

BORN EQUAL

How reducing inequality could
give our children a better future



Save the Children

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Save the Children works in more than 120 countries.
We save children's lives. We fight for their rights.
We help them fulfil their potential.

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Case studies of the eight countries discussed in Chapter 3 of this report are available at www.savethechildren.org.uk/resources/online-library/born-equal

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Cover photo: Migrant families living next to a railway line in Delhi while they look for work (Photo: Raghu Rai/Magnum for Save the Children)

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A newborn boy with his mother in a hospital labour ward in northern Nigeria

FOREWORD

The Millennium Development Goals are a story of success. By aligning political energy and resources, they have facilitated huge strides in tackling some of the world's greatest challenges. In the last ten years we've witnessed dramatic reductions in poverty and mortality, and huge improvements in school enrolment. The MDGs have demonstrated that, when the international community works together, there is little we cannot achieve.

But the MDGs have also served to highlight some of the world's most persistent challenges, most notably the scourge of inequality. When national averages on poverty reduction, hunger, child mortality or education are disaggregated between the rich and poor, urban and rural areas, ethnic groups, or by gender or disability, we can see that some individuals and some groups are lagging a long way behind.

Inequality is deeply rooted in countries' history, politics and governance. It can manifest itself in lack of access to services, resources, power, voice and agency. And it can have costly and disastrous consequences.

In *Born Equal* Save the Children powerfully demonstrates the cost of inequality to children. The report reveals the growing gaps between the richest and the poorest children, and the costs that this has on children's health and development.

No child should be subject to unfair opportunities before birth. And yet this report demonstrates that children born into the richest households have access

to 35 times the resources of the poorest. These children have better healthcare, more nutritious food and better access to school, and are less likely to have to start work at an early age.

But this is not just a story about income. For many children around the world, being born a girl, disabled, or a member of a minority ethnic group, or growing up in a rural province, also limits your opportunities.

Inequalities such as these are an injustice and an infringement of human rights.

In 2015 we, the international community, have an opportunity to rectify this. By placing inequality front and centre of the new international development framework we have the opportunity to stem the tide of rising inequalities and to give every child a better start in life.

This will require a commitment to defend the human rights of the poorest and most vulnerable – and to put the hardest-to-reach first. But it will also necessitate a long hard look at the way our societies grow and develop. Inclusivity and non-discrimination need to be the cornerstones of development for a more sustainable future.

Ms Heidi Hautala

Minister for International Development
Finland

EXECUTIVE SUMMARY

THE WORLD'S BIGGEST PROMISE

For more than half a century many people in the development sector have fought to alleviate the most extreme poverty and deprivation. The efforts of multilateral and bilateral donors as well as non-governmental organisations (NGOs) have been focused on helping the world's poorest people to access the basic goods and services for survival – food, safe drinking water, sanitation facilities, health, shelter, and education.

One of the highlights of the fight against poverty took place in 2000 at the Millennium Summit, when world leaders laid the foundations for the Millennium Development Goals (MDGs). This eight-goal framework is aimed at eradicating extreme poverty and hunger, achieving universal primary education, reducing child mortality and promoting gender equality and women empowerment, among other goals, by 2015.

Described as “the world’s biggest promise”,¹ the MDGs are “a global agreement to reduce poverty at historically unprecedented rates through collaborative global action.”² They are largely a story of success. As a result of the MDGs, during the last decade the world witnessed unprecedented progress. Millions of children were able to go to school for the first time, and many were given a chance at life.

Between 1990 and 2012, for the first time since global poverty trends started to be monitored, the number of people in extreme poverty fell from almost 2 billion people to less than 1.3 billion people.³ If preliminary data is confirmed, the world may have met the first of the MDGs – namely, to halve the proportion of people living on less than \$1.25 a day – ahead of the 2015 deadline. We are faced with a unique, historical opportunity: we can eradicate absolute poverty and the worst forms of deprivation within a generation.

Child mortality is also falling. In 2011 under-five mortality stood at 6.9 million – down from 12 million in 1990. Although we are only half way to reaching

the child mortality goal, the rate of progress to reduce under-five child deaths more than doubled in the 2000s.⁴

A BLIND SPOT IN THE MDGs

However, global progress on many fronts masks huge disparities. When national averages on poverty reduction, hunger, child mortality or education are disaggregated between rich and poor people, urban and rural areas, or by ethnic group or gender, we can see that some individuals and groups are lagging a long way behind.

For example, in Madagascar – which saw a massive decrease in under-five mortality between the late 90s and mid-2000s – we found that the gains made in reducing child mortality had been disproportionately concentrated in the top wealth quintile. While child mortality in the richest quintile fell from 142 to 49 per 1,000 live births, the poorest quintile saw less progress, with a more modest fall from 195 to 101 per 1,000 live births. This story of unequal progress on child mortality is replicated, beyond children’s chances to survive, in many other areas – from nutrition to education – undermining children’s chances to fulfil their potential.

In this report, **Save the Children argues that addressing inequality will be crucial to accelerate progress towards achieving the MDGs** and to deliver the promise to eradicate extreme global poverty.

But when seen through a child’s lens, we can see that **reducing inequality is an important objective in its own right** that should be reflected as a goal in any post 2015 framework. Inequalities that affect the household where a child is growing up may result in inequality of opportunity for that child. Because of their particular life-stage, inequalities experienced during childhood may have physical, psychological and opportunity effects throughout the rest of their lives.

This report reinforces the imperative to act and demonstrates that the time is now if we want to prevent future generations from paying the price of inequality. **A focus on alleviating absolute poverty must be augmented by a common commitment to tackle inequalities in opportunities and outcomes. The post-2015 discussions present an opportunity to showcase successful approaches for tackling inequality, while a global target on reductions in inequality would help to galvanise progress.** Not only will this safeguard and build upon the progress of recent decades, but it can help to kick-start and sustain economic growth, since inequality and a healthy and inclusive economy are closely related.

INEQUALITY BETWEEN AND WITHIN COUNTRIES

Inequality is a complex issue. It can manifest itself through different social, political and economic dimensions – you can experience inequalities in income, in healthcare coverage, in political representation or access to school. And inequalities are visible at many different levels – for example, as well as income inequalities between individuals and groups, there are income inequalities between countries. A person living in poverty in the USA has much better life chances than a person born in poverty in India – the so-called lottery of life.

The MDGs' approach to development attempted to redress one aspect of inequality – vast variations in countries' national wealth and their ability to fund social services. It encouraged richer developed countries to provide assistance – overseas development assistance (ODA) – that enables poorer countries to meet the basic needs of their people, especially the poorest and most vulnerable people.

Save the Children believes that ODA has played an important role in increasing the pace of development.⁵ It has proved a vital investment when countries have not had the resources to protect and provide for their citizens, and has helped countries develop infrastructure and human capital.

However, with many more of the poorest people now living in middle-income countries, questions are emerging about whether efforts to reduce inequalities between countries should be augmented – along with a focus on reducing inequality within countries.

WHY INEQUALITY IS NOW MORE IMPORTANT THAN EVER

The world and, in particular, the distribution of poverty within the world have fundamentally changed in the last two decades. In 1990, the vast majority – 93% – of people in poverty in the world lived in low-income countries. Today, despite the fact that inequalities between countries remain high,⁶ **more than 70% of the world's poorest people – up to a billion – live in middle-income countries.**⁷

The challenge in these countries is not just high levels of absolute poverty – which in many cases has seen astonishing rates of decline – but also relative poverty (whereby even those above an absolute poverty line have incomes insufficient to afford essential items such as food, good healthcare and education). At the same time the top deciles of their populations are enjoying rapid wealth accumulation, with the resultant effect that there are vast gulfs emerging between rich and poor.

Alleviating absolute poverty in these countries is increasingly a question of how to share the benefits of growth more effectively and minimise the growing gaps between rich and poor. In addition, increasing evidence shows that reducing inequality presents an opportunity to boost economic growth.⁸ According to the IMF, recent evidence “tilt[s] the balance towards the notion that attention to inequality can bring significant longer-run benefits for growth.”⁹

LET'S FINISH THE JOB WE STARTED

Closing these gaps will **be crucial to accelerate progress to finish the job we started with the MDGs in 2000 and eradicate global poverty.** While the international community must continue addressing inequalities between countries, addressing gross and increasing inequalities within countries will be one of the most effective and powerful strategies to meet international development goals. It will remove this barrier that is blocking shared and faster progress.

In order to finish the job we started, the world will need to address the gross inequalities that now divide those who have and who have not. For instance, an equitable approach that focuses on addressing the challenges of the world's poorest people has the potential to avert around 60% per cent more

under-five deaths for every \$1 million invested in public healthcare for children than the current strategies.¹⁰

Eradicating global poverty will, to a large extent, depend on trends in inequalities and the distribution of resources within the countries which are now home to most of the world's extreme poor. The global development framework needs to be adapted to reflect this shift; it must incentivise improvements in major inequalities and track progress across all groups.

Tackling inequality is a salient development challenge for today's world because widening disparities in income have been demonstrated to compromise economic growth, damage well-being outcomes and jeopardise broader poverty reduction outcomes.

There is, however, yet another powerful reason why Save the Children believes that inequality matters. **A more or less equal world in the years to come will either make or break the prospects of every child to have an equal chance to survive and thrive.**

REPORT OVERVIEW

This report looks at how, despite major strides made towards poverty reduction and towards achieving the MDGs, increasing inequality in many countries in the last two decades has hampered greater progress. It outlines how some countries – through proven policies and interventions – have managed to reduce gross inequalities and deliver better outcomes for their children, laying stronger foundations for the future. The report starts to provide an overview of the progress made towards achieving the MDGs, and looks at one of its main blind-spots – inequality – which, we argue, has prematurely closed off opportunities to make further progress in reducing poverty and improving child well-being, especially in countries where inequality is most pervasive.

Chapter 1 of this report explains why children are particularly vulnerable to the damaging effects of inequality. It argues that, because of their particular life-stage, short-term deprivations (resulting from gross inequalities) or psychosocial effects of big disparities experienced during childhood can have lifelong consequences. A poor diet during early development – the thousand days from the start of a woman's pregnancy to her child's second birthday – has been proven to lead to learning and memory deficits, lower school achievement, and behavioural problems in childhood and adolescence.¹⁰

Aside from these most extreme forms of deprivation, disparities can have other kinds of damaging impacts on children. Perceptions of lower status can stifle ambition and limit children's feeling of self-worth; this is heightened by increases in inequality.

Research based on data from the 'Young Lives' study in Peru found that children with lower subjective well-being – in this case perceptions of being poorly respected – had lower cognitive achievement.¹¹ The impact of inequalities early in life can be linked to divergent performance and capabilities later on in life.¹²

Despite the fact that children are hardest hit by the damaging effects of inequality, none of the unequal circumstances and lack of opportunities in the household they are born in are their choice or 'fault'. We argue that tackling inequality is crucial to ensuring that children have the best possible start in life.

