



8 DECENT WORK AND  
ECONOMIC GROWTH



## Solving the income inequalities in ASEAN

Cohesive and Responsive | Leave no one behind

Team :  
Resilience Seekers

Chan Pichmonyka & Eang Kunheng

















Income Gap  
\$

POOR

RICH



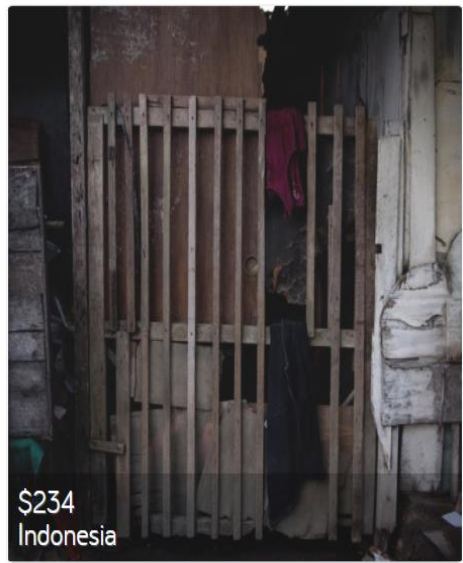


Front doors ▾ in Cambodia, Indonesia (4) ▾ by income



POOREST

RICHEST



POOREST

RICHEST



\$46  
Myanmar



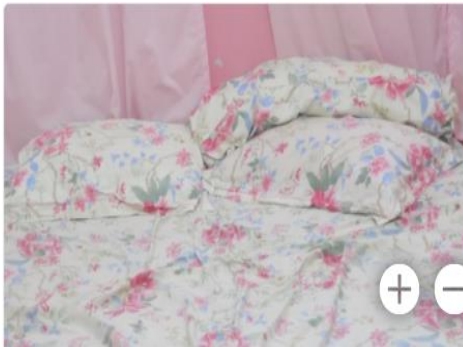
\$210  
Indonesia



\$307  
Cambodia



\$2,945  
Vietnam

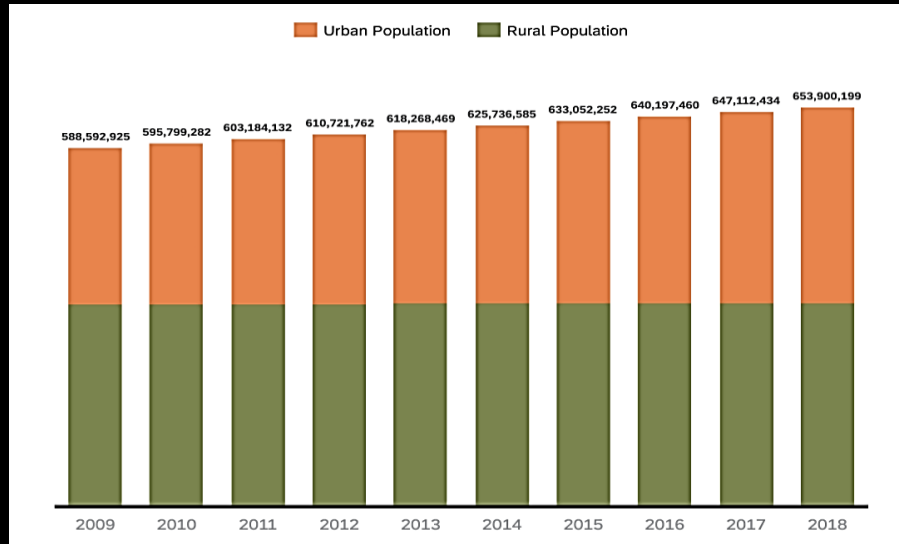






From 2009 to 2018, the number of urban population in ASEAN has dramatically risen unto the point where in 2018 both of the rural and urban populations are almost equal to each other.

## Urban and Rural population of ASEAN ( 2009-2018)

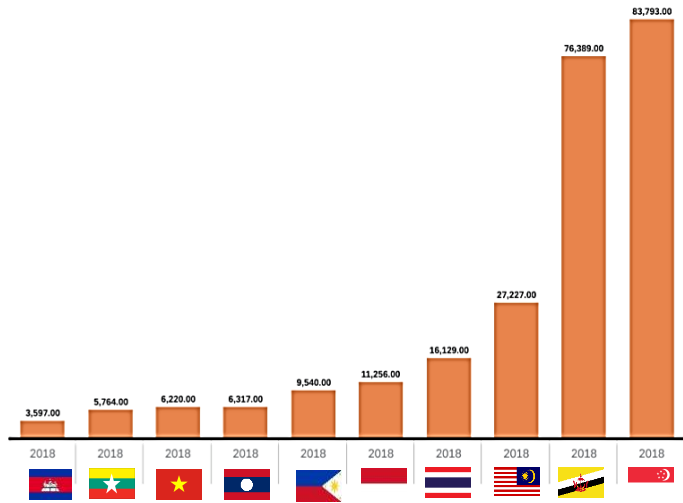


This significant climb is influenced by:

- The increasing foreign direct investment
- The participation in global value chains.

