Inequality of opportunity in Asia and the Pacific

**Expert Group meeting on
Addressing inequalities and challenges to social inclusion through fiscal, wage and social protection policies**

*Thérèse Björk
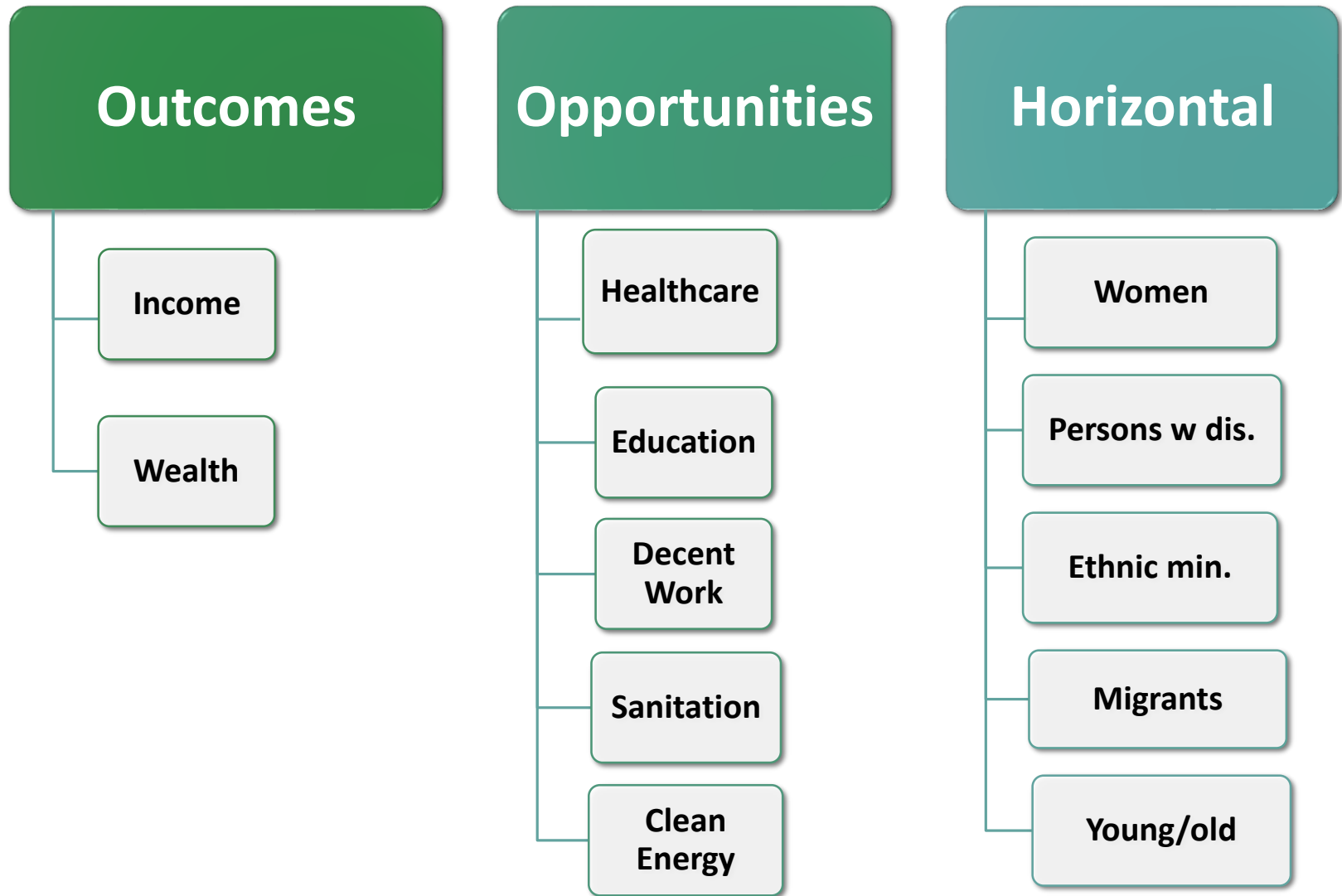Social Affairs Officer, Social Development Division
United Nations Economic and Social Commission for Asia and the Pacific (ESCAP)*
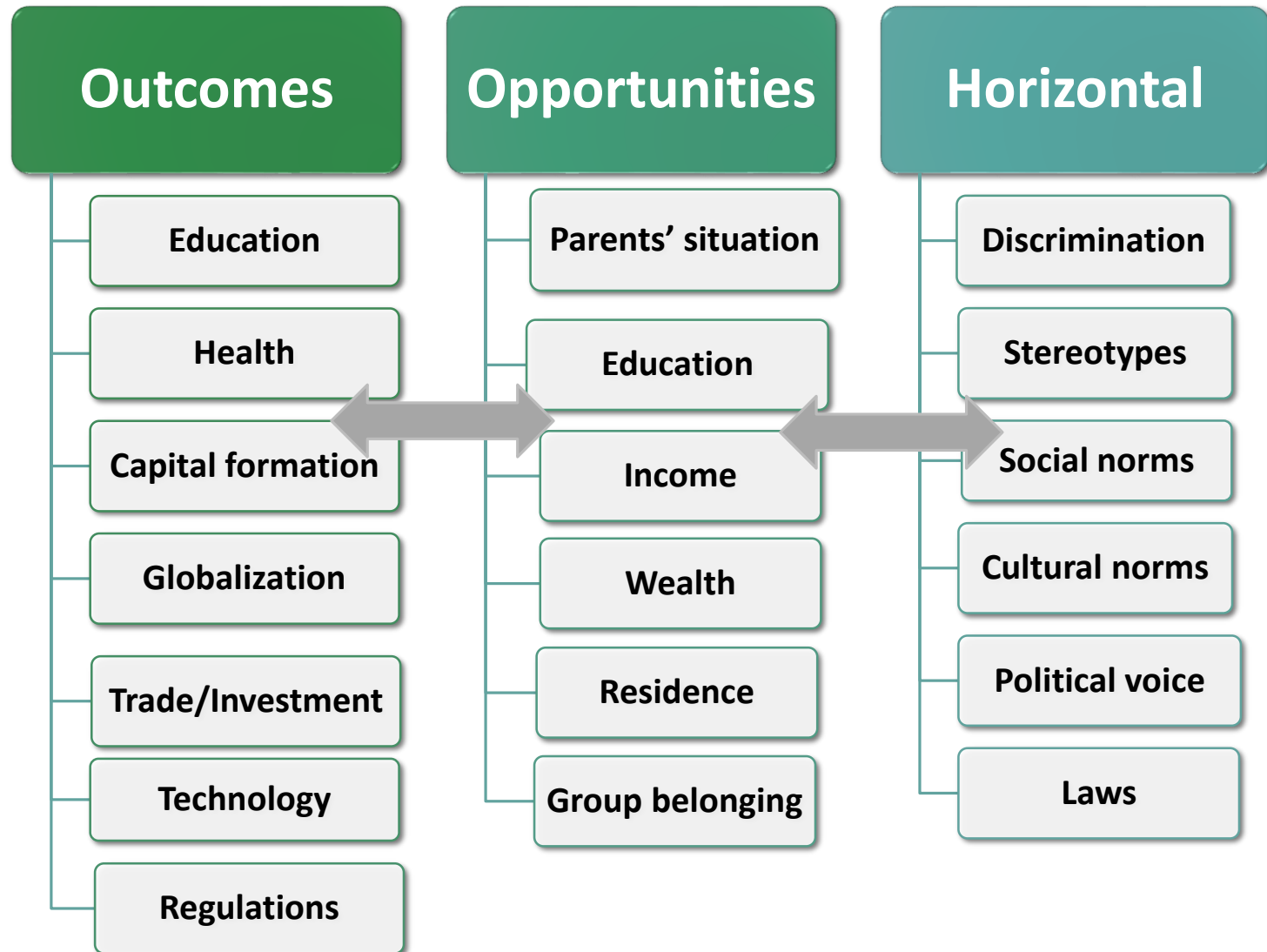
New York, 25-27 June, 2018

Outline

1. Concept of inequality and its drivers

2. Ways to measure inequality of opportunity – identify those "left behind"

3. How large are the gaps in basic opportunities
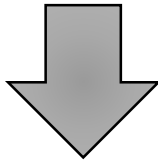
4. Policy options

Core Concepts of Inequality

Outcomes
- Income
- Wealth

Opportunities
- Healthcare
- Education
- Decent Work
- Sanitation
- Clean Energy

Horizontal
- Women
- Persons w dis.
- Ethnic min.
- Migrants
- Young/old

Drivers of Inequality

Outcomes

- Education
- Health
- Capital formation
- Globalization
- Trade/Investment
- Technology
- Regulations

Opportunities

- Parents' situation
- Education
- Income
- Wealth
- Residence
- Group belonging

Horizontal

- Discrimination
- Stereotypes
- Social norms
- Cultural norms
- Political voice
- Laws

Impact of Inequality

Inequalities and the three dimensions

> stifle economic growth and poverty reduction

> undermine social cohesion and stability

> negatively impact the environment

Inequality and the 2030 Agenda

Strengthening means of implementation and harnessing global partnerships

(SDG 17)

Poverty

Employment

Economic dev.