Chapter 2 looks at how children are more affected by inequality than the general population – on the basis of quantitative analysis on income inequality in 32 low- and middle-income countries. The report then assesses the effects that inequality has on child development outcomes (Chapter 3) on the basis of eight case studies conducted for this research, in partnership with local research institutions, in Brazil, Canada, China, Ghana, India, Indonesia, Nigeria and the UK.

Chapter 4 looks at the policies and interventions that have successfully managed to reduce inequalities and deliver better outcomes for children. The report concludes with four recommendations to seize the major opportunity presented by the post-2015 framework, and calls upon the international community to place inequality front and centre.

INEQUALITY: TWICE AS HIGH AMONG CHILDREN AS THE GENERAL POPULATION

Despite the fact that children are hardest hit by inequality, little attention has been paid to the measurement of inequality among children. New research we carried out for this report helps to fill in this gap.

Our data analysis looks at the gaps between the poorest and the richest children in terms of a measure we construct for 'effective available income per child' – ie, what income is 'available' for households to spend on each child and therefore to what extent they are able to take up opportunities (see Box 4 on page 14 for details). We found that, across the 32 countries we studied, **a child in the richest 10% of households has 35 times the effective available income of a child in the poorest 10% of households.**¹³ The gaps between the poorest and richest children are considerably larger than the gaps between adults, suggesting that children experience a magnified inequality effect.

And the gaps are increasing. Since the 1990s, across the 32 countries we studied, the effective available incomes of the children in the poorest decile have actually declined as a share of GDP, while those of the children in the richest decile have increased. This means that **the gap between the richest and poorest children has grown by 35% since the 1990s**, the timeframe used to monitor progress towards the MDGs.

WHAT ARE THE EFFECTS OF INEQUALITY ON CHILDREN?

We know that children suffer a magnified inequality and they are more vulnerable to their damaging effects because of their particular life-stage. But what are the effects of inequality on child development outcomes? In order to understand better the effects of inequality on children, we looked at the incidence of inequality on a range of health, nutrition and education outcomes in eight countries from different regions of the world and different income levels: Brazil, Canada, China, Ghana, India, Indonesia, Nigeria and the UK.

We found that different inequalities – ranging from wealth to spatial, rural and urban, and gender inequalities – have a dramatic impact on children's

health, nutritional status and education. For instance, **child mortality rates are more than twice as high among the poorest**, in countries with high income inequality such as Nigeria. **Stunting rates can be up to six times higher in rural than in urban areas in countries with high spatial inequalities** and with a big divide between rural and urban populations – for example, China. Gender inequality is still a strong driver of lower educational outcomes for girls. In Indonesia, there are twice as many illiterate women as men, and three times as many girls as boys are never enrolled in schools. In Nigeria, girls' enrolment rate was 44%, while boys' was 56%.

WHAT CAN BE DONE?

Are large and growing gaps in a child's life chances an unfortunate but inevitable part of our world? The fact that levels of and trends in inequality differ markedly across countries and regions tells us that poverty and inequality are not 'natural' or inevitable. Different trajectories and rates of progress make it clear that the effects of inequality can be managed – or not. National policy decisions can make all the difference.

For example, some countries have enjoyed impressive growth alongside reductions in inequality, with positive impacts upon the lives of their citizens. As we show in Chapter 4 of this report, rapid economic growth in Brazil has been accompanied by a decline in the country's income inequality (in the years 2000–08, the incomes of the bottom-fifth grew at an average annual rate of 6% compared to 2% for the top-fifth¹⁴), alongside dramatic poverty reduction and improvements in child well-being.

This report reinforces this imperative to act and demonstrates that the time is now – if we want to prevent future generations from paying the price of inequality. **An equitable approach to achieving internationally agreed development goals will accelerate progress towards eradicating extreme global poverty. Beyond this, a shared commitment by national governments and the international community to tackle inequality in its own right will ensure greater opportunities for children and child well-being.** Not only will this safeguard and accelerate the progress of recent decades towards poverty eradication, but it can help to kick-start and sustain economic growth, since inequality and a healthy and inclusive economy are closely related.

At the conclusion of this report we set out four recommendations. We focus on the enormous opportunity presented by the post-2015 framework and we call upon the international community to place inequality front and centre. To do this we call for targets that aspire to reach all people, thereby eradicating absolute poverty and preventable child mortality. We call for every target to be clearly disaggregated so that equitable progress can be monitored and we can ensure the poorest and most vulnerable people, particularly children, are not being left behind. And to tackle the challenge of rising income gaps we call for an income inequality target.

We ask that the international community provide the enabling conditions for tackling inequalities, such as sharing lessons about what kinds of social and economic policies can help to ameliorate inequality. A robust accountability mechanism (with a data collection function) and equitable financial investment plans will also be integral for the framework to become a reality in every country.

Realising these recommendations will help improve the life chances of this generation of children. And it will kick start a process to reduce other forms of inequality – improving the lives and prospects of generations to come.



TOM PIETRASIK/SAVE THE CHILDREN

A child worker producing padlocks in an unregulated workshop in Dhaka, Bangladesh

INTRODUCTION

THE MDGs – THE WORLD'S BIGGEST PROMISE

For more than half a century many people in the development sector have fought to alleviate the most extreme poverty and deprivation. The efforts of multilateral and bilateral donors as well as non-governmental organisations (NGOs) have been focused on helping the world's poorest people to access the basic goods and services for survival – food, safe drinking water, sanitation facilities, health, shelter, and education.

One of the highlights of the fight against poverty took place in 2000 at the Millennium Summit, when world leaders laid the foundations for the Millennium Development Goals (MDGs). This eight-goal framework is aimed at eradicating extreme poverty and hunger; achieving universal primary education, reducing child mortality and promoting gender equality and women empowerment, among other goals, by 2015.

Described as “the world’s biggest promise”,¹ the MDGs are a story of success. Between 1990 and 2012, for the first time since global poverty trends started to be monitored, the number of people in extreme poverty fell from nearly 2 billion to fewer than 1.3 billion people.² If preliminary data are confirmed, the world may have met the first of the MDGs – namely, to halve the proportion of people living on less than \$1.25 a day – ahead of the 2015 deadline.

The world is also getting closer to achieving universal enrolment in primary education, with just over 90% of children worldwide enrolled – and nearly 50% of them girls. It is particularly encouraging that many of the countries facing the greatest challenges have made huge progress, with enrolment rates in sub-Saharan Africa going up to 76% from a base of 58%.

Child mortality is also falling. In 2011 under-five mortality stood at 6.9 million – down from 12 million

in 1990. Although we are only half way to reaching the child mortality goal, the rate of progress to reduce under-five child deaths more than doubled in the 2000s.³

The story of the MDGs provides cause for optimism. Although considerable challenges still remain, we are getting closer to delivering their promise.

UNEQUAL PROGRESS

However, much of this global progress masks huge disparities between and within countries. The income poverty target under MDG 1 is a case in point. Although the number of people living in extreme poverty decreased in all world regions, China alone accounted for 649 million of the 662 million people lifted out of poverty between 1990 and 2008.⁴

When national averages on poverty reduction, hunger, child mortality or education are disaggregated according to income and wealth, we see that in many countries the poorest groups are lagging a long way behind.

In the 2010 report *A Fair Chance At Life* Save the Children examined the disparities that lie behind the headline figures on child mortality (see Box 1). It found that rates of progress differed dramatically according to the wealth quintile of the household in which a child was born (see Box 1). Sadly, unequal progress is the story of many other aspects of child well-being – from nutrition to education – undermining children’s chances to fulfil their potential.

Wealth is not the only determinant of who benefits from progress and who remains largely untouched. Caste, religion, place of residence and gender (as well as many other forms of group identity) may also determine who benefits and who does not. In Nepal the upper caste (Brahman) has experienced an impressive 46% decrease in poverty since the 1990s.

Lower castes and Muslims have barely seen a 10% decrease. In India, while the country's average poverty rates were falling in the 2000s, in the state of Orissa poverty increased from 41% to 50%; absolute poverty among lower castes in Orissa increased during that

decade from 57% to 74%.⁵ And as Save the Children's 2011 report, *An Equal Start*, served to highlight, gender is another major determinant of well-being. In many regions in the world girls have a far worse chance of survival than boys⁶ (see Box 1).

TABLE 1: TAKING STOCK OF PROGRESS TOWARDS THE MDGs (1–6)

Goals and targets	Indicator for monitoring progress	Baseline (around 1990)	Latest figure	% change
Goal 1: Eradicate extreme poverty and hunger				
Target 1.A: Halve between 1990 and 2015 the proportion of people whose income is less than one dollar a day.	1.1 Proportion of population below \$1.25 (2005 purchasing power parity) per day in developing regions	46.7%	24%	-49%
	1.2 Poverty gap ratio in developing regions	16.1	7.3	-55%
Target 1.C: Halve between 1990 and 2015 the proportion of people who suffer from hunger.	1.8 Prevalence of underweight children under five years of age in developing regions, per 100	29	18	-38%
	1.9 Proportion of population below minimum level of dietary energy consumption worldwide	16%	13%	-19%
Goal 2: Achieve universal primary education				
Target 2.A: Ensure that, by 2015, children everywhere, boys and girls alike, will be able to complete a full course of primary schooling.	2.1 Net enrolment ratio in primary education per 100 children of the same age, worldwide	82	91	11%
	2.2 Proportion of pupils starting grade 1 who reach last grade of primary worldwide	80.7%	90.3%	12%
	2.3 Literacy rate of 15–24-year-olds, female and male, worldwide	83.4	89.6	7%
Goal 3: Promote gender equality and empower women				
Target 3.A: Eliminate gender disparity in primary and secondary education, preferably by 2005, and in all levels of education no later than 2015.	3.1 Ratios of girls to boys in primary education worldwide	0.89	0.97	9%
	3.2 Share of women in wage employment in the non-agricultural sector worldwide	35.1	39.6	13%
	3.3 Proportion of seats held by women in national parliament worldwide	12.8%	19.7%	54%
Goal 4: Reduce child mortality				
Target 4.A: Reduce by two-thirds, between 1990 and 2015, the under-five mortality rate.	4.1 Under-five mortality rate worldwide (deaths of children before reaching the age of five per 1,000 live births)	88	57	-35%
	4.2 Infant mortality rate worldwide (deaths of children before reaching the age of one per 1,000 live births)	61	40	-34%

Such unequal patterns of progress show that not only are certain individuals and groups more prone to suffer poverty and deprivation, but that progress in improving children's chance to survive beyond the age of five or to go to school has been unequally

distributed. While some groups benefited from the rapid progress triggered by the concerted effort to meet the MDGs, others barely experienced any improvements.

