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KEY INDICATORS FOR ASIA AND THE PACIFIC 2022 53RD EDITION



Outline

What is social mobility and why do we need it?

How much social mobility is there in developing Asia?

How are vulnerable populations faring during the pandemic?

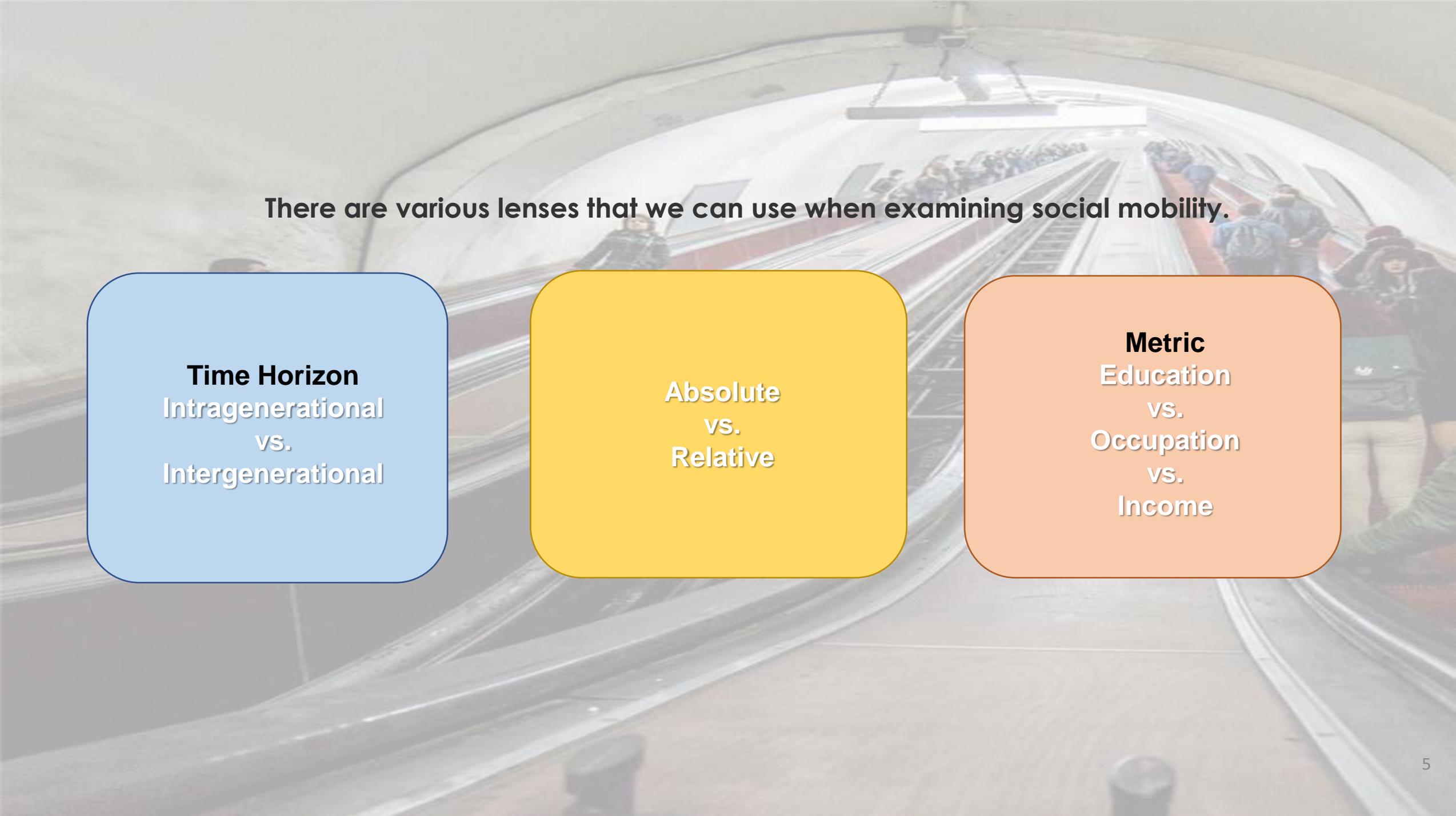


What is social mobility and why do we need it?

A photograph of a busy subway station with people on escalators and stairs, overlaid with text. The image is in grayscale with a semi-transparent overlay. The text is centered and reads: "By examining social mobility or movement from one socioeconomic status to another, we can better understand how socioeconomic disadvantage can entrench poverty and inequalities." The word "social mobility" is in blue, while the rest of the text is in black.

By examining
social mobility

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There are various lenses that we can use when examining social mobility.