(SDGs 1, 5, 8, 9)

10 REDUCED INEQUALITIES

Food security

Nutrition

Health care

Education

(SDGs 2-5)

Environment

Climate change

Production & consumption

(SDGs 6-7, 11-15)

Peace

Governance

Justice

(SDG 16)
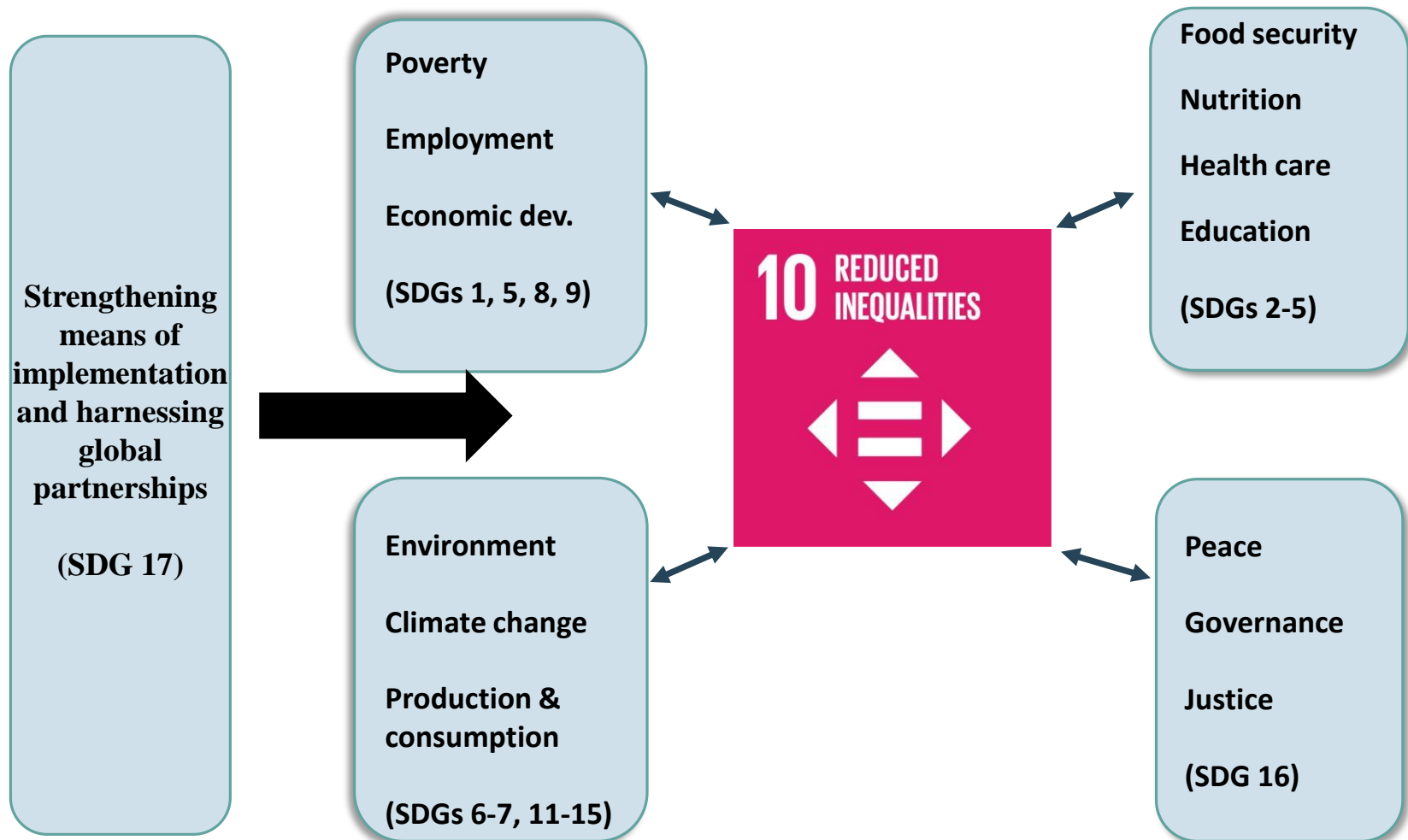
Inequality of opportunities and who are the furthest behind in Asia-Pacific

Measuring inequality of opportunities
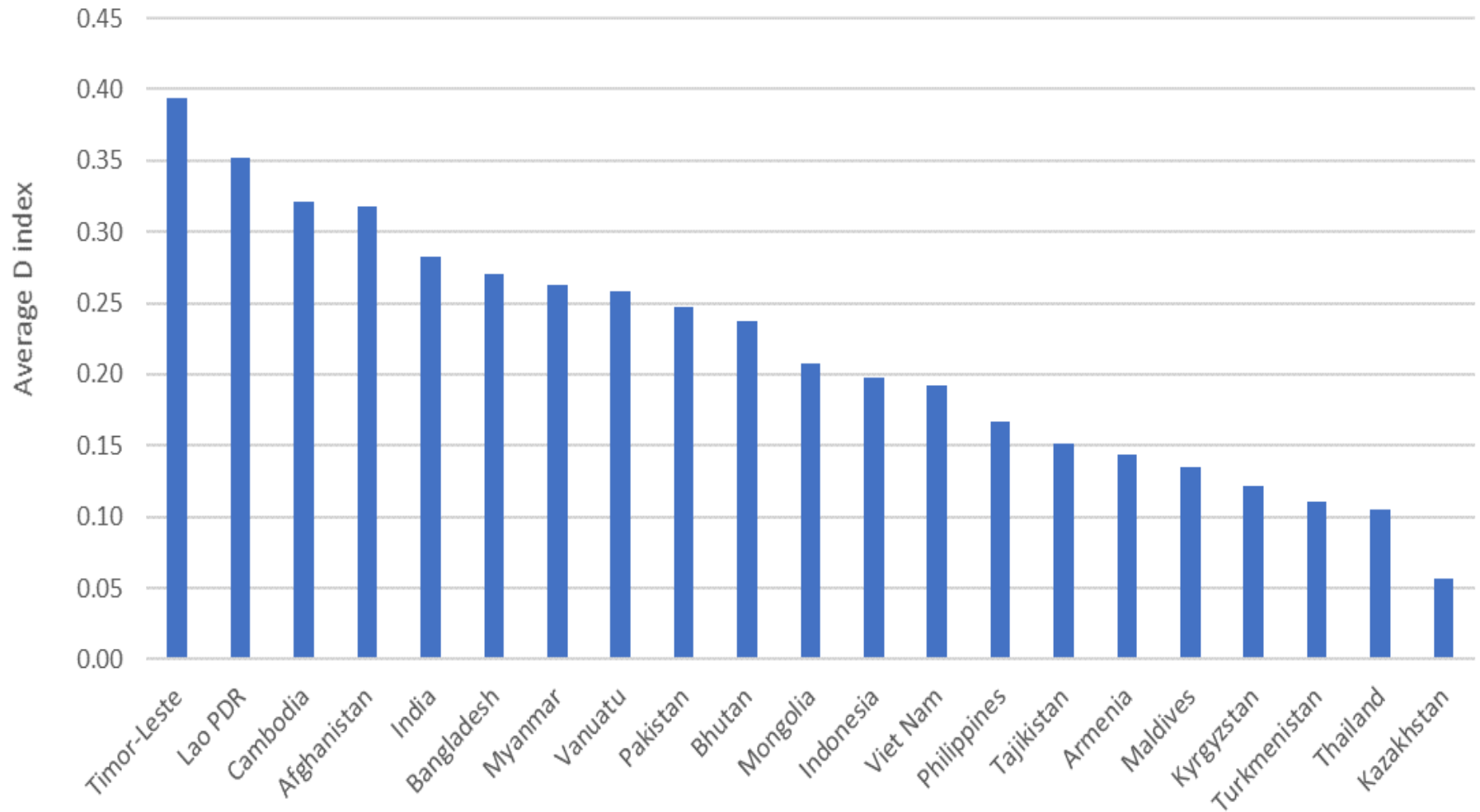
Two ways used by ESCAP