TABLE I *continued*

Goals and targets	Indicator for monitoring progress	Baseline (around 1990)	Latest figure	% change
Goal 5: Improve maternal health				
Target 5.A: Reduce by three-quarters, between 1990 and 2015, the maternal mortality ratio.	5.1 Maternal mortality ratio worldwide (maternal deaths per 100,000 live births)	400	210	-48%
	5.2 Proportion of births attended by skilled health personnel	57%	66%	16%
Target 5.B: Achieve by 2015 universal access to reproductive health.	5.3 Contraceptive prevalence rate worldwide (percentage using contraception among women aged 15–49 who are married or in union)	54.80%	63.40%	16%
	5.5 Antenatal care coverage worldwide (percentage of women aged 15–49 years who received antenatal care during pregnancy from skilled health personnel at least once)	64	80	25%
Goal 6: Combat HIV/AIDS, malaria and other diseases				
Target 6.A: Have halted by 2015, and begun to reverse, the spread of HIV/AIDS.	6.1 HIV prevalence among population aged 15–49 years worldwide	0.3	0.8	167%
Target 6.B: Achieve by 2010 universal access to treatment for HIV/AIDS for all those who need it.	6.5 Proportion of population with advanced HIV infection with access to antiretroviral drugs worldwide	39	47	21%
Target 6.C: Have halted by 2015, and begun to reverse, the incidence of malaria and other major diseases.	6.9 Number of new infections of tuberculosis per 100,000 population worldwide	144	128	-11%
	6.10 Proportion of tuberculosis successfully cured under directly observed short course of treatment	75	86	15%
Goal 7: Ensure environmental sustainability				
Target 7.C: Halve by 2015 the proportion of people without sustainable access to safe drinking water and basic sanitation	7.8 Proportion of population using an improved drinking water source	76%	89%	17%
	7.9 Proportion of population using an improved sanitation facility	49%	63%	14%

Source: Statistical Annex: Millennium Development Goals, Targets and Indicators, 2012. Available online: <http://mdgs.un.org/unsd/mdg/Host.aspx?Content=Data/Trends.htm> (Accessed: September 26, 2012).

BOX 1: UNDERSTANDING UNEQUAL PROGRESS IN REDUCING CHILD MORTALITY

In *A Fair Chance At Life* we examined disparities in child mortality rates according to wealth, finding that rates of progress differed dramatically according to the quintile in which you and your family live.

For example, in Madagascar – which saw a massive decrease in under-five mortality between the late 90s and mid-2000s – we found that the gains made in reducing child mortality had been disproportionately concentrated in the top wealth quintile. While child mortality in the richest quintile fell from 142 to 49 per 1,000 live births, the poorest quintile saw less progress, with a more modest fall from 195 to 101 per 1,000 live births.

Our report *An Equal Start* examines disparities in child mortality rates according to gender. It found that, although childhood mortality rates (children aged 1–5) were coming down around the world, many more girls than boys were dying of preventable deaths. And in fact, girls' chances of survival relative to boys were not improving: in 1990, for every 100 boys' deaths, 108 girls died; in 2008 that figure was 107 – a negligible reduction. In certain regions girls' childhood mortality rates had actually increased. In south Asia, for example, in 1990, for every 100 boys' deaths, 137 girls died; by 2008 that figure was 143.

A BLIND SPOT IN THE MDG FRAMEWORK

With the benefit of hindsight, even the most fervent advocates of the MDGs openly recognise that the framework suffered from a number of blind spots. Criticisms range from the way that poverty is measured in MDG 1 (extreme poverty defined as living below the threshold of \$1.25 a day, yet for most people around the world it is insufficient even for a basic diet⁷) to the fact that several targets are about reducing, not eradicating, some of the world's worst ills – such as *halving* world poverty and hunger or *reducing* child and maternal mortality. The UN Secretary-General recently recognised that “when the MDGs were first articulated, we knew that achieving them would, in a sense, be only half the job. We knew that too many men, women and children would go largely untouched by even our best efforts.”⁸

One of the biggest blind spots in the MDG framework is the failure to address inequality comprehensively. Inequality is a complex issue. It manifests itself through different economic, social and political dimensions – you can experience inequalities in income, in healthcare coverage, in access to school or in political representation. And inequalities exist at many different levels. For example, there are income inequalities between people, and between countries. A person living in poverty in the USA has much better

life chances than a poor person in India. The country where you are born, the colour of your skin, the wealth of your parents, and many other dimensions determine to a large extent the ticket you hold in the so-called lottery of life.

The MDGs' approach to development had a positive effect on one aspect of inequality – vast variations in countries' national wealth and their ability to fund basic services. It encouraged richer developed countries to provide assistance – overseas development assistance – that enables poorer countries to meet the basic needs of their people, especially the poorest and most vulnerable people.

The MDGs set global targets to reduce poverty, hunger or child mortality, which were widely adopted by national governments in developing countries. They triggered an unprecedented wave of progress in human development in the last decade. However, the framework offered no guidance on how these targets should be reached within each country. *Who* would benefit from the development outcomes, ranging from health to hunger to education, that the MDGs aim to achieve?

This blind spot of the framework has resulted in a failure to incentivise *equitable* progress towards common goals, where richer and poorer people, urban and rural populations, and excluded ethnic minorities, for example, all benefit from the progress

achieved by the MDGs. Even more worrying is the suggestion that in some cases the goals have created perverse incentives that may have actually exacerbated inequality – for example, a tendency only to provide services to the easiest-to-reach. For example, in Uganda the government and donors have been criticised for investing in health and education only in the most stable parts of the country – which are therefore the regions more able to deliver the greatest progress against absolute MDG targets. This ignores the people living in the north of the country, who are already suffering the effects of civil war, and in turn exacerbates the sense of exclusion among northerners, which had itself contributed to the war.⁹

While progress has been made to lift many people above the poverty line, many have been left behind. And the gaps between poor and rich people, urban and rural populations, and indigenous and non-indigenous peoples have increased across the world. Undoubtedly, the international community has a primary duty to fight the worst expressions of poverty and deprivation. However, **failure to tackle inequality head on** is not only contributing to widening the gaps that divide people within countries and across the world. It is also **prematurely closing off opportunities to make further progress in eradicating global poverty**.

LET'S FINISH THE JOB WE STARTED

When it comes to winning people's trust, there's hardly a more potent political force than when governments deliver on their promises. To deliver the promise to eradicate extreme poverty – and to overcome the biggest barriers preventing the poorest and most marginalised people from accessing education, basic health services, protection services, and clean water and sanitation – we need to find ways to accelerate progress towards the MDGs and to reach those who are currently left behind. While the international community must continue addressing inequalities between countries, addressing gross and increasing inequalities within countries will be one of the most effective and powerful strategies to meet international development goals. It will remove this barrier that is blocking shared and faster progress.

In order to finish the job we started, the world will need to address the gross inequalities that now divide those who have and who have not. For instance, an

equitable approach that focuses on addressing the challenges of the world's poorest people has the potential to avert around 60% per cent more under-five deaths for every \$1 million invested in public healthcare for children than the current strategies.¹⁰

Eradicating global poverty will, to a large extent, depend on trends in inequalities and the distribution of resources within the countries which are now home to most of the world's extreme poor. The global development framework needs to be adapted to reflect this shift; it must incentivise improvements in major inequalities and track progress across all groups.

WHY TACKLING INEQUALITY IS NOW MORE IMPORTANT THAN EVER

The MDG's inequality blind spot becomes even more important when we consider the fundamental shift that has occurred in the global poverty map over the last two decades. In 1990, the vast majority – 93% – of people in poverty in the world lived in low-income countries. World poverty was, to a large extent, a problem of the world's poorest countries. Hence, the focus of the original MDG framework on the world's poorest countries, combined with the responsibility of advanced economies to support the achievement of a set of internationally agreed development outcomes.

However, today, despite the fact that inequalities between countries remain high,¹¹ more than **70% of the world's poorest people – up to a billion people – live in middle-income countries**.¹² This 'new bottom billion' of people in extreme poverty within countries that are growing wealthier has emerged within the last two decades as a crucial challenge for global development.

The challenge in these countries is not just high levels of absolute poverty – which in many cases has seen astonishing rates of decline – but also relative poverty (whereby even those above an absolute poverty line have incomes insufficient to afford essential items such as food, good healthcare and education). This is often the result of economic growth driving up the cost of living, but if the benefits of growth are only accruing to a small number of people then more and more of the population find themselves unable to afford essential items. Take China and India, for example, home to huge numbers of the world's poor,

but also increasingly home to some of the world's richest people. In 2002, India was home to four billionaires (\$US); today the number is 55. In 2002, China claimed only one billionaire. In Forbes' 2012 survey China recorded 115 – more than Germany, France and Japan combined!¹³

High growth rates in many developing countries during the last decade, and particularly in India and China, have hugely contributed to reducing global poverty. **However, if growth was broadly shared through a small GDP redistribution (of just 0.2% of GDP within upper-middle income countries, and 1.3% within lower-middle income countries) extreme poverty could be eradicated in middle-income countries.**¹⁴

In addition, increasing evidence shows that reducing inequality presents an opportunity to boost economic growth.¹⁵ According to the IMF, recent evidence “tilt[s] the balance towards the notion that attention to inequality can bring significant longer-run benefits for growth.”¹⁶ When the global economy has not yet recovered from the greatest period of economic turbulence since the Great Depression, greater equality can be a smart strategy to address a “deficiency of aggregate demand, leading to high unemployment, lower wages, greater inequality, and – coming full, vicious circle – constrained consumption.”¹⁷ There is now a growing recognition that reducing inequality can lead to greater economic stability and more robust growth, as well as reductions in conflict and social tension.¹⁸



COLIN CROWLEY/SAVE THE CHILDREN

Karimu, six, from Tanzania

BOX 2: WHAT IS INEQUALITY?

The inequalities we are concerned with reflect variation in living standards across a given population. These may be completely random, in the sense that there are no discernible initial differences between the people or households that fare better or worse. Or there may be systematic advantages for one person or group at the expense of another.

Inequality may occur in any of the components often considered part of ‘a good life’ – from health and education, to economic status, to the natural environment you live in and your social contacts.

Inequalities are visible at many different levels. Branko Milanovic identifies three types:

- inequality between countries (based on the mean income in each country, ie, GDP per capita)
- inequality within countries (usually measured with the Gini coefficient)
- global inequality, which measures inequality between individuals, irrespective of their nationality (as if the world was one country).

In the last few decades, the world has witnessed an increase in most of the inequality measures: inequality between countries (measured using household surveys to derive world income distribution for a number of benchmark years) has broadly increased, although this increase came to a halt around 2006. Global inequality – ie, inequality between all the individuals of the world – has also increased. It is currently understood that the top 5% of the world’s population controls over 37% of global income, while the bottom 5% have less than 0.2%. Meanwhile, the income of the richest 1.75% of the world’s population matches the income of the poorest 77%.¹⁹ And, as we see in the case studies conducted for this research, inequality has also increased within most countries.

Inequality is often judged in vertical terms – ie, whether one individual has a higher income than another person, or whether that individual has greater access to health or education. These analyses are “concerned with the numbers of individuals in poverty in the world as a whole, not with who they are, or where they live”.²⁰

Increasingly, however, the importance of horizontal or group inequalities – such as those of gender, region, ethnicity, race, disability, and HIV status – has been both better appreciated and understood.²¹ Some groups may often be systematically excluded from opportunities because of entrenched discrimination – for example, where less value is given to girls and women than to boys and men.²²

These group-based inequalities are vital because they make up a large component of overall inequality within any country.²³ Horizontal inequalities appear in the more commonly measured dimensions of ‘a good life’, such as education, life expectancy and income. They tend to reflect fundamental political, social and economic power relations that are often rooted in historical processes.

