Society at a Glance: Asia/Pacific 2014

OECD

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BETTER POLICIES FOR BETTER LIVES

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Foreword

This is the third edition of Society at a Glance Asia/Pacific, *the OECD's overview of social indicators for the Asia/Pacific region. The report addresses the growing demand for quantitative evidence on social well-being and its trends across 35 economies in the region. It updates many indicators presented in the two previous editions and introduces several new ones.*

Chapter 1 introduces this volume and provides readers with a guide to help them interpret OECD social indicators. Chapter 2 focuses on gender issues building on the OECD Gender Initiative that was initiated to help governments promote gender equality in education, employment and entrepreneurship (the "three Es" – see Box 2.1 in Chapter 2). The chapter illustrates the progress that been made regarding gender equality in education, but also outlines many challenges to further narrowing gender gaps in the labour market and in entrepreneurship.

Chapter 3 was jointly drafted by the Asian Development Bank (ADB), the International Labour Organization (ILO) and the Organisation for Economic Co-operation Development (OECD). It provides a statistical picture on social protection worldwide, the variety of spending indicators available for OECD countries and a discussion of recent ADB indicators on social protection in the Asia/Pacific region.

This report was prepared by Willem Adema, Nabil Ali, Pauline Fron, Maxime Ladaique, Luca Lorenzoni and Chou Nuon. But many other OECD colleagues provided assistance, including, Pierre Blanchard, Michael Förster, Philippe Hervé, Mark Keese, Kate Lancaster, Elma Lopes, Marlène Mohier, Laura Quintin, Andrew Reilly. We are indebted to Florence Bonnet and Krzysztof Hagemejer (ILO) and Sri Wening Handayani and Flordeliza Huelgas (ADB) for their contribution to Chapter 3. Monika Queisser, Head of the OECD Social Policy Division supervised the elaboration of the report.

The on-line version of this publication, including all figures and data, can be accessed via www.oecd.org/els/social/indicators/asia.

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Acronyms and conventional signs

Asia/Pacific countries and economies ISO codes

Armenia	ARM
Azerbaijan	AZE
Bangladesh	BGD
Bhutan	BTN
Brunei Darussalam	BRN
Cambodia	KHM
China	CHN
Fiji	FJI
Hong Kong, China	HKG
India	IND
Indonesia	IDN
Kazakhstan	KAZ
Korea Democratic People's Republic (hereafter Korea DPR)	PRK
Kyrgyz Republic	KGZ
Lao People's Democratic Republic (hereafter Lao PDR)	LAO
Macau, China	MAC
Malaysia	MYS
Maldives	MDV
Mongolia	MNG
Myanmar	NMR
Nepal	NPL
Pakistan	PAK
Papua New Guinea	PNG
Philippines	PHL
Samoa	WSM
Singapore	SGP
Sri Lanka	LKA
Tajikistan	TJK
Thailand	THA
Timor-Leste	TLS
Tonga	TON
Viet Nam	VNM

OECD Asia/Pacific countries ISO Codes

Australia	AUS
Japan	JPN
Korea, Republic of	KOR
New Zealand	NZL

Asia/Pacific refers to all economies for which data are shown, including OECD members Australia, Japan, Korea and New Zealand when relevant.

Conventional signs

.. or n.a.: Not available.

(↘) in the legend relates to the variable for which economies are ranked from left to right in decreasing order.

(↗) in the legend relates to the variable for which economies are ranked from left to right in increasing order.

Executive summary

Gender equality is not just about economic empowerment. It is a moral imperative, it is about fairness and equity, and includes many political, social and cultural dimensions. With a special chapter on gender issues this volume of *Society at a Glance Asia/Pacific* illustrates the progress that many economies in the Asia/Pacific region have made towards gender equality in education and shows that girls outperform boys in some areas of education. But these gains have not yet fully spilled over to the labour market: women are most likely to work under vulnerable employment conditions, earn less than men, are less likely to make it to the top of the career ladder, and continue to bear the brunt of unpaid housework.

The economic case for gender equality

Over the past 50 years, increased education accounted for about half of economic growth across the OECD, and that had much to do with more girls achieving higher levels of education and achieving greater gender equality in the number of years spent in education. Economic development in the Asia/Pacific is also related to the ongoing gains in educational attainment, perhaps nowhere as dramatic as in Korea, where the population is now among the highest educated in the world. To avoid wasting years of investment in educating girls and young women, it is important to make the most of the talent pool and ensure that men and women have an equal chance to contribute both at home and in the workplace, thereby enhancing their well-being and that of society.

Education participation continues to improve…

Education participation continues to improve across Asia/Pacific. Almost half of the children in the region now participate in formal early childhood education and care (ECEC) facilities, and most economies have won the battle to provide primary education. But the picture is more mixed at secondary and higher education levels, with participation lowest among girls in Pakistan. In contrast to most OECD countries, there are still more men than women who have completed tertiary education, and gender gaps in education are most noticeable in low-income economies across the region. Policy also needs to keep a firm eye on ensuring the continuous improvement of the quality of education.

… in some economies the first focus must remain on getting and keeping girls in school

In developing economies, poor families may not be able to afford to send all their children to school and boys may come first. Certainly when primary schooling is made free, and supports with school meals and learning materials exists girls' attendance rises. In low-income economies the first focus must still be on getting and keeping girls in school, ensuring that schools and associated transport are safe and that sanitary facilities are provided. And education is the gift that keeps on giving – mothers who have had schooling place higher value on education for their own daughters.

Many Asian students outperform their peers in OECD countries, and yet many girls do not choose to pursue engineering or science degrees

In some areas of the Asia/Pacific region adolescent students already outperform many of their peers in North America and Western Europe. According to the 2012 OECD Programme for International Student Assessment (PISA), an evaluation of competencies in reading, mathematics and science, on average boys and girls in Australia, Hong Kong (China), Macau (China) and Shanghai (China), Japan, the Republic of Korea, New Zealand and Singapore perform better than the OECD average in all three subject matters. Girls clearly outperform boys in reading competency, and on average are very close to boys' scores in mathematics and science. In Kazakhstan, Malaysia, Singapore and Thailand girls on average perform at least as good as boys or better in all three areas. And yet girls are still less likely to choose scientific and technological fields of study. Such decisions are taken very early in life, so one answer should be to focus more attention on gender stereotyping and changing attitudes at home, in schools and in society more generally.

Gains in education have narrowed labour market gaps but many challenges remain

Gains in educational attainment contribute to narrowing gender gaps in labour force participation, and in most economies gender pay gaps have declined. However, important gender differences in labour market outcomes remain, notably in Southern Asia and the Pacific islands, with women most likely to be found in the most vulnerable employment conditions. In low-income economies the vast majority of women work informally in the agricultural sector, while in advanced economies they are most likely to be in service sector employment. Compared to men, women in the Asia/Pacific region are less likely to progress in their careers, with the share of women among legislators, senior officials and managers around 25% and declining since 2005. By contrast, women carry out most of unpaid work, providing care to children, elderly, and sick or disabled family members as well as doing other unpaid household work. In the Asia/Pacific region the gender gap in unpaid work is about three hours per day, and such gaps are particularly large in Southern Asia.

There is scope to develop women entrepreneurship

Furthermore, the number of female-owned and run businesses is less than half than the number for men, and women are more likely to be involved in setting up new businesses often without much financial gain in the start-up period. Across the Asia/Pacific region about 40% of men and women hold bank accounts with a financial institution. Clearly, there is considerable potential to develop female entrepreneurship and its contribution to inclusive and sustainable economic growth.

Governments have an important role to play

Governments have an important role to play in promoting gender equality, not just by monitoring the gender dimension when crafting and evaluating policies, but also by ensuring equality of opportunity in the public service – with the government acting as a role model for other employers. Governments have also made efforts to introduce policies like paid maternity leave, parental leave and childcare support, but often coverage is limited or otherwise take-up, especially by men, is low. Change is not always easy, and it takes time for fundamental attitudes to shift in response to changing realities. The OECD Gender Recommendation provides principles for such change in the area of education, employment and entrepreneurship that may be of use for policy makers in Asia/Pacific now and in future. Today's economies need all available talent to ensure a sustainable and prosperous future and to deliver better lives for all.

An initial glance at social protection suggests that despite progress, there is a need for scaling up and broadening social protection systems in most of the economies in the Asia/Pacific region

This issue of *Society at a Glance* also includes chapter drafted jointly by the Asian Development Bank (ADB), the International Labour Organization (ILO) and the Organisation for Economic Co-operation Development (OECD) on social protection spending. For the Asia/Pacific region it finds that on average across the region social spending is around half of what it is in Latin-America (12.5% of GDP) and about a quarter of what it is in Western Europe (25% of GDP). Economic growth has often outpaced social spending growth, also in middle-income countries. Spending on social insurance benefits for (current and former) formal and public sector workers accounts for around 60% of total spending on social protection across the Asia/Pacific regions but active labour market programmes only make up 5%. Social assistance type payments only account for about one-third of social protection spending in Asia and the Pacific, but cover 60% of all those who receive social support, albeit at low benefit levels. In general, there is a need for scaling up and broadening coverage of social protection systems in most of the economies in the Asia/Pacific region.

Finally and traditionally this issue of *Society at a Glance Asia/Pacific*, presents indicators along 25 socio-economic topics which cast light on societal change in the region grouped in five broad groupings: general social context, self-sufficiency, equity, health and social cohesion.

The OECD/Korea Policy Centre

The Joint OECD/Korea Policy Centre (*www.oecdkorea.org*) is an international co-operation organisation established by a Memorandum of Understanding between the OECD and the Government of the Republic of Korea. The Centre – officially opened on 7 July 2008 – results from the integration of four pre-existing OECD/Korea Centres, one of which was the Regional Centre on Health and Social Policy (RCHSP), established in 2005.

The major functions of the Centre are to research international standards and policies on international taxation, competition, public governance, and social policy sectors in OECD member economies and to disseminate research outcomes to public officials and experts in the Asian region. In the area of health and social policy, the Centre promotes policy dialogue and information sharing between OECD economies and non-OECD Asian/Pacific economies.

There are three main areas of work: social protection statistics (jointly with the International Labour Organisation and the Asian Development Bank); health expenditure and financing statistics (jointly with the Asian Pacific National Health account Network and the World Health Organisation) and on pension policies (jointly with the World Bank). In pursuit of this vision, the Centre hosts various kinds of educational programs, international meetings, seminars, and workshops in each sector and provides policy forums presented by experts at home and abroad.

Chapter 1

Introduction to *Society at a Glance Asia/Pacific*

The *Society at a Glance Asia/Pacific* series provides an example of how OECD frameworks may be used to highlight and illustrate societal progress and social policy issues in the Asia/Pacific region. The purpose of *Society at a Glance Asia/Pacific* and *Society at Glance* series more generally* is to provide information on two questions:

- Compared with their own past and with other countries, what progress have countries made in their social development?
- How effective have been societies' efforts to further their own development?

Addressing the first question about societal progress requires indicators that cover a broad range of social outcomes across countries and over time. As social development requires improvements in health, education and economic resources, as well as a stable basis for social interactions, indicators have to be found for all these dimensions.

The second question about societal effectiveness is even more challenging to answer. Societies try to influence social outcomes, often through government policy. Whether policies are effective in achieving their aims is a critical issue. Indicators help to make that assessment. A first step is to compare the resources intended to change outcomes across countries and contrast those resources with social outcomes. While this comparison is far from being a comprehensive evaluation of policy effectiveness, indicators can contribute to highlighting areas where more evaluative work may be needed.

In addition, the *Society at a Glance* series include special chapters with a focus on particular issues. This version of *Society at a Glance Asia/Pacific* includes two special chapters. Chapter 2 builds on the OECD Gender Initiative that was initiated to help governments promote gender equality in education, employment and entrepreneurship (the "three Es" – see Box 2.1 in Chapter 2). It illustrates that achieving greater gender equality in the labour market remains a big challenge notwithstanding the important gains that have been made in women's education. Gender gaps of disadvantage in the labour market are more pronounced in the Asia/Pacific region than across the OECD, and Chapter 2 illustrates a range of issues of involved.

Chapter 3 ties together social protection statistics held by the Asian Development Bank (ADB), the International Labour Organization (ILO) and the Organisation for Economic Co-operation Development (OECD). It provides a statistical picture on social protection worldwide, the variety of spending indicators available for OECD countries and a discussion of recent ADB indicators on social protection in the Asia/Pacific region. A more in-depth discussion of social protection issues and relevant policy recommendations may be addressed future issues of *Society at Glance Asia/Pacific*.

The framework of OECD social indicators

The structure applied here is not a full-scale framework of social indicators. But it is more than a simple list of indicators. This framework has been informed by experiences in other parts of the OECD on policy and outcome assessment in a variety of fields. It draws, in particular, on the OECD

* A related OECD publication, *How's Life – Measuring Well-being* (OECD, 2013), presents a large set of well-being indicators, with an aim to give an accurate picture of societal well-being and progress. Compared with *Society at a Glance*, it uses a broader set of outcome measures but excludes indicators of policy responses.

experience with environmental indicators. The indicators are based on a variant of the "Pressure-State-Response" (PSR) framework that has also been used in other policy areas (United Nations, 1997). In this framework human activities exert *pressures* on the environment, which affect *the state* of natural resources and environmental conditions, and which prompt a *societal response* to these changes through various policies. The PSR framework highlights these sequential links, which in turn helps decision-makers and the public to interconnections that are often overlooked.

A similar approach for social indicators is followed in this report. Indicators are grouped along two dimensions their nature and the policy fields that they cover. The first dimension is broken down into three areas:

- ***Social context*** refers to variables that, while not usually direct policy targets, are crucial for understanding the social policy context. For example, the proportion of elderly people in the total population is not a policy target. However, it is relevant information about the social landscape in which, for example, health, taxation or pension policy responses are made. Unlike other indicators, trends in social context indicators cannot be unambiguously interpreted as "good" or "bad".
- ***Social status*** indicators describe the social outcomes that policies try to influence. These indicators describe the general conditions of the population. Ideally, the indicators chosen are ones that can be easily and unambiguously interpreted – all countries would rather have low poverty rates than high ones, for example.
- ***Societal response*** indicators provide information about what society is doing to affect social status indicators. Societal responses include indicators of government policy settings. Additionally, the activities of non-governmental organisations, families and the broader civil society also involve societal responses. Comparing societal response indicators with social status indicators provides an initial indication of policy effectiveness.

An important limitation of the social context, social status and societal response indicators used here is that these are presented at a national level. For countries with a significant degree of federalism and/or regional variation, such as Australia, China or India such indicators may not be reflective of the different regions within the federation, which may have different contexts, outcomes and social responses. This limitation should be borne in mind in considering the indicators presented below.

In addition, the framework used in *Society at a Glance Asia/Pacific* groups "social status" and "social response" indicators according to the broad policy fields that they cover:

1. ***Self-sufficiency*** is an underlying objective of social policy. Self-sufficiency is promoted by ensuring people's active social and economic participation, and their autonomy in activities of daily life.
2. ***Equity*** is another longstanding objective of social policy. Equitable outcomes are measured mainly in terms of access by people and families to resources.
3. ***Health*** status is a fundamental objective of health care systems, but improving health status also requires a wider focus on its social determinants, making health a central objective of social policy.
4. ***Social cohesion*** is often identified as an over-arching objective of countries' social policies. While little agreement exists on what it means, a range of symptoms are informative about a lack of social cohesion. Social cohesion is more positively evident in the extent to which people participate in their communities.

The selection and description of indicators

Asia-Pacific economies differ substantially in the ways that they collect and publish social indicators. In selecting indicators for this report, the following questions were considered.

- What is the minimum degree of indicator comparability across countries? This report strives to present the best comparative information for each of the areas covered. However, the indicators presented are not confined to those for which there is "absolute" comparability. Readers are, however, alerted as to the nature of the data used and the limits to comparability.
- What is the minimum number of countries for which the data must be available? This report generally includes only indicators that are available for a majority of countries.
- What decompositions should be used at a country level? Social indicators can often be disaggregated at a national level into outcomes by social sub-categories, as for example people's age. Pragmatism prevails: the decompositions presented here vary according to the indicator considered.

Individual indicators can be relevant for multiple areas of social policy. That is to say, they could plausibly be included under more than one category. For example, the ability to undertake activities of daily living without assistance is potentially an indicator of social cohesion, self-sufficiency and health. Indicators are presented here under the category for which they are considered to be most relevant.

General social context indicators

When comparing *social status* and *societal response* indicators, it is easy to suggest that one country is doing badly relative to others, or that another is spending a lot of money in a particular area compared with others. It is important to put such statements into a broader context. For example, national income levels vary across OECD countries. If there is any link between income and health, richer countries may have better health conditions than poor ones, irrespectively of societal responses. If the demand for health care services increases with income (as appears to be the case), rich countries may spend more on health care (as a percentage of national income) than poorer countries. These observations do not mean that the indicators of health status and health spending are misleading. They do mean, however, that the general context behind the data should be borne in mind when considering policy implications.

General social context indicators, including fertility, marriage and divorce, migration and the old-age support ratio, provide the general background for the other indicators in this report. GDP per capita is a social outcome in its own right, giving an indication of the average material well-being of that society.

Table 1.1. **List of general context indicators**

GDP per capita
Fertility
Marriage and divorce
International migration
Old-age support ratio

Self-sufficiency indicators

For many people, paid active labour force participation and employment provide income, identity and social interactions. Hence promoting higher labour force participation and paid employment is a priority for most countries. A better education enables longer term self-sufficiency now and in the future, including in paid employment. Early childhood education provides a

foundation for future learning, as well as freeing up mothers to choose to work. Educational attainment and students performance provides information on human capital accumulation. Education spending provides information on the primary social response made by governments to help ensure self-sufficiency. The reader should keep in mind that these self-sufficiency indicators are also related to equity indicators, such as employment, pensions and social spending.

Table 1.2. **List of self-sufficiency indicators**

Social status	Societal responses
Labour force participation	Education spending
Employment	
Early childhood education and care	
Educational attainment and students performance	

Equity

Equity has many dimensions. It concerns the ability to access social services and economic opportunities, as well as equity in outcomes. Opinions vary widely as to what exactly entails a fair or a just distribution of opportunities. Additionally, as it is hard to obtain information on all dimensions of equity, the *social status* equity indicators are focussed on inequality in financial resources.

Table 1.3. **List of equity indicators**

Social status	Societal responses
Poverty	Public social expenditure
Income inequality	Solidarity
	Pensions: Coverage and replacement rates

Poverty is a natural starting point for considering equity at the bottom of society. Absolute measures of poverty are used here, since many of the region's economies are very poor. In addition to an absolute poverty measure, an indicator of relative inequality across the distribution is also considered. Pension coverage and the old-age replacement rate are important indicators of the extent to which society treats its older people in an equitable fashion. Many Asia-Pacific economies have social protection systems that redistribute resources and insure people against various contingencies. These interventions are summarised by public social expenditure, while the solidarity indicator reflects on the extent to which people make donations and/or participate in voluntary work.

Health

The links between social and health conditions are strong. Indeed, educational gains, accompanied by public health measures, better access to health care and continuing progress in medical technology, have contributed to significant improvements in health status, as measured by life expectancy. To a significant extent, improvements in life expectancy reflect lower infant mortality. The interpretation of indicators of low birth weight is more complicated as this may reflect poor living conditions and under-nourishment of mothers as well as poor maternal health care, but if also influenced by advancement in available medical technology which generates greater survival chances of premature born babies.

Health expenditure spending is a general and key part of the policy response of health care systems to concerns about health conditions. The indicator on hospital care provides information on the number of hospital beds, discharge rates and duration of stays in hospitals. Nevertheless, health

problems are frequently rooted in interrelated social conditions – such as unemployment, poverty and inadequate housing – that are beyond the reach of health policies.

Table 1.4. **List of health indicators**

Social status	Societal responses
Life expectancy	Health expenditure
Infant and child mortality	Hospital care
Low birth weight	

Social cohesion

Promoting social cohesion is an important social policy goal in many countries. However, because there is no commonly-accepted definition, identifying suitable indicators is particularly difficult. The approach taken here in *Society at a Glance Asia/Pacific* is to assess social cohesion through indicators that describe the extent to which citizens participate in societal life trust their fellow citizens and institutions, and derive satisfaction from their daily activities.

Life satisfaction is strongly associated with confidence in the broader society and its institutions. A general measure of trust in other people and safety may indicate the degree to which economic and social exchange is facilitated, enhancing well-being and facilitating socially productive collective action. The degree of community acceptance of minority groups (migrants, ethnic minorities and gay and lesbian people) is a measurable dimension of social cohesion. Finally, high voter turnout indicates that a country's political system enjoys a high level of participation, increasing its effectiveness and reflecting a broad public consensus about its legitimacy.

Table 1.5. **List of social cohesion indicators**

Social status	Societal responses
Life satisfaction	
Confidence in institutions	
Trust and safety	
Tolerance	
Voting	

What can be found in this publication?

The next chapter will discuss "Gender equality in Education, Employment and Entrepreneurship in the Asia/Pacific region". Chapter 3 provides a global picture of social protection statistics with focus on the OECD and the Asia/Pacific region. Chapters 4 to 8 cover each of the five domains of social indicators as discussed above. For each indicator, there is a page of text and a page of charts. Both charts and text are, to a degree, standardised. Both the text and charts address the most recent headline indicator data, with country performances often ranked from best to worst. Changes in the indicator over time are then considered on a chart to the right. The choice of the time period considered for changes is partly determined by data constraints. However, ideally changes are examined either over the last generation, to compare how society is evolving in the longer term, but often a shorter timeframe had to be chosen. Having addressed the indicator and the changes, the text and charts then typically consider interesting an alternative disaggregation of the indicator, or relationships with other social outcomes or policies. For each indicator, a boxed section on "Definition and measurement" provides the definitions of the data used and a discussion of potential measurement issues. Finally, suggestions for further reading are sometimes given.

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Chapter 2

Gender equality in the "three Es" in the Asia/Pacific region

Introduction and main findings

The case for gender equality is founded in both human rights and economic arguments. As such, closing gender gaps must be a central part of any strategy to create more sustainable and inclusive economies and societies. In order to identify barriers to greater gender equality and build on its expertise in these areas, the OECD launched its "Gender Initiative" to help governments promote gender equality in education, employment and entrepreneurship (the "three Es" – see Box 2.1). Greater education participation, from an early age onwards, provides better economic opportunities for women by raising the overall level of human capital and labour productivity. Mobilising hitherto underutilised labour supply and ensuring higher female employment will widen the base of taxpayers and contributors to social protection systems which will come under increasing pressure due to population ageing. More gender diversity will help promote innovation and competitiveness in business. Greater economic empowerment of women and greater gender equality in leadership are key components of the OECD's wider gender initiative to develop policies for stronger, better and fairer growth (OECD, 2011a and 2012a).

Achieving greater gender equality remains a big challenge notwithstanding the important gains that have been made in women's education and employment outcomes in recent history. Most OECD countries have achieved gender parity in education attainment, but further action is needed in many developing economies to improve enrolment and retention of girls in post-primary education. Furthermore, women remain severely under-represented in key, growth-enhancing fields of education such as science, technology, engineering and mathematics (STEM).

Labour markets exhibit many "gender gaps". There is a persistent imbalance in the household division of paid and unpaid work. Women are less likely to work for pay, more likely to have lower hourly earnings, and less likely to obtain decision-making positions in either public or private sectors, and women are also a minority amongst entrepreneurs. In general the gender gaps of disadvantage in the labour market are more pronounced in the Asia/Pacific region than across the OECD, and women in the Asia/Pacific region are therefore more likely to experience poverty and deprivation.

This chapter aims to illustrate progress with gender equality in education, employment and entrepreneurship in the Asia/Pacific region. The evidence-base may not be as comprehensive as the information sets generally available for OECD countries which contain a wider variety of indicators. Nevertheless, some clear areas of advancement can be identified:

- **Education participation is improving.** Almost half of the children in the Asia/Pacific region now participate in formal early childhood education and care (ECEC) facilities, and enrolment in primary education is almost universal. Also, around 15% of adults have completed tertiary education. In contrast to most OECD countries, there are still more men than women who have completed tertiary education, but as in OECD countries women in the Asia/Pacific region are less likely than men to graduate in science, technology, engineering and mathematics. In general, gender gaps in education are most noticeable in low-income economies across the region.
- In some areas of the Asia/Pacific region adolescent **students' perform better in competency** tests than many of their peers in North America and Western Europe. According to the 2012 Programme for International Student Assessment (PISA), an evaluation of competencies in reading, mathematics and science, on average boys and girls in Australia, Hong Kong (China), Japan, Korea,

New Zealand and Singapore perform better than the OECD average in all three subject matters. Girls clearly outperform boys in reading competency, and on average are very close to boys' scores in mathematics and science.

- Gains in educational attainment contribute to narrowing gender gaps in labour force participation, and in most countries gender pay gaps have declined. However, **important gender differences in labour market outcomes remain**, notably in Southern Asia (including Afghanistan, Bangladesh, Bhutan, India, Nepal, Pakistan and Sri Lanka) and the Pacific islands, with women most likely to be found in the most vulnerable employment conditions. In low-income economies the vast majority of women work in the agricultural sector, while in advanced economies they are most likely to be in service sector employment. Compared to men, women in the Asia/Pacific region are less likely to make career progression, with the share of women among legislators, senior officials and managers at around 25% (30% on average across the OECD) and declining since 2005.
- **Women carry out most of unpaid work**, providing care to children, elderly, and sick or disabled family members as well as doing other unpaid household work. In the Asia/Pacific region the gender gap in unpaid work is about three hours per day (2.5 hours for the OECD), and such gaps are particularly large in Southern Asia.
- Cross-nationally comparable indicators on entrepreneurship and access to finance are particularly hard to come by, but available indicators suggest that **the number of female-owned and run businesses is less than half than the number for men**. However, women are more likely to have been involved in setting up new businesses often without much financial gain in the start-up period. Across the Asia/Pacific region about 40% of men and women hold bank accounts with a financial institution – it is 80% across the OECD. These indicators suggest that there is considerable potential for the development of female entrepreneurship and its contribution to inclusive and sustainable economic growth.

Box 2.1. **The OECD Gender Initiative**

The OECD Gender Initiative launched in 2010 examined existing barriers in gender equality in education, employment and entrepreneurship – three key dimensions of economic and social opportunities – with the aim to strengthen the evidence base, improve policies and promote gender equality in the economies of OECD, Key Partners (Brazil, China, India, Indonesia and South Africa) and other non-OECD countries. A particular emphasis on relevant issues in Asia was encapsulated in a joint workshop with the Asian Development Bank (ADB) which brought together experts and policy makers from China, India and Indonesia to identify the challenges, good practices and policy lessons to deal with gender inequality in the "three Es" in these countries (Manila, 28-29 February 2012, *http://beta.adb.org/news/events/adb-oecd-joint-workshop-gender-and-3es*).

The available evidence, policy analysis, and actionable policy messages were presented in the OECD report *Closing the Gender Gap: Act Now* (OECD, 2012a). This report was launched in December 2012, along with the OECD Gender Data Portal (*www.oecd.org/gender/data*) which includes a range of education, employment and entrepreneurship indicators for OECD and Key Partner countries which may serve as a tool for benchmarking progress. The portal has been and will be updated annually on 8 March to mark the occasion of International Women's Day (OECD, 2014a).

Using the findings and policy recommendations in *Closing the Gender Gap: Act Now* as a basis, the OECD developed a Gender Recommendation which was adopted at the OECD Ministerial Council meeting on 29 May 2013 by all OECD member countries, and some non-member countries (OECD, 2013a). The Gender Recommendation sets out a number of measures that governments should consider to address gender inequalities in education, employment and entrepreneurship. It notably recommends that governments of member countries – through appropriate legislation, policies, monitoring and campaigning – provide equal access to education, adopt policies that close the gender

Box 2.1. **The OECD Gender Initiative** *(cont.)*

pay gap, promote family-friendly policies, foster participation of fathers in unpaid work, work towards a better gender balance in leadership positions and promote entrepreneurship among women. It also recommends that OECD members and key partners contribute to achieving gender equality in developing countries by prioritising investments that promote women's economic empowerment in development co-operation programmes.

The Recommendation proposes that member countries further these objectives through co-operation with all relevant stakeholders, by developing, promoting and exchanging policy principles, guidelines, and best practices, as well as by reinforcing the production of internationally comparable gender-sensitive data. Finally, the Gender Recommendation calls for a progress report on gender issues to be submitted to the OECD Council no later than four years following its adoption and regularly thereafter. Gender equality is to stay on the OECD agenda.

Gender equality in education

Investing in formal education is essential to reaching equality in employment opportunities for women and men and is a key driver of economic growth. Education increases cognitive and non-cognitive skills, improves productivity and provides individuals with a greater ability to further develop their knowledge and skills throughout their lives. Increased education is also associated with better health and more investments in children's education and well-being (OECD, 2013b).

Educational achievements of women have spill-over effects within families and communities and across generations. In addition to better individual economic prospects, there is a growing body of literature which suggests that a mother's education has strong social returns. Better educated women fully recognize the importance of health care and education, and know how to seek them for themselves and their children (OECD, 2012a). In this manner, education helps reduce child and maternal mortality as well as increase school attendance among future generations. Girls who have been educated are likely to marry later and have smaller and healthier families.

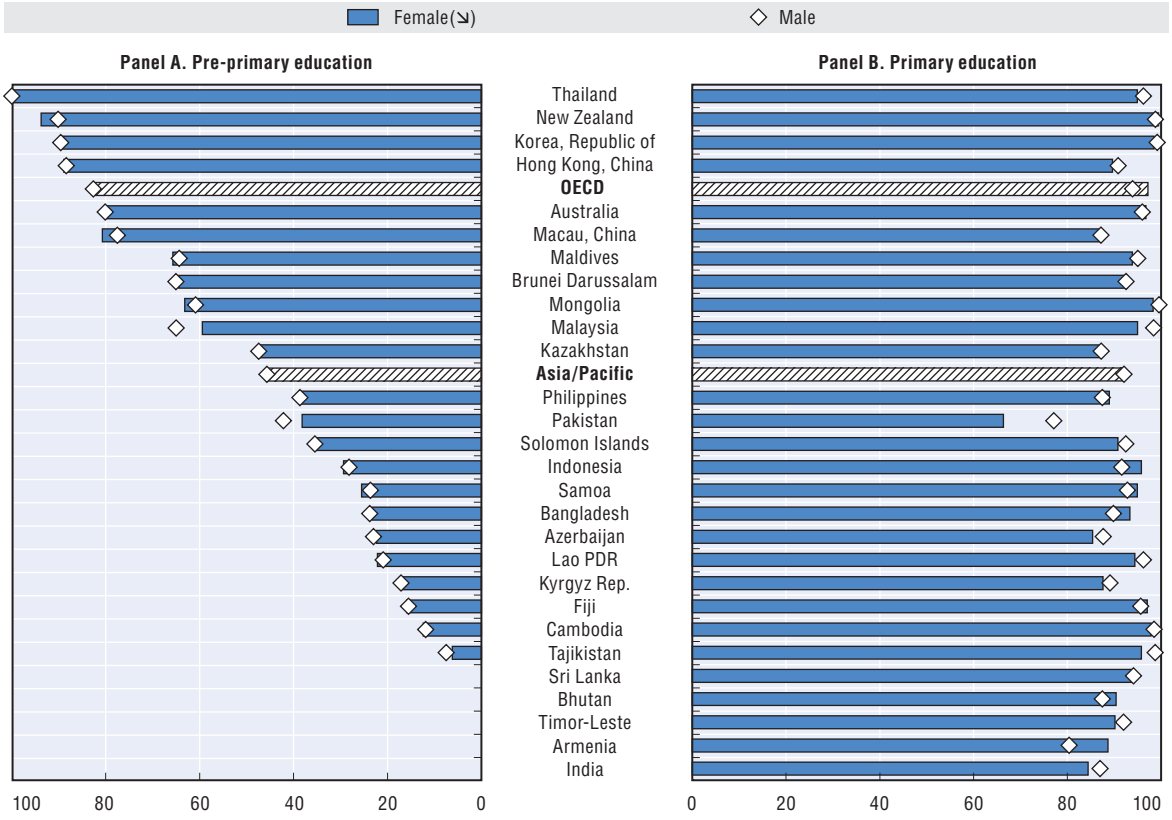
Children's educational attainment is closely linked to their parents' education with the mother's education frequently being more influential than the father's (UNFPA, 2013). An educated mother's greater influence in household negotiations may allow her to secure more resources for her children. Educated mothers are more likely to be in the labour force, allowing them to pay some of the costs of schooling, and are likely to be more aware of returns to schooling.

Enrolment in pre-school and primary education

Participation in pre-primary education helps children develop social, cognitive and analytical skills; the resulting positive effects are largest for children coming from disadvantaged families (OECD, 2011b). Pre-school participation yields benefits in academic achievement, behaviour and education progression and attainment. Results from the OECD's 2012 Programme for International Student Assessment (PISA) show that 15-year-old students who attended pre-primary education perform better on PISA than those who did not, even after accounting for their socio-economic backgrounds (OECD, 2013c and 2013d).

The enrolment rate for pre-primary education (children between the ages of 3 and 5) in the Asia/Pacific region is broadly equal among boys and girls with the largest differences seen in Malaysia and Pakistan where boys are favoured (Figure 2.1, Panel A). Enrolment rates in low-income economies are low (less than 50% in all developing economies in the Asia/Pacific region in 2011) compared to richer economies. Macau (China), Korea, Hong Kong (China), Thailand, New Zealand and the Maldives all have pre-primary education enrolment rates exceeding 80%. Pre-primary education is not

Figure 2.1. **Net pre-primary and primary school enrolment rates, by gender, 2011 or closest year available**



Note: Pre-primary/primary net enrolment rates refer to the total number of pupils in the official pre-primary/primary school age group who are enrolled at the pre-primary/primary education level, expressed as a percentage of the corresponding population.
Pre-primary education: Data refer to 2010 for Australia, Indonesia and Myanmar; 2009 for Philippines; 2008 for Hong Kong (China); 2007 for Maldives; 2006 for the Kyrgyz Republic; 2005 for Pakistan; 2004 Macau (China); data are not available for Sri Lanka, Buthan, Timor-Leste, Armenia and India.
Primary education: Data refer to 2010 for Australia, India, Korea, New Zealand and Solomon Islands; 2009 for Fiji, Philippines and Thailand; 2008 for Macau (China); 2007 for Armenia.
Source: UNESCO enrolment ratios by ISCED level (*www.uis.unesco.org/Pages/default.aspx*).

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compulsory, but is encouraged and partially or completely subsidized in some economies, such as New Zealand and Hong Kong (China) (APEC, 2013).

The majority of economies in the region are achieving near universal enrolment rates at the primary level (UNESCO, 2012). Primary school enrolment rates were above 80% for all economies in 2011 except Pakistan where only 65% of girls and 70% of boys were enrolled in primary school, compared with 85% of girls and boys in other economies in the Asia/Pacific region (Figure 2.1, Panel B). Increasing access to primary education remains a priority, particularly in rural areas where enrolment rates are lower than in urban areas, and children and teachers often have to walk long distances to get to school.

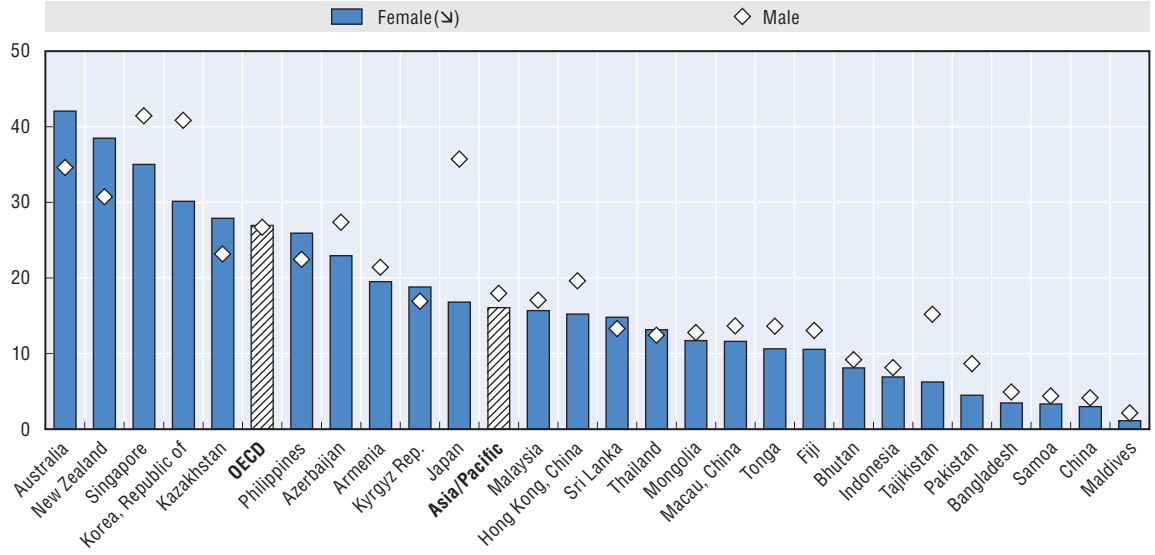
Educational attainment of men and women

Increases in education have accounted for about half of the economic growth in OECD countries since 1960 (Thévenon et al., 2012), and a World Bank study covering 100 countries found that a 1% increase in the share of women with secondary education boosts annual per capita income growth by 0.3 percentage points (World Bank, 2011). Education policies in OECD countries and many Asia/Pacific economies aspire to have young people complete at least secondary education. On the whole, educational

attainment is rising across the region (Chapter 5), and female gains in educational attainment are strong, as exemplified by the growing number of women who complete tertiary education.

Female attainment in tertiary education steadily increased since the 1970s and is growing twice as fast as men (UNESCO, 2013). In many OECD countries younger women (up to age 25) are now more likely to obtain a tertiary qualification than their male counterparts. In Australia and New Zealand this is a long-established pattern for women among the population 25 years and over. Among the adult population across the OECD more women than men attain tertiary education in contrast to the Asia/Pacific region, which has a gender gap of four percentage points in favour of men (Figure 2.2).

Figure 2.2. **Proportion of adults (25+) who have completed tertiary education, 2011**



Note: Data refers to 2010 for China, Hong Kong (China) and Malaysia; 2009 for Azerbaijan, Cambodia, Indonesia, the Kyrgyz Republic and Pakistan; 2008 for the Philippines; 2007 for Fiji, Kazakhstan and Mongolia; 2006 for Macau (China), Maldives, Tonga and Thailand; 2005 for Bhutan; 2001 for Armenia, Bangladesh and Samoa; and 2000 for Mongolia and Tajikistan.
Source: UNESCO Institute for Statistics, Educational Attainment of 25+ (*www.uis.unesco.org/Pages/default.aspx*).

StatLink http://dx.doi.org/10.1787/888933150737

Gender gaps in education are often most visible in low-income economies. In such economies, policy needs to target obstacles to greater female participation in education that are not solely related to education infrastructure (classrooms, teachers and materials/supplies), but also to legal rights and access to health and transportation. Social norms and cultural practices, such as early marriage which is prevalent in some regions, can also influence the ability of girls to attend and complete school. Effective policies, therefore, need to be multifaceted (OECD, 2012a; World Bank, 2008).

A number of interventions appear to be successful in raising female enrolment and completion rates in developing economies, such as reducing user fees, providing school materials, uniforms and meals. Addressing concerns about the physical safety of girls attending school is also important, as is providing proper restroom facilities and training teachers to respond effectively to violence against girls (OECD, 2012a). Some economies have had success by increasing the number of female teachers. Nepal, for example, has made a provision that at least one female teacher be recruited for every primary school. Institutional schools are asked to ensure that at least 5% of their scholarships go to girls and other disadvantaged students, while community schools are asked to waive all fees for poor girls (see UNESCO, 2006; and EDRCN, 2011). Cambodia introduced a scholarship programme for girls who were in their first year (7th grade) of secondary school to facilitate a smooth transition from primary school to secondary school. This programme was found to have a positive effect on girls' enrolment in secondary school, especially for girls in low-income households (Filmer and Shady,

2006; World Bank, 2009). Bangladesh has female secondary school stipend programmes which have increased the number of girls enrolled in secondary school (Raynor and Wesson, 2006; and Khandker et al. 2013). The programmes provide allowances and tuition subsidies to girls in grades 6 to 10 on the condition that recipients remain unmarried during these school years, attend 75% of the school days and score at least 45% in school examinations.

Educational choices: Fields of study

Large gender differences remain in the fields of study chosen by young men and women. Women are more likely to graduate with an education degree than any other degree for most economies in 2011. This is the case in Azerbaijan (90%), the Kyrgyz Republic (87%), Armenia (83%), New Zealand (82%), Myanmar (81%), Korea (76%) and Australia (72%). As in most OECD countries, health and the humanities are the other most popular degrees women obtain in the Asia/Pacific region (Figure 2.3). Women, on the other hand, are underrepresented among students and graduates of degrees in the so-called STEM fields of study – science, technology, engineering and mathematics (STEM).

Graduates with degrees in STEM areas are in demand in the labour market, and increasing the pool of women graduating in these areas can be critical to the development of the economy. Innovation can benefit from a concentration of individuals with STEM skills. With an increasingly knowledge-driven (global) economy and competition in the speed of innovation, governments, particularly in developed economies with the infrastructure and institutions in place, should prioritize the development and full use of a population's available set of skills.

Preferences for a specific field of study are often shaped by personal experiences that start at a young age. Young girls are rarely encouraged to pursue maths and science, which are more likely to be presented as fields of study for boys. OECD (2008) suggests that interest in science and technology appears in primary school and remains stable until the age of 15 after which it declines. It is important that mathematics and science are taught in contexts that are interesting to boys and girls, and a positive attitude towards a subject is also related to positive teacher-student relations (OECD, 2010a). It thus pays to have highly qualified teachers who address gender-specific attitudes within the classroom.

PISA competency scores

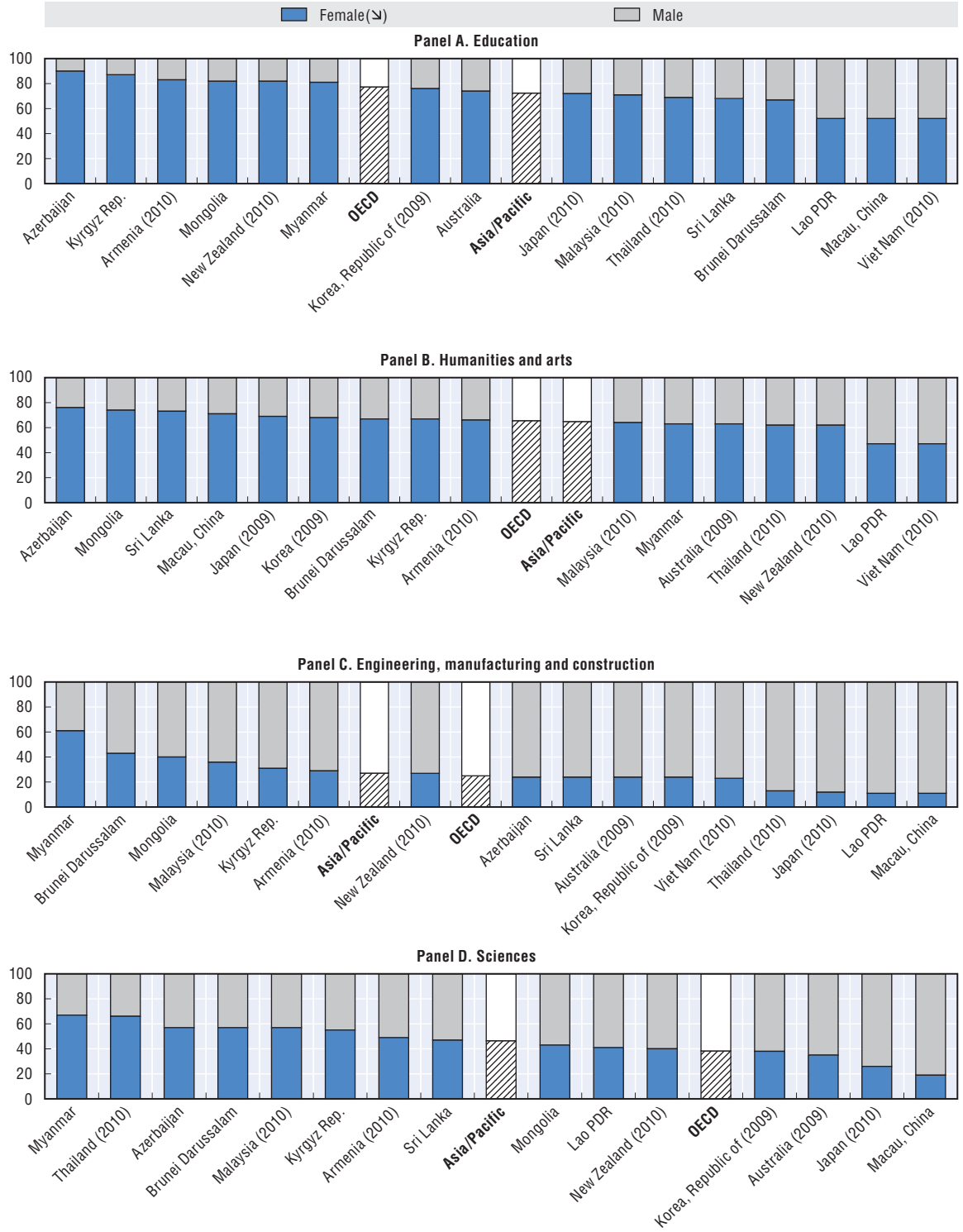
Strong skills in maths, reading and science are fundamental to high academic achievement. Many studies and test results show gender differences in competency levels in these subjects. According to the 2012 OECD Programme for International Student Assessment (PISA), an evaluation of competencies in reading, mathematics and science for 15-16 year-olds, on average, students in OECD countries perform better than students across the Asia/Pacific region (Table 2.1). However, there is large variation across the Asia/Pacific region (Chapter 5) and students in Shanghai, Hong Kong (China), Macau (China), Japan, Korea and Singapore are all top-performers in OECD PISA programme competency scores (OECD, 2013c).

In general, girls excel in reading, but trail behind boys in math, but to a much lesser extent than boys in reading. In Kazakhstan, Malaysia, Singapore and Thailand girls on average perform at least as good as boys or better in reading, mathematics and science (Table 2.1).

In comparison with reading scores, the gender gap is narrower in mathematics where boys scored higher by 6 points on average across the Asia/Pacific region compared with 31 points in favour of girls in reading competency. The 2012 results show boys leading in mathematics in 9 of the 13 participating economies and countries. The greatest gender gap is observed in Hong Kong (China), Japan and Korea where boys outperformed girls by more than 15 points, while girls in Malaysia, Singapore and Thailand performed better than boys in mathematics.

Figure 2.3. **Women constitute the majority of graduates taking education and humanities degrees, but few take engineering and science degrees**

Percentage of graduates and field of study, 2011



Note: Data concerns young men and women who were awarded a particular degree in a given year. Other subject areas such as health, agriculture, social science and services can be found at UNESCO's Institute of Statistics website. No data available on "Sciences" for Viet Nam.

Source: UNESCO Institute of Statistics, Tertiary Indicator, 2011 (*www.uis.unesco.org/Pages/default.aspx*).

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Table 2.1. **OECD PISA Programme mean competency scores in reading, mathematics and science by gender, 2012**

	Reading		Mathematics		Science	
	Boys	Girls	Boys	Girls	Boys	Girls
Australia	495	530	510	498	524	519
Hong Kong, China	533	558	568	553	558	551
Indonesia	382	410	377	373	380	383
Japan	527	551	545	527	552	541
Kazakhstan	374	411	432	432	420	429
Korea	525	548	562	544	539	536
Macau, China	492	527	540	537	520	521
Malaysia	377	418	416	424	414	425
New Zealand	495	530	507	492	518	513
Shanghai, China	557	581	616	610	583	578
Singapore	527	559	572	575	551	552
Thailand	410	465	419	433	433	452
Viet Nam	492	523	517	507	529	528
Asia/Pacific	**476**	**509**	**506**	**500**	**502**	**502**
OECD average	**478**	**515**	**499**	**489**	**502**	**500**

Source: OECD Programme for International Student Assessment (PISA) 2012 Database (http://pisa2012.acer.edu.au/).

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Gender equality is more prevalent in science competency scores than in mathematics and reading in OECD countries as in the Asia/Pacific region. On average boys outperform girls by 10 points or more in Japan, while it is the other way round in Malaysia and Thailand.

The patterns observed for average scores in the PISA tests are reinforced when examining the scores of the top and bottom performers. Top performers in the PISA mathematics and sciences tests are predominately boys, while the top performers in the reading test are girls. In most economies, there are more girls than boys among bottom performers in mathematics, but the gender gap is less significant than among the top performers (Figure 2.4).

Figure 2.4. **Top and bottom performers of PISA mathematics scales, 2012**

Source: OECD Programme for International Student Assessment (PISA) 2012 Database (http://pisa2012.acer.edu.au/).

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In all, there are considerable gender differences in the field of study, but these differences seem larger than what might be expected on the basis of student performance: attitudes play a key role in shaping education choices (OECD, 2012a).

Gender equality in employment

In the past few decades, rapid socio-economic change has involved a shift towards greater financial independence among women and increased visibility in the workplace. Women have been entering the labour force in larger numbers and remain longer in employment over their life course. Greater female employment participation has contributed to stronger long-term economic growth while increased female earnings reduce poverty risks for women and their families. Increasing female employment participation can also help address imminent challenges stemming from population ageing in some Asian economies as, for example, in Japan and Korea.

However, women also remain largely responsible for unpaid household and care responsibilities and when in employment they often occupy poorly-paid jobs in labour-intensive sectors. This particularly holds true for women in low-income economies where low education attainment limits them to low-skilled jobs and temporary work. A high proportion of jobs in the informal sector are characterised by irregularity, low pay and a lack of security. For example, there has been an increase in the number of factories in Asian countries such as Cambodia, Bangladesh and Viet Nam, which has facilitated a rapid increase of women in the workforce, but working conditions in these factories are a serious concern (Natsuda et al., 2009). In all, gender gaps persist in hours worked, wages, occupations, career progression and unpaid work.

The ADB and ILO estimate that women's limited access to employment causes a loss in economic growth to the Asia/Pacific region of around USD 42 to 47 billion per annum (ADB/ILO, 2011). Women's full integration into the economy is a desirable goal for equity and efficiency in OECD and non-OECD countries alike. The challenge for policy makers is to find ways and means to reduce barriers to greater gender equality in employment, thereby providing more opportunities to pursue individual aspirations and boost economic growth.