Time Horizon
Intragenerational
vs.
Intergenerational

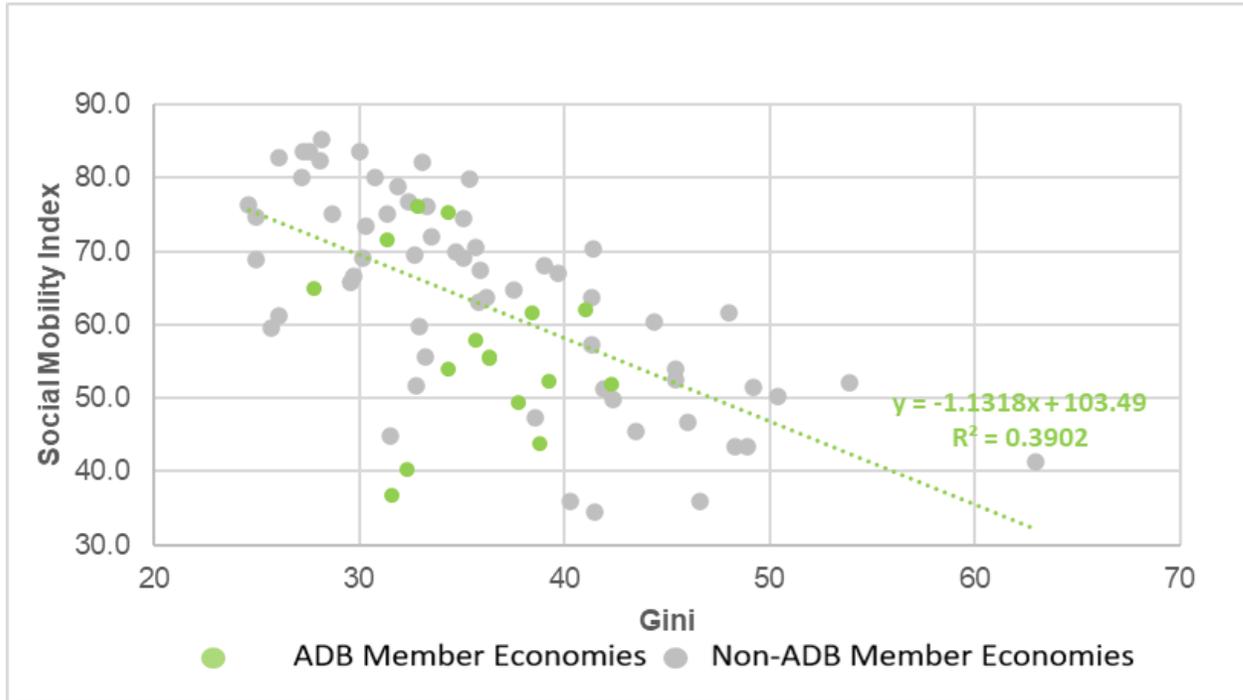
Absolute
vs.
Relative

Metric
Education
vs.
Occupation
vs.
Income

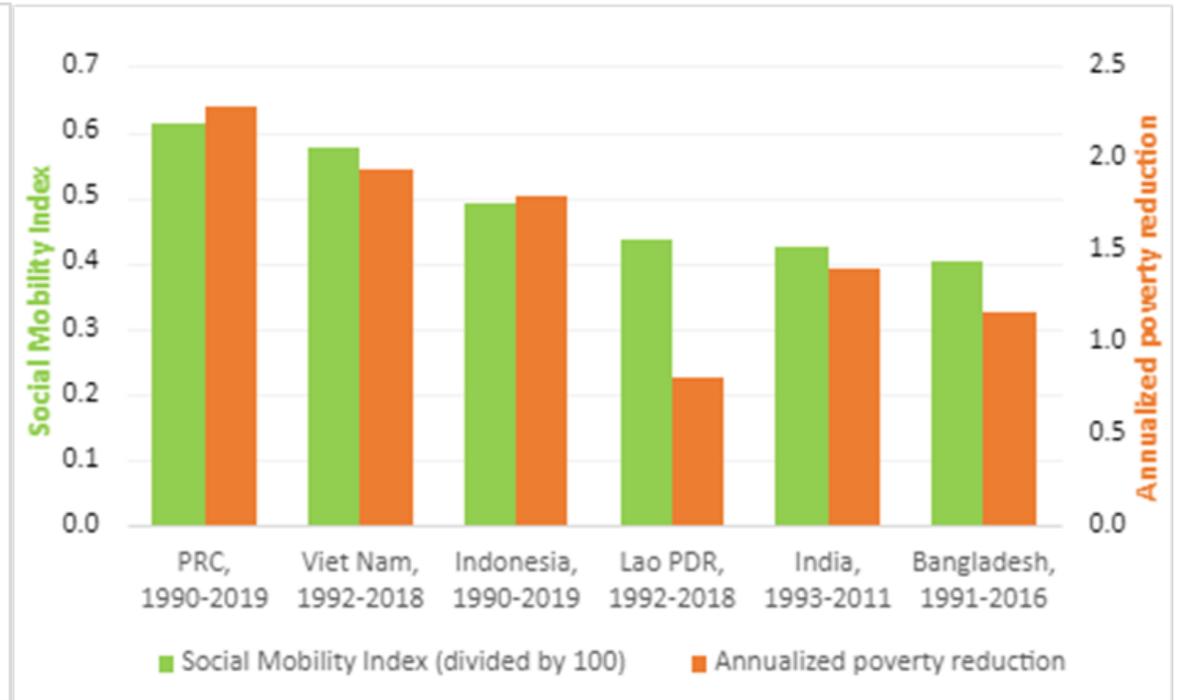
We need to promote greater social mobility if we do not want to leave anyone behind.

Unequal societies tend to have lower scores in social mobility enablers. On the other hand, in a number of Asia and the Pacific economies, there seems to be a positive correlation between enablers of social mobility and pace of poverty reduction.

Correlation Between Economic Inequality and Enablers of Social Mobility



Correlation Between Poverty Reduction and Enablers of Social Mobility



Note: The annualized poverty reduction is calculated using \$1.9 poverty estimates between 1990 and 2021.
Source: Authors' calculations using data from WEF's GSMI and WB's WDI and PIP database.

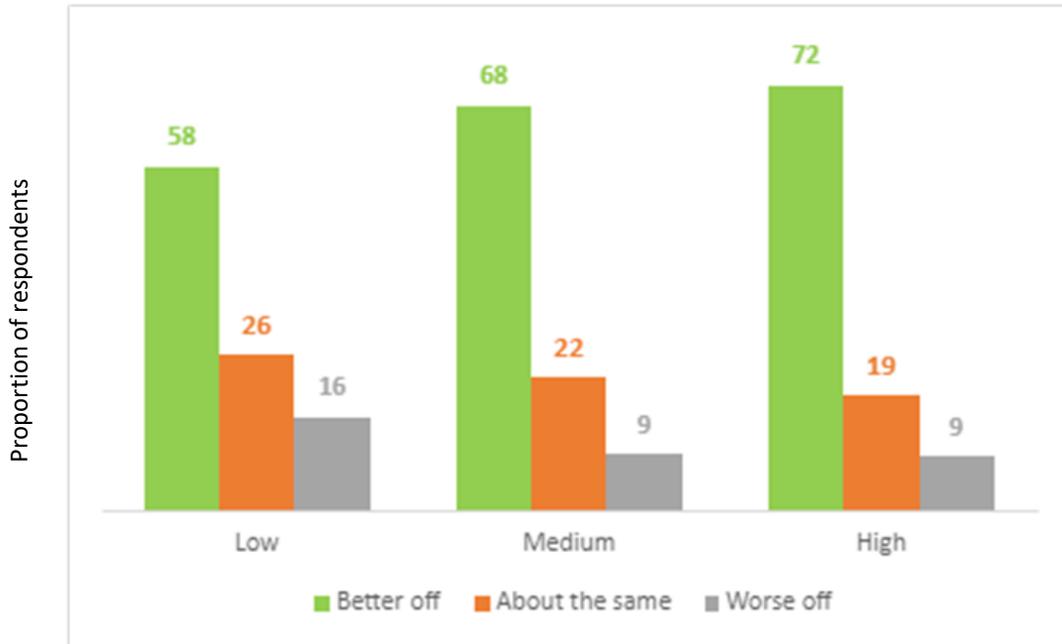
An aerial photograph of a dense urban skyline at dusk. The sky is a mix of blue and orange, with some light clouds. The city is filled with numerous high-rise buildings, many of which are illuminated with warm yellow lights from their windows. The buildings vary in height and architectural style, creating a complex, layered appearance. The overall scene conveys a sense of a bustling, modern city.

How much social mobility is there
in developing Asia?

Results are mixed when we examine social mobility from different time horizons.

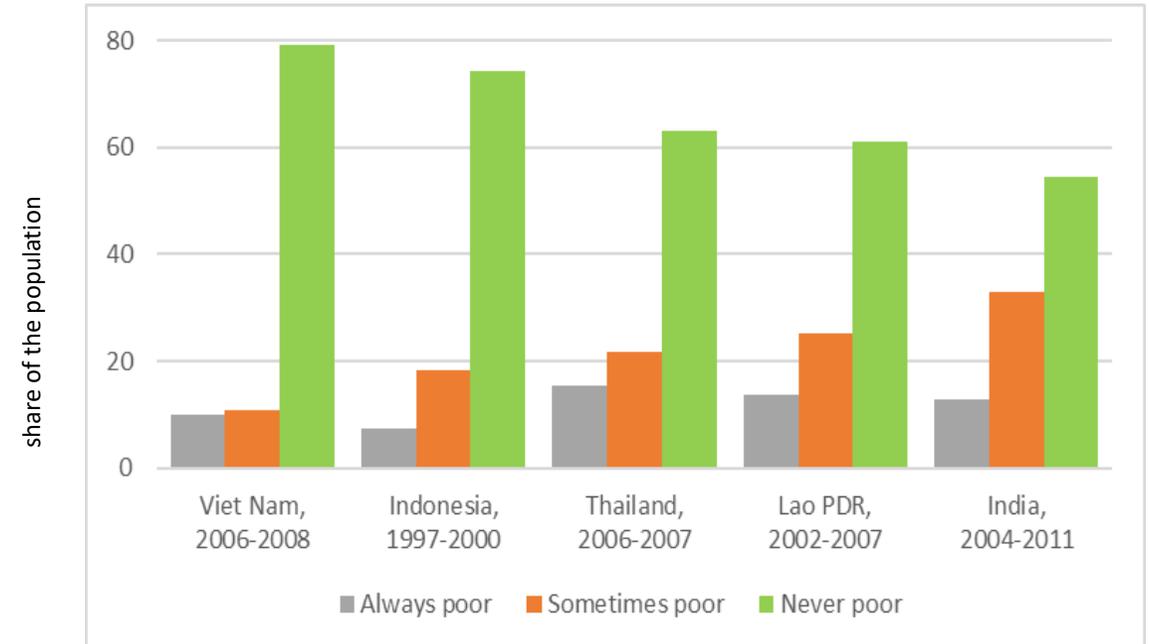
Intergenerational: Majority of Asians believe they have experienced upward intergenerational social mobility

Standard of living compared with parents by income (%)



Intragenerational: A considerable segment (about 10%) of several developing economies' populations remain chronically poor.