INEQUALITY OF OPPORTUNITIES vs INEQUALITY OF OUTCOMES

One way to think of these various dimensions is to see them as belonging to one of two separate but related types of inequality: inequality of opportunity and inequality of outcome.

Inequality of opportunity is concerned with the potential of every individual to fulfil his or her capabilities. Equal access to public services – including education, healthcare and the potential for decent work – are fundamental parts of equality of opportunity.

Inequality of outcome is usually measured in economic terms (income or asset distribution within or among countries). Outcomes can also be measured by looking at well-being indicators related to health or education.

When looking at inequalities through a ‘child’s lens’ the relationship between opportunities and outcomes is more complex and particularly relevant (see the discussion on page 11).

The focus of this report is on the inequalities in development outcomes that affect children; but, of course, broader income inequality at the national level plays a major role in determining these.

I OPPORTUNITIES AND OUTCOMES: WHY ARE CHILDREN PARTICULARLY VULNERABLE TO INEQUALITY?

Reducing gross inequalities will be crucial to achieving the MDGs and will remove a major obstacle to progress towards eradicating global poverty. Moreover, reducing inequality has the potential to stimulate longer spells of growth and greater social cohesion.¹

There is another powerful reason why Save the Children believes that tackling inequality is crucial. **A more or less equal world in the years to come will either make or break the prospects of every child to have an equal chance to survive and thrive.**

Seen through a child's lens, **reducing gross inequalities is an important objective in itself.** Inequalities experienced during childhood may have physical, psychological and opportunity effects throughout the rest of their lives.

Most of us want to live in a world that gives every newborn baby an equal start, no matter the country or the family where she is born. A world where people's hard work can improve their prospects, and where there is a helping hand for those who need it. Yet, the country in which you are born, the colour of your skin, the language that you speak, the wealth of your parents, and many other factors determine to a large extent your ticket in the 'lottery of life'.

In 1990, if you had been born in the poorest 20% of the global population you were nearly nine times as likely to die before your fifth birthday than those from the richest 20%.² If you are born as a Dalit in India you will be twice as likely to live your whole life in poverty.³ A woman is two times more likely to be illiterate than a man.⁴

These inequalities underlie the problem of poverty and deprivation. Inequality is one of the root causes

of poverty that makes it **so much harder for some people than others to escape the traps of poverty and to thrive in life.** Yet to date, inequality has been accorded too little priority.

Why are these gross inequalities so damaging to children? As we explain in Chapter 2, **children are subject to much greater inequalities than the general population – our research found that the gap between the richest and poorest is twice as high among children as adults.** But not only is inequality among children worse; as we discuss in this chapter, **children are also more vulnerable to the damaging effects of inequality because of their particular life-stage.**

THE LIFELONG IMPACT OF INEQUALITY ON CHILDREN

Lack of access to appropriate nutrition, basic health services, education, or protection from exploitation and abuse heavily impair children's ability to fulfil their potential and has lifelong effects. Even short-term deprivations can have permanent consequences for a child: a poor diet during early development in the first three years of life can lead to learning and memory deficits, lower school achievement, and behavioural problems in childhood and adolescence.⁵ Children under three living in orphanages or other residential institutions are at risk of permanent developmental damage as a result of the lack of family-based care. And for all children, long-term stays in institutions can have a lasting negative impact.⁶

Data on household spending on education in developing countries indicates that the wealthier members of the population buy better education for their children.⁷ A good-quality education improves

children's chances of gaining profitable employment and accruing wealth, meaning that those from wealthier backgrounds often get wealthier over time. **Meanwhile, poorer children have to work harder to achieve the same outcomes and many get stuck for life in intergenerational poverty cycles or 'poverty traps'.⁸**

As well as income and wealth, group-based inequalities, that range from race, to ethnicity, gender or region, have dramatic effects on children's lives (see Box 3). In South Africa, children from white families have much higher intergenerational education mobility than children from black families.⁹ And in Peru, the proportion of indigenous people who complete secondary education is just one-fifth that of the white population.

Different forms of inequalities expose some children to higher risk of violence than others. For example, the poorest girls are three times as likely to get married before the age of 18 compared with the richest girls.¹⁰ Children from stigmatised groups are more vulnerable to physical and sexual abuse and to

the harmful impact of institutionalisation. Girls are more at risk of sexual abuse and exploitation than boys. Children with disabilities are more at risk of ending up in institutions. Children deprived of family care – living in child-headed households, in institutions or on the street – very often suffer from abuse, exploitation and neglect, and struggle to meet their basic needs.¹¹

Inequality and discrimination do not only affect children's objective opportunities in life, but also the way they feel and relate to their society. A growing school of thought claims that **inequality shapes how people feel about themselves in relation to their peers; this has been shown to affect the extent to which they take up opportunities.**

Most famously, Hoff and Pandey¹² demonstrated the powerful way in which the relative test performance of Indian children from 'lower' caste groups deteriorated either when children were grouped by caste or when their names were called out (so that caste was identified). An important finding was that, when caste was emphasised, children of 'lower'

FIGURE 1: CORRELATION BETWEEN INCOME INEQUALITY AND THE UNICEF INDEX OF CHILD WELLBEING IN 23 RICH COUNTRIES



Source: Pickett K E and Wilkinson R G, *British Medical Journal*, 2007;335:1080

BOX 3: THE LASTING IMPACT OF GROUP INEQUALITIES IN SCHOOL: THREE BOYS' EXPERIENCES

Y Thinh, a 16-year-old boy from the Cham H'roi ethnic minority group in Vietnam, describes how various inequalities have affected him – and lowered his future job prospects:

At the end of seventh grade Y Thinh got into many fights with other children who bullied him because of his ethnicity. He explains how another boy mocked him for being 'an ethnic', "and then he punched me with his fist." Y Thinh could not put up with the continued bullying, and adds, "I couldn't digest the lessons. So I felt tired of learning." He has now left school and is working on the family farm. When he is 20 he wants to be a driver of a sugar-cane truck.

Rajesh, from a scheduled tribal community in Andhra Pradesh, India, describes being bullied because he belongs to a caste group with low social status:

"They are from higher classes and we are from lower classes... We give respect to them, but they didn't give to us... We are six to seven people and we stayed in queue for hostel for food, but our higher class students come in the middle of the queue. If we ask why do you like that, they scold me."

This sense of being stigmatised can affect children's pathways through schooling, as illustrated by Y Thinh and, in the following example, Bereket.

Bereket, from Addis Ababa, Ethiopia, is currently in grade eight, although he is frequently absent for 5–7 days a month as he works washing cars. He describes how among his peer group in a slum area boys do similar jobs but the girls are more concerned about their education. Bereket is an orphan who lives with his grandmother. She feels angry when he is absent from school but he says he does not listen.

Bereket describes how learning enables you to have a vast knowledge. It helps you to think good things and that makes him happy. "But I hate sitting in a classroom where there are many students. It is hard for me to sit in a classroom for long hours," he says. He also finds it difficult when the students come wearing better clothes: "I don't like to feel inferior to them, so it is a must for me to work hard to change my situation."

Bereket thinks that poverty is at the root of his problems: "It is my problems that pushed me to join this job. I didn't have any choice and in our locality there was a good opportunity for generating money."

Working has changed his perspective: "I used to think and hope that education would change my life but now I am only hoping that having a business will change me. I used to rely on education but now I prefer to work."

Source: Young Lives and Save the Children (2012 forthcoming) 'Growing Up with the Promise of the MDGs: Children's hopes for the future of development', Save the Children UK: London

caste groups deliberately selected tests that were less difficult and that had a lower (financial) return for good performance – ie, 'lower' caste children's eventual test performance was undermined by lack of confidence.

We know that children are acutely aware of their relative status in comparison with their peers. Perceptions of lower status can stifle ambition and limit children's feelings of self-worth; and this appears to be heightened by increases in inequality. Young Lives research has shown that children become increasingly aware of poverty and inequalities with age.¹³ In Peru, research based on Young Lives data

found that children with lower subjective well-being (in this case, a perception that they were poorly respected) had lower cognitive achievement,¹⁴ with lasting effects on their performance and capabilities throughout their lives.¹⁵

A recent study of child well-being and income inequality in rich countries found that child well-being was negatively correlated with income inequality and the percentage of children in relative poverty. The study went on to conclude that "[i]mprovements in child wellbeing in rich countries may depend more on reductions in inequality than on further economic growth."¹⁶

UNEQUAL PARENTAL OUTCOMES DETERMINE CHILDREN'S OPPORTUNITIES

Children are hardest hit by the damaging effects of inequality. However, the unequal circumstances and, for many, lack of opportunities in the household where they are born are not their choice or 'fault'.

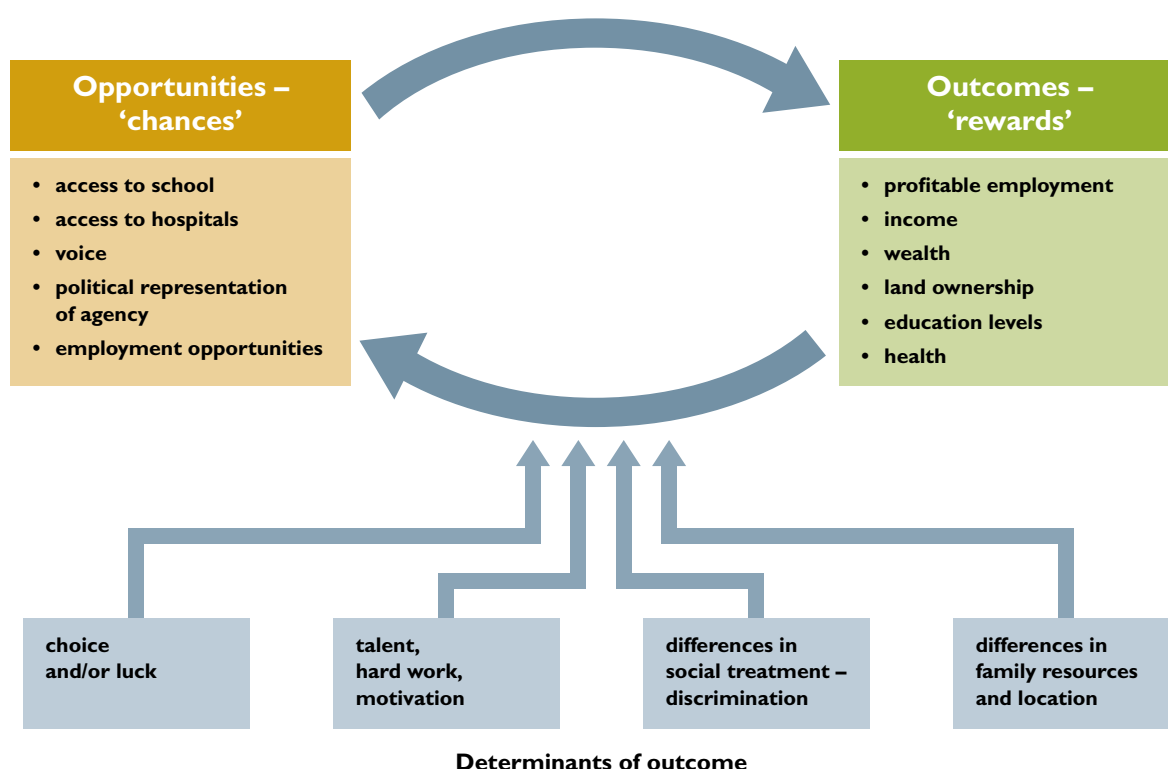
As explained in Box 2 (on page 7), a distinction is often made between inequality of opportunity and inequality of outcome. Much academic literature and political debate holds to the idea that a certain amount of inequality in economic outcomes is related to effort, hard work or personal responsibility – things that people can control – as well as being an inevitable and necessary part of the market economy. This differentiation is particularly relevant for policy-making. It implies that policies should aim to level the playing field – by ensuring equal access to school and hospitals, to political representation, or to employment opportunities, irrespective of circumstances such as race, gender, place of birth and family background. However, at the same time it suggests that policies should let individuals bear

the consequences of factors for which they can be held responsible.¹⁷

However, when looking at inequality of opportunity and inequality of outcomes from the perspective of children, the notion of 'acceptable' and 'unacceptable' inequality becomes less palatable. What for some may be an acceptable level of outcome inequality for adults – attributable to those adults' effort or personal responsibility – is less likely to appear as acceptable for their children, who have had no control over these outcomes.

