

Third Working Meeting of the Technical Advisory Group (TAG) on Population and Social Statistics

Framework of Inclusive Growth Indicators (FIGI)

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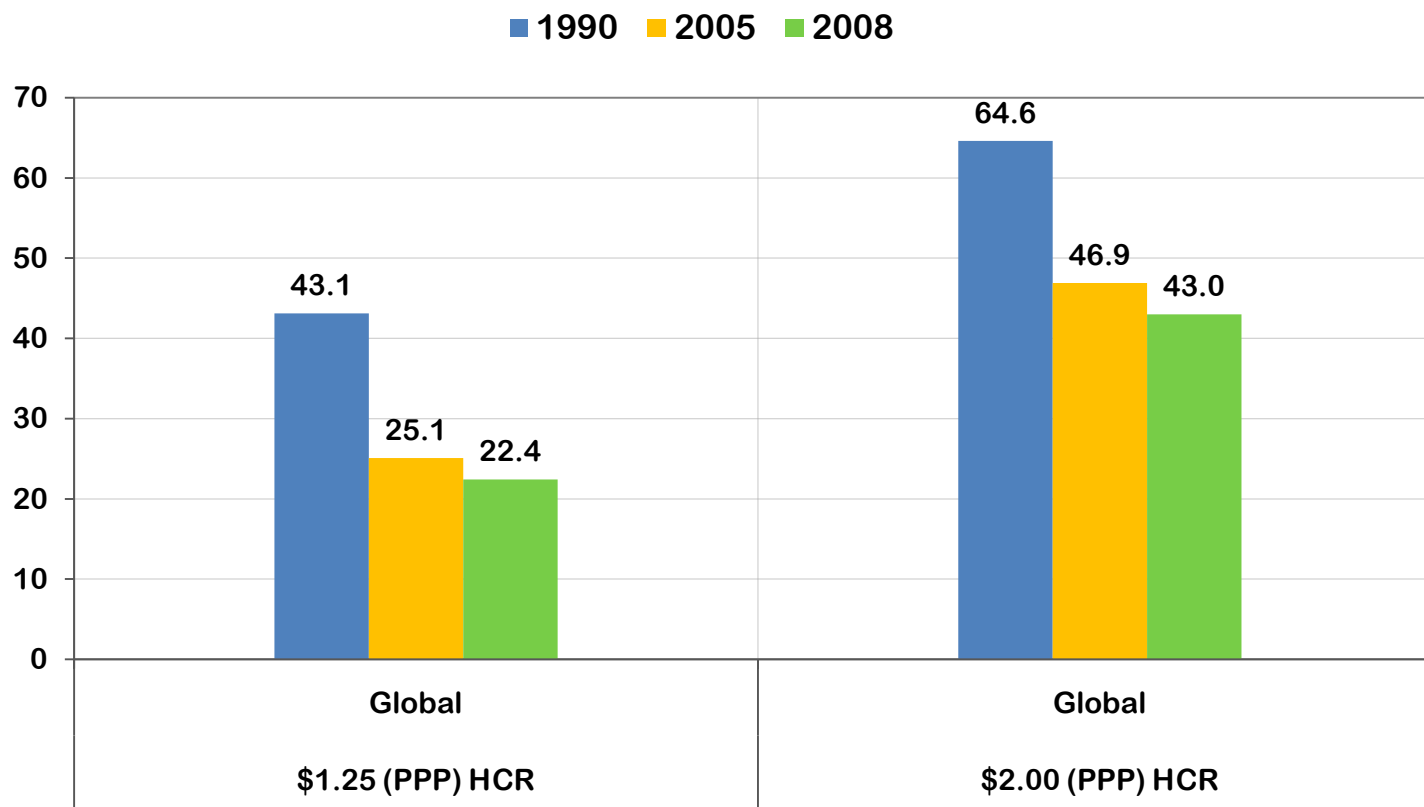
Development Indicators and Policy