Compared to all other 9 ASEAN countries, Singapore has the highest GNI per capita, followed by Brunei while Cambodia stays on the lowest.

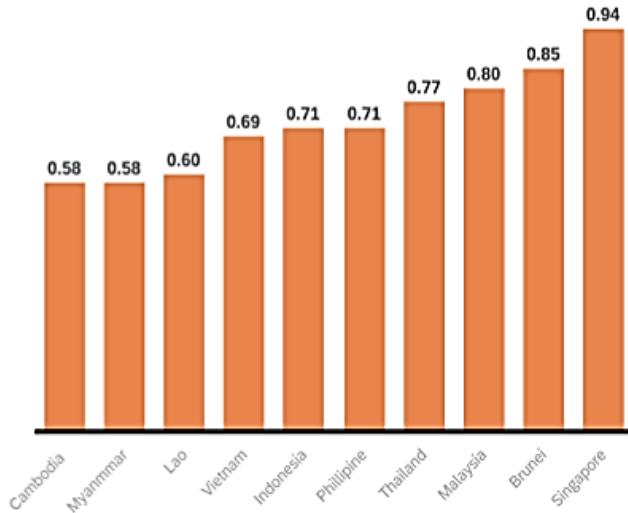
### GNI Per capita Per country



- Singapore relies on a massive contribution from capital investment and labor inputs.
- Brunei's revenue is from vast reserves of petroleum and natural gas
- Cambodia's economy heavily depends on capita garment export, tourism, construction and real estate, and agriculture.

Singapore experienced largest Income inequality which is double to those in Cambodia or Myanmar, respectively

Income inequality ,  
Gini coefficient per country (2018)

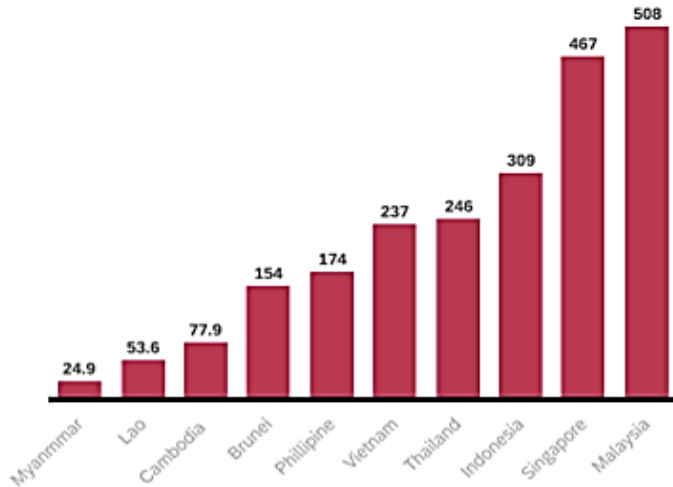


- Indonesia and the Philippines have the same point of Gini coefficient which is 0.71.
- Cambodia shares the same one with Myanmar which is 0.58.
- Singapore noticeably gets the highest value of Gini coefficient which is up to 0.94
- The average Gini coefficient in ASEN is 0.723.



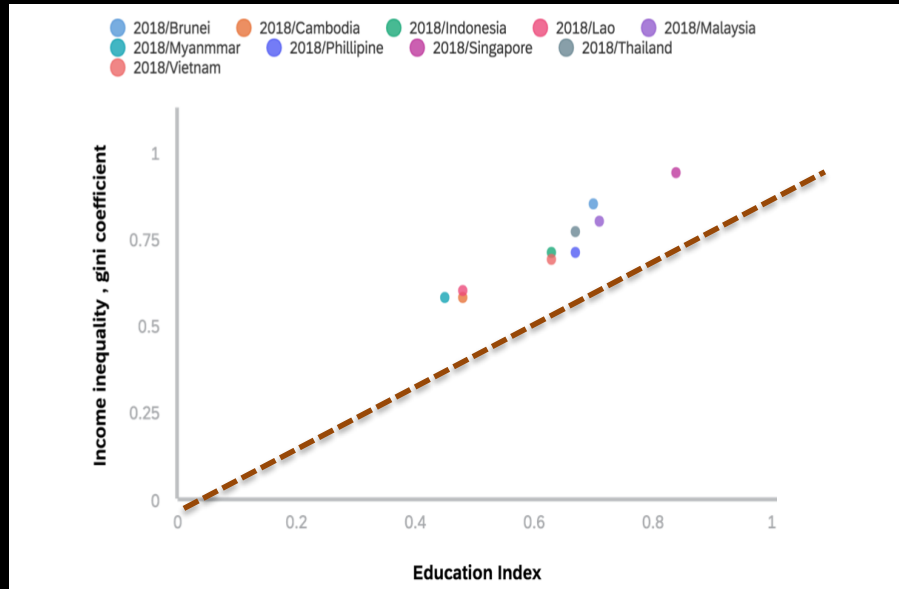
Malaysia and Singapore, comprise skilled labor forces the most among the 10 ASEAN countries.