More importantly, such inequality will irreversibly impair opportunities for children. **Inequality of outcomes among adults – such as income inequality or inequality in mothers' levels of education – represent inequality of opportunities for their children.** As much literature on social mobility and intergenerational transfers of poverty have served to demonstrate, the relationship between equality of opportunity and equality of outcomes is not simply linear and one-way (progressing from opportunities to outcomes), but circular (eg, parental outcomes can determine a child's opportunities, which in turn determine their outcomes).¹⁸

FIGURE 2: THE CYCLICAL RELATIONSHIP BETWEEN INEQUALITY OF OPPORTUNITY AND OUTCOME



Data on social-economic mobility illustrates the circular relation between inequality of opportunity and inequality of outcomes. If the outcomes that parents have achieved in life did not have important consequences in the lives of their children, a society that focuses on providing opportunities for all – such as access to health and education – would benefit from high social mobility (the ability of children to seize opportunities beyond the circumstances in which they are born).

However, looking at data on social mobility for rich countries, we can see that countries with higher income inequality (inequality of outcomes) suffer from lower socio-economic mobility. Similar patterns are observed in low-income countries, where the effective assets of each family feed back to affect the inequality of opportunity of children. We see this starkly with child mortality in low-income countries, which is notably higher in the poorest households than in wealthier households.¹⁹

There are many other instances of inequality of parental outcomes leading to inequality of opportunity for children. For example, household spending on education shows that the wealthier households can afford to invest in a better education for their children,²⁰ hence improving children's chances of gaining profitable employment and accruing wealth.

Income, however, is just one of the dimensions of inequality. Group inequalities – such as gender, region, ethnicity, or race – are also the source of exclusion from opportunities, often because of entrenched historic discrimination. Assessing group-based inequalities is vitally important because they make up a large component of overall inequality within any country.

Given the impact that inequality of outcomes has on children's opportunities, both dimensions of inequality deserve attention in social and economic policy and as an integral element of inclusive development goals.

HOW MUCH INEQUALITY IS INEVITABLE?

Poverty and inequality are not 'natural' or inevitable; they are a man-made phenomenon. We can eradicate poverty and reduce gross global inequalities, and we know how to do it.

Despite trends of increasing inequality in most countries, some have demonstrated that much

can be done to reduce it. Brazil, for instance, has demonstrated the importance of political will in creating change and reducing inequality. Brazilian social policies – ranging from cash transfer schemes such as *Bolsa Familia*, to health and education – have been a crucial tool for reducing vast inequalities and bring down its Gini coefficient.

Findings in the eight case studies conducted to write this report show that there is huge scope for improving and equalising opportunities. From increasing social spending, to moving towards universal access to essential services, minimum wage policies or regional development strategies, countries have a broad menu of policy options to reduce inequality, as one of the most effective strategies for poverty eradication. (See Chapter 4, 'What policies can reduce inequality?'.) Aware of the economic, social and political challenges posed by inequality, countries such as Brazil and China are poised to launch ambitious programmes to reduce disparities between income groups, rural and urban areas, or different ethnicities.

Many economic and social policy experts increasingly suggest that reducing inequality is a smart strategy **to boost economic growth and increase social cohesion** – which are today key challenges shared by many world countries. Recent evidence from the International Monetary Fund suggests that reducing inequality can make growth spells longer²¹ and bring significant longer-run benefits for growth.²² Likewise, *The Spirit Level*²³ and a recent Harvard University study²⁴ also found that lower levels of income inequality and other group inequalities²⁵ have a positive effect in reducing crime, conflict and social tension.

Whereas inequality within countries is and will remain an issue that mostly pertains to domestic policy, there is much that the world can do to help countries respond to this shared challenge. The MDGs have proved to be an excellent incentive to foster change and trigger a race to the top among many countries to deliver the promises made. The post-2015 framework should include an explicit commitment to pursue an equitable approach to development, to finish the job the MDGs started by reaching the hardest-to-reach and to tackle other forms of rising inequality. (See 'Conclusion and recommendations' on page 34.) For people around the world, this is the opportunity to build the world we all want for our children.

2 WHAT IS THE SCALE OF INEQUALITY AMONG CHILDREN?

Inequality is twice as high among children as the general population.

Despite the fact that children are hardest hit by inequality, little attention has been paid to the measurement of inequality among children. New research we carried out for this report helps to fill in this gap.

We looked at the income available for children distributed across ten different income-level groups (deciles) in 32 countries. A key finding is that **children have profoundly unequal access to resources. Inequality is twice as high among children as the general population** (see Appendix). Even more worryingly, the gaps are increasing.

Our findings suggest that any development framework that aspires to give every child a fair chance at life must address head on such gross inequalities. It must establish clear objectives to reverse current trends.

OUR RESEARCH APPROACH

The lack of evidence on inequality among children is partly due to a lack of available and sufficiently disaggregated data.¹ Another key factor is that all too often the groups that suffer greatest discrimination – be it because of their poverty, race, ethnicity, gender or age – are those that receive the least attention in official statistics; they are often uncaptured.

Despite limited available disaggregated data, we know that children are disproportionately affected by poverty. A recent study by UNICEF found that nearly half the world's poor people are children.² Around half – 48.5% – of the world's children and young people (under the age of 24) live in the two poorest global income quintiles. And of the 3 billion people under the age of 24 in the world in 2007, approximately 1.5 billion of them had access, along with their families, to just 9% of global income.

Meanwhile, for the 400 million children and young people (14.1% of global total) fortunate enough to live in families in the top global income quintile, 60% of global income was within their reach, along with all of the associated opportunities.

We wanted to dig deeper into these statistics to gain a better understanding of the gaps that divide 'the children who have and those who do not'. In order to do this, we looked at the share of resources that ten different groups of children (from the poorest to the wealthiest deciles) have access to, across 32 low- and middle-income countries. We then calculated inequalities in access to resources among different income groups.

Our analysis finds that, in our 32 sample countries, **children in the richest decile have access to 35 times the income that is available to children in the poorest decile.** For the general population in our sample countries, the richest 10% of people has access to 17 times the incomes of the poorest. **This means that, for children, the gap in access to resources is double that of the total population.**

Some children are born into families with access to 50, 100, or even 200 times the resources available to the poorest children.³ The countries in our sample with the greatest inequality between the effective available incomes of the richest and poorest children are Bolivia (where the richest children live in households that have incomes a staggering 222 times those of the poorest), Colombia (161 times), Haiti (142 times), Guatemala (142 times), Namibia (72 times) and Peru (66 times).

The wider inequality gap among children results from the fact that children are disproportionately represented in the poorest households. Based on the way that individuals are assigned to wealth deciles in the household surveys we studied, we would expect 10% of people to be in each decile.

BOX 4: HOW DID WE CALCULATE CHILDREN'S 'EFFECTIVE AVAILABLE INCOME'?

With the aim of filling research gaps on inequality among children, our research constructed a new methodology to calculate the distribution of income as it affects children. This analysis is based on income inequality, as it is arguably the only measure of inequality that can be studied across countries and over time.

It should be noted that this measure fails to encapsulate the effects of other dimensions of inequality, namely group-based or horizontal inequality, such as race, ethnicity, region or gender. Nevertheless, we believe it is an important first step towards a better understanding of the magnified effects that inequality has on children.

In addition, our approach also might *underestimate* the extent to which children are more subject to inequality than adults, because it doesn't take into account the fact that children might be victim to other forms of inequality within their households. Children may face *intra*-household inequality on the basis of, for example, their age or gender. Conventional approaches to inequality assume equal distribution within the household, but studies reveal variations in the distribution of consumption between parents and children and among children. Empirical evidence from the USA suggests that parents treat boys and girls differently. Meanwhile, evidence from north Africa and south Asia suggests that socio-cultural norms can be a major determinant of intra-household relations, with girls often disadvantaged.⁴

HOW DID WE CONSTRUCT THE EFFECTIVE AVAILABLE INCOME?

Recent research by Gabriel Palma has shown that disaggregating by quintile (and then comparing the top 20% and bottom 20%) may not be enough to understand true trends, especially for the poorest.⁵ We therefore wanted to dig deeper than income quintiles to understand what was happening at the very top and the very bottom of the income distribution scales (by decile, or the poorest and richest 10%).

We used constructed wealth deciles based on the distribution of the household population according to data available in DHS, and we assessed the

number of children aged five years or under in each wealth decile.

We then compared this with the data on income share for the poorest and richest 10%, gathered by the World Bank for the World Development Indicators dataset (for more on the selection of countries for our sample and on the methodology of this analysis, see Appendix 2). Our approach to this analysis required us to compare different measures of economic status (wealth or asset index in the case of the DHS data, and income in the case of the WDI). This presents a methodological challenge as asset indices (such as those used by DHS) are believed to be a weak proxy for income.

For the purposes of our analysis, however, we only needed to assess whether the distribution of children was similar whether based on asset index or income. To do this we looked at the distribution of children by both wealth and income in two countries for which we had data for both measures of economic status (on asset index in DHS and on income in the Luxembourg Income Survey). The distribution of children by decile in both of these countries was nearly identical when measured by asset index and by income.

We do not argue that a share of the income of a given household is in practice allocated to each of the children within it. We do, however, believe that generating such a measure allows a meaningful comparison of what is, in effect, the income 'available' to spend on each child. In the absence of high-quality, internationally comparable data on income distributions within households, we believe that this is the best single measure possible, and allows a rough analysis of the inequality of 'access to economic resources' facing children, both within and between countries. We refer to this measure as the effective available income per child.

One significant caveat is that we focus only on children aged under five (in order to match survey and population data). This excludes the demographic bulge higher up the age range (among adolescents) – so that our approach almost certainly understates the full extent of inequality faced by children. For a full discussion of how we calculated effective available income per child, please see Appendix.