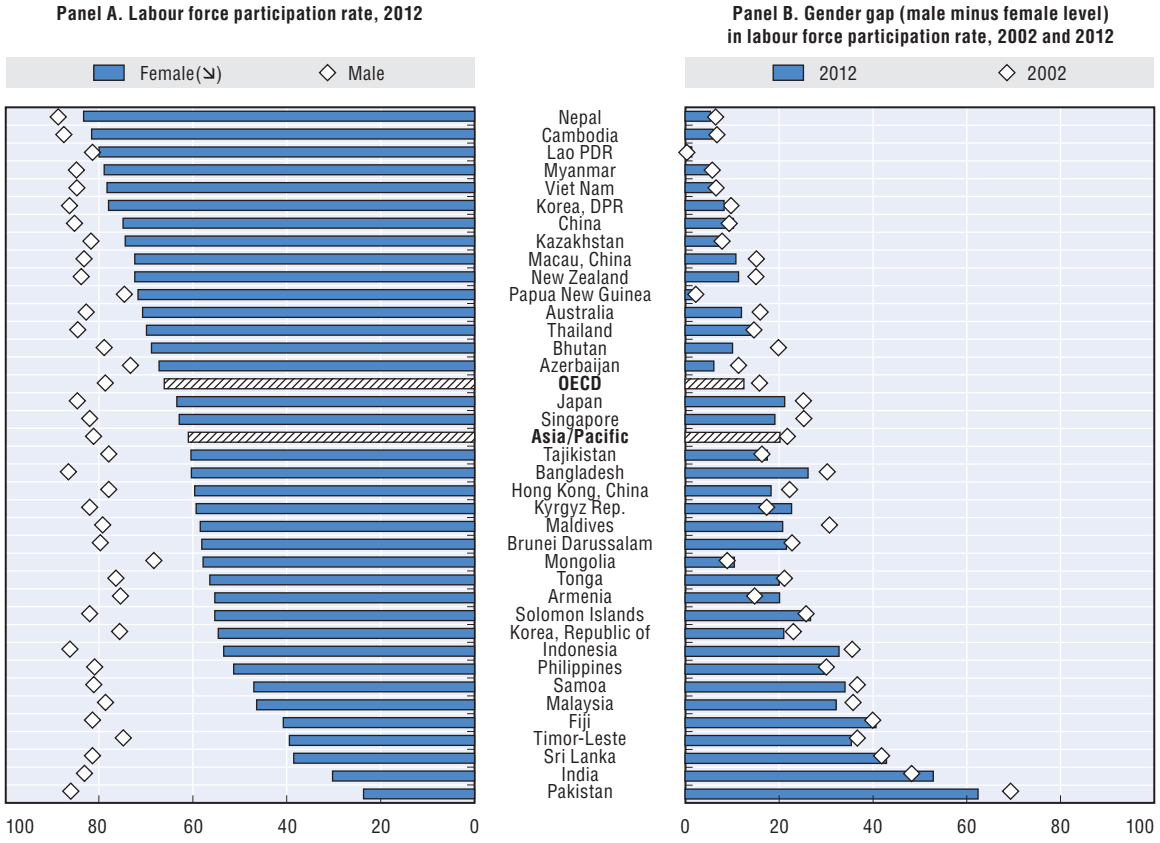
Labour force participation

Female labour force participation rates – which measure the proportion of a country's female working-age population (15-64), either in work or looking for work, have increased in recent years in many countries. Over the 2002-12 period the (unweighted) female labour force participation rate increased by just over 1 percentage point to 61% on average across the Asia/Pacific region (ILO, 2014). The gender gap in labour force participation narrowed by up to 10 percentage points over a decade (2002-12) in most Asia/Pacific economies. However, labour force participation rates are still lower for women than men and gender participation gaps are most significant in South Asian economies. Figure 2.5 shows that in 2012, the largest gender gaps in labour force participation were recorded for Pakistan, India and Sri Lanka. Women in these economies often face considerable educational, cultural and institutional barriers to labour market participation.

Labour force participation rates are frequently highest in the poorest economies where only a small proportion of the population can afford to remain outside of the labour force. Nepal, Cambodia and Lao PDR have the highest female labour force participation rates at over 80% and an average gender gap of 4.2 percentage points (Figure 2.5). This can be attributed to Asia's large agricultural sector and textiles and garment industry (in urban areas) where women account for a considerable part of the workforce.

Some Asian economies are experiencing important demographic changes as persistently low fertility rates and increases in life expectancy are leading to a growing share of elderly in the population and declining work-age populations (Chapter 4). This will pose important challenges to policy makers in terms of addressing care needs (OECD, 2011c and 2013e) and financial sustainability

Figure 2.5. **Gender gaps in labour force participation remain although they are declining in many economies**



Source: OECD Employment Database 2013 (*www.oecd.org/employment/emp/onlineoecdemploymentdatabase.htm*) and ILO (2014), "Key Indicators of the Labour Market (KILM) 4", ILO Department of Economic and Labour Market Analysis, Geneva (*www.kilm.ilo.org*).

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in pension systems (OECD, 2013f and 2013g). But it also offers opportunities to groups of workers, including women, who are generally under-represented in the labour market. Without increased female economic participation, Japan and Korea will experience declining labour forces with negative effects on economic growth (OECD, 2012a).

Box 2.2. **Demographic change in China, Japan and Korea**

Japan has one of the "oldest societies" in the world. Life expectancy is higher than in any other country (Chapter 7), and already in 1960 the total fertility rate (TFR) was two children per woman. In 2014, the dependency ratio is 77%: there are 100 working-age people to take care of 77 non-working-age people (elderly and children).

By contrast the demographic transformation in China and Korea started later. In China the TFR in 1960 was around 5.5, 3.0 in 1975 and fell below 2 in 1995. The one-child policy in China contributed to a decrease in the number of children, while people born since 1950 are still in the workforce. In 2014, the dependency ratio was relatively low at 50% – there were 100 working-age people to take care of 50 non-working-age people (elderly and children). This temporarily favourable age structure of the Chinese population caused a "demographic dividend", which underlied one quarter of per capita GDP growth (see Cai and Wang, 2006). However, longevity – at 76 years life expectancy at birth has increased and is above the Asia/Pacific average (Chapter 6), and with a TFR at around 1.7 the

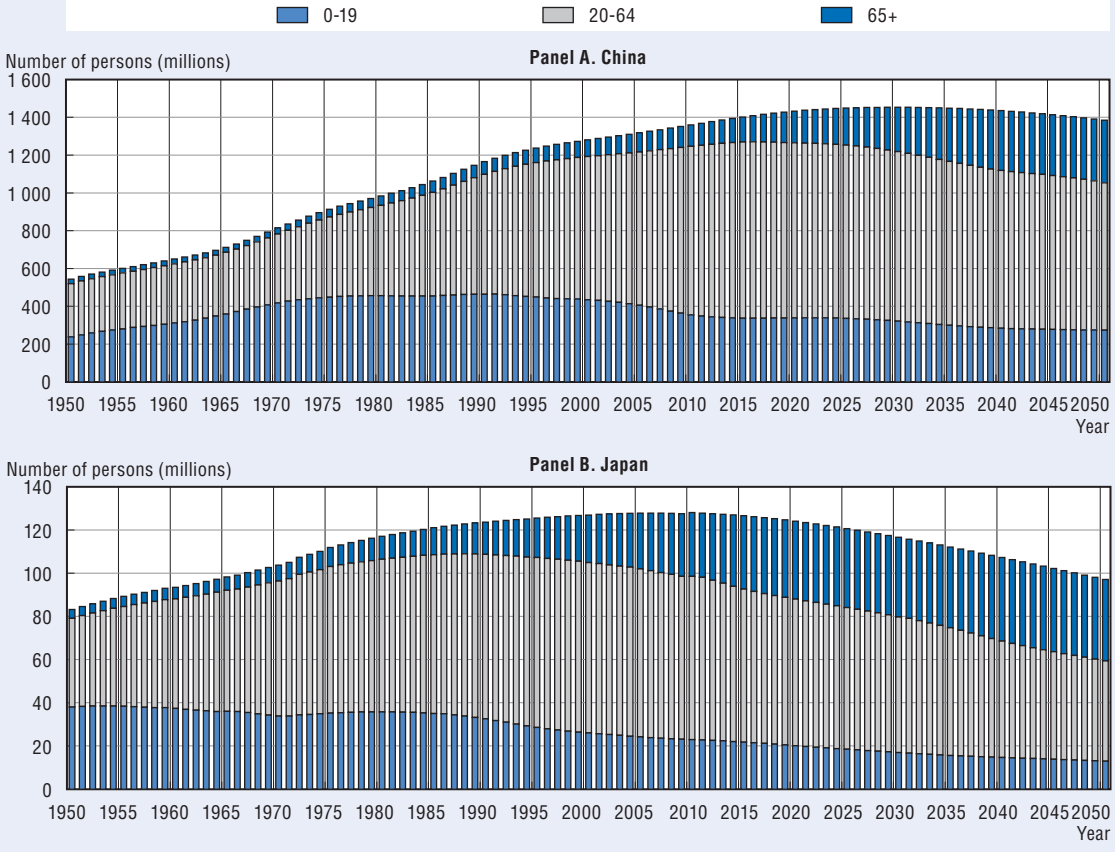
Box 2.2. **Demographic change in China, Japan and Korea** *(cont.)*

dependency ratio is projected to increase to 77 in 2050. The "4-2-1-1 problem" will become more prevalent: increasingly one working person will have to provide for four grandparents, two parents, and one child, while at the same time saving for his or her own retirement.

Korea's demographic and social economic transition took place at an even faster pace. From a very poor country devastated by war in the early 1950s, Korea has developed into one of the richest countries in the region (Chapter 4) with life expectancy at birth close to 83 years. Family planning policies introduced in the 1960s contributed to a rapid decline of fertility rates from a TFR of 6 in 1960 to 1.6 in 1995 and 1.2 in 2011.

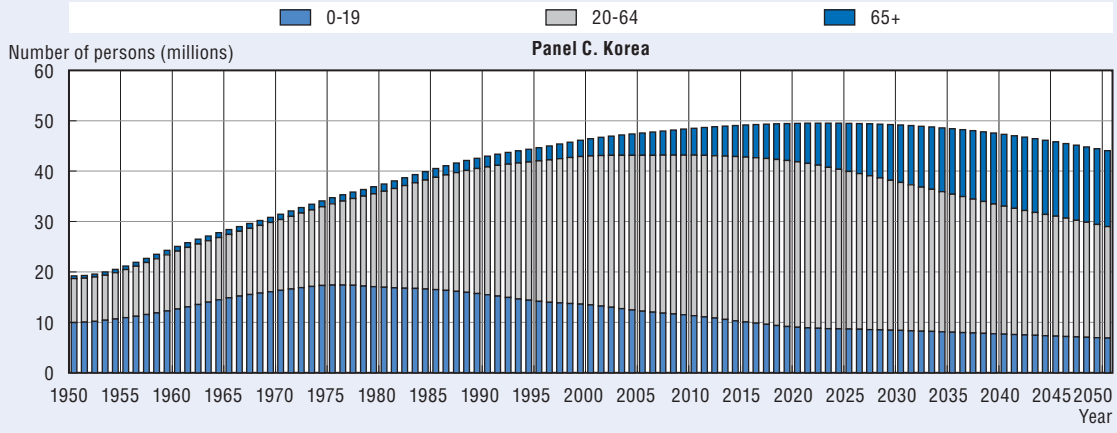
The demographic transition raises labour supply issues, especially in Japan and Korea with their rapidly ageing populations and declining working-age populations. Japan and Korea have traditionally experienced little immigration, and they need to use their human capital more effectively to face the challenge of a potentially dwindling pool of paid and unpaid workers. Japanese and Korean men will have to do more at home, more Japanese and Korean women will have to be part of the paid workforce, and Japanese and Korean workplace practices will have to become more family-friendly. China also faces these issues, but to a lesser extent than Japan and Korea. Furthermore its labour market experience is different, as its traditionally high female employment has fallen in recent years. Nevertheless, in all three countries increasing female labour force participation is key to greater gender equality in the labour force as well as sustaining labour supply and economic growth (see projections in Chapter 5).

Population in China, Japan and Korea by broad age group, 1950-2050



Box 2.2. **Demographic change in China, Japan and Korea** *(cont.)*

Population in China, Japan and Korea by broad age group, 1950-2050 *(cont.)*



Source: OECD Demography and Population Database (www.oecd.org/statistics/data-collection/demographyandpopulation.htm).

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Working part-time

Part-time employment – i.e. working less than 30 hours per week – has become more prevalent in many countries. In part this is because groups with traditionally low labour force participation, such as mothers, use part-time employment as a tool to reconcile work and family commitments (OECD, 2007). Workers in part-time employment often still face a penalty compared with full-time workers in terms of pay, job security, training, promotion and lifetime earnings, pension entitlements, or unemployment benefits and/or re-employment assistance in case of unemployment (OECD, 2010b). Part-time employment is frequently associated with low quality and precarious jobs, and elevated poverty risks.

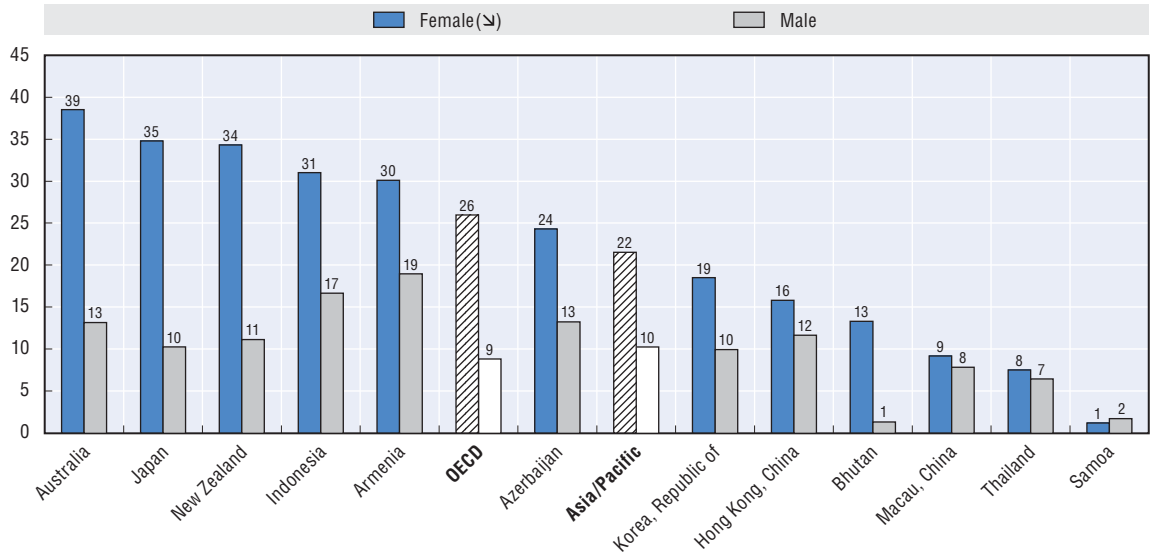
Women are more likely than men to engage in part-time employment. This is often related to women being the main caregiver in families, and reduced working hours helps parents reconcile work and family commitments. Across the Asia/Pacific region, there are more women than men in part-time employment, and at 22% of female workers, the proportion of part-time employment is just below the OECD average (Figure 2.6). The proportion of part-time employment is particularly high among higher income countries, including Australia, Japan and New Zealand. These countries also have large gender gaps in part-time employment, with up to a 25 percentage point difference.

Employment by sector

In the Asia/Pacific region, women are predominately employed in the agriculture and services sectors (Figure 2.7). Women's participation increase in agriculture is related to an "outmigration" of men from low-paying agricultural work to industry (Vepa, 2005). In low-income economies, like Lao PDR and Pakistan, about two-thirds of employed women work in agriculture, but there is some shift from the agricultural to the service sector (ILO, 2012a). For example, in Cambodia, the number of women in agriculture decreased from 83% to 57% in 13 years (1998-2011) and increased from 13% to 26% in the services sector over the same period.

Employment in the services sector is high in industrialised economies. At least 80% of women in East Asia [Japan, Korea, Hong Kong (China) and Macau (China)] are engaged in the services sector. On average this is 83% for women in OECD countries (OECD, 2012a). Within the services sector, retail trade and hospitality are most popular for women in OECD countries, followed by health and social work.

Figure 2.6. **Part-time work as a share of total employment by gender, 2011**



Note: Data refers persons aged 15 and over; to 2000 in Thailand; 2003 in Indonesia and Azerbaijan; 2004 in Macau (China); 2008 in Armenia and Samoa; and 2012 in Bhutan.
Source: OECD Employment Database 2013 (*www.oecd.org/employment/emp/onlineoecdemploymentdatabase.htm*) and ILO (2014), "Key Indicators of the Labour Market (KILM) 4", ILO Department of Economic and Labour Market Analysis, Geneva (*www.kilm.ilo.org*).
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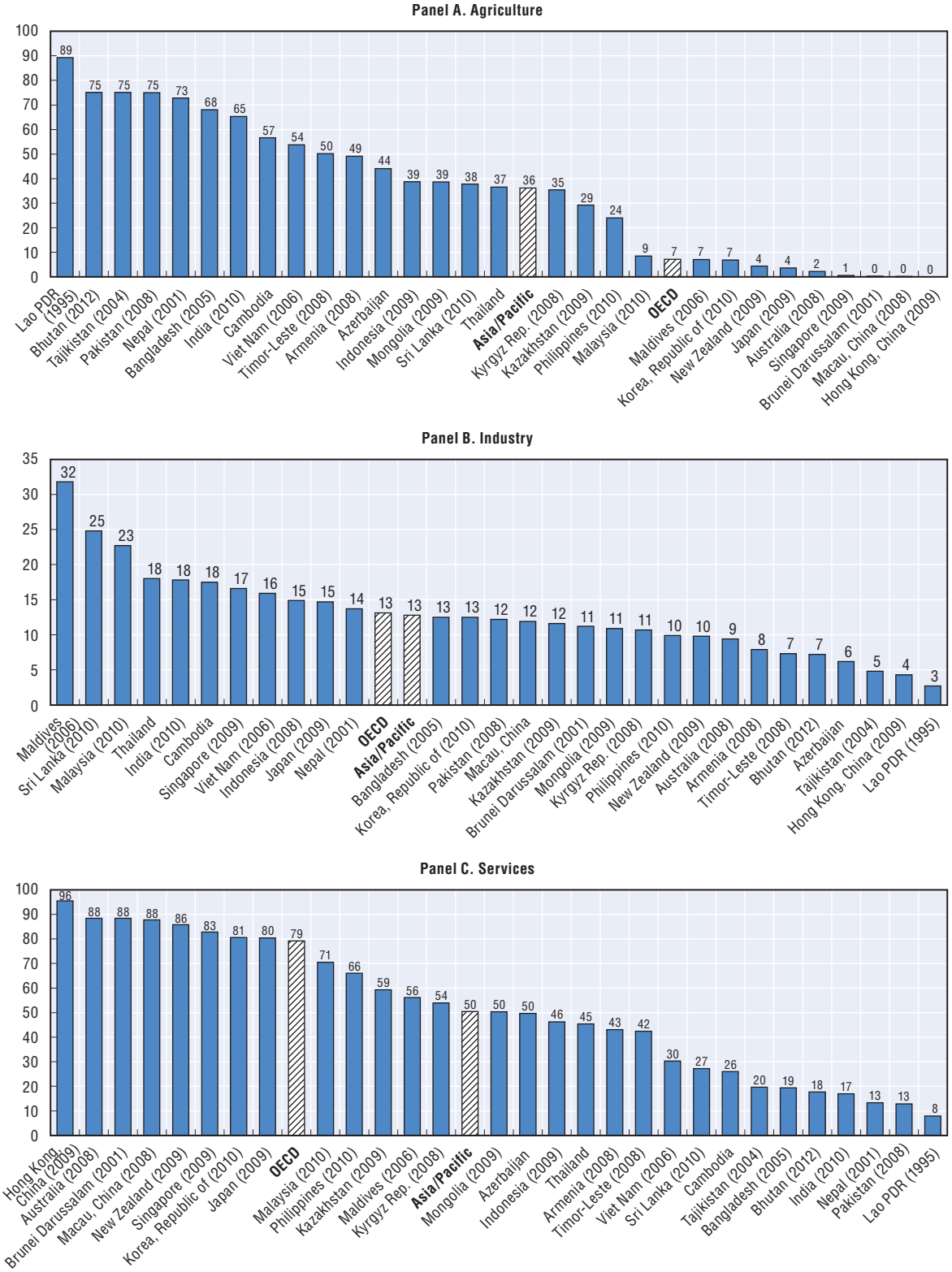
In developing economies, the informal sector plays an important role in employment for both men and women. OECD (2009) suggests that in many developing countries informal employment makes up about half or more of total non-agricultural employment. A high proportion of men and women who work in the informal sector in developing countries tend to be self-employed (OECD, 2012a). Women are not always more likely than men to be in informal employment, but they are much more likely to be found in the most vulnerable forms of informal employment characterized by irregularity, low pay and job insecurity. Informal work among women often consists of unpaid work in family businesses, farming or concerns own-account workers and sub-contracted workers who produce from their homes, or in the domestic household sector, a key informal service industry that is growing and difficult to regulate (ILO, 2013a; and OECD, 2012a).

Leadership and representation

In terms of employment, women tend to be concentrated in fewer occupations compared with men. For European OECD countries on average, half of employed men work in 13 occupations while this is only 9 for women (OECD, 2012a). Across the OECD, women tend to work in sales and clerical occupations, the public sector (OECD, 2013h), health care, social care and teaching professions; they are under-represented in mathematics, science and engineering professions as well as in manual and production jobs. Occupational segregation is thus related to the sectoral structure of employment in a country (OECD, 2012a).

But there is also a "vertical" component to occupational segregation: women are under-represented in managerial jobs, especially at the most senior level. Women in private sector employment across the world tend to be concentrated in entry or middle-level positions. On average women make up about one-third of the managers across the OECD (OECD, 2012a), but only represent 10% of board members for listed companies. Looking across the broad group of managers, senior officials and legislators it appears that women in Asia are less likely than women in the OECD to be in a leadership position (Figure 2.8). In 2012 the number of women in ministerial positions and in parliament was higher in the OECD on average than in Asia/Pacific economies. In 2012, Nepal and

Figure 2.7. **Women employment by sector**



Source: OECD *Employment Database* 2013 (*www.oecd.org/employment/emp/onlineoecdemploymentdatabase.htm*) and ILO (2014), "Key Indicators of the Labour Market (KILM) 4", ILO *Department of Economic and Labour Market Analysis*, Geneva (*www.kilm.ilo.org*).

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Timor-Leste had more women in parliament than on average across the OECD and the proportion of women among seniors officials, legislators and managers was above the OECD average in 2011 in the Philippines (note Figure 2.8, Panel A), Mongolia, the Kyrgyz Republic and Singapore. Across the board, New Zealand consistently performs better than its OECD peers.

Women have become increasingly active and visible in politics in the Asia/Pacific region. In recent history, Indira Ghandi (prime minister of India from 1966 to 1977 and again in 1984) is arguably the most famous female Asian leader. But there are many others. For example in 2014, Park Geun-Hye is the current and first female President of South Korea while Sheikh Hasina is the current prime minister of Bangladesh and she and Ms Khaleda Zia have alternated as prime minister since 1996. Chandrika Kumaranatunga was President of Sri Lanka (1994-2005) and Jenny Shipley (1997-99) and Helen Clark (1999-2008) both served as prime minister of New Zealand. Gloria Macapagal-Arroyo was President of the Philippines from 2001-10 and Pratibha Patil was the first female President of India (2007-12). Furthermore, without ever having been president or prime minister, Ms Aung San Suu Kyi has played a leading role in politics in Myanmar for many decades.

Over the 2005-12 period the number of women in parliament increased in the vast majority of economies in the region (Figure 2.8, Panel B). On average, the share of women in parliament in the Asia/Pacific region increased by around 5 percentage points. In some countries this can be attributed to a quota system, which reserves a percentage of seats for women. Countries which have adopted quotas as a tool to advance women's participation include Australia, Maldives, India, Bangladesh and Pakistan (McCann, 2013). India also made some headway in increasing the number of women in sub-national parliaments through a quota system (Nanivadekar, 2005).

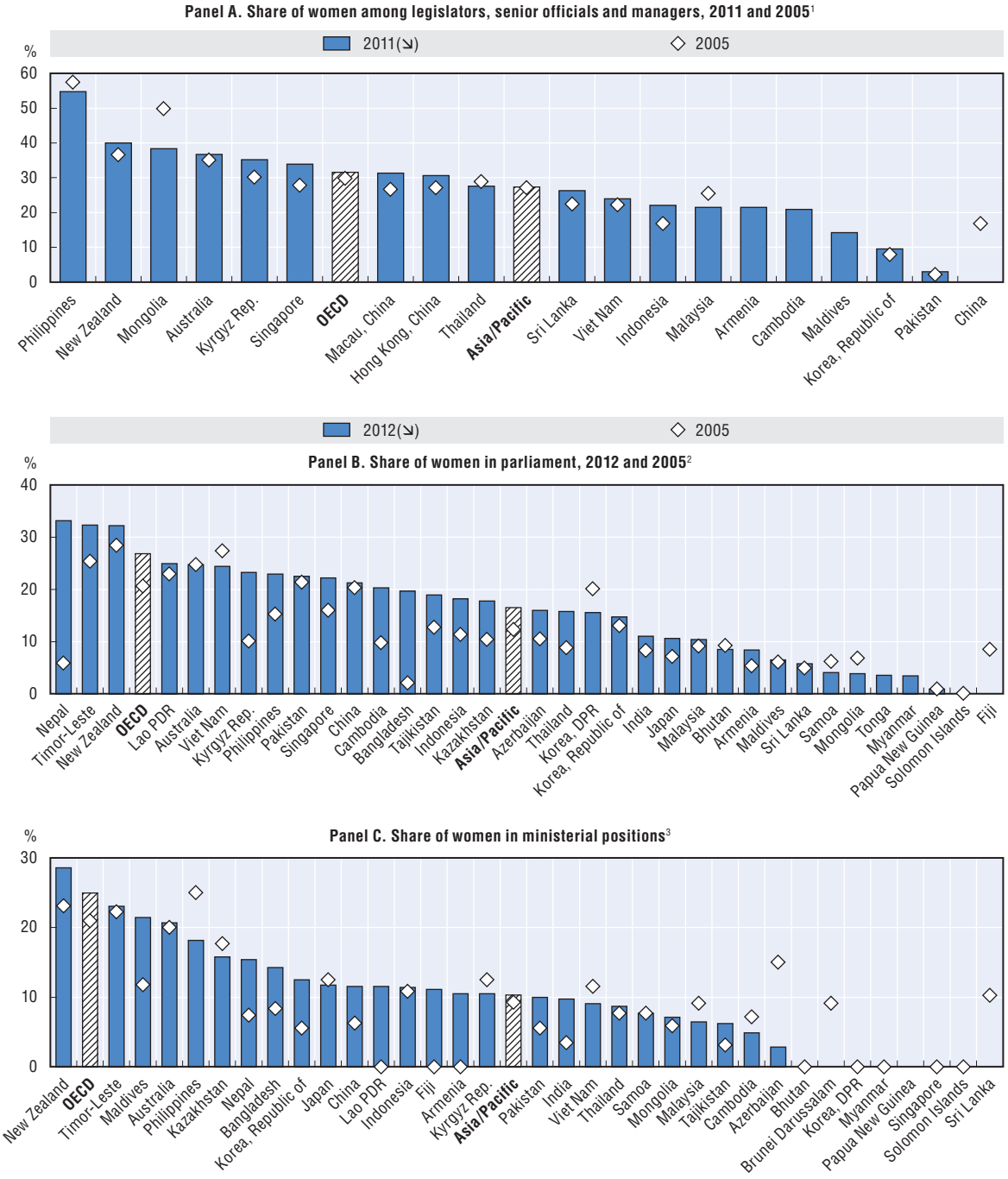
The share of women with ministerial posts in national governments has also gone up (Figure 2.8, Panel C), but is small at just over 10% of all national ministers across the Asia/Pacific region (and half of the OECD average). In 2012, the share of women in ministerial posts was highest at 28% in New Zealand and lowest at 3% in Azerbaijan.

Gender pay differences

Gender pay differentials remain one of the most persistent forms of gender inequality in the labour market. For full-time employees in OECD countries gender pay gaps were 16% in 2010, down from 20% in 2000. In 2010, gender pay gaps as measured at median earnings for OECD countries were lowest in Hungary, Mexico and New Zealand at around 5 to 7% and largest in Japan and Korea at 29 and 39%, respectively (OECD, 2012a). Gender pay gaps are affected by occupational segregation, differences in working hours, education and work experience but a considerable part of the pay differentials cannot be explained by observed variables which may to some extent reflect discriminatory practices.

OECD (2012a) showed that in Japan and Korea unobserved variables and job characteristics were the two most important factors underlying wage gaps, and that in both countries gender pay differentials increase with motherhood and age more so than in other OECD countries. For young women (age 25-29) pay gaps with their male peers are around the OECD average (10-15%), but this increases with age to 30-40% or more. This is related to the dual labour markets in Korea and Japan where pay for "regular workers" (frequently men) is much better as linked to age and tenure than for non-regular workers (often women). In return regular workers, signal their commitment to their employer and career by putting in long hours, including unpaid overtime and taking less parental leave than to what they are entitled to. In such a workplace culture it is very difficult for regular employees (men and women) to be more fully involved in caring for children or elderly parents: of all men in the OECD, Korean and Japanese men spend the least time in unpaid housework (see below and OECD, 2014a, *OECD Gender Data Portal*); and women still frequently withdraw from the labour force when they have children. However, when they try to get back into work (e.g. when children enter

Figure 2.8. **Women in leadership positions**



1. Data on the workforce are collated in line with the International Standard Classification of Occupations version ISCO-88, and the relevant category counts "legislators, senior officials, and managers". However, data on Japan, the Philippines, Indonesia, Malaysia and Pakistan are based on the International Standard Classification of Occupations version ISCO-1968, and the relevant category includes "administrative and managerial workers". Hence, results for these countries are not fully comparable with outcomes for the other countries.
2. No 2012 data for Myanmar and Fiji; No 2005 data for Tonga.
3. No 2012 data for Sri Lanka; No 2005 data for Papua New Guinea.

Source: UN Women "Women in Politics" posters 2005 and 2012 (*www.ipu.org/english/home.htm*; *www.ipu.org/pdf/publications/wmnmap12_en.pdf*); OECD (2013), *Government at a Glance 2013*, OECD Publishing, Paris, *http://dx.doi.org/10.1787/gov_glance-2013-en*; and, *IDEA Quota Project Database* (*www.quotaproject.org/*).

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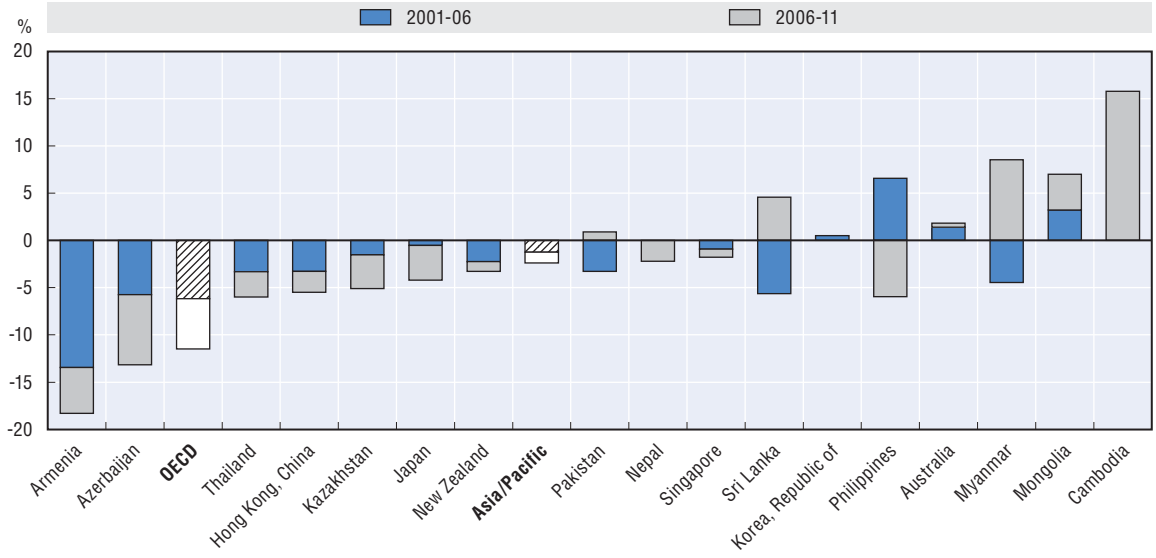
school), they generally cannot go back to regular employment with opportunities for career and earnings development, and often end up in relatively low-paid employment.

Directly comparable information on gender pay gaps is not available for a broad range of Asian economies. ILO (2013b) contains information on real average monthly wages by gender, which facilitates a comparison of trends, but makes it difficult to draw meaningful conclusions on cross-national differences in wage levels and gender gaps therein.[1] These data suggest that in most of the Asia/Pacific economies the gender pay differentials have declined since 2001 (Figure 2.9). However, the narrowing of the measured gender pay gap does not necessarily imply that the situation of women has improved; it may well reflect a deterioration of male earnings, or both.

Figure 2.9. **Changes in the gender pay gap, percentage points, between 2001-06 and 2006-11**



Note: The gender pay gap is here defined as the difference between men and women average wages over men average wages. 2011 data refer to 2010 data for Armenia, Azerbaijan, Hong Kong (China), Kazakhstan, Timor-Leste, Viet Nam and Japan; 2009 for Cambodia; 2008 for Myanmar, Nepal and Sri Lanka; 2006 data refer to 2007 for Korea; 2006 data not available for Viet Nam and Timor-Leste.

Source: ILO Global Wage Database 2012 (*www.ilo.org/travail/areasofwork/WCMS_142568/lang--en/index.htm*).

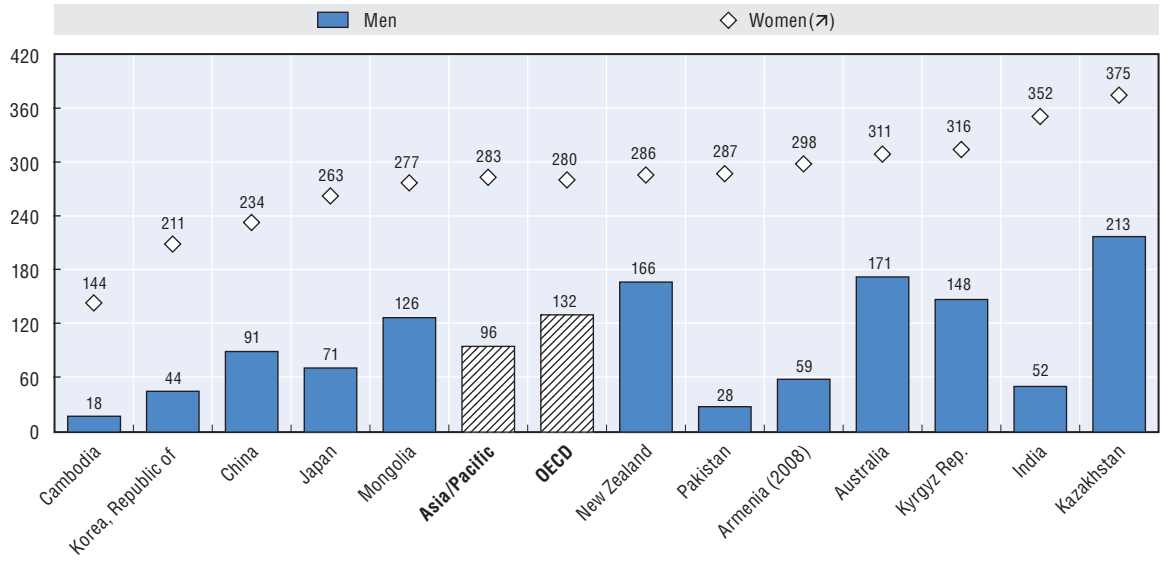
StatLink http://dx.doi.org/10.1787/888933150811

Unpaid work

Across the world women carry out the majority of unpaid work through providing care to children, elderly, and sick or disabled family members as well as other unpaid household work. In less developed economies, time spent on unpaid work includes time-consuming activities such as looking for fuel or queuing for water, and as societal norms frequently dictate that women are mainly responsible for such work, gender gaps in unpaid work can be substantial. Time spent on unpaid household work has been identified as a major contributor to the persisting gender differences in formal labour market outcomes.

In OECD countries the gender gap is smallest in Denmark where women "only" spend one hour more per day on unpaid work than men (OECD, 2012a), while the OECD average is 2.5 hours per day (Figure 2.10; and OECD, 2011d). In the Asia/Pacific region the gender gap in unpaid work is about three hours per day, and such gaps are particularly large in Pakistan and India where women spend four to five more hours per day on unpaid work than men. In India, unpaid workers account for a very large proportion of the rural female workforce (Mazumdar et al., 2011), and many poor women have the "double duty" of caring for the household as well as engaging in outside employment.

Figure 2.10. **Time spent on non-market/unpaid work in minutes per average day, by gender**



Source: OECD (2011), *Society at a Glance Asia Pacific 2011*, OECD Publishing, Paris (*http://dx.doi.org/10.1787/9789264106154-en*).
StatLink http://dx.doi.org/10.1787/888933150821

Gender equality in entrepreneurship

Entrepreneurship is an important driver of economic development and growth in many economies. It also has tremendous potential in empowering women, creating employment, transforming society and alleviating poverty. Apart from the general diversity in entrepreneurial practices, there appears to be significant differences in the characteristics of male and female entrepreneurs. Women entrepreneurs tend to own smaller businesses, operate with lower levels of capitalisation, start and manage firms in different industries than men, and the growth rates of their businesses tend to be slower than that of firms owned by men (OECD, 2012a). Entrepreneurial activities are still hampered by constraints which can be gender specific, such as cultural norms or restricted access to finance for women.

Access to finance is a key issue for many entrepreneurs. Although the sources of finance are the same for men and women, women often tend to face higher barriers to access finance. The main reasons for this gender gap are associated with differences in the sector of activity and the age and size of female-owned businesses. However, other possible explanations include lack of managerial experience, women's weaker credit history, and a smaller business size. In a number of countries women's access to financial services and resources is further hampered by general limitations to the formal financial infrastructure and – in some cases – legal and institutional barriers (OECD, 2012b).

A unique example of empowerment of poor women working in the informal economy concerns the Self-Employed Women's Association (SEWA) in India with its 1.3 million members. SEWA is active in the areas of microfinance and insurance (mainly through the SEWA Bank), training and communication, but it is its work on labour issues – paralegal assistance, lobbying, health insurance, childcare, maternity benefits and pensions – that is at the heart of the association. Most of the women who joined SEWA experienced improvements in earnings, marketing and working conditions.

Overall, women entrepreneurship is gaining momentum and is seen as a source of new employment opportunities and innovation. For some women, starting their own business is out of necessity as job opportunities are scarce (GEM, 2012). However, for more women to be successful in starting and sustaining their own business, policies towards easier access to credit, affordable loans, and business management training are needed.

Box 2.3. **Microcredit as a tool to support female entrepreneurship, gender empowerment and poverty alleviation**

Microcredit is the extension of small loans (microloans) to impoverished persons who typically lack collateral, regular employment and an established credit history, all usual requirements for traditional forms of loans from formal financial institutions (Grameen Bank, 2014a). Microcredit is a major part of microfinance, which covers a range of financial services (credit, savings, insurance). Here the focus is on microcredit only and not on other aspects of microfinance, which may also help to promote female entrepreneurship, gender empowerment and poverty alleviation.

The intended effect of microcredit varies across programmes and countries, but in general the two main aims are: i) to alleviate poverty by promoting self-employment among the poor, who generally lack regular employment; and ii) to empower impoverished women through entrepreneurial activity as there is a gender bias in approved loans by formal institutions. Of the approximate 150 million microcredit clients across the world by 2010, roughly two-thirds were women (Reed and Maes, 2012). As microcredit loans are usually approved without collateral, interest rates for such loans are generally much higher than for traditional forms of loans. Microcredit loans are primarily provided by non-government organisations (NGOs), however, development banks have recently become active in this area (Grameen Bank, 2014b).

One of the first examples of an organised microcredit institution is the Grameen Bank, which provides an example of how microcredit functions in practice. The Grameen Bank was established in 1976, transformed into an independent bank in 1983, and became a corporate bank in 2002 (Reed and Maes, 2012). The institution's loans are aimed at the rural poor and in October 2011 it had 8.35 million borrowers, 96% of whom were women. Another institution, BRAC, had 4.5 borrowers in September 2013 (Bangladesh had a population of around 150 million in 2011). Although initially lent to individuals, many loans are now disbursed to groups to aid monitoring, repayment, and spread risks. The bank also encourages borrowers to become savers (another microfinance tool) and the local capital is used to fund new loans, as with traditional commercial banks; around 90% of loans are now funded by interest income and deposits.

Evaluation of the impact of microcredit in Bangladesh, India and Thailand

Given the limited scale of most microcredit projects and the targeted nature of such loans, evaluations can prove difficult due to issues with sample size and selection bias (Banerjee et al., 2014). However, within these limitations, there are some large-scale studies based on comparisons of treatment and control groups in three Asian countries (Bangladesh, India and Thailand), where microcredit is well established.

In Bangladesh, Pitt and Khandker (1998) found that an additional Taka (national currency) of credit provided to women adds 0.18 Taka to total annual household expenditure, as compared to 0.11 for men, and found this difference to be statistically significant. However, in a similar study, Murdoch (1998) failed to find any positive impact of microcredit on poverty reduction or any form of female employment, including self-employment and entrepreneurship. In India, one of the few randomized studies on the effects of microcredit was undertaken by Banerjee et al. (2014) and found no significant difference in total household expenditure per adult. The study also reported that women receiving microcredit loans were no more likely to start entrepreneurial activity. By contrast, an evaluation by the Asian Development Bank (ADB, 2007) on its small-scale microcredit projects in India found some evidence of a positive effect on both high family income and female self-employment. In Thailand, the largest study on the effects of microcredit was undertaken by Coleman (1999). The study found that when endogeneity issues – due to possible causality loop between the income of individuals receiving microcredit loans and the intended outcomes – are not accounted for (relying simply on standard estimators, as is the case in many studies) the programme impacts are significantly

Box 2.3. **Microcredit as a tool to support female entrepreneurship, gender empowerment and poverty alleviation** *(cont.)*

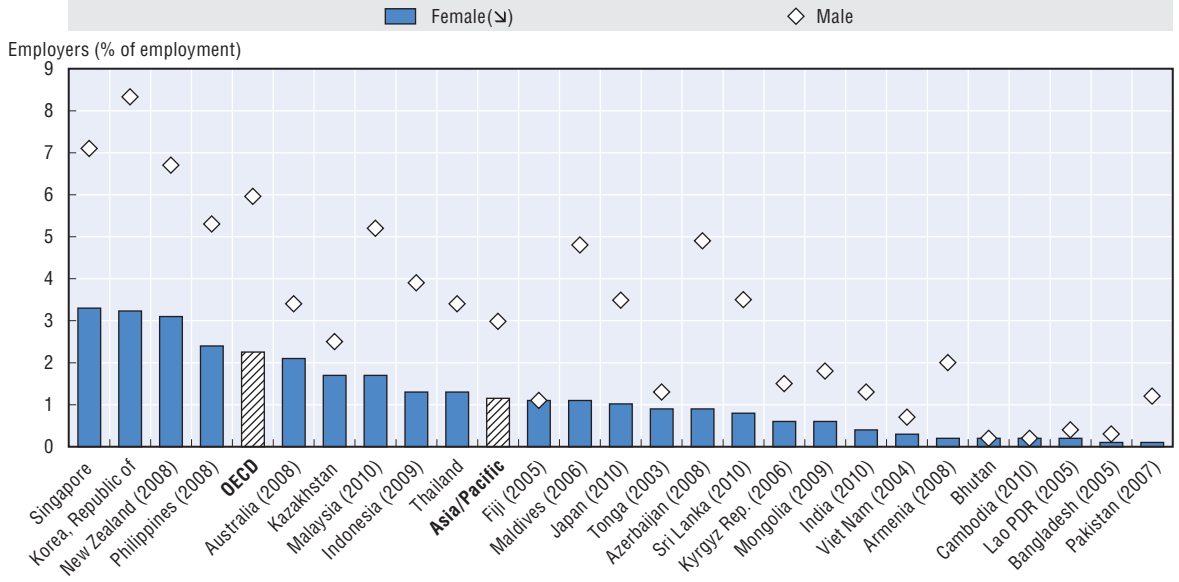
overestimated, while accounting for endogeneity showed that the effect of microcredit on family income and women's activity is not significantly different from zero.

Overall, the various studies to date do not provide an unambiguous view of the effect of microcredit on its primary goals of poverty alleviation and gender empowerment. Moreover, while studies evaluating the effect of microcredit on poverty reduction have been widespread, evaluations of the effect on gender empowerment is more limited and often included as a small part of larger evaluations on poverty reduction. As such, the use of microcredit as an effective tool for gender empowerment remains disputed.

Business ownership

The average number of female-owned and run businesses is less than half of the number of male-run businesses in OECD and Asia/Pacific economies, while the number of entrepreneurs as a proportion of the employed population is very low for the economies on the right-hand side of Figure 2.11. Korea, New Zealand and Singapore feature among the countries with the highest proportion of female and male entrepreneurs.

Figure 2.11. **Employers as a proportion of the employed population, by gender**



Source: OECD Gender Data Portal (*www.oecd.org/gender/data*) and World Bank Gender Statistics (*http://data.worldbank.org/data-catalog/gender-statistics*).

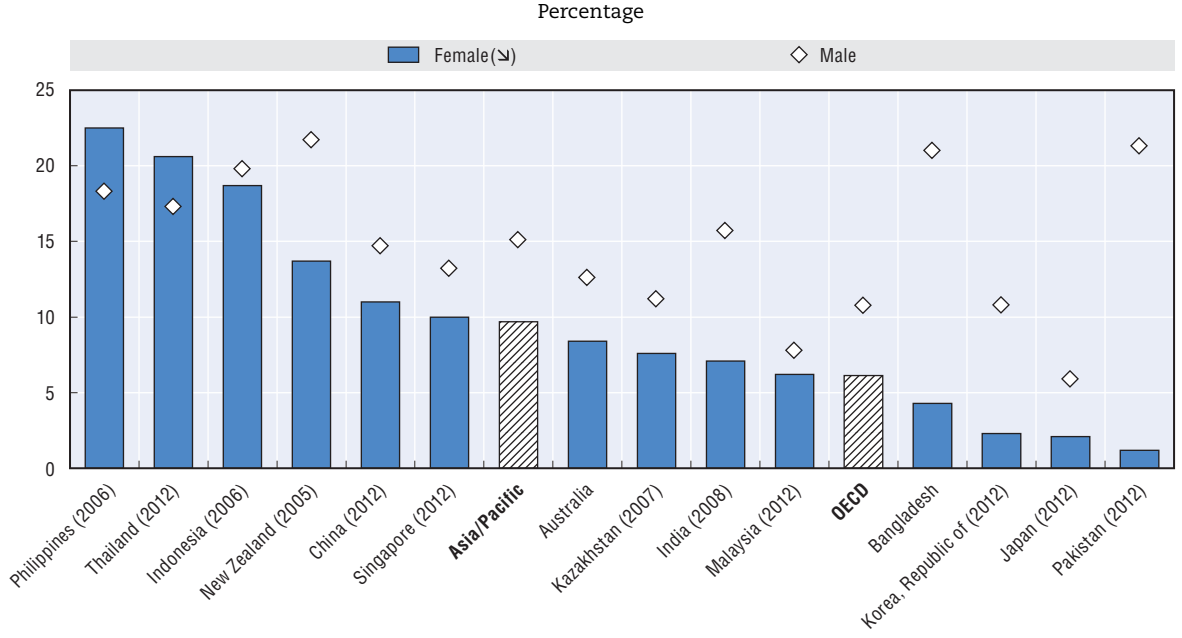
StatLink http://dx.doi.org/10.1787/888933150830

In developing economies, women are more likely to operate their businesses in the informal sector and on a small scale often funded through microfinance loans. Women in the Pacific are largely in the informal sector, often involved in subsistence agriculture work (IFC, 2010). In Papua New Guinea and Timor-Leste, women are more active in agriculture than men, and mainly engaged in food processing. Although microfinance has empowered women through access to start-up financing, it can contribute to perpetuating women's prevalence in the micro-business sector if they do not obtain access to commercial banks (see next section).

Women are currently underrepresented in the number of established businesses. However, nascent women entrepreneurs are just as likely to start a business as men, but they do not do so at a similar rate as men. In addition, they generally have less time available to explore opportunities to grow their business (also in OECD countries, see OECD, 2012a). Family obligations and traditional gender role expectations around the reconciliation of work and family life are often seen as a woman's rather than a man's affair. These constraints contribute to women running smaller business than men.[2]

On average, the Asia/Pacific region has a large number of nascent entrepreneurs and owner-managers of a new business between the ages of 18 and 64, more so than in OECD countries (Figure 2.12). In countries where data is available, more men than women are nascent or new entrepreneurs with the exception of the Philippines and Thailand. In Thailand, the high prevalence rate of entrepreneurs may be related to the country's changing social and cultural norms that encourage and support women's participation in the labour market (GEM, 2007).

Figure 2.12. **Share of population between the ages of 18-64 who are either a nascent entrepreneur or owner-manager of a new business, in 2011**



Note: The GEM collects data on entrepreneurial activity around the world through telephone interviews of about 2 000 randomly selected individuals per country (sample sizes for Spain and the United Kingdom are larger). Nascent entrepreneurs are those who during the survey answer "yes" to the following questions: "Have you been actively involved in setting up a business you own or co-own? and this business has not paid salaries, wages, or any other payments to the owners for more than three months?"
Source: Global Entrepreneurship Monitor Consortium, 2012 (*www.gemconsortium.org/Data*).

StatLink http://dx.doi.org/10.1787/888933150841

Holding a bank account

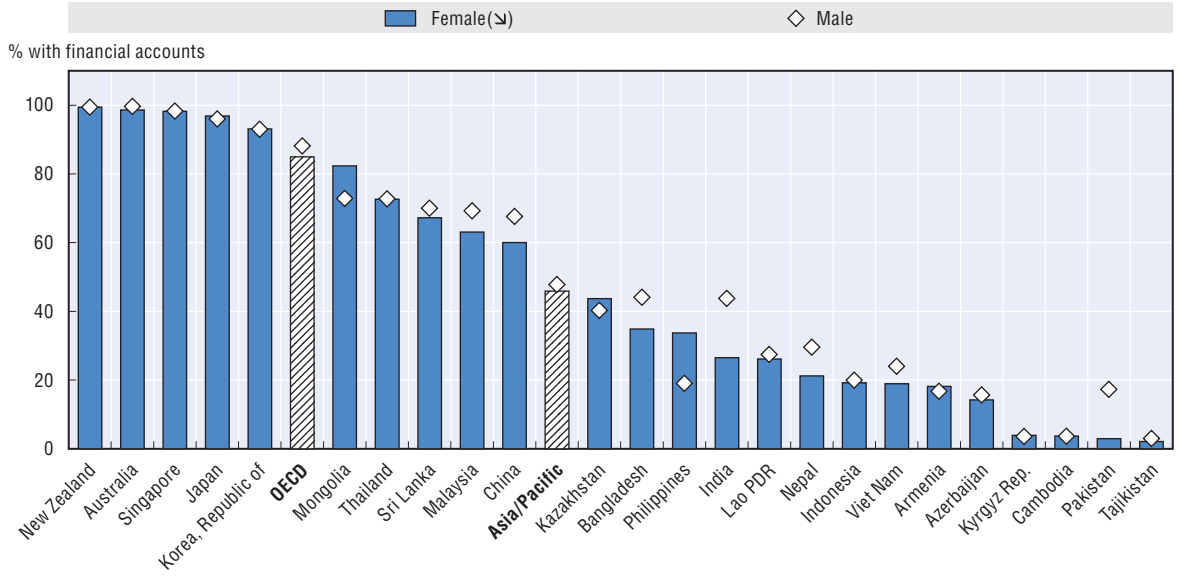
Women face financial barriers to starting businesses. Loans from financial institutions are often the only solution for entrepreneurs to access credit for acquiring capital and opening a bank account is one pre-requisite for obtaining a loan. By looking at the number of accounts at a formal institution, a rough indication can be obtained on the number of individuals who may potentially have access to credit.