Skilled labor force ( % ) of labor force  
per country



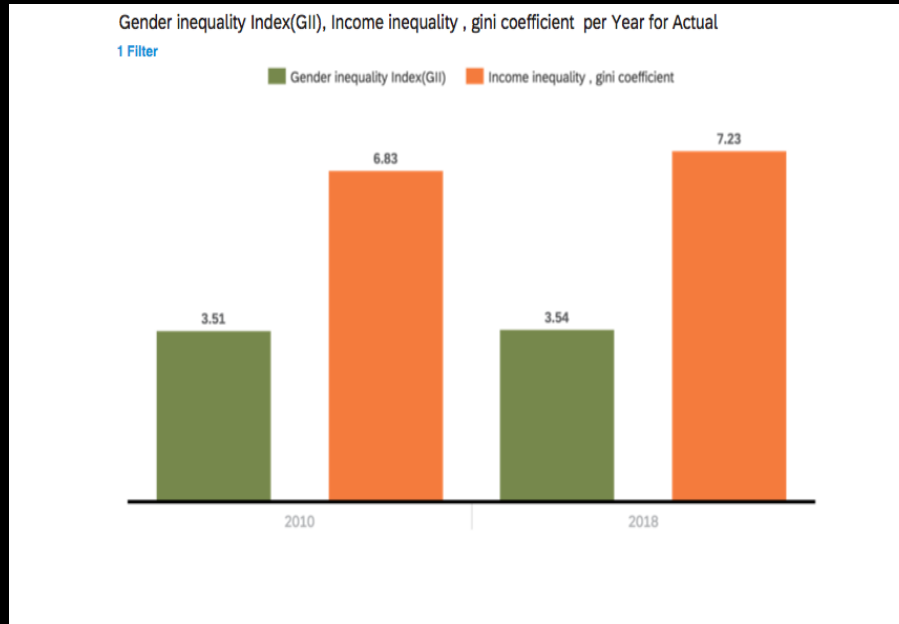
- The skilled labors in top two countries are 80% to 90% greater compared to than those in Myanmar, Lao, and Cambodia.
- This is owing to the fact that High-school graduates in the top 2 countries have the skills to meet the needs of their enterprises)

## Education Index Vs. Income inequality, Gini coefficient (2018)



The education inequality and income inequality in ASEAN have positive relationship. (Education expansion reduces income inequality through decreasing the inequality of education)

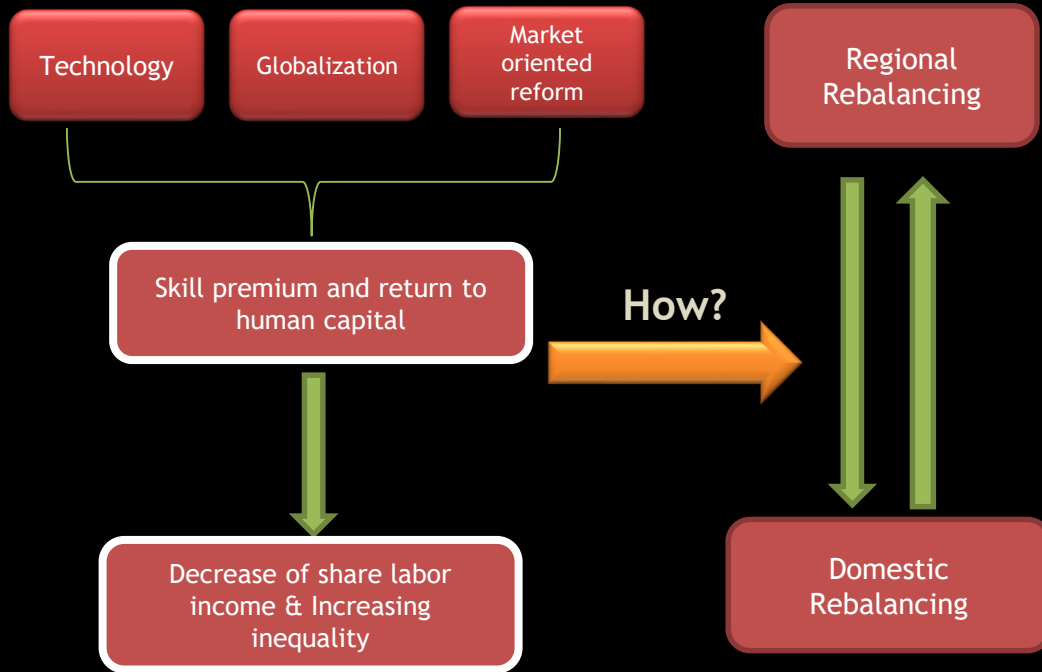
## Gender Inequality Index(GII) Vs. Income inequality, Gini coefficient (2018)