➢   D-Index

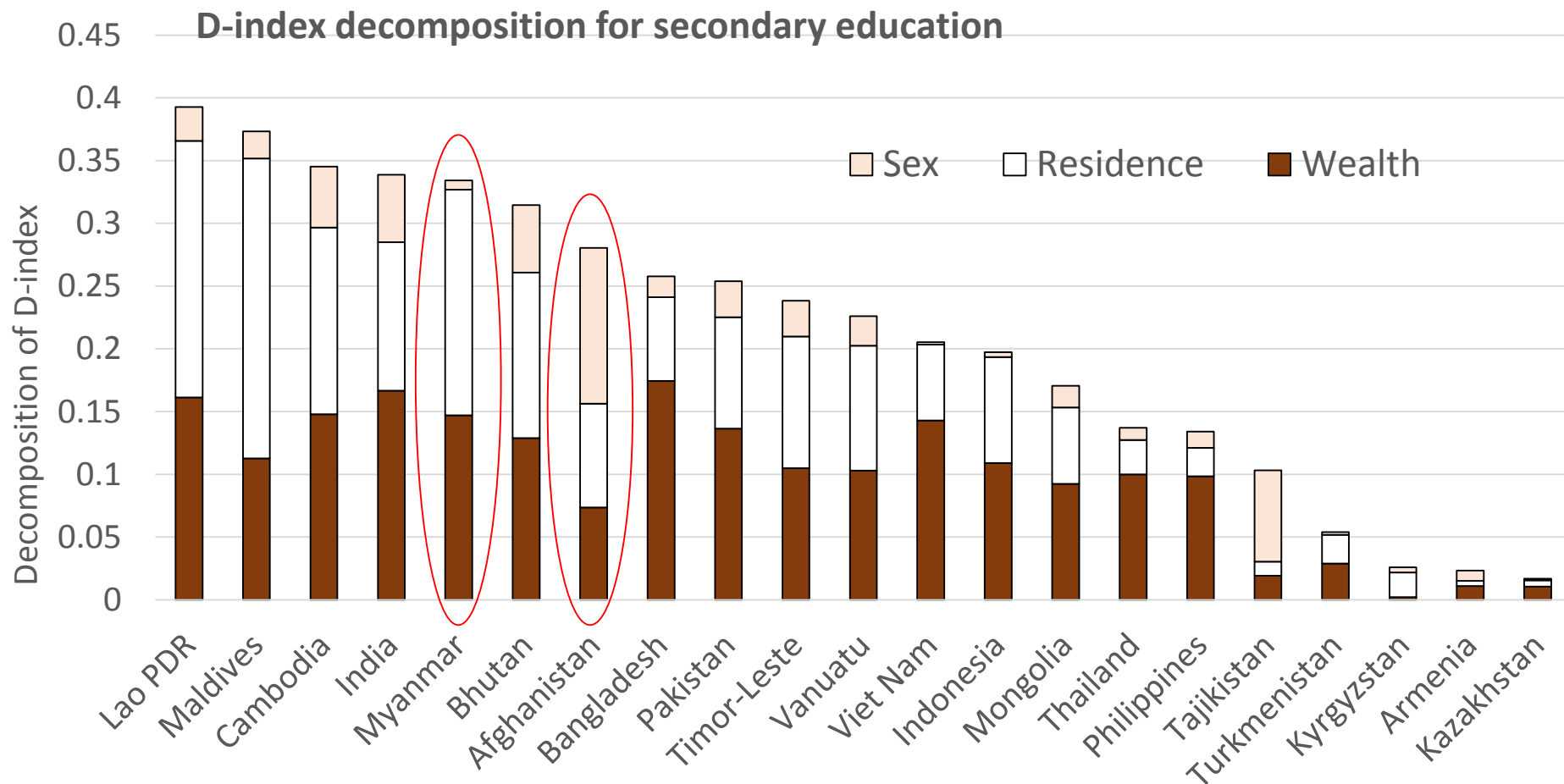➢   Classification Tree

D-index

The dissimilarity index, or D-index, measures how different groups fare in terms of accessing a certain opportunity.

$$D = \frac{1}{2\bar{p}} \sum_{i=1}^{n} \beta_i \, |p_i - \bar{p}|$$
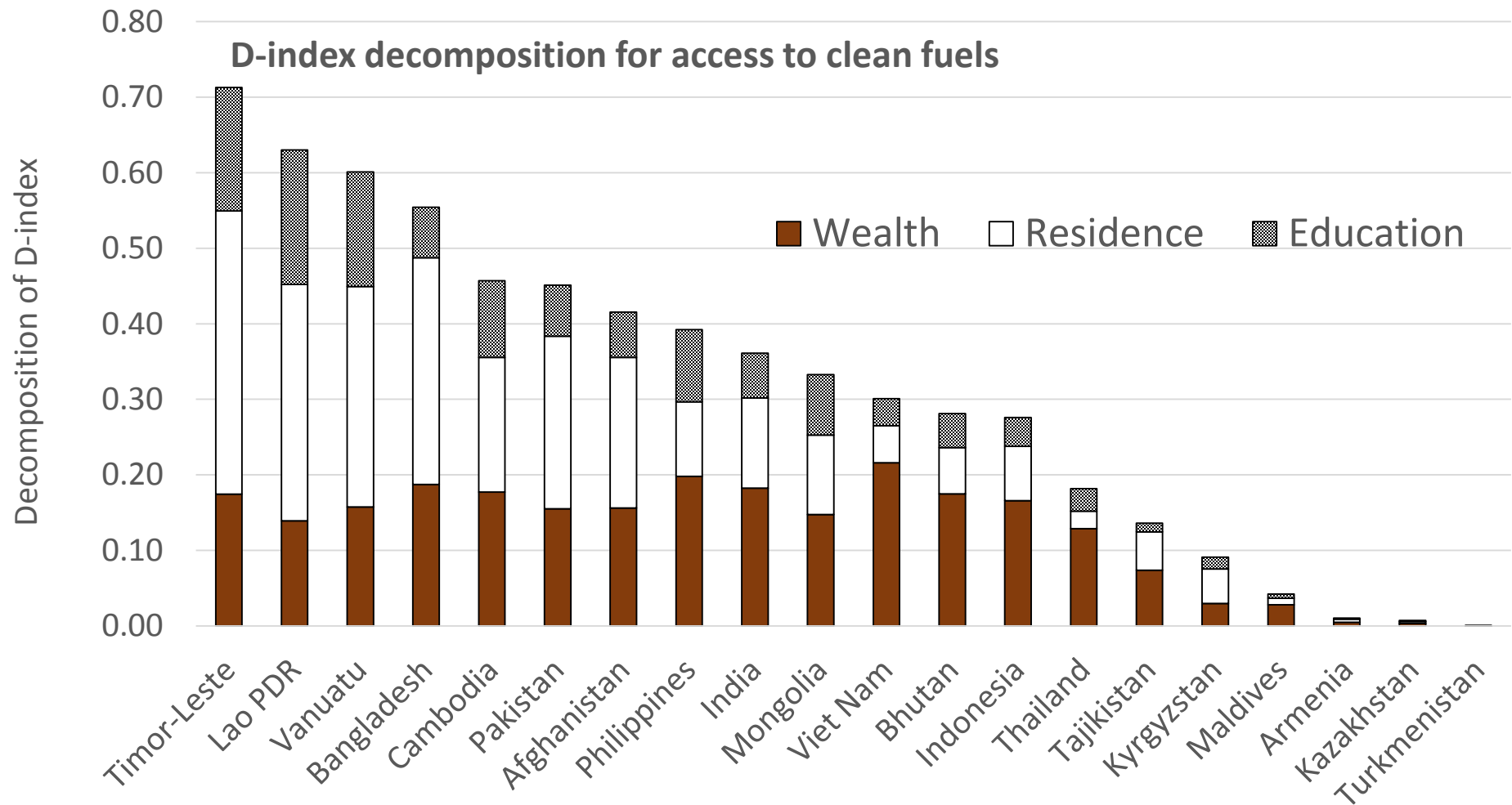
D-index – Asia-Pacific

D-index in secondary education attainment

D-index decomposition for secondary education

Legend: Sex, Residence, Wealth

Y-axis: Decomposition of D-index (0 to 0.45)