High-income economies with well-developed financial markets and infrastructure have the highest percentage of men and women with accounts with a formal financial institution (Figure 2.13), and in countries like Australia, Japan, Korea, New Zealand and Singapore there is no noticeable

gender difference in this regard. Around 85% of women hold a bank account in OECD countries, compared with 46% in the Asia/Pacific region in 2011. In some Asia/Pacific economies there are considerable gender differences with respect to holding bank accounts. Only 3% of women in Pakistan have an account compared to 17% for men. Conversely, the gender gap is in favour of women in Mongolia and in particular in the Philippines: close to 34% of women in the Philippines hold a bank account versus 19% for men.

Figure 2.13. **Share of women and men (15+) holding an account with a formal financial institution, in 2011**

Percentage



Source: OECD Gender Data Portal (*www.oecd.org/gender/data*) and World Bank Financial Inclusion Data (*http://datatopics.worldbank.org/financialinclusion/*).

StatLink http://dx.doi.org/10.1787/888933150855

Notes

1. ILO (2013b) presents data on the monthly real (i.e. adjusted for inflation) average wages. However, the underlying data collection mechanisms differ markedly across countries (e.g. establishment surveys, specific earnings surveys or general labour force surveys), and definitions of what is counted as a wage sometimes differ. The ILO aims to measure earnings of all paid employees but in practice cross-national coverage also differs as it can be limited to specific geographical areas (e.g. urban areas) or subgroups of employees. The available data also do not distinguish differences in working hours. OECD reports measure gender pay gaps at median earnings and not at the average (mean), and trends in average earnings are different from trends in median earnings (in contrast to trends in median earnings, trends in mean earnings are affected by any change across the earnings distribution). Also, while for male earnings the median is generally above the average, for female earnings, this is often the other way around (e.g. through part-time work).
2. Similarly, finding work that allows women to be close to home so as to facilitate matching work and care commitments often limits women in the type of work they can engage in. For example, in the Philippines, a large proportion of women are involved in retail trade, food preparation at (or close to) home or in home-based garment work (APEC, 2013).

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ANNEX 2.A1

The OECD gender recommendation on gender equality in education, employment and entrepreneurship

The Recommendation of the OECD Council on Gender Equality in Education Employment and Entrepreneurship was adopted by the Council at Ministerial Level on 29 May 2013, and has been subscribed to by all 34 OECD member countries, Costa Rica, Latvia, Lithuania and the Russian Federation (for the full text, see *www.oecd.org/gender/C-MIN(2013)5-ENG.pdf*).

Key principles of the recommendation

A) Adopt practices that promote gender equality in education by:

1. Ensuring that boys and girls have equal access to good-quality education, equal rights and opportunities to successfully complete schooling and in making educational choices.
2. Reviewing and where necessary adapting school and early childhood education curricula, teaching and school practices to eliminate gender discrimination and stereotyping.
3. Making the study of science, technology, engineering, mathematics (STEM) financial and entrepreneurship issues, as well as education, arts and the humanities, equally inclusive and attractive for both boys and girls; promoting the development of stronger reading habits among boys and girls.
4. Campaigning and raising awareness among young men and women, parents, teachers and employers about gender-stereotypical attitudes towards academic performances and the likely consequences of overall educational choices for employment and entrepreneurship opportunities, career progression and earnings.
5. Encouraging more women who have completed STEM studies to pursue professional careers in these areas, for example by means of career counselling, adult education, internships, apprenticeships and targeted financial support.

B) Promote family-friendly policies and working conditions which enable fathers and mothers to balance their working hours and their family responsibilities and facilitate women to participate more in private and public sector employment by:

1. Designing tax-benefit systems so that both parents have broadly similar financial incentives to work.
2. Securing availability of and access to affordable good-quality early childhood education and care as well as affordable long-term care for other dependants, including for example disabled children or elderly relatives.
3. Providing employment-protected paid maternity and paternity leave to working mothers and fathers.

4. Encouraging working fathers to take available care leave, for example by reserving part of the parental leave entitlement for the exclusive and non-transferable use by fathers.
5. Providing incentives to fathers to use flexible work entitlements, promoting a more temporary use of part-time work among men and women, providing incentives for women to participate more hours in the labour force, and raising awareness of gender stereotypes to encourage a more equal sharing of paid and unpaid work (household responsibilities) between men and women.
6. Ensuring that all parents can participate in the labour market regardless of their partnership status, providing ample employment supports to sole parents.
7. Ensuring that policies that address the problem of unemployment do not discriminate either directly or indirectly against women.
8. Improving employment conditions and access to social support for informal workers, especially those in the most vulnerable categories such as home-based and domestic workers.

C) Increase the representation of women in decision-making positions by:

1. Encouraging measures such as voluntary targets, disclosure requirements and private initiatives that enhance gender diversity on boards and in senior management of listed companies; complementing such efforts with other measures to support effective board participation by women and expand the pool of qualified candidates; continuing to monitor and analyse the costs and benefits of different approaches – including voluntary targets, disclosure requirements or boardroom quotas – to promote gender diversity in leadership positions in private companies.
2. Introducing mechanisms to improve the gender balance in leadership positions in the public sector, such as disclosure requirements, target setting or quotas for women in senior management positions; strengthening the flexibility, transparency and fairness of public sector employment systems and policies; and monitoring progress of female representation in the public sector.
3. Encouraging greater participation and representation of women at all levels of politics, including in government, parliament, local authorities, and the judiciary system.

D) Eliminate the discriminatory gender wage gap by: strengthening the legal framework and its enforcement for combating all forms of discrimination in pay, recruitment, training and promotion; promoting pay transparency; ensuring that the principle of equal pay for equal work or for work of equal value is respected in collective bargaining and/or labour law and practice; tackling stereotypes, segregation and indirect discrimination in the labour market, notably against part-time workers; promoting the reconciliation of work and family life.

E) Promote all appropriate measures to end sexual harassment in the workplace, including awareness and prevention campaigns and actions by employers and unions.

F) Reduce the gender gap in entrepreneurship activity by:

1. Designing appropriate responses to gaps and market failures, including: policies to reduce barriers to women entrepreneurship, administrative burdens on firms and excessive regulatory restrictions; policies to support firm growth, internationalisation and innovation; support for the development and implementation of awareness campaigns, training programmes, mentoring, coaching, and support networks, including professional advice on legal and fiscal matters.
2. Ensuring equal access to finance for female and male entrepreneurs through actions that influence both the supply of and demand for finance by: easing access to finance for viable businesses owned by men and women; taking steps to improve the knowledge and attitudes of financial institutions; increasing awareness of finance sources and tools among women entrepreneurs; and, encouraging more women to join business angel networks or venture capital firms.

G) Pay attention to the special needs of women from disadvantaged minority groups and migrant women in relation to the aims set out above.

H) Reduce the gender gap in financial literacy by developing and implementing initiatives and programmes aimed at addressing women's financial literacy needs, and in particular at fostering their awareness, confidence, competencies and skills when dealing with financial issues.

I) Mainstream the gender equality perspective in the design, development and evaluation of relevant policies and budgets, for example by conducting systematic gender-impact assessments and generating appropriate data and evidence to build a benchmark for future assessments as well as a compilation of best practices for governments and government agencies.

J) Strengthen accountability mechanisms for gender equality and mainstreaming initiatives across and within government bodies.

Chapter 3

Looking at social protection globally, in the OECD and in the Asia/Pacific region

Introduction and main findings

The economic crisis which started in 2007/08 has intensified global interest in social policy and the ability of welfare systems to provide social protection. During the crisis, social protection systems in many countries initially played an important role as automatic stabilisers to cushion the impact of the economic downturn, but subsequently social protection measures, especially income supports to the working-age population have been affected by efforts to cut public spending in the context of fiscal consolidation measures.

Social policy makers are also looking to improve the efficiency and effectiveness of the mix of cash and in-kind benefits with the aim of getting support to those who need it most, and avoiding vulnerable groups falling into long-term benefit dependency. Modern social policy also has an increased focus on its contribution to economic growth, in particular on investment-type social spending, such as on active labour market policies (ALMPs) and on early childhood education and care (ECEC). Such policies can help increase female labour market participation and foster economic growth (Chapter 2), while also enhancing child development which has long-term payoffs in its own right.

Strong economic growth in the Asia/Pacific region has contributed to reductions in extreme poverty in many countries, but inequality and poverty continue to pose enormous challenges to social policy (Miranti et al., 2013; and OECD, 2011b), and in many Asian/Pacific economies there is a small but growing role for social protection policies that effectively redistribute resources to the poor. At the same time, the demographic outlook adds to concerns on the financial sustainability of social protection systems in some Asian/Pacific economies, in particular China, Japan and Korea (see Chapter 2). Pension policy reform is high on the agenda in these economies (e.g. OECD, 2013a and 2013b; and Salditt et al., 2008), as are challenges around ensuring access to health and long-term care services that address the needs of the elderly population (OECD, 2011a and 2012a).

This chapter reflects a collaborative effort by the Asian Development Bank (ADB), the International Labour Organization ILO and the Organisation for Economic Co-operation Development (OECD) and ties together information on social protection held by these organisations (Box 3.1).[1] It starts with a global picture on social protection worldwide based on indicators collated by the ILO (ILO, 2014). This is followed by a discussion of the development of comprehensive welfare states in OECD countries and completed with a discussion of recent ADB indicators on social protection and its impact on poverty in the Asia/Pacific region (ADB, 2013).

Main findings

The key findings from this chapter include:

- A progressive and gradual development of social protection systems can be observed in an increasing number of countries around the world. Worldwide, public social expenditure on average increased from 5.8% of GDP in 1995 to 8.6% in 2011. In 1990, 80% of the world's social protection expenditure was in high-income countries with less than 20% of the world population. Twenty years later, the global distribution of social protection expenditure is still very unequal but nowadays 80% of world social protection expenditure is spent in countries representing 40% of the world population.

- Back in 1960, public social spending amounted to around 8% of GDP across the OECD and 10% for European OECD countries: this is similar to the level of public social spending in Korea today. Since the early 1990s social spending has been around 19% of GDP on average across the OECD. However, with the economic crisis that unfolded in 2007/08, social spending on average across the OECD increased to around 22% of GDP in 2009 and it has not declined substantially since.
- Pensions and health are the largest spending areas: taken together they constitute two/thirds of all public social spending on average across the OECD. Accounting for private social benefits and the effect of tax systems on social spending contributes to a convergence of social spending levels across OECD countries.
- Across the world the average level of social protection expenditure varied from over 25% of GDP in Western Europe to around 12.5% in Latin America and about half of that in Asian/Pacific economies. In about two-thirds of the Asian/pacific economics coverage of social programmes is lower than what might have been expected on basis of average income levels: growth in social spending has often not been as strong as GDP growth, also among middle-income countries.
- Spending on social insurance benefits accounts for around 60% of total spending on social protection across the Asia/Pacific regions but active labour market programmes only make up 5%. Social assistance may only account for about one-third of social protection spending in Asia and the Pacific, but it reaches almost 60% of all those who receive social support, and it benefits the poor and women much more than social insurance benefits. In general, there is a need for scaling up and broadening coverage of social protection systems in the Asia/Pacific region.

Box 3.1. **What is social spending and what is the relationship between ADB, ILO and OECD social protection data systems**

The OECD defines social expenditures as: "The provision by public and private institutions of benefits to, and financial contributions targeted at, households and individuals in order to provide support during circumstances which adversely affect their welfare, provided that the provision of the benefits and financial contributions constitutes neither a direct payment for a particular good or service nor an individual contract or transfer." Since only benefits provided by institutions are included in the social expenditure definition, transfers between households and individuals – albeit of a social nature, are not in the social domain.

There are two main criteria which have to be simultaneously satisfied for an expenditure item to be classified as social. First, the benefits have to be intended to address one or more social purposes as identified by the following social policy areas: old-age; survivors; incapacity-related benefits; health; family; active labour market policies; unemployment; housing; and other social policy areas – non-categorical cash benefits to low-income households and other social services. Second, programmes regulating the provision of benefits have to involve either a) inter-personal redistribution, or b) compulsory participation (see Adema et al., 2011 for more detail). For example, social benefits include cash benefits (e.g., pensions, income support during maternity leave and social assistance payments), social services (e.g., childcare, care for the elderly and disabled) and tax breaks with a social purpose (e.g., tax expenditures towards families with children, or favourable tax treatment of contributions to private health plans).

The *OECD Social Expenditure Database* (SOCX, *www.oecd.org/social/expenditure.htm*) has been designed to be compatible with the System of National Accounts and inter alia the System of Health Accounts (OECD/WHO/Eurostat, 2011; and European Commission, International Monetary Fund, OECD, United Nations and the World Bank, 2009). It is also broadly compatible – in the sense that individual expenditure items can be reclassified across different spending categories or functions – with the ADB's Social Protection Index (ADB, 2006 and 2013 and *http://spi.adb.org/spidmz/index.jsp*), and the ILO Social Security Inquiry – SSI (ILO, 2005 and *www.ilo.org/dyn/ilossi/ssimain.home*).

Box 3.1. **What is social spending and what is the relationship between ADB, ILO and OECD social protection data systems** *(cont.)*

In terms of social domain, the OECD has arguably the largest scope as it has developed a methodology, which facilitates the comprehensive accounting of fiscal measures that affect social protection. In terms of gross spending items, the SSI has a relatively large scope as it includes spending supporting basic education, as for example spending on school-books (SOCX reports public spending on education as a memorandum item).

Compared to SOCX, the information-set in the SSI is wider as it also includes data on the financing of social expenditure (which for the OECD is collated in the *OECD Revenue Statistics*, OECD, 2013c). Both the SPI and SSI include information on benefit recipients, while the *OECD Database on Recipients of Social Support* (SOCR) is currently under construction.

Social protection: A global picture

In 1990, 80% of the world's social protection expenditure was concentrated in high income countries of Western Europe and North America, the population of which represented less than 20% of the world population. Twenty years later, the global distribution of social protection expenditure is still very unequal but nowadays 80% of world social protection expenditure is spent in countries representing 40% of the world population. This suggests there is a trend towards more equal access to social protection arrangements globally.

Figure 3.1 illustrates this change in the distribution of social protection expenditure around the world over the 20-year period between 1990 and 2010 (based on total amounts in 2005 constant dollars PPP) and the total population across regions. The progressive shift results from the gradual development of more comprehensive social protection systems in developing countries, mainly in middle-income countries of Asia and Latin America. For example, while the share the Asian population in world's population has not changed much over the last 20 years (it has remained just below 55%), the share of the world's social protection expenditure spent in the Asian economies increased from 2.7% in 1990 to 9.6% in 2010.

These changes reflect important fiscal efforts involving accelerated expansion of social protection coverage and to some extent these changes are comparable to changes which took place over the last 100 years throughout the process of industrialisation and development in what are now called high income countries (Figure 3.2). Recent developments in lower-income countries involve similar trends (Figure 3.3).

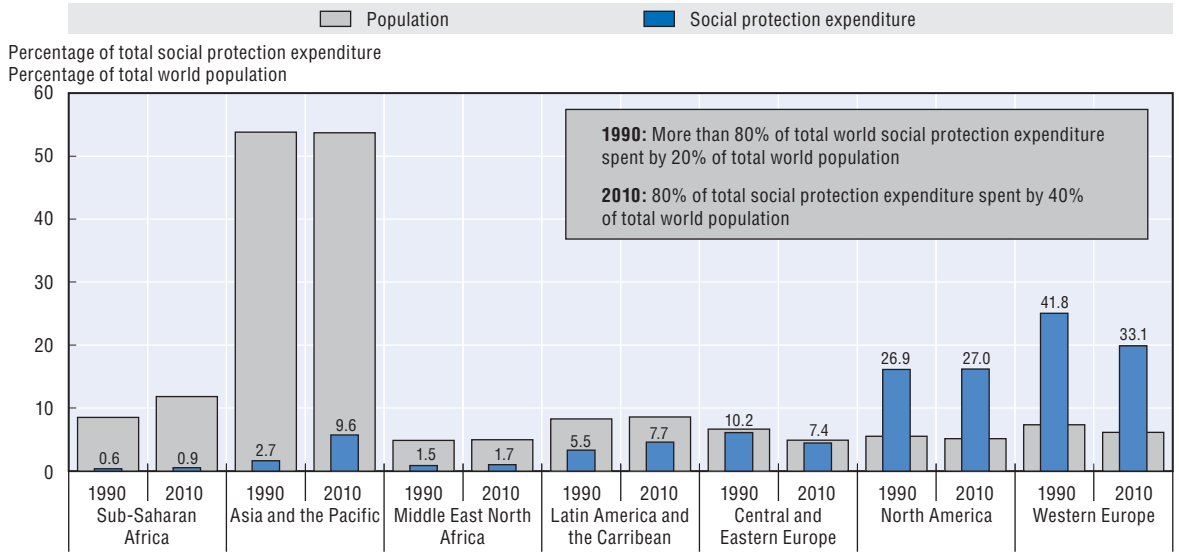
Towards comprehensive social security systems: Beyond a privilege for high-income countries?

Social protection systems develop in terms of their scope (the contingencies or social risks covered by existing schemes); their coverage which usually refers to the percentage of persons covered (by gender, age, labour market status) within the whole population or the target group and/or each area of social security; and the adequacy of benefits – the levels of support involved (ILO, 2014).[2]

The *scope* of social protection is measured here by the number of contingencies covered by existing legal provisions for at least certain groups of the population. Considering the range of contingencies that are covered by social protection systems provides an initial glance at where social systems are in their stage of development and how they got there. The scope of contingencies in question is internationally agreed and specified in ILO Convention No. 102 which sets out Minimum Standards in Social Security, which refers to old age, disability, death of the breadwinner, health and sickness, employment injury, maternity, family and children and unemployment.

Figure 3.1. **Social protection expenditure distribution is slightly more equal than 20 years ago**

Percentage of total world social protection expenditure and of total world population, across country groups, in 1990 and 2010



Source: For detailed sources on social protection expenditure, see Table B12 of the statistical annex (*www.social-protection.org/gimi/gess/RessourceDownload.action?ressource.ressourceId=37257*) of the "World Social Protection Report 2014/15", ILO, Geneva (*www.ilo.org/global/research/global-reports/world-social-security-report/2014/lang--en/index.htm*). Population data from UN Population Prospects, Revision 2012.

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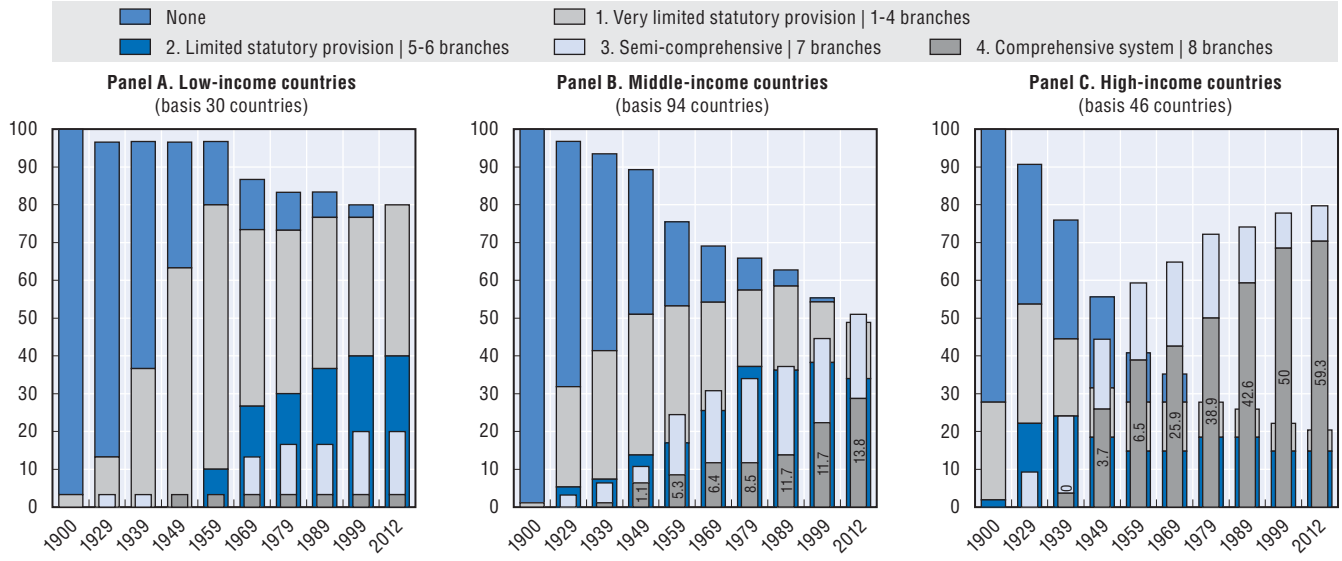
Figure 3.2. **Towards comprehensive social security systems in low-, middle- and high-income countries**

Percentage of countries according to the number of social security branches with statutory provision



Note: Countries are classified according to the number of contingencies for which there exists statutory social security coverage for at least one group of the population. A country is considered as having comprehensive social security provision (in terms of scope) when laws and regulations provide coverage for all of the eight contingencies considered here. Very limited provision corresponds to one to four contingencies, usually old age, survivors, disability and employment injuries.

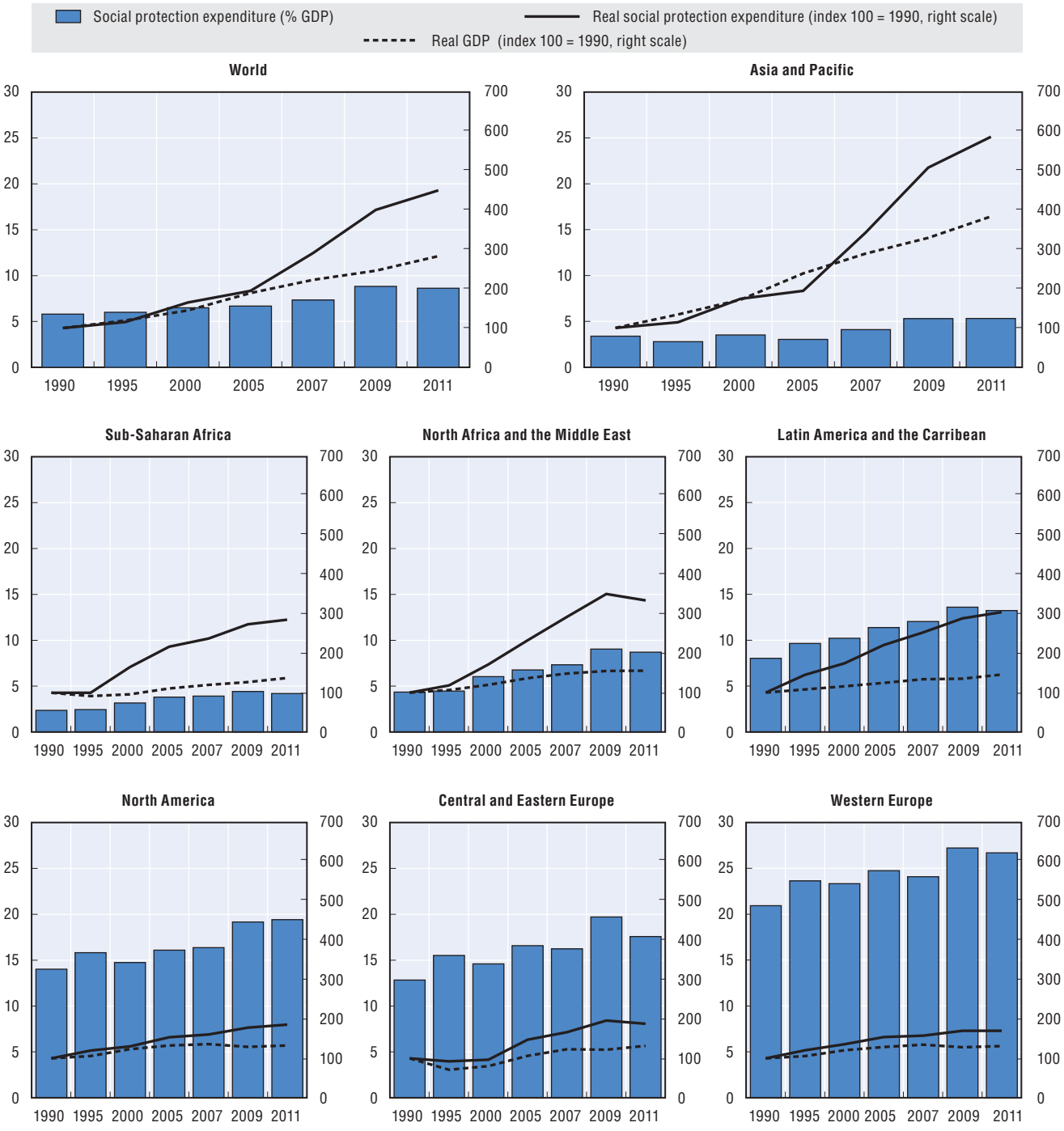
Low-, middle- and high-income countries are defined in line with World Bank definitions (see *http://data.worldbank.org/about/country-classifications*).

Source: Information from SSA/ISSA social security programmes throughout the world 2011-13, *www.ssa.gov/policy/docs/progdesc/ssptw/* (accessed January 2014).

StatLink http://dx.doi.org/10.1787/888933150876

Figure 3.3. **Social spending is increasing, especially in the Asia/Pacific region**

Public social protection expenditure as a percentage of GDP and real trends in GDP and social protection since 1990 (indexed value 100 = 1990)



Source: ILO Social Security Inquiry Database, IMF Government Finance Statistics, ECLAC Public Social Protection Expenditure, *ADB Social Protection Index Database* and national sources.

StatLink http://dx.doi.org/10.1787/888933150884

In 2012, all countries in the world had some legally framed provisions for at least one of the social security policy areas. 37% of the 178 countries for which information is available had comprehensive (see note to Figure 3.2) social protection systems: 70% in high-income countries, 29% in middle-income countries and less than 5% in low-income countries. It is estimated that over 25% of the

working-age population and their families in the world have access to such comprehensive social protection systems. Nearly all of them live in high-income countries. In other words, close to 75% of the global population are covered by social protection arrangements but lack protection for some other main social risks.

Since 1990, social protection expenditure has risen in Asian and Latin American countries

Across the world, social protection expenditure has increased markedly in real terms since 2000 (Figure 3.3). The most pronounced increase was observed in the Asia/Pacific region, where the pace of change accelerated since 2005, followed by Latin American countries both in terms of level and growth of public expenditure on social protection, and the pace of increase, which accelerated since 2005, in particular in emerging economies of Asia and Latin America. Trends in these two regions are shaped mainly by the emerging economies such as China, Thailand, Brazil or Argentina. Despite some remarkable growth in social investment in a number of countries such as in South Africa with its non-contributory and contributory social protection schemes (ISSA, 2013) or Rwanda which introduced major health system investment (Sekabaraga et al., 2011), very limited access to social protection remains the key social policy challenge in most African countries.

Over the last 20 years, across the world the increase in social protection expenditure in real terms outpaced real GDP growth across all countries: the per capita GDP growth index (1990 = 100) was 283 in 2011, while the per capita social protection expenditure growth index with the same base stood at 450 in 2011. Worldwide, public social expenditure on average increased from 5.8% of GDP in 1995 to 8.6% in 2011. Across the regions, the average level of social protection expenditure varied from 4.2% of GDP in Sub-Saharan Africa to 26.7% in Western Europe. As Asian/Pacific economies expanded rapidly in recent years, the impressive increase of social spending in real terms has not translated into a similarly impressive increase in the public social spending-to-GDP-ratio which averages about 5% of GDP, while this is on average 13.2% for countries in Latin America (where GDP growth was limited compared to the Asian/Pacific region).[3]

Comprehensive social welfare systems in the OECD

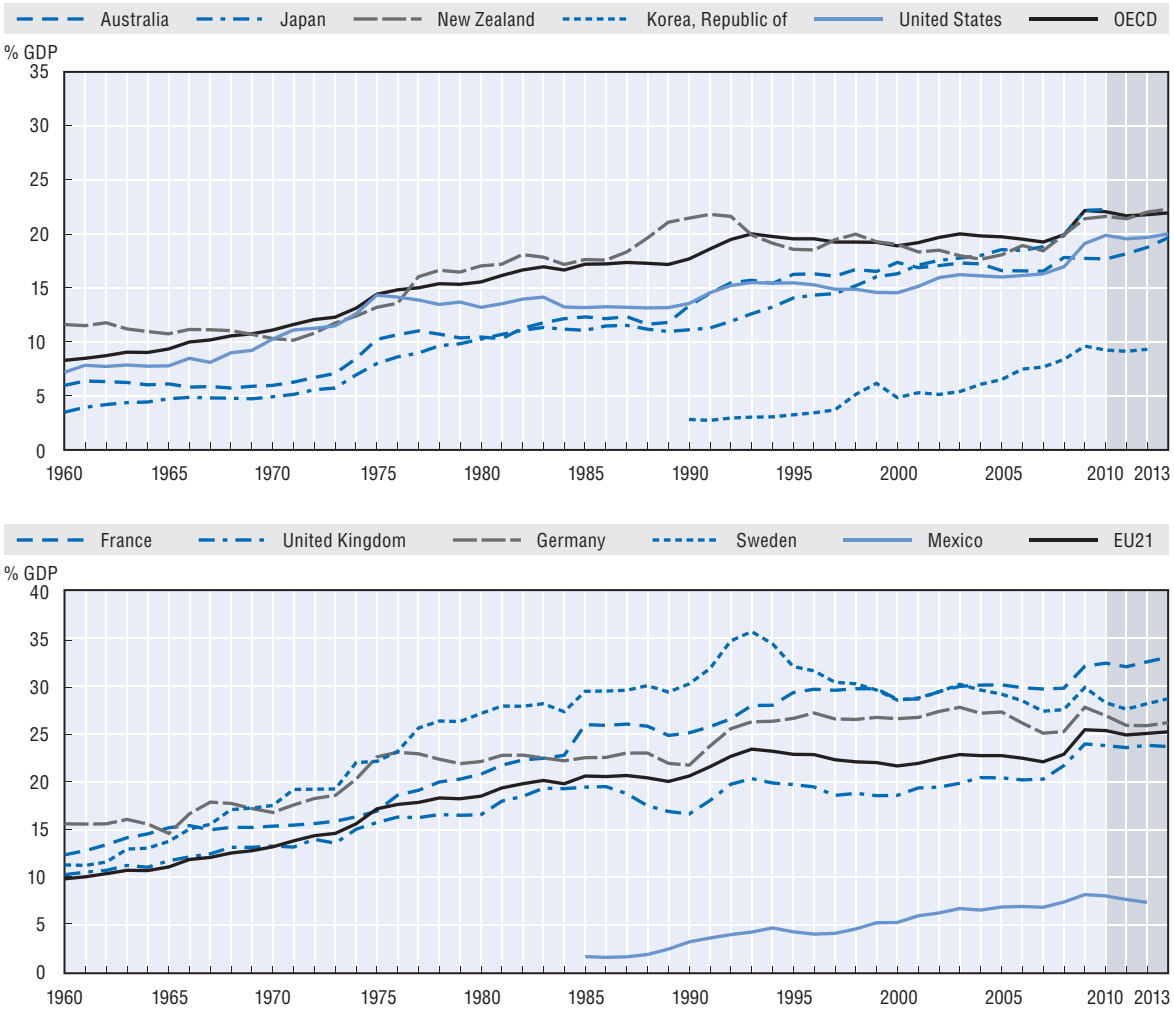
Social welfare systems in the OECD are amongst the most comprehensive in the world. In 2013, on average about 22% of an OECD economy's resources were allocated to social protection (not including education). But it was not always so. Back in 1960, public social spending amounted to around 8% of GDP across the OECD and 10% for European OECD countries for which historical data is available (Figure 3.4) – a level comparable to that of public social spending in Korea today

Social protection systems across the OECD may have expanded over the last 50 years, but there is no OECD or even a European model welfare state: social protection systems vary widely across the OECD area in institutional set-up and re-distributional nature (e.g., Barr, 1998; and Titmuss, 1976). With the rapid growth of prosperity during the 1960s and 1970s in many OECD countries, the generosity, duration and coverage of benefits for contingencies such as unemployment, disability, and sickness increased significantly. Since the early 1990s social spending-to-GDP ratios have been fairly stable, in most countries – and declining in Sweden – until the economic crisis that started in 2007/08. In Japan, however, spending-to-GDP ratios increased continuously since the 1990s. In all, much more than in the United States, European countries have used growth in prosperity to develop a comprehensive public welfare state: in 1980 public social expenditure amounted to around 13.5% of GDP in the United States, 5 percentage points below the average of 21 European countries. Sweden was one of the first countries to develop a comprehensive public welfare state: already in 1980 public social spending in Sweden was highest at 27.5% of GDP.

In most OECD countries, public spending on pensions – cash transfers to people in retirement – and public expenditure on health are the largest social spending items: on average across the OECD,

Figure 3.4. **Over the last 50 years, welfare states have expanded across the OECD**

Public social spending[1] in selected OECD countries, in percentage of GDP, 1960-2013



1. Social spending aggregates based on detailed data for 1980-2009; national aggregates for 2010-12 and estimates for 2013. Data for France on public spending on unemployment compensation and active labour market programmes is not available before 1985.

Source: OECD (2013), *OECD Social Expenditure Database* (*www.oecd.org/social/expenditure.htm*).

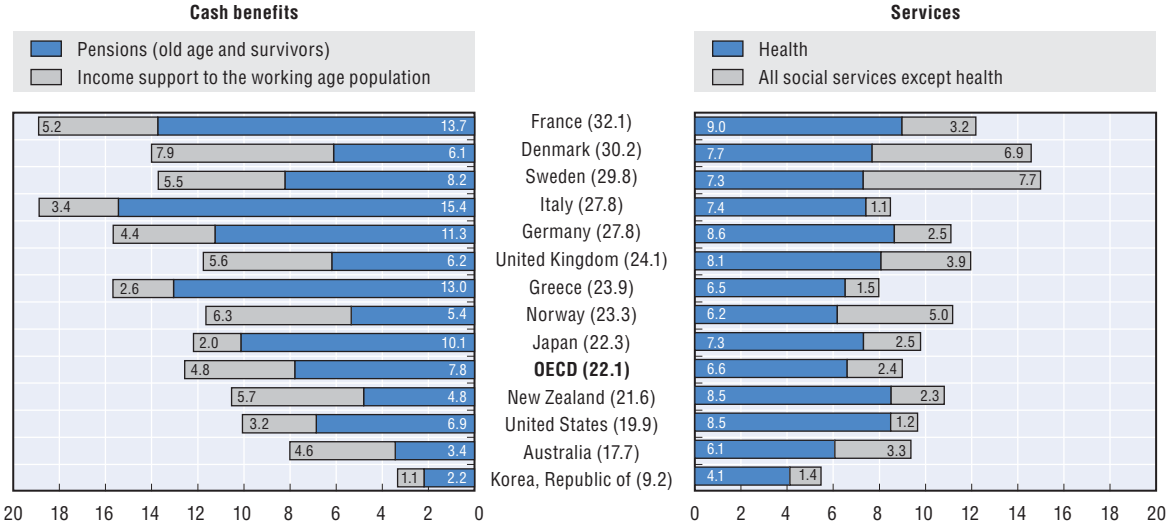
StatLink http://dx.doi.org/10.1787/888933150890

public pension and health expenditures amounted in 2010 to 7.8 and 6.6% of GDP, respectively. Public spending on pensions amounts to over 10% of GDP in Japan, Germany, and France, and more than 15% of GDP in Italy (Figure 3.5). However, it was only about 2% of GDP in Korea, but that will increase with rapid population ageing and maturing of pension funds. Public expenditure on health is 8% of GDP or more in France, Germany, New Zealand, the United Kingdom and the United States.

On average across OECD countries, public spending on the working-age population (including unemployment benefits, active labour market programmes (ALMPs) sickness and disability benefits (4.8% of GDP) and social services (including early childhood education and care – ECEC) (2.4% of GDP) is much lower than the amounts going to pensions and health. Denmark and Sweden are exceptions, investing around 8-9% of GDP in a range of social services (Figure 3.5). Both these countries aim to provide a continuum of public supports to their citizens over the life course on a universal basis. This includes a range of benefits from paid parental leave, public early childhood education and care provisions, and out-of-school-hours care for families with young children; unemployment, sickness and disability supports, and ALMPs for the working-age population, and pensions and social services

Figure 3.5. **The largest main areas of social spending across the OECD are pensions and health**[1]

Public social expenditure by broad social policy area, in percentage of GDP, 2010 or latest available



1. Countries are ranked by decreasing order of public social expenditure as a percentage of GDP. Spending on active labour market programmes (ALMPs) cannot be split into cash and service spending; it is, however, included in the public spending totals (shown in brackets). Income support to the working-age population refers to spending on the following SOCX categories: Incapacity benefits, Family cash benefits, Unemployment and Other social policy areas.

Source: OECD (2013), *OECD Social Expenditure Database* (SOCX), Preliminary data *(www.oecd.org/social/expenditure.htm)*.

StatLink http://dx.doi.org/10.1787/888933150901

for the elderly population, with comprehensive public health services for all. The provision of universally accessible social services that are financed out of general-taxation and user fees for higher income groups (e.g. for childcare fees) is also one of key drivers of redistribution from rich to poor in the Danish and Swedish tax/benefit systems (OECD, 2011b).

The recent economic crisis and social spending

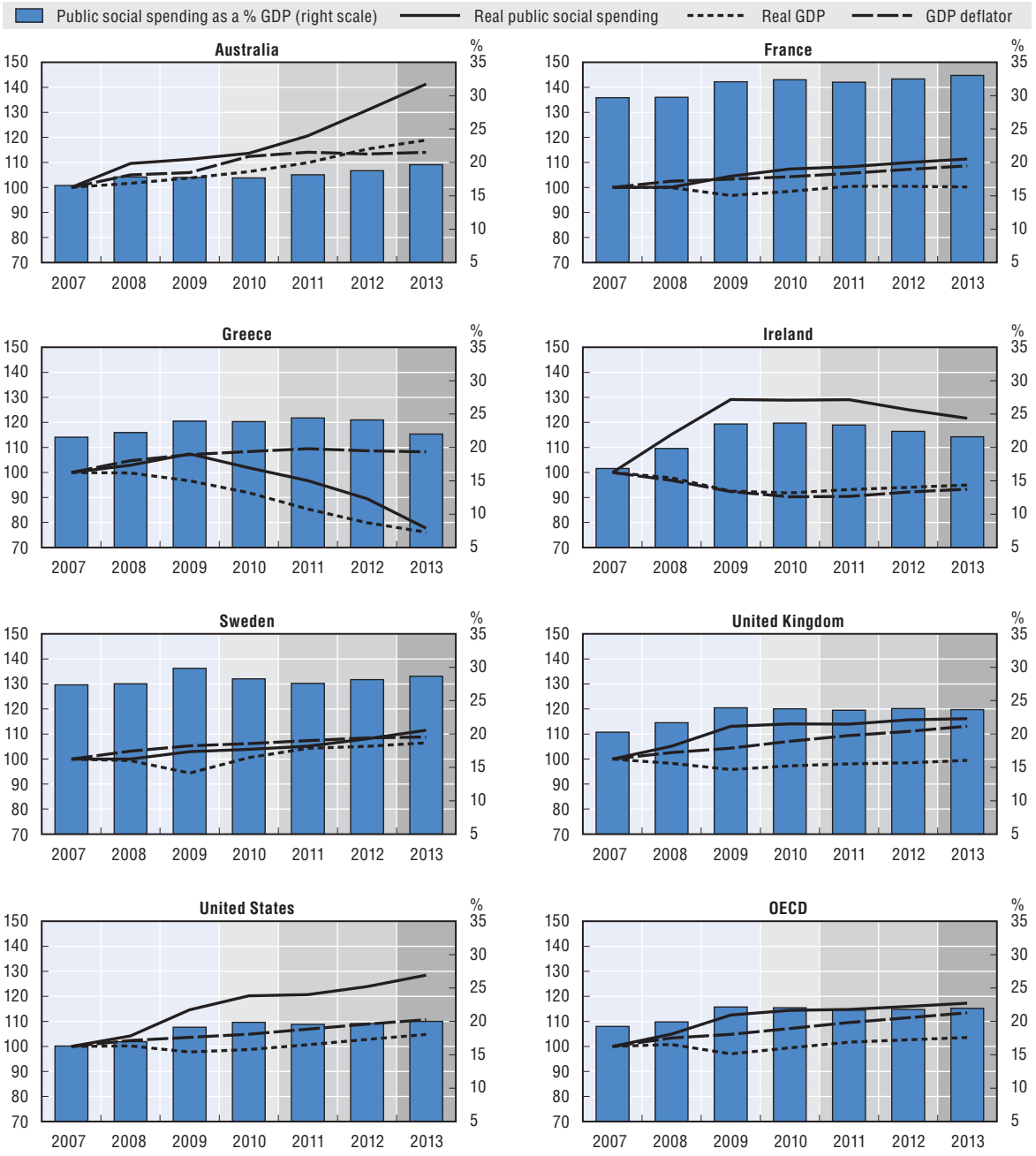
The Great Recession has had a major impact on the share of economic resources devoted to social protection in most OECD countries. On average across the OECD, public social spending-to-GDP ratios increased from around 19% in 2007 to 22% of GDP in 2009 and estimates for 2013 suggest that it has remained high since (Figure 3.6).

In an economic downturn, spending-to-GDP ratios can rise for two reasons: i) because public spending goes up to address the greater need for social support, such as unemployment or housing benefit; and/or ii) GDP grows slowly or declines.[4] Figure 3.6 disentangles these two effects and shows there was a significant increase in real (adjusted for changes in prices) social spending on average across the OECD. In particular, social spending increased markedly during 2008/09, but has stabilised since. Economic growth broadly follows the opposite trend: it declined from 2008 to 2009, edged up in 2009/10 and stabilised thereafter.

The effect of the crisis on social spending trends differs considerably across countries: some countries such as Greece and Ireland were much more affected than others, such as Australia. Between 2007/08 and 2012/13, the decline in real social spending and real GDP was largest in Greece. GDP also fell in most other countries in 2008/09, but initially at least this was associated with a significant increase in real social spending. This initial increase in social spending was in part related to the introduction of one-off payments to pensioners, an easing of eligibility criteria and/or duration of working-age income support programmes as well as family programmes (OECD, 2013d). The increase in the number of benefit recipients was a major contributor to higher spending. With the

Figure 3.6. **Public social spending during the crisis**

Estimates of real public social spending and real GDP (index 2007 = 100) and public social spending in percentage of GDP (right scale), 2007-13



Note: Public social spending totals reflect detailed social expenditure programme data for 1980-2009; national aggregated for 2010-12 and estimates for 2013, as based on national aggregates in national sources, and/or the *OECD Economic Outlook*, No. 93, May 2013, and the *European Union's Annual Macro-economic Database* (AMECO), as at May 2013. For detail on the underlying methodology regarding estimates for recent years, and the detailed social expenditure programme data, see Adema, W., P. Fron and M. Ladaique (2011), "Is the European Welfare State Really More Expensive? Indicators on Social Spending 1980-2012 and a Manual to the *OECD Social Expenditure Database* (SOCX)", *OECD Social, Employment and Migration Working Paper*, No. 124, OECD Publishing, Paris, *http://dx.doi.org/10.1787/5kg2d2d4pbf0-en*.

Source: OECD (2013), *OECD Social Expenditure Database* (*www.oecd.org/social/expenditure.htm*).

StatLink http://dx.doi.org/10.1787/888933150918

increase in joblessness, spending on unemployment compensation grew from an average of 0.7% of GDP in 2007 across the OECD to 1.1% in 2009. Spending on unemployment benefits grew strongly in Ireland, increasing from 1.4% of GDP in 2008 to 2.6% in 2009 (OECD, 2012c). Similarly, in countries where family support is largely income-tested, falling incomes meant that more such benefits were paid to families which contributed to the overall increase in public spending, for example in Ireland and the United Kingdom.

The initial extension of eligibility conditions of working-age income support was reversed in a number of countries. In 2009 and after, the crisis led to cuts in cash benefits in many countries, especially income support benefits to the working-age population, such as unemployment insurance benefits and family and child support (OECD, 2014). Price increases also play a significant role in eroding the value of real social spending over time. For instance in Greece, access to benefits such as unemployment compensation, family benefits, old age pensions and housing benefits was restricted, and/or curtailed in duration, payment rates for pensions to public sector workers were cut while other pensions were frozen in nominal terms for the 2011-13 period (OECD, 2013d).

In other countries too, the crisis also added impetus for reforms needed to ensure the financial sustainability of social protection systems, and with population ageing and pensions and health already being the largest areas of social spending (Figure 3.5), it is no surprise OECD countries often look for reform in these areas. For example, many OECD countries have already increased or have started a gradual increase in retirement ages; recent reform in Australia is looking to increase retirement up to 70.

Private social expenditure, tax systems and cross-national Welfare State comparisons

Conventional measures on the size of social protection systems (e.g. gross public social expenditure, Figure 3.7) are commonly used for international comparison. However, this indicator does not account for two important features of many OECD social protection systems whose omission lead to incomplete comparisons of social effort: 1) the role of private social expenditure; and 2) the effect of tax systems on social spending.

The public/private social protection mix varies considerably across countries. In most continental western European and Nordic countries, social protection is predominantly provided through public systems, whereas in for example the United States, there is a much greater role for private provision. In a country as Korea, until recently social policy reflected the traditionally large reliance on support provided by members of the (extended) family (OECD, 2000). Similarly, the extent to which tax systems affect social spending role of tax systems varies across countries: compared with some European countries, Asian OECD economies tax benefit income only to a limited extent and they also make relatively little use of tax systems to provide social support or promote delivery of social services. A more comprehensive view of Welfare States accounts for the role of tax systems and private spending, but there are considerable challenges of correct measurement; available indicators often rely on estimation procedures or data is incomplete (for a detailed discussion, see Adema et al., 2011). For example, NGOs can provide important social support, but their efforts are often not centrally recorded and good data on their social effort is generally lacking. This is true both for OECD and non-OECD countries.

Private social benefits often involve benefits prescribed under occupational accidents and diseases legislation (e.g., Australia), sickness benefits (e.g., Germany) and old-age pensions, which often involve employer-based programmes (e.g., in the United Kingdom), or tax-supported individual pension plans (e.g., in the United States). The overall size of private pension benefit payments is largest in Japan, the United Kingdom and the United States. Private social health expenditure exists in most countries but it is nowhere as important as in the United States, where private social health

Figure 3.7. **The size of welfare states: Accounting for taxation and private social spending**

Social expenditure, in percentage of GDP at market prices[1, 2]

1. The figure in brackets refers to the ranking of countries in term of gross public social expenditure from number 1 being the highest spender to the lowest; for example, the United States ranks 23rd in OECD in term of gross public social expenditure. Data refer to 2009.
2. TBSPs include the value of TBSP similar to cash benefits and TBSPs towards private social benefits (except pensions). However, in order to avoid double counting, the value of TBSPs towards private social benefits has been ignored for the calculation of net total social expenditure TBSPs.

Source: OECD Social Expenditure Database (SOCX), *www.oecd.org/social/expenditure.htm*.

StatLink http://dx.doi.org/10.1787/888933150928

spending amounted to over 6% of GDP in 2011. In all, private social expenditure is important in Japan, the United Kingdom and by far the highest in the United States at close to 11% of GDP (Figure 3.7).

Broadly speaking, tax systems in OECD countries can affect social spending in three different ways:

1. Governments levy direct income tax and social security contributions on cash transfers to beneficiaries, e.g. many pensioners have to pay income tax over the pension they receive, while many people who receive unemployment insurance or other benefits also have to pay tax on their benefit income. Figure 3.7 shows that this feature is negligible in Korea, but concerns more than 3% of GDP in Sweden. In other words, the direct tax claw-back in Sweden of social spending concerns a larger share of GDP than social spending itself in some Asian/Pacific economies (see below).
2. Benefit income is provided to finance consumption of goods and services, on which government levy indirect taxation. In European countries indirect tax revenue over consumption out of benefit income often amounts to more than 2% of GDP. In Australia, Japan and Korea, such tax revenue amounts to around 0.5% of GDP (Figure 3.7). However, indirect taxation is gaining in importance and receipts are likely to go up in Japan with the increase of VAT rates in Japan from 5 to 8% in 2014 a further rise to 10% scheduled for 2015.
3. Governments can also use so-called "tax breaks with a social purpose" (TBSP) to directly provide social support to households (for example, child tax allowances), or stimulate the provision and take-up of private social benefits (e.g., tax relief towards the provision of private health plans or tax relief for NGOs). Even without considering such tax relief for pensions (there is no common methodology for cross-national comparisons in this area – Adema et al., 2011) in 2009/11, the value

of TBSPs was around 0.6% of GDP in Australia, Japan and Korea and more than 2% of GDP in the United States.

Accounting for the impact of the tax system on social spending and private social expenditure leads to greater similarity in total (public and private) social spending levels: net (after tax) total social expenditure (Figure 3.7). Differences in spending levels between Australia, Japan with European countries have narrowed, although Korea's spending level remains relatively low. In terms of country rankings the United States now ranks after France as the country with the second highest level of social spending.

But, similarity in spending levels does not imply similarity of redistribution within social protection systems. In general, the combined effect of spending, targeting and tax burdens and progressivity therein, is larger in Nordic countries than in Australia and Japan, and rather limited in Korea (Adema et al., 2014).[5] Data imperfections restrict the analysis of the redistributive effects of private social benefits and also do not account on a cross-national basis for the considerable redistributive effects accruing from the general tax-financed provision of social services to children and the elderly in Nordic countries is not captured (see, for example, Förster and Verbist, 2012).

