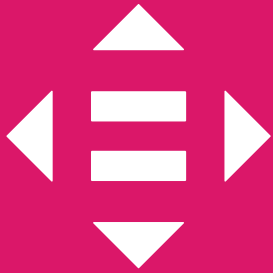


10

REDUCE INEQUALITIES



REDUCE INEQUALITY WITHIN
AND AMONG COUNTRIES

I. SUMMARY

Disparities in income and wealth continue to persist in the Asia-Pacific region, and are expected to widen, in part owing to the ongoing COVID-19 pandemic. These disparities are strongly linked to other development gaps, such as unequal access to basic services and opportunities including education, health care, financial services, the Internet, clean energy, water and sanitation. While differences in income are expected, no inequality in access to basic services and opportunities should be permissible in countries aspiring to the commitments of the 2030 Agenda for Sustainable Development.

Inequality is a complex and cross-cutting phenomenon. If not addressed, it threatens social cohesion, economic growth and environmental sustainability, including resilience to climate and disaster risks. The key normative principles of equality and non-discrimination are therefore at the heart of the 2030 Agenda, through the central call to Leave No One Behind (LNOB), two stand-alone goals focusing on equality (SDG 5 and SDG 10), and a commitment to disaggregate data meaningfully across all goals.

A range of policy interventions are needed to address inequality, undertaken in a coherent manner. Social protection is at the heart of these policies. To be effective, social protection policies, including access to healthcare services, should be universal and ensure that all people are covered. Tax policies are also an important tool for reducing inequality. They enable mobilization of resources for funding public investment in people, while also contributing to income and wealth redistribution. Emerging challenges, including

