Reduce inequality within and among countries

OUTLOOK

While inequalities are increasing for the two most populous countries in the region (China and India), in two-thirds of the countries where data are available, inequalities are decreasing. Stronger efforts need to be taken to correct income and wealth inequalities that are perpetuated by unequal access to opportunities and services. Inequalities among countries in the region are gradually decreasing. However, stronger regional cooperation is needed to seal this trend, including facilitating labour mobility and better monitoring of the impact of investments, including foreign direct investment (FDI), on the poorest and most vulnerable workers.

THE PHOTO

“I want a whole world without discrimination. Being different means being hurt. On the inside, and maybe the outside as well. I pray it won’t always be like that,” pleads a man in Manila, Philippines.

Photo credit: Humans of My World
Reduce inequality within and among countries

**INSIGHTS**

- “Leaving no one behind” will require, inter alia, greater attention to addressing the root causes of inequalities, including ensuring the social, economic and political inclusion of all people, irrespective of age, sex, disability, race, ethnicity, origin, religion or socioeconomic status; reversing discriminatory practices so that nobody is excluded; a mix of policies (especially fiscal, wage and social protection policies); inclusive growth policies; and to evenly level the playing field for everyone.  

- With production patterns becoming more technology and skill intensive, unskilled workers are trapped in poor or near-poor economic situations. Investment in relevant education and job skills is essential.

- Higher inequality is associated with worsening economic, social and environmental outcomes. Investment in the provision of basic services, such as a social protection floor, relevant and high-quality education, energy, water and sanitation infrastructure and nutrition, as outlined in SDGs 1–7, will have long-term benefits on economic growth, social cohesion and environmental sustainability.

- To identify and reach “those furthest behind”, there is a need to close the data gap in relation to all the SDG indicators.

**BRIGHT SPOTS**

- In 14 of the 21 countries in the Asia-Pacific region for which data are available, “growth rates of household expenditure or income per capita among the bottom 40 per cent of the population and the total population” were higher than the per capita expenditure or income growth rate in these same countries.

- Political commitment to social development has increased in many countries of the region, which has broadened coverage and increased spending on social protection as a result. The 21 countries in the region with available data have increased social protection spending as a share of total government expenditures over the past two decades.

- The available data indicate that the labour share of GDP, comprising wages and social protection transfers, has increased in a few countries in the region, including Australia, Georgia and New Zealand. However, the share is decreasing in East and North-East Asia and in ESCAP high-income economies as a whole.

- Good data are available to describe the proportion of members and voting rights of developing countries in international organizations.
HOTSPOTS

Inequality within countries

- Economic growth in the region’s most populous countries has driven down the poverty headcount significantly. But had the economic gains been more equally shared, poverty reduction would have been even more dramatic.\(^7\)

- Income inequality, as measured by the Gini Index or the Palma Index, has stayed stubbornly high (above the world average) and even increased in China, India, Indonesia, the Philippines and the Russian Federation, among other countries.\(^8\)

- There is no data on the labour share of GDP in the majority of the countries in the region, although it is known that globally the trend is declining. It is possible that countries in which the share is consistently small also exhibit the largest share of workers in informal or vulnerable forms of work).\(^9\) This observation establishes a link between SDG 10 and SDG 8, particularly target 8.3.

- Circumstantial inequalities, such as unequal access to opportunities and services, including employment, education, health, water, sanitation and energy services, affect mostly women, people living in rural areas, urban slums, persons with disabilities, migrants and ethnic minorities.

Inequality among countries

- Global FDI inflows to the Asia-Pacific region have plateaued over the past three years, while official development assistance as a share of global assistance decreased from 24.1 per cent in 2009 to 21.1 per cent in 2014.\(^10\)

- Least developed countries in the region have seen FDI inflows almost tripling within the past decade, although the share is still relatively small overall when compared with economies like China and India.\(^11\) Also, concerns have been raised about the quality of the jobs generated.
EMERGING ISSUES

- Countries in the region are “growing old” before “growing rich”, which will place a burden on social protection systems and may exacerbate inequalities, both within and between countries.

- The poorest and least educated workers do not have access to decent jobs or to formal employment. They are thus usually not covered by social protection programmes, in particular contribution-based schemes.

- Migrants are generally not included in public welfare schemes. However, stronger regional cooperation is needed to facilitate labour mobility and to better monitor the impact of investments, including FDIs, on the poorest and most vulnerable workers.

TARGETS

10.1 By 2030, progressively achieve and sustain income growth of the bottom 40 per cent of the population at a rate higher than the national average

10.2 By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status

10.3 Ensure equal opportunity and reduce inequalities of outcome, including by eliminating discriminatory laws, policies and practices and promoting appropriate legislation, policies and action in this regard

10.4 Adopt policies, especially fiscal, wage and social protection policies, and progressively achieve greater equality

10.5 Improve the regulation and monitoring of global financial markets and institutions and strengthen the implementation of such regulations

10.6 Ensure enhanced representation and voice for developing countries in decision-making in global international economic and financial institutions in order to deliver more effective, credible, accountable and legitimate institutions

10.7 Facilitate orderly, safe, regular and responsible migration and mobility of people, including through the implementation of planned and well-managed migration policies

10.a Implement the principle of special and differential treatment for developing countries, in particular least developed countries, in accordance with World Trade Organization agreements

10.b Encourage official development assistance and financial flows, including foreign direct investment, to States where the need is greatest, in particular least developed countries, African countries, small island developing States and landlocked developing countries, in accordance with their national plans and programmes

10.c By 2030, reduce to less than 3 per cent the transaction costs of migrant remittances and eliminate remittance corridors with costs higher than 5 per cent
SDG 10 - REDUCED INEQUALITIES