On average, however, nearly 13% of children fell into the poorest decile. This means that, on average across the sample countries, children are nearly 30% more likely than the general population to live in the poorest households.

Because there is a disproportionately high number of children in the poorest decile, the implied available resources for these children are lower than the resources available to children per decile in the general population. While the poorest decile of the general population has access to 2.6% of national income,⁶ the implied available resources for the poorest children is only 2.3%.

And, by contrast, because there are disproportionately fewer children in the richest decile, the implied available resources for these children are higher than the resources available to children per decile in the general population. The richest decile of the general population has access to 33% of resources; for their children the implied available resources are as much as 47% of GDP.

Figure 3 compares the extent of inequality in available resources for children, against the broader population. The ratio of relative incomes of the richest to the poorest shows much greater inequality among children than in the general population.

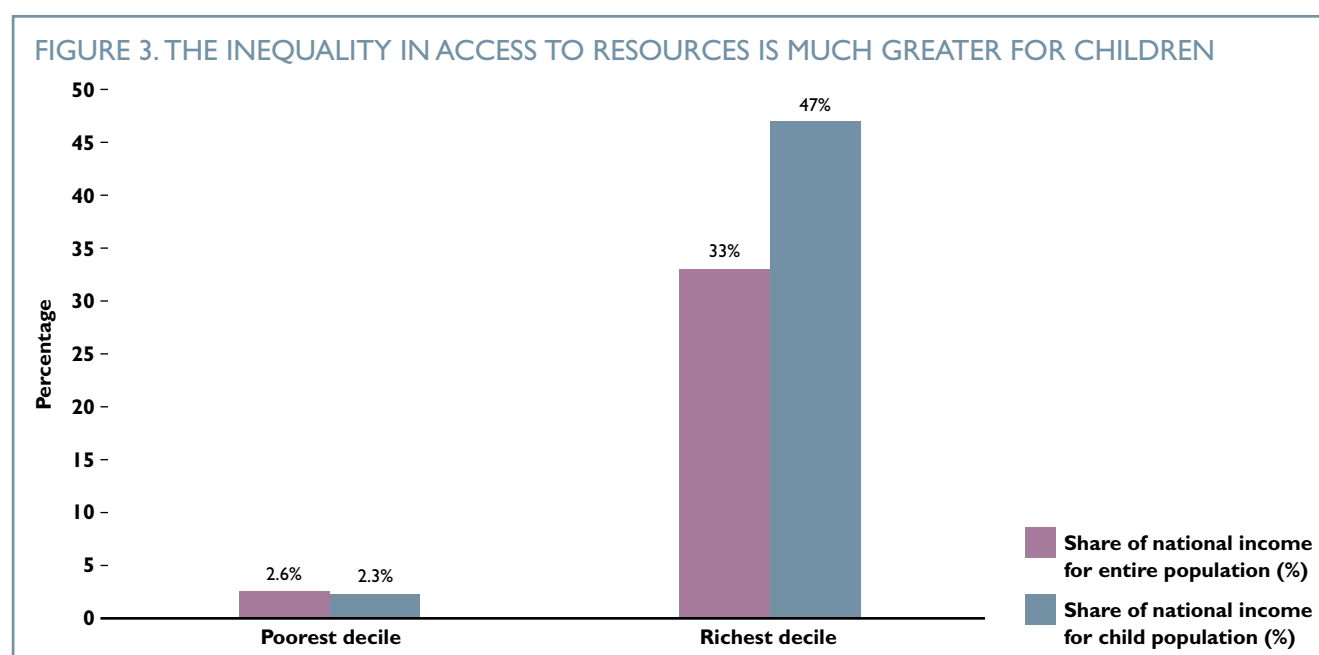
INEQUALITY ON THE RISE

The analysis above demonstrates that there are enormous inequalities in the distribution of development outcomes, and these are even starker for children than they are for the general population.

And the gaps are increasing – overall, across the 32 sample countries the available income for children in the poorest decile has actually decreased, as a share of GDP, since the 1990s.

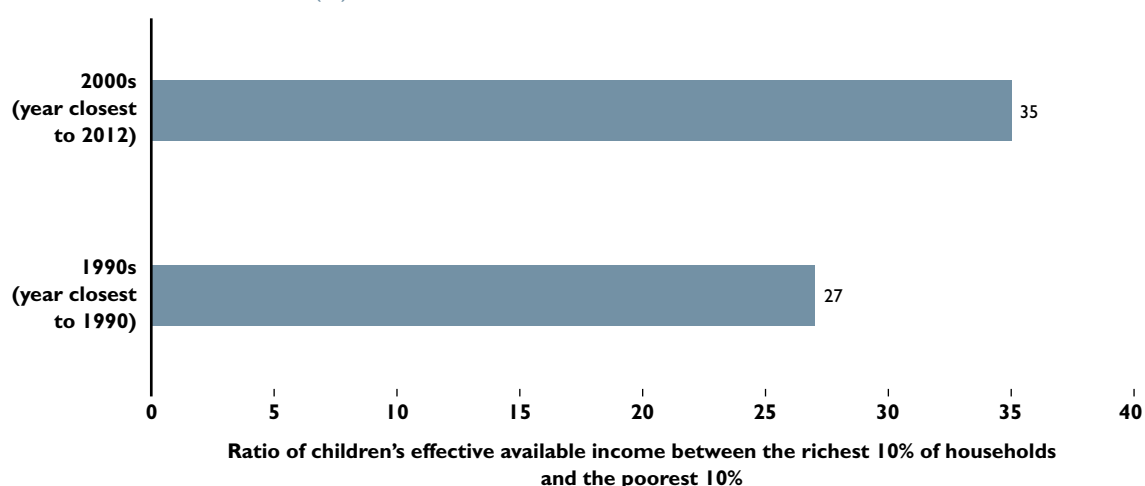
This is in line with recent evidence on trends on inequality for the overall population, which find that income inequality, as well as other types of inequality, is rising. A recent study looking at global trends in income inequality across more than 80 countries between 1993 and 2005 found an upward trend in inequality within countries overall.⁷ As we embark on the project to agree the successor framework to the MDGs, we should be gravely concerned at the scale of the income inequalities *and* at the fact that in most countries the gaps are growing wider.

Since the 1990s, across the 32 countries we studied, the effective available incomes of the children in the poorest decile have actually declined, while those of the children in the richest decile have increased. This means that **the gap between the richest and poorest children has grown by 35% since the 1990s**, the timeframe used to monitor progress towards the MDGs (see Figure 4).



Source: calculations on WDI and DHS data.

FIGURE 4. THE WIDENING GAP BETWEEN RICH AND POOR IN EFFECTIVE AVAILABLE INCOME PER CHILD SINCE THE 1990s (%)



Source: Calculations on World Development Indicators and Demographic Health Surveys data.

Of the 32 countries we studied, nearly two-thirds of countries have seen the gap in effective available income per child between the poorest and richest decile widen since the 1990s. Gaps between the poorest and the richest can increase for different reasons – for example, because the growth in available income for the richest was faster than for the poorest, or because the poorest actually experience an absolute loss in available income.

We looked at what happened in each of the 32 countries in our sample. We found that **in nearly one fifth of the countries** (Bolivia, Peru, Zambia, Côte d'Ivoire, Ghana and Cameroon) **the poorest children actually experienced absolute losses in their available income**. Four of these countries saw major falls in absolute 'available income' per child in the lowest decile of households since 1990: Bolivia (a 40% fall), Peru (30%), Zambia (20%) and Côte d'Ivoire (10%).

Figure 5 shows columns for each country in descending order of the growth of 'available income' per child in the lowest income decile of households, across the whole sample period (roughly 1990–2010). The points show the income growth per child in the highest income decile.

In this graph we can see that there are countries where the richest children experienced steep improvements, while the poorest hardly improved in absolute terms, or actually lost available income – for example, in Tanzania, Uganda and Colombia. However, there are other countries where the richest children experienced very similar or even better rates of growth, but where the poorest did much better (this

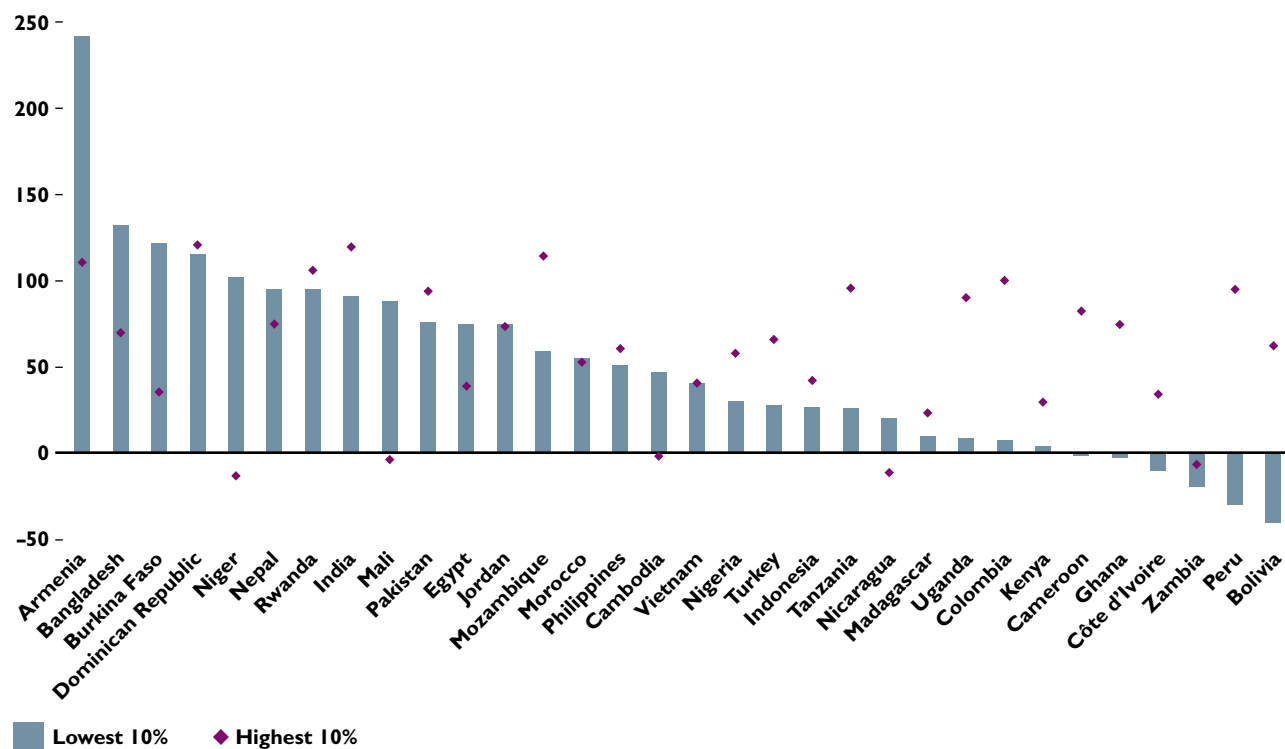
is the case in, for example, Rwanda, the Dominican Republic, Pakistan and India). It is clear, therefore, that there is no inevitable relationship between the growth in available income of the richest and the poorest, and that there are countries that have had high available income growth in both groups.