The Social Protection Index: Results for the Asia/Pacific region

The Asian Development Bank report, *The Social Protection Index: Assessing Results for Asia and the Pacific* (ADB, 2013) helps assess the effectiveness and nature of social protection programmes and facilitates cross-country comparisons in the Asia/Pacific region. The Social Protection Index (SPI) is the ratio of total social protection expenditures to the total number of intended beneficiaries of social protection schemes.[6] These expenditures per person are then compared to a "regional poverty line" and for purposes of cross-national consistency and comparability each country's poverty line is set at one-quarter of its GDP per capita.[7]

The social protection components in the SPI include:

1. Social insurance benefits such as pension payments accruing from past social insurance contributions and other such benefits including health insurance benefits, unemployment benefits, severance payments, maternity insurance benefits, benefits provided by provident funds.
2. Social assistance type benefits such as social transfers, child protection, health assistance, assistance to the elderly and disabled and disaster relief.
3. Labour market programmes such as employment services, skills development and training, or special work programmes (as noted passive labour market programmes, such as income support for the unemployed is included under social insurance).

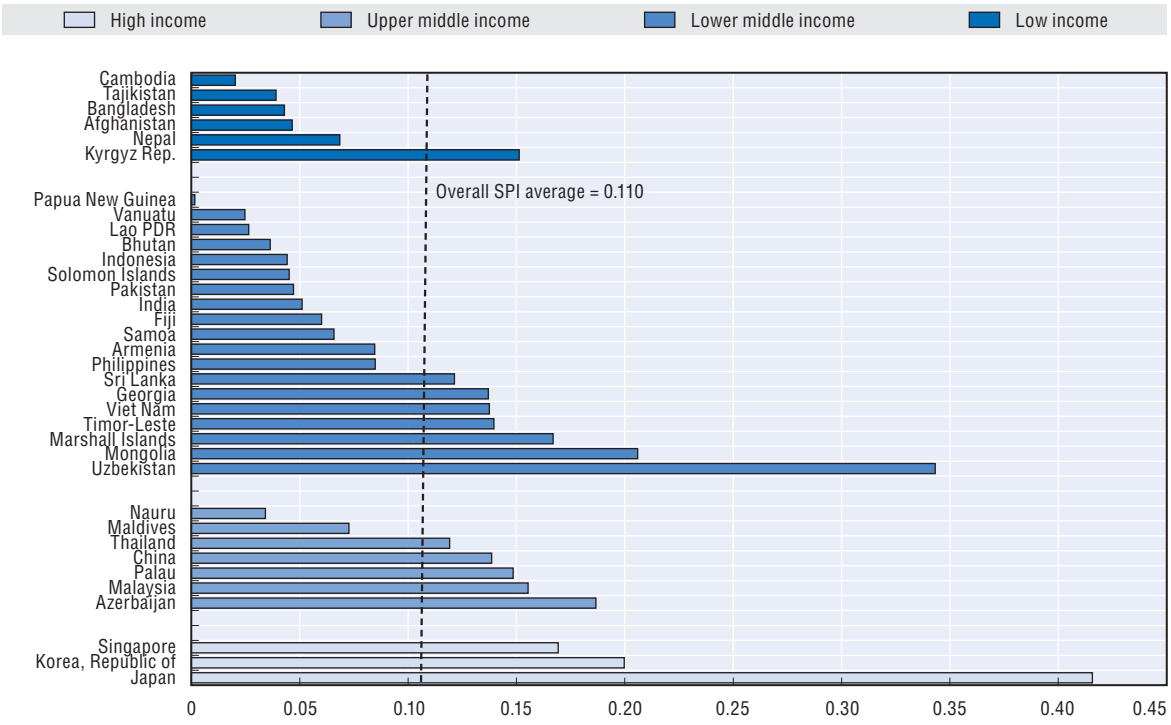
Assessing results for Asia and the Pacific

The overall SPI is a weighted sum of SPIs for social insurance, social assistance and labour market programmes. The weights are the relative sizes of the groups of potential beneficiaries of each of these three major programmes. The average SPI for all 35 countries is 0.110 (11% of "poverty-line expenditures") or 2.7% GDP per capita (Figure 3.8).

SPI results vary considerable across the Asia and the Pacific as whole. The SPI varies between 0.416 for Japan and 0.005 for Papua New Guinea. Thus, Japan's SPI-spending represents about 42% of "poverty-line expenditures" while this is a mere 0.5% for Papua New Guinea. These percentages are equivalent to 10.4% and 0.125% of GDP per capita.

In general, across Asia and the Pacific, the higher a country's GDP per capita, the broader its coverage of social protection. However, about two-thirds of the 35 countries in the SPI sample have lower coverage than what might have been expected on basis of average income levels: growth in social spending has often not been as strong as GDP-growth, also among middle-income countries.

Figure 3.8. **The Social Protection Index by income group, 2009**



Source: ADB staff estimates based on SPI country reports, *www.adb.spi.org*.

StatLink http://dx.doi.org/10.1787/888933150933

Social insurance benefits in the Asia/Pacific regions dominate other forms of social protection in almost all countries. Expenditures on social insurance benefits paid to (former) employees in formal sector employment, including the public sector accounts for 59% of total spending on social protection as defined by the SPI; while social assistance accounts for 36% and active labour market programmes only make up 5% of all SPI-spending (Figure 3.9).

Social assistance may only account for just over one-third of SPI spending in Asia and the Pacific, but compared with social insurance, social assistance benefits reach a greater number of beneficiaries: 57% of all beneficiaries *vis-à-vis* 37% for social insurance (Figure 3.9). Labour market programmes play a modest role in social protection in Asia and the Pacific: they account for only 5% and 6% of total expenditures and total beneficiaries, respectively.

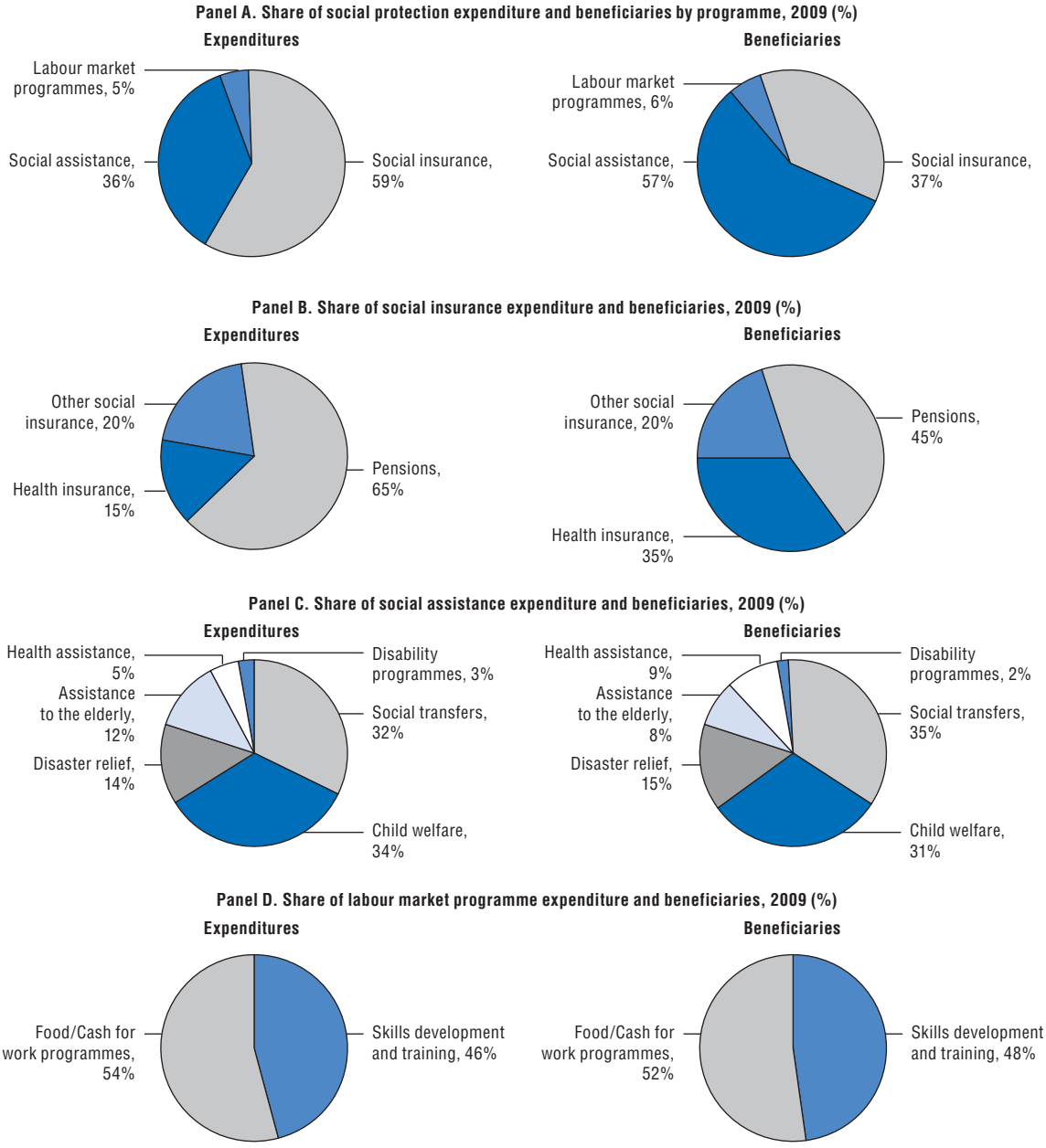
Within social insurance schemes, pensions and health insurance are the two most important subcomponents. Pensions dominate with 65% of expenditures and 45% of beneficiaries. Health insurance accounts for only 13% of expenditures, but with 35% of beneficiaries, it has fairly broad coverage.[8] Within social assistance programmes child welfare support plays an important role. Targeted food/cash for work programmes concern just over half of spending and beneficiaries of the labour market programmes concerned.

Impact on poverty and by gender

The Social Protection Index (SPI) as a ratio of social spending to intended beneficiaries provides indicative information on the distributional impact of social protection, as it helps gauge how much support the poor receive compared to the non-poor and how much support women and men receive.

Figure 3.9. **Share of social protection expenditures and beneficiaries by programme, 2009**

Percentage

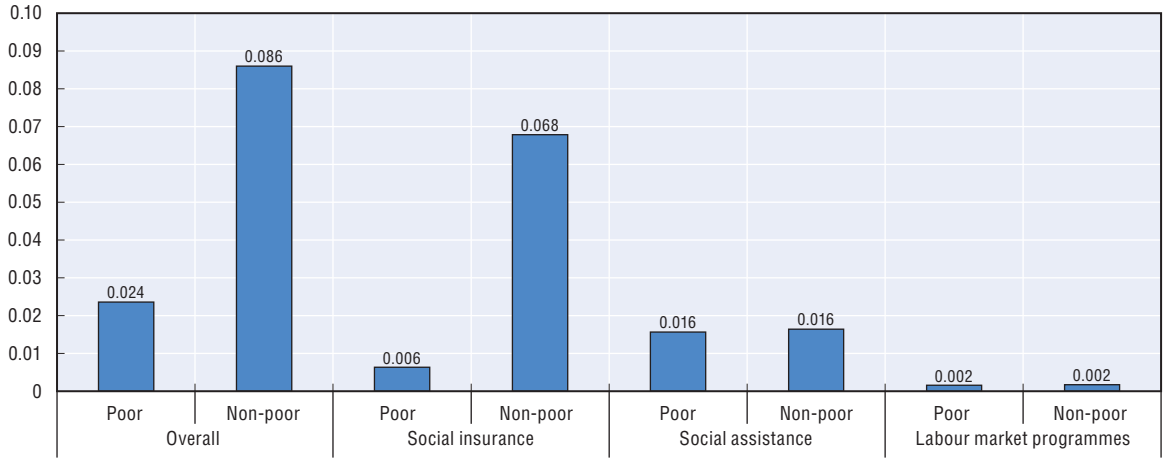


Source: ADB (2013), "The Social Protection Index: Assessing Results for Asia and the Pacific", Asian Development Bank, Manila, Philippines *www.adb.org/sites/default/files/pub/2013/social-protection-index.pdf*. Data concern the following 35 countries: Afghanistan, Armenia, Azerbaijan, Bangladesh, Bhutan, Brunei Darussalam, Cambodia, China, Fiji, Georgia, India, Indonesia, Japan, the Kyrgyz Republic, the Republic of Korea, Lao PDR, Malaysia, the Maldives, the Marshall Islands, Mongolia, Nauru, Nepal, Pakistan, Palau, Papua New Guinea, the Philippines, Samoa, Singapore, the Solomon Islands, Sri Lanka, Tajikistan, Thailand, Timor-Leste, Uzbekistan, Vanuatu and Viet Nam.

StatLink http://dx.doi.org/10.1787/888933150942

The SPIs for the poor are generally significantly smaller than the SPIs for the non-poor, particularly in social insurance with the non-poor benefitting disproportionally from this form of social protection (Figure 3.10), reflecting the large weight of pension expenditures which go predominantly to workers in the formal sector. By contrast, the poor benefit much more from social assistance. Spending on active labour market programmes is generally small, providing relatively small benefits to both poor and non-poor groups.

Figure 3.10. **The Social Protection Index by poverty status and programme, 2009**



Source: ADB (2013), "The Social Protection Index: Assessing Results for Asia and the Pacific", Asian Development Bank, Manila, Philippines *www.adb.org/sites/default/files/pub/2013/social-protection-index.pdf*. Data concern the following 35 countries: .Afghanistan, Armenia, Azerbaijan, Bangladesh, Bhutan, Brunei Darussalam, Cambodia, China, Fiji, Georgia, India, Indonesia, Japan, the Kyrgyz Republic, the Republic of Korea, Lao PDR, Malaysia, the Maldives, the Marshall Islands, Mongolia, Nauru, Nepal, Pakistan, Palau, Papua New Guinea, the Philippines, Samoa, Singapore, the Solomon Islands, Sri Lanka, Tajikistan, Thailand, Timor-Leste, Uzbekistan, Vanuatu and Viet Nam.

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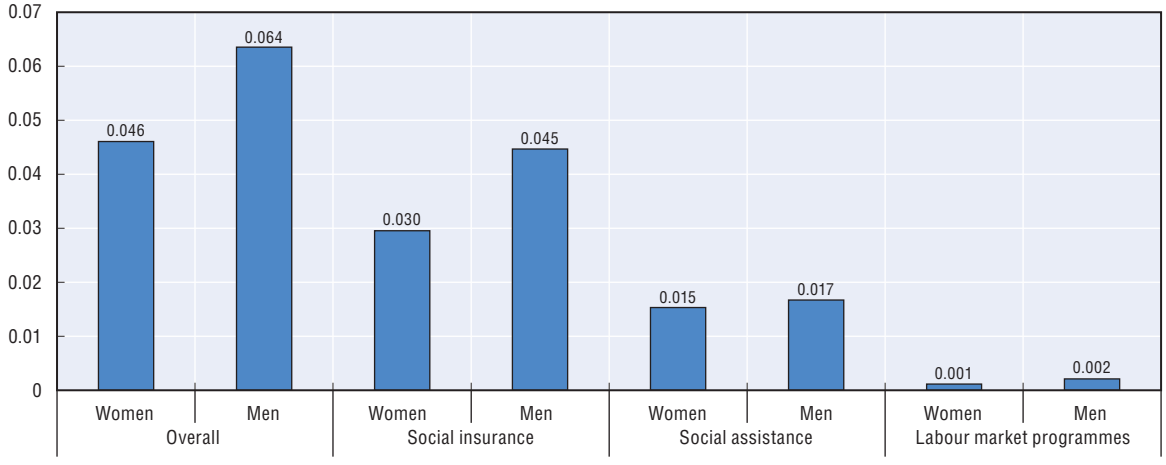
The SPI for women (0.046) is lower than the SPI for men (0.064) across Asia and the Pacific (Figure 3.11; see ADB, 2013, Chapter 7 for more detail). Women benefit less from social insurance than from social assistance because of their lack of access to formal sector employment, which is usually a prerequisite for being members of contributory insurance schemes. Women account for about 47% of all expenditures on social assistance per potential beneficiary. Labour market programmes do not carry much weight in the overall results.

Figure 3.11. **The Social Protection Index by gender and programme, 2009**



Source: ADB (2013), "The Social Protection Index: Assessing Results for Asia and the Pacific", Asian Development Bank, Manila, Philippines *www.adb.org/sites/default/files/pub/2013/social-protection-index.pdf*. Data concern the following 35 countries: .Afghanistan, Armenia, Azerbaijan, Bangladesh, Bhutan, Brunei Darussalam, Cambodia, China, Fiji, Georgia, India, Indonesia, Japan, the Kyrgyz Republic, the Republic of Korea, Lao PDR, Malaysia, the Maldives, the Marshall Islands, Mongolia, Nauru, Nepal, Pakistan, Palau, Papua New Guinea, the Philippines, Samoa, Singapore, the Solomon Islands, Sri Lanka, Tajikistan, Thailand, Timor-Leste, Uzbekistan, Vanuatu and Viet Nam.

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SPI-based suggestions for policy reform

The SPI results suggest that, despite considerable GDP growth in recent decades (ADB, 2013), the majority of economies in Asia and the Pacific, in particular middle-income countries, have not correspondingly strengthened their systems of social protection. There is a need for scaling up and broadening coverage of social protection systems. In general, women do not share equitably in the benefits from social insurance, and very few poor individuals are able to gain access to such contributory schemes. Also, large segments of the non-poor, especially those working in the informal sector or in small enterprises, are not covered by such forms of insurance.

Because social assistance benefits the poor and women much more than social insurance, increasing its depth (e.g. increasing payment rates) and breadth (coverage of beneficiaries) should be a priority. Strengthening programmes of cash transfers and child welfare, the two most important forms of social assistance, could make a significant difference. Improving disaster relief should be regarded as a major priority as are much needed improvements in disability benefits, which remain woefully inadequate across most countries.

Active labour market programmes are of limited importance throughout the region and policy makers should examine more closely how labour market programmes could be expanded to strengthen social protection systems as a whole.

Notes

1. This chapter was prepared by Willem Adema, Pierre Blanchard, Pauline Fron and Maxime Ladaique (OECD), Florence Bonnet and Krzysztof Hagemejer (ILO), and Sri Wening Handayani and Flordeliza Huelgas (ADB).
2. For policy assessment a further distinction can be made between legal (or statutory) coverage and effective coverage measuring how in practice these laws and regulations are adhered to and/or enforced.
3. Social expenditure data coverage may differ between ADB, ILO and OECD, in term of countries and broad policy area, and therefore reported aggregate (regional) indicators of social spending by the different organisations are not the same.
4. The economic downturn in the beginning of the 1990s (OECD, 1995) led to an increase in spending-to-GDP ratios in most countries; Korea experienced a countercyclical increase in the social spending-to-GDP ratio in the late 1990s (Figure 3.4).
5. The redistributional nature of welfare states depends on the overall level of the taxation, the degree of progressivity in tax systems, the degree of targeting within social programmes, and the level of social expenditure. OECD (2011b) *Divided We Stand* includes a detailed analysis of income of the redistributive effect of tax/benefit systems across countries and changes over time.
6. ADB (2013, pp. 10-11) discusses issues around the determination of the group of intended beneficiaries of a particular social protection scheme in more detail.
7. A regional average for 27 national poverty lines in the Asia/Pacific region is about 28% of GDP per capita. Hence, the revised SPI uses a poverty line of 25% of GDP per capita, and this threshold of "poverty line expenditures" reflects a total of expenditures/income that each person needs to exceed to be considered "non-poor"(ADB, 2011).
8. The SPI exercise has confined its attention to health insurance, whether partial or universal, as a form of social protection (ADB, 2013). The SPI does not account for free universal public health services financed out of general taxation.

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Chapter 4

General context indicators

Gross domestic product per person (GDP per capita) is the most widely used comparative indicator of economic performance, and its value varies considerably across the Asia/Pacific region (Figure 4.1, Panel A). The region includes some of the richest as well as some of the poorest countries in the world (please note the differences in the axis with respect to the values of GDP per capita in the top and bottom parts of Figure 4.1, Panel A). Macau (China), Australia, Singapore, Japan and Brunei Darussalam are all economies with a higher GDP per capita than across the OECD on average. By contrast, in 2012 GDP per capita was less than USD 1 000 per person in Cambodia, Tajikistan, Bangladesh and Nepal. Differences in GDP per capita within the Asia/Pacific region are much greater than within the OECD: Australia's GDP per capita is almost 100 times higher than that of Nepal.

Across countries, there are also significant differences in per capita GDP growth rates between 2006 and 2012 (Figure 4.1, Panel B). Over this period, annual average growth rates ranged from negative growth in Brunei and Fiji to strong growth (at over 5% annually) in Papua New Guinea, India, Bangladesh, Lao PDR, Sri Lanka, Azerbaijan, Timor-Leste, Mongolia, Armenia, Bhutan and in excess of 9% in China and Macau (China). In all, the average annual growth rate of GDP per capita for the Asia/Pacific region was 3.9%, for the 2006-12 period, compared with a low average growth rate of OECD countries of 0.3% during this global "crisis" period.

Poorer countries in the Asia/Pacific region are tending to grow at a faster rate than richer ones (Figure 4.2). There is a negative correlation between the pace of growth in GDP per capita over the period 2006-12 and the initial level of GDP per capita in 2006. Thus provides some evidence for economic theories of "catch-up" and GDP convergence. China is growing more rapidly than one might expect given its level of GDP, while the opposite holds for Fiji.

Definition and measurement

Among the different measures available in the System of National Accounts (SNA), gross domestic product (GDP) per capita is the one most commonly used for comparing the sizes of economies across countries. GDP per capita measures the sum of marketed goods and services produced within the national boundary, averaged across everyone who lives within this territory. GDP per capita is calculated using a country's GDP in 2012 United States dollars (USD) which is then divided by the country's total population.

The 2012 USD value is used to convert national currencies so that cross-national comparisons can be made. Annual average growth rates in GDP per capita are calculated using GDP per capita expressed in constant national currency. The data come from the World Bank, World Development Indicators (*http://data.worldbank.org/indicator*).

Figure 4.1. **GDP per capita and recent trends**

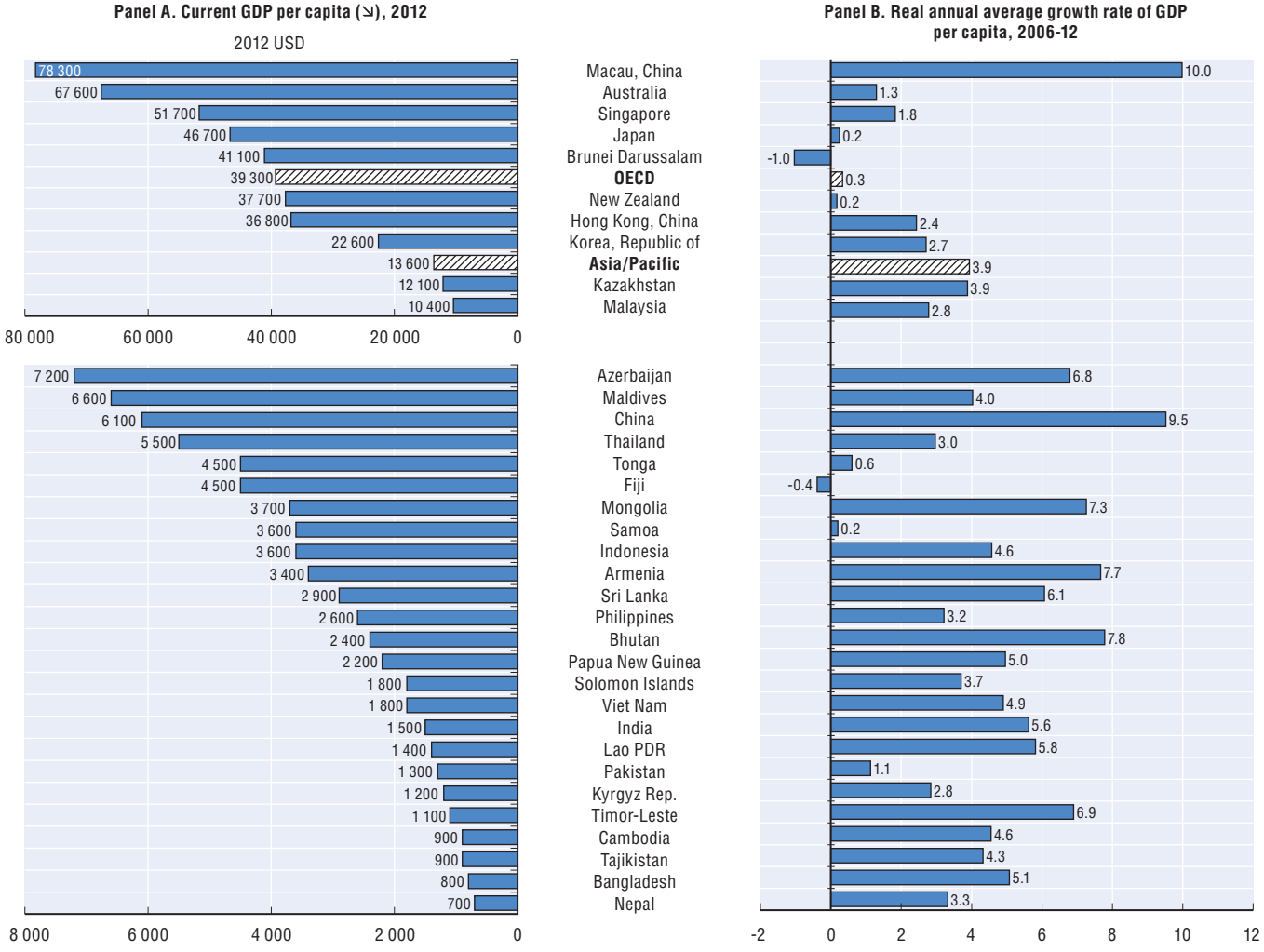
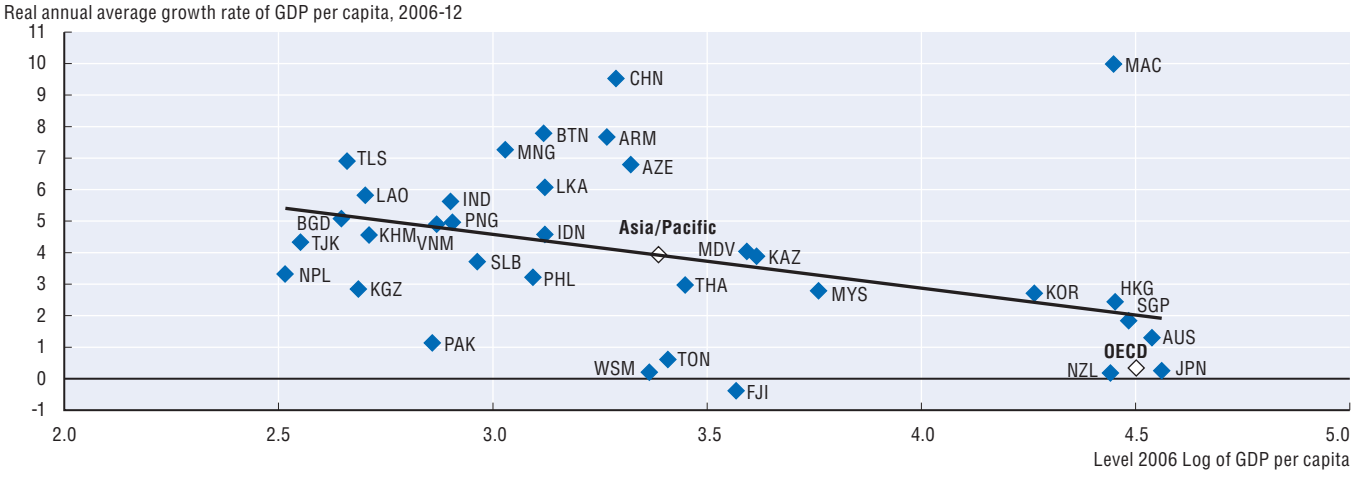


Figure 4.2. **GDP per capita is converging across the Asia/Pacific region**



Source: World Bank, *World Development Indicators*, *http://data.worldbank.org/indicator*.

StatLink http://dx.doi.org/10.1787/888933150974

The total fertility rate (TFR) gives an indication of the number of children an average woman will have in her lifetime. The size of the population remains stable if the total fertility rate is a little over two, allowing for some mortality during infancy and childhood. This so-called "replacement rate" is around 2.1 children per women for industrialised countries but it may be higher for poorer countries.

Total fertility rates vary in the Asia/Pacific region (Figure 4.3, Panel A). In 2011, women in the region had on average 2.4 children compared with OECD countries at 1.7 children. Women in island countries such as Timor-Leste and Solomon Islands have a high fertility rate of more than four children per woman. By contrast, China, Thailand, Japan, the Republic of Korea, Hong Kong (China), Singapore and Macau (China) all have TFRs that are below the OECD average. In many of these economies, TFRs have been below two children per woman for some time, e.g. since 1975 in Japan; since 1976 in Singapore; and since 1984 in the Republic of Korea. These countries have introduced various measures, including financial supports for families with children, but so far with limited success. China's family planning policy has kept its birth rate at a low rate since it was first introduced in the late 1970s. The recent relaxation of the rules on the number of children per family may bring the Chinese TFR closer to replacement rate level.

Birth rates have declined sharply over the last two decades (Figure 4.3, Panel B). The Asia/Pacific region experienced an annual decline of 1.9 children per woman from 1980 to 2011. OECD member countries in the region, with the exception of the Republic of Korea, experienced a slow decline in the TFR at less than 0.5 child per woman compared with a large number of non-OECD member economies with declines in excess of four children per woman in Bhutan and Bangladesh. The Maldives had the largest annual decrease of more than five children per woman: the TFR in the Maldives fell from over seven children per woman in 1980 to 1.7 in 2011. New Zealand and Timor-Leste are the two countries which had higher TFRs in 2011 than in 1980.

Women in poor economies have much higher fertility rates than women in wealthier economies (Figure 4.4.). In 2011, women in OECD and East Asian economies had the fewest children compared with the greater Asia/Pacific region. As more women gain higher education and enter the labour force, women tend to postpone having children and/or have less children altogether. **In countries where birth rates for adolescent women are high** – and where many young people are married (see "Marriage and divorce"), **overall fertility rates are also relatively high** (Figure 4.5).

Definition and measurement

The total fertility rate (TFR) in a specific year corresponds to the number of children that would be born to each woman if she were to live to the end of her childbearing years and if the likelihood of her giving birth to children at each life stage followed the currently prevailing age-specific fertility rates. The adolescent birth rate is defined as the annual number of births per 1 000 women aged 15 to 19.

The data presented here are extracted from the *World Bank's World Development Indicators online Database* (*http://data.worldbank.org/indicator/SP.DYN.TFRT.IN/countries*) which for population data uses the United Nations Population Statistics as its key source (*http://esa.un.org/wpp/*). These population statistics are based on administrative "vital registration" data, census data and/or survey data, and the quality of these sources is likely to vary across countries.

Further reading

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Figure 4.3. **Fertility rates and changes**

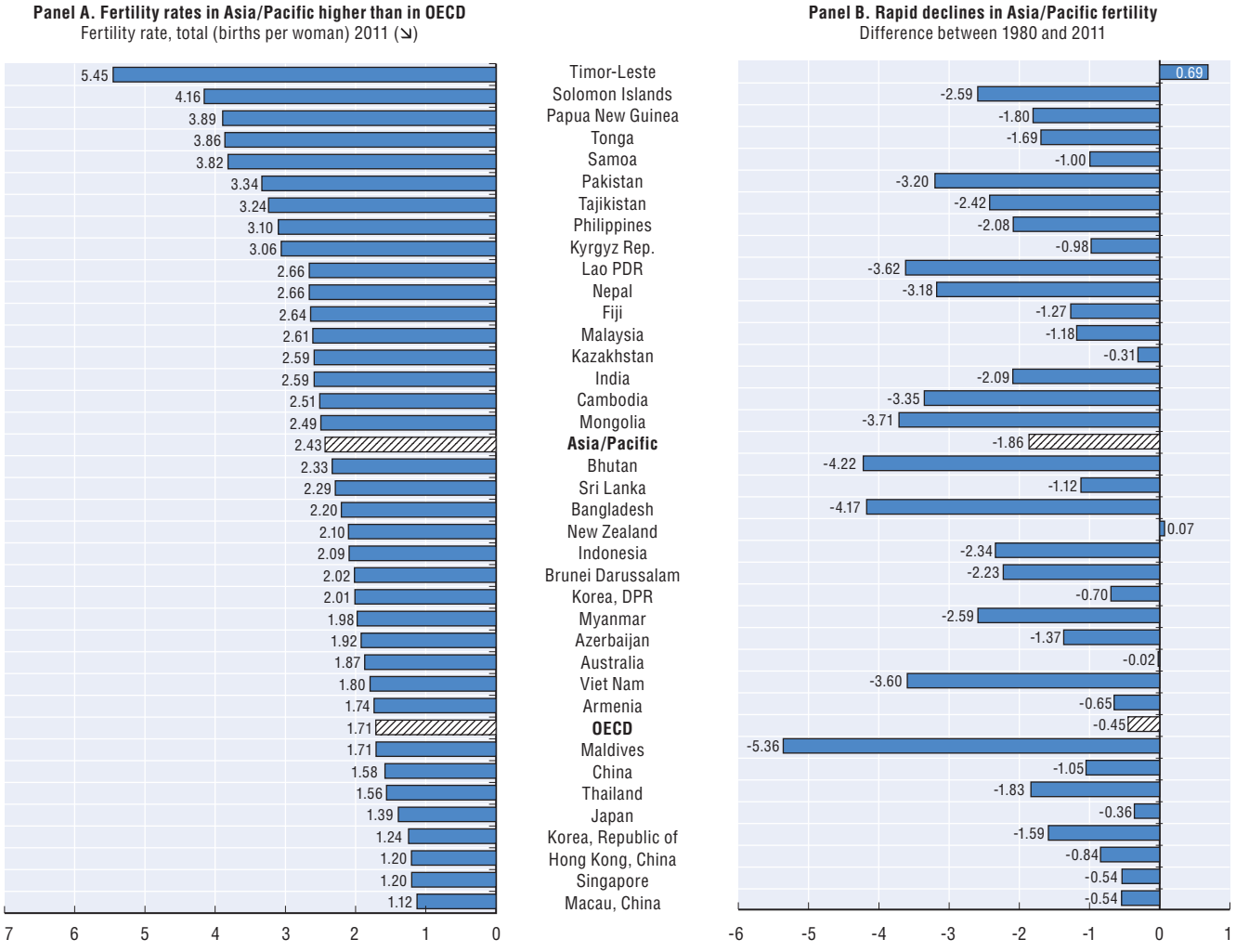


Figure 4.4. **Richer countries have lower fertility rates**

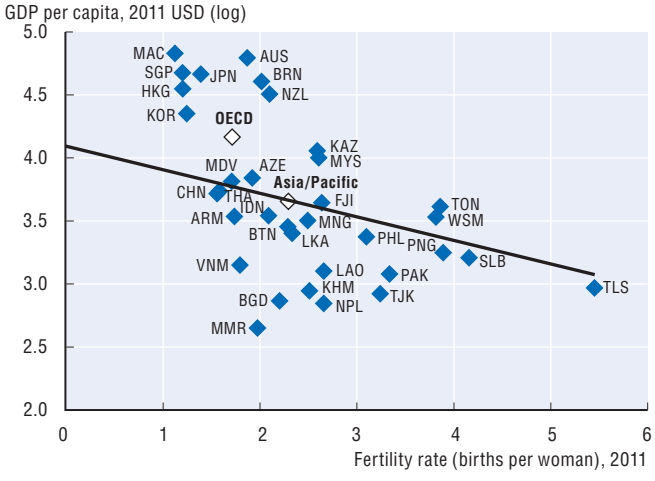
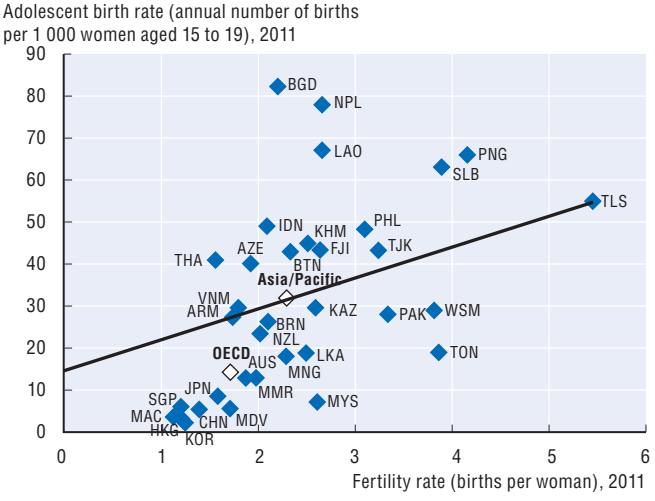


Figure 4.5. **Countries with high fertility tend to also have high adolescent birth rates**



Source: World Bank, *World Development Indicators*, *http://data.worldbank.org/indicator*.

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On average marriage rates in the Asia/Pacific region are 50% higher than the average across OECD countries (Figure 4.6, Panel A), and there is considerable variation in both marriage and divorce rates across the Asia/Pacific region. Crude marriage rates are highest at over ten marriages per 1 000 adults in the Maldives, Bangladesh, Tajikistan and the Kyrgyz Republic, while the marriage rate is less than half of this in Samoa, New Zealand and Mongolia. The crude divorce rate in the Maldives is also three times higher than the average of the Asia/Pacific economies. Divorce rates are low relative to high marriage rates in Indonesia, Tajikistan and Viet Nam.

OECD (2014) shows that marriage rates declined and divorce rates decreased in the Asia/Pacific OECD countries: over the 1970-2010 period marriage rates showed a steady decline while divorce rates doubled in Australia, Japan and New Zealand and more than quintupled in Korea, albeit from a very low base (0.4 divorces per 1 000 people).

There are large gender differences in the age at marriage between men and women in the Asia/Pacific region (Figure 4.7). Men are around age 25 to 30 when they get married across the region, while men in wealthier countries often remain bachelors well into their thirties. Women generally get married at an earlier age, and on average women marry earliest in Bangladesh, Nepal and India.

More so than across the OECD, marriage remains the norm across the Asia/Pacific region as it concerns two-thirds of the adult population on average (Figure 4.8). On average, almost four out of five adults are married across China, while this is just over half in Hong Kong (China). Almost four out of ten adults in Korea and Malaysia are single or have not been married. Divorcees and widows make up only a small part of the adult population.

Further reading

OECD (2014), *OECD Family Database*, OECD, Paris, *www.oecd.org/social/family/database*.

Shin Y., J. Yoo, H. Kim, J. Yoon (2013), "Comparative Study of Family Policy in East Asia, Korea, China, Japan, Singapore", OECD Korea Policy Centre/Korea Institute for Health and Social Affairs, Seoul, *www.oecdkorea.org/user/nd12191.do?itemShCd1=44*.

Figure note

Figure 4.6. Dates referring to marriage data and those for divorce rates may differ. Panel B: No data on crude divorce rates are available for Bangladesh, Fiji and Philippines.

Definition and measurement

The crude marriage rate is the number of marriages formed each year as a ratio to 1 000 adults; similarly, the crude divorce rate is the number of marriages dissolved in a given year as related to the total adult population. The data were taken from the 2012 *Demographic Yearbook* of the UN Department of Economic and Social Affairs Statistics Division (*http://unstats.un.org/unsd/demographic/products/dyb/2000_round.htm*). For various countries the latest available data concern the early- or mid-2000s: Brunei Darussalam, Fiji, Indonesia, Philippines, Samoa, Thailand and Tonga.

The singulate mean age at marriage is an estimate of the average number of years lived in the single state among those who marry before age 50 (Figure 4.7). These data were taken from the World Marriage data 2012 of the UN Department of Economic and Social Affairs' Population Division (*www.un.org/en/development/desa/population/publications/dataset/marriage/wmd2012/MainFrame.html*).

Data on partner status are drawn from the Gallup World Poll. The Gallup World Poll is conducted in more than 150 countries around the world based on a common questionnaire, translated into the predominant languages of each country. With few exceptions, all samples are probability based and nationally representative of the resident population aged 15 years and over in the entire country, including rural areas. While this ensures a high degree of comparability across countries, results may be affected by sampling and non-sampling error, and variation in response rates. Hence, results should be interpreted with care. These probability surveys are valid within a statistical margin of error, also called a 95% confidence interval. This means that if the survey is conducted 100 times using the exact same procedures, the margin of error would include the "true value" in 95 out of 100 surveys. Sample sizes vary across countries from 1 000 to 4 000, and as the surveys use a clustered sample design the margin of error varies by question. The margin of error declines with increasing sample size: with a sample size of 1 000, the margin of error at a 95% confidence interval is $0.98/\sqrt{\text{sample size}}$ or 3%, with a sample size of 4 000, this is 1.5%. The data underlying Figure 4.8 are based on answers from survey respondents aged 15 years to the following question: "What is your current marital status?" The categories were self-assessed by the respondent (Figure 4.8).

Figure 4.6. **Marriage and divorce rates**

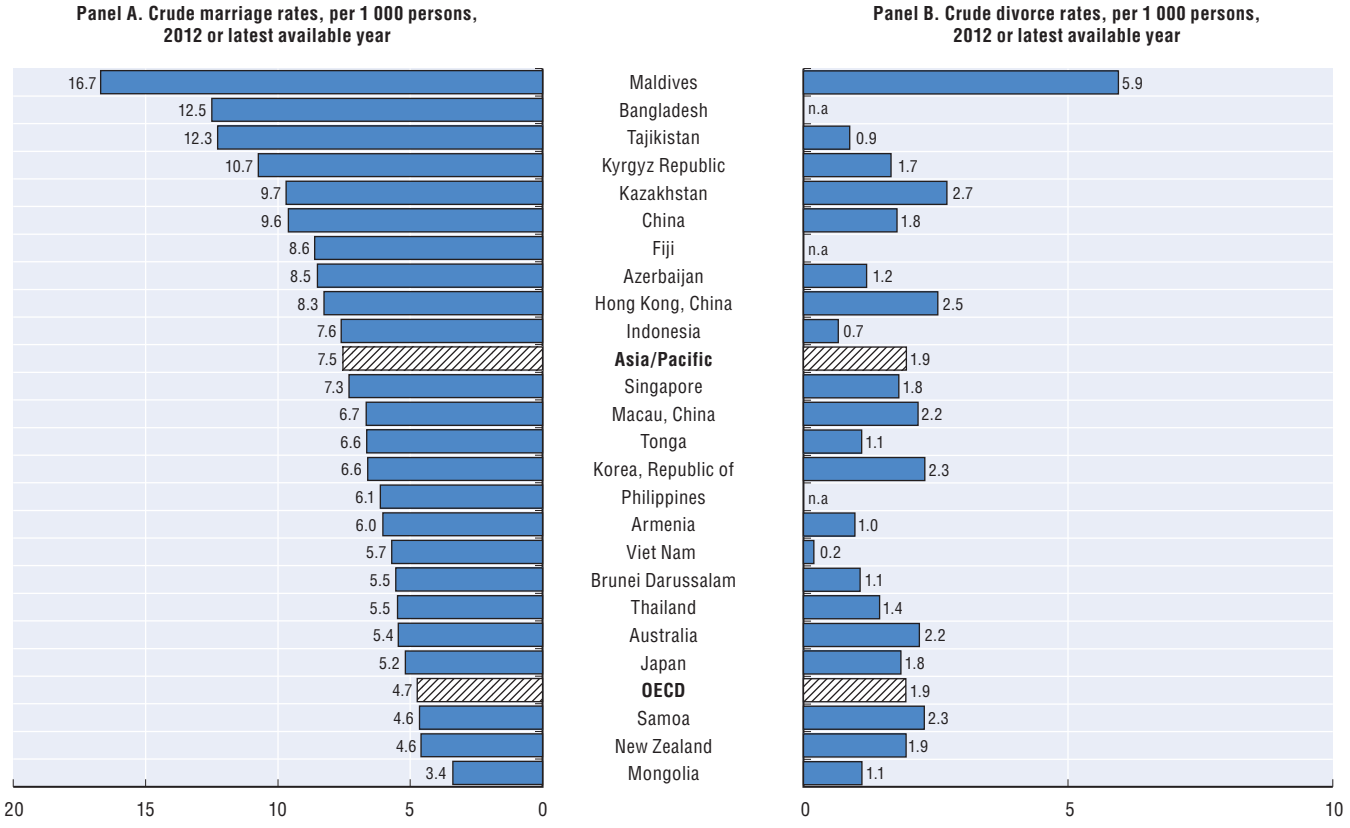


Figure 4.7. **Singulate mean age at marriage by gender**

Estimate of the average number of years lived in the single state among those who marry before age 50

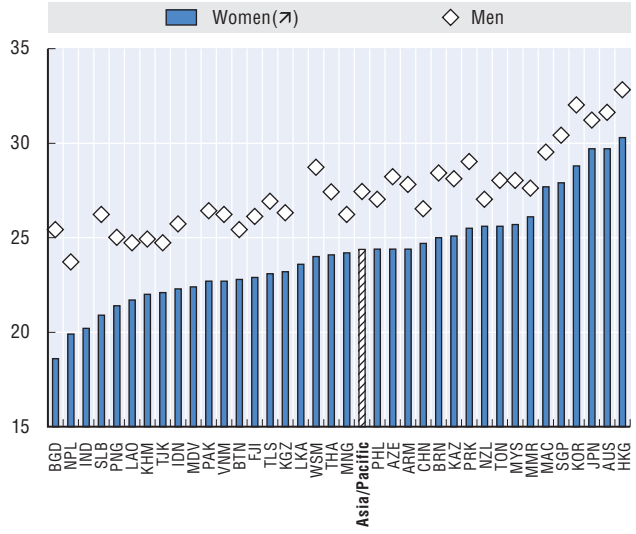
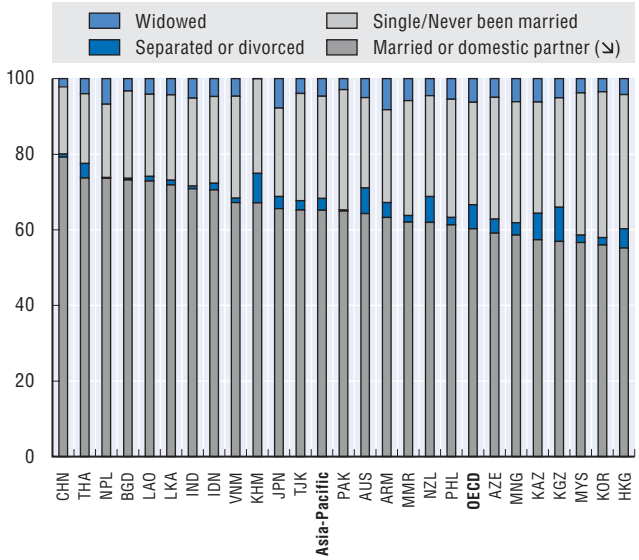


Figure 4.8. **Marital status in selected Asia-Pacific countries**

% of adult population



Source: Figure 4.6: *UN Demographic Yearbook 2012*, *http://unstats.un.org/unsd/demographic/products/dyb/dyb2012.htm*; Figure 4.7: United Nations, Department of Economic and Social Affairs, Population Division, World Marriage Data 2012; Figure 4.8: Gallup World Pool.

StatLink *http://dx.doi.org/10.1787/888933150996*

There is a considerable variation in the share of international migrants in the total population (Figure 4.9, Panel A). In Macau (China), Brunei Darussalam, Singapore and Hong Kong (China), Australia and New Zealand more than one-quarter of the population was foreign born (please note the differences in the axis regarding the population shares of migrants in the top and bottom parts of Figure 4.9, Panel A). In China and Indonesia – countries with considerable internal migration – the population share of international migrants was negligible at less than 0.1% of the total population in 2013.

Women account for a lower share of immigrants than men in Asia/Pacific economies (46% on average) in comparison to in OECD countries (51%). In 2013, Nepal, Hong Kong (China) and Tajikistan, 68%, 59% and 57%, respectively, of all immigrants in the population were women, while the lowest shares were recorded for Bangladesh and Bhutan.

In the majority of the countries considered, net migration is negative: there are more emigrants than immigrants (Figure 4.9, Panel B). Between 2005 and 2010, recorded emigration was largest in low-income island economies such as Samoa, Tonga, and Timor-Leste, while wealthier economies such as Australia, Macau (China) and Singapore registered large net immigration rates.

Emigration rates from Asia to OECD countries are higher for highly educated women. For many countries of the Asia/Pacific region, skilled emigration – the brain drain – is a pressing policy issue. The emigration rate to OECD countries is higher for the highly educated than for those with low levels of educational attainment (Figure 4.10). Some of the highest emigration rates for the tertiary educated are in low income economies such as Cambodia (43%), Lao PDR (26%) and Papua New Guinea (19%). Emigration rates for highly educated women are generally higher than for men, except for Bangladesh.

Remittance flows to Asia/Pacific countries decreased during 2008/9 with the economic recession but have since increased again. Remittances sent by Asian/Pacific migrants to their countries of origin amounted to USD 254 billion in 2013 (Figure 4.11), accounting for almost half of all global remittance flows. Remittances constitute a significant share of gross domestic product in some of the countries of origin, and range from 12 to about 50% GDP in Bangladesh, Samoa, Armenia, Nepal, the Kyrgyz Republic, and Tajikistan.

Definition and measurement

The stock of immigrants is the number of people born in a country other than that in which they live, expressed as a share of the resident country's total population. The net migration rate is the number of immigrants minus the number of emigrants over a period of time divided by the population of the receiving country over that same period, expressed as the net number per 1 000 population. The data on migrant stock and net migration (Figure 4.9) come from the *United Nations' World Population Prospects Database* (2013 Revision, *http://esa.un.org/unpp/*).

The emigration rate of country i for a given year is defined as the share of the native population of the country living abroad that year: mi = Mi/(Mi + Ni) where Mi is the emigrant population from country i living abroad, and Ni is the native non-migrant population of the country i. The emigration rate for the tertiary educated is the share of the tertiary-educated native population that is living abroad. Data are from the *Database on Immigrants in OECD Countries* (DIOC) *www.oecd.org/els/mig/dioc.htm* (Figure 4.10).

A remittance is a transfer of money by a foreign worker to an individual in his or her country of origin. Data on migrant remittance inflows in current (nominal) USD are from the World Bank Migration and Remittance Data (Figure 4.11), *www.worldbank.org/migration*.

Further reading

OECD (2012), "The Changing Role of Asia in International Migration", *International Migration Outlook 2012*, OECD Publishing, Paris, *http://dx.doi.org/10.1787/migr_outlook-2012-en*.

ADBI/OECD/ILO (2014), "Labor Migration, Skills, and Student Mobility in Asia", Asian Development Bank Institute Edition, *www.adbi.org/book/2014/02/25/6179.labor.migration.skills.student.mobility.asia*.

Figure note

Figure 4.11: 2013 data are estimates.