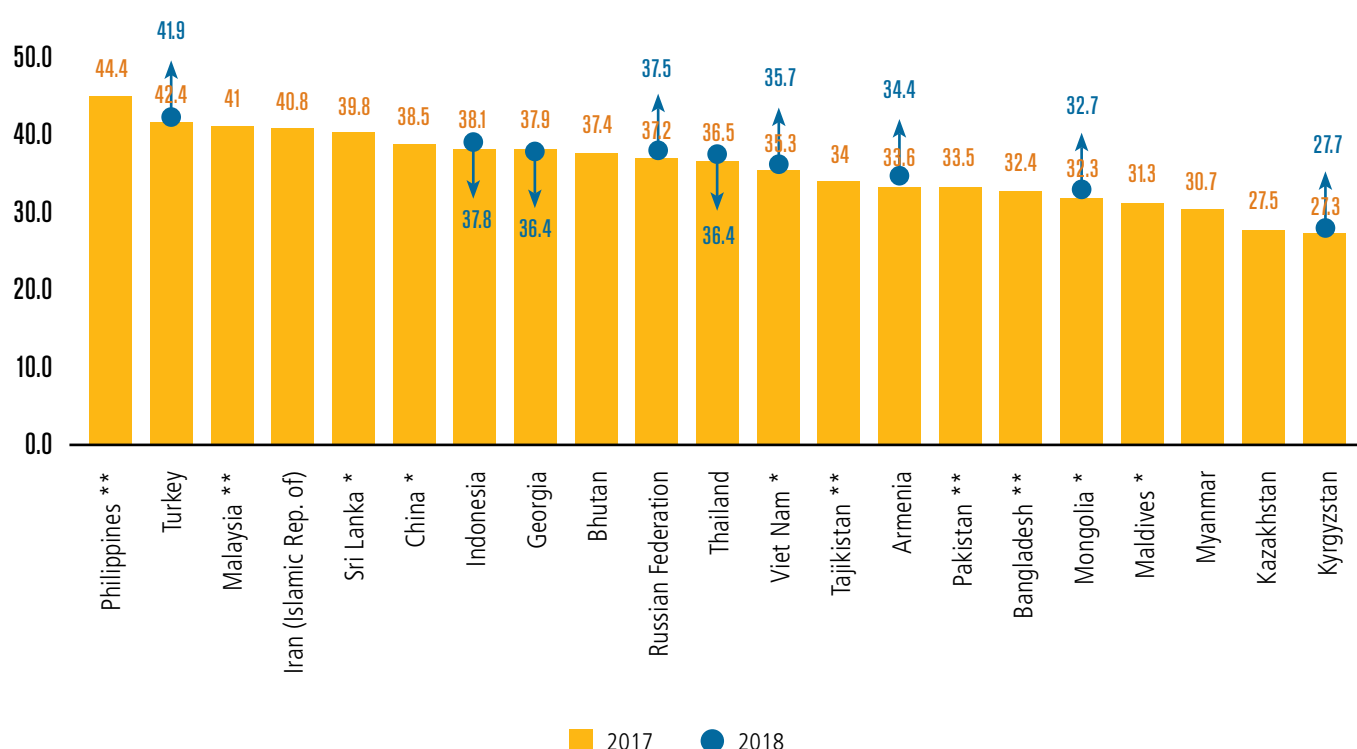


a growing digital divide and disruptions caused by disaster events, such as the COVID-19 pandemic or events linked to climate change, also call for inclusive and risk-informed responses. Finally, planned and well managed migration policies are strongly linked to equality, for example by including migrants in social protection systems and public services.

II. CURRENT STATUS

While data in the region are scarce, income inequality, as measured by the Gini index, appears to be increasing in many countries (Figure 1). Wealth inequality is particularly high in the Russian Federation, India and Indonesia, which are the world's most unequal countries in household wealth ownership.¹ While the consequences of the COVID-19 pandemic are not yet fully known, informal workers have been worst affected by the crisis and it is likely that income inequality will increase further in many countries. Regional estimates indicate that an economic contraction of 5 per cent could increase the Asia-Pacific poverty headcount at the international poverty line of \$3.20 per day by approximately 93 million people.² Child poverty in the region could increase for the first time in 20 years, with an additional 35 million children in the region likely to fall into poverty in 2020.³ Multiple dimensions of poverty and inequality, particularly in the areas of education, health care, nutrition and childcare, are also expected to worsen.

Figure 1: Increasing trends in the Gini index across the region, even before the COVID-19 pandemic hit



Source: ESCAP Statistical Database, <https://dataexplorer.unescap.org/>

Note: * next to country name indicates data from 2016; ** indicates data from 2015



Target 10.1 & Target 10.2

Target 10.1 calls on countries to “progressively achieve and sustain income growth of the bottom 40 per cent of the population at a rate higher than the national average”. As of 2018, Armenia, Bangladesh, Bhutan, Sri Lanka, Tajikistan and Turkey were off track in achieving Target 10.1, as the bottom 40 per cent of the population had a lower growth rate compared to the overall population.⁴ In these countries, the income gap will not only continue to widen, but it will do so at a faster pace. Similarly, across the region, limited to no progress has been made in reducing the share of the population living below 50 per cent of median income (Target 10.2).

Target 10.3

Target 10.3 is a call to “ensure equal opportunity and reduce inequalities of outcome.” Equality in opportunity can be described as a level playing field on which everyone enjoys the same access to basic services, such as clean water, sanitation, electricity and clean fuels; where all children have adequate nutritious food and complete education; where everyone has access to health care services when needed, at affordable prices; and where those who want to work can find a decent job. Research reveals large inequalities of opportunity, particularly in educational attainment, ownership of a bank account, access to clean fuels and basic sanitation.⁵ Inequality of opportunity is highest in South Asia, followed by South-East Asian countries (Figure 2). These existing inequalities are likely to be exacerbated by the ongoing COVID-19 pandemic, increasing the vulnerability of those furthest behind.

Target 10.4

The labour income share of GDP (LIS/GDP), which reflects the relationship between the growth in average wages and in labour productivity, has been identified as a crucial indicator for achieving greater equality. Target 10.4 calls for adopting “policies, especially fiscal, wage and social protection policies” that progressively achieve greater equality, to be monitored through the LIS/GDP ratio and the redistributive impact of fiscal policy. As a region, LIS/GDP declined from 51.9 per cent in 2004 to 50 per cent in 2018, a trend that must be reversed to meet the 2030 Agenda. This effect was particularly pronounced in East and North-East Asia, where LIS/GDP declined by 10 per cent between 2000 and 2017 despite strong economic growth in the subregion.⁶ While the burden of the COVID-19 pandemic has been felt by all, those working in the informal economy have been particularly affected because their work often involves face-to-face interaction and cannot be done remotely.