Countries: Lao PDR, Maldives, Cambodia, India, Myanmar, Bhutan, Afghanistan, Bangladesh, Pakistan, Timor-Leste, Vanuatu, Viet Nam, Indonesia, Mongolia, Thailand, Philippines, Tajikistan, Turkmenistan, Kyrgyzstan, Armenia, Kazakhstan

Source: SDD elaboration based on DHS and MICS data, latest year

D-index in access to clean fuels

D-index decomposition for access to clean fuels

Legend: ■ Wealth □ Residence ▨ Education

Y-axis: Decomposition of D-index (0.00 to 0.80)

Countries (x-axis): Timor-Leste, Lao PDR, Vanuatu, Bangladesh, Cambodia, Pakistan, Afghanistan, Philippines, India, Mongolia, Viet Nam, Bhutan, Indonesia, Thailand, Tajikistan, Kyrgyzstan, Maldives, Armenia, Kazakhstan, Turkmenistan
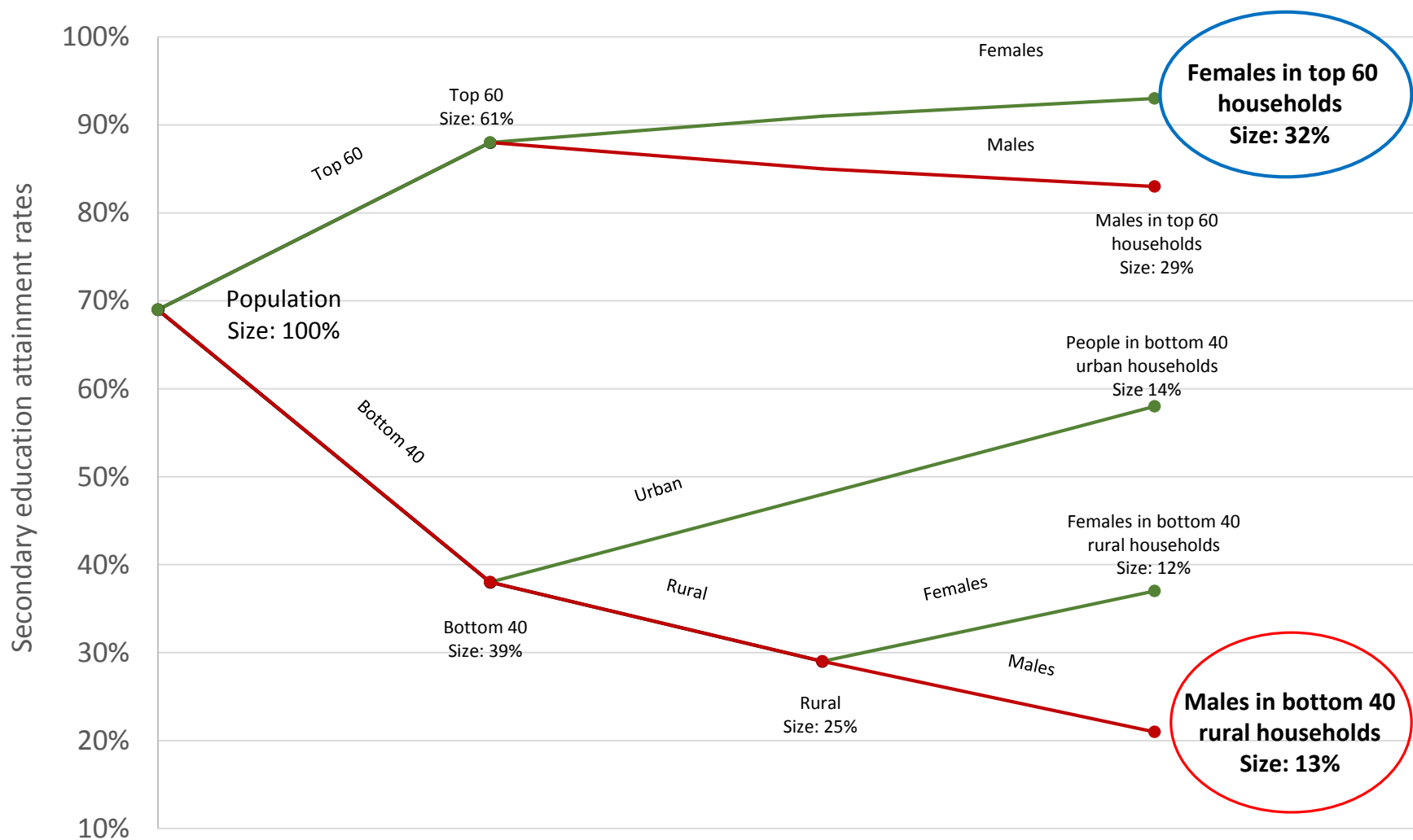
Source: SDD elaboration based on DHS and MICS data, latest year

Classification Tree

➤ The Classification Tree method uses an algorithm to estimates the access to an opportunity (e.g. secondary education) by partitioning the sample into different groups based on the circumstances chosen (e.g. gender, residence).

➤ Can also be used to identify those furthest behind

Identifying the Furthest Behind

Example of secondary education attainment in Mongolia, using the tree classification

Secondary education attainment rates

- Population Size: 100%
- Top 60 Size: 61%
- Bottom 40 Size: 39%
- Rural Size: 25%
- Bottom 40 Size: 39%
- Females
- Males
- Females in top 60 households Size: 32%
- Males in top 60 households Size: 29%
- People in bottom 40 urban households Size 14%
- Females in bottom 40 rural households Size: 12%
- Males in bottom 40 rural households Size: 13%

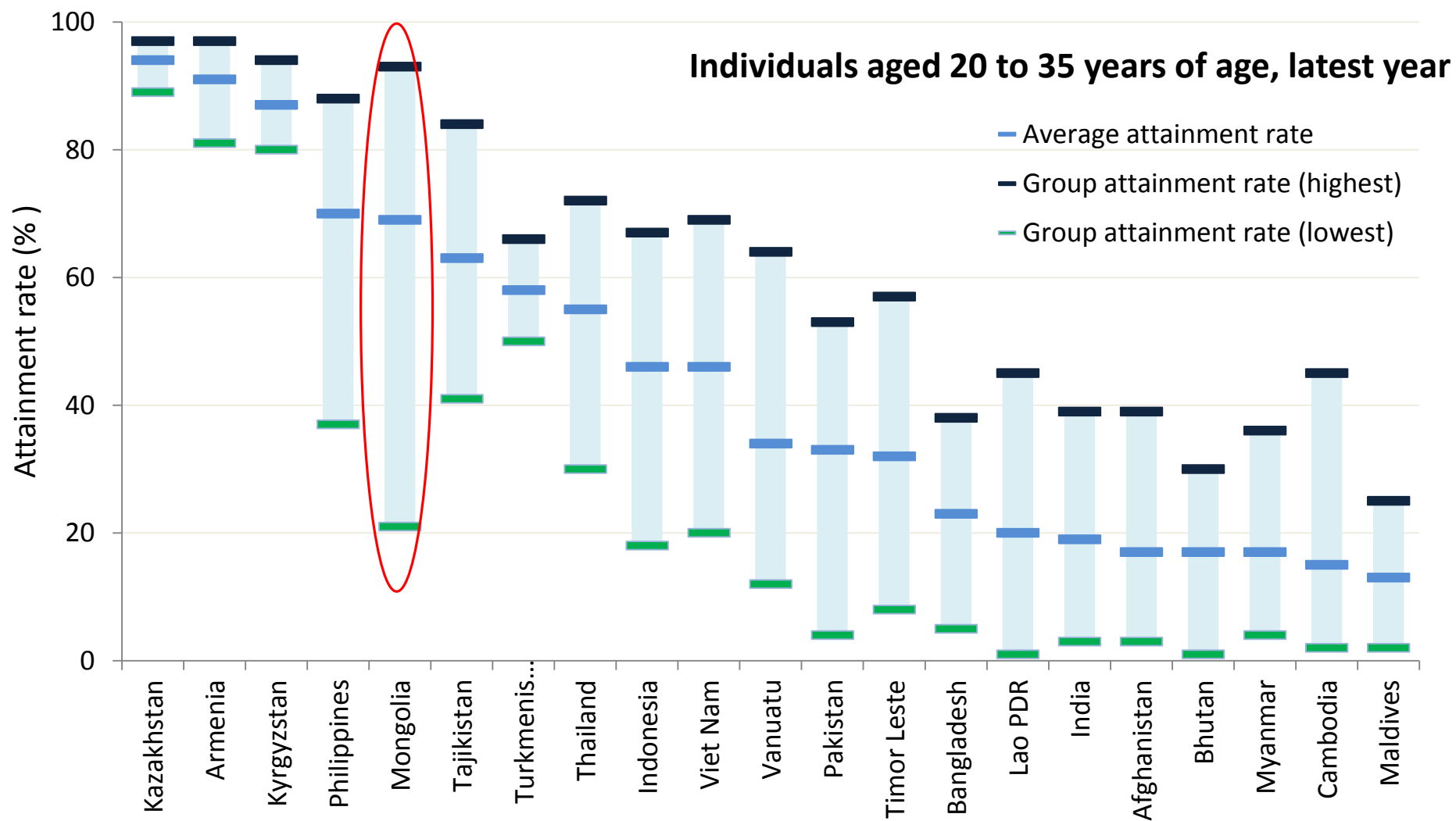Source: SDD elaboration based on DHS and MICS data, latest year

