

# Inequality of Opportunity in Asia and the Pacific



## INDONESIA

“For Indonesia, inequality is one of the biggest threats to social stability and stronger economic growth. Thus, narrowing the inequality gap in a challenging digital era and digital economy is one of the top priorities for Indonesia Government under the leadership of President Joko Widodo.”

Mr. Eddy Satriya, Assistant Deputy Minister for ICT and Utilities, Coordinating Ministry for Economic Affairs  
74th Annual Session of UNESCAP

### Country Background

|               |   |             |                                      |
|---------------|---|-------------|--------------------------------------|
| <b>267</b>    | million, total population                           | <b>0.39</b> | GINI coefficient (income inequality) |
| <b>11,188</b> | GDP per capita, 2011 PPP \$                         | <b>0.19</b> | D-index (inequality of opportunity)  |
| <b>10.6 %</b> | people in poverty (below the national poverty line) | <b>69</b>   | years of life expectancy at birth    |
| <b>6.5 %</b>  | people in extreme poverty (below \$1.90 a day)      | <b>12.7</b> | expected years of schooling at birth |

Source: ESCAP, World Bank Open Data, UNDP

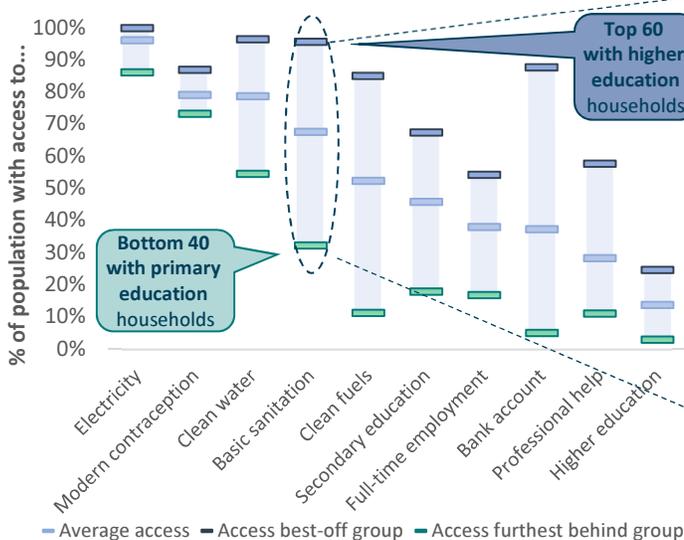
## Leaving no one behind by ensuring a level playing field

Inequality of opportunity refers to the unequal access to fundamental rights and services, required for individuals to sustain and improve their livelihoods.<sup>1</sup>

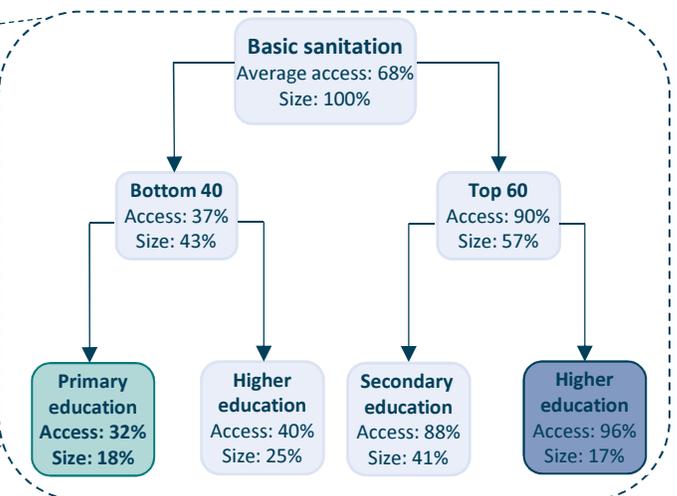
In Indonesia, large gaps exist between the *best-off* and the *furthest behind* groups in access to different opportunities. Access to bank accounts, clean fuels and basic sanitation are the most unequally distributed opportunities, with access gaps of at least 60 percentage points between the *best-off* and the *furthest behind* groups. Less than 10 per cent of people in the *furthest behind* group have access to bank accounts, professional help during childbirth or have completed higher education.

