Mass Rapid Transit (MRT) system, implemented through a PPP between the Mass Rapid Transit Authority and Bangkok Metro Public Company Limited, is integral to Thailand's urban transportation infrastructure. Spanning over 70 kilometres across the Blue and Purple Lines, the MRT network serves millions of daily commuters. Although initially delayed due to financial constraints, procurement inefficiencies, and limited experience with large-scale PPPs, the MRT has significantly enhanced Bangkok's public transportation network.

The MRT significantly contributes to **reducing urban inequalities in Bangkok** by improving affordable and efficient access to essential services. The MRT system has enhanced urban mobility, accessibility for users, and overall quality of life by alleviating traffic congestion and reducing pollution.

Crucially, **the MRT explicitly addresses accessibility for persons with disabilities, elderly users, and families with strollers/pushchairs, and addresses safety concerns for women**. Stations include elevators for barrier-free platform access, tactile paving and braille signage for visually impaired passengers, and dedicated wheelchair spaces inside train cars. Assistance is provided to disabled passengers upon request, further supporting diverse needs. Safety features, such as well-lit platforms, surveillance systems, and emergency response mechanisms, particularly enhance security for female passengers.

Several **enabling conditions contributed to the MRT's success**. Strong *government backing*, driven by public demand for better transportation, provided essential political support. Economically, the project overcame initial financing hurdles through increased *private sector participation*. Private investments also facilitated managerial innovation and improved service quality, particularly by enhancing risk assessment and project feasibility studies. Thailand's *PPP framework* has been instrumental in guiding project implementation, though strengthening transparency, procurement standardisation, and accessible financing mechanisms.

Sources: Based on Chaiittipornwong et al. (2024), Lertsethtakarn (2018), Navalersuph and Charoenngam (2021), Rathie (2022), and Tourism Authority of Thailand.

Box 4: Zipline's drone technology (Ghana)

Zipline's drone technology in Ghana has significantly enhanced healthcare access by improving last-mile healthcare delivery. Given that a substantial proportion (over 40 percent) of Ghana's population lives in remote, rural areas with poor infrastructure and long distances to healthcare facilities, the Ghanaian government's partnership with Zipline, an American technology company, has substantially improved medical supply accessibility through innovative drone deliveries of essential medical commodities such as vaccines, blood products, and medicines—with a particularly strong impact during the COVID-19 pandemic. Operating around the clock from four distribution centres equipped with 30 drones each, the service supports up to 600 daily flights, distributing over 170 different medical products to more than 2,000 health facilities, covering nearly 22 million people. Since its inception, Zipline has delivered nearly 8 million doses of vaccines across Ghana[11].

Nevertheless, specific challenges must be addressed for future expansions of similar initiatives. Frontline healthcare workers occasionally note inconsistencies in delivery times and quality, suggesting a need to continuously refine logistical efficiency. Concerns have also emerged around the lack of medical oversight in handling temperature-sensitive supplies, highlighting the importance of integrating medical expertise throughout design and implementation processes. Furthermore, drones remain vulnerable to adverse weather conditions, potentially impacting service reliability, particularly in contexts of increasing climate variability. Lastly, rigorous economic and policy mechanisms—including competitive procurement and transparent public fund management—are vital for ensuring cost-effective, accountable, and scalable private sector interventions.

DIRECT AND INDIRECT IMPACTS ON INEQUALITIES:

- Enhanced emergency response and healthcare efficiency in rural areas (direct). Zipline's drone technology directly addresses the logistical challenges posed by inadequate healthcare infrastructure and poor road networks in remote regions.
- Reduced urban–rural disparities in access to medical supplies (direct).
- Improved disease surveillance and responsiveness (indirect).
- Increased vaccination coverage and improved public health outcomes (indirect).

ENABLING CONDITIONS:

- Robust government support and alignment with national digitalisation strategies provides essential regulatory backing and financial resources.
- Strategic geographic placement of drone distribution centres has maximised geographic coverage, especially in regions with limited infrastructure.
- Technological innovations, including AI-driven navigation and automated delivery systems, enhance reliability and efficiency.
- Collaborative partnerships with the private sector, local healthcare providers, and international health organisations have supported operational sustainability and effective service integration.

Sources: Based on Ata-Bedu (2018), Atiga et al. (2024), Demuyakor (2020), Sylverken et al. (2022), and Zipline (n.d.).

11 Facilities exclusively serviced by Zipline experienced a significant reduction in vaccine stockouts (60 percent fewer) and reduced missed vaccination opportunities by 42 percent, compared to traditionally supplied facilities. Notably, Zipline's interventions increased vaccination rates by an average of 21 percentage points across all routine childhood immunisations, potentially saving over 700 children's lives. The COVID-19 pandemic highlighted the scalability of Zipline's delivery model, with monthly vaccine deliveries rising from approximately 800 doses in March 2020 to over 9,000 doses per month by November that year. As at November 2022, Zipline delivered more than 430,000 vaccine doses monthly, reinforcing its role in public health infrastructure, especially for rural and underserved populations.

Box 5: Youth Building the Future Programme (Mexico)

Mexico's Youth Building the Future Programme (*Jóvenes Construyendo el Futuro*, JCF), launched in 2019, aims to address high youth unemployment and limited educational opportunities among young people aged 18–29, particularly those categorised as NEET (not in education, employment, or training), who constitute 22 percent of the youth population. Using an innovative PPP approach, JCF provides vulnerable youth with year-long, hands-on vocational training and mentoring by placing them directly into workplaces with participating businesses, NGOs, and government institutions. Participants receive a monthly stipend and health insurance, representing a comprehensive social inclusion strategy that goes beyond conventional cash transfer programmes. Upon completion, participants either secure direct employment or benefit from enhanced employability in broader labour markets. By early 2025, around 2.3 million young people had been enrolled, with over 200,000 enterprises participating as training centres.

DIRECT AND INDIRECT IMPACTS ON INEQUALITIES:

- **Reduced youth unemployment** through structured vocational training (direct).
- **Increased employment opportunities** for marginalised groups (direct).
- **Improved psychological well-being and social inclusion** (indirect). Unlike rigid traditional educational models, the programme allows young people to select training paths that are aligned with their interests, goals, skills, and geographic locations, leading to high engagement and completion rates.
- **Enhanced gender equality and inclusion** in labour markets (direct and indirect). JCF explicitly targets marginalised groups, such as young women in unpaid domestic roles[12], indigenous youth, and residents of high-poverty and high-crime areas.

ENABLING CONDITIONS:

- **Strong public–private collaboration**, ensuring relevant vocational placements, matching participant interests with labour market needs.
- **Sustained government commitment**, in the form of financial and social protection schemes.
- **Adaptability to disruptions** (e.g., COVID-19 pandemic) via flexible virtual training.
- **Explicit inclusion of informal sector and SMEs** in programme frameworks, increasing the programme's accessibility and relevance to local labour markets.

Sources: Based on Cervantes-Gómez et al. (2023), Mora-Salas and Cortes (2021), UNESCAP (2021), UNDESA (2024), and Mexico's Programs for Well-being (Programas para el bienestar).

12 Women represent a significant portion of JCF beneficiaries (approximately 60 percent), revealing prevailing gender disparities in the labour market. This contributes to greater inclusion of women in traditionally male-dominated industries.

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REDUCING INEQUALITY THROUGH GLOBAL GATEWAY: A STRATEGIC ROLE FOR THE PRIVATE SECTOR