Identifying the Furthest Behind

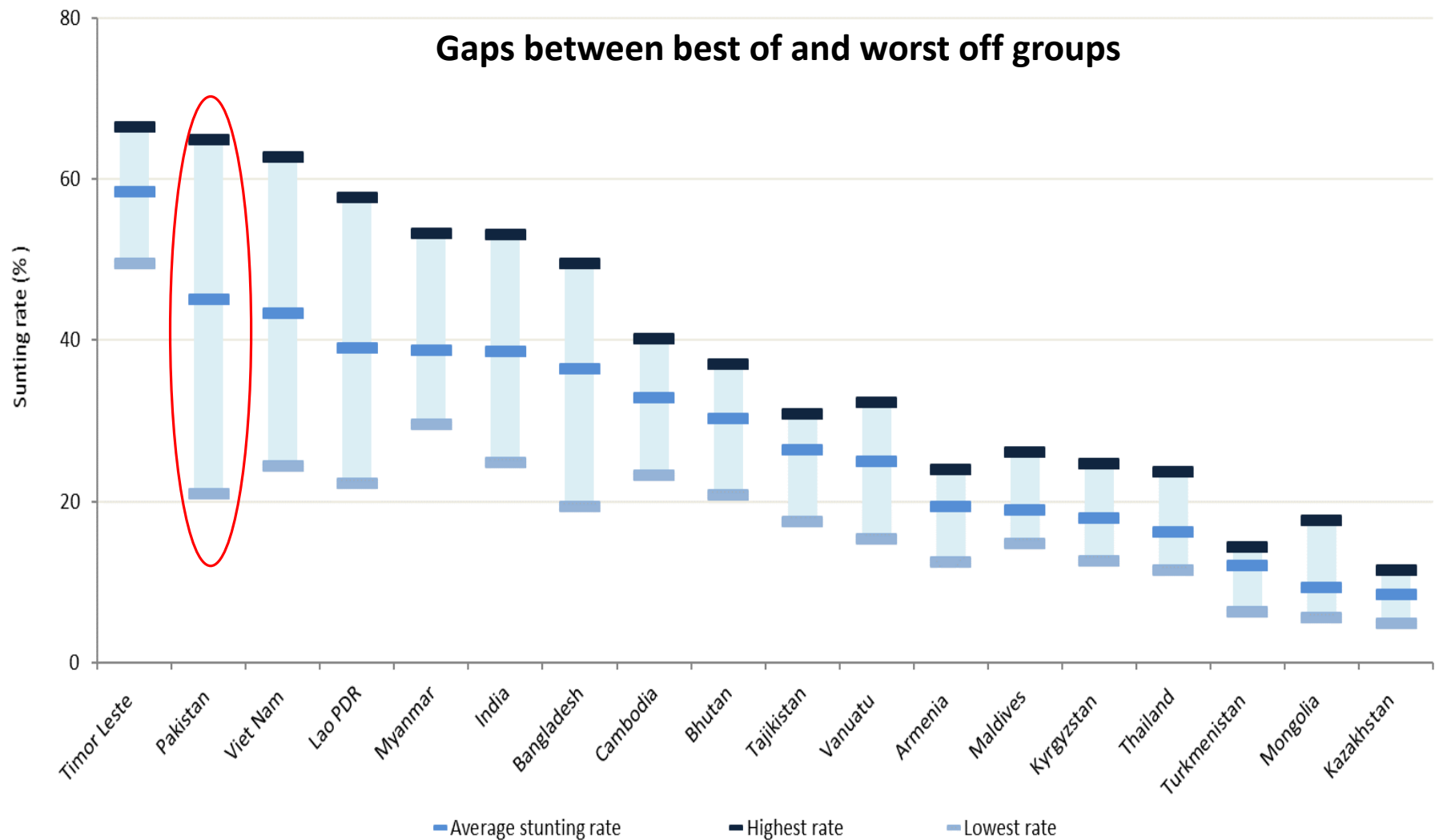**Example of stunting prevalence in Pakistan, using the tree classification**
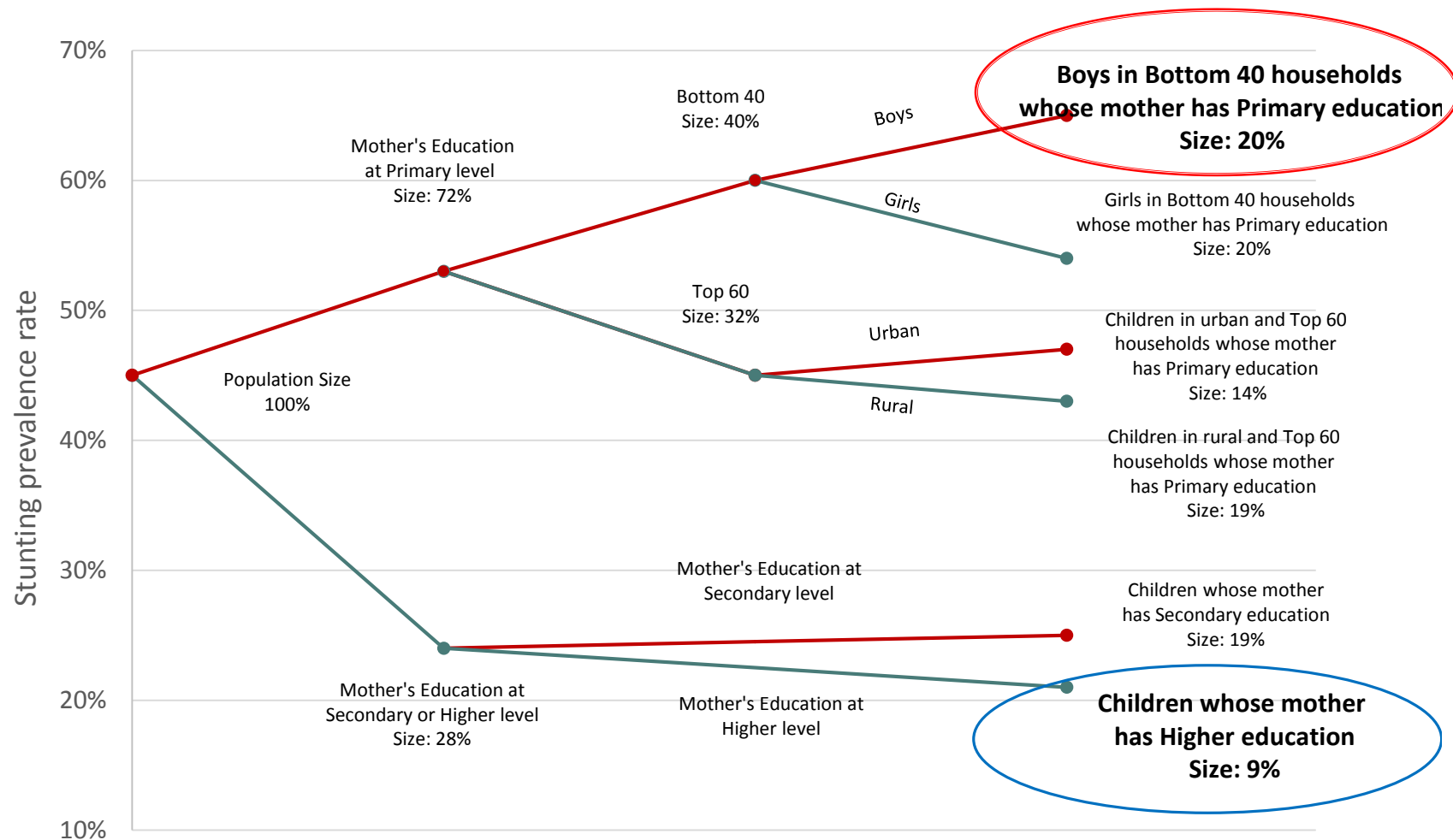
Source: SDD elaboration based on DHS and MICS data, latest year