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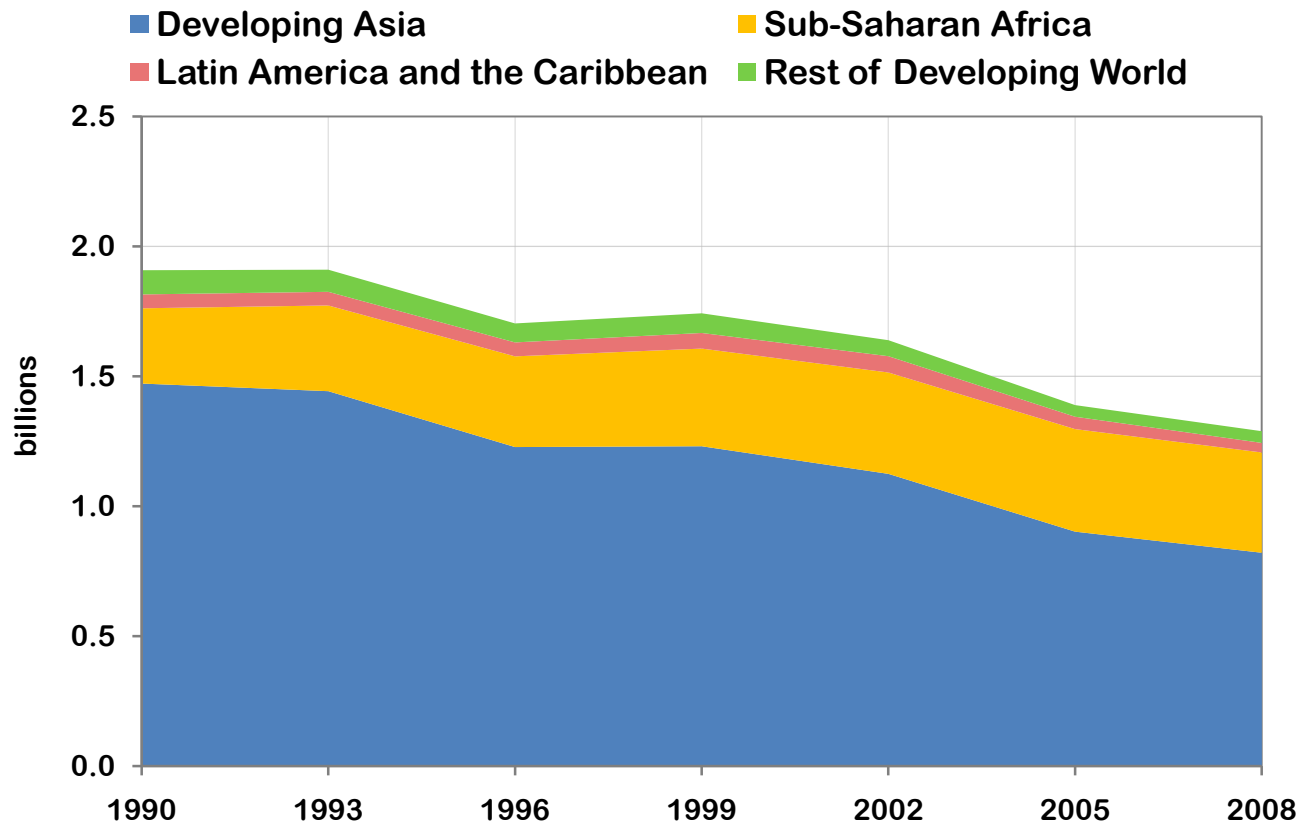