Target 10.7

There were over 65 million international migrants living in the Asia-Pacific region in 2019, representing a quarter of the global international migrant stock. The percentage of male and female migrants in the region is roughly balanced, with some gender differences at the subregional and country levels. Almost 107 million people from Asia and the Pacific lived outside their countries of birth in 2019.⁷ Most migration in Asia and the Pacific is intraregional. Migrants sent over 330 billion USD in remittances to their communities and households in Asian and Pacific countries in 2019, vastly outstripping overseas development aid.⁸ Owing to the effects of the pandemic, migrants have lost jobs and livelihoods, been stranded in countries of destination without being able to return home, and have experienced human rights violations, marginalization and xenophobia to a heightened degree. Furthermore, countries in the region are expected to receive around \$304 billion in remittances in 2020, an 8 per cent decline from last year.



A. AREAS WHERE GOOD PROGRESS IS MADE

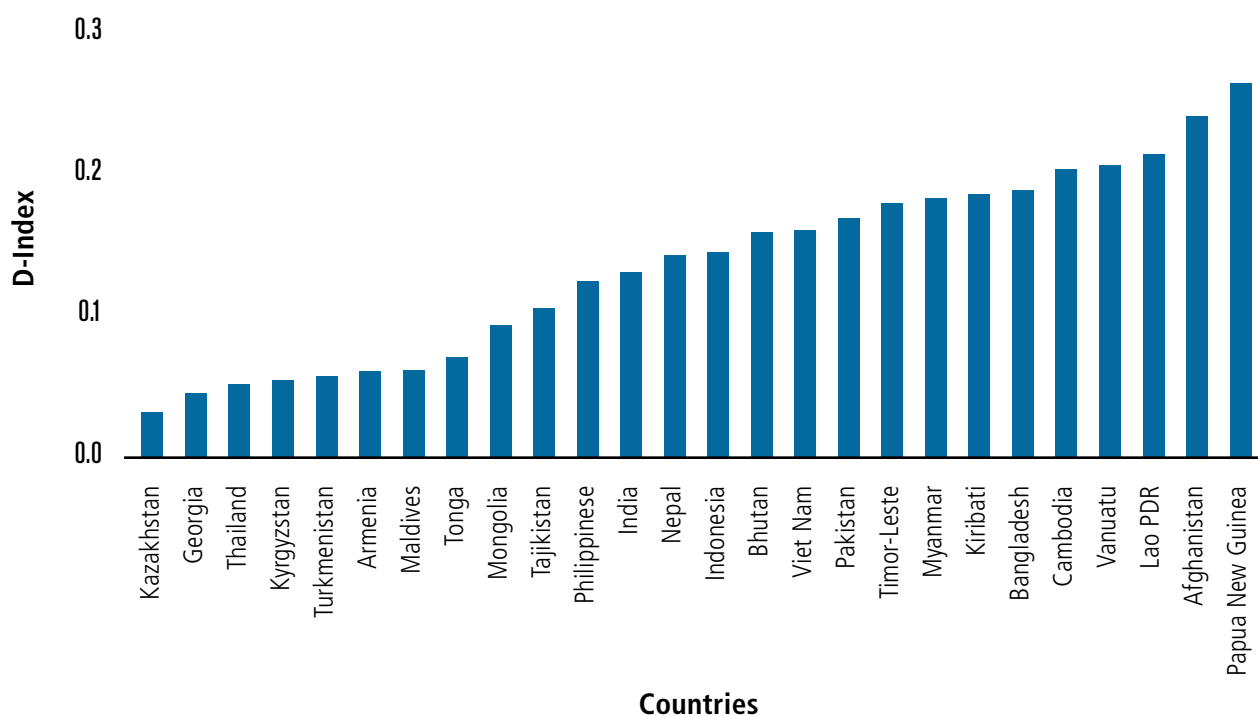
- While several of the largest economies in the Asia-Pacific region experienced a rise in income inequality, some nations have seen a decline. Georgia has seen a drop in the Gini index, a proxy for target 10.1, from 37.9 to 36.4 between 2017 and 2018. Indonesia and Thailand have also seen modest reductions in the Gini index (Figure 1).
- With an overall average increase in access to opportunities in recent years, groups of households and individuals that are furthest behind were experiencing some progress prior to the COVID-19 pandemic (target 10.3).⁹ Progress in reducing gaps between those furthest behind and the average household is mostly seen in countries that have prioritized investments in the social sector, including through social protection. For example, Mongolia, which spends 16 per cent of its GDP on social protection, particularly on children, has been very successful in reducing stunting prevalence even among the most disadvantaged children.¹⁰ Since the early 2000s, investment in education, health and social protection as a share of total public expenditures has increased in most Asia-Pacific countries.¹¹
- In December 2018, the United Nations adopted the Global Compact for Safe, Orderly and Regular Migration. The Compact aims to provide a voluntary framework for cooperation and action according to national priorities by member States across 23 objectives. The purpose is to ensure that migration takes place in a way that protects the rights of migrants, in line with existing obligations under international law and with sustainable development priorities in countries of origin, transit, and destination, as well as the SDGs including target 10.7. In 2021, ESCAP, with the support of the Regional United Nations Network on Migration for Asia and the Pacific, is reviewing the implementation of the Global Compact in Asia and the Pacific for the first time. Stakeholders are actively participating in the Asia and Pacific review process. Outcomes of the regional review will inform the International Migration Review Forum in 2022.

