Inequality and the MDGs

Kevin Watkins
Brookings institution
**Why equity should be on the agenda**

- There are limits to acceptable disparities – and we are beyond the limits (global + national)
- Equalizing opportunity is a fundamental human development goal
- Inequality is at the heart of MDG shortfalls
- Equity goals can focus policy and public debate on barriers to progress
- Social movements have put inequality on the agenda
Some of the challenges

- Divergence on which inequalities matter
  - Opportunity versus consumption
  - Group versus individual
  - Wealth based versus outcome based

- Disagreement on whether equity matters
  - Why worry about relative distribution when goals are absolute

- Agreeing on what we mean by equity
  - World Bank ‘bottom 40’ versus Save the Children

- Measurement and metrics
  - We know less than is usually claimed
  - Current measurement tools not fit for purpose
The problem to be tackled

• Inequality is a brake on MDG progress
  – Income disparities are slowing poverty reduction
  – Education progress – stalled because of unequal opportunity
  – Differential decline in child death rates

• Interlocking disparities generate multiplier effects for disadvantage

• Failure to recognize that progress at the margins takes above-average effort

• Extreme inequality is self-perpetuating through policies and institutions
World poverty trends – two scenarios to 2030

- **Baseline Projections**
  - Baseline: 499
  - Declining inequality: 333
  - Worsening inequality: 769

- **Baseline Growth & Declining Inequality**
  - Baseline: 385
  - Declining inequality: 226

- **Baseline Growth & Worsening Inequality**
  - Baseline: 499
  - Worsening inequality: 697

Source: Brookings 2013
Sub-Saharan Africa – two scenarios

Source: Brookings 2013
Changes in share of national consumption by decile

Nigeria (2003-09)

Zambia (2002-06)

Source: Brookings 2013
Projected and actual change in poverty incidence

Ghana
1998-2005
Poverty fell but should have fallen further

0.17 million

Zambia
2000-2006
Poverty should have fallen but increased

0.66 million

Nigeria
2003-2009
Poverty increased more than anticipated

6.37 million

Tanzania
2000-2007
Poverty fell but should have fallen further

0.72 million

Source: Brookings 2013
Changes in share of national consumption by decile

Nigeria (2003-09)

Zambia (2002-06)

Source: Brookings 2013
Disparities in education

• Progress has stalled because of failure to reach ‘the bottom 61 million’ and more

• Interaction of wealth, gender, location and ethnicity

• Risk factors include
  – Child labor
  – Early marriage
  – Disability
  – Livelihood factors (e.g. pastoralism)
Education disparities in Nigeria

The case of Nigeria

Average number of years of schooling (Age group 15-17 years)

Education poverty
- Chad

Extreme education poverty
- C. A. R.

Education disparities in Nigeria

Source: UNESCO GMR
Decline in infant mortality: selected countries by wealth quintile across two DHS survey periods

Source: Calculations based on DHS data
Equity ‘stepping stone’ approach

• Absolute targets for 2030 are a strong guide to principles – but a weak guide to policy
• Interim equity goals as a catalyst
• ‘Stepping stone’ approach could include:
  – Halving by 2020 (and again by 2025) wealth-based disparities in child survival and school attendance/completion
  – Eliminating location-related gaps in access to water/sanitation
• Redistributive growth
  – Targets for share of the poor in any increment to growth (average + x)
  – Gini and Palma targets
Concluding thoughts

• Winning the argument for equity
  – Avoiding the fog of technicality
  – Demonstrating the links to policies that are good for growth, transparency and equal opportunity

• Avoiding polarized debate – recognizing that there are no silver bullets

• Developing a shared research agenda
  – Strengthening the evidence base to show what equity targets might look like in application
  – Identifying the missing measurement tools