Figure 4.9. **International migration**

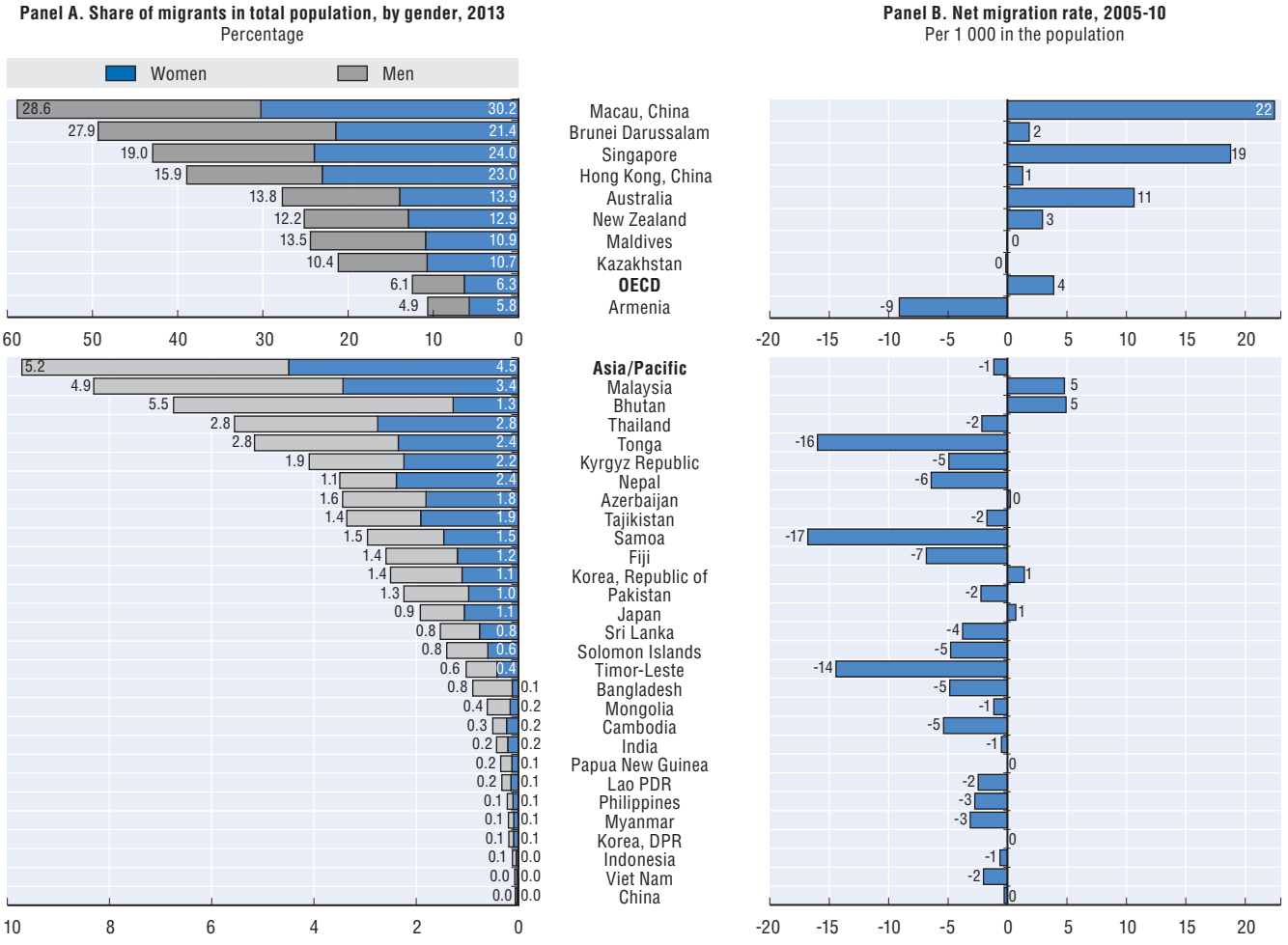


Figure 4.10. **Emigration rates to OECD countries, by place of birth and gender, total and tertiary educated, 2005/06**

Percentages

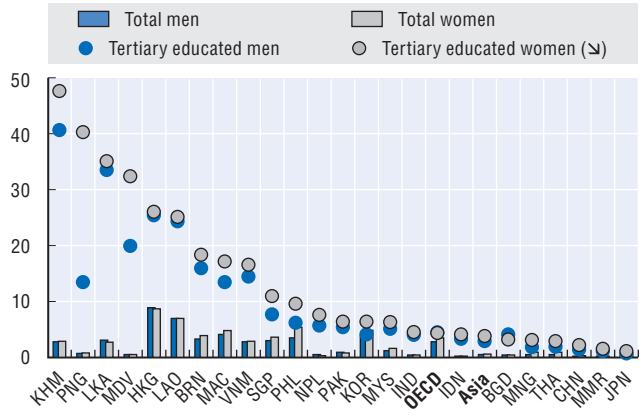
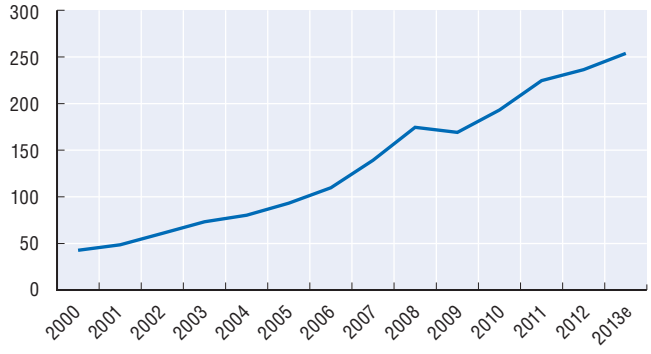


Figure 4.11. **Remittances flows to Asia/Pacific economies decreased during the economic recession and renewed their upward trend, albeit at a slower pace**

Migrant remittance inflows to Asia/Pacific economies (USD billion)



Source: Figure 4.9: United Nations, Department of Economic and Social Affairs, Population Division (2013), "Trends in International Migrant Stock: The 2013 Revision", *United Nations Database*. United Nations, Department of Economic and Social Affairs, Population Division (2013), "World Population Prospects: The 2012 Revision", DVD Edition; Figure 4.10: OECD (2012), *OECD International Migration Outlook 2012* and *Database on Immigrants in OECD Countries* (DIOC), *www.oecd.org/els/mig/dioc.htm*; Figure 4.11: World Bank Migration and Remittances Data (October 2013 Version).

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In 2012, economies in the Asia/Pacific region on average had ten people of working age for every person over 65 (Figure 4.12, Panel A). This is more than twice as high as the OECD's average. Papua New Guinea, Mongolia and Tajikistan top the list with at least 16 working-age persons per one person of pension age, a stark contrast to Japan's 2:1 ratio. Within the Asia/Pacific region, OECD countries such as Korea, Japan, Australia and New Zealand have the smallest old-age support ratio in comparison to non-OECD countries. In these countries life expectancy is high (Figure 7.1), and particularly in Japan and Korea fertility rates are low (Figure 4.3). This has contributed to an intermittent decline in the Japanese working-age population since 1995, while the Korean working-age population is projected to decline from 2018 onwards.

The old-age support ratio is projected to more than halve by 2050 (Figure 4.12, Panel B), and Mongolia and Brunei Darussalam are expected to see the biggest decline. In China the old-age support ratio is projected to fall to a low level of 2.4 by 2050, just above the OECD average. China's ageing population is projected to reach over 300 million by 2050, almost the total ageing population of OECD countries combined.

The downward trend in old-age support ratios stems from a rise in life expectancy due to improved health and a reduction in the number of younger people as well as birth rates. Underlying **demographic trends do differ across countries** (Figure 4.13). For example, with an expanding population the Indian old-age support ratio has been in steady decline since the early 1960s, while the Japanese old-age support ratio will continue to decline while its overall population has been shrinking since 2010. The old-age support ratio in Korea increased during the 1960s but has since been in decline; not dissimilarly, the old-age support ratio in Mongolia is projected to increase until 2015, to rapidly decline thereafter.

There are economic and social implications for the demographic shift. A low old-age support ratio provides some indication of the dependency burden on the working population, as it is assumed that the economically active proportion of the population will need to provide health, education, pension, and social security benefits for the inactive population, either directly through family support mechanisms or indirectly through taxation.

Definition and measurement

The "old-age support ratio" relates the number of individuals aged 15 to 64 (working age) to the population aged 65 and over (those of "pension age"). All ratios are presented as the number of working age (15-64) people per one non-active person. The old-age support ratio thus provides a rough indicator of the number of active people who potentially are economically and socially supporting elderly people. It also gives a broad indication of the age structure of the population. Changes in the support ratio depend on mortality and fertility rates and, to a much lesser degree, on net migration.

Data come from the *United Nations' World Population Prospects online Database* (2012, *http://esa.un.org/wpp/unpp/panel_population.htm*). The projections for support rate ratios used in this section are based on the "medium variant" population projections.

Figure 4.12. **Populations are ageing and the old-age support ratio will halve in the Asia/Pacific region**

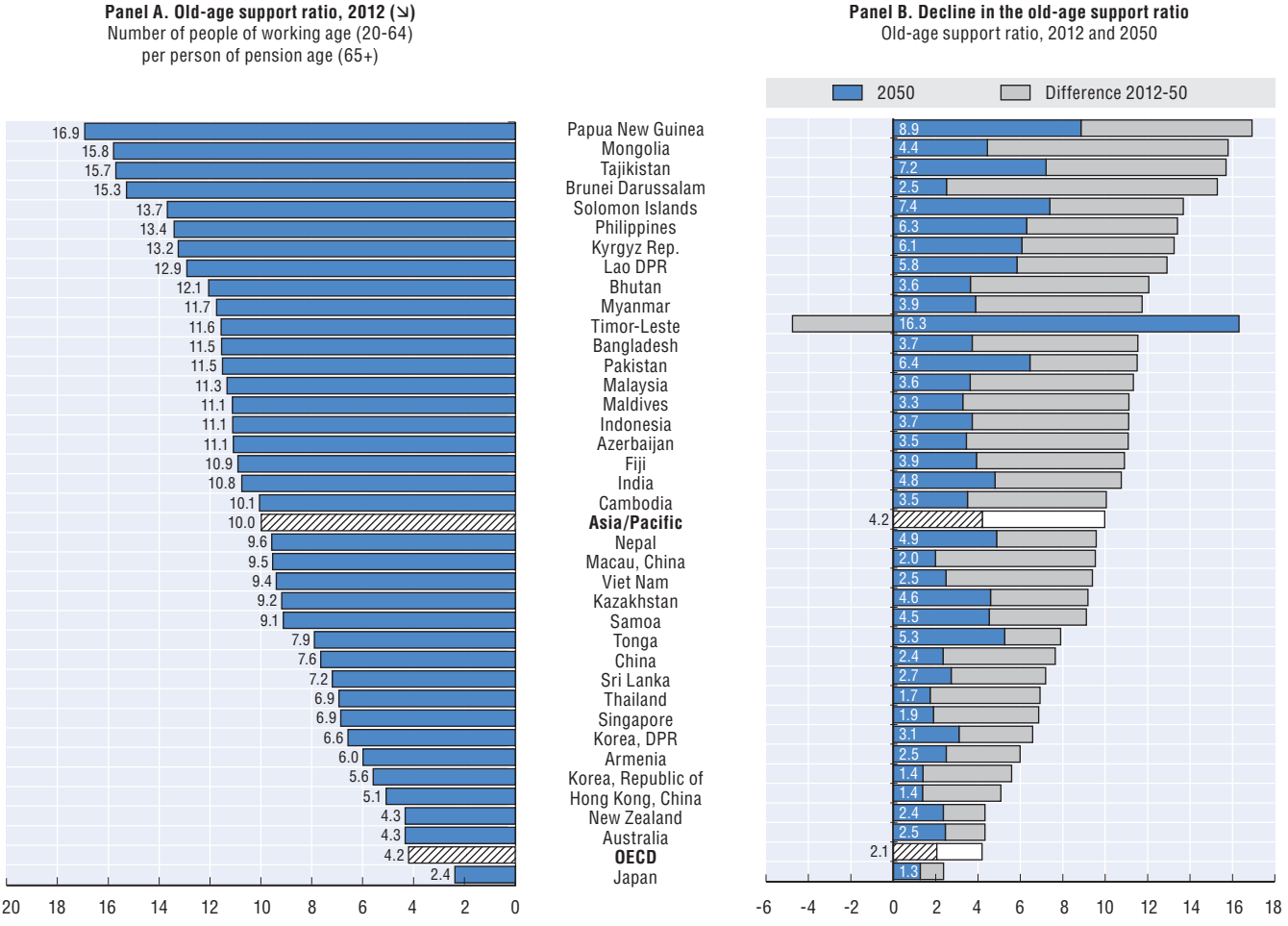
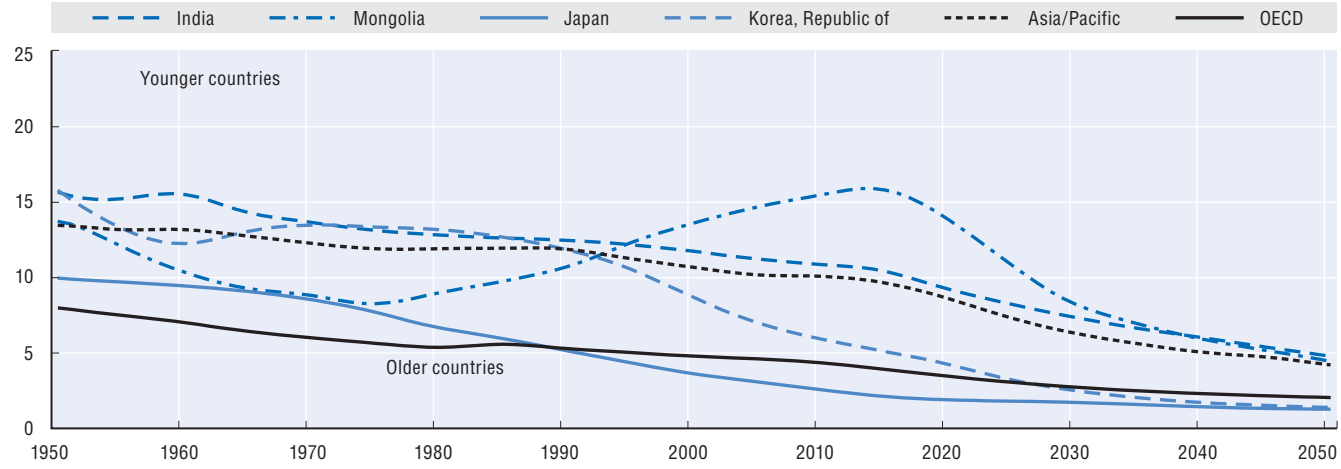


Figure 4.13. **Convergence in the old-age support ratio across the Asia/Pacific region**

Number of people of working age (20-64) per person of pension age (65+) in selected countries, 1950-2050



Source: OECD (2013), *Pensions at a Glance Asia/Pacific*, OECD Publishing, Paris, *http://dx.doi.org/10.1787/pension_asia-2013-en*, United Nations, World Population Prospects – 2012 Revision.

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Chapter 5

Self-sufficiency indicators

Richer countries tend to have higher labour force participation rates, with all four OECD countries having rates greater than the Asia/Pacific average; the OECD average is 6 percentage points above the Asia/Pacific average of 69% (Figure 5.1). The highest participation rates are observed in Cambodia, Japan, Nepal and New Zealand with rates greater than 80% in 2012. Labour force participation rates are low, at below 60%, in Armenia, Hong Kong (China), India, Pakistan, Sri Lanka and Timor-Leste. In many countries **labour force participation rates among older workers are relatively close to those for the total population, while rates for younger workers are significantly lower**: on average across the region participation rates are 69% for the total population; 63% for older workers and 49% for younger workers. Participation rates are lowest for young people in Korea as related to a high level of educational attainment (see "Educational attainment and student performance".

Looking ahead, demographic projections show that – if male and female labour participation by five-years age groups remain at current levels (the "unchanged" scenario in Figure 5.2) – **the labour force will decrease** by close to 10% **in Japan**, with further declines until 2040, **and also in China and Korea**. The baseline scenario involves that recent increases in female labour force participation for younger cohorts are projected to increase the participation rate for women aged 15-64 in many countries, but its effect on the overall labour force size is rather modest, except for in Japan and Singapore (Figure 5.2). The decline in female labour force participation since the early 2000s in China feeds into the baseline scenario projecting a labour force of a smaller size for China than when participation rates were held constant at their 2012 levels ("unchanged" scenario).

The **target scenario** assumes that economies will be able to **achieve a 25% reduction in the gender gap in participation rates for each country by 2025 and 50% by 2040** compared with the baseline scenario. This scenario would have a significant effect on the size of the labour force in many countries, including India, where the labour force would be 11% larger as a result of around 61 million more women in the labour force. In Singapore the recent increase in female employment is expected to feed into increasing participation rates in the future which achieve this target (as shown by the similarity in the "baseline" and "target" scenarios in Figure 5.2). Japan and Korea would need to achieve close to gender parity in labour force participation to avoid the looming decline of their labour force.

Definition and measurement

The labour force participation rate is a measure of the proportion of a country's working-age population that engages actively in the labour market, either by working or looking for work for at least one hour in the reference week. It provides an indication of the relative size of the supply of labour available to engage in the production of goods and services. Data was taken from the *International Labour Organization's Key Indicators of the Labour Market (KILM) Database* for non-OECD countries and the *OECD Employment Database* (2013) for the four OECD countries. Labour force participation data refers to the population aged 15 and over.

The labour force projections presented here are based on population projections for persons aged 15-64 years, by five-year age groups. Three scenarios are considered:

1. *Unchanged*: Participation rates by gender and for each five-year age group are held constant over the period 2013-40 at their 2012 values; changes in labour force size are driven by changes in working-age population size alone.
2. *Baseline*: In many countries, there has been a trend increase in the participation of women which has offset a decline in participation rates for men. There have also been different trends by age groups. For example participation rates for youth have fallen in many countries in response to a lengthening of the time spent in education. Rather than assuming fixed participation rates, the baseline scenario therefore assumes constant labour force entry and exit rates for five-year age groups at their historical average over the period 2003-12 (2005-10 for China).
3. *Target*: The gender gap for each five-year age group in 2025 is assumed to be 25% lower than its value in 2012 and 50% lower in 2040. All other estimates for the female participation rate are obtained by linear interpolation. Where the projected reduction in the gender gap in the baseline scenario is already greater than the targeted reduction, the baseline projected labour force is taken instead (e.g. Singapore).

The projections are based on the *OECD Population and Demography Database* and the *OECD Employment Database*.

Figure note

Figure 5.2: The labour force projections are based on population projections for persons aged 15-64 years, by five-year age groups, as reported by the *OECD Demography and Population Database* (*http://stats.oecd.org/Index.aspx?DataSetCode=POP_FIVE_HIST*).

Figure 5.1. **Labour force participation by age group, 2012**

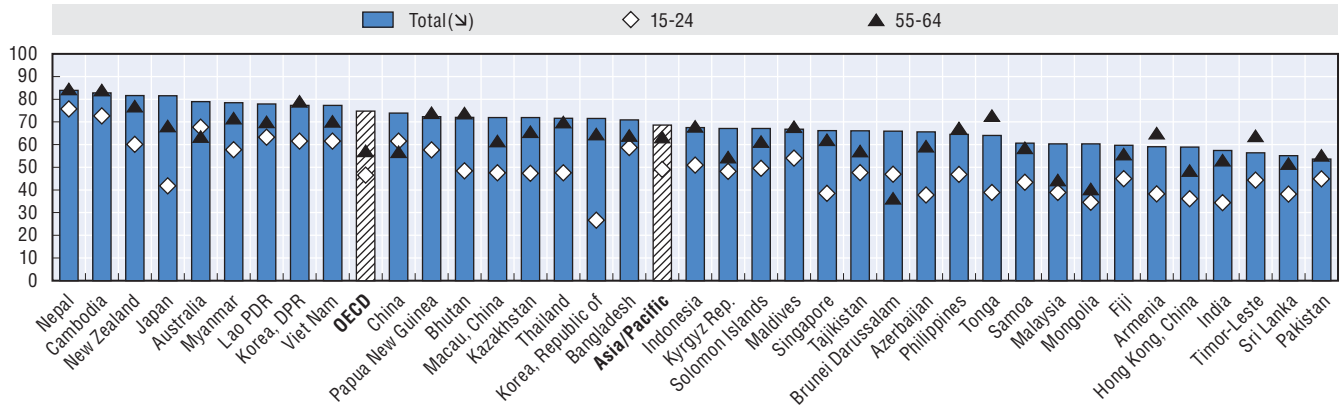
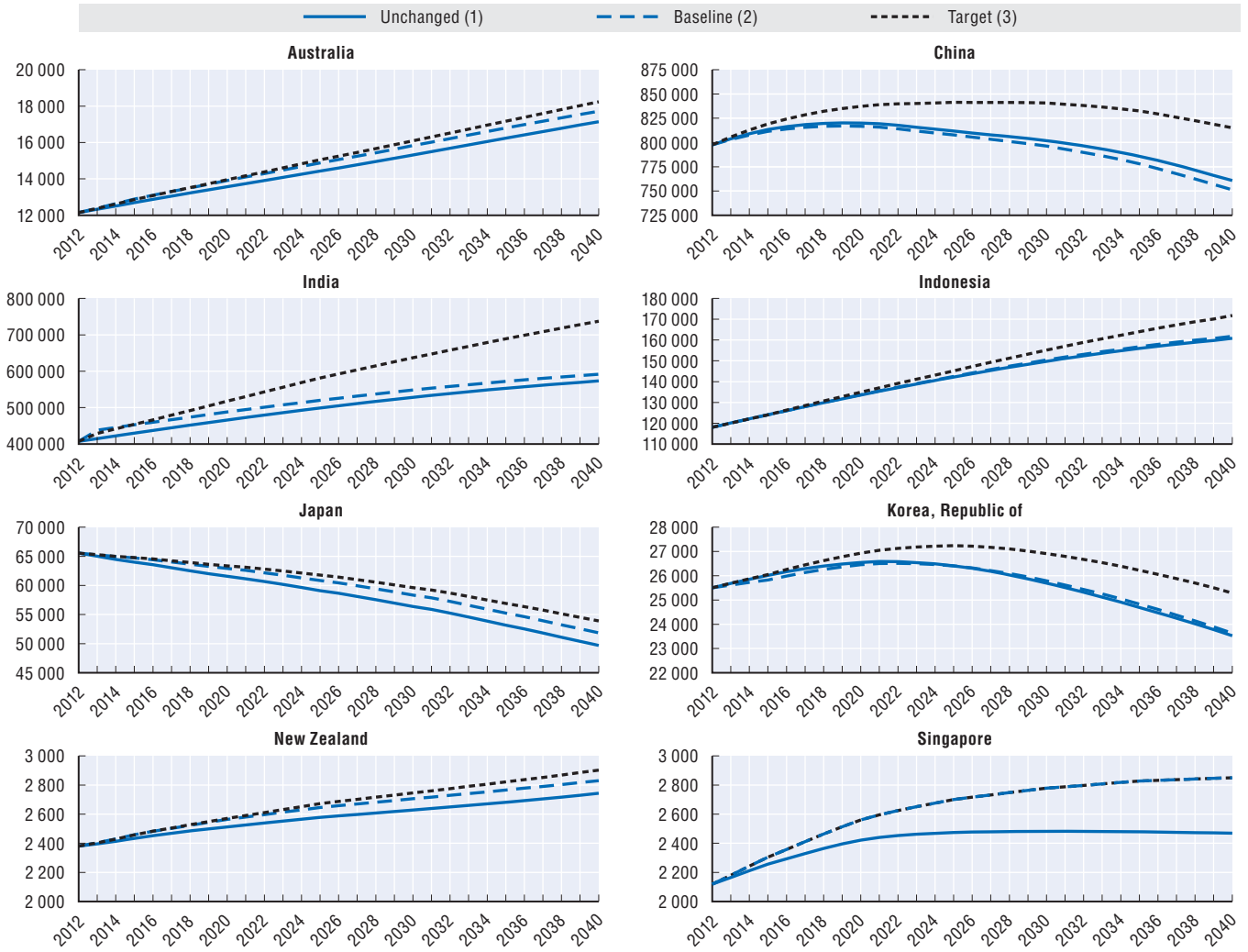


Figure 5.2. **Labour force projections, selected countries, 2012-40**

Projected number of persons aged 15-64 in the labour force, thousands



Source: ILO, Key Indicators of the Labour Market (KILM). OECD's Secretariat's calculations based on the *OECD Population and Demography Database* and the *OECD Employment Database*.

StatLink http://dx.doi.org/10.1787/888933151022

High employment rates are found in Nepal and the Southeast Asian economies of Cambodia, Lao PDR, Myanmar and Viet Nam, with rates above the OECD average of 74.7% (Figure 5.3, Panel A). The Asia/Pacific average is almost 10 percentage points below the OECD average, at 64.9%, with employment rates being particularly low in Fiji, India, Pakistan and Sri Lanka (below 55%).

On average, as among OECD countries, employment rates in the Asia/Pacific region have recovered to above pre-crisis levels in 2007 (Figure 5.3, Panel B), but with mixed patterns across countries. The largest increase between 2007 and 2012, of above 2.0 percentage points, were observed in Kazakhstan, Maldives, Mongolia and the Philippines. While the largest falls in employment rates were observed in Brunei Darussalam and India with a drop of more than 1.5 percentage points, and particularly large falls in the OECD countries of Japan and New Zealand at more than 2 percentage points.

People in high-income economies are more likely to work in the non-agricultural sector compared with those in lower-income economies (Figure 5.4). Over 75% of people employed in Macau (China) and Hong Kong (China), Singapore and Brunei Darussalam are engaged in the services sector with less than 2% employed in the agricultural sector. By contrast, the largest share of people employed in Nepal and Papua New Guinea are in agriculture (over 70%). In all economies observed, with the exception of Korea, DPR, manufacturing makes up the smallest share of employment compared with the services and agriculture sectors.

Informal employment concerns over half of the workers in the non-agricultural sector in Sri Lanka, Viet Nam, the Philippines, Indonesia, Pakistan, and is highest in India at over 80%. Informal employment covers less than 50% of the workers in the non-agricultural sector in Thailand and China (but calculations are based on six cities). **The difference in informal employment between men and women is generally small** (Figure 5.5), among the countries for which data are available, except in Sri Lanka where informal employment as a proportion of non-agricultural employment among men is nearly 10 percentage points higher than among women.

Definition and measurement

The employment/population ratio or employment rate is defined as the ratio of employed people over age 15 to the population over age 15. Data was taken from the *International Labour Organization's Key Indicators of the Labour Market (KILM) Database* for non-OECD countries and the *OECD Employment Database* for the four OECD countries.

Employment by sector is based on the International Standard Industrial Classification of All Economic Activities (ISIC Revision 3.1), by which employment in agriculture, manufacturing and service sectors are defined. Employment in agriculture includes hunting, forestry and fishing; employment in industry includes mining and quarrying, manufacturing, construction and public utilities (electricity, gas and water); employment in services includes wholesale and retail trade, restaurants and hotels, transport, storage and communications, finance, insurance, real estate and business services, and community, social and personal services.

The indicator "Informal employment as a percentage of total non-agricultural employment" here is based on ILO (2014), "Women and Men in the Informal Economy: A Statistical Picture". The concept of informal employment includes workers such as (own-account workers, contributing family workers, paid domestic workers and many other workers whose employment relationship is, in law or in practice, not subject to national labour legislation, income taxation, social protection or entitlement to certain employment benefits (advance notice of dismissal, severance pay, paid annual or sick leave, etc.). For more information see (*www.ilo.org/wcmsp5/groups/public/---dgreports/---stat/documents/normativeinstrument/wcms_087622.pdf*).

Figure note

Figure 5.5: For China, data refer to the cities of Fuzhou, Guangzhou, Shanghai, Shenyang, Wuhan and Xi-an.

Figure 5.3. **Employment/population ratio and trends**

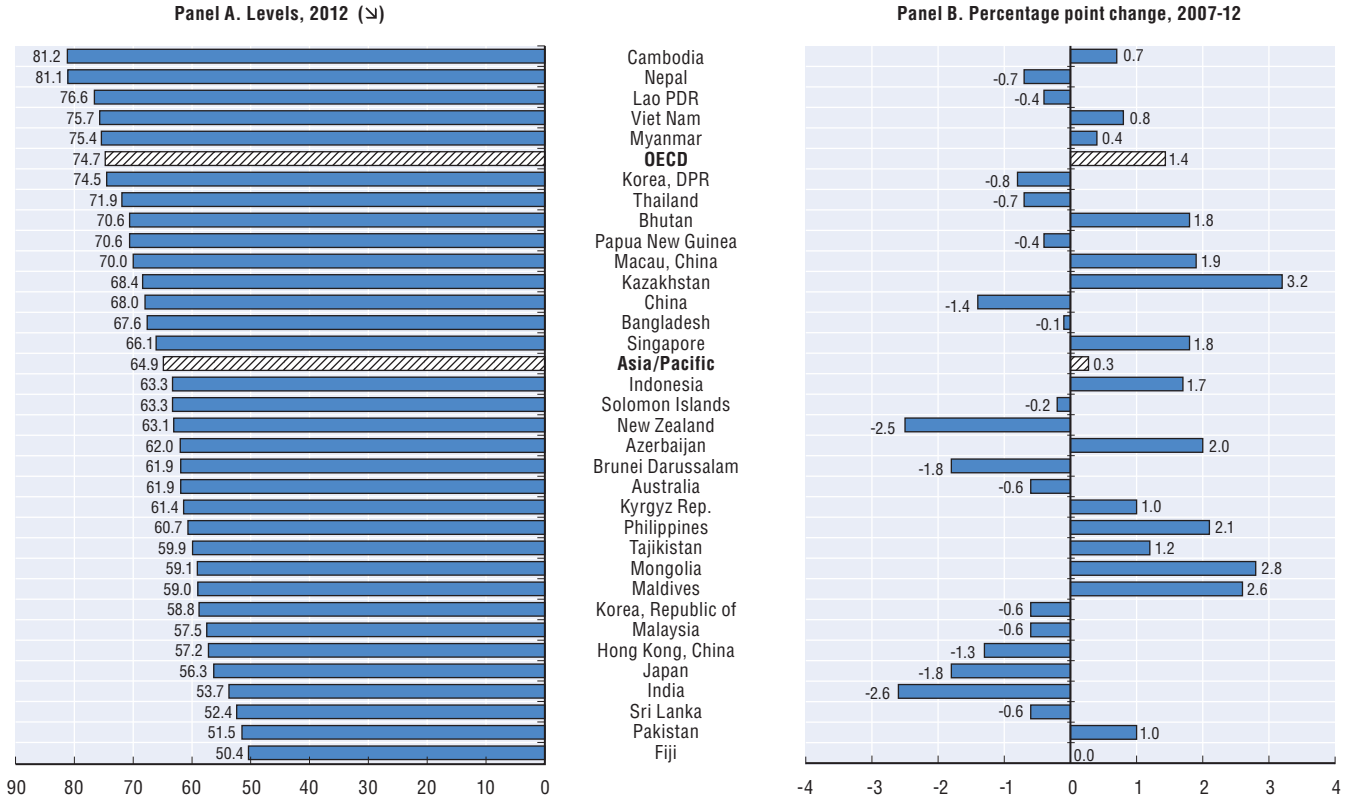


Figure 5.4. **Employment by sector, 2012**

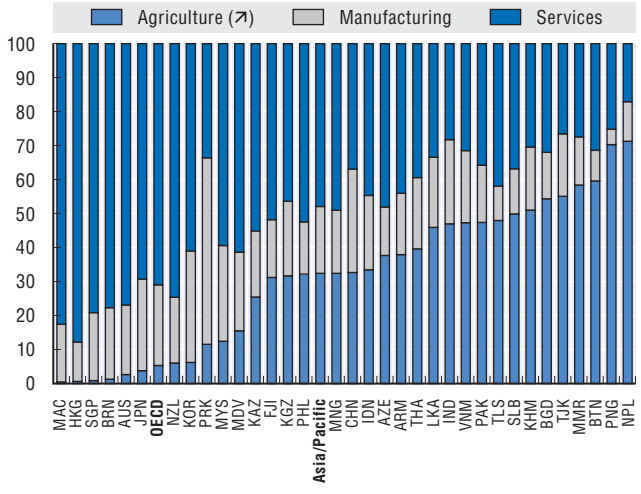
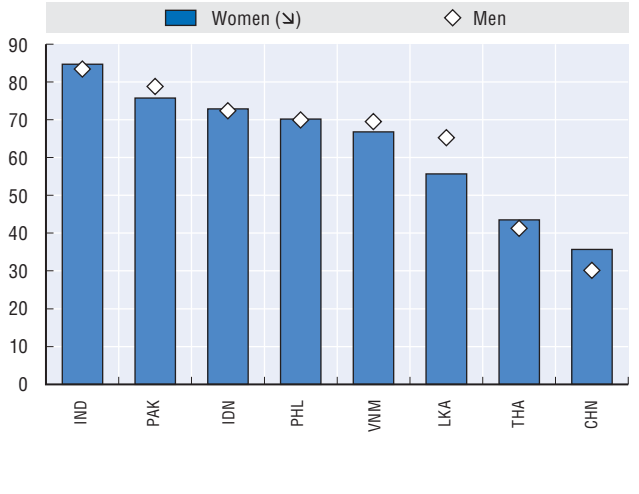


Figure 5.5. **Informal employment, 2009/10**

Informal employment as a percentage of total non-agricultutal employment, by sex



Source: ILO, *Key Indicators of the Labour Market* (KILM); Employment by sector from ILO *Global Employment Trends* 2014; Informal employment from ILO LABORSTA.

StatLink http://dx.doi.org/10.1787/888933151038

Public support for early childhood education and care services helps achieve a range of policy goals. Public investment in ECEC simultaneously enhances child development and helps children acquire the necessary skills to support their future lives, while it also supports parents in their daily quest to balance work and family commitments. As women traditionally engage most in care work, such supports particularly facilitate female labour force participation and are thus crucial to achieving greater gender equality in employment participation.

The percentage of pre-school children participating in ECEC programmes varies across countries (Figure 5.6, Panel A). In 2013 at over 90% of 3- to 5-year-olds, Thailand, New Zealand and Japan had the highest participation rates. By contrast, participation was below 10% in Bhutan, Cambodia, Lao PDR, Tajikistan and Myanmar with less than 10%. Not all low-income countries have low participation rates as for example in Nepal and Sri Lanka where over 80% of children age 3-5 attend pre-school – which is above the OECD average.

ECEC-attendance trends differ across countries (Figure 5.6, Panel B). Enrolment rates decreased over the 2005-13 period in many countries, with the largest declines – at over 20 percentage points – recorded for Viet Nam, Papua New Guinea, Mongolia and India. With the rapid increase of public investment in early childhood programmes, enrolment rates increased markedly in the Republic of Korea and Nepal.

Higher rates of early childhood education and care are associated with lower rates of child mortality (Figure 5.7). It is likely that this relationship is observed because richer countries invest more publicly and privately in young children, and this investment shows up both in lower under-five mortality and in higher early childhood education participation.

Definition and measurement

The data on early childhood education and care (ECEC) participation were taken from UNESCO, the *OECD Family Database* and *OECD Education at a Glance*. There are a number of caveats attached to the data especially for non-OECD countries. In many of the Asia/Pacific countries, pre-primary education expanded slowly, often starting in affluent and urban areas, and often by means of privately provided services. Across the globe, private centres are unlikely to report detailed information to a central agency unless they have strong (financial) incentives to do so. Similarly, information flows between local and central governments may be limited in detail so that administrative data do not give a complete overview of participation in ECEC programmes, which for example affects recording of ECEC participation in federal OECD countries, such as Canada or Switzerland. Data for the Asia/Pacific region were taken from UNESCO and cover a variety of sources and years and in many cases concern slightly different age groups, see UNESCO 2006 for a detailed discussion of the issues. In all, the data are only broadly comparable between countries.

The data are likely to underestimate cross-national diversity in ECEC participation as it does not reflect on the number of hours per day that children attend ECEC services.

The child mortality rate (or under-five mortality rate – U5MR) is the probability – expressed as a rate per 1 000 live births, of a child born in a specified year dying before reaching the age of five when subject to current age-specific mortality rates (see "Infant and child mortality" in Chapter 7).

Further reading

UNESCO (2006), *Strong Foundations, Early Childhood Care and Education*, United Nations Educational, Scientific and Cultural Organization, Paris.

Figure notes

Figure 5.6.A: 2011 for Nepal; 2010 for Australia, New Zealand, Japan, the Republic of Korea and Myanmar; 2008 for Thailand; 2005 for Pakistan and 2004 for Macau (China).

Figure 5.6.B: Mid-2000s data: 2006 data for Myanmar; 2004 for Tonga and Fiji; 2003 for China; 2002 for Solomon Islands and Papua New Guinea; 2001 for Samoa; no data for Macau (China) and Sri Lanka.

Figure 5.6. **Early childhood education levels and trends**

Early childhood education participation between 3 and 6 years, 2005-13

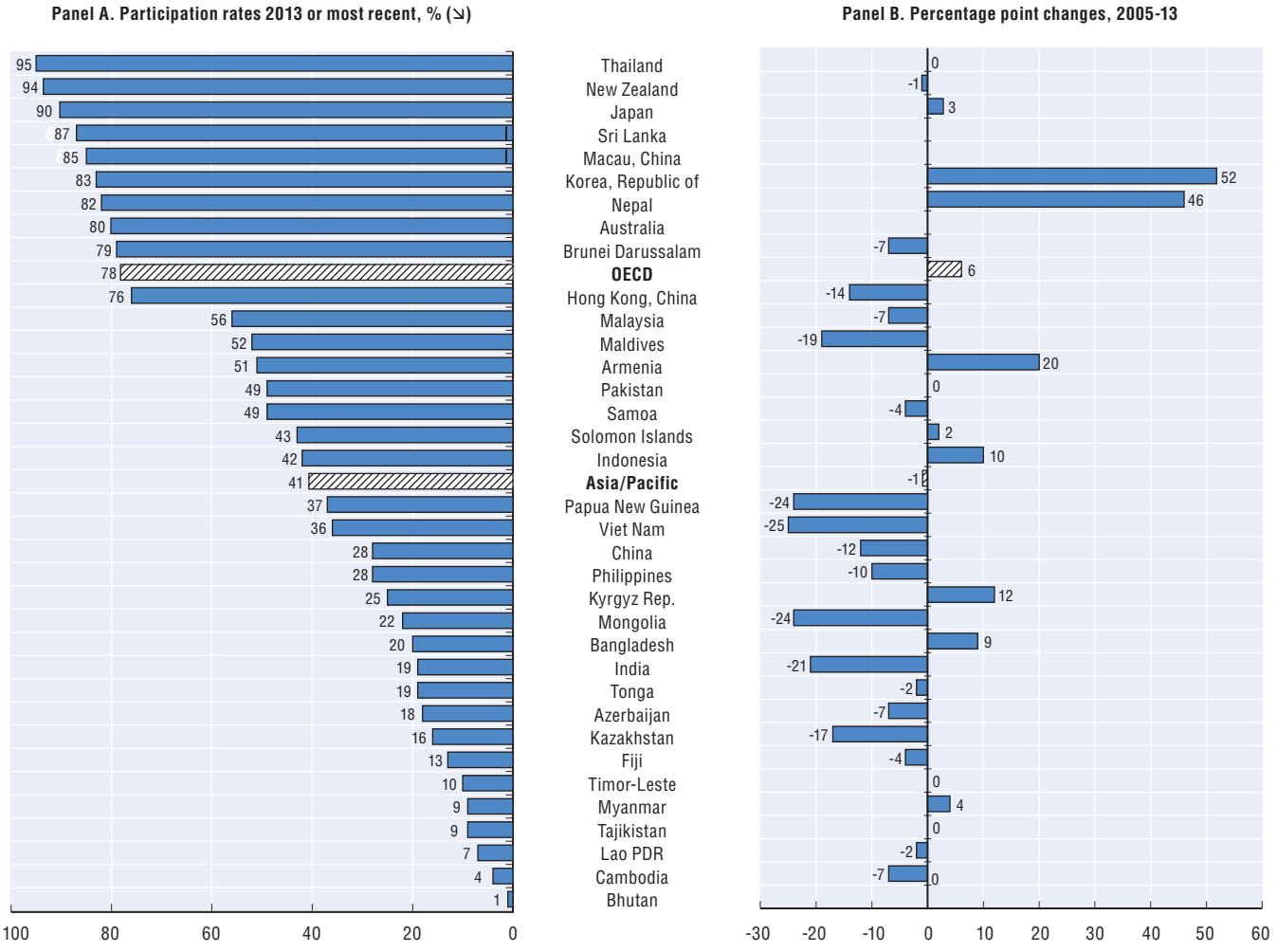
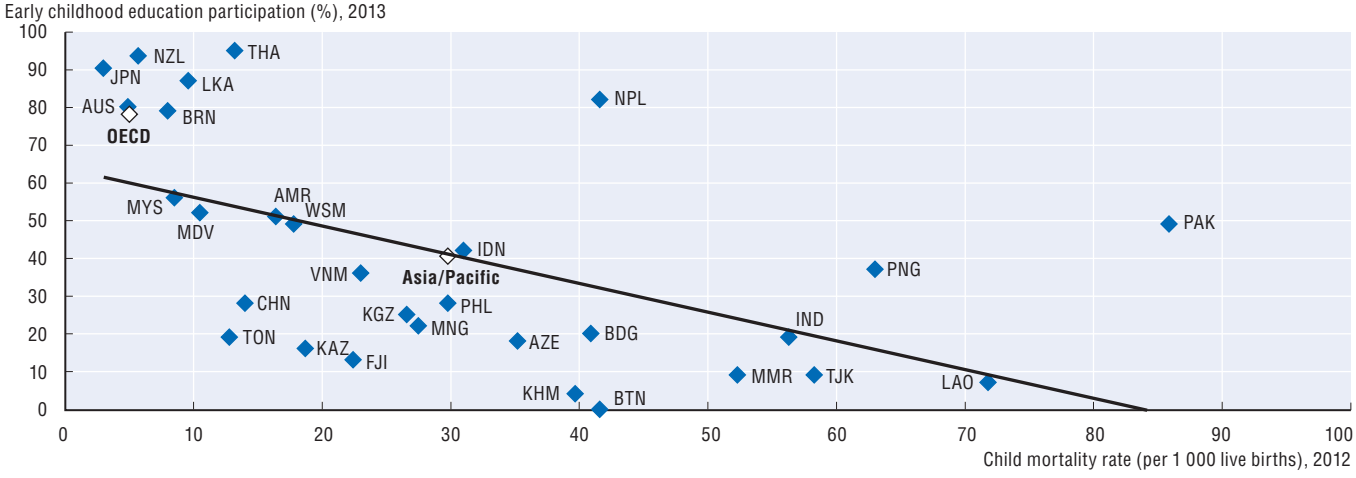


Figure 5.7. **High early childhood education participation is associated with low rates of child mortality**



Source: UNESCO, enrolment ratios by ISCED levels, *http://stats.uis.unesco.org/unesco/ReportFolders/ReportFolders.aspx*; Child mortality: *OECD Health Data 2013*, from UNICEF Child Info (*www.childinfo.org/mortality_imrcountrydata.php*).

StatLink http://dx.doi.org/10.1787/888933151042

The level of education of the population gives an indication of its stock of human capital. A higher stock of human capital means higher labour productivity and hence higher income-generating capacity. The average number of years spent in education among the working-age population is the most readily available and cross-nationally comparable measures of on educational attainment across the Asia/Pacific region.

At close to 12 years of schooling on average, working-age populations in the Asian OECD countries have the highest level of educational attainment in the region (Figure 5.8, Panel A). The average level of educational attainment in the Asia/Pacific region remains well below that across the OECD, as in some countries – Pakistan, Bangladesh, Lao PDR, India, Papua New Guinea, Myanmar and Nepal – the number of years spent in education is less than five years on average.

That said, in many Asia/Pacific economies the average years spent in education ranges from nine to eleven years and many of these economies, especially Fiji, Singapore and Malaysia, are rapidly catching up (Figure 5.8, Panel B).

Future educational attainment levels in the Asia/Pacific region are to increase further relative to the OECD, if the performance of students in competency tests is anything to go by (Figures 5.9 and 5.10): **students in the Asia/Pacific region outscored students from OECD countries in mathematics and reading competency tests of the 2012 Programme for International Student Assessment (PISA).** Students from Shanghai and Hong Kong (China) and Singapore did particularly well as they had the highest average PISA test scores in both mathematics and reading literacy. The performance of students in Indonesia, Kazakhstan, Malaysia and Thailand was comparable with their peers in Chile and Mexico with scores well below the OECD average.

Definition and measurement

Given the variety of economies across the Asia/Pacific region at different stages of development and the variation in age groups within primary and secondary education, and the related differences in compulsory schooling age, cross-national data on education attainment here reflect the average years spent in education. Data on the average years of education is taken from the Barro-Lee dataset (Barro and Lee, 2010), which provides gender disaggregated data in five-year intervals from 1950. The data is compiled using a combination of i) administrative data on enrolment and attainment for five-year age groups and, where lacking, ii) estimates for missing data points using forward/backward extrapolations of observed data on enrolment and attainment by five-year age groups with an appropriate time lag. The estimates are based on the assumption that educational attainment of a person remains unchanged between the ages of 25 to 64.

The OECD Programme for International Student Assessment (PISA) data was taken from the *OECD PISA 2012 Database*. PISA assesses the extent to which 15-year-old students have acquired key knowledge on reading, mathematics, science and problem solving. It not only ascertains whether students can reproduce what they have learned, but it also examines how well they can extrapolate from what they have learned and apply that knowledge in unfamiliar settings, both inside and outside of school (*www.oecd.org/pisa/keyfindings/pisa-2012-results.htm*).

Further reading

Barro, R. and J.W. Lee (2010), "A New Data Set of Educational Attainment in the World: 1950-2010", *NBER Working Paper* No. 15902, Cambridge, United States, *www.nber.org/papers/w15902*.

OECD (2014), *PISA 2012 Results: What Students Know and Can do: Student Performance in Mathematics, Reading and Science (Vol. I)*, Revised edition, February, *www.oecd-ilibrary.org/education/pisa-2012-results-what-students-know-and-can-do-volume-i-revised-edition-february-2014_9789264208780-en*.

Figure 5.8. **Education levels and changes**

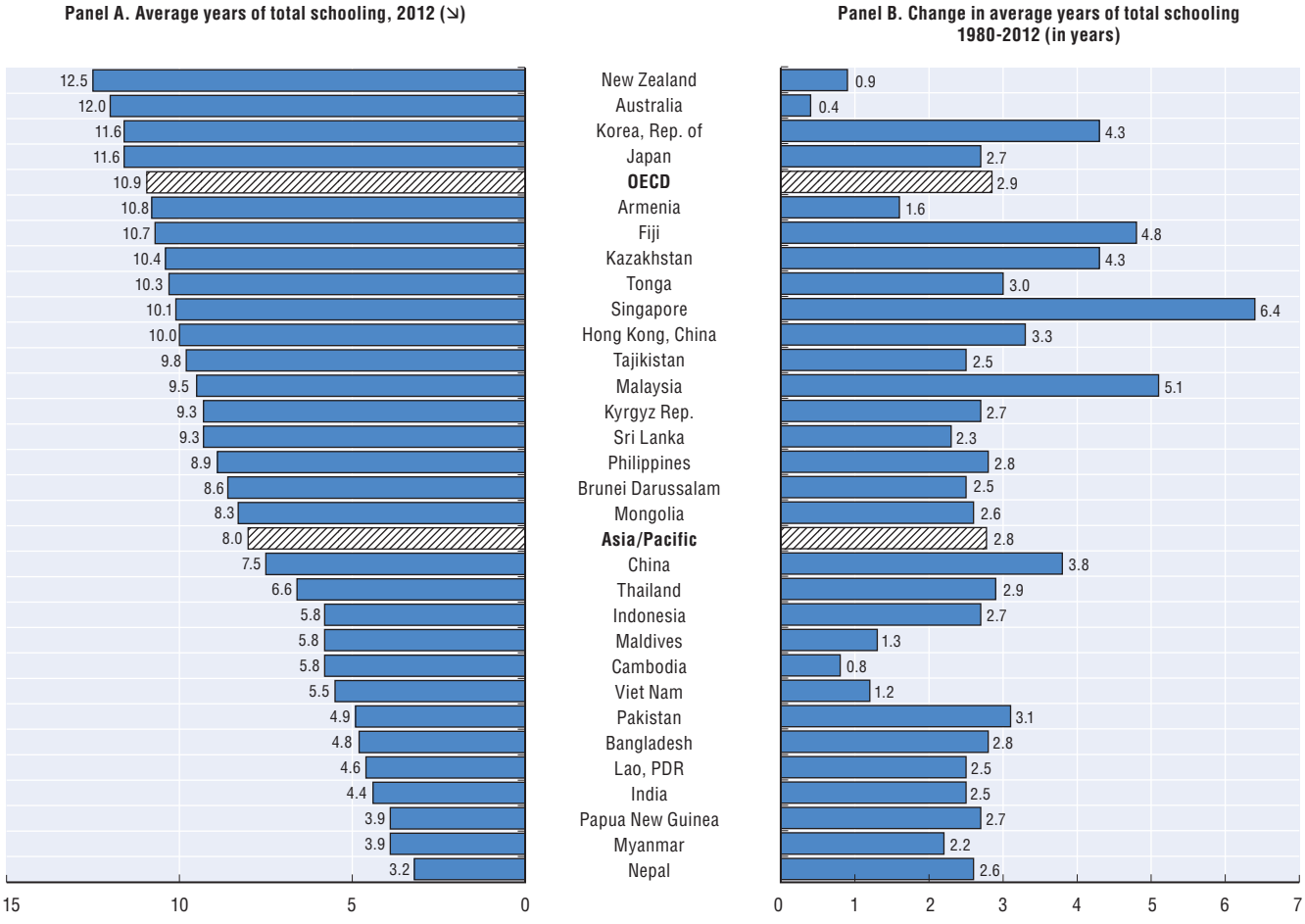


Figure 5.9. **Mean PISA score in mathematics**

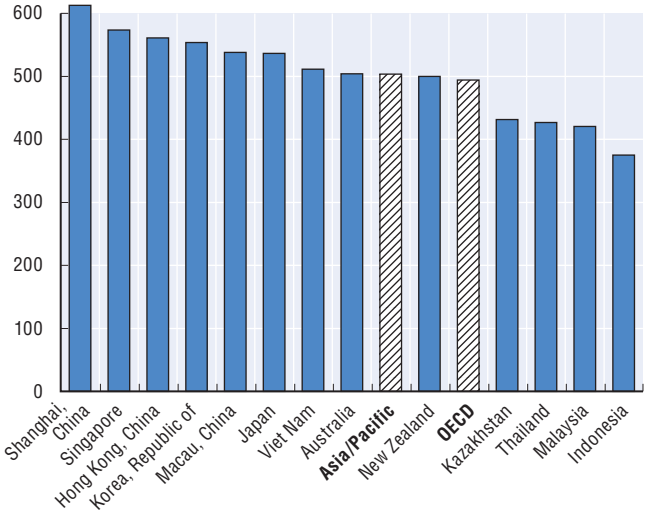
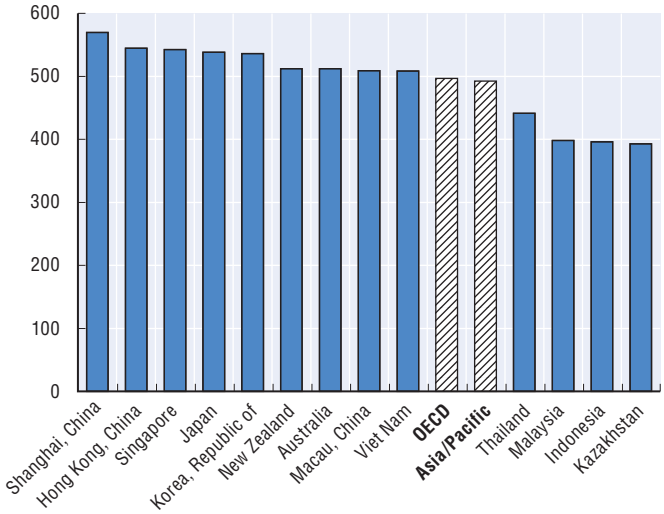


Figure 5.10. **Mean PISA score in reading**



Source: UNDP Education Indicators (*https://data.undp.org/dataset/Mean-years-of-schooling-of-adults-years-/m67k-vi5c*); Barro and Lee (2010), Version 2.0, July 2010 (*www.barrolee.com*); and OECD PISA 2012 Results (*http://pisa2012.acer.edu.au*).