B. AREAS REQUIRING SPECIFIC ATTENTION AND ASSOCIATED KEY CHALLENGES

- In more than half of the countries in the region, for which data are available, income growth for individuals in the bottom 40 per cent (target 10.1) developed either at a slower pace than that of the average household, or was insufficiently high for actual income convergence to happen.¹² Unless people in the bottom 40 secure higher incomes in the coming years, target 10.1 is likely to be missed.
- Although the region has experienced significant advances in many development indicators, inequality in access to opportunities persists (targets 10.2 and 10.3; see Figure 2). Evidence suggests that living in households with lower education, being a woman, or simply being poor are circumstances commonly associated with most-disadvantaged status. Belonging to an ethnic or religious minority, being a migrant (particularly a migrant in an undocumented or otherwise irregular situation) or having a disability can add additional layers of inequality.¹³



Figure 2: Large variation in progress towards target 10.3 (D-Index in access to opportunities or prevalence of barriers is used a proxy for inequality of opportunity)



Source: ESCAP calculations based on latest DHS and MICS survey data

Note: The D-Index depicted is the simple average of the D-Index in the following opportunities: access to water and sanitation, access to clean fuels and electricity, ownership of bank account and use of the internet, secondary and higher education completion, women's sexual and reproductive health. For more on the methodology, see: ESCAP (2019). Leaving no one behind: A methodology to identify those furthest behind in accessing opportunities in Asia and the Pacific, at: <https://www.unescap.org/resources/leaving-no-one-behind-methodology-identify-those-furthest-behind-accessing-opportunities>

- Women and girls are particularly likely to experience simultaneous forms of discrimination, including based on their age, class, race, ethnicity, sexual orientation and gender identity, and migration status.¹³ In an analysis of bank account ownership data for six countries in the region, women were less likely than men to own a bank account both in each country (on average, 11 per cent of women compared to 33 per cent of men).¹⁵ Violence against women remains common in many countries in the region. In Papua New Guinea and Kiribati, more than half of women aged 15-49 report having experienced physical violence within the past 12 months.^{16, 17}
- During response and recovery efforts to the pandemic in the region and beyond, migrants play a critical role as essential workers, particularly in the health sector, the formal and informal care economy and along food supply chains.¹⁸ Yet the COVID-19 pandemic is negatively impacting migrant source and origin countries, diminishing the potential of remittances to contribute to relief, reconstruction, rehabilitation and recovery. For example, remittance inflows to the Philippines are projected to fall between 23 and 32 per cent in 2020, attributed to adverse macroeconomic shocks in host economies.¹⁹ The safety of migrants also remains an area of persistent concern, with poor working conditions and lack of legal protections, including social protection, endemic across the region.²⁰ Migrant women are at a disproportionate risk of violence, with lower their bargaining power at work. The refugee population is also at risk across most countries, with women refugees often facing additional exploitation and gender-based violence.²¹