Identifying the characteristics of the *best-off* and the *furthest behind* group in access to basic sanitation reveals how almost all highly-educated households belonging to the top 60 of the wealth distribution have access to basic sanitation. This blue box represents the *best-off* group. The green box shows the *furthest behind* group with the lowest access to basic sanitation: households in the bottom 40 with at most primary education, where only 32 per cent have access.

**Figure 1. How wide are the gaps in access to opportunities?**



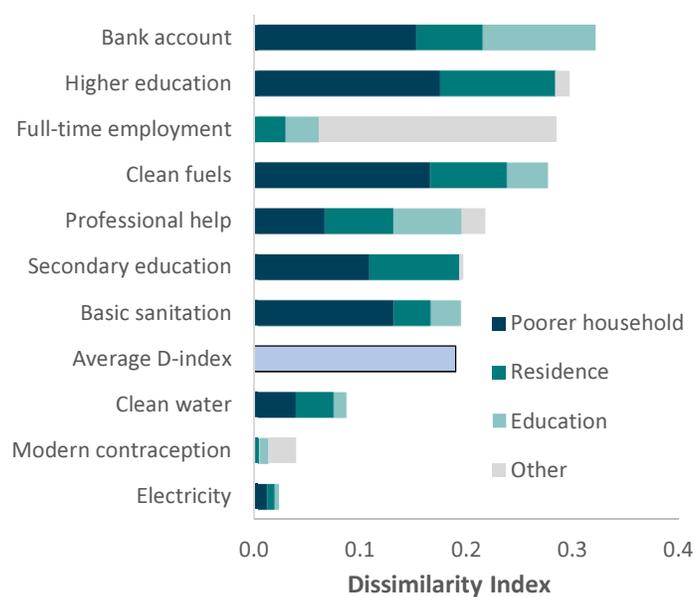
**Figure 2. Who are the furthest behind?**



Source: ESCAP calculations, using data from DHS 2012 and the Gallup World Poll

# What drives unequal access to opportunities?

**Figure 3: Drivers of inequality in access to different opportunities**



**Household wealth, the place of residence and educational level are behind most of the inequality in access to opportunities.**

Other circumstances, however, also appear relevant in explaining unequal access to opportunities.

For example, women, married or separated people and those with children under the age of 5 have limited access to full-time employment in Indonesia. Also, a woman's age and the number of children under 5 in the household explain unequal access to modern contraception and professional help during childbirth. Finally, inequality in secondary and higher education attainment is driven by gender, particularly being a woman.

*Source: ESCAP calculations, using data from DHS 2012 and the Gallup World Poll*  
*Note: A Dissimilarity index (D- Index) is used to examine which circumstance contributes most to overall inequality among different population groups.*

## Key Takeaways

**In Indonesia, one of the largest opportunity gap between the *best-off* and the *furthest behind* group is in access to basic sanitation.** While 96 per cent of highly-educated households in the top 60 of the wealth distribution have access to basic sanitation, only 32 per cent of households among the bottom 40 with at most primary education do. **Support initiatives aimed at changing the sanitation and hygiene culture across different societal agents is paramount in addressing basic sanitation inequalities.**

Less than 10 per cent of Indonesian in the *furthest behind* group have access to bank accounts and professional help during childbirth. Moreover, higher education is the opportunity with the lowest average access. **Prioritizing investment in quality education would reduce not only education inequalities, but would also allow development gains through sustained human capital accumulation.**

**Among all groups, inequality of opportunity is explained by distinct circumstances.** Household wealth appears as the most important circumstance shaping inequality in 8 out of 10 opportunities. **Since wealth is strongly linked to unequal outcomes in many development objectives and opportunities, leveling the playing field, including through the provision of social protection, is a must.**

<sup>1</sup> Those considered in this country brief are education, women's health, decent employment, basic water and sanitation, access to clean energy, and financial inclusion.

Cover photo by Ali Yahya

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