However, making sure that the poorest do not suffer effective losses in their available income is not enough to reduce widening disparities. For the purpose of reducing gross inequalities, growth rates in the available income of the poorest need to be higher than those of the richest children. But our analysis shows that this has not generally been the case: **nearly two-thirds of the countries in our sample experienced regressive – or non-equitable – growth**, meaning that the rates of progress among the poorest were lower than among the richest.

We can identify three distinct groupings among the sample countries. The first, shown in green in Figure 6, exhibited a pro-poor bias over the period in the distribution of 'available income' per child – ie, income growth in the lowest decile was greater than that in the highest decile. This group includes 11 countries: Niger, Mali, Burkina Faso, Armenia, Cambodia, Bangladesh, Nicaragua, Egypt, Nepal, Morocco and Jordan. Four of these saw growth in income per child in the lowest decile, despite a fall in the highest decile: Niger, Mali, Cambodia and Nicaragua.

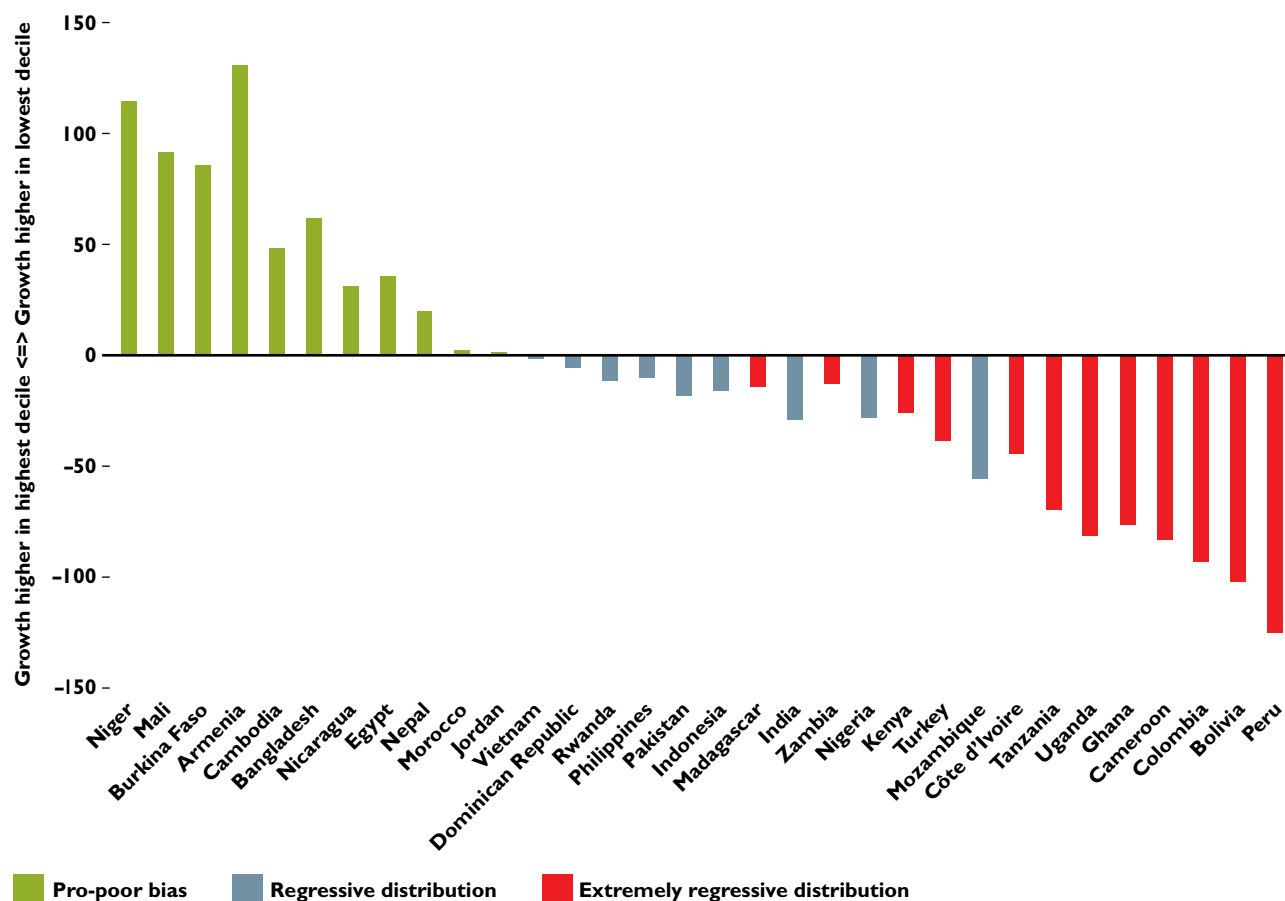
The second group (in blue) showed a regressive distribution, with higher growth in the highest decile

FIGURE 5: INCOME GROWTH PER CHILD IN THE LOWEST AND HIGHEST DECILES



Source: Own calculations, Demographic Health Surveys and World Development Indicators data.

FIGURE 6: DIFFERENCE BETWEEN LOWEST AND HIGHEST DECILE INCOME GROWTH PER CHILD



Source: Own calculations, Demographic Health Surveys and World Development Indicators data.

(but still positive growth in the lowest decile). Nine countries fall into this group: Vietnam, Dominican Republic, Rwanda, the Philippines, Pakistan, Indonesia, India, Nigeria and Mozambique.

The third group (in red) showed extremely regressive distributional changes, with growth in the highest decile more than twice that of the lowest. Twelve countries are in this group: Madagascar, Zambia, Kenya, Turkey, Côte d'Ivoire, Tanzania, Uganda, Ghana, Cameroon, Colombia, Bolivia and Peru.

These figures show that the richest children in the majority of countries are benefiting much more from growth than the poorest. In order to close the gaps and give the poorest children fairer chances at life, more attention needs to be paid to the patterns of growth, and to the policies and interventions that make growth equitable for the poorest children.

BOX 5: THE POWER OF HORIZONTAL INEQUALITIES

Between them, our eight case study countries – Brazil, Canada, China, Ghana, India, Indonesia, Nigeria and the UK – provide compelling evidence of horizontal inequalities, and in particular – with regard to gender – to regions and to ethnicity. The impact of these inequalities on children is the subject of Chapter 3.

GENDER INEQUALITIES

Gender inequality is especially pervasive in Nigeria. The country is ranked 79th out of 86 in the OECD Social Institutions and Gender Index 2012. Only 9% of those who stood for election in Nigeria's April 2011 National Assembly elections were women; women make up only 24% of 'free use' land owners and 26% of owners of distributed land; and women's labour market participation rate is just 39.5% compared with 74.8% for men.

In India, recent census figures reveal that the sex ratio dropped to 914 females per 1,000 males – the lowest since India attained independence in 1947. In China, while aggregate data show that the influence of women in the household has significantly improved over the past 20 years, there has been little progress in terms of women's influence in the workplace or in the political sphere. Gender inequality in earned incomes has increased dramatically over a period of 20 years: the ratio of female earnings to male incomes in urban areas declined from 77.5% in 1990 to 67.3% in 2010; and in rural areas from 78.9% to 56.0%.

In the UK the gender pay gap remains persistent. In 1991, the disparity between male and female pay was 14.4% in favour of men. By 2000, this gap decreased to 12.1%, but by 2008 it had increased slightly to 12.5%.

SPATIAL INEQUALITIES

The UK also has persistent regional inequalities, with areas in the north of England having average incomes less than 82% of those in the south. Canada is also characterised by deep regional inequalities, with child poverty rates varying from just over 10% to more than twice that.

In China, there are significant inequalities between regions and more broadly between urban and rural areas, though these may have been contained to some extent since 2010. According to NBS (2011, Table 10-2), the ratio of per capita urban household disposable income to per capita rural household net income was 2.20 in 1990, increasing to 3.33 in 2009, but then declining for two consecutive years since 2010. By the end of 2011, it was 3.13, close to the ratio in 2002.

In Brazil, Nigeria and Ghana, there are powerful north-south splits; in each case, northern states or regions are economically disadvantaged to a significant degree. Regional inequalities are also significant in Indonesia – not least through the relative exclusion of Papua – and in India.

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BOX 5 *continued*ETHNIC, RELIGIOUS AND
INDIGENOUS INEQUALITIES

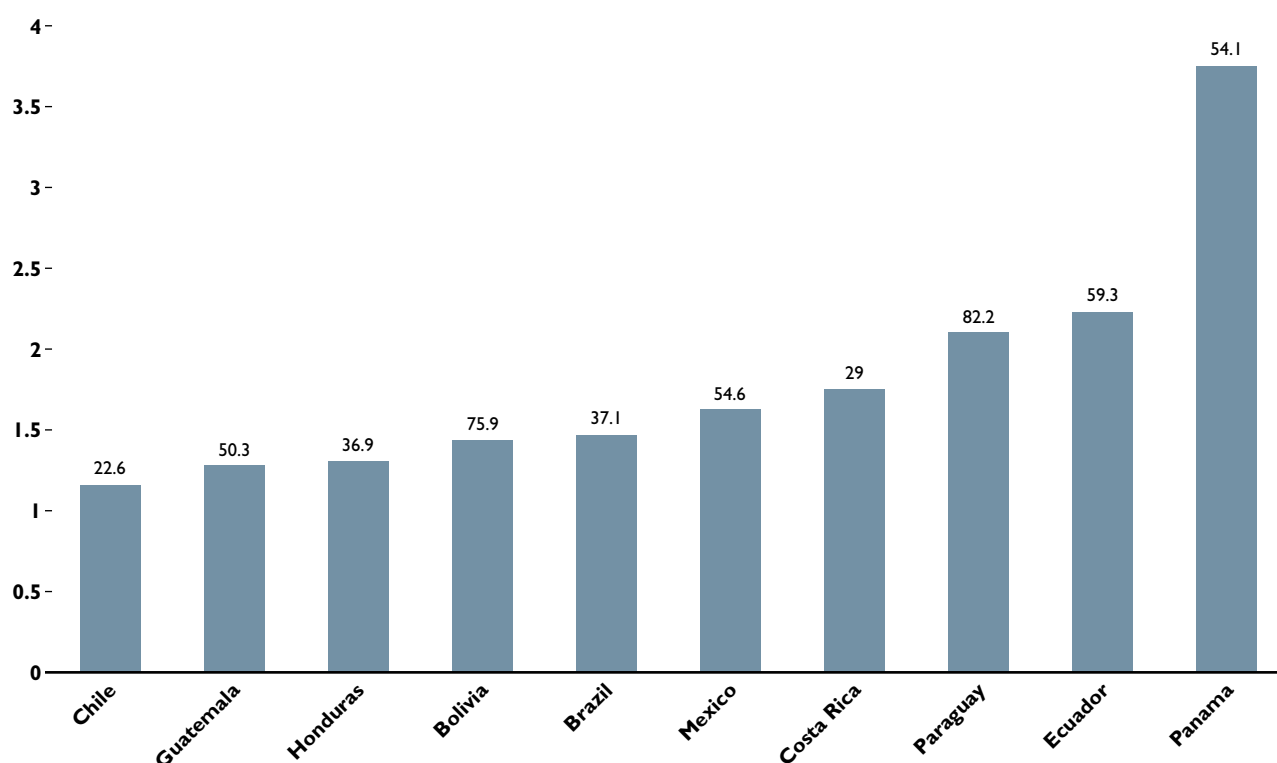
In many cases, spatial inequalities map to inequalities based on identity characteristics.⁸ Ghana's second largest ethnic group, the Mole-Dagbani (comprising 17% of the population), tend to experience systematically poorer development outcomes than the largest ethnic group, the Akan, and are predominantly located in the poorer north. (See page 28 for a discussion on Ghana's ethnic and spatial inequalities.)