Poverty declines globally

Global Poverty - \$1.25 (PPP) and \$2.00 (PPP) 1990–2008



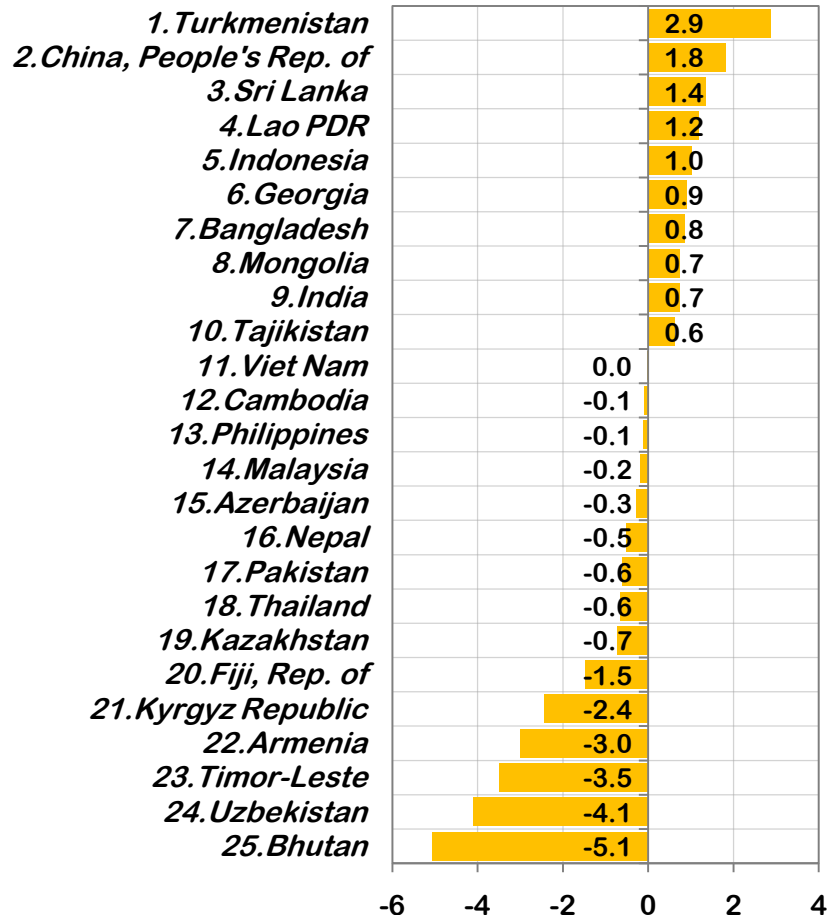
And so does the number of poor \$1.25 (PPP)



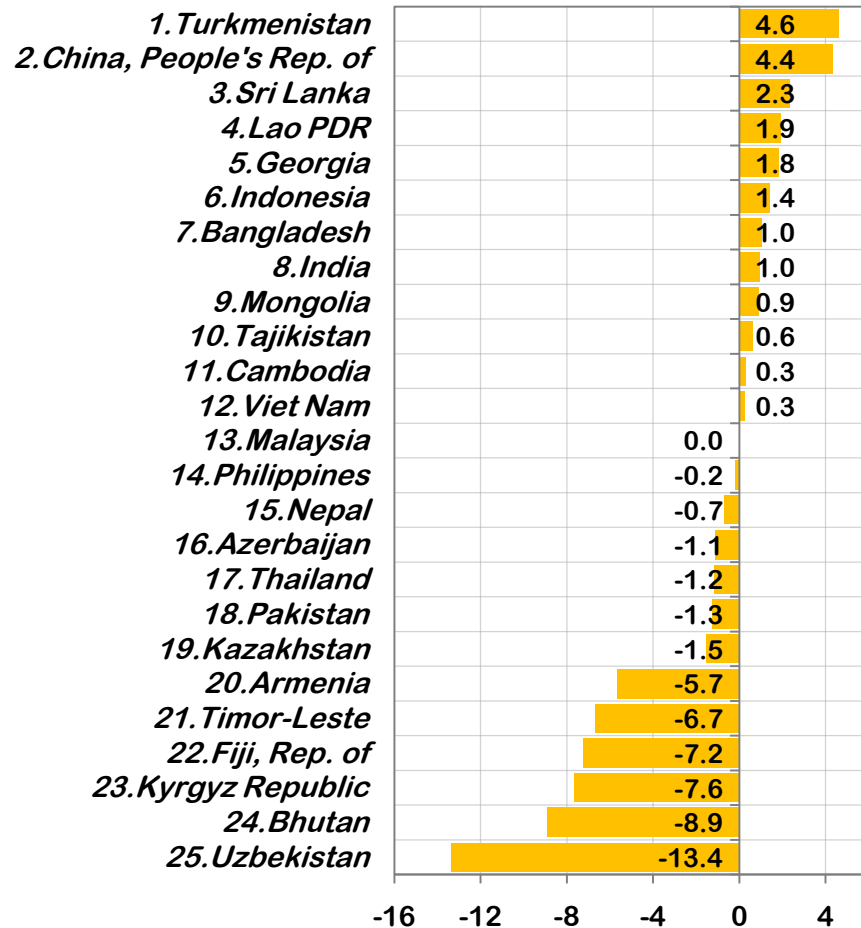
Source: PovcalNet Database Online (World Bank) accessed 4 September 2012.