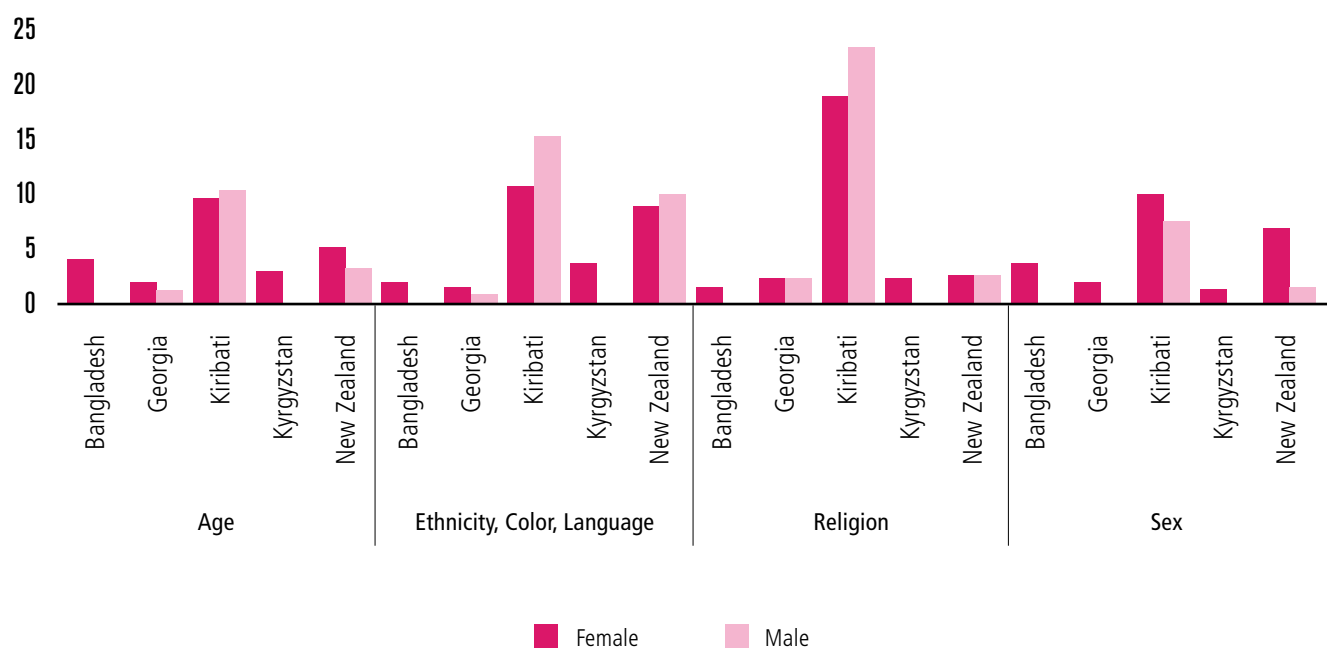
- As evidenced by the pandemic, not all countries are prepared to protect the most vulnerable in the face of a challenge. Potential future risks relate to the increasing threat of disasters triggered by natural hazards, including climate-related extreme events, and a growing digital divide. Despite improvements in broadband internet access, for example, small island developing States, least developed countries and landlocked developing countries remain less connected and at a higher risk of being left behind as technologies evolve. Also, early warning systems are often not accessible for persons with disabilities, remote communities and other marginalized groups such as migrants and minorities.