Gap in Secondary Education Attainment

Individuals aged 20 to 35 years of age, latest year

- Average attainment rate
- Group attainment rate (highest)
- Group attainment rate (lowest)

Attainment rate (%)

100, 80, 60, 40, 20, 0

Kazakhstan, Armenia, Kyrgyzstan, Philippines, Mongolia, Tajikistan, Turkmenis..., Thailand, Indonesia, Viet Nam, Vanuatu, Pakistan, Timor Leste, Bangladesh, Lao PDR, India, Afghanistan, Bhutan, Myanmar, Cambodia, Maldives

Source: SDD elaboration based on DHS and MICS data, latest year

Gap in access to nutrition (stunting)

Gaps between best of and worst off groups

Sunting rate (%)

Countries (left to right): Timor Leste, Pakistan, Viet Nam, Lao PDR, Myanmar, India, Bangladesh, Cambodia, Bhutan, Tajikistan, Vanuatu, Armenia, Maldives, Kyrgyzstan, Thailand, Turkmenistan, Mongolia, Kazakhstan

Legend: Average stunting rate — Highest rate — Lowest rate

Source: SDD elaboration based on DHS and MICS data, latest year

Inequality in access to professional help at childbirth
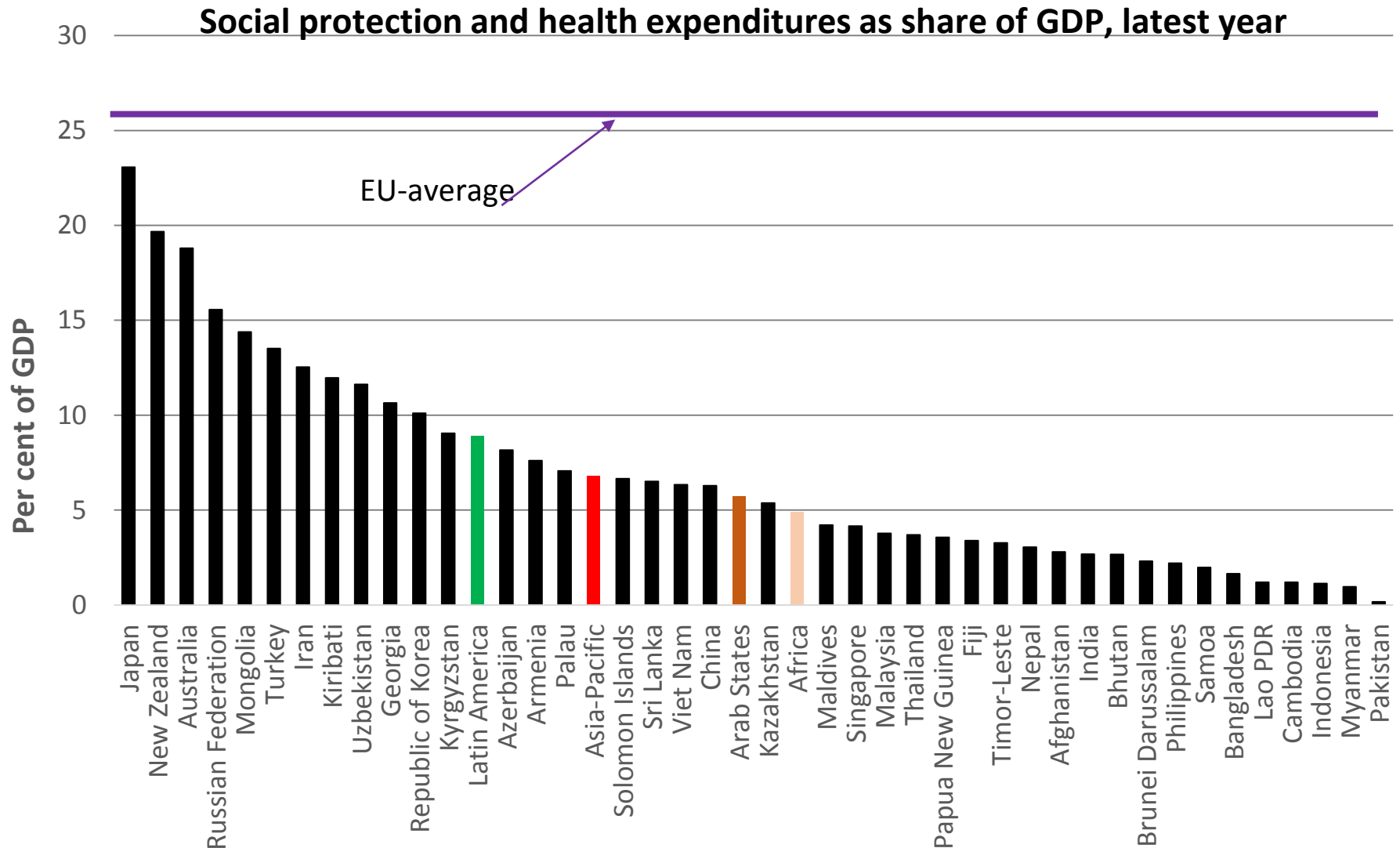
Gaps between best of and worst off groups

Access level (%)

- Average access level
- Group access rate (highest)
- Group access rate (lowest)

Armenia, Kyrgyzstan, Thailand, Turkmenistan, Kazakhstan, Mongolia, Viet Nam, Cambodia, Tajikistan, Philippines, Vanuatu, Bhutan, Pakistan, Afghanistan, India, Bangladesh, Lao PDR, Timor-Leste, Maldives, Indonesia
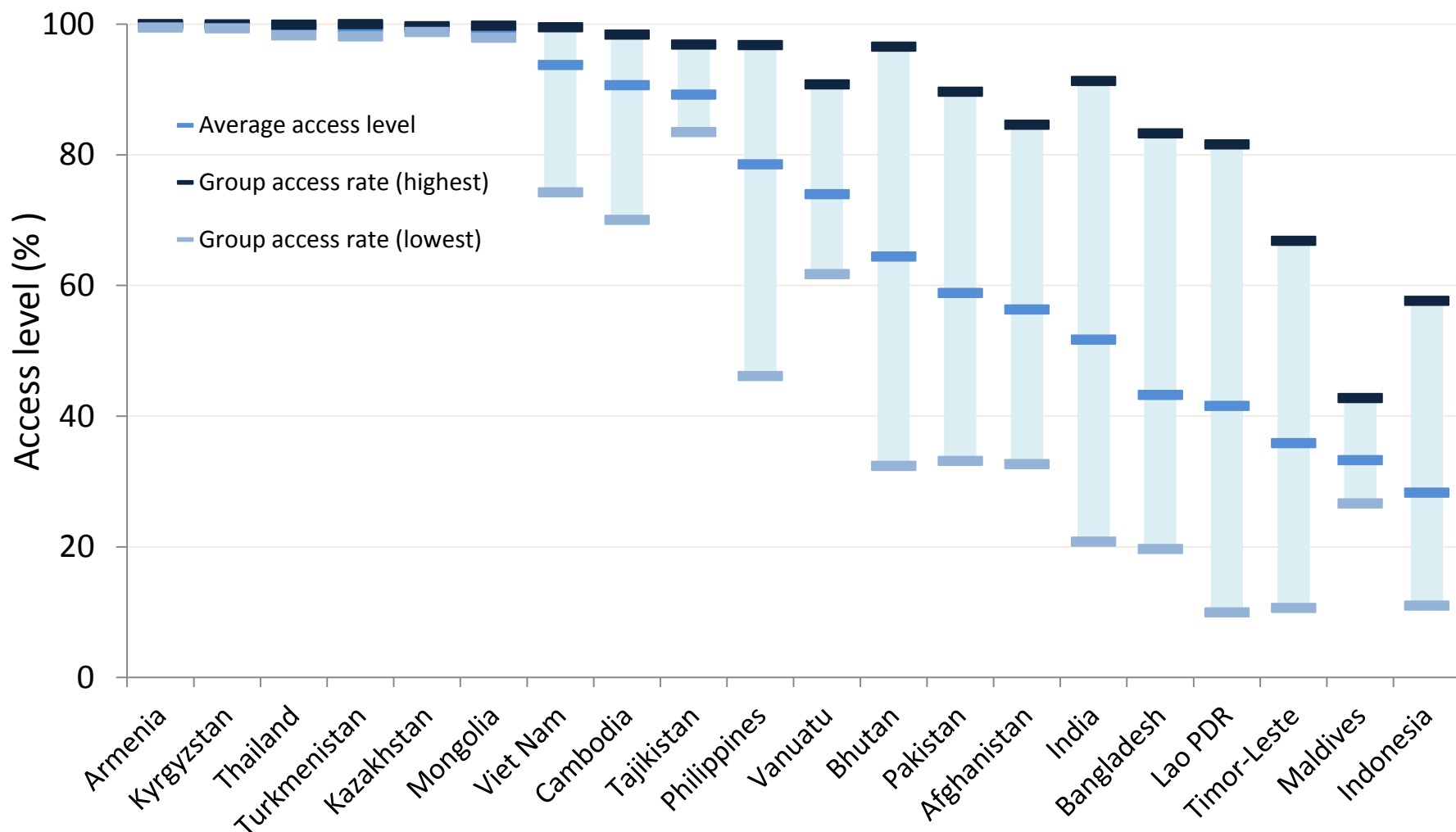
Source: SDD elaboration based on DHS and MICS data, latest year