... but income inequalities have risen in many economies

Annual change in GINI Index

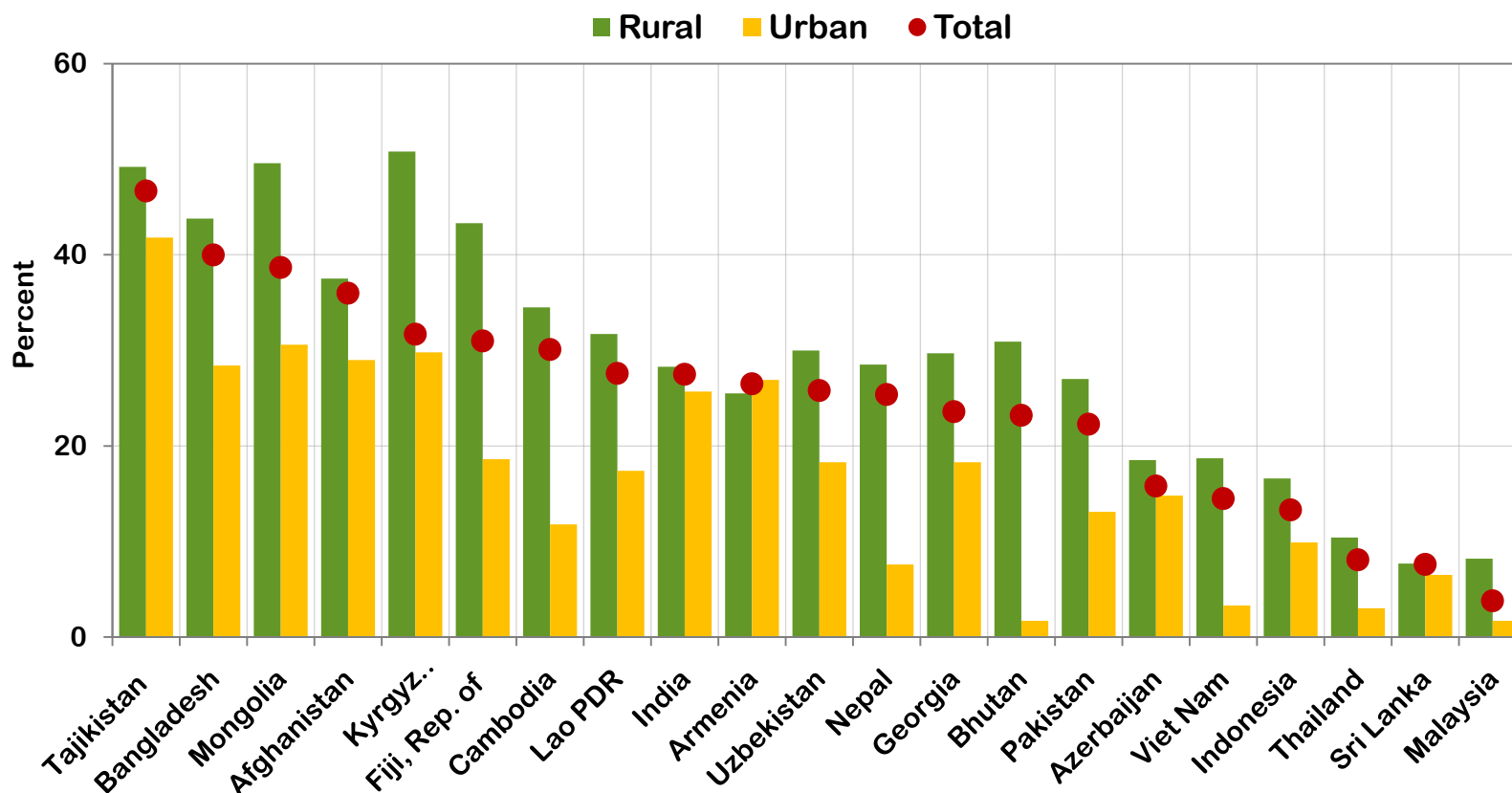


Annual change in Ratio of Income Share (highest 20% to lowest 20%)



Income Inequality – rural/urban

Proportion of Population Living Below the National Poverty Line: Total, Rural, and Urban, Latest Year



Source: ADB.2011. *Framework of Inclusive Growth Indicators*.

Inequality of opportunity

Health

- ▲ Underweight children,
- ▲ Child/maternal mortality,
- ▲ Skilled birth attendance,
- ▲ Antenatal care coverage

Education

- ▲ School enrolments or out of school children
- ▲ Primary completion rates

Basic infrastructure

- ▲ Access to electricity,
- ▲ Clean energy for cooking and heating,
- ▲ Roads
- ▲ IT

Between different groups of populations, especially between the rich and the poor, rural and urban, male-female.

Inclusive Growth as development priority

- ✧ Equality is enshrined as one of the six fundamental values in the Millennium Declaration
- ✧ *‘No individual and no nation must be denied the opportunity to benefit from development. The equal rights and opportunities of women and men must be assured’* (UN Millennium Declaration).
- ✧ Inclusive Growth can be defined as economic growth with equality of opportunity
- ✧ Good inequality and bad inequality
 - ▲ Good inequality – arise on account of individual effort and are justified for incentives and growth
 - ▲ Bad inequality – arise from differences in circumstances beyond the control of individuals and prevent equal access to opportunities (Chaudhuri and Ravallion 2007)
- ✧ Equality of opportunity should be the core of Inclusive growth policies