C. INTEGRATION OF HUMAN RIGHTS AND GENDER EQUALITY CONSIDERATIONS

- SDG 10 is based in its essence on the central premise of article 1 of the 1948 Universal Declaration of Human Rights, “All human beings are born free and equal in dignity and rights.” Reducing inequalities is fundamental to human rights; and upholding human rights will greatly reduce inequalities, in all their forms. Article 25 of the Universal Declaration of Human Rights also guarantees a universal right to an adequate standard of living including health, well-being, and access to medical care and necessary social services. Unfortunately, the economic and public health effects of the COVID-19 pandemic have disproportionately harmed the most vulnerable groups of society, further depriving them of inalienable opportunities, rights, and freedoms. The pandemic has highlighted the urgent need for comprehensive, inclusive, and effective social protection programs to cushion the impact of ongoing and emerging challenges. The success of these responses will be vital both for reducing inequality as well as fostering societies that can be more resilient in the face of future crises.
- Discriminatory laws, policies and social practices serve to maintain unequal status quo, often compounding severe forms of deprivation and disadvantage. In line with cornerstone principles of international human rights law, every person without exception is entitled to be free from discrimination. To reduce inequality, it is critical identify and address the barriers that people face in accessing resources and services, the root causes and structural obstacles that exclude them, and to examine the distribution of power within and between countries and societies.
- Among the many barriers to equality, gender-based discrimination is common. Being a woman often interacts with other disadvantages to create pockets of marginalization. As a result, across the region women are frequently found in the group that is furthest behind for many indicators of the 2030 Agenda.²² Target 10.3 data for 5 countries indicate that discrimination on the grounds of sex is more commonly felt by women as compared to men (Figure 3). Migrant women also face a heightened risk of discrimination based on sex, place of origin and migratory status, among other factors.



Figure 3: Proportion of population reporting having personally felt discriminated against or harassed in the previous 12 months, by sex and grounds of discrimination, latest available year (percentage)



Source: Global SDG Indicator database. Available from: <https://unstats.un.org/sdgs/indicators/database/>.
 Note: In Bangladesh and Kyrgyzstan, data is only available for women

III. PROMISING INNOVATIONS AND BEST PRACTICES

- Social protection has taken center stage in protecting the most vulnerable during the pandemic, and countries have taken unprecedented steps to fill gaps in social protection coverage. India, Indonesia, and Thailand have expanded access to affordable healthcare to ensure broader access to testing and treatment. Indonesia, Malaysia, Pakistan, and Philippines are among the countries that have initiated emergency cash transfer programs for poor or vulnerable households. In Thailand, at least 16 million workers in the informal sector (45 per cent of the total labour force) have enrolled in a government-run social protection scheme providing monthly cash benefits.²² While gaps and challenges remain, these initiatives represent a significant expansion in social protection in the region compared to the pre-pandemic situation.
- Asia-Pacific countries adopted the Action Plan to Strengthen Regional Cooperation on Social Protection in Asia and the Pacific in October 2020, with the aim to strengthen knowledge sharing and accelerate policies to ensure universal social protection by 2030.²⁴ As the secretariat to the Action Plan, ESCAP has developed an interactive and data-driven platform that hosts a social protection simulation tool, a resource for identifying those furthest behind in multiple dimensions of inequality, and a library of good practices in social protection with more than 100 examples of countries' efforts in establishing social protection floors.²⁵
- Emerging threats to meeting the SDG 10 targets, such as a growing digital divide, climate change, and other natural or human-caused hazards, require innovative responses. To assist countries in reducing inequality in access to and adoption of new technology, the Asia-Pacific Information Superhighway promotes, among others, the co-deployment of fiber-optic cable infrastructure, thus reducing costs and increasing quality access.



- Acknowledging that the poor and most vulnerable often are the hardest hit by disasters, the ASEAN sectoral bodies on disaster management, health and social welfare development adopted the ASEAN Guidelines on Disaster responsive social protection to increase resilience. Supported by the European Union, United Nations and Asian Development Bank, the rollout of this initiative aims to support members states in strengthening, adapting and expanding existing social protection systems to anticipate and meet the needs of vulnerable groups and mitigate the impact of potential crises.

IV. PRIORITIES FOR ACTION

Increase investment in social protection

Across the region, all countries need to step up investments in universal, accessible, gender-sensitive and disaster-responsive social protection, in accordance with the social protection floor. If properly designed and implemented, social protection is a transformative investment in people. It boosts economic growth, dampens inequality and protects against environmental and disaster risks. Social protection also shields children from compounding risks. COVID-19 has brought these important functions of social protection into focus. Through appropriate fiscal policies, governments in the region should continue prioritizing human capital development by spending on people in the long-term.