Progress has been Uneven

INEQUALITY OF OPPORTUNITY IN ASIA AND THE PACIFIC
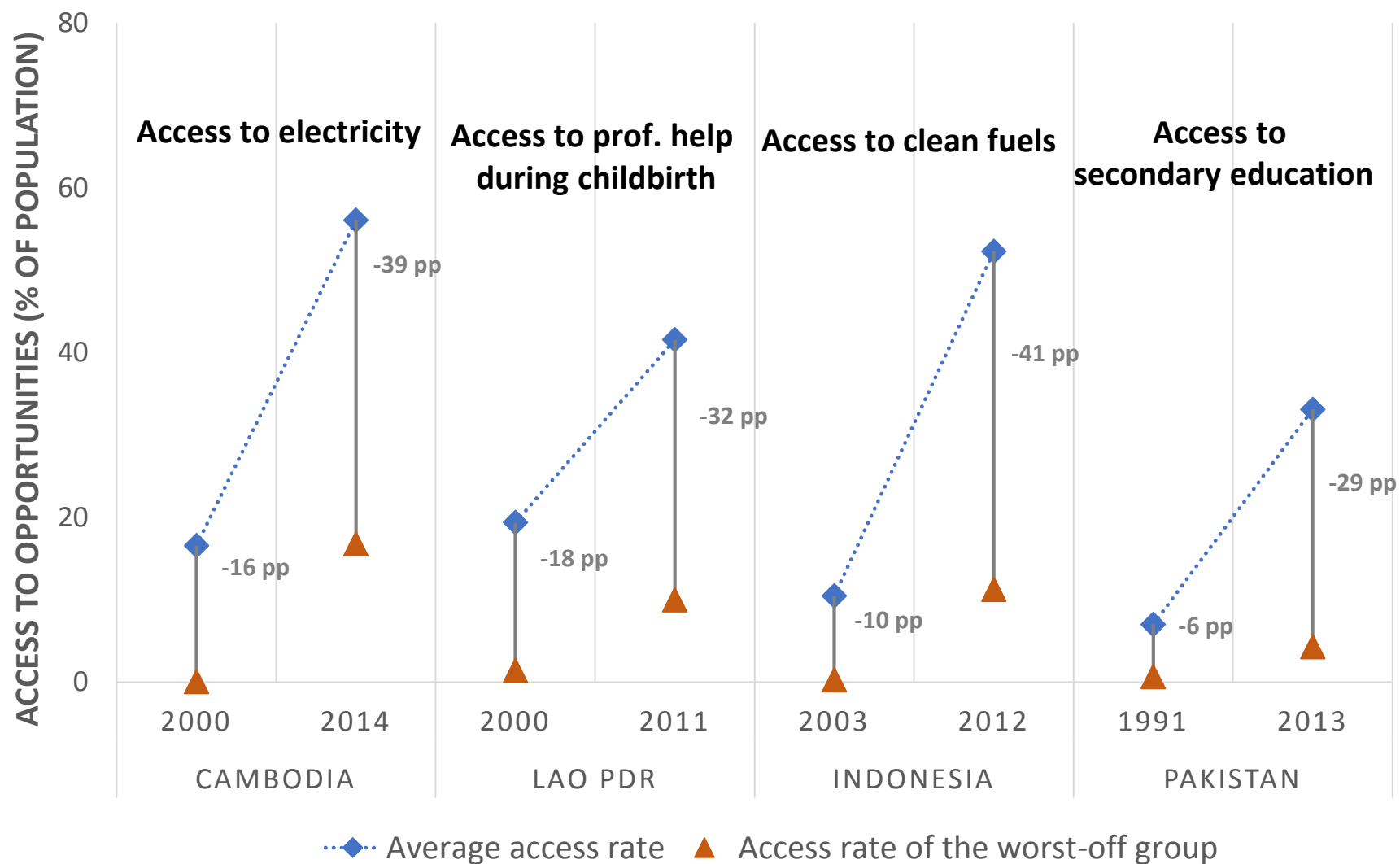
POLICY OPTIONS

Invest more in social protection

Social protection and health expenditures as share of GDP, latest year

EU-average

Per cent of GDP

Promote decent work

Share of vulnerable employment in Asia and the Pacific, 2016

Total ■ Male ▲ Female
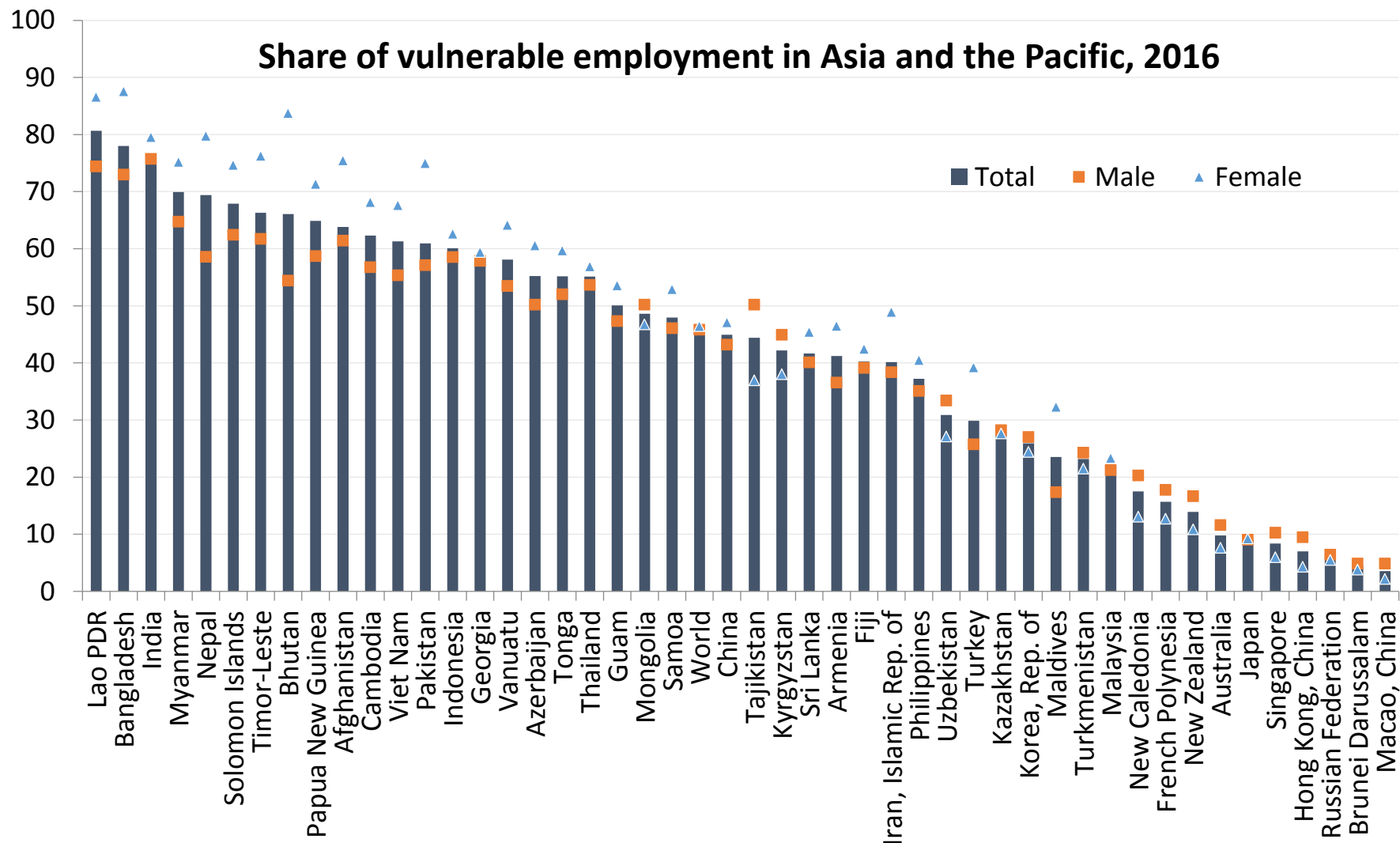
Broaden the tax base, encourage progressive taxation