StatLink http://dx.doi.org/10.1787/888933151056

Public spending on education reflects society's investment in children to equip them with fundamental social and economic skills needed to be self-sufficient in life. Investing in education reduces poverty and boosts economic growth through human capital development, and is most efficient, in terms of long-term costs and benefits to society, and effective, in terms of human capital development, when investment starts during the early years and continues throughout childhood (see "Early childhood education and care").

At almost 6% of GDP, **OECD countries on average spend a larger share of GDP on education than in the Asia/Pacific region**, where this is just below 4% of GDP (Figure 5.11, Panel A). The amounts of public money dedicated to education vary across countries. Timor-Leste invests 11% of its GDP on education, while this is just over 7% in the Maldives, New Zealand and Samoa. By contrast, in Brunei Darussalam, Sri Lanka and Myanmar public investment in education amounts to 2% of GDP or less.

On average across OECD and Asia/Pacific **public investment in education was larger in 2010-11 than in the mid-2000s**. The increase in public spending on education as a per cent of GDP over this period was largest in Samoa, Maldives and Nepal (Figure 5.11, Panel B): these countries allocated 1 percentage point more of their GDP on education (1.5 and 1.3 respectively). The largest falls were recorded for Brunei Darussalam, Fiji and Bhutan, which for the latter was related to the strong GDP growth (Chapter 4).

Public spending on education as a percent of GDP can be higher in richer countries than in poorer countries but this is not necessarily so (Figure 5.12). For example, public spending on education as a per cent of GDP is similar in Australia, Korea, Malaysia and Mongolia, at very different levels of GDP per capita (Chapter 4). These differences can be explained by a range of factors, such as the role of private financing of education, which in Korea is among the highest in OECD countries, the level of wages of educators, costs of education material, and also population structures (Chapter 4). For example, proportion of children (0-19) in the population of Mongolia and Malaysia (36%) is much higher than in Australia (26%) or Korea (22%). Timor-Leste is one of the youngest countries of the world, with 60% of the population being not yet 20-years old.

When considering **education spending per student** the picture is different. Public spending on education per primary student is higher in richer countries (Figure 5.13); in the OECD on average it is more than twice as high as on average across the Asia/Pacific region. Public investment in education per student in Viet Nam is now comparatively low, but still twice as high as in Indonesia while GDP per capita in Indonesia is twice as high as in Viet Nam (Chapter 4).

Definition and measurement

Data on public education spending as a percentage of GDP were extracted from UNESCO Institute for Statistics, *http://stats.uis.unesco.org/unesco/ReportFolders/ReportFolders.aspx* and OECD (2013) *Education at a Glance* for OECD countries. Public spending on education includes spending on educational institutions including different levels of education as pre-primary, primary, secondary education and post-secondary education and tertiary education, spending on fee support for low-income parents and towards school meals is also included. Data on public spending per primary education student (in 2011 USD PPP) was extracted from the Unesco data centre (*http://data.uis.unesco.org/Index.aspx?queryid=191*).

Further reading

OECD (2013), *Education at a Glance 2013: OECD Indicators*, OECD Publishing, Paris, *http://dx.doi.org/10.1787/eag-2013-en*.

United Nations (2012), "World Population Prospects – 2012 Revision", *http://esa.un.org/wpp/unpp/panel_population.htm*.

Figure note

Figure 5.11, Panel B: Data for mid-2000s are not available for Timor-Leste, Solomon Islands, Viet Nam, Tonga and Sri Lanka.

Figure 5.11. **Education spending levels and trends**

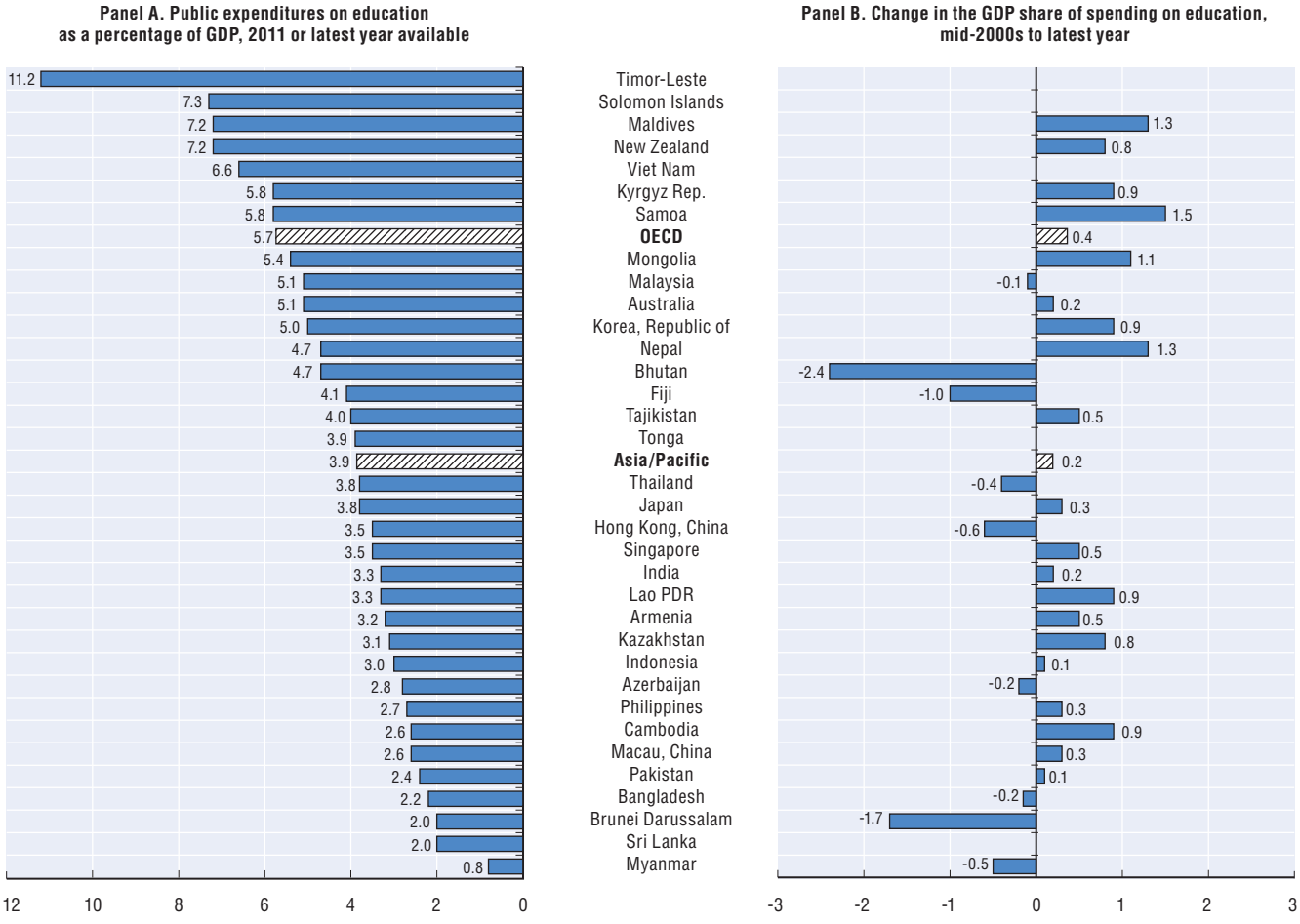


Figure 5.12. **Rich countries do not spend more on education**

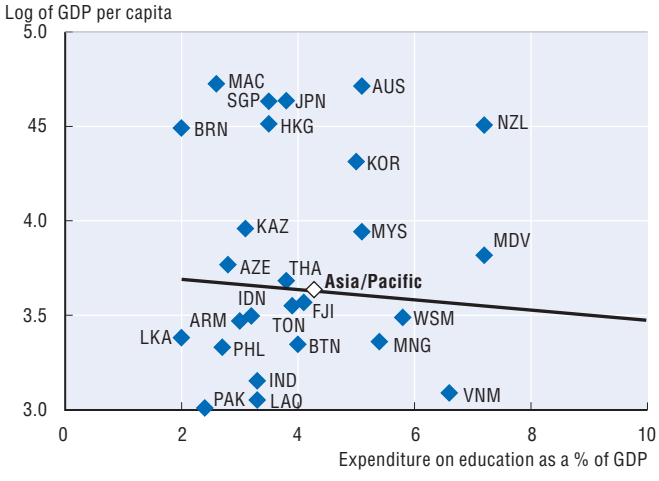
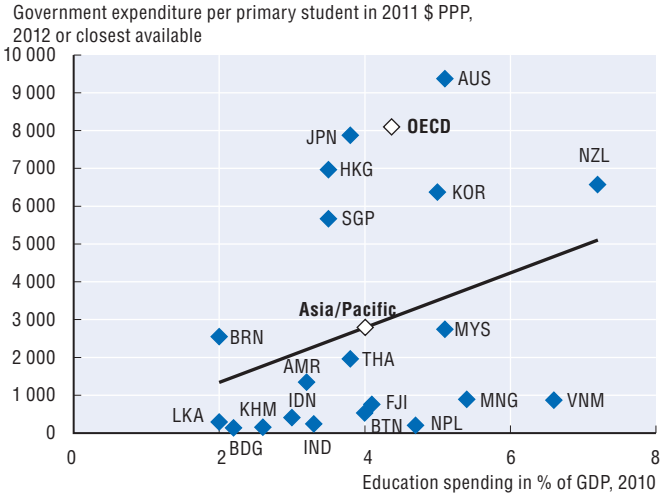


Figure 5.13. **Education in percentage to GDP and public spending per primary student in USD PPP**



Source: UNESCO Institute for Statistics, *http://stats.uis.unesco.org/unesco/ReportFolders/ReportFolders.aspx*, *OECD Education at a Glance 2013*, World Bank for GDP per capita.

StatLink http://dx.doi.org/10.1787/888933151068

Chapter 6

Equity indicators

Among low- and middle-income countries in the Asia/Pacific region, 35% of the population is poor, and 14% is extremely poor (Figure 6.1, Panel A). More than 60% of the population live in poverty in India, Lao PDR and Pakistan; the country with the highest poverty rate is Bangladesh, where more than 75% of the population live on less than USD 2 a day. Among the low- and middle-income countries, poverty levels are lowest in Azerbaijan, Kazakhstan and Thailand.

Despite considerable disparities in the pace of poverty reduction, **absolute poverty rates decreased in all the Asia/Pacific low- and middle-income countries over the last decade** (Figure 6.1, Panel B). Absolute poverty rates fell most in Azerbaijan, Fiji, Indonesia, Nepal and Tajikistan. Armenia, Kazakhstan and Pakistan recorded the smallest decline in absolute poverty, but while absolute poverty in Armenia and Kazakhstan is low compared to other countries, the poverty rate in Pakistan remains very high.

Absolute poverty is a measure of inability to satisfy subsistence needs, including nutritional needs. The share of undernourishment is generally correlated with the share of the population living under the USD 2 poverty line (Figure 6.2), but in Sri Lanka and Tajikistan the prevalence of undernourishment is well above what one would expect given absolute poverty rates. Levels of undernourishment are also very high in Lao PDR, Cambodia, India, Pakistan and Nepal. Particularly in the aforementioned countries, there may be space for social policies with a greater focus on food security.

Among low- and middle-income countries, poverty generally declined more rapidly in countries with the strongest GDP growth (Figure 6.3). The pace of both growth and poverty reduction was fastest in Azerbaijan, where GDP per capita increased on average by 17% each year over the 2001-08 period, while over the same period absolute poverty rate fell on average by more than 25% each year.

Definition and measurement

Absolute poverty is commonly measured by using income or consumption levels. A person is considered poor if his or her consumption or income level falls below a predetermined poverty line, which corresponds to a minimum level necessary to meet basic needs. At the international level, two reference poverty lines are set at USD 1.25 and USD 2 per person per day (2005 purchasing power parity). The USD 1.25 poverty line corresponds to the mean of national poverty lines for the 10-20 poorest countries of the world, while the USD 2 line is the median poverty line found among developing countries as a whole. People living with less than USD 1.25 a day are said to be in extreme poverty. The poverty data here concern low- and middle-income countries as categorized in line with World Bank definitions (*http://data.worldbank.org/about/country-classifications*). *At these low income-thresholds* poverty rates in high-income countries are close to zero. For OECD countries poverty is generally measured along a relative income threshold where people are considered poor when their equivalised household income is less than 50% of the median (see for more detail *http://oe.cd/idd*).

This indicator also presents information on the share of undernourished people in the total population. Undernourishment refers to circumstances, lasting for at least one year, of inability to acquire enough food, defined as a level of food intake insufficient to meet dietary energy requirements. Data was taken from the *World Bank's World Development Indicators online Database* (*http://data.worldbank.org/indicator*). Poverty data are based on household surveys or obtained from government statistical agencies and World Bank country departments. For more information on data on undernourishment and other aspects of food insecurity, see FAO (2013), *The State of Food Insecurity in the World 2013*, Food and Agriculture Organization of the United Nations, Rome (*www.fao.org/docrep/018/i3434e/i3434e00.htm*).

Figure note

Figures 6.1 to 6.3: Data refer to 2010 and 2006 for Armenia and Viet Nam, 2008 and 2001 for Azerbaijan, 2010 and 2005 for Bangladesh and India, 2012 and 2007 for Bhutan, 2009 and 2004 for Cambodia and Tajikistan, 2009 and 2005 for China, 2009 and 2003 for Fiji, 2011 and 2006 for Indonesia and the Kyrgyz Republic, 2009 and 2006 for Kazakhstan and Philippines, 2008 and 2002 for Lao DPR, 2010 and 2003 for Nepal, 2008 and 2006 for Pakistan, 2010 and 2002 for Sri Lanka, 2010 and 2006 for Thailand, and 2008 and 2006 for Viet Nam.

Figure 6.1. **Levels and trends in absolute poverty rates**

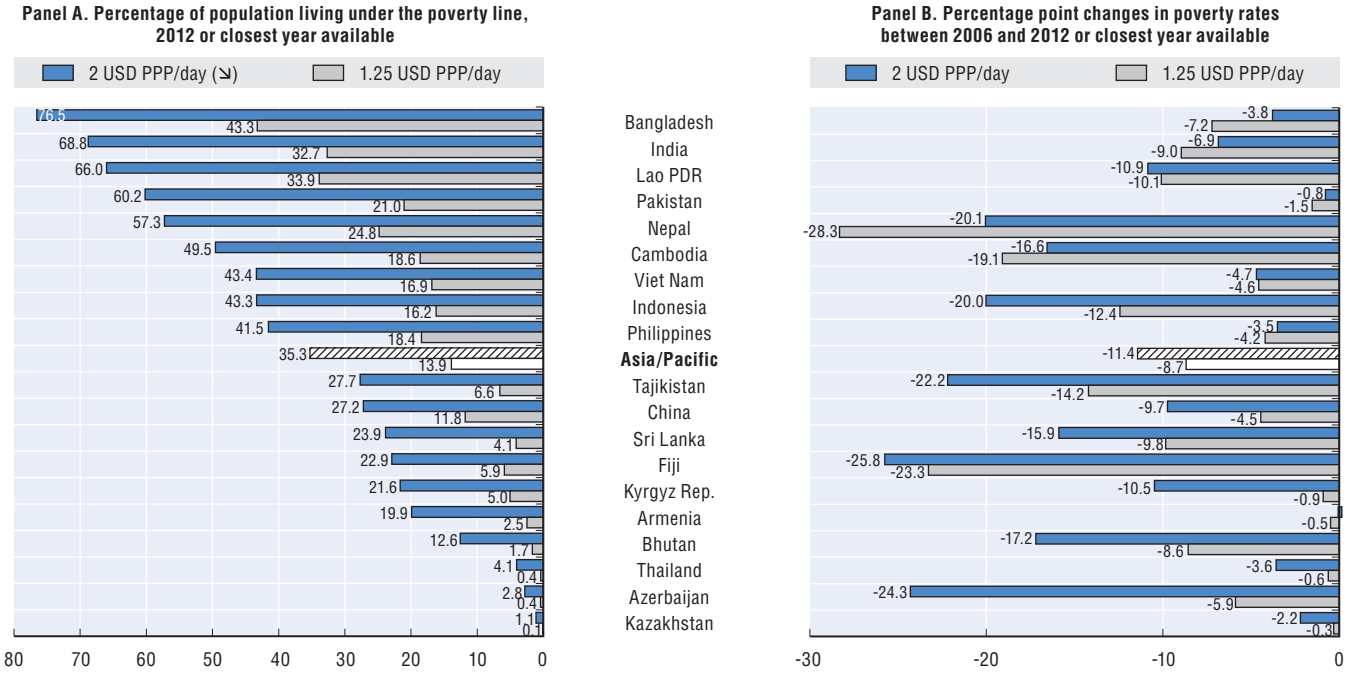


Figure 6.2. **The prevalence of undernourishment is lowest in countries with the lowest absolute poverty rates**

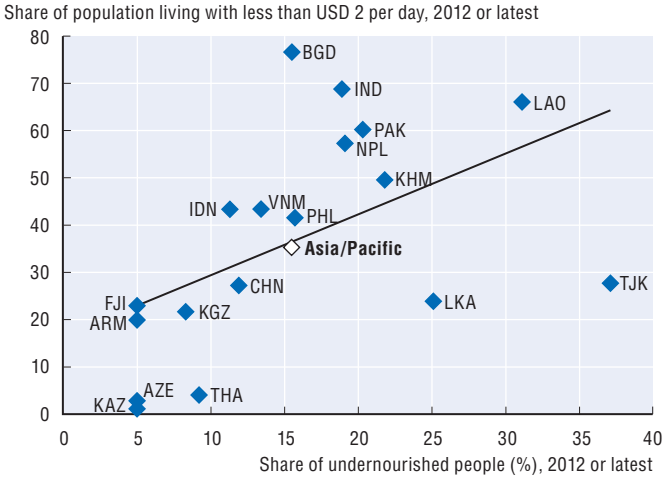
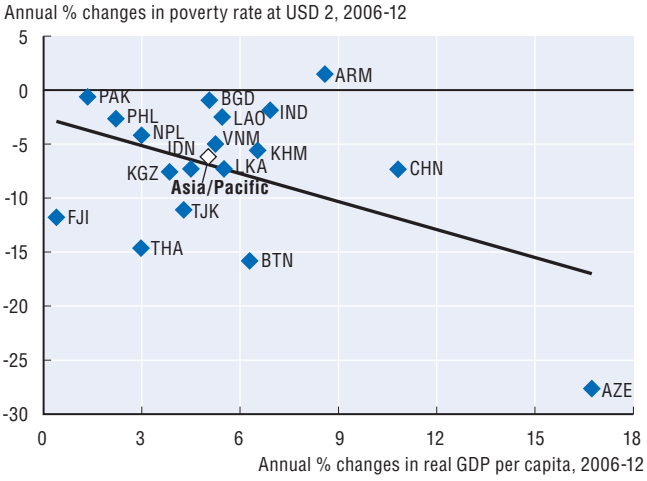


Figure 6.3. **Higher growth rates are linked with faster poverty reduction**



Source: World Bank, *World Development Indicators*.

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Income inequality indicates how material resources are distributed across society. Some consider high levels of income inequality to be morally undesirable. Many view income inequality negatively because it can cause conflict, limit co-operation or create psychological and ultimately physical stresses. Often the policy concern is more for the direction of changes in inequality, rather than for its level.

Keeping measurement-related differences in mind, **income inequality is high in Asia/Pacific economies compared to the OECD** (Figure 6.4, Panel A). The Gini coefficient is the most unequal in China, Fiji, Malaysia and the Philippines with a Gini at above 40. Income inequality is lower in the countries of the former Soviet Union – Armenia, Kazakhstan and Tajikistan.

The gap between the average income or consumption of the richest and the poorest 10% of the population was almost 20 in China and Malaysia, where society tends to be extremely polarised between rich and poor. In countries with the fewest inequalities, such as Armenia, Kazakhstan and Tajikistan, the richest 10% have around six times higher income or consumption than the poorest 10%.

Over the last decade, income inequality decreased in most countries (Figure 6.4, Panel B). Inequality decreased most in some of the poorest countries in the region – like Nepal, Cambodia and Sri Lanka. But large increases in inequality took place in Indonesia, Malaysia and Lao PDR. At the same time, among OECD countries, the distribution of what households "take home" (disposable income, post-taxes and transfers) remained unchanged on average, due to the effect of cash public transfers and personal taxes.

The relationship between income inequality and economic growth has stimulated large theoretical and empirical research over the last decades. But no consensus on the strength or the sign of the inequality-growth nexus has yet been reached. According to Figure 6.5, **there does not seem to be clear country-correlation between economic growth and changes in inequalities among Asian and Pacific economies**.

Definition and measurement

The main indicator of income distribution used is the Gini coefficient. Values of the Gini coefficient range from 0 in the case of "perfect equality" (each person receives the same income) and 1 or 100 in the case of "perfect inequality" (all income goes to the person with the highest income).

An alternative indicator is the S90/S10 income decile share, corresponding to the gap between the average incomes or consumption of the richest and the poorest 10% of the population.

OECD measures of inequality are based on income. For Asian developing economies, where most people are self-employed in agriculture or casual labourers, income data is often not relevant or non-existent. For most countries, inequality measures are expenditure-based. Thus country comparisons should be made with caution, as expenditure-based measures typically show lower inequality than do income-based measures.

Data for non-OECD Asian economies are from the World Bank Development Research Group (*http://data.worldbank.org/indicator*) and data for OECD countries (based on equivalised disposable income) are from the *OECD Income Distribution Database* available at *www.oecd.org/social/income-distribution-database.htm*.

Figure note

Figures 6.4 to 6.6: Data refer to 2010 and 2006 for Armenia and Viet Nam, 2008 and 2001 for Azerbaijan, 2010 and 2005 for Bangladesh and India, 2012 and 2007 for Bhutan, 2009 and 2004 for Cambodia and Tajikistan, 2009 and 2005 for China, 2009 and 2003 for Fiji, 2011 and 2006 for Indonesia and the Kyrgyz Republic, 2009 and 2006 for Kazakhstan and Philippines, 2008 and 2002 for Lao PDR, 2010 and 2003 for Nepal, 2008 and 2006 for Pakistan, 2010 and 2002 for Sri Lanka, 2010 and 2006 for Thailand, and 2008 and 2006 for Viet Nam.

Figure 6.4. **Income inequality levels and trends**

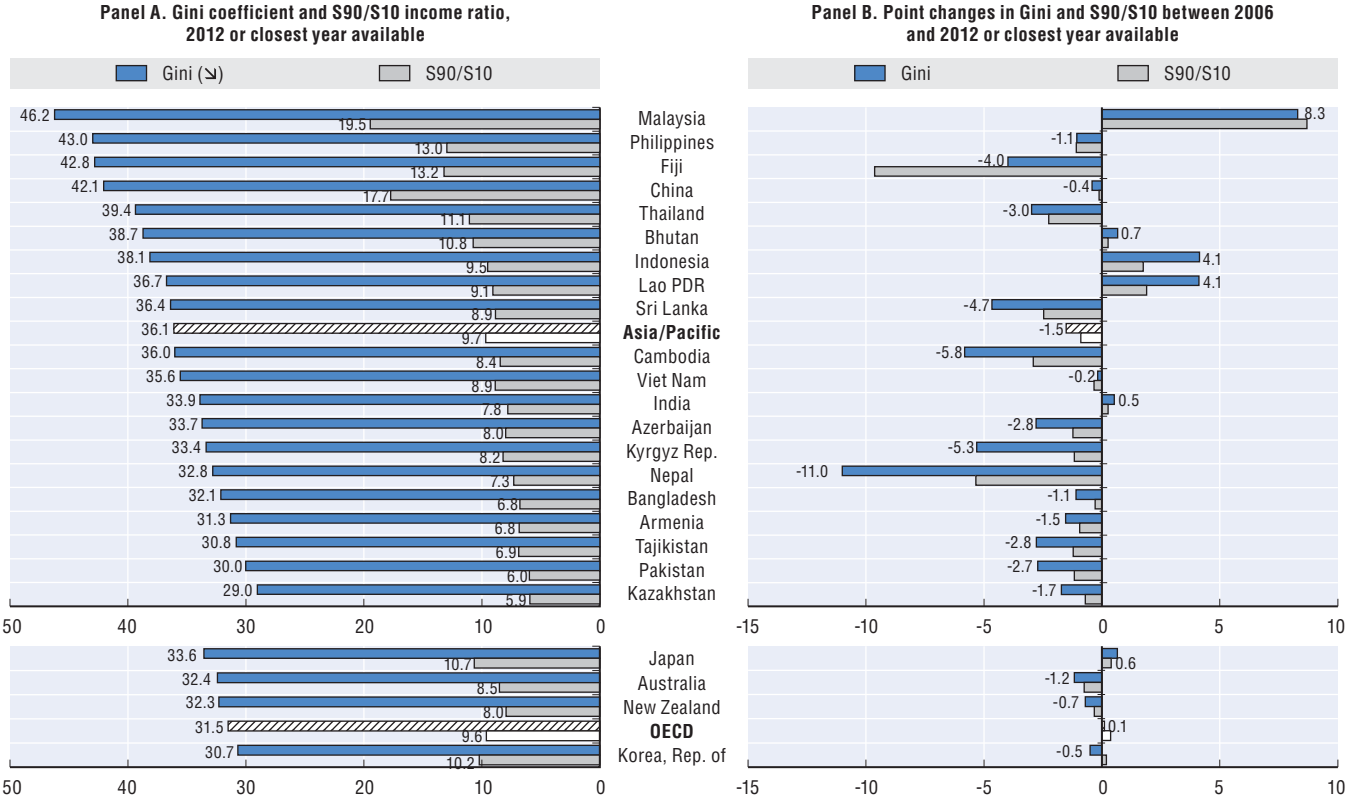
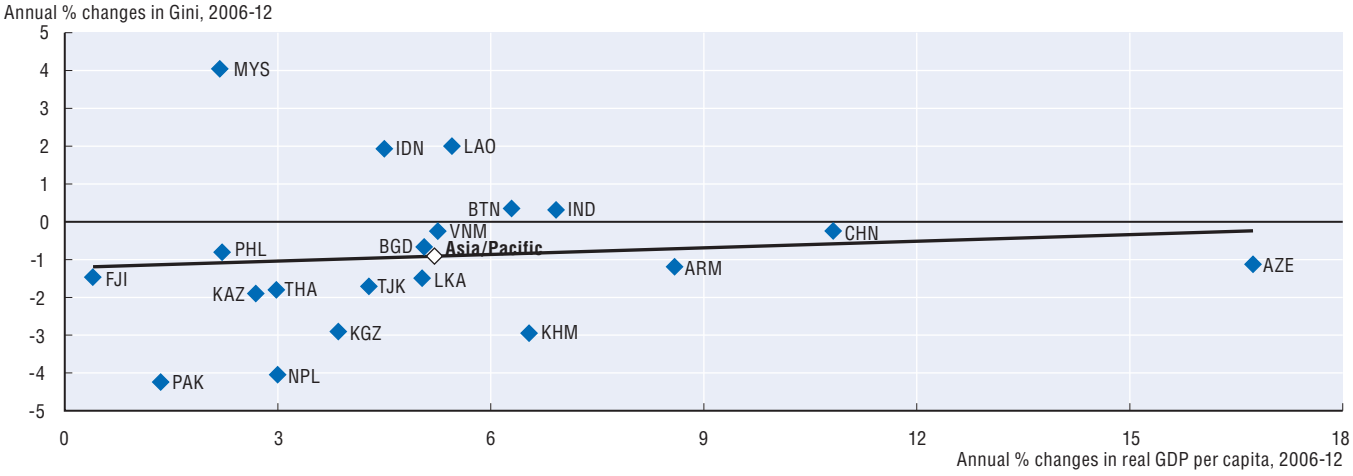


Figure 6.5. **Growth and inequality seem unrelated**



Source: World Bank, *World Development Indicators*; and *OECD Income Distribution Database* for OECD countries.

StatLink http://dx.doi.org/10.1787/888933151087

The proportion of people covered by a pension scheme and the extent to which pensions replace previous earnings are two important indicators of the role pension systems play in society. **There is huge variation of pension coverage in the Asia/Pacific region:** in Australia and Japan the pension system covers over 90% of the labour force while coverage is very low in Bangladesh, Cambodia, Lao PDR, Nepal, Pakistan, Papua New Guinea and Timor-Leste (Figure 6.6, Panel A). On average, coverage of formal pension systems is much lower in the Asia/Pacific region than in OECD countries, which suggests that now as in the future, the elderly in the Asia/Pacific region will have to rely on family support to meet their needs, much more than their peers in OECD countries.

In about half of the countries, the redistributive nature of pension systems leads to higher replacement rates for lower earners (Figure 6.6, Panel B), which is likely to have a reducing effect on income inequality amongst older people. However, in Hong Kong (China), Indonesia, Malaysia, Singapore, Sri Lanka, Thailand and Viet Nam, replacement rates are the same regardless of earnings level, and thus earnings inequality is "translated" into "pensions inequality". Figure 6.6 also shows that China, India, Pakistan and Viet Nam combine very low pension coverage, below 35%, with replacement rates which are above the OECD average for both low and average earners.

Many countries have a long-term pension coverage problem (Figure 6.7). Just under half of the countries have less than 50% of their elderly population currently receiving a pension, with current levels of coverage in the working-age population often below 30%. In many countries retirement ages are well below age 65, particularly for women, which helps to explain why Azerbaijan, China, Kazakhstan and the Kyrgyz Republic have more than 100% of the population aged 65 receiving a pension with many other countries also having inflated figures.

Countries with a higher proportion of people living on less than USD 2 per day have lower pension coverage (Figure 6.8). In countries with a high prevalence of absolute poverty, most people cannot afford to buy pension coverage. Also, historically low levels of pension coverage contribute to high old-age poverty rates. Bangladesh, India, Lao PDR and Pakistan all have at least 60% of their populations on less than USD 2 per day, with coverage rates below 7% of the working-age population. Conversely Kazakhstan has a coverage rate at 48.4%, more than twice that of all the other countries, with the exception of the Kyrgyz Republic, and only has 1.1% of the population on less than USD 2 per day.

Definition and measurement

The gross replacement rate, sourced from *OECD Pensions at a Glance Asia/Pacific 2013*, shows pension benefits as a share of individual lifetime average and low earnings (as defined as 50% of average earnings). It is assumed that workers have an uninterrupted work history, from age 20, when they retire. Data on both pension coverage and pension recipients are sourced from the *World Bank Database*. Coverage measures the proportion of the labour force or working-age population covered by mandatory pension schemes, whereas "recipients" are measured in relation to the population aged 65 and over. For data on poverty, see the "Poverty" indicator.

Further reading

OECD (2013), *OECD Pensions at a Glance Asia/Pacific 2013*, OECD Publishing, Paris, *http://dx.doi.org/10.1787/pension_asia-2013-en*.

Figure 6.6. **Pension coverage and replacement of earnings**

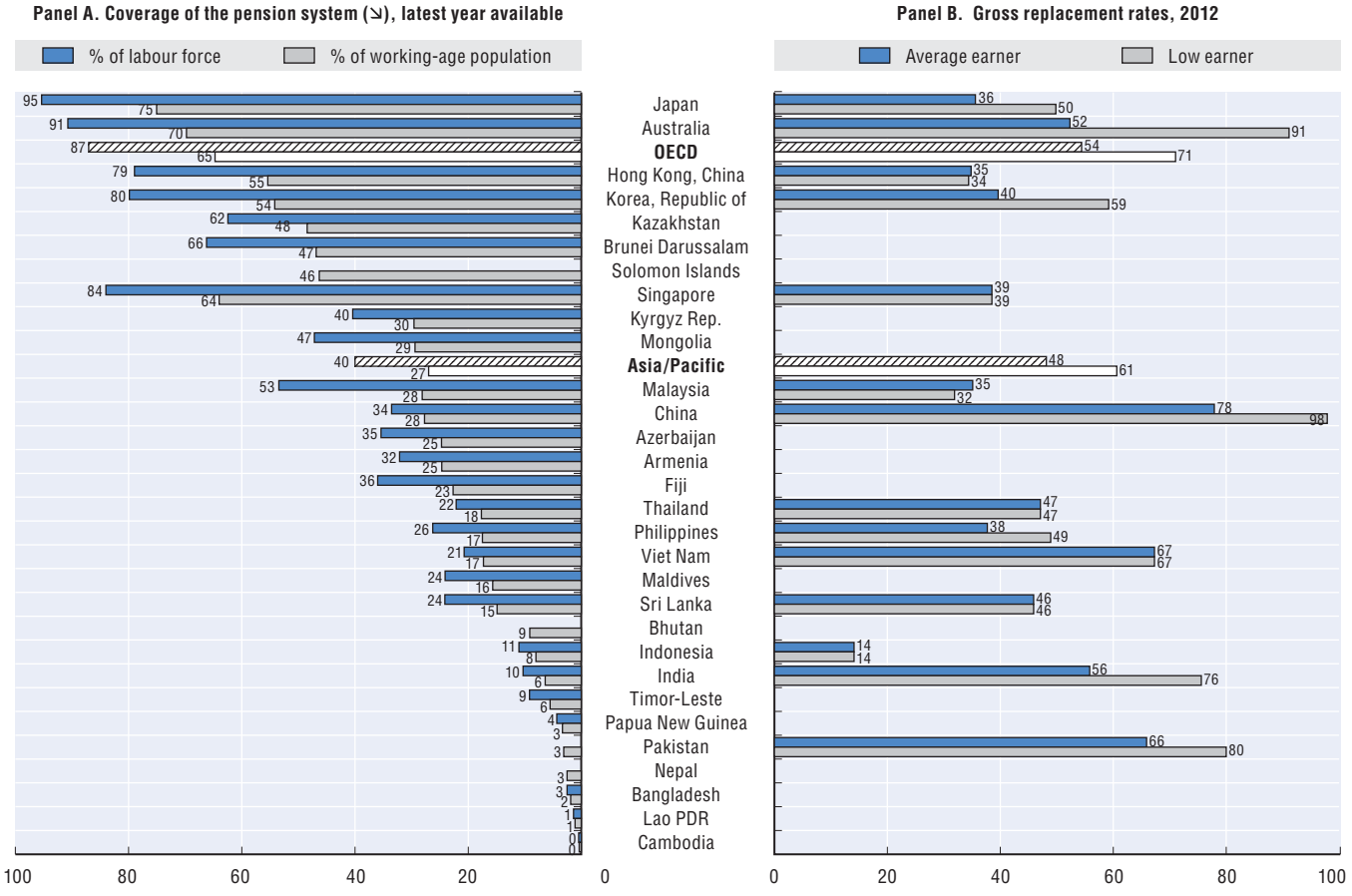


Figure 6.7. **In many countries pensions coverage is low on a long-term basis**

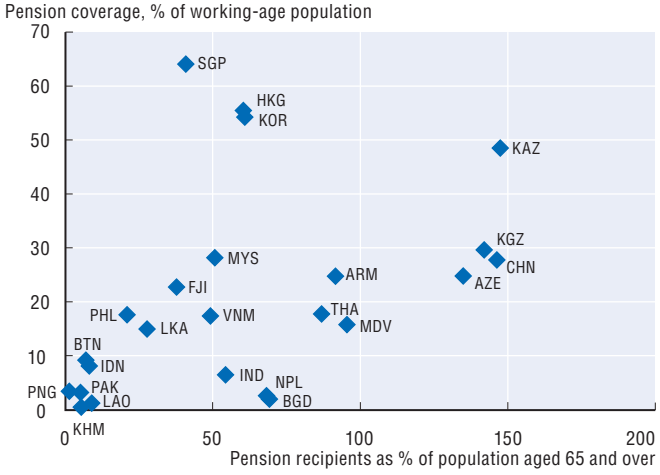
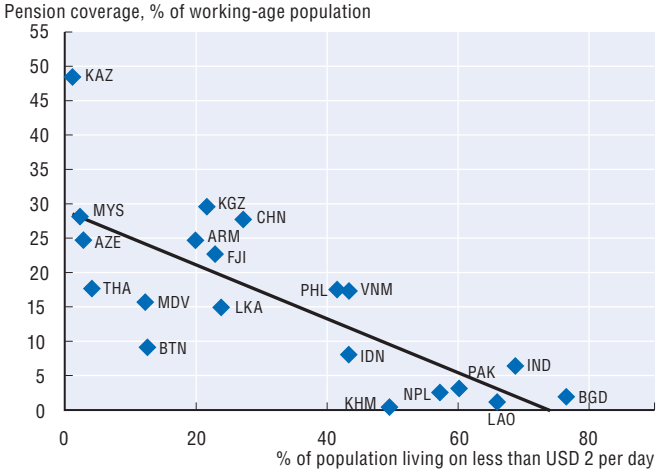


Figure 6.8. **Poorer countries have lower pension coverage**



Source: Pension coverage from the World Bank Database. Replacement rates come from *OECD Pensions at a Glance Asia/Pacific 2013.*

StatLink http://dx.doi.org/10.1787/888933151093

In 2009, public social expenditure-to-GDP ratios varied considerably across the Asia/Pacific region, but were generally well below the OECD average (Figure 6.9, Panel A). Average social protection spending in the Asia/Pacific region was about one-third of the average in the OECD as a whole. Public social spending in Japan, New Zealand and Australia is around 20% of GDP, and around 10% of GDP or more in Korea, the Kyrgyz Republic, Mongolia and Timor-Leste. By contrast, public spending on social protection is around 2% of GDP in Cambodia, Indonesia, Lao PDR and Pakistan.

The distribution of social spending also varies across countries (Figure 6.9, Panel B). On average, public spending on health accounts for about half of social spending. Active labour market programmes play a relatively small role, except in India and Bangladesh where active labour market programmes account for around 20% of reported social protection expenditure. In many Asia/Pacific economies, social insurance focuses on the public and formal sectors, which inevitably excludes the great majority of the population, and most of the poor.

Public social spending towards older persons is on average about four times the size of public spending on children in Asia/Pacific economies, respectively 2.2% GDP vis-à-vis 0.5% – Figure 6.10. Population structures and the nature of social protection systems help explain these differences: countries with older populations (Chapter 4) and public earnings-related pension systems (e.g. Japan), have higher pension spending than younger countries and countries with income-tested pension payments and greater reliance on private pension saving (e.g. in Australia). Many Asia/Pacific economies have relatively young populations, but as in OECD countries, social spending on families with children is relatively low. Notable exceptions include Bhutan, where reported spending items include food for children in schools, and Indonesia where spending includes fee payments for poor school children (similar policies may also exist in other countries but then included under education spending, see Chapter 5).

Considering absolute poverty rates in low- and middle-income countries it appears that **countries with higher public social expenditure tend to be those with lower absolute poverty rates** (Figure 6.11). This suggests that social spending helps to alleviate disadvantage and enhances equity.

Definition and measurement

Public social expenditure concerns the provision of cash, in-kind and fiscal support to households and individuals. To be included in social spending, programmes have to involve compulsion in participation or interpersonal redistribution of resources, and address one or more contingencies, such as low income, old age, unemployment or disability (see Chapter 3). Social spending is public when general government controls the relevant financial flows.

Data on social protection for OECD countries were taken from the *OECD Social Expenditure Database* (SOCX – *www.oecd.org/social/expenditure.htm*). Public social spending for Asia/Pacific economies as in Figure 6.9, concerns social protection spending data from the ADB social protection index, as cleaned for partial health data (*http://spi.adb.org/spidmz/index.jsp – http://spi.adb.org/*) and also include general government expenditure on health as taken from the WHO (World Health Organisation) *Global Health Expenditure Database*. Data for Figure 6.10 were taken from the International Labour Office (ILO), Social Security Inquiry, *www.social-protection.org/gimi/gess/ShowTheme.do?tid=10* (see Chapter 3). Public spending on education is not regarded as within the social domain, and spending data are generally not included here (see Chapter 5). Measurement issues affect the recording of data on public social protection expenditure, in particular regional/local social spending programmes are not always reflected in the available statistics for a country, e.g. as for India, and the data here may therefore underestimate public social effort. Social expenditure data coverage may differ between ADB, ILO and OECD, in term of countries and broad policy area, and therefore reported aggregate (regional) indicators of social spending by the different organisations are not the same. For data on poverty see the "Poverty" indicator.

Figure notes

Figure 6.9: Data for Asia-Pacific non-OECD countries refer to *Asian Development Bank's Social Protection Index* (SPI) *Database* except for health where they refer to WHO (World Health Organization) *Global Health Expenditure Database*.

Figure 6.10: Data for OECD countries for older persons refer to the Pension and Survivors category and data for children refer to the Family category. Data refer to gross expenditures and do not take into account of fiscal benefits.

Figure 6.9. **Public social expenditure levels and composition, 2009**

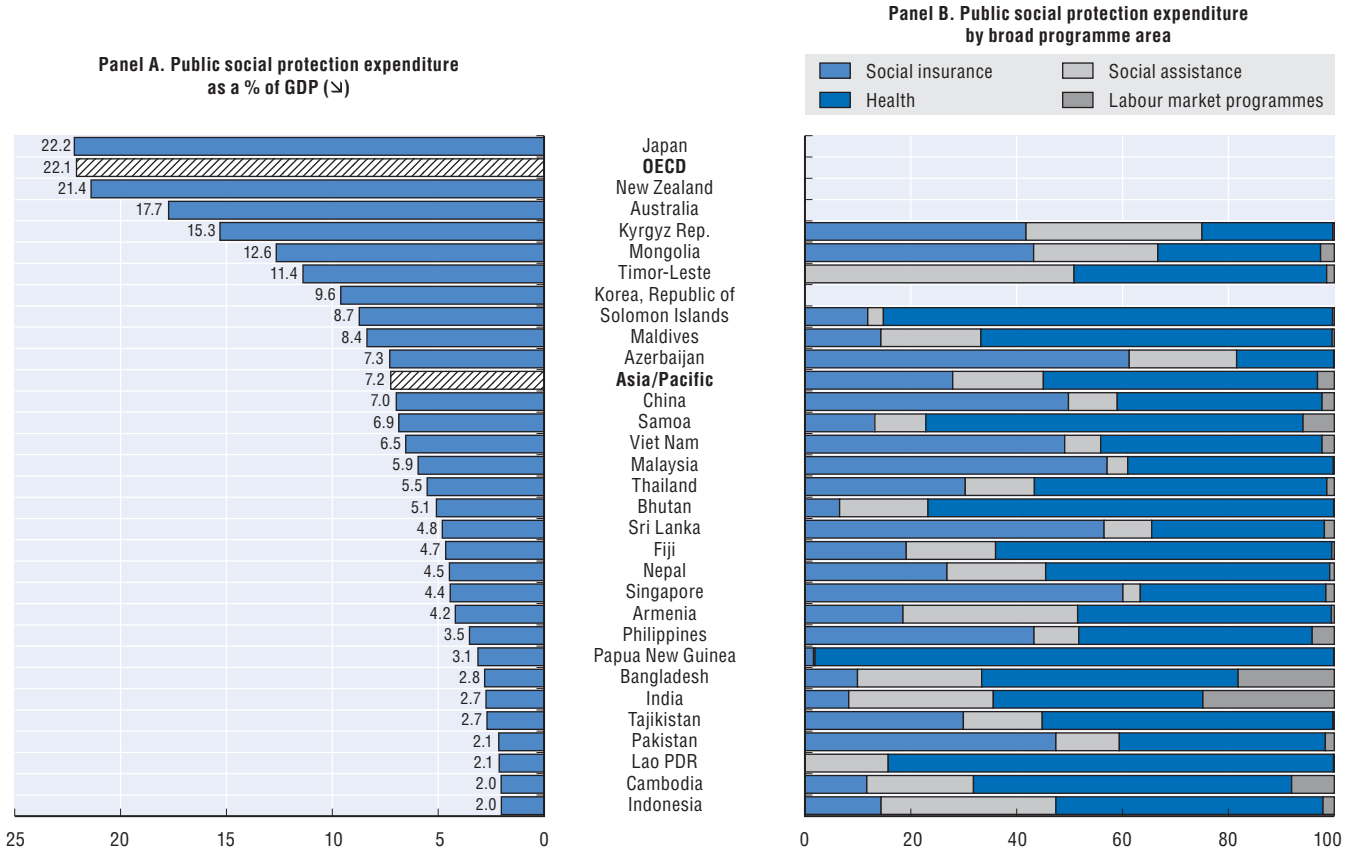


Figure 6.10. **Public social protection expenditure, by age group, % of GDP, 2009**

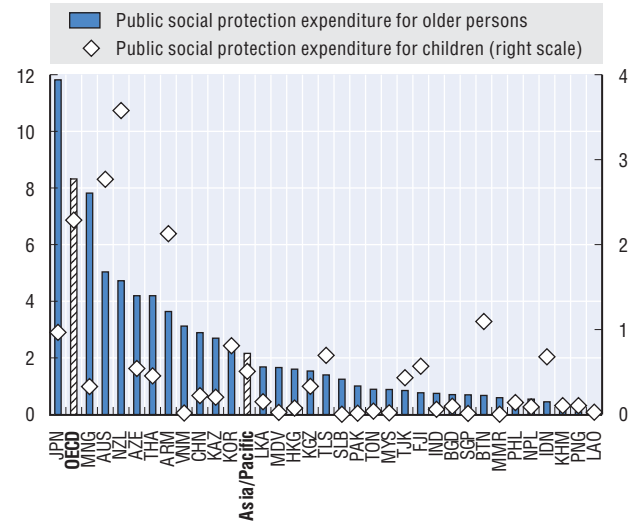
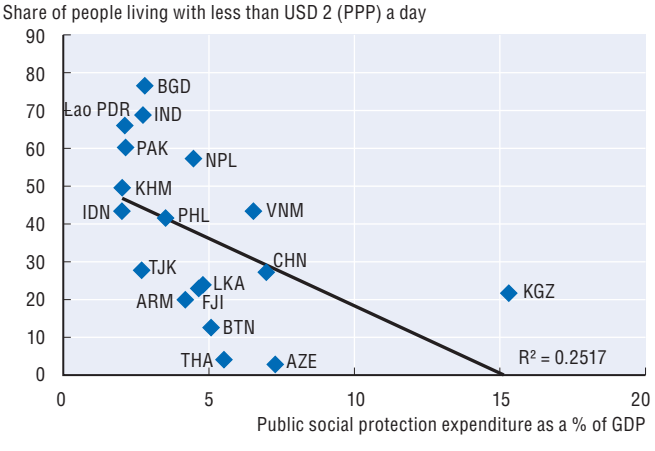


Figure 6.11. **Public social spending and poverty, late 2000s**



Source: Asian Development Bank's Social Protection Index (SPI) Database and national country reports; WHO (World Health Organisation), *Global Health Expenditure Database*; International Labour Office (ILO) Social Security Inquiry; *OECD Social Expenditure Database* (SOCX), *www.oecd.org/social/expenditure.htm*.

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Making donations to charities, doing voluntary work or helping strangers are all examples of showing compassion to others, contribute to the functioning of society and/or supporting the disadvantaged. Income levels can to some extent explain observed differences between countries, but different traditions regarding the supportive role of the state, the community and the family are also important.

On average, people living in OECD countries are more likely to donate to charities than people across the Asia/Pacific region (Figure 6.12, Panel A). Among OECD countries people in Australia and New Zealand are twice as likely to donate to charity as people in Japan and Korea. People in Hong Kong (China), Indonesia and in particular Thailand are also more likely to make donations to charity than elsewhere across the Asia/Pacific region. By contrast, donating money to charity is less common in Armenia, China, Kazakhstan, the Kyrgyz Republic, and Tajikistan. The likelihood that Cambodians and Indonesians give to charity has increased in recent years, while Nepal's and Singapore's number of donors is on a downward trend. However, on the whole **the incidence of donating to charities has been stable across the Asia/Pacific region between 2008 and 2011** (Figure 6.12, Panel B).

Alternative ways of showing solidarity can be through helping a stranger or offering time to an organisation or charity. In recent years, the **share of people who helped a stranger increased marginally on average across the Asia/Pacific region and OECD countries**, but there is some cross-national variation (Figure 6.13). Pakistan and Mongolia had the largest increase in altruistic behaviour towards strangers from 2007 to 2011, while Australians and New Zealanders appear to be the most likely to help a stranger in need; however, there was a slight decrease in Australia after the crisis. Cambodia, Singapore and Japan had the fewest share of people who helped a stranger in need, and only Cambodia showed a small increase since 2007.

The share of people who volunteered time has not changed much in the Asia/Pacific region (Figure 6.14). On average across 2010-12, Sri Lanka, Myanmar and the Philippines had the highest number of volunteers, and all showed an increase since 2006-08. By contrast, less than 10% of the population in China, Armenia, Viet Nam, Singapore and Cambodia volunteer.

Data and measurement

Data on "solidarity" are drawn from the Gallup World Poll. The Gallup World Poll is conducted in more than 150 countries around the world based on a common questionnaire, translated into the predominant languages of each country. With few exceptions, all samples are probability based and nationally representative of the resident population aged 15 years and over in the entire country, including rural areas. While this ensures a high degree of comparability across countries, results may be affected by sampling and non-sampling error, and variation in response rates. Hence, results should be interpreted with care. These probability surveys are valid within a statistical margin of error, also called a 95% confidence interval. This means that if the survey is conducted 100 times using the exact same procedures, the margin of error would include the "true value" in 95 out of 100 surveys. Sample sizes vary across countries from 1 000 to 4 000, and as the surveys use a clustered sample design the margin of error varies by question. The margin of error declines with increasing sample size: with a sample size of 1 000, the margin of error at a 95% confidence interval is $0.98/\sqrt{\text{sample size}}$ or 3%, with a sample size of 4 000, this is 1.5%. To minimize the effect of annual fluctuations in responses related to small sample sizes, results are averaged over a three-year period, or two-year period in case of missing data. If only one observation in a three-year period is available this finding is not reported.

The data underlying the solidarity indicators are based on binary questions created by Gallup: "Have you done any of the following in the past month? How about donating money to a charity? How about helped a stranger or someone you didn't know who needed help? How about volunteering your time to an organisation?" There are no questions about the amount of money donated of number of hours volunteered.

