

14. Income poverty and inequality

The incidence of extreme income poverty in the region has fallen significantly but inequality has risen in many countries, and vulnerability to poverty remains very high.

The estimated proportion of people in the Asia-Pacific region living on less than \$1.25 a day (2005 PPP) in 2011 is 18%, a significant drop from the estimated proportion in 1990, which was 52%. This proportion represents 772 million people living in extreme poverty throughout Asia and the Pacific in 2011, a significant reduction from more than 1.7 billion people living under the same circumstances in 1990.¹

About 40% of people in Asia and the Pacific were “living poor” in 2011 that is, living on less than \$2 a day (2005 PPP). While that figure is a significant reduction in the proportion of people living on less than \$2 a day in 1990 (more than 76%), this also means that an additional 933 million are living on between \$1.25 and \$2 a day, making them economically

insecure or vulnerable to poverty. A small shock to their lives due to such factors as personal mishaps or economic crises could push these people into abject poverty (below the \$1.25-a-day line).

Economic growth in Asia and the Pacific has helped increase the incomes of the poor, but it has boosted those of the rich even more. As a result, there has been a widening gap between rich and poor. Between the 1990s and the latest available year, the population-weighted mean Gini coefficient – a common measure of income inequality – for the entire region rose from 33.5 to 37.5.² Income inequalities are also evident between urban and rural areas, between women and men, and among groups of different caste, ethnicity and language.

- The African region suffers the most in terms of the percentage of people living in poverty: 40% were living on less than \$1.25 a day and 61% on less than \$2 a day in 2011. However, in terms of absolute numbers, the Asia-Pacific region contained 56% of all people in the world living on less than \$1.25 a day, and 62% of all people in the world living on less than \$2 a day in 2011.
- Most of the reduction in poverty since 1990 can be attributed to the reduction achieved by China, whether the criteria of \$1.25 or \$2 a day are used, whereas for some subregions, such as South and South-West Asia, the number of people living on less than \$2 a day has increased since 1990.
- Large discrepancies in the number of people living on less than \$1.25 a day exist from country to country across the Asia-Pacific region, with countries such as Bangladesh reporting that up to 43% of the population may fall into this category, whereas countries such as Sri Lanka, Turkey and Thailand are reporting less than 5%.
- During the two decades of the 1990s and the 2000s, income gaps widened in nearly half the countries with comparable data. The Gini coefficient worsened in China, for example, rising from 32.4 to 42.1; in India, increasing from 30.8 to 33.9; and in Indonesia, rising from 29.2 to 38.1.
- The Gini indices for Malaysia (46.2) and the Philippines (43.0) remain among the highest in the region.

¹ The figure of 772 million people living in extreme poverty in the region is a revision from the figure used in *the Asia-Pacific Aspirations: Perspectives for a Post-2015 Development Agenda. Asia-Pacific Regional MDGs Report 2012/13* (Bangkok, ESCAP-ADB-UNDP, 2013), p. 1.

² United Nations Economic and Social Commission for Asia and the Pacific, Asian Development Bank and United Nations Development Programme, *Asia-Pacific Aspirations: Perspectives for a Post-2015 Development Agenda. Asia-Pacific Regional MDGs Report 2012/13* (Bangkok, ESCAP-ADB-UNDP, 2013).