Total tax revenues in Asia-Pacific as share of GDP, 2015
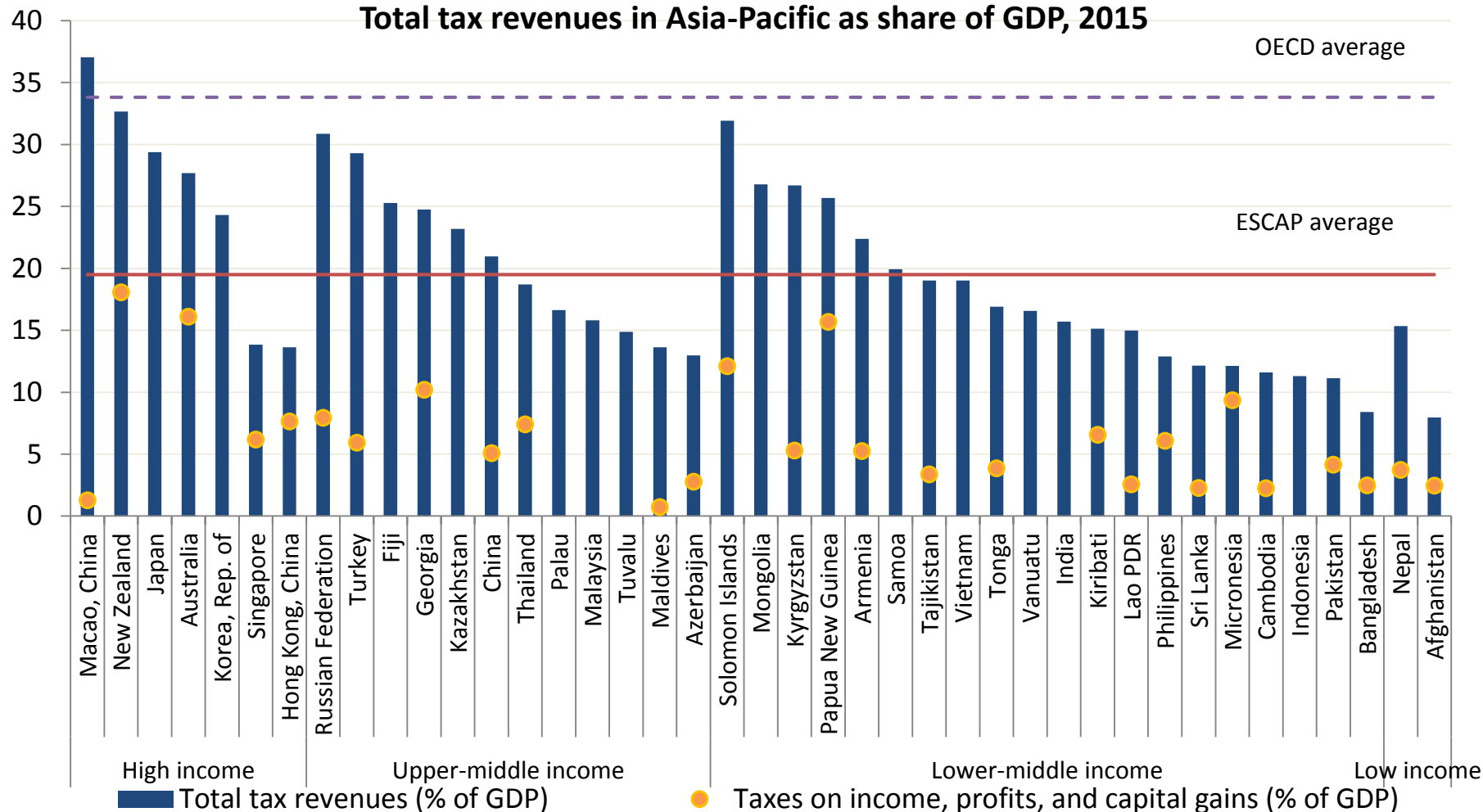
Legend:
- Total tax revenues (% of GDP)
- Taxes on income, profits, and capital gains (% of GDP)

OECD average
ESCAP average

Income groups: High income | Upper-middle income | Lower-middle income | Low income
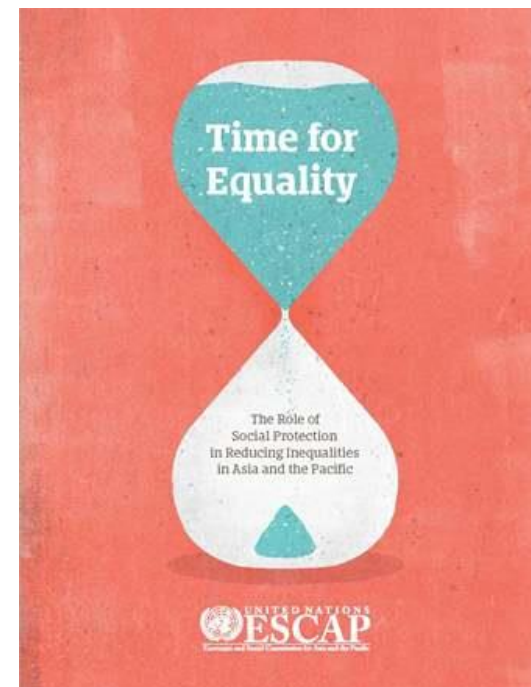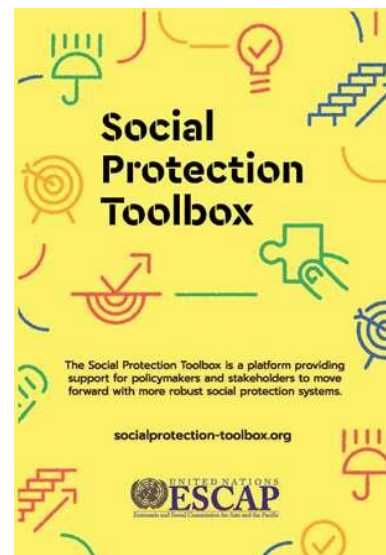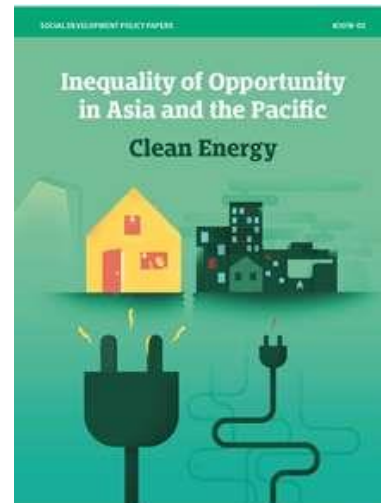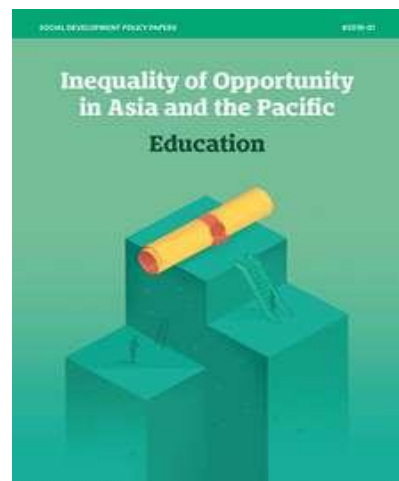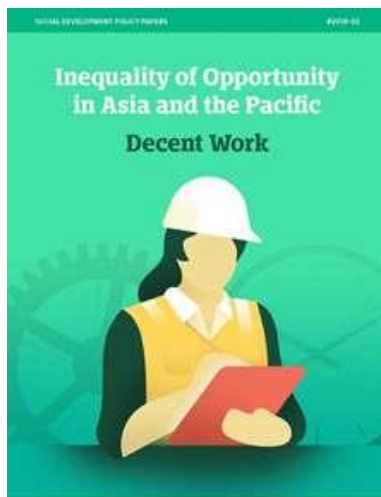
www.unescap.org/our-work/social-development

www.socialprotection-toolbox.org

Thank you!