Promote decent job creation and equal pay

Policies should be developed along the four pillars of decent work, including principles and rights at work, job creation, social protection and social dialogue. Achieving equal pay for work of equal value requires policies aimed at combating discriminatory practices and gender-based stereotypes, including concerning the value of women's work. It also requires effective policies on maternity, paternity and parental leave, as well as advocacy for better sharing of family responsibilities. As national economies continue to adjust to the challenges brought forth by the COVID-19 crisis, policymakers must be cognizant of the challenges facing low-income workers and those in the informal economy to ensure they are not excluded from the benefits of economic recovery.

Address discrimination

Inequalities are often the result of discriminatory laws, policies and social practices that leave particular groups of people behind. Governments should adopt and implement effective anti-discrimination legislation and policies. The legislation should contain comprehensive definitions of discrimination and grounds for discrimination, which should include all aspects prohibited under international human rights law including sex, race, skin colour, language, religion or conviction, political or other opinion, national, ethnic or social origin, nationality, age, economic position, property, marital status, birth and migration status. Ensuring accessible mechanisms that provide effective remedies for discrimination is a priority.



Protect the most vulnerable from the impact of natural and human-caused hazards

It is essential to address the disempowerment of marginalized communities and their lack of voice and visibility as a root cause of vulnerability to the impacts of climate change, environmental hazards, and other large-scale crises. The COVID-19 pandemic has demonstrated acutely how the most vulnerable are disproportionately affected by shocks and unexpected disruptions, thus widening inequality gaps. Disaster risk reduction mechanisms need to be inclusive, taking into account the vulnerabilities of all groups irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status, and build on traditional knowledge systems and practices.

Address inequalities faced by migrants

Efforts to achieve equality must include all migrants, including addressing inequality as an adverse driver of migration, climate and disaster displacement, and reducing the inequalities faced by migrants, especially migrants in vulnerable situations. Migration should be a choice made free of duress; take place in a safe, orderly and regular fashion, respecting the human rights of migrants and their families; and mechanisms should be developed to produce and share accurate, disaggregated data that are used to guide policy. The Global Compact for Safe, Orderly and Regular Migration provides detailed guidance on steps governments can take to achieve this goal.

Identify the furthest behind through sex-, age-, and disability-disaggregated data

Identifying those who are the furthest behind through rigorous analysis and evidence will be the foundation for developing inequality-reducing policies. Intersecting characteristics that aggravate disadvantage (or accentuate advantage), should also be explored, as ESCAP has recently started doing to support UN Country Teams' analysis.²⁶ For example, when gender inequality intersects with other forms of discrimination, the impacts intensify on marginalized women and girls. Policymakers need to emphasize the collection of sex-, age-, and disability-disaggregated data. Additionally, strengthened regional cooperation for monitoring of emerging transboundary disaster 'hotspots' is needed, including disaggregated data highlighting the groups most at risk and comparatively most affected by disasters.



ANNEX

The official indicator framework for SDG 10 proposes 11 indicators for goal 10. However, only 3 out of 11 indicators are tier 1, meaning that they are conceptually clear, have an internationally established methodology and standards, and data are regularly produced by countries. Without enough data to report on the indicators of SDG 10 at the Tier I level, data collection and analysis should be a priority for all Asia-Pacific countries. To identify those at risk of being left behind and to direct policymaking at certain population groups, national data collection also needs to allow for better disaggregation.

Table 1: List of official and proxy indicators for SDG 10: Indicators for which there is at least one data point for more than half of the countries in the ESCAP region, ESCAP 2020

Proxy	10.1. P1	Gini index, Income equality coefficient
Proxy	10.2. P1	Population living below 50 per cent of median income, % of population
Proxy	10.4. P1	Labour income share of GDP (LIS/GDP), % of GDP
Official	10.6.1	Proportion of members and voting rights of developing countries in international organizations
Official	10.b.1	Total resource flows for development, by recipient and donor countries and type of flow (e.g. official development assistance, foreign direct investment and other flows)

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