Inclusive Growth as development priority (2)

- 🔗 Building a harmonious society with emphasis on quality...to make growth inclusive
– **12th Plan (2011-2015), The PRC**
- 🔗 ... not just faster but also inclusive growth, .. A growth process ... that ensures equality of opportunity
– **11th Plan (2007-2012), India**
- 🔗 ...delivering growth that is smart, sustainable, and inclusive – **The Europe 2020 Strategy**
- 🔗 Inclusive economic growth one of the three critical strategic agendas – **ADB Strategy 2020**

Policy Pillars of Inclusive Growth



Framework of Inclusive Growth Indicators*

Income

1. Proportion of population living below the national poverty line
2. Proportion of population living below \$2 a day at 2005 PPP\$
3. Ratio of income or consumption of the top 20% to bottom 20%

Poverty and Inequality

4. Average years of total schooling (youth and adults)
5. Prevalence of underweight children under five years of age
6. Under-five mortality rate

Nonincome

Pillar One Growth and Expansion of Economic Opportunity

Economic Growth and Employment

7. Growth rate of GDP per capita at PPP (constant 2005 PPP\$)
8. Growth rate of average per capita income/consumption 2005 PPP\$ (lowest quintile, highest quintile, and total)
9. Employment rate
10. Elasticity of total employment to total GDP (employment elasticities)
11. Number of own-account and contributing family workers per 100 wage and salaried workers

Key Infrastructure Endowments

12. Per capita consumption of electricity
13. Percentage of paved roads
14. Number of cellular phone subscriptions per 100 people
15. Depositors with other depository corporations per 1,000 adults