Figure 6.12. **The propensity to give to charity varies widely across countries in the Asia/Pacific region**

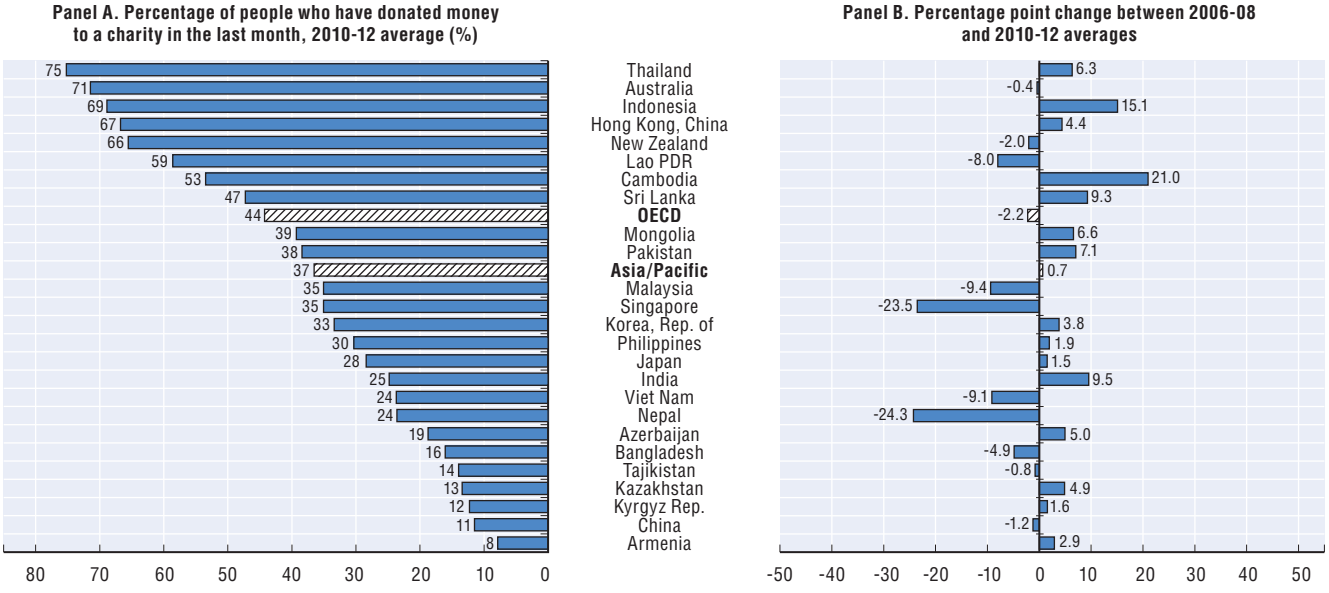


Figure 6.13. **The share of people who helped a stranger increased slightly in OECD and Asia/Pacific economies**

Share of people who helped a stranger between 2006-08 and 2010-12 averages (%)

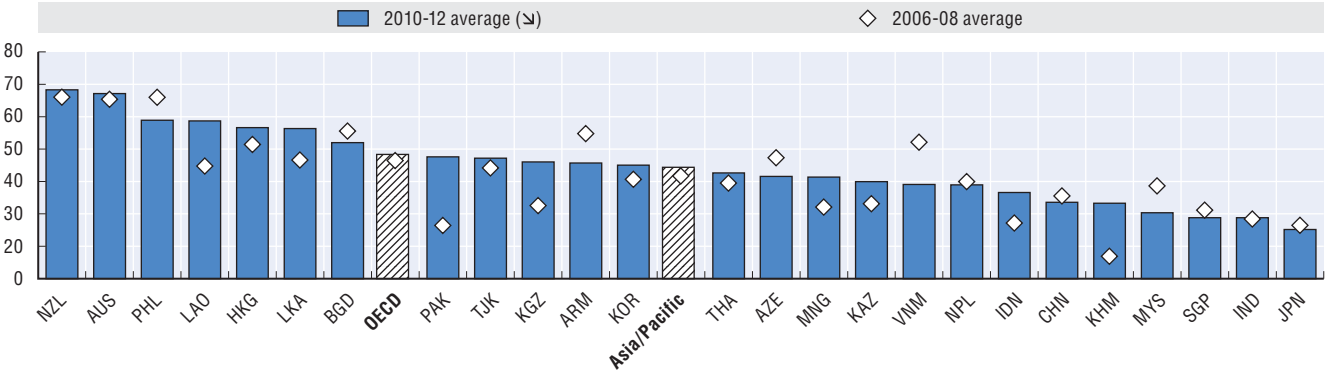
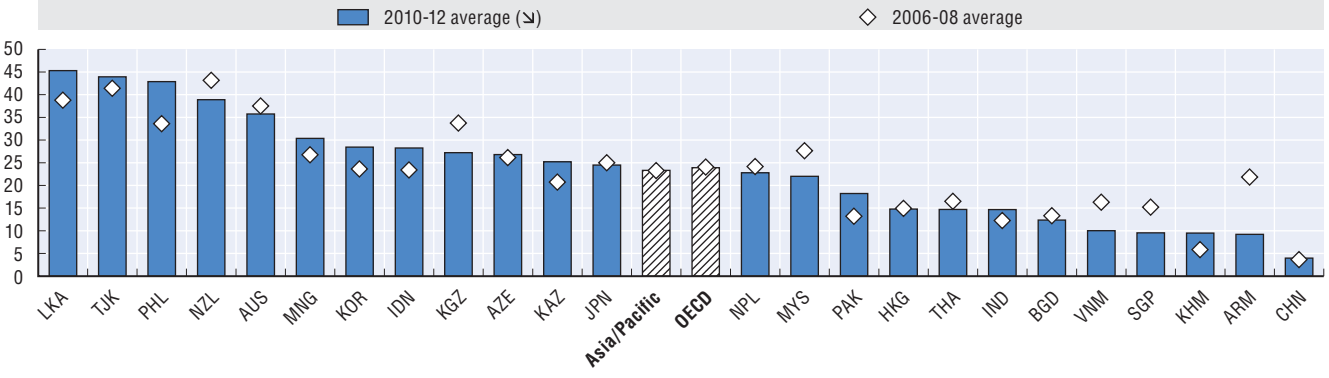


Figure 6.14. **The share of people who volunteer their time differs considerably across countries**

Share of people who reported having volunteered time to an organisation between 2006-08 and 2010-12 averages (%)



Source: Gallup World Poll (*www.gallup.com/*).

StatLink http://dx.doi.org/10.1787/888933151116

Chapter 7

Health indicators

Life expectancy at birth continues to rise in the Asia/Pacific region, averaging about 72 years in 2011 up from 61 years in 1980 (Figure 7.1, Panel A). At over 20 years on average across the population the largest increases in life expectancy since 1980 were recorded for Lao PDR, the Maldives and Sri Lanka. This rapid increase is related to a number of factors, including rising living standards, better nutrition, water and sanitation, increased education and greater access to health services. Nevertheless, despite the significant gains in the Asia/Pacific region, it still lags behind the other world regions except Africa (UN World Population Prospects data, 2010). On average in 2011, the population in OECD countries outlived the Asia/Pacific economies by eight years.

There are large **differences within the Asia/Pacific region**: at birth the life expectancy is 80 years or more in East Asia and in OECD countries, while this is 65 years or less in some South and South-East Asian economies (Cambodia, India, Myanmar and Pakistan) as well as the island nations of Papua New Guinea and Timor-Leste.

Women have a higher life expectancy than men, and on average in the Asia/Pacific region they outlive men by almost five years (Figure 7.1, Panel B). On average, women in Kazakhstan, the Kyrgyz Republic and Mongolia outlive men by eight years or more, while this is just over one year in Bangladesh, Nepal and Pakistan. Women in Hong Kong (China) and Japan have the highest life expectancy at birth at over 85 years compared to almost 83 years for men.

Although higher national income (as measured by GNI per capita) is generally associated with higher life expectancy at birth, this does not always hold. Viet Nam has one of the lowest income per capita in the region at about USD 3 000, but has one of the higher life expectancy rates at 75 years in comparison to Malaysia with a GNI of USD 15 000 and a life expectancy of 74 (Figure 7.2).

More and more people, in Asia reach the age of 65. The percentage of the population reaching the age of 65 is highest in Australia, Brunei Darussalam, Japan, Hong Kong (China), the Republic of Korea; Macau (China), New Zealand and Singapore (Figure 7.3). Over 90% of women in OECD countries reach the age of 65, 10 percentage points more than in the Asia/Pacific region. Papua New Guinea, Timor-Leste and Cambodia have the lowest percentage of people reaching 65 years of age.

Definition and measurement

Life expectancy at birth is the best known measure of a population's health status, and is often used to gauge the development of a country's health. It measures how long, on average, a new-born infant would live if the prevailing patterns of mortality at the time of birth were to stay the same throughout their lifetime. Since the factors that affect life expectancy do not change overnight, variations are best assessed over long periods of time.

Age-specific mortality rates are required to construct life tables from which life expectancies are derived. Countries calculate life expectancy according to methodologies that can vary somewhat, and these can lead to differences of fractions of a year. Some countries base their life expectancies on estimates derived from censuses and surveys, and not on the accurate registration of deaths.

Figure note

Figure 7.2: Purchasing Power Parity (PPP).

Figure 7.1. **Life expectancy at birth**

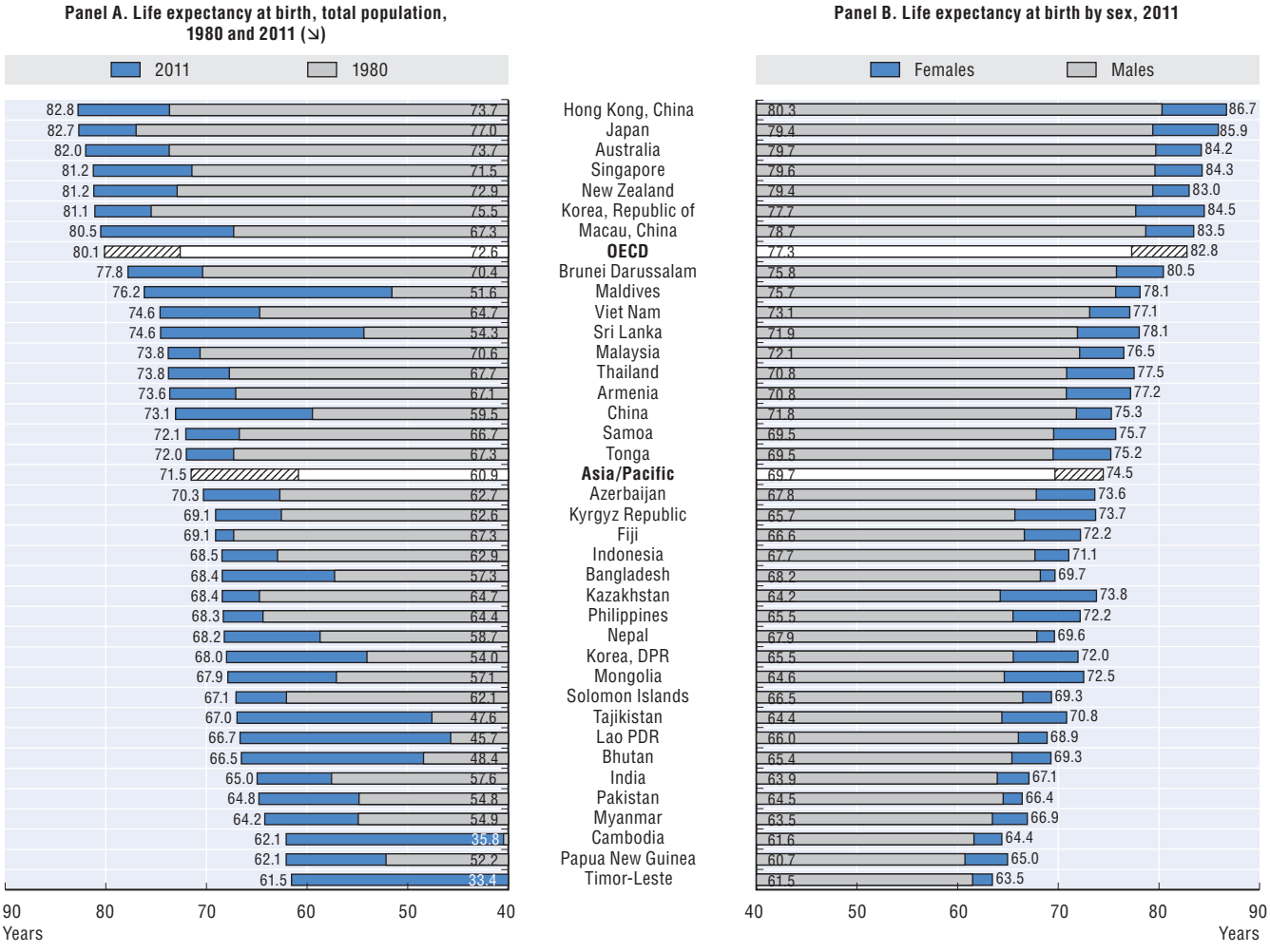


Figure 7.2. **Life expectancy at birth and GNI per capita, 2011**

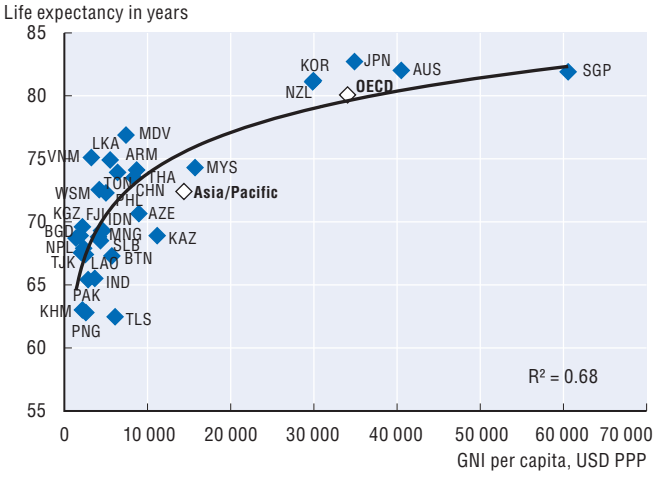
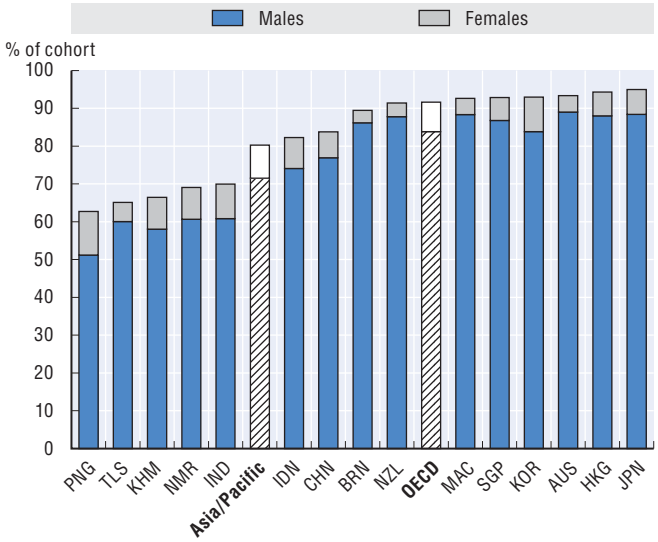


Figure 7.3. **Survival rate to age 65, 2012**

Selected countries



Source: OECD Health Data 2013, www.oecd.org/health/heatlhdata; World Bank, *World Development Indicators.*

StatLink http://dx.doi.org/10.1787/888933151121

Infant mortality is a central indicator of infant health. It reflects the effect of economic and social conditions on the health of mothers and new-borns, as well as the effectiveness of health systems. Around two-thirds of the deaths that occur during the first year of life in the region are neonatal. Neonatal mortality is increasingly important because the proportion of neonatal death is increasing as under-five mortality declines (UNICEF, 2013, *Child Mortality Report*). Factors such as the health of mothers, maternal care and birth weight are important determinants of infant mortality. Diarrhoea, pneumonia and malnutrition in both mothers and babies are the causes of many deaths.

There are marked **cross-national differences in infant mortality**. Advanced economies have the lowest infant mortality rates: countries like Singapore, Japan, the Republic of Korea, Australia and New Zealand have a rate of two to six deaths per 1 000 live births (Figure 7.4, Panel A). Low-income countries such as Lao PDR and Pakistan have infant mortality rates exceeding 50 deaths per 1 000 live births. Since 1980 infant mortality has been declining across Asia/Pacific economies and gains have been large in Bangladesh, India and Indonesia, but they were also considerable in China and Thailand (Figure 7.5).

Child mortality rates are higher than infant mortality rates in most countries, and are above 50 children per 1 000 live births in Pakistan, Lao PDR, Tajikistan, Papua New Guinea, India and Myanmar. On average in the Asia/Pacific region, there were 29 deaths per 1 000 live births in 2012 (Figure 7.4, Panel B).

A child's risk of dying is associated with GDP and/or a household's socioeconomic status. Children from wealthier families generally have a high survival rating (Figure 7.6). Poor families often have limited access to resources, information and quality health services, which increases their exposure to illness and death.

Definition and measurement

The infant mortality rate is defined as the number of children who die before reaching their first birthday in a given year, expressed per 1 000 live births; neonatal mortality refers to the death of infants during the first 28 days.

Vital registration systems which record births and deaths are the preferred source of data on child mortality because they collect information as events occur and they cover the entire population. However, many countries lack a single source of high-quality data covering the last decades and base their infant mortality rates on estimates derived from censuses and surveys. Data available from such sources may be inconsistent across countries (e.g. through under-reporting of child deaths). Differences among countries in registering premature infants may also make a small contribution to international variation in infant mortality rates.

The child mortality rate (or under-five mortality rate – U5MR) is the probability – expressed as a rate per 1 000 live births, of a child born in a specified year dying before reaching the age of five when subject to current age-specific mortality rates. Different data sources and calculation methods often yield widely differing estimates of child mortality for a given time and place. In order to reconcile these differences, UNICEF developed, in co-ordination with the UNPD, the WHO and the World Bank, an estimation methodology that minimizes the errors embodied on each estimate and harmonize trends along time (UNICEF, 2013).

Figure note

Figure 7.4: Panel B: 2011 for Australia, Japan and the Republic of Korea; 2010 for New Zealand; no data for Korea, DPR for 2012.

Figure 7.6: Data for Bangladesh in 1980 refer to 198, and 166 for India.

Figure 7.4. **Infant and child mortality**

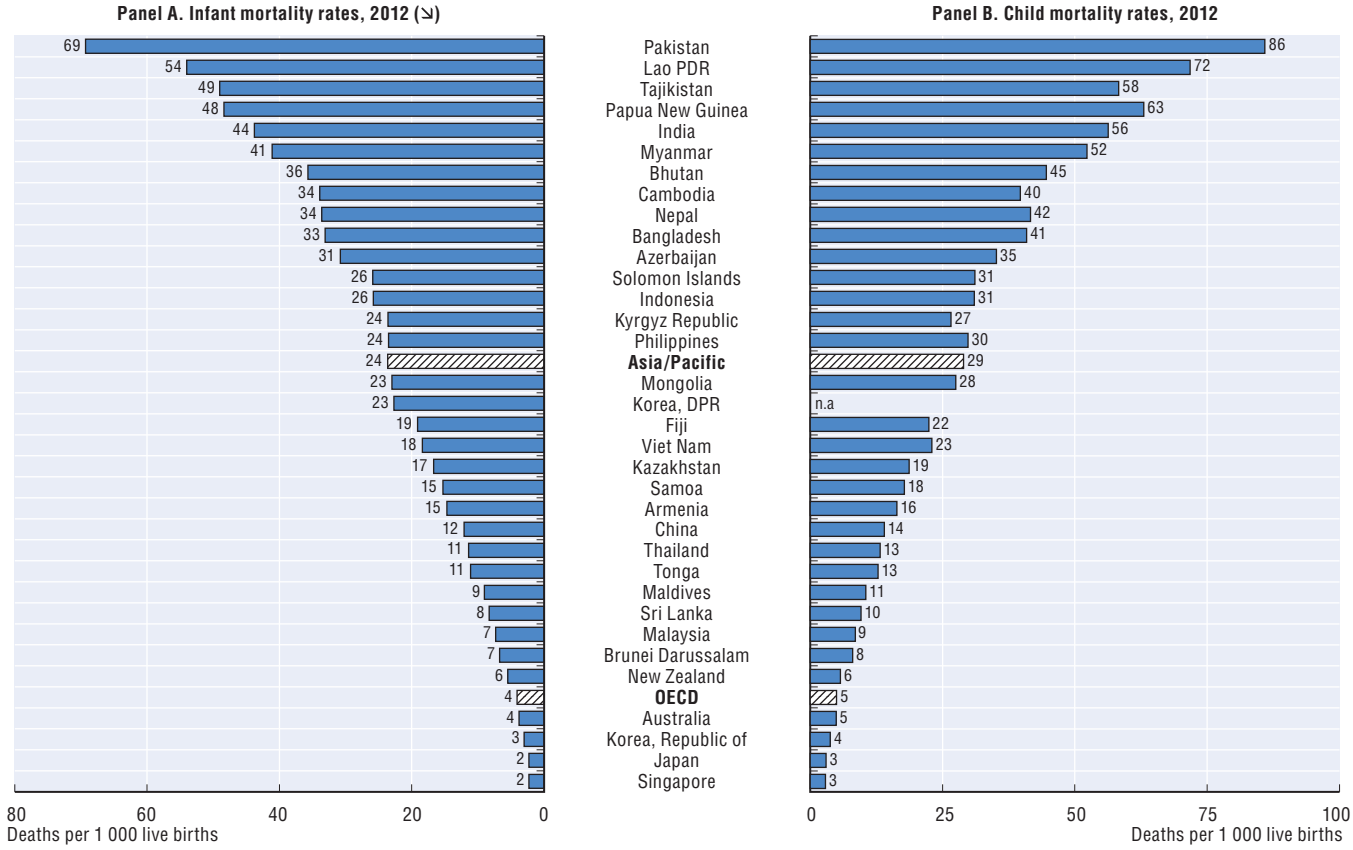


Figure 7.5. **Infant mortality rates, selected countries, 1980-2012**

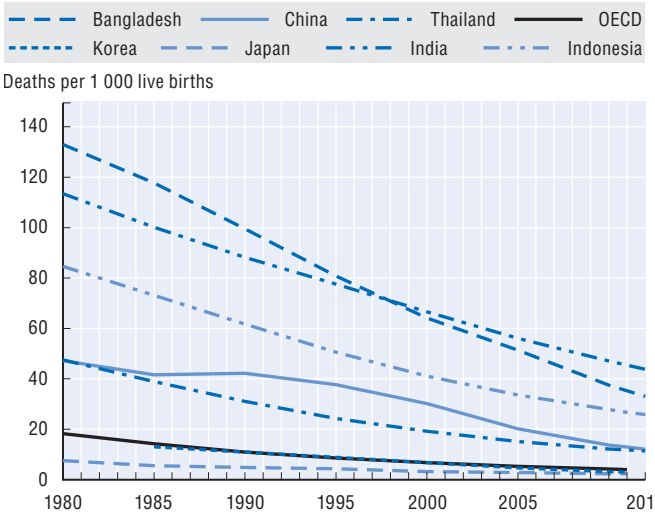
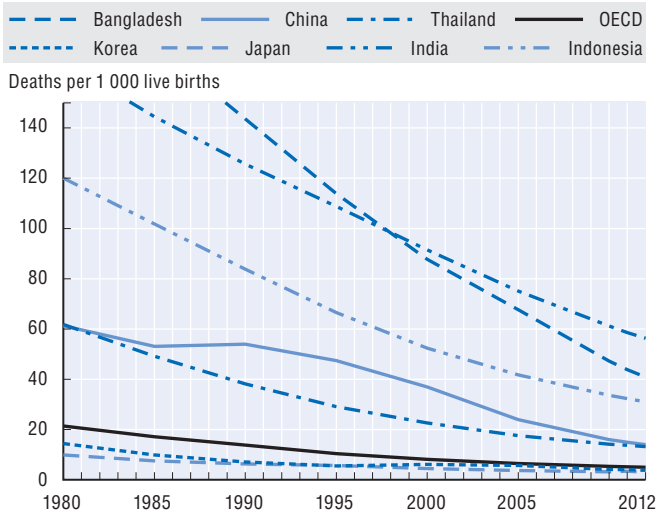


Figure 7.6. **Child mortality rates, selected countries, 1990-2012**



Source: OECD Health Data 2013, www.oecd.org/health/heatlhdata; UNICEF Child Info (*www.childinfo.org/mortality_imrcountrydata.php*).

StatLink http://dx.doi.org/10.1787/888933151135

Birth weight is a strong indicator of maternal health care and nutritional status as well as new-born's chances for survival, growth, long-term health and psychosocial development. Babies who are undernourished in the womb are in great risk of dying during their early months and years. Those who do survive are likely to have an increased risk of disease, an impaired immune system and remain undernourished throughout their lives. Children born underweight are also likely to have cognitive disabilities (Sutton and Darmstadt, 2013). Poor nutrition both before and during pregnancy is recognized as an important cause of low birth weight. Research has shown that improved food quality and quantity consumption during pregnancy effectively reduces low birth weight. Other factors such as infections, hypertension, smoking, poverty and poor socio-economic status also affect birth weight.

Low birth weight is a major public health problem in developing countries. South Asia has the highest incidence of low birth weight and accounts for more than half of the world's low birth weight babies (UNICEF Childinfo, 2013). In 2011, Sri Lanka, Nepal, Bangladesh and Pakistan had the highest number of low birth weight infants in the Asia/Pacific region (Figure 7.7, Panel A).

The rate of low infant birth weight is declining in the Asia/Pacific region. Despite the slow decline, improved maternal and child health policies contributed to decreasing the number of infants born underweight. Overall, the region improved by 11% over ten years (Figure 7.7, Panel B). China, Myanmar and Viet Nam reduced the number of underweight infants by 75% or more (Figure 7.8). The data also suggest that Fiji, Indonesia, the Republic of Korea, the OECD countries (on average), Samoa and Pakistan experienced an increase. Except for Pakistan where economic development has stalled, the increase in low birth weight reflects advances in medical technology and greater survival chances of babies born prematurely, which exerts upward pressure on the incidence of low birth weight among infants.

Low birth weight infants are at much higher risk of mortality than infants with normal weight at birth. The highest number of underweight babies is in Pakistan reaching up to 59 deaths per 1 000 births in 2011 (Figure 7.9).

Definition and measurement

Low birth weight is defined by the World Health Organization as the weight of an infant at birth of less than 2 500 grams (5.5 pounds) irrespective of the gestational age of the infant. This figure is based on epidemiological observations regarding the increased risk of death to the infant and serves for international comparative health statistics. The number of low birth weights is then expressed as a percentage of total live births.

There are issues with the data reliability data in developing countries, where almost 605 of babies are not weighted at birth; deliveries often take place in homes and small clinics that do not weigh or report babies (UNICEF/WHO, 2004). In these countries, low birth weight estimates are primarily derived from mothers participating in national household surveys, as well as routine reporting systems (Channon et al., 2011). Trend analysis of low birth weight across countries is difficult due to lack of comparable estimates over time.

Further reading

Channon, A., S. Padmadas and J. McDonald (2011), "Measuring Birth Weight in Developing Countries: Does the Method of Reporting in Retrospective Surveys Matter?", *Maternal and Child Health Journal*, Vol. 15, No. 1, pp. 12-18.

Sutton, P.S. and G.L. Darmstadt (2013), "Preterm Birth and Neurodevelopment: A Review of Outcomes and Recommendations for Early Identification and Cost-effective Interventions", *Journal of Tropical Pediatrics*, Vol. 59, No. 4, pp. 258-265.

UNICEF Child Info (2013), "Monitoring the Situation of Children and Women, Low Birthweight", *www.childinfo.org/low_birthweight_table.php*.

UNICEF/WHO (2004), *Low Birthweight: Country, Regional and Global Estimates,* Tessa M. Wardlaw (ed.), United Nations Children's Fund and the World Health Organization, New York/Geneva.

Figure 7.7. **Low birth weight**

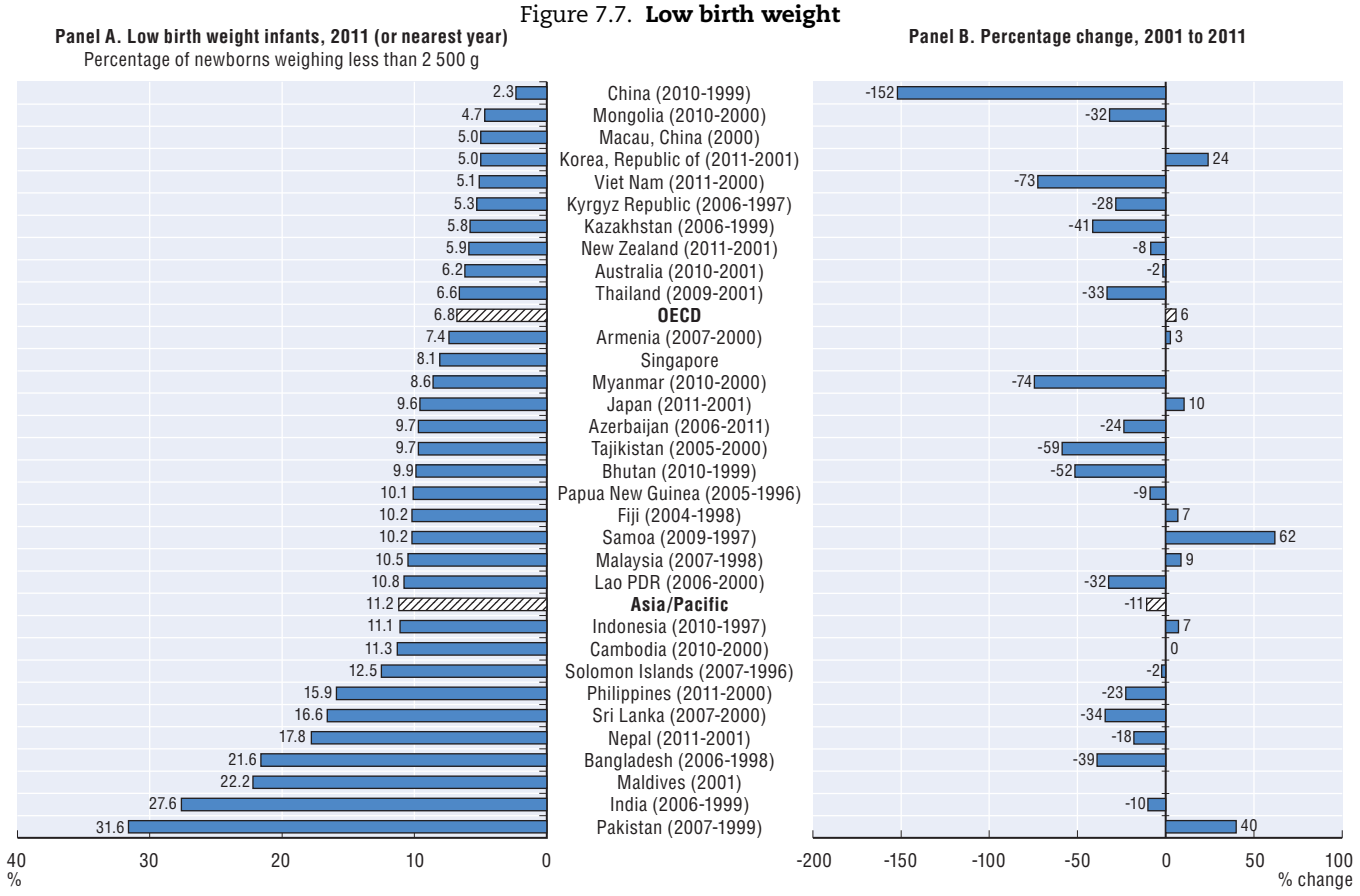


Figure 7.8. **Trends in low birth weight infants, selected countries, 2000-11**

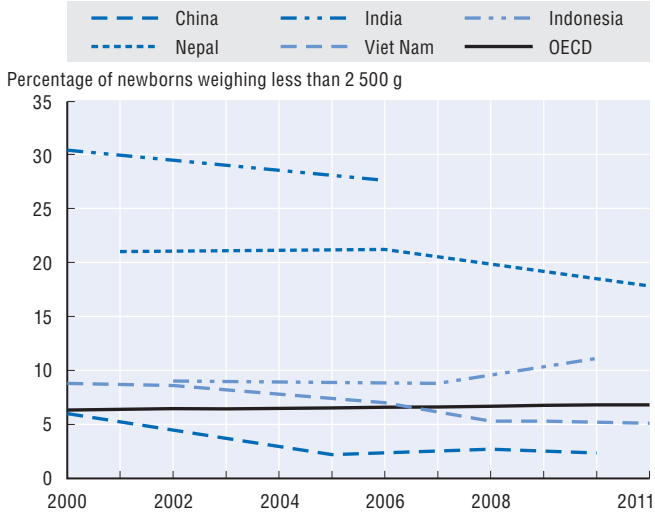
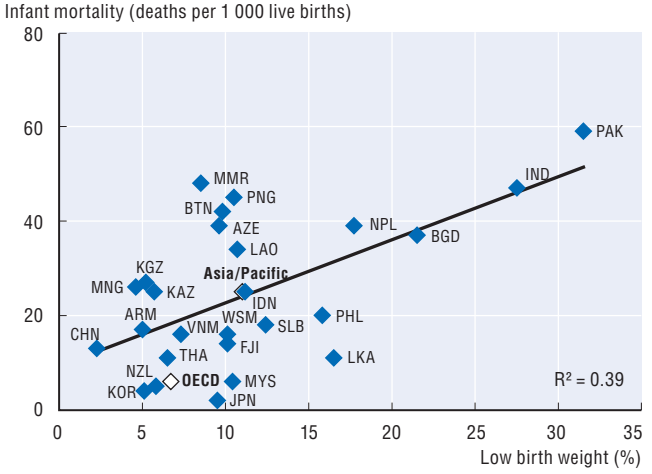


Figure 7.9. **Low birth weight and infant mortality, 2011 (or nearest year available)**



Source: OECD Health Data 2013, www.oecd.org/health/heatlhdata; World Bank, *World Development Indicators*.

StatLink http://dx.doi.org/10.1787/888933151148

Financial resources for health are unevenly distributed geographically. Among low income countries in the Asia/Pacific region, health spending per capita ranged from USD 25 in Myanmar to USD 385 in Thailand in 2012 (Figure 7.10, Panel A). There is a significant expenditure discrepancy between OECD and the Asia/Pacific economies and countries. On average, OECD countries on a per capita basis spend five times more than in the Asia/Pacific economies and countries – USD 3 514 versus USD 756.

For most economies, health spending is publicly financed rather than by private means. On average across the OECD in 2012, public health expenditure was two and a half times as large as private health expenditure. In 2012, total health expenditure in Japan, Australia and New Zealand was in excess of USD 3 000 per capita with public funding covering over USD 2 500 per capita. By contrast a high proportion of health expenditure in Myanmar, Cambodia, Tajikistan and Azerbaijan is privately financed.

Per capita spending from 2002 to 2012 grew for most countries (Figure 7.10, Panel B). On average, OECD and the Asia/Pacific economies experienced annual growth in real health expenditure per capita of 6% from 2002 to 2012. Azerbaijan, Mongolia, China and Maldives had the largest annual average spending growth of more than 10%; in contrast to Brunei Darussalam and Bhutan where health spending per capita fell over the 2002-12 period.

Countries with high health expenditure often have a healthier population as measured by life expectancy (Figure 7.11). More advanced economies in the region, including the four OECD Asia/Pacific economies spend the most on health and have the highest life expectancy.

Wealthier countries spend a larger share of their GDP on health. High income countries spend more on health in per capita terms. Singapore and Brunei Darussalam are the two non-OECD countries with health expenditure of a similar amount to OECD countries (Figure 7.12).

Definition and measurement

Total health expenditure is given by the sum of expenditure on all the core health care functions – that is, total health care services, medical goods dispensed to outpatients, prevention and public health services, and health administration and health insurance – plus capital formation in the health care provider industry. Expenditure on these functions is included as long as it is borne for the final use of resident units, i.e. as long as its final consumption is by nationals in the country or abroad.

The financing of health care can be analysed from the point of view of the sources of funding (households, employers and the state), financing schemes (e.g. compulsory or voluntary insurance), and financing agents (organisations managing the financing schemes). Here "financing" is used in the sense of financing schemes as defined in the System of Health Accounts (OECD/WHO/Eurostat, 2011). Public financing includes expenditure by the general government and social security funds. Private financing covers households' out-of-pocket payments, private health insurance and other private funds (NGOs and private corporations). Out-of-pocket payments are expenditures borne directly by patients.

Further reading

OECD/WHO/Eurostat (2011), *A System of Health Accounts: 2011 Edition*, OECD Publishing, Paris, *http://dx.doi.org/10.1787/9789264116016-en*.

Figure note

Figures 7.10, 7.11 and 7.12: Purchasing Power Parity (PPP).

Figure 7.10. **Health expenditure, 2012**

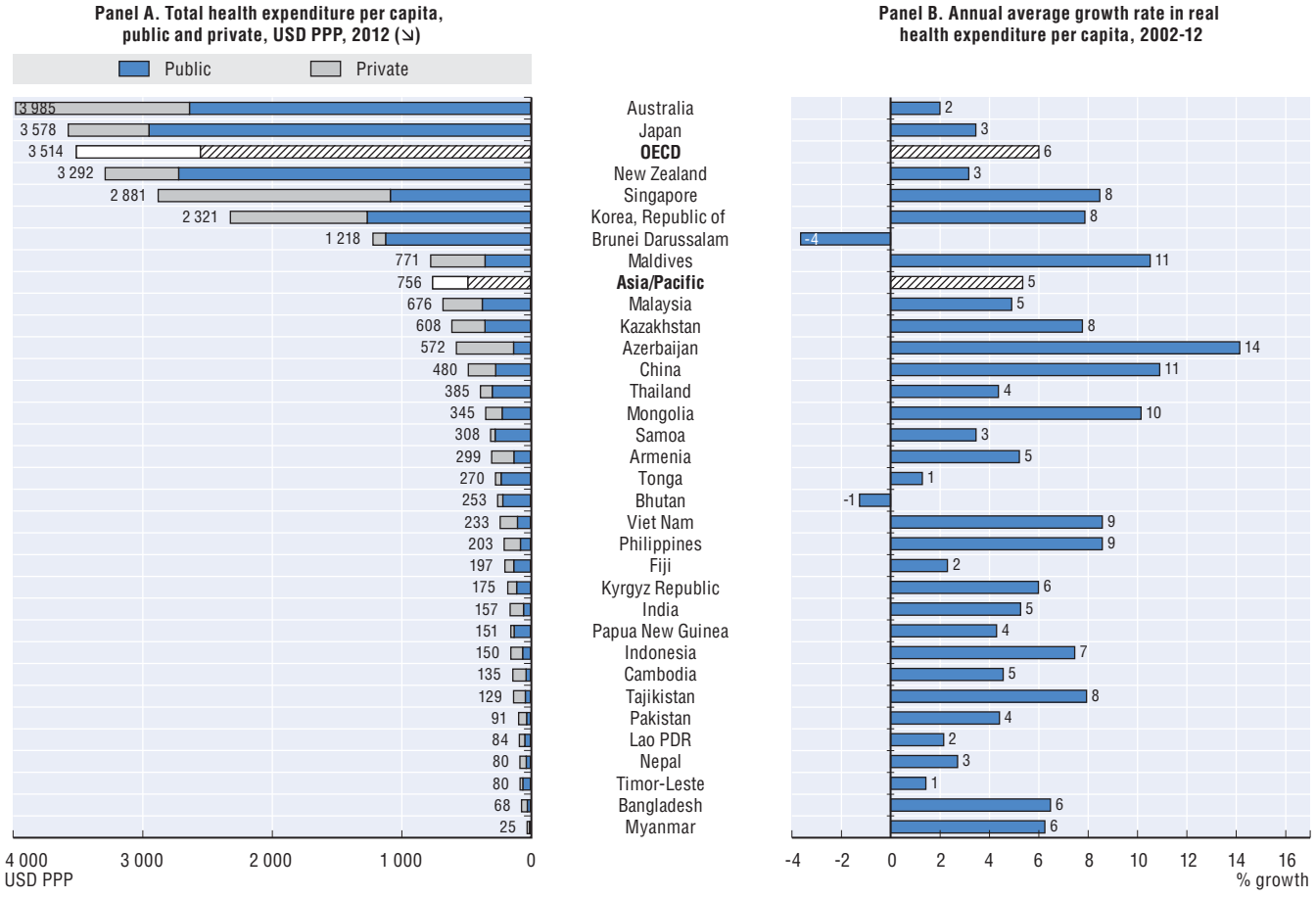


Figure 7.11. **Health expenditure and life expectancy, 2012**

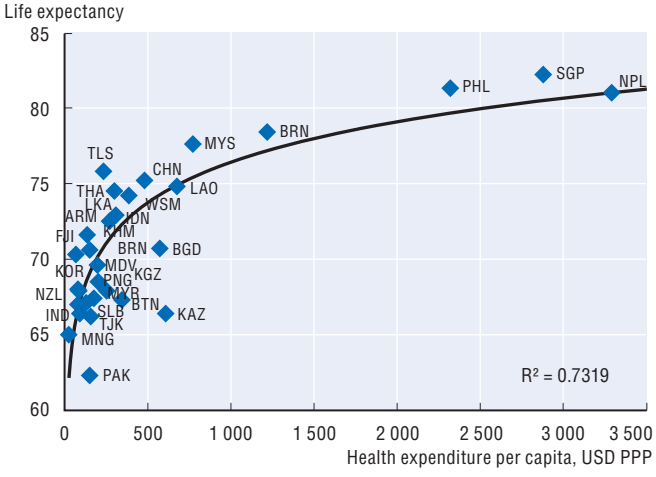
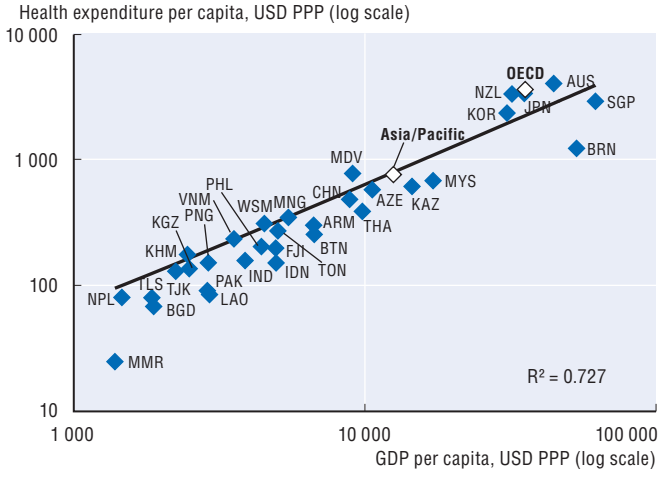


Figure 7.12. **Health expenditure and GDP per capita, 2012**



Source: WHO Global Health Expenditure Database; UN ESCAP Statistical Yearbook for Asia and the Pacific 2013.

StatLink http://dx.doi.org/10.1787/888933151157

Hospital bed availability varies across the Asia/Pacific region. Japan has about 13 beds for every 1 000 people, while in Bangladesh, Indonesia, Myanmar and Pakistan this is just over half a bed per 1 000 people. On average the Asia/Pacific region has four beds per 1 000 people, one less than in the OECD (Figure 7.13, Panel A).

The percentage difference of hospital beds over time fluctuates across countries. The Republic of Korea had the biggest increase of about four beds per 1 000 people from 2005 to 2011, while Azerbaijan's rate decreased by four percentage points during the same period. Reasons for changes in the numbers of beds include health system reform which promotes competition for countries with high private health services (as in the case of Japan) or cost containment policies.

The **average length of stay in hospitals** (ALOS) is one measure of efficiency with which hospital resources are used: a relatively short stay may reduce the cost per discharge, even when such short stays are more costly per day. The average ALOS is similar in the OECD and the Asia/Pacific region. Japan has the longest ALOS at 17 days while the ALOS in most of the remaining countries for which data is available ranges from four to seven days (bars in Figure 7.14).

Discharge rates vary in the Asia/Pacific region. Sri Lanka and Mongolia had about 250 discharges per 1 000 people in 2011 (symbol in Figure 7.14). This is twenty times the rate reported for Nepal. The OECD average is about 50 percentage points higher than average for the Asia/Pacific region. In general, countries with a high number of beds tend to have high discharge rates, and low discharge rates are often associated with a limited number of hospital beds.

Definition and measurement

The number of hospital beds provides a measure of the resources available for delivering care to inpatients in hospitals. All hospital beds should be counted, including those for acute care and for chronic/long-term care, in both the public and private sectors. The figures reported for average length of stay (ALOS) are for acute care only. ALOS is generally measured by dividing the total number of days stayed by all patients in acute-care inpatient institutions by the number of admissions or discharges during a year. There is considerable cross-country variation in the definition and measurement of acute care. In general reported ALOS data cover only public sector institutions, and only a few countries, such as China, Mongolia and Thailand, comprehensively cover private sector institutions in their ALOS statistics.

A discharge is defined as the release of a patient who has stayed at least one night in hospital, and it includes deaths in hospital following inpatient care. However, it is not clear to what extent this definition was adhered to when compiling the data for most countries in the region. The discharge rates presented here are not age-standardised, i.e. they do not take account for cross-national differences in the age structure of populations. There are three potential data sources on discharge rates: administrative data, hospital surveys and household health surveys. As in OECD countries, the estimates from administrative sources tend to be higher than those from household health surveys because of incorrect recall and non-response rates. The figures presented here come mostly from administrative sources.

Figure notes

Figure 7.13, Panel B : Percentage change 2005 to 2011 unless years shown.

Figure 7.14: 2011 for both average length of stay and discharges except for: Republic of Korea (2003, 2011); China (2009, 2006); Macau (China, 2008, 2010); Viet Nam (2003, 2005); Myanmar, Papua New Guinea and Sri Lanka (2008); Fiji (2007, 2008); Hong Kong (China, 2008, 2010); Australia, Brunei Darussalam and Nepal (2010); Singapore and Malaysia (2006, 2010); Thailand (2005); Bangladesh (2008, 2011). No data on discharges for Indonesia.

Figure 7.13. **Hospital beds**

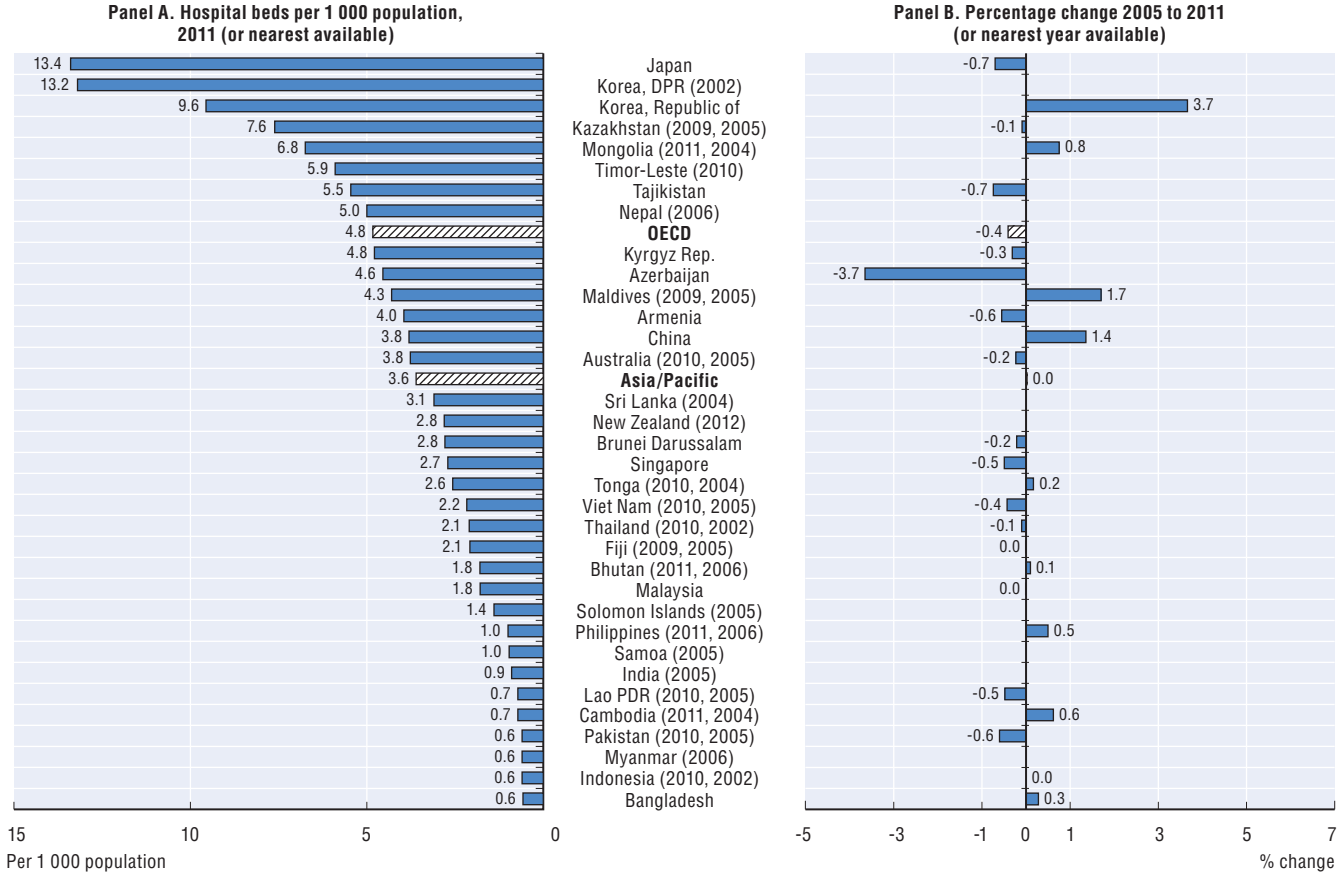
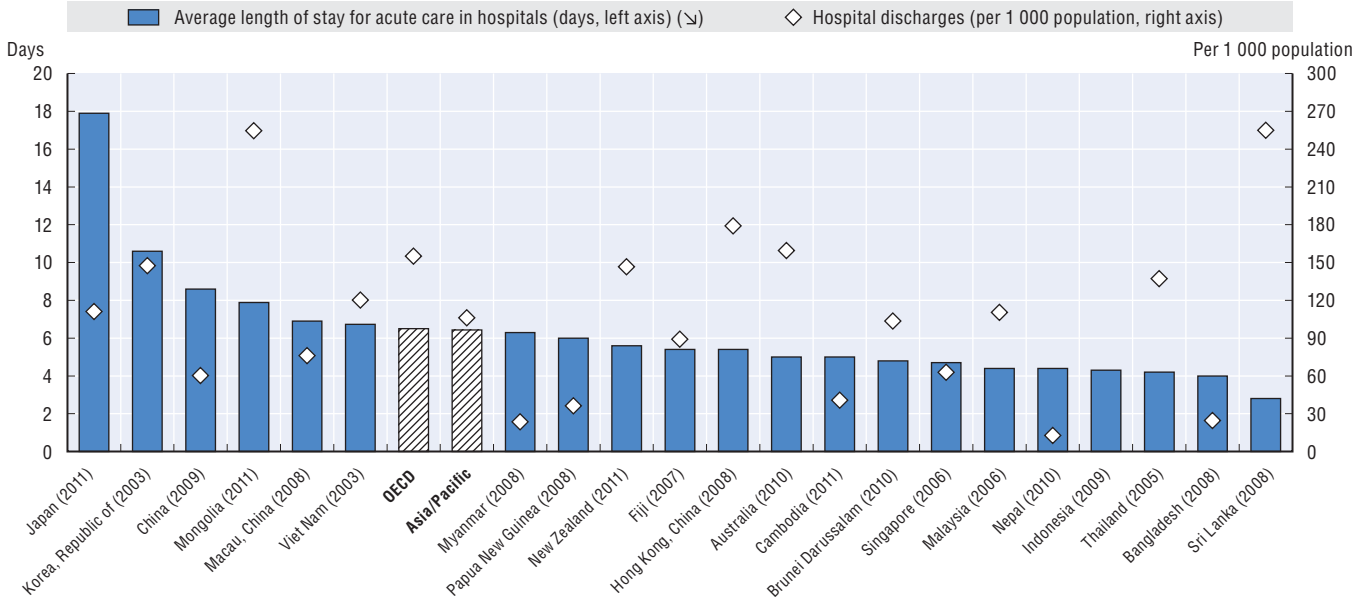


Figure 7.14. **Average length of stay for acute care in hospitals and hospital discharges**

2011 (or nearest year available)



Source: *OECD Health Data 2013*, *www.oecd.org/health/heatlhdata*; national data sources; WHO, *World Health Statistics 2013*.