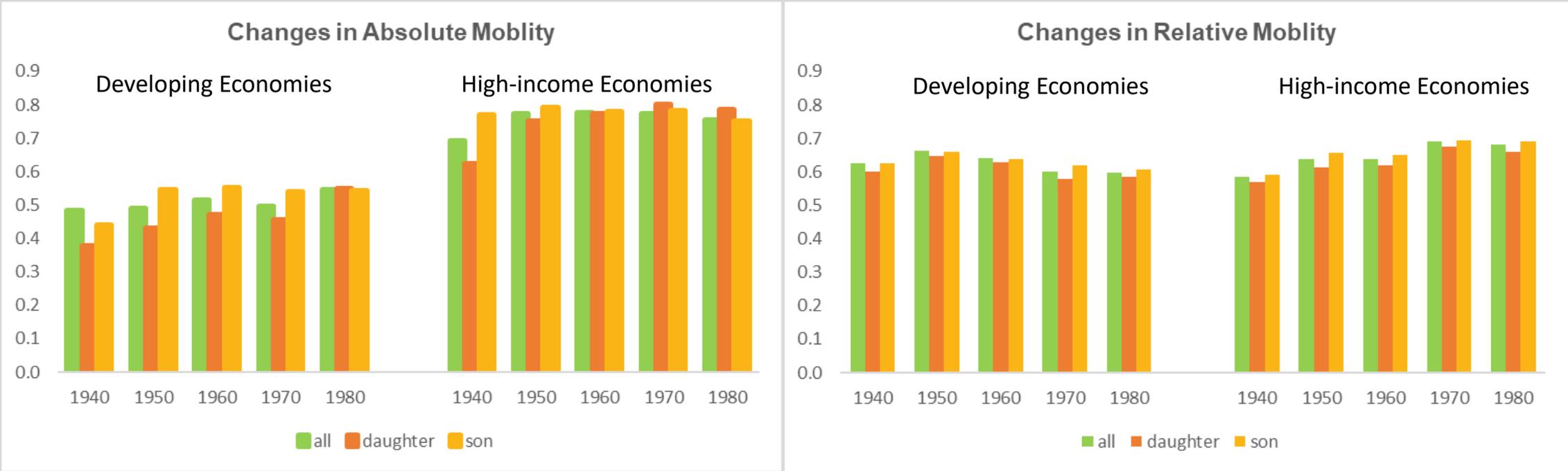
Poverty status in select economies of Developing Asia (%)



Note: Figure on the left represents 19 ADB member economies with available data.

Source: Asian Development Bank estimates using round seven (pooled datafile version) of the World Values Survey (accessed 15 February 2022). Based on data presented in Table 6.1 of V. Iversen, A. Krishna, and K. Sen (eds.) 2021. Social Mobility in Developing Countries: Concepts, Methods, and Determinants (oup.com). United Nations University, World Institute for Development Economics.

Developing economies in Asia and the Pacific generally show lower levels of absolute mobility in education than the region's high-income economies.

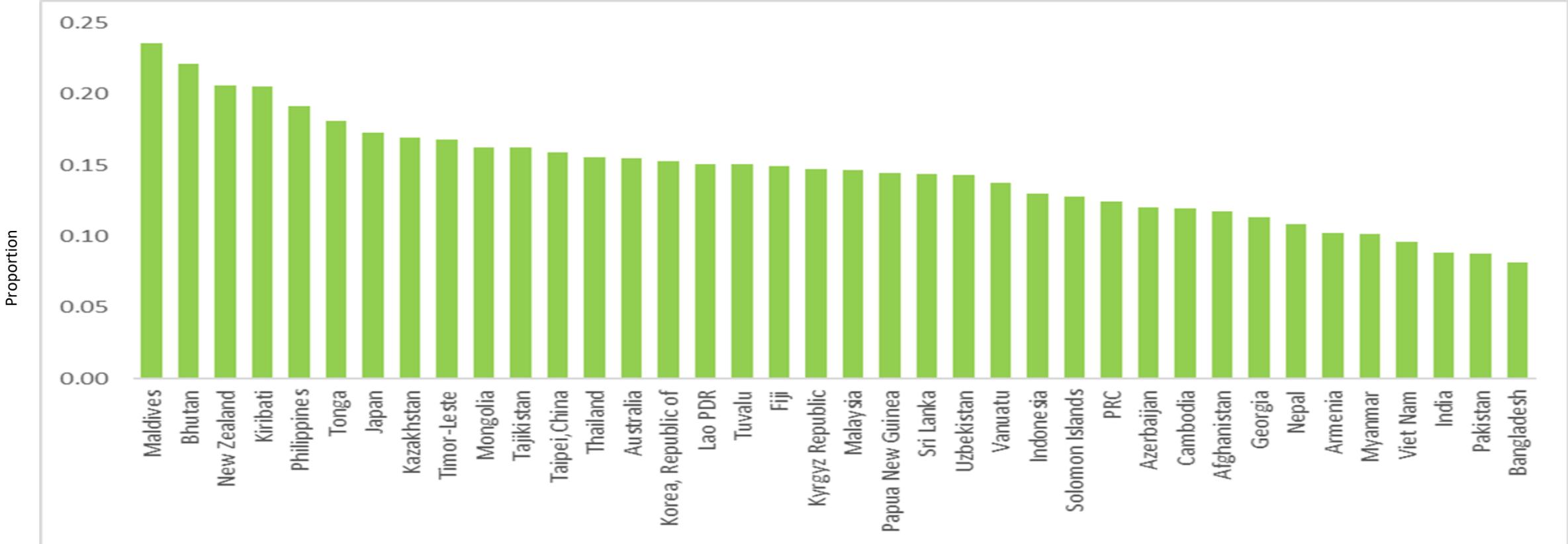


Note: Figures represent 38 ADB member economies with available data. Values are calculated as simple average of economy-level estimates. Source: Authors' calculations using data from WB's Global Database of Intergenerational Mobility.

Policymakers need to promote greater upward social mobility if no one is to be left behind.

Intergenerational Education Mobility: Only few economies had substantial upward educational mobility among the poor.

Proportion of individuals with parents at the bottom half of the population based on educational attainment, who reached the top quartile



Sources: Authors' calculations using WB's Global Database of Intergenerational Mobility.

A photograph of three elderly women sitting on a bed. The woman on the left is wearing a red floral patterned top and a white skirt with small colorful dots. The woman in the middle is wearing a black sleeveless top and black pants. The woman on the right is wearing a red top with a large floral pattern and a white skirt with large floral patterns. They are all looking at a tablet computer held by the woman in the middle. The background shows a room with a wooden headboard, a clock, and some household items.

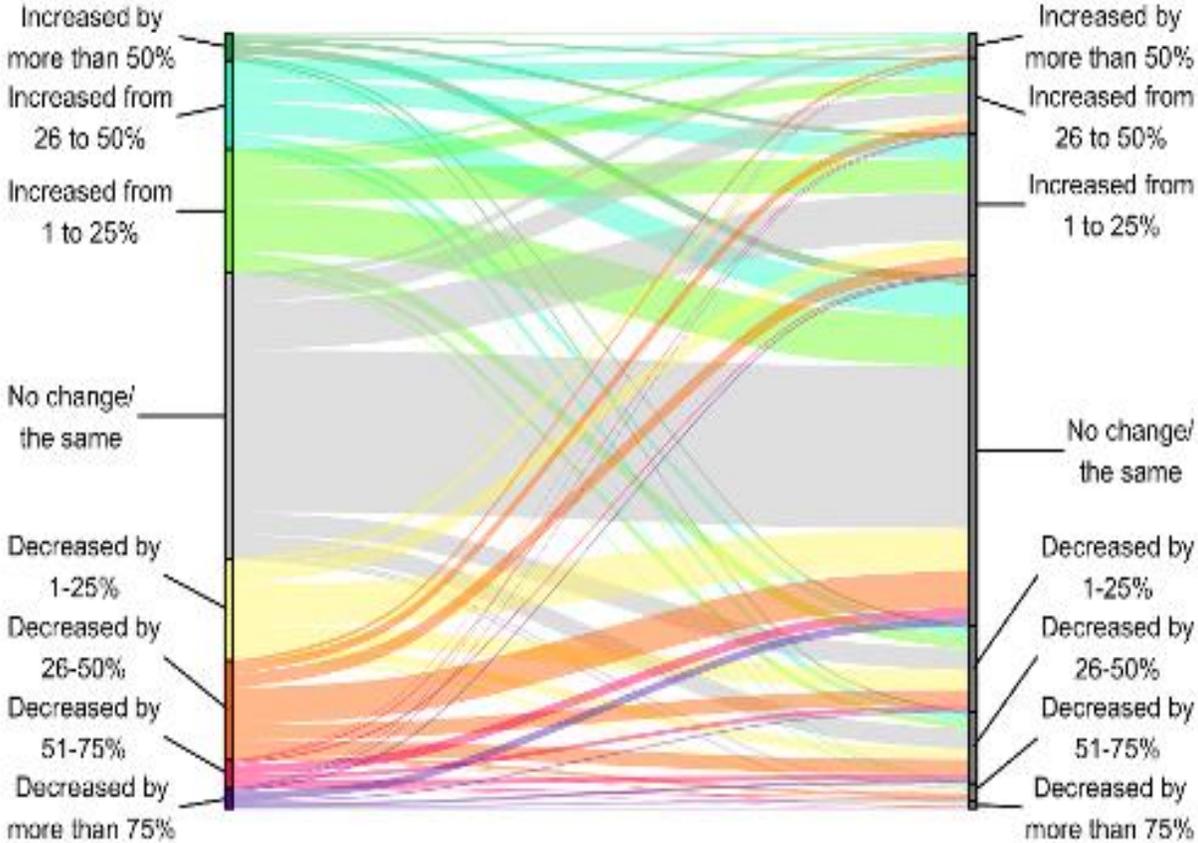
How are vulnerable populations faring during the pandemic?

