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
SDG 10

10.1 Higher income growth of bottom 40%

10.2 Socioeconomic-political inclusion of all

10.3 Ensure equal opportunities & reduce inequalities of outcome

10.4 Adopt policies (fiscal/wage/social protection)

10.5 Improve regulations & monitor financial mkt/inst

10.6 Representation & voice of developing countries

10.7 Migration & mobility policies

10.A Special & differential treatment for LDCs

10.B ODA & financial flows for CSN

10. C Migrant remittances costs

Goal 10 based targets...
Inequality and the 2030 Agenda

**Poverty**
- Employment
- Economic dev.
  - (SDGs 1, 5, 8, 9)

**Environment**
- Climate change
- Production & consumption
  - (SDGs 6-7, 11-15)

**Food security**
- Nutrition
- Health care
- Education
  - (SDGs 2-5)

**Peace**
- Governance
- Justice
  - (SDG 16)

**Strengthening means of implementation and harnessing global partnerships**
- (SDG 17)
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

INEQUALITY IN ASIA AND THE PACIFIC
D-index in secondary education attainment

D-index decomposition for secondary education

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

- **Wealth**
- **Residence**
- **Education**

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

- **Females in top 60 households**: Size: 32%
- **Males in top 60 households**: Size: 29%
- **Females in bottom 40 households**: Rural: Size: 12%
- **Males in bottom 40 households**: Rural: Size: 13%
- **People in bottom 40 urban households**: Size: 14%
- **Population**: Size: 100%

Secondary education attainment rates

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)

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

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

INEQUALITY OF OPPORTUNITY IN ASIA AND THE PACIFIC
Inequality in access to professional help at childbirth

Gaps between best of and worst off groups

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

Source: SDD elaboration based on DHS and MICS data, latest year
Progress has been Uneven

Access to electricity
Access rate of the worst-off group: -39 pp

Access to professional help during childbirth
Access rate of the worst-off group: -32 pp

Access to clean fuels
Access rate of the worst-off group: -41 pp
INDONESIA: 2003 -10 pp, 2012

Access to secondary education
Access rate of the worst-off group: -29 pp

Average access rate

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

Per cent of GDP

INEquality of OPPortunity in Asia and the Pacific
Broaden the tax base, encourage progressive taxation

Total tax revenues in Asia-Pacific as share of GDP, 2015

Source: International Center for Tax and Development (2016) and OECD (2013) revenue statistics. For all countries, the most recent data entries between 2011 and 2013 were reported.
www.unescap.org/our-work/social-development

www.socialprotection-toolbox.org

Thank you!