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Chapter 8

Social cohesion indicators

Life satisfaction represents people's subjective evaluation of their satisfaction with life as a whole. Life satisfaction is associated with good family relationships, health, living conditions and wealth as well as confidence in governance in the broader society.

People in OECD countries are more satisfied with their life than those in the Asia/Pacific region (Figure 8.1, Panel A). On a scale of 1 to 10, life satisfaction scores are 1 point higher on average across the OECD than across the Asia/Pacific region. Australians and New Zealanders have the highest satisfaction of the countries observed, averaging at a score of 7 out of 10; while Cambodians, Nepalese and Sri Lankans had the lowest life-satisfaction scores.

On average across the Asia/Pacific region and the OECD, life satisfaction has not changed markedly since the beginning of the global crisis (Figure 8.1, Panel B). However, it appears that life satisfaction has further declined in those countries where it was already low, as in Cambodia, Nepal, Sri Lanka, Armenia, Tajikistan, Azerbaijan, India and Lao PDR. Life satisfaction increased in about half of the countries since 2006/08, and the increase appeared most pronounced in Thailand and Korea.

Life satisfaction scores are broadly similar for men and women (Figure 8.2). On average, women in the Asia/Pacific region and OECD countries are more satisfied with life than men, but only slightly (less than one-tenth of a percentage point).

People in wealthy countries tend to be more satisfied with life than those in less wealthy countries (Figure 8.3). They appear to have a higher life satisfaction than what might have been expected on the basis of their average income, but, results for Australia, New Zealand and Singapore on the one hand, and Nepal and Cambodia on the other, clearly illustrate the relationship between average life satisfaction and prosperity.

Data and measurement

Data on life satisfaction has been taken from the Gallup World Poll. The Gallup World Poll is conducted in more than 150 countries around the world based on a common questionnaire, translated into the predominant languages of each country. With few exceptions, all samples are probability based and nationally representative of the resident population aged 15 years and over in the entire country, including rural areas. While this ensures a high degree of comparability across countries, results may be affected by sampling and non-sampling error, and variation in response rates. Hence, results should be interpreted with care. These probability surveys are valid within a statistical margin of error, also called a 95% confidence interval. This means that if the survey is conducted 100 times using the exact same procedures, the margin of error would include the "true value" in 95 out of 100 surveys. Sample sizes vary across countries from 1 000 to 4 000, and as the surveys use a clustered sample design the margin of error varies by question. The margin of error declines with increasing sample size: with a sample size of 1 000, the margin of error at a 95% confidence interval is $0.98/\sqrt{\text{sample size}}$ or 3%, with a sample size of 4 000, this is 1.5%. To minimize the effect of annual fluctuations in responses related to small sample sizes, results are averaged over a three-year period, or two-year period in case of missing data. If only one observation in a three-year period is available this finding is not reported.

The Gallup World Poll asked respondents to: "Imagine an eleven-rung ladder where the bottom (0) represents the worst possible life for you and the top (10) represents the best possible life for you. On which step of the ladder do you feel you personally stand at the present time?" The main indicator used in this section is the average country score. Data are also shown by gender and broad age groups.

Figure note

Figure 8.3: GDP per capita is gross domestic product divided by midyear population. GDP is the sum of gross value added by all resident producers in the economy plus any product taxes and minus any subsidies not included in the value of the products. It is calculated without making deductions for depreciation of fabricated assets or for depletion and degradation of natural resources. Data are in current US dollars.

Figure 8.1. **Life satisfaction and trends therein vary considerably across countries**

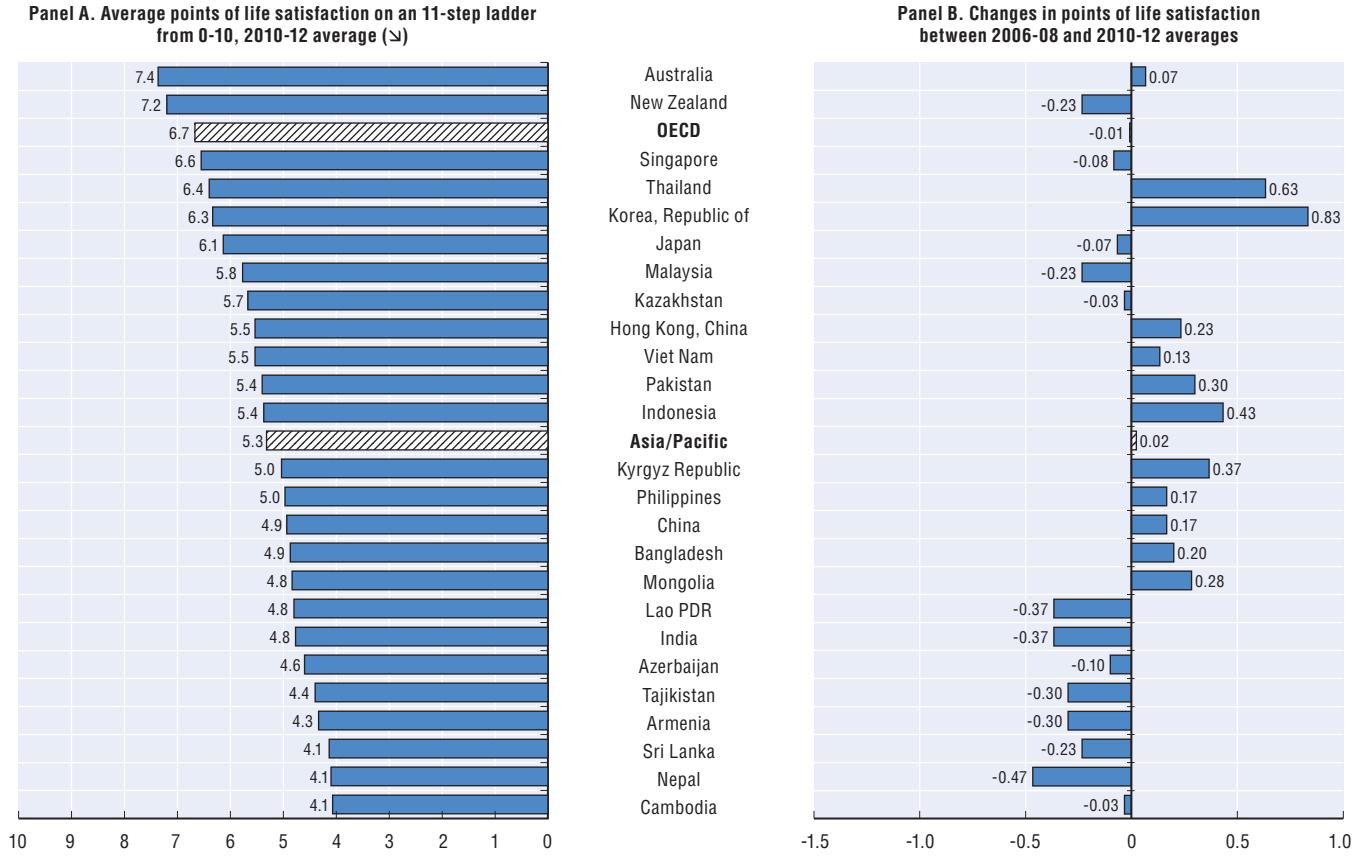


Figure 8.2. **Life satisfaction seems broadly similar for men and women, 2010-12 average**

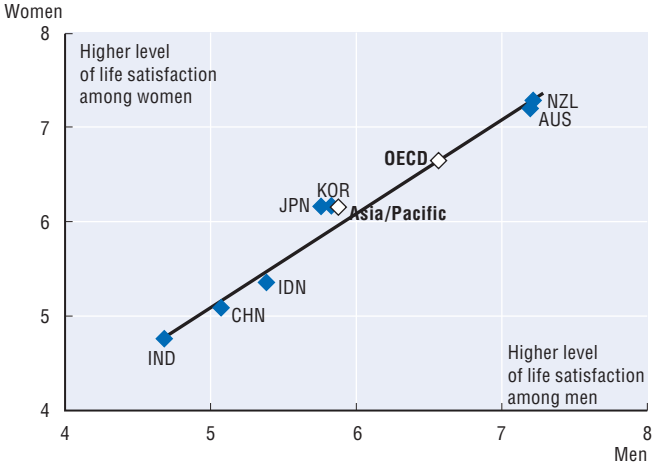
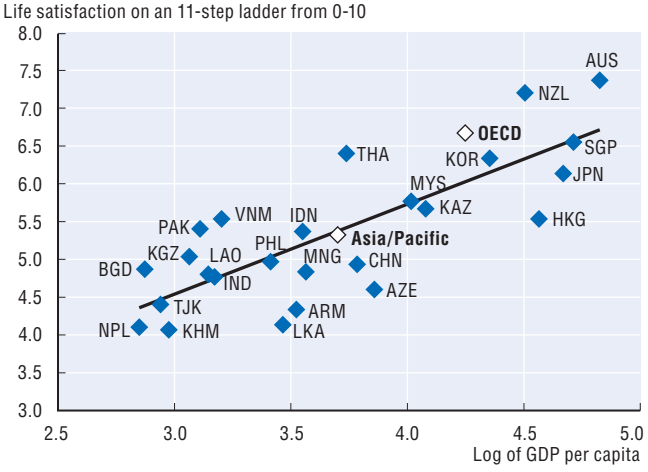


Figure 8.3. **People in wealthy countries tend to be more satisfied with life than those in less wealthy countries**



Source: Gallup World Poll (*www.gallup.com*) and World Bank, *World Development Indicators*.

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A cohesive society is one where citizens have confidence in national-level institutions and believe that social and economic institutions are not prey to corruption. Confidence and corruption issues are dimensions that are strongly related to societal trust.

Confidence in the national government is considerably higher in the Asia/Pacific region than among OECD countries (Figure 8.4, Panel A), and Australians, New Zealanders, Japanese and Koreans have less confidence in their national governments than their Asian/Pacific peers. Confidence in national government appears lowest in Korea, Pakistan and Japan. In about half of the countries about 70% of the population has confidence in its national government, and this is over 90% of the population in Lao PDR, Viet Nam and Tajikistan. In some countries **youth are more inclined to trust their government compared with the total population,** and this phenomenon seems particularly pronounced in Australia.

On average **across the Asia/Pacific region, confidence in national government has changed little in recent years, but there is a large variation in trends across countries** (Figure 8.4, Panel B). Trust in government declined by double digits for both the total population and youth in India, Hong Kong (China), and, particularly Pakistan. Conversely, youth and the total population in Cambodia and Thailand (as measured prior to the political crisis that unfolded in 2013-14) significantly increased their trust in government.

Patterns in trust of financial institutions vary across countries (Figure 8.5). Since 2006/08, trust in financial institutions declined with the unfolding of the financial crisis in most OECD countries, but not in Australia and Japan. In most economies in the Asia/Pacific region trust in financial institutions increased, especially in Lao PDR and Cambodia.

In richer countries people tend to perceive relatively low levels of corruption in business and government (Figure 8.6). Communities in Australia, New Zealand, Hong Kong (China) and especially Singapore are perceived to have the lowest levels of corruption, but people in Viet Nam, Tajikistan and the Kyrgyz Republic perceive their government and business institutions to be less corrupt than the Japanese and Koreans perceive theirs. Over 80% of people in Indonesia, the Kyrgyz Republic and Thailand think corruption in business and government is widespread.

Definition and measurement

Data on confidence in institutions is taken from the Gallup World Poll, which is conducted in more than 150 countries around the world, and based on a common questionnaire, as translated into the predominant languages of each country. With few exceptions, all samples are probability based and nationally representative of the resident population aged 15 years and over in the entire country, including rural areas. While this ensures a high degree of comparability across countries, results may be affected by sampling and non-sampling error, and variation in response rates. Hence, results should be interpreted with care. These probability surveys are valid within a statistical margin of error, also called a 95% confidence interval. This means that if the survey is conducted 100 times using the exact same procedures, the margin of error would include the "true value" in 95 out of 100 surveys. Sample sizes vary across countries from 1 000 to 4 000, and as the surveys use a clustered sample design the margin of error varies by question. The margin of error declines with increasing sample size: with a sample size of 1 000, the margin of error at a 95% confidence interval is $0.98/\sqrt{\text{sample size}}$ or 3%, with a sample size of 4 000, this is 1.5%. To minimize the effect of annual fluctuations in responses related to small sample sizes, results are averaged over a three-year period, or two-year period in case of missing data. If only one observation in a three-year period is available this finding is not reported.

Data on national government confidence and financial institutions are based on binary questions: "Do you have confidence in each of the following: In the national government? In financial institutions or banks?"

The corruption index measures perceptions in a community regarding corruption and asks respondents whether or not they think corruption is widespread in business and government. The Gallup Corruption Index correlated strongly and inversely with the Transparency International Corruption Perceptions Index, which is based on experts' rankings for the OECD countries, which may serve as evidence of validity.

Figure note

Figure 8.4, Panel B: No data available for change in China and Tajikistan.

Figure 8.4. **Confidence in national governments is higher in the Asia/Pacific region than in OECD countries**

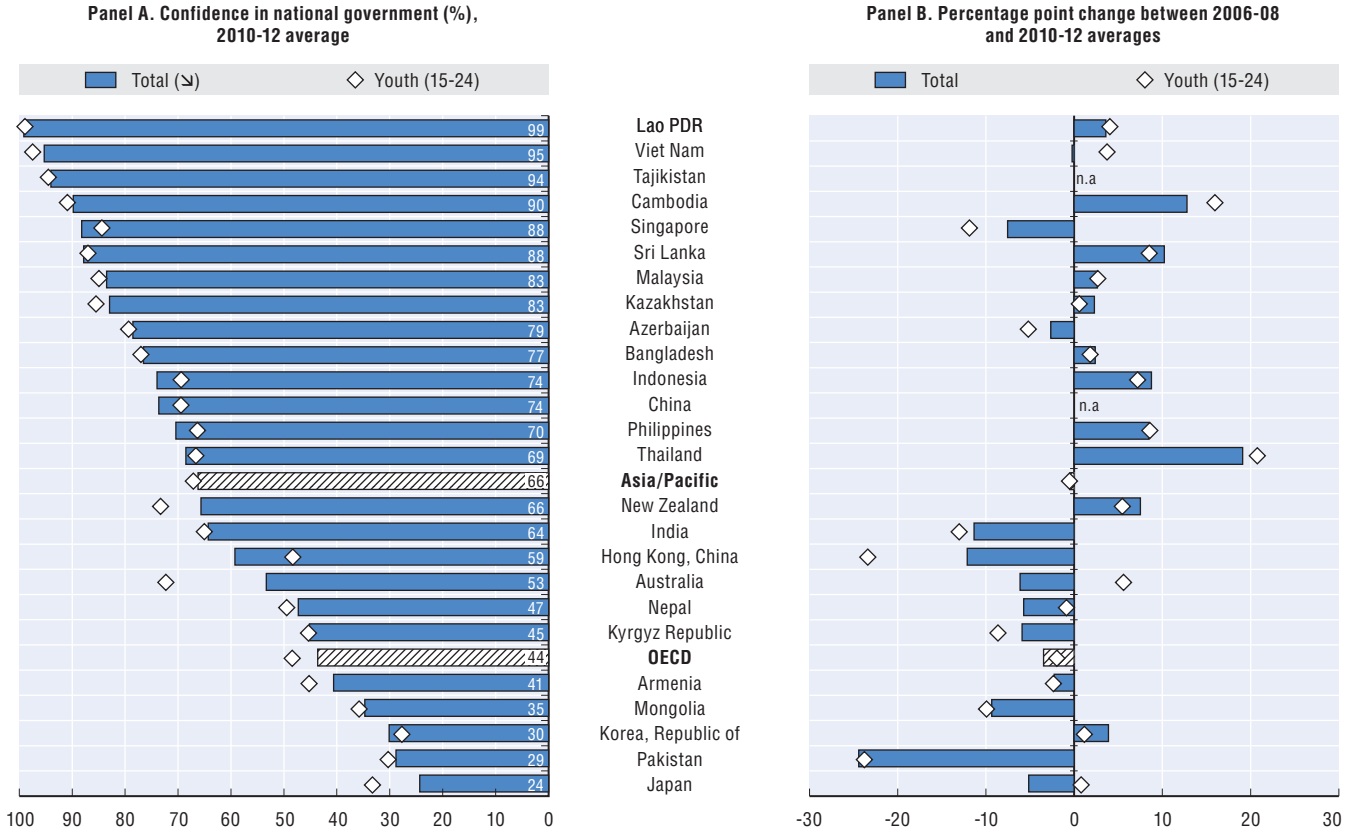


Figure 8.5. **Confidence in financial institutions increased in most Asia/Pacific economies**

Percentage point change between 2006-08 and 2010-12 averages

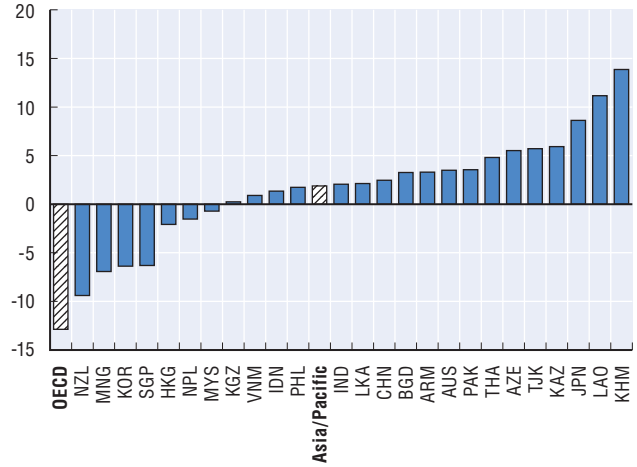
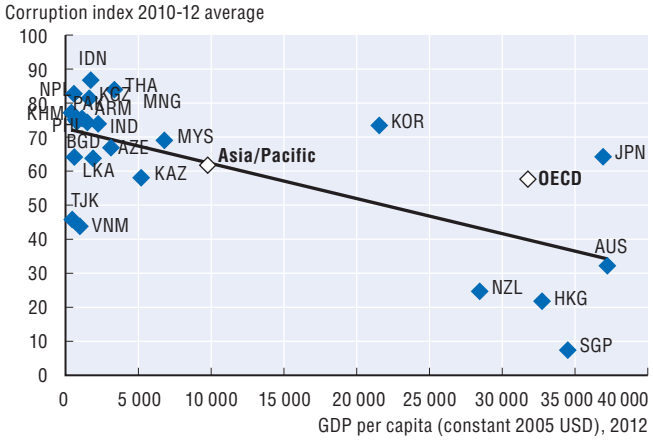


Figure 8.6. **Corruption is perceived to be lower in richer countries**



Source: Gallup World Poll (*www.gallup.com*); *OECD Economic Outlook* 2013, Vol. 93 (*www.oecd.org/eco/outlook/*); World Bank Data (*http://data.worldbank.org/indicator/*).

StatLink http://dx.doi.org/10.1787/888933151186

Trust and safety in a society reflects the extent to which people feel that their freedom of movement and their property are protected. A high level of personal trust and safety can promote openness and transparency in society, social interaction and cohesion.

People in general feel safe walking alone at night: **over 70% of people in the Asia/Pacific region and OECD countries would agree** (Figure 8.7, Panel A). Almost 95% of Singaporeans feel comfortable being on the street at night, and this is close to 90% in Hong Kong (China), Indonesia and Tajikistan. By contrast, less than half of the population in Malaysia, Mongolia and Pakistan share the sentiment of being safe on the street at night. Trends in the safety sentiment differ across countries: over the 2006/08 to 2010/12 period the number of Tajiks reporting they felt safe on the street at night increased by 10 percentage points, while the sense of safety declined most significantly among Malaysians and Pakistani.

The crime rate has been relatively stable in the Asia/Pacific region (Figure 8.8): on average the reported crime rates have increased by 2 percentage points since 2004. However, this masks considerable variation in country experiences; reported crime rates declined in the Philippines, Brunei Darussalam and Singapore. Reported crime rates increased most significantly in Armenia, the Maldives and the Solomon Islands.

Confidence in law enforcement is relatively high overall (Figure 8.9). Over 70% of the population in the Asia/Pacific region and OECD countries trust the police. Over 85% of the respondents in Indonesia, Hong Kong (China), Tajikistan and Viet Nam trust the local police and in Singapore this proportion is over 95%. Less than 60% of respondents in Kazakhstan, Korea, Mongolia and the Kyrgyz Republic trust their local police, but trust is nowhere as low as in Pakistan where only one-third of the respondents have faith in the police.

Figure notes

Figure 8.7: Percentage point change between 2006-08 and 2010-12 averages is not available for China.

Figure 8.8: 2009 for the Republic of Korea; 2008 for the Philippines, Solomon Islands and Maldives; 2006 for Singapore. Total persons brought into formal contact with the police and/or criminal justice system, all crimes. "Formal Contact" with the police and/or criminal justice system may include persons suspected, or arrested or cautioned. Rate per 100 000 population. Juveniles refer to population aged 17 or under. Please note that when using the figures, any cross-national comparisons should be conducted with caution because of the differences that exist between the legal definitions of offences in countries, or the different methods of offence counting and recording.

Data and measurement

Data on trust in local police and safety comes from the Gallup World Poll. The Gallup World Poll is conducted in more than 150 countries around the world based on a common questionnaire, translated into the predominant languages of each country. With few exceptions, all samples are probability based and nationally representative of the resident population aged 15 years and over in the entire country, including rural areas. While this ensures a high degree of comparability across countries, results may be affected by sampling and non-sampling error, and variation in response rates. Hence, results should be interpreted with care. These probability surveys are valid within a statistical margin of error, also called a 95% confidence interval. This means that if the survey is conducted 100 times using the exact same procedures, the margin of error would include the "true value" in 95 out of 100 surveys. Sample sizes vary across countries from 1 000 to 4 000, and as the surveys use a clustered sample design the margin of error varies by question. The margin of error declines with increasing sample size: with a sample size of 1 000, the margin of error at a 95% confidence interval is $0.98/\sqrt{\text{sample size}}$ or 3%, with a sample size of 4 000, this is 1.5%. To minimize the effect of annual fluctuations in responses related to small sample sizes, results are averaged over a three-year period, or two-year period in case of missing data. If only one observation in a three-year period is available this finding is not reported.

Indicators on trust and safety are based on the following questions: "Do you feel safe walking alone at night or in the city or area where you live? In the city or area where you live, do you have confidence in the local police force, or not?"

Data on crime rates are taken from the *United Nations Office on Drugs and Crimes (UNDOC) Database*. UNODC collects administrative data on crime and the operation of criminal justice systems in order to make policy-relevant information and analysis available in a timely manner to the international community (*www.unodc.org/*). The index (2004 = 100) concerns data on the total number of persons brought into formal contact with the police and/or criminal justice system, all crimes taken together. "Formal contact" with the police and/or criminal justice system may include persons suspected, arrested or cautioned. When using the figures, any cross-national comparisons should be conducted with care because of the differences that exist between the legal definitions of offences in countries or the different methods of counting and recording offences.

Figure 8.7. **Most people feel safe walking alone in the street at night**

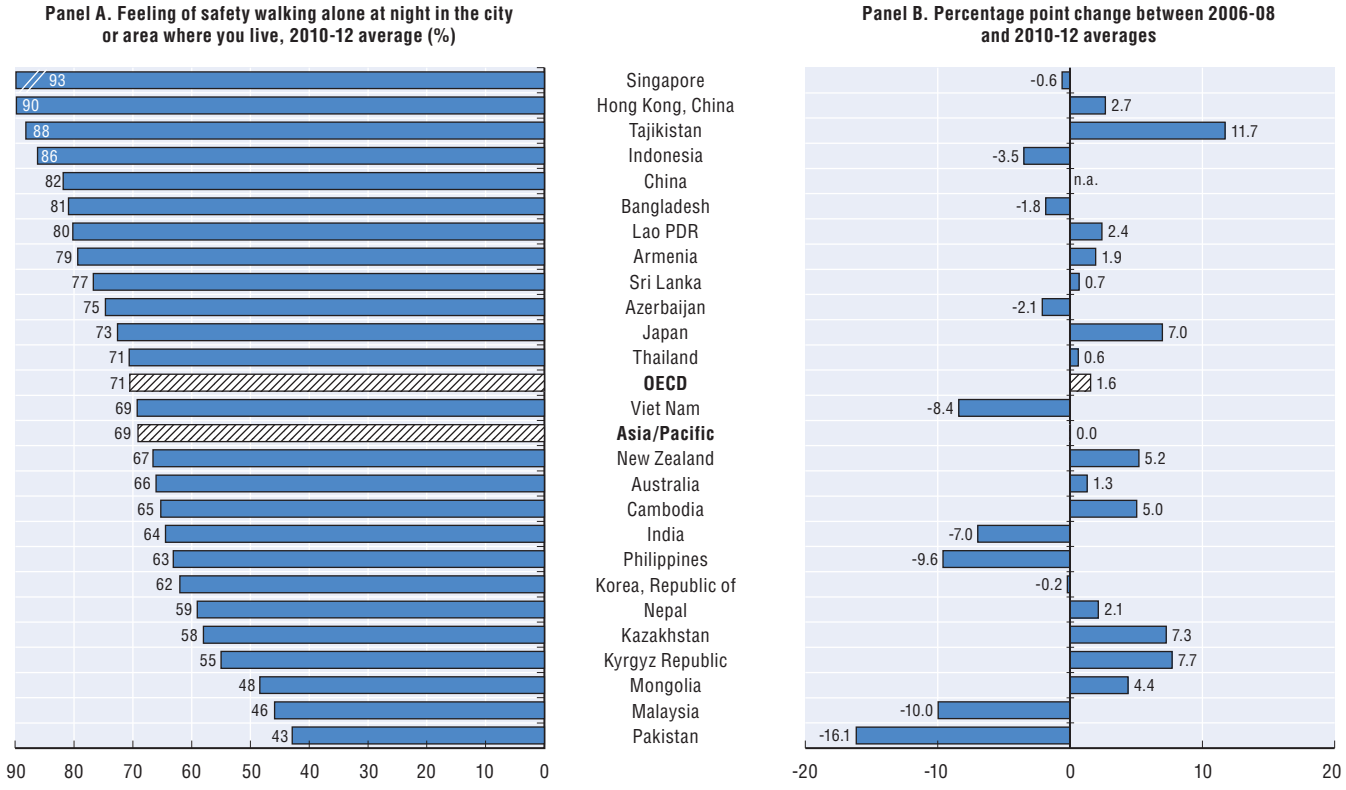


Figure 8.8. **Crime rates trend varies across countries**

Total persons brought into formal contact with the police and/or criminal justice system in 2010, all crimes 2010, Index 100 in 2004

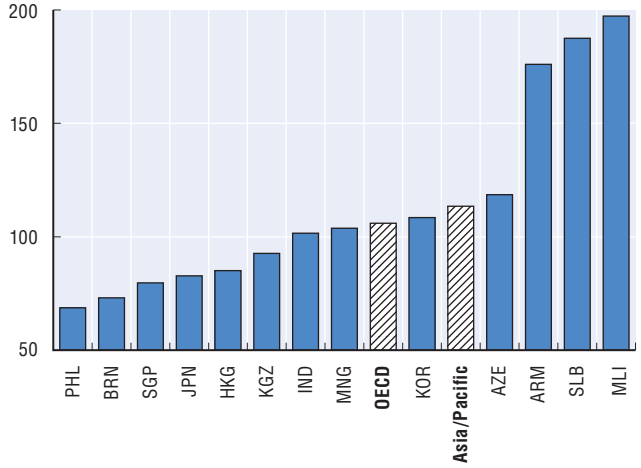
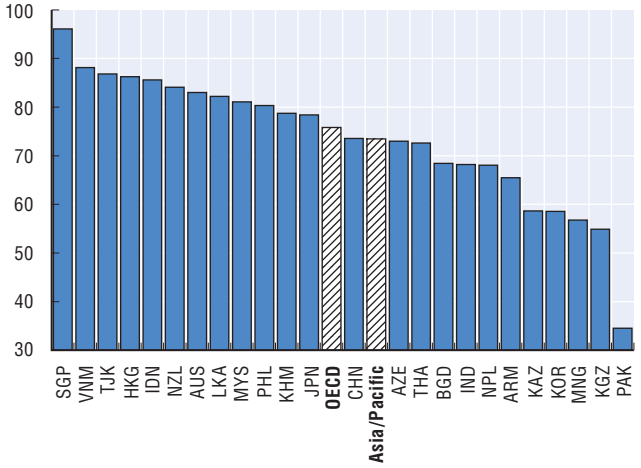


Figure 8.9. **Confidence in the local police remained high**

Share of people responding they have confidence in the local police, 2010-12 averages (%)



Source: Gallup World Poll (*www.gallup.com/*); United Nations Office on Drugs and Crimes (UNDOC) (*www.unodc.org/*).

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The degree of community acceptance of minority groups is a measurable dimension of social cohesion. Acceptance of three such groups is considered here: migrants, ethnic minorities and gay and lesbian people.

On average, people in the Asia/Pacific region are less likely to think that their country welcomes immigrants than their peers in OECD countries (Figure 8.10, Panel A). Over 90% of Australians and New Zealanders respond affirmative when asked whether their country is a good place to live for immigrants. By contrast, less than a quarter of Malaysians and Thais would say the same.

Across the region there is no clear trend in perceived tolerance of migrants since 2006/08 (Figure 8.10, Panel B). The biggest decline in positive sentiment appears to have taken place in India, while residents of Lao PDR think they have become much more tolerant.

On average across the Asia/Pacific and OECD countries at least two-thirds of the population consider their country tolerant towards ethnic minorities (Figure 8.11). Residents of Pakistan and Cambodia perceive their country to have become significantly more tolerant towards ethnic minorities in recent years. The opposite trend emergences when considering the sentiment in Azerbaijan, India, Nepal and Thailand, where tolerance towards minorities is now at a low level.

OECD countries appear far more tolerant of gays and lesbians than countries in the Asia/Pacific region (Figure 8.12), and there has been little change in attitudes since 2006/08. New Zealand and Australia have the highest tolerance levels followed by Hong Kong (China) and the Philippines. Only 10% of the population in Indonesia, Armenia, Azerbaijan, Malaysia and the Kyrgyz Republic were accepting of gays and lesbians.

On the whole, across the Asia/Pacific region people are more tolerant towards ethnic minorities and migrants than towards gay and lesbian people.

Data and measurement

Data on tolerance comes from the Gallup World Poll. The Gallup World Poll is conducted in more than 150 countries around the world based on a common questionnaire, translated into the predominant languages of each country. With few exceptions, all samples are probability based and nationally representative of the resident population aged 15 years and over in the entire country, including rural areas. While this ensures a high degree of comparability across countries, results may be affected by sampling and non-sampling error, and variation in response rates. Hence, results should be interpreted with care. These probability surveys are valid within a statistical margin of error, also called a 95% confidence interval. This means that if the survey is conducted 100 times using the exact same procedures, the margin of error would include the "true value" in 95 out of 100 surveys. Sample sizes vary across countries from 1 000 to 4 000, and as the surveys use a clustered sample design the margin of error varies by question. The margin of error declines with increasing sample size: with a sample size of 1 000, the margin of error at a 95% confidence interval is $0.98/\sqrt{\text{sample size}}$ or 3%, with a sample size of 4 000, this is 1.5%. To minimize the effect of annual fluctuations in responses related to small sample sizes, results are averaged over a three-year period, or two-year period in case of missing data. If only one observation in a three-year period is available this finding is not reported.

The results presented in this indicator are based on the following questions: "Is the city or area where you live a good place or not a good place to live for immigrants from other countries? Is the city or area where you live a good place or not a good place to live for racial and ethnic minorities? Is the city or area where you live a good place or not a good place to live for gay or lesbian people?"

Figure note

Figure 8.10: Panel B. Percentage point change between 2006-08 and 2010-12 averages is not available for China.

Figure 8.10. **People in OECD countries are more likely to think their society is a good place to live for immigrants than their peers in the Asia/Pacific region**

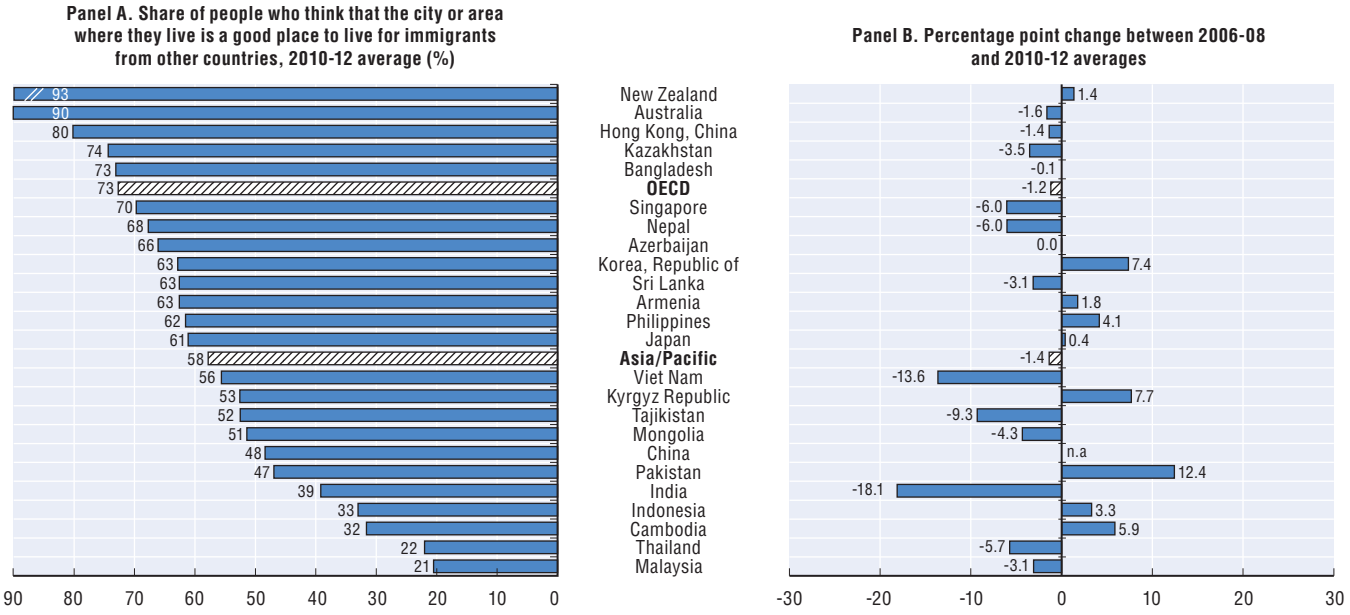


Figure 8.11. **Variation in trends in tolerance perception for ethnic minorities**

Percentage levels variation in the share of people who think that the city or area where they live is a good place to live for racial and ethnic minorities between 2006-08 and 2010-12 averages

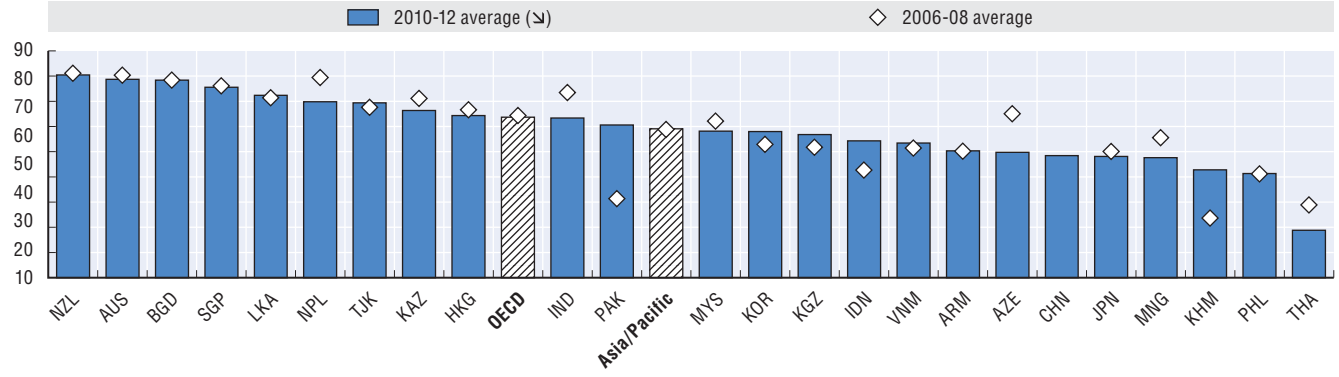
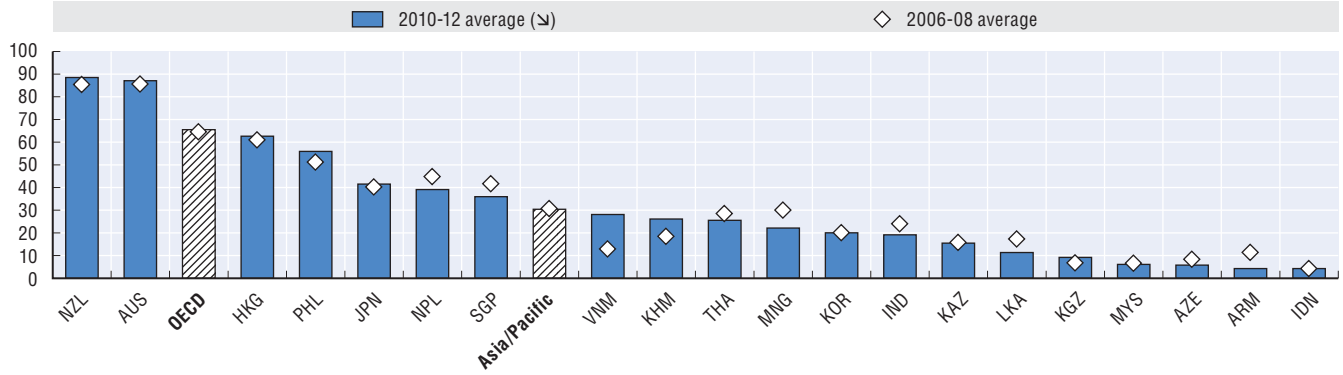


Figure 8.12. **OECD countries are more tolerant of gays and lesbians than economies in the Asia/Pacific region**

Percentage levels variation in the share of people who think that the city or area where they live is a good place to live for gay or lesbian people between 2006-08 and 2010-12 averages



Source: Gallup World Poll (*www.gallup.com*).

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A high voter turnout is a sign that a country's political system enjoys a strong degree of participation. **Voter turnout rates vary hugely across the region** (Figure 8.13, Panel A). Over eight in every ten people turn out to vote in parliamentary elections in Viet Nam, Papua New Guinea, and Lao PDR, compared to less than one in every two people in Azerbaijan, the Kyrgyz Republic and Pakistan, the three lowest turnouts in the region. In all other countries for which there is data on voting turnout in parliamentary elections, more than half of the eligible population votes.

Voter turnout has generally declined in most countries over the last 20 years (Figure 8.13, Panel B). However, the pattern of voting decline has been uneven and far from universal. Mongolia and Azerbaijan have experienced the sharpest decline in voter turnout. One-third of countries experienced increases in voter turnout since the early 1990s, and the increase was largest in Papua New Guinea.

Confidence in the electoral process is an essential element for civic participation of citizens. **About 60% of the electorate across the Asia/Pacific region has confidence in election outcomes** (Figure 8.14). Confidence in fair elections is highest in Lao PDR, Cambodia, Singapore and Viet Nam while less than 20% of the electorate in Armenia, Pakistan, and Mongolia has confidence in the fairness of the election process.

Men and women often have similar levels of confidence in honesty of elections across the region (Figure 8.15). In most Asia/Pacific economies that do not belong to the OECD, women tend to trust the electoral process more than men, and the gender gap is around 5 percentage points in Sri Lanka, Indonesia and Malaysia. By contrast in Australia, Japan, Korea and New Zealand, women have less confidence in the fairness of electoral processes with the gender gap being around 8 to 10 percentage points.

Definition and measurement

Voting in national parliamentary elections is one indicator of people's participation in their community's national life. The indicator used here to measure the participation of individuals in the electoral process is the "Voting age population turnout", i.e. the percentage of the voting age population that actually voted – as available from administrative records of member countries. Different types of elections occur in different countries according to their institutional structure and different geographical jurisdictions. For some countries, it should be noted, turnout for presidential elections and regional elections may be higher than for national parliamentary elections, perhaps because those elected through these ballots are constitutionally more important for how those countries are run. Data about voter turnout are extracted from the international database managed by the Institute for Democratic and Electoral Assistance (IDEA).

Data on confidence in "honesty of elections" has been taken from the Gallup World Poll. The Gallup World Poll is conducted in more than 150 countries around the world based on a common questionnaire, translated into the predominant languages of each country. With few exceptions, all samples are probability based and nationally representative of the resident population aged 15 years and over in the entire country, including rural areas. While this ensures a high degree of comparability across countries, results may be affected by sampling and non-sampling error, and variation in response rates. Hence, results should be interpreted with care. These probability surveys are valid within a statistical margin of error, also called a 95% confidence interval. This means that if the survey is conducted 100 times using the exact same procedures, the margin of error would include the "true value" in 95 out of 100 surveys. Sample sizes vary across countries from 1 000 to 4 000, and as the surveys use a clustered sample design the margin of error varies by question. The margin of error declines with increasing sample size: with a sample size of 1 000, the margin of error at a 95% confidence interval is $0.98/\sqrt{\text{sample size}}$ or 3%, with a sample size of 4 000, this is 1.5%. To minimize the effect of annual fluctuations in responses related to small sample sizes, results are averaged over a three-year period, or two-year period in case of missing data. If only one observation in a three-year period is available this finding is not reported.

Data on confidence in the honesty of elections is based on the following question: "In this country, do you have confidence in each of the following, or not? How about honesty of elections?"

Figure 8.13. **Voting**

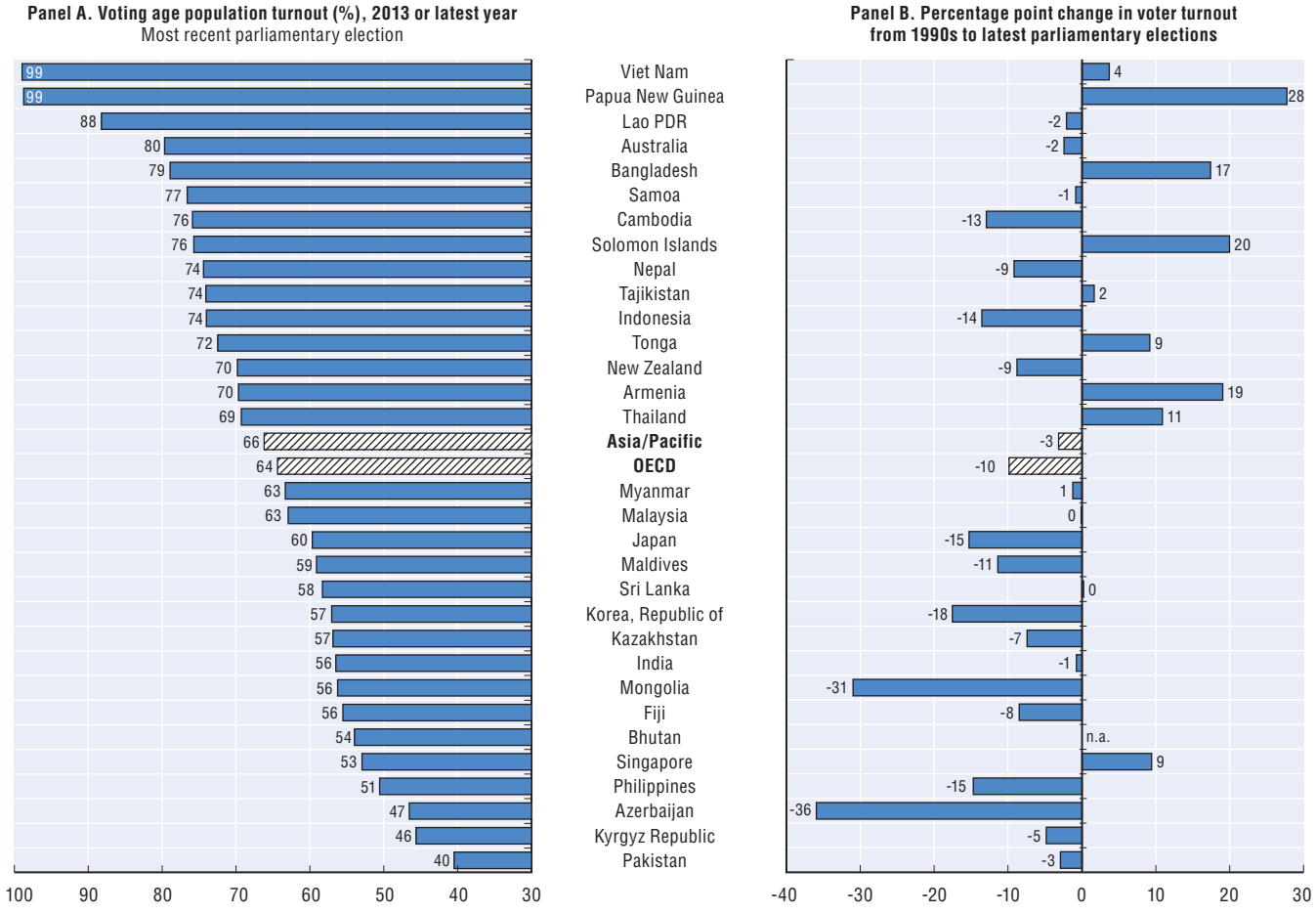


Figure 8.14. **Confidence in fairness of elections varies across countries**

Share of people reporting to have confidence in honesty of elections, %

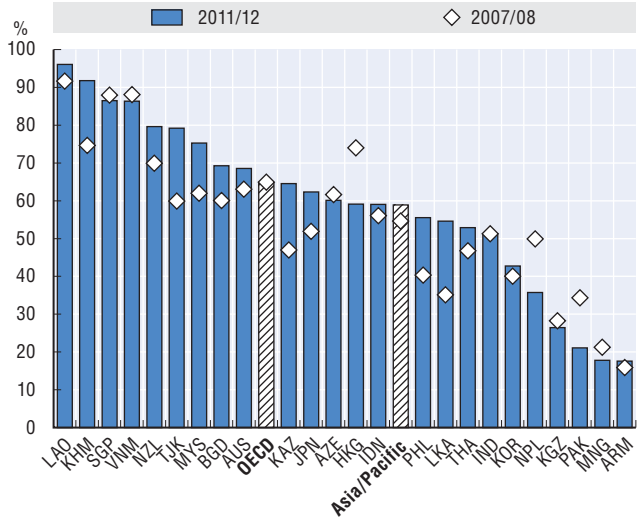
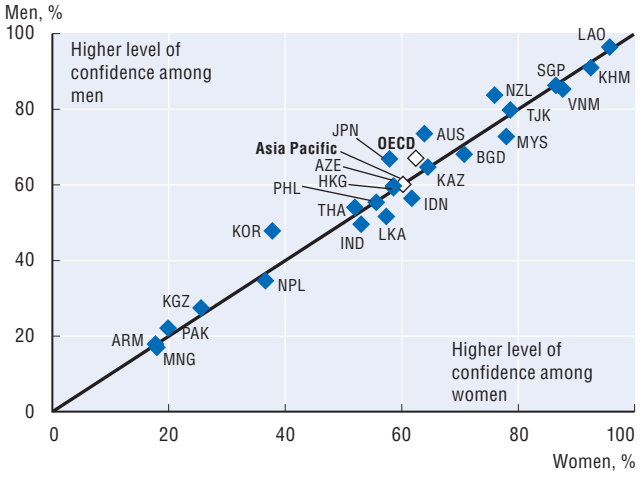


Figure 8.15. **Confidence in fairness of elections is often similar for men and women in the region**

Share of people reporting to have confidence in honesty of elections by gender, %



Source: International database organised by the Institute for Democratic and Electoral Assistance (IDEA), *www.idea.int/*. Data on confidence in honesty of elections are collected by Gallup World Poll (*www.gallup.com*).

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ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT

The OECD is a unique forum where governments work together to address the economic, social and environmental challenges of globalisation. The OECD is also at the forefront of efforts to understand and to help governments respond to new developments and concerns, such as corporate governance, the information economy and the challenges of an ageing population. The Organisation provides a setting where governments can compare policy experiences, seek answers to common problems, identify good practice and work to co-ordinate domestic and international policies.

The OECD member countries are: Australia, Austria, Belgium, Canada, Chile, the Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Israel, Italy, Japan, Korea, Luxembourg, Mexico, the Netherlands, New Zealand, Norway, Poland, Portugal, the Slovak Republic, Slovenia, Spain, Sweden, Switzerland, Turkey, the United Kingdom and the United States. The European Union takes part in the work of the OECD.

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The major functions of the Centre are to research international standards and policies on international taxation, competition, public governance, and social policy sectors in OECD member economies and to disseminate research outcomes to public officials and experts in the Asian region. In the area of health and social policy, the Centre promotes policy dialogue and information sharing between OECD economies and non-OECD Asian/Pacific economies.

There are three main areas of work: social protection statistics (jointly with the International Labour Organisation and the Asian Development Bank); health expenditure and financing statistics (jointly with the Asian Pacific National Health account Network and the World Health Organisation) and on pension policies (jointly with the World Bank). In pursuit of this vision, the Centre hosts various kinds of educational programs, international meetings, seminars, and workshops in each sector and provides policy forums presented by experts at home and abroad.

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