During COVID-19 pandemic, Asians have experienced varying degrees of income mobility.

Income Mobility During Pandemic

1st round: May to July 2020

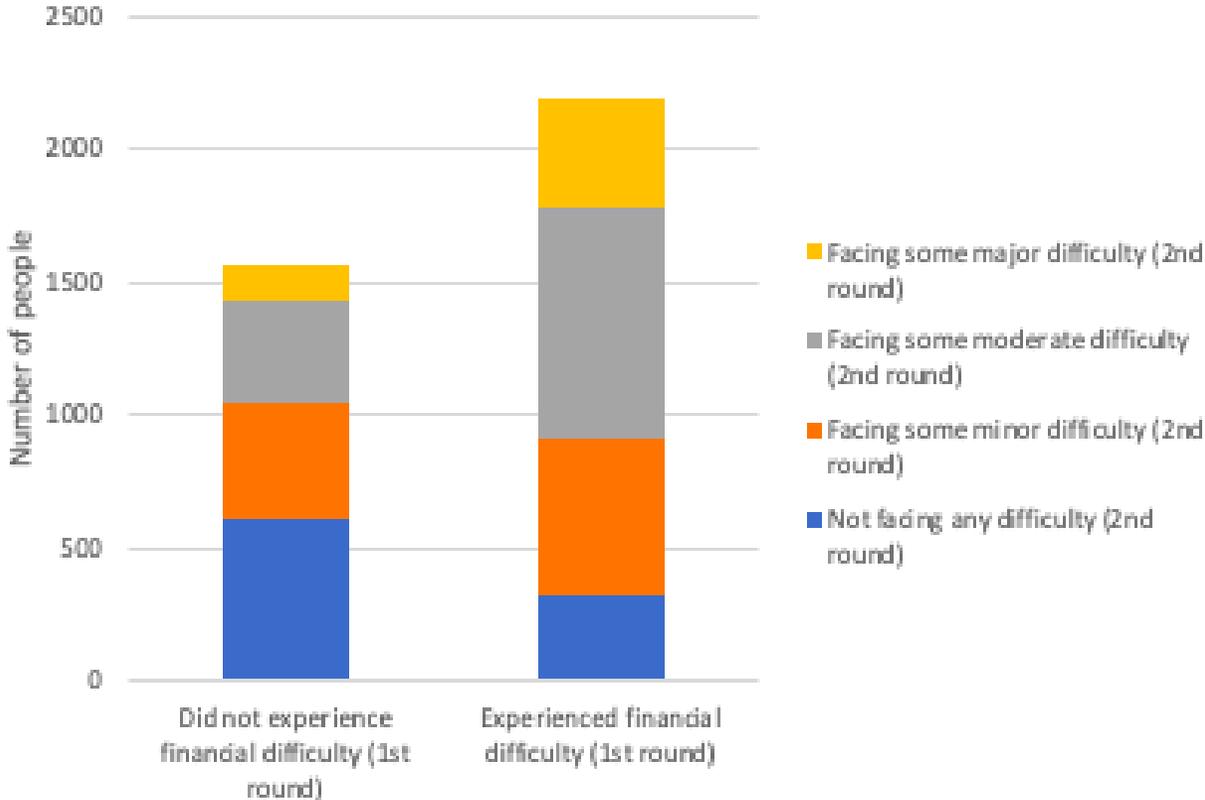
2nd round: January to February 2021



Financial Situation During Pandemic

1st round: May to July 2020

2nd round: January to February 2021



Source: Authors' calculations using panel data from the ADBI's Survey on the Impacts of COVID-19 and Related Policies on Households in 7 Developing ASEAN economies.

In a number of more populous economies, low-income people's consumption experienced more severe impact than the rest.

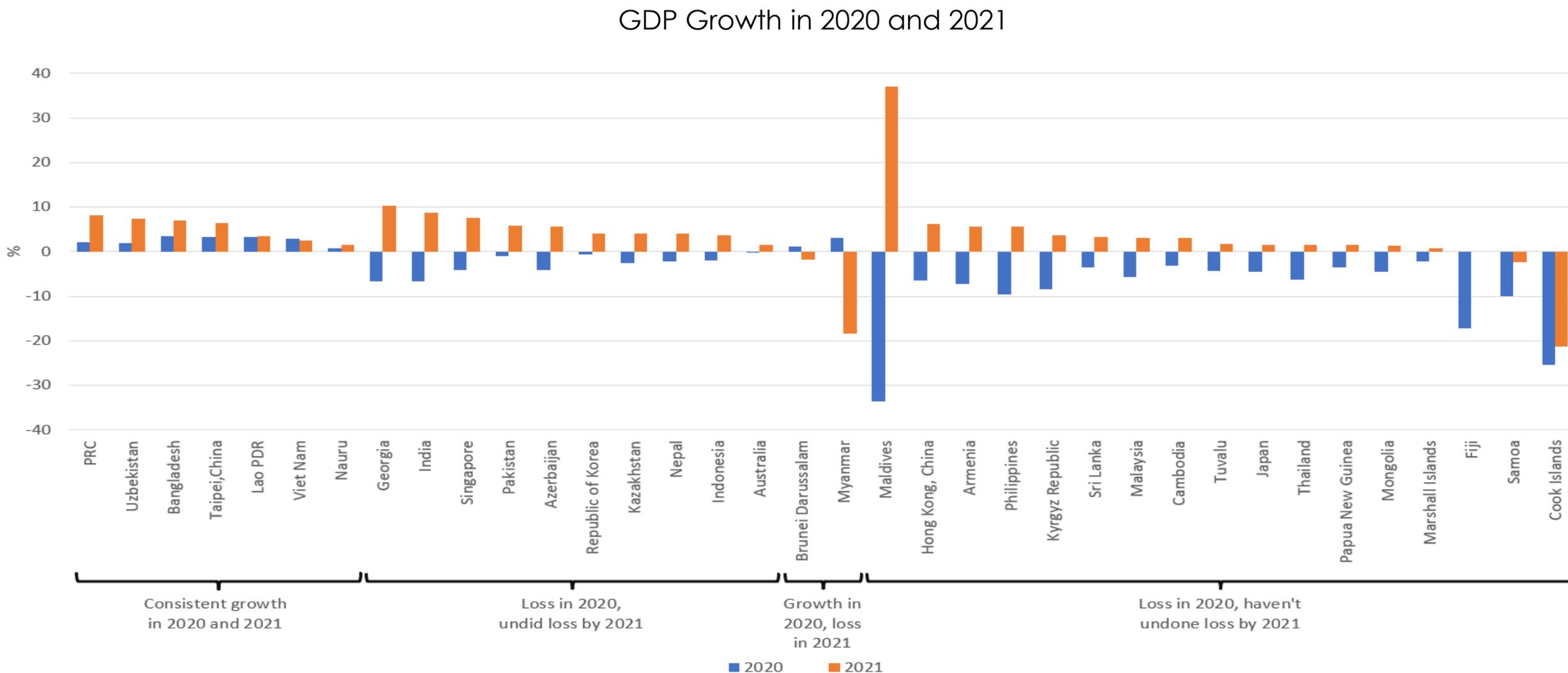
Relative Changes in Household Consumption Per Capita between Pre- and Pandemic Years, by Income Decile

Economy	Overall	<i>Bottom</i>	<i>D2</i>	<i>D3</i>	<i>D4</i>	<i>D5</i>	<i>D6</i>	<i>D7</i>	<i>D8</i>	<i>D9</i>	<i>Top</i>
		<i>10%</i>									<i>10%</i>
Armenia	-0.9	-0.3	1.7	5.7	4.2	-1.5	1.4	14.4	-2.5	7.9	-14.9
Georgia	-12.0	-8.5	-5.3	-12.1	-7.6	-14.9	-7.3	-6.6	-9.6	-15.2	-12.5
Indonesia	4.0	3.3	3.7	4.1	4.0	3.7	3.0	2.0	2.0	3.2	6.3
Kyrgyz Republic	-9.0	-11.2	-11.2	-9.6	-9.0	-7.4	-6.4	-5.2	-4.6	-4.2	-15.3
Philippines	-13.6	-21.1	-13.3	-12.1	-11.3	-10.9	-12.4	-12.5	-13.2	-14.3	-14.8
Thailand	1.1	-1.9	-0.7	0.6	1.4	1.6	1.7	1.7	1.7	2.3	0.5

Note: The reference periods are: 2019–2020 (Armenia, Georgia, the Kyrgyz Republic, and Thailand) and 2018–2021 (Indonesia and the Philippines). Cells are highlighted green when the corresponding change is higher than the change in the specific economy's overall mean household consumption per capita and yellow if the change is lower. For Indonesia and Kyrgyz Republic, the numbers are expressed as growth rates in real terms based on the World Bank's Poverty and Inequality Platform. For Armenia, Georgia, Philippines and Thailand, the numbers were originally expressed as nominal growth rates based from data provided by statistical partners, and converted to real terms using relevant data on consumer price index

Source: Asian Development Bank estimates using survey reports, data from the World Bank Group's Poverty and Inequality Platform (accessed 06 June 2022), and data provided by statistical partners.