Pillar Two Social Inclusion to Ensure Equal Access to Economic Opportunity

Access and Inputs to Education and Health

16. School life expectancy (primary to tertiary)
17. Pupil-teacher ratio (primary)
18. Diphtheria, tetanus toxoid, and pertussis (DTP3) immunization coverage among 1-year-olds
19. Physicians, nurses, and midwives per 10,000 population
20. Government expenditure on education as percentage of total government expenditure
21. Government expenditure on health as a percentage of total government expenditure

Access to Basic Infrastructure Utilities and Services

22. Percentage of population with access to electricity
23. Share of population using solid fuels for cooking
24. Percentage of population using improved drinking water sources
25. Percentage of population using improved sanitation facilities

Gender Equality and Opportunity

26. Gender parity in primary, secondary, and tertiary education
27. Antenatal care coverage (at least one visit)
28. Gender parity in labor force participation
29. Percentage of seats held by women in national parliament

Pillar Three Social Safety Nets

30. Social protection and labor rating
31. Social security expenditure on health as a percentage of government expenditure on health
32. Government expenditure on social security and welfare as a percentage of total government expenditure

Good Governance and Institutions

33. Voice and accountability

34. Government effectiveness

35. Corruption Perceptions Index

GDP = gross domestic product, PPP = purchasing power parity.

* Indicators will be disaggregated by sex, rural-urban residence, and wealth quintiles where applicable and when data are available.

Source: Zhuang 2010, cited in ADB 2011.

Framework of Inclusive Growth Indicators

35 indicators characterize ingredients of inclusive growth strategy

- **income and nonincome poverty indicators**
- **economic growth and employment opportunities,**
- **social inclusion to promote access to education, health, key infrastructure utilities and social services;**
- **social safety nets to protect the poor and the vulnerable,**
- **good governance and institutions.**

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Pillar One

Growth and Expansion of Economic Opportunity

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Pillar Two

Social Inclusion to Ensure Equal Access to Economic Opportunity

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Pillar Three

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- 30.Social protection and labor rating**
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Perceptions Index**

Some Data Issues for Inclusive Growth Indicators

- ❧ **National Poverty Lines (NPLs)** – not intended for comparisons across economies.
 - ▲ concerns on comparability across time data due to refinements in the definition and method,
 - ▲ For many countries rural-urban disaggregation is not available.
- ❧ **Prevalence of Underweight Children under five years of age**
 - ▲ Less than half of the economies have data disaggregated by rural-urban and wealth quintile.
- ❧ **Under-five Mortality (per 1,000 live births)**
 - ▲ Only 44 percent of the economies have recent data on rural-urban and 31 percent on wealth quintile disaggregation.
- ❧ **Number of own-account and contributing family workers per 100 wage and salaried workers**
 - ▲ Only 29 percent of the total ADB member economies have data for latest year '2009' and only 16 percent have latest data by female-male,
 - ▲ Most recent data available for 12 member economies are from year 1999–2006
- ❧ **Paved Roads (percentage of total roads)**
 - ▲ Only 20 percent of the total member economies have data for latest year '2009', and almost half of the total economies have data for early 2000s.
- ❧ **Population with Access to Electricity**
 - ▲ Data available only for years 2000, 2005, and 2009; and only 37 percent of the total economies has data for the latest year;
 - ▲ only 18 economies have data for urban-rural and most recent data are for '2008', no subsequent updates for urban-rural disaggregation.



Usefulness of FIGI

- ❧ provides a framework for measuring inclusive growth as an overarching theme,
- ❧ provides measures of not only income and nonincome outcomes of inclusive growth, but also inputs, processes and enablers;
- ❧ relevant to the concept of inclusive growth – one of the three development agenda of **ADB's Strategy 2020**, and
- ❧ increase awareness to invest resources for statistics
- ❧ TAG may consider organizing core indicators set around a framework that arranges indicators around a similar framework to provide policy focus to the dimensions of social and economic inclusion.

Thank You

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<http://www.adb.org/key-indicators/2011/special-supplement>

<http://www.adb.org/publications/framework-inclusive-growth-indicators-2012-key-indicators-asia-and-pacific>

www.adb.org