In the year between 2010 and 2018, the relative of small increasing in the gender inequality has also caused the large increasing of income inequality.

# Recommendation :

## The rebalancing between regional and domestic level



### Improving regional connectivity

- Developing new growth in lagging regions
- Strengthening fiscal transfer
- Invest in human capital and better access to public services
- Removing barriers to migration from poor to more prosperous areas
- Strengthening the regional SMEs policy initiatives

### More employment-friendly growth

- Facilitating structural transformation
- Maintain a balanced sectoral
- Strengthening labor market institutions Address the unemployment and underemployment

### Efficient fiscal policy

- Switching from inefficient spending to targeted transfer
- Cash transfers target poor income family
- Spending on Education and Health
- Developing better social protection schemes
- Incentivizing to build the human capital
- Improving tax administration

## Recommendation :

### 1. Innovation in labor and social policies:



#### Labor Policies

- Implementing the appropriate the minimum wage scheme
- Encouraging more women to participate and provide the incentive to vulnerable group
- Strengthening labor market institutions and actively address the unemployment and underemployment issue
- Providing the pension and insurance in accordance to the contract or labor law

## Recommendation :

### 1. Innovation in labor and social policies:



#### Social Policies

- Developing better social protection schemes
- Developing new growth in lagging regions
- Encourage all the members in societies to improve their economic positions and take part in the competition
- Investing in human capital and better access to public services
- Removing barriers to migration from poor to more prosperous areas
- Strengthening the regional SMEs policy initiatives
- Expanding the Earned Income Tax and provide the economic support especially for the working poor
- Facilitating structural transformation

# Recommendation :

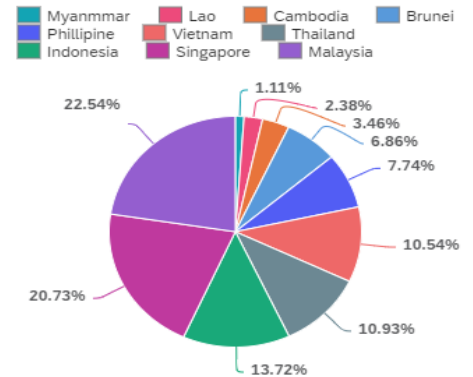
## 2. Policy to promote the human resource:



### Investment in Education and Knowledge

- Encourage all the members in societies to improve their economic positions and take part in the competition Quality Education can increase economic mobility, contribute to increased productivity and decrease inequality
- Promote equal access to education in both urban and rural
- Establish more technical and vocational school and encourage to achieve higher education for all
- Rearrange the syllabus to support the STEM Education and incentivize to have the actual practice to be ready for industrial revolution 4.0

ASEAN is still having a huge gap on skill labors



## Recommendation :

### 2. Policy to promote the human resource:



#### Investment in Education and Knowledge

- Investing in human capital and better access to public services
- Removing barriers to migration from poor to more prosperous areas
- Strengthening the regional SMEs policy initiatives
- Expanding the Earned Income Tax and provide the economic support especially for the working poor
- Facilitating structural transformation



## Recommendation :

### 2. Policy to promote the human resource:



More access to health care system and healthy food

- Providing possibly free food and healthcare service for the poor who could not support afford for the basic need (this assessment should be check prior to having the effective implementation)
- Providing free healthcare instruction as many as possible through all feasible channels

## Recommendation :

### 3. Efficient Fiscal Policy

- Strengthening fiscal transferring
- Switching from inefficient spending to targeted transference
- Cash transfers targeting poor income family
- Incentivizing to build the human capital
- Improving tax administration





Thank You !

Leave No One Behind

## Reference :

- <https://databank.worldbank.org/source/world-development-indicators>
- <http://hdr.undp.org/en/data#>
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