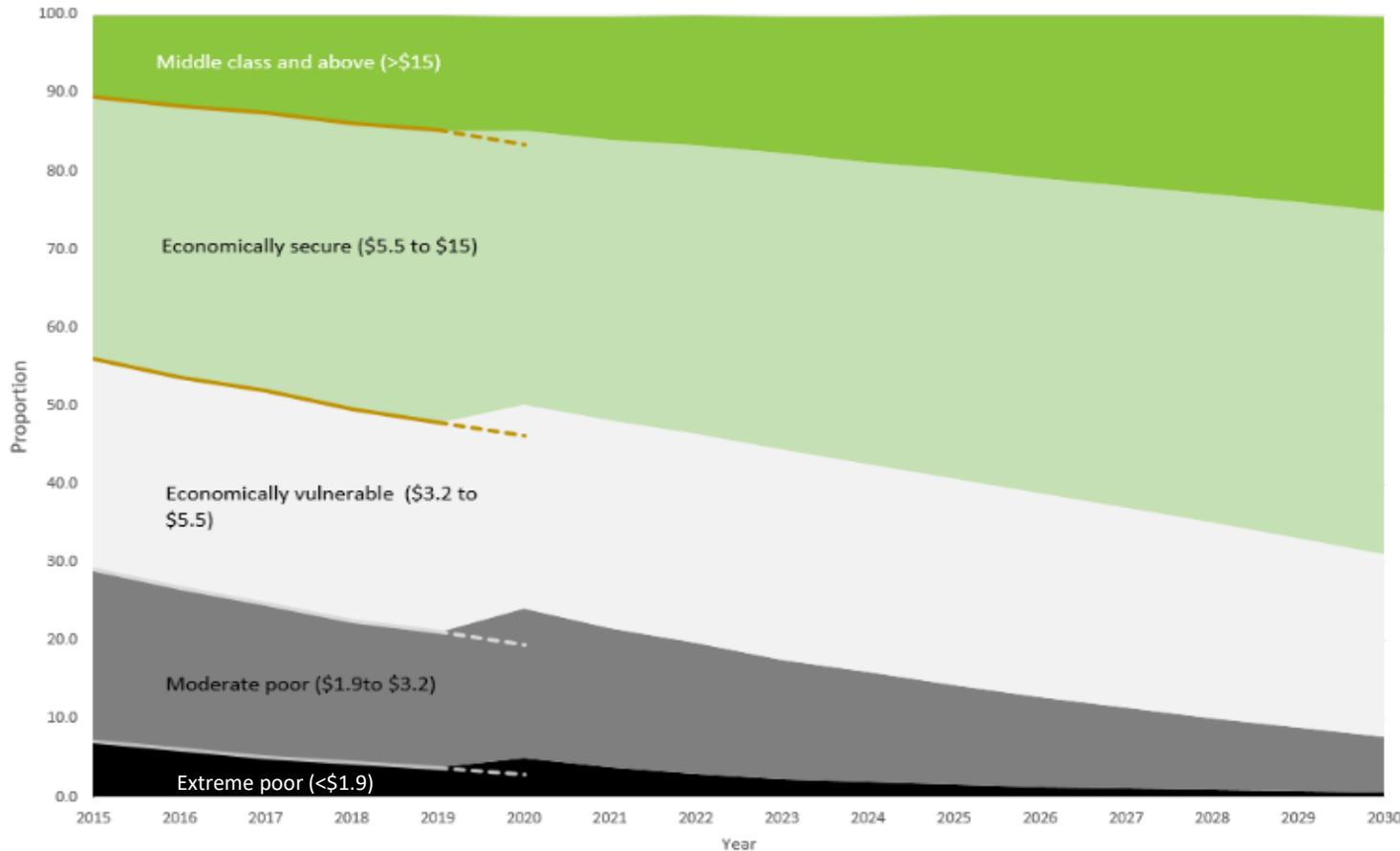
As Asia and the Pacific's economy recovers, there are hints of divergent growth paths.



Source: Economies' official sources.

Despite setbacks caused by the COVID-19 pandemic, simulations show that it is possible to reduce extreme poverty in developing Asia to less than 1% by 2030.

Income Groups in Developing Asia, 2015-2030



- Moderate poverty can be reduced to about 7% by 2030 if the region reverts to pre-pandemic trends.
- However, about a quarter of the population may still be economically vulnerable.
- More than 40% will be economically secure.
- A quarter will be consuming at least middle-class expenditures by 2030.

Notes: Developing Asia comprises developing economies for which data are available. Estimates are calculated based on assumption that all households within an economy experienced the same percentage decline in their per capita consumption or income. Dotted lines represent estimates under counterfactual scenario that COVID-19 pandemic did not occur.

Source: Authors' calculations using WB's PovcalNet and PIP Database.

Progress towards improved poverty outcomes by 2030 requires the poor to benefit from economic growth.

Simulated Distribution of Income under Varying Pro-Poor Growth Scenarios (%)

Socioeconomic status in 2030	Less pro-poor growth	More pro-poor growth
	Growth of bottom 10% is 0.6 times growth of overall mean	Growth of bottom 10% is 1.4 times growth of overall mean
Extremely poor	1.77	0.27
Moderately poor	6.48	4.73
Economically vulnerable	24.32	25.64
Economically secure	42.45	44.69
Middle class and above	24.99	24.68

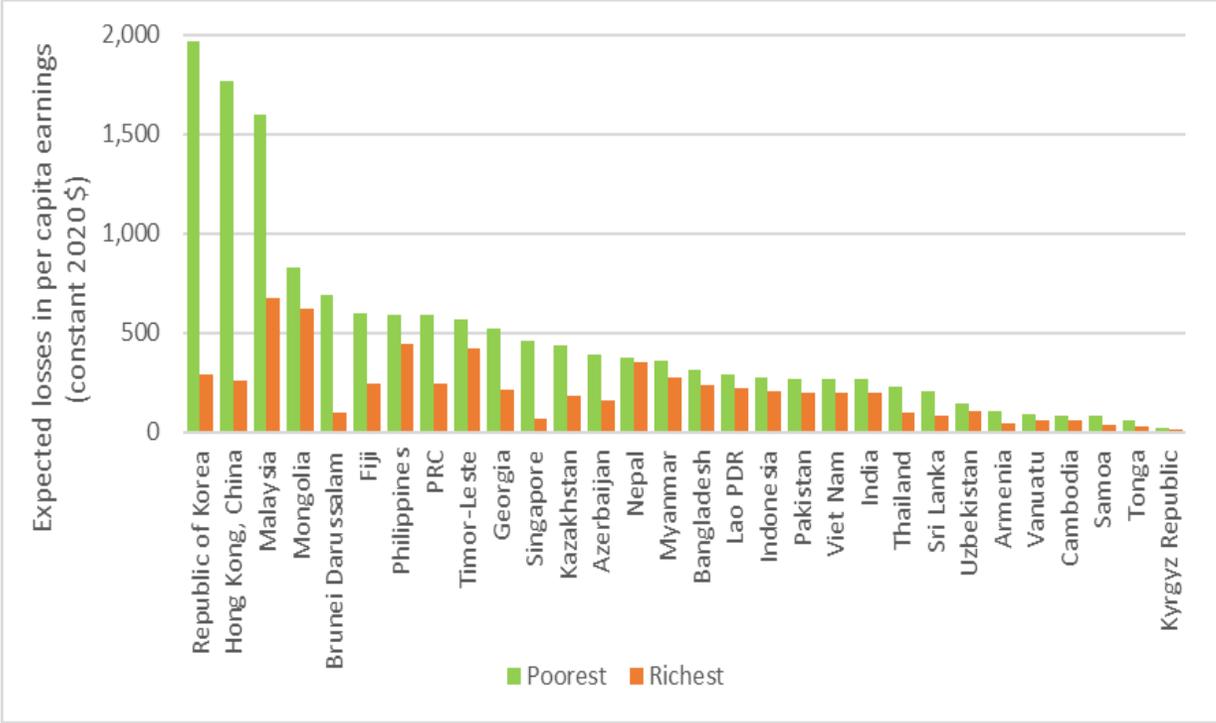
- If income of the poorest 10% grows just 0.6 times of average income growth, prevalence of extreme poverty by 2030 would be 1.77%. If it grows 1.4 times of average income growth, prevalence of extreme poverty would be 0.27%.

Note: Developing Asia comprises 29 developing economies for which data are available.

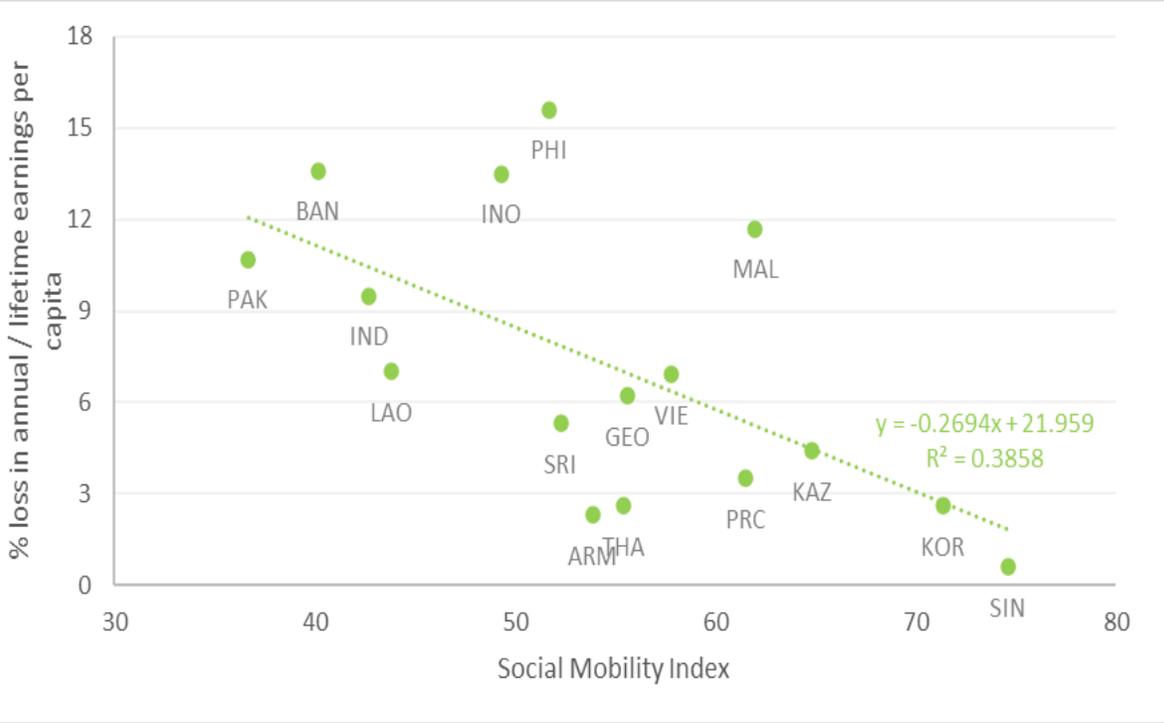
Source: Authors' calculations using WB's PovcalNet and PIP Database.

Impact of learning losses, if left unaddressed, may contribute to further diverging social mobility prospects between poor and rich.

Expected Losses in Earnings among the Poor and Rich



Correlation between Social Mobility and Losses in Earnings

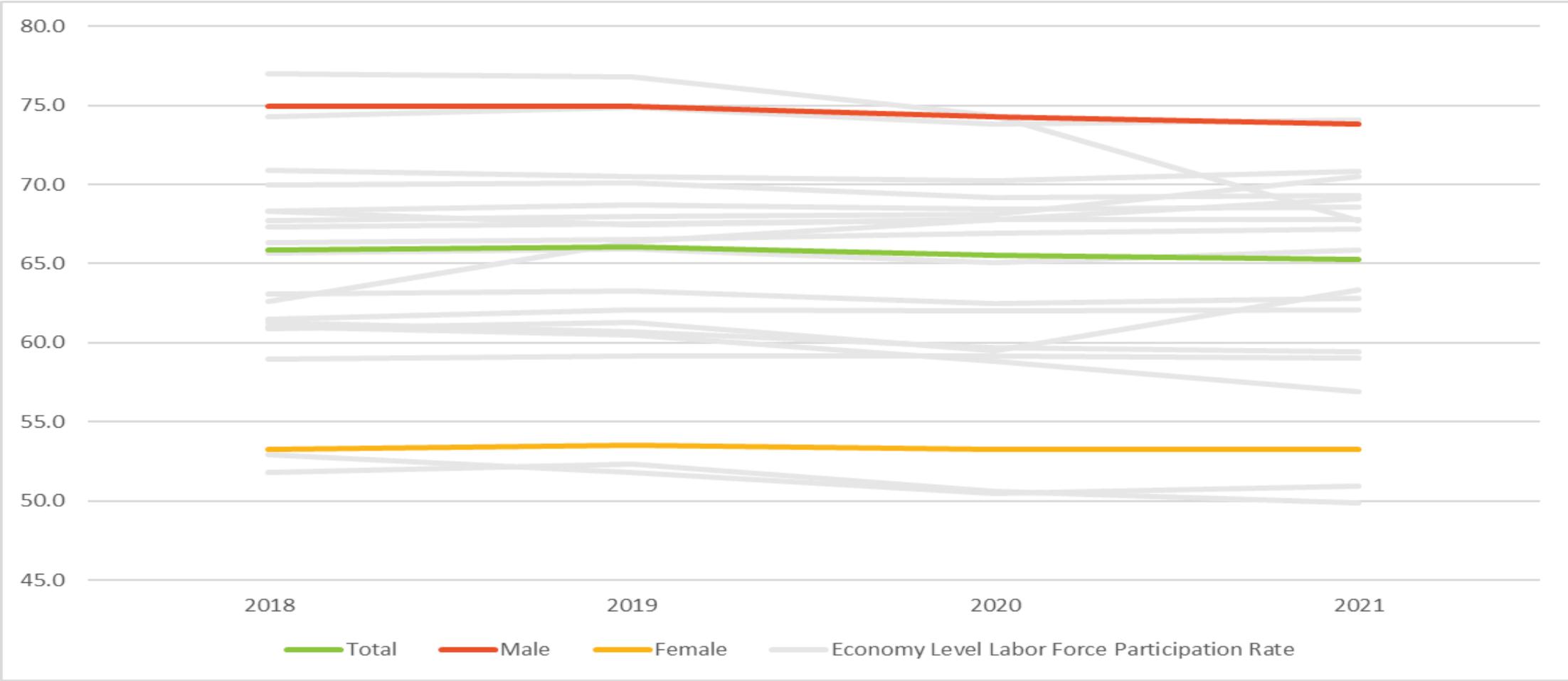


Note: Losses in earnings are calculated under the high-efficacy scenario of remote learning. Information on estimates based on under alternative scenarios are presented in a report by ADB (2022).

Source: ADB Bank estimates using data from the bank’s Asian Development Outlook 2022 and the World Economic Forum’s Global Social Mobility Index.

Disruptions caused by the pandemic may also affect people's outlook which in turn, could have implication on future social mobility prospects.

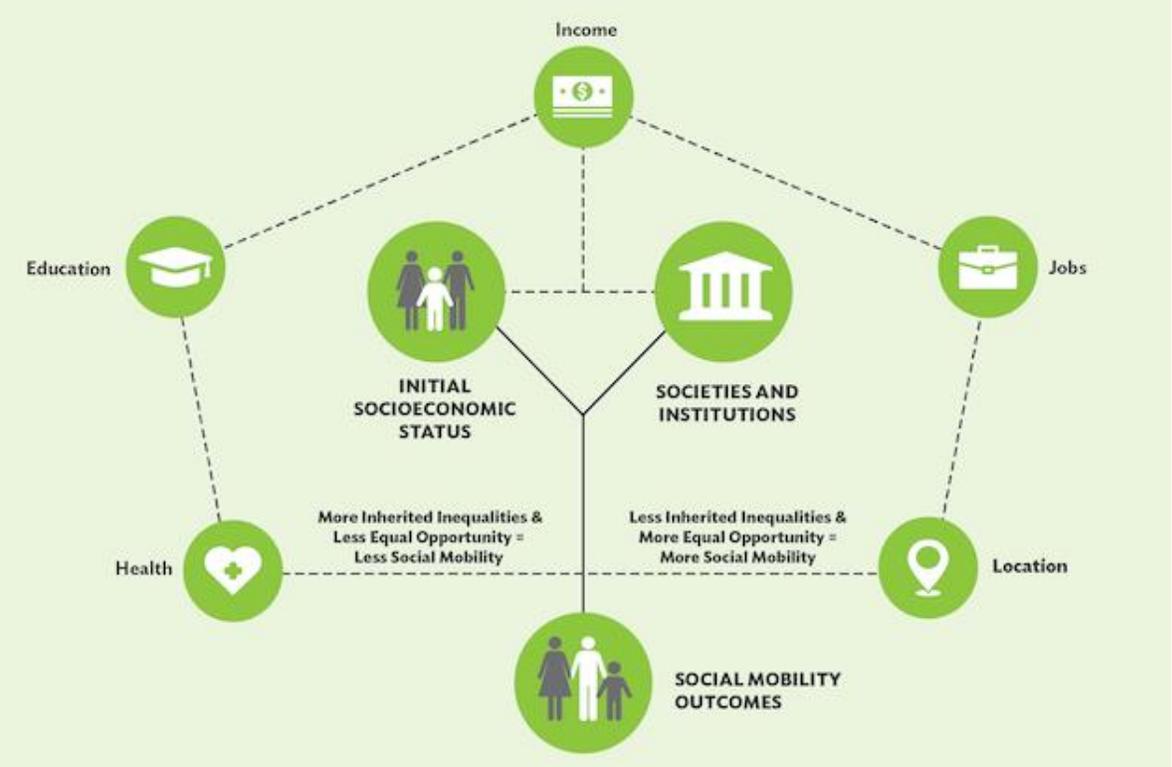
Labor Force Participation Trends in Asia and the Pacific



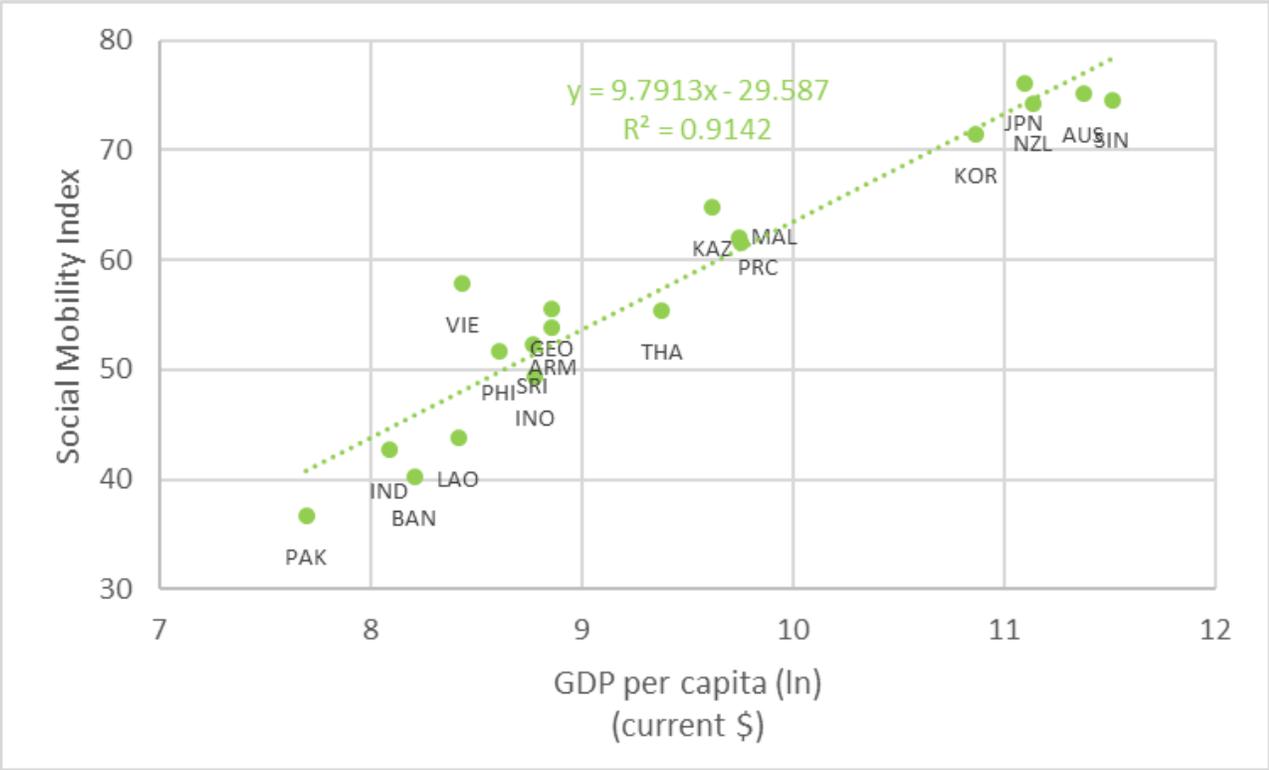
Notes: Light shaded lines represent economy level data while colored lines represent regional-level data.
Source: Asian Development Bank estimates using data from economy sources.

DMCs need to accelerate efforts to enhance social mobility prospects, especially for the poor.

What facilitates social mobility?



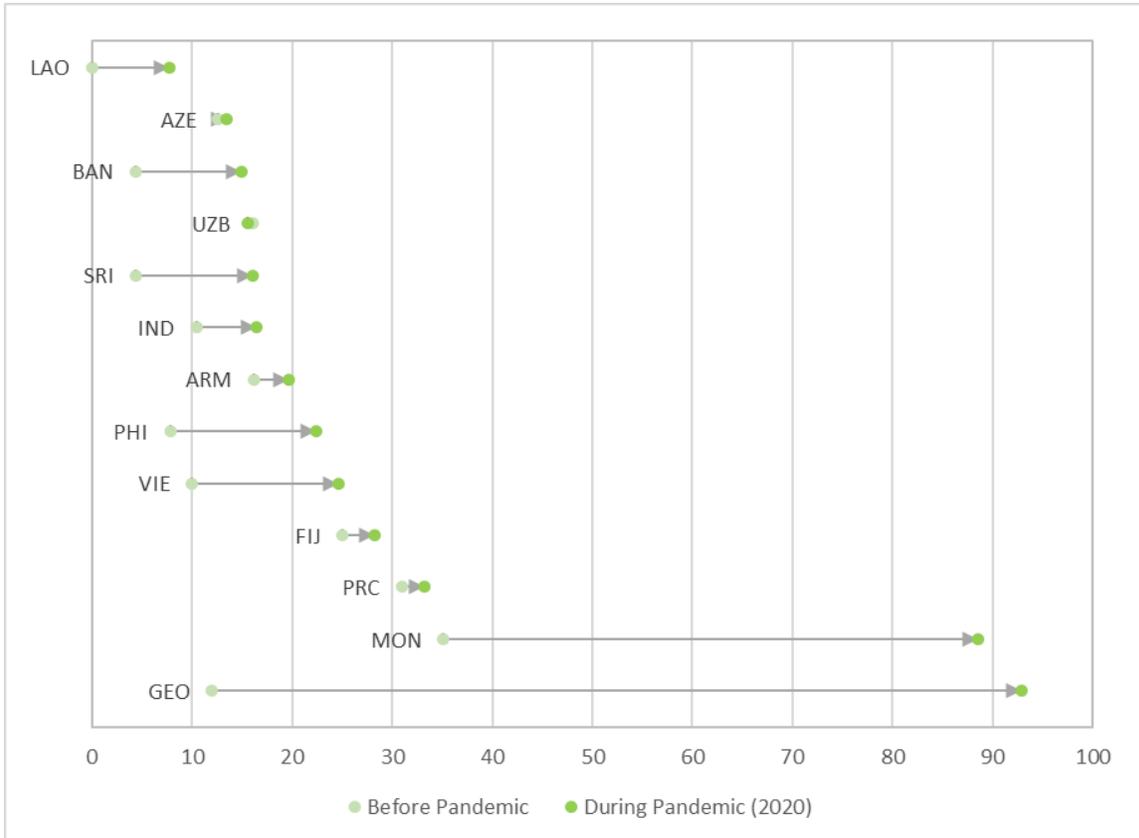
Scores on World Economic Forum’s Social Mobility Index



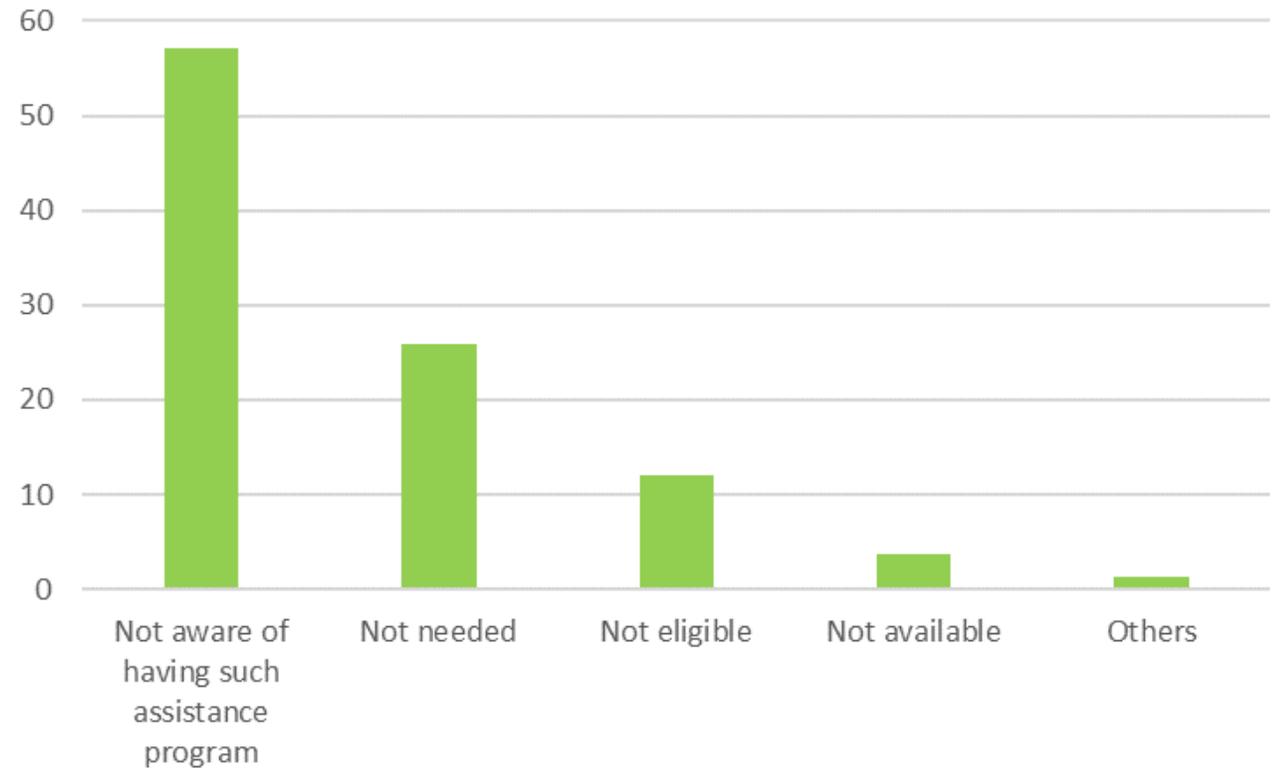
Source: Author's visualization using data from Figure 1.2 of From Parents to Children: The Intergenerational Transmission of Advantage (Ermisch et al. 2012). WEF Social Mobility Index; GDP per capita from Table 2.2.5 of Key Indicators for Asia and the Pacific 2022.

The pandemic ushered greater social protection coverage but there is a need to ensure that it goes beyond a temporary pandemic response, and targeted to those who need it most.

Proportion of Vulnerable Population Receiving Social Assistance Benefit



Reason for Not Applying Government Assistance



Sources: Table 1.1.2 of *Key Indicators for Asia and the Pacific 2022*; and Asian Development Bank estimates using data from the second round of the Asian Development Bank Institute's Survey on the Impacts of COVID-19 and related Policies on Households in Select Developing Association of Southeast Asian Nations (ASEAN) Economies.

More resilient infrastructure and greater innovation can help the region get back to a sustainable and inclusive path development path.

Deficiencies in access to basic services need to be addressed.

16% of Asia and the Pacific's economies have electricity penetration rates below the global average

In two-fifths of the region's economies, more than half of the population does not have access to safe drinking water or sanitation services

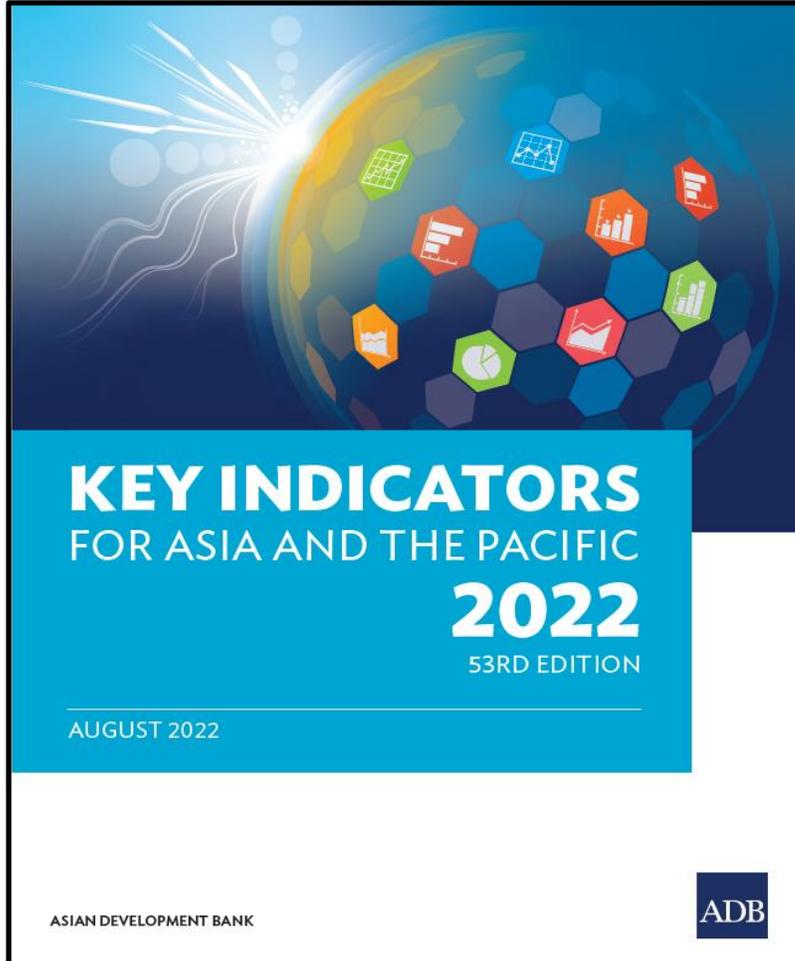
Innovation can help create new economic opportunities and enable upward social mobility.

However, middle-income economies in Asia and the Pacific lag behind in research and development investment, an important facilitator of innovation.

Planetary health and climate resilience should be integrated into pandemic recovery efforts.

Globally, climate change threatens to push 130 million people into poverty over the next decade.

Summary



Even before the pandemic struck, developing Asia had faced multiple challenges in providing greater upward social mobility opportunities, especially for the poor.

(Conservative) Estimates suggest that the pandemic pushed back developing Asia's poverty clock by two years.

The poor experienced greater disruptions in income flows, jobs, and learning. Long-standing social and economic inequities were magnified.

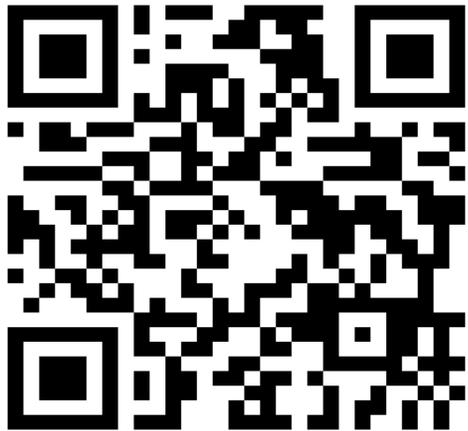
Despite disruptions caused by the pandemic, extreme poverty can be reduced to less than 1% by 2030 if the region reverts to its pre-pandemic growth prospects. However, about 30% of the population may still remain moderately poor or economically vulnerable.

There is a need to undo learning loss and enhance quality of school learning so that it will translate to greater social mobility.

Strengthening social safety nets can also help minimize the vicious cycle of socioeconomic disadvantage caused by adverse coping strategies.

Thank you!
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