Canada's aboriginal population of around 1.2 million faces severe inequalities across family income,

educational attainment, homelessness and overcrowded households, poor water quality, infant mortality, health and suicide. In the UK, ethnic inequalities persist – between 1991 and 2008, on average, the net equalised household income of white individuals was more than 15% higher than that of black people or south Asians.⁹

Figure 7 shows the scale of inequalities facing indigenous people across South America – for example, an indigenous infant in Brazil is 1.5 times more likely to die than a non-indigenous infant. The ratio in Panama is close to four.

FIGURE 7: RATIO OF INDIGENOUS TO NON-INDIGENOUS INFANT MORTALITY RATE, 2000–02



Notes: Data are for 2000–2002, figure taken from Christian Aid, *We're All in This Together* (2010). The values in the columns represent the indigenous infant mortality rate per 1,000 births, while the height of columns represents the ratio of the infant mortality rate among indigenous people to that among non-indigenous people. Original notes: Del Popolo and Oyarce (2005), cited in Kabeer, N, 'Can the MDGs provide a pathway to social justice? The challenge of intersecting inequalities', A Report for the MDG Achievement Fund UNDP-Spain, forthcoming.

3 WHAT ARE THE EFFECTS OF INEQUALITY ON CHILDREN?

Chapter 1 distinguishes between different types of inequality – whether among individuals or between groups, and whether in the dimension of income or any other aspect of human development. It goes on to set out why these inequality distinctions matter so much for children. And we have seen in Chapter 2 the scale of child inequalities in terms of available income (as a proxy for broader opportunities).

This chapter now looks at what inequality means in terms of child development outcomes. What are the effects of inequality on child well-being?

We explored this question by looking at a range of health, nutrition and education outcomes in eight countries from different regions of the world and with different income levels: Brazil, Canada, China, Ghana, India, Indonesia, Nigeria and the UK. We found that different inequalities – ranging from wealth, spatial, rural and urban, or gender inequalities – have a dramatic impact on children's health, nutritional status, education, and vulnerability to violence and abuse.¹

HEALTH INEQUALITY AND CHILDREN: A MATTER OF LIFE AND DEATH

The effect of inequalities on health outcomes show how unequal starts in life can blight children's lives – or simply end them.

Income inequality is clearly linked to children's chances of survival. For instance, in Nigeria **the poorest children are more than twice as likely to die before their fifth birthday as the**

richest children. While children in the highest wealth quintile suffer 87 deaths per 1,000 live births, for those in the lowest quintile the figure is 219 deaths per 1,000 live births.²

The region where children are born is also crucial in determining whether they will survive or die. In China, although spatial inequalities have been reduced to some extent, **child mortality in the poorest regions is double that of the wealthiest regions.** In India, the worst 25 districts in terms of infant mortality (as per the 2011 census) are concentrated across three states – Assam, Bihar and Madhya Pradesh. Not surprisingly, these states are amongst the poorest in terms of per capita GDP, ranking 27, 30 and 28 respectively out of 30 states in the state domestic product data available for 2009–10. And in south-west Nigeria mortality rates are at 89, whereas in the north-east they are more than double that (222 per 1,000 births).³

Disparities are also striking between urban and rural populations. In Nigeria, the under-five mortality rate is 121 deaths per 1,000 live births in urban areas, compared with 191 in rural areas (a ratio of 1.6). Similarly, 65% of births in urban locations have a skilled attendant present, versus 28% of births in rural locations (2006–10).⁴ In China, urban child mortality rates declined from 21 to 7 during the 1990s, while in rural areas the decline was from 71 to 20 per 1,000 births.

But disparities in health outcomes do not only exist in poorer countries. In Canada, one of the world's eight richest countries, low-income children are 2.5 times more likely to have a problem with vision, hearing, speech or mobility.⁵

BOX 6: CASE STUDY COUNTRIES IN PERSPECTIVE: DEVELOPMENT AND INEQUALITY

The eight countries where we conducted case studies for this research are home to nearly half of the world's population, and to more than 60% of those living in extreme income poverty.⁶

Table 2 presents data that summarises the current standing and recent performance of these countries, in terms of economic and human development indicators.

Table 2 first shows that after the UK and Canada, Brazil's income levels are roughly twice those of China, which are in turn more than twice those of Indonesia and then India. Nigeria and Ghana are the poorest countries in the sample. After China's stellar per capita income growth, India is the next best performer (about half as much), followed by Indonesia, Ghana and Nigeria (less than a third of China's growth), then Brazil and finally the two rich economies.

In terms of people living in extreme income poverty (less than \$1.25 a day), Nigeria stands out both for having the highest rate – nearly 70% of the population – and also trending slightly upwards since 2000, whereas all others have shown substantial reductions. Despite a lower overall income, Ghana's poverty rate is less than 30% of its population, and falling.

Nigeria also stands out for its high child mortality and low literacy (as well as having the greatest gender inequality in literacy), suggesting that something more than just low average income is driving this set of negative outcomes. Looking at stunting, India and Nigeria show the worst performance, both in absolute terms and in recent (negative) progress.

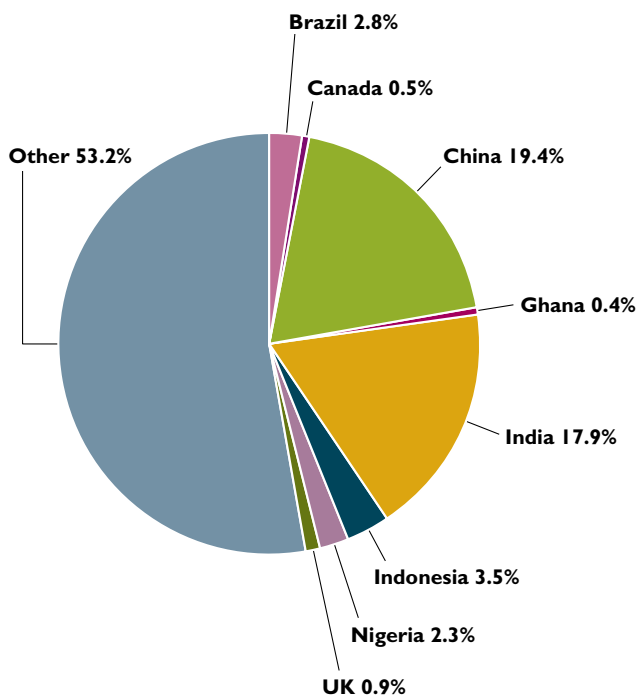
Table 3 shows the sample countries' progress with regard to income inequality, using the Gini coefficient (which takes a value of 1 for perfect inequality and 0 for perfect equality).

The highest income inequality, but also the only sustained period of progress, occurs in Brazil. Every other country in our sample has seen substantial growth in inequality since 1980.

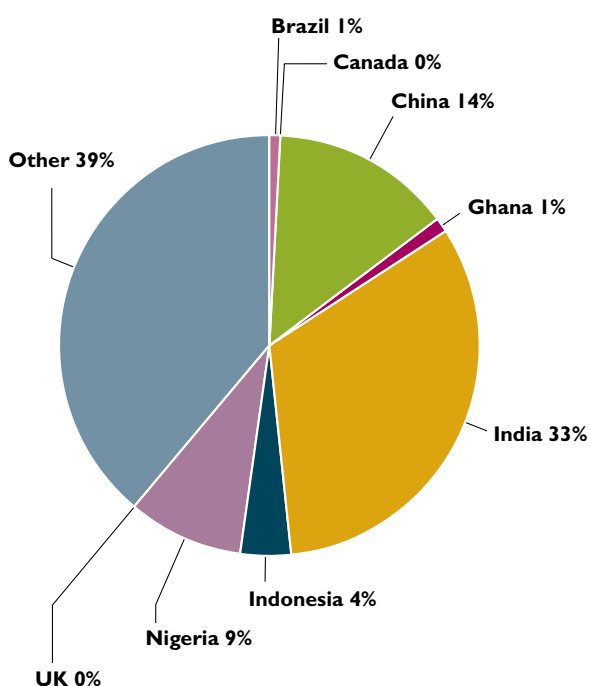
However, the Gini coefficient has been criticised for hiding too much information about income distribution. An alternative, following the Chilean

FIGURE 8: COMPARISON OF CASE STUDY COUNTRIES' SHARE OF WORLD POPULATION AND SHARE OF PEOPLE WITH LESS THAN \$1.25 A DAY

Share of world population



Share of people with less than \$1.25 a day



Source: Calculations on WDI (World Bank) data.

continued overleaf

TABLE 2: CASE STUDY COUNTRIES: DEVELOPMENT INDICATORS

	Brazil	China	Canada	India	Indonesia	Ghana	Nigeria	United Kingdom
GDP per capita in 2000 US\$	4803.4	2639.5	25933.3	837.7	1207.0	402.3	561.9	28032.8
Most recent Change since 2000	30%	178%	10%	86%	56%	55%	51%	12%
Extreme income poverty headcount (PPP US\$ 1.25 a day)	6.14	13.06		32.67	18.06	28.59	67.98	
Most recent Change since 2000	-48%	-54%		-22%	-38%	-27%	8%	
Relative poverty headcount (60 per cent of the current median income)			19.4					18.4
Most recent Change since 2000			7%					-3%
Under-five child mortality rate (per 1,000 live births)	19	18	6	63	35	74	143	5
Most recent Change since 2000	-47%	-45%	0%	-27%	-35%	-25%	-23%	-29%
Under-fives suffering from stunting (moderate and severe)	7	10		48	37	28	41	
Most recent Change since 2000	-36%	-29%		4%	0%	8%	8%	
Youth (15–24 yrs) literacy rate (%)	97	99		88	100	81	78	
Male	99	99		74	99	79	65	
Female								

Sources: World Development Indicators, World Bank; UNICEF; and OECD.

BOX 6 *continued*

economist Gabriel Palma, is to focus on the ratio between incomes of the top 10% of the population and the bottom 40%. Palma (2011) shows that the share of national income of the 50% of the population excluded from this ratio is remarkably consistent across countries at different income levels and in different regions, so the lost information in this approach is expected to be less important.

Figure 9 shows the relative performance of the sample countries on this indicator, from around 1990 to the most recent. As with the Gini, Brazil starts as a clear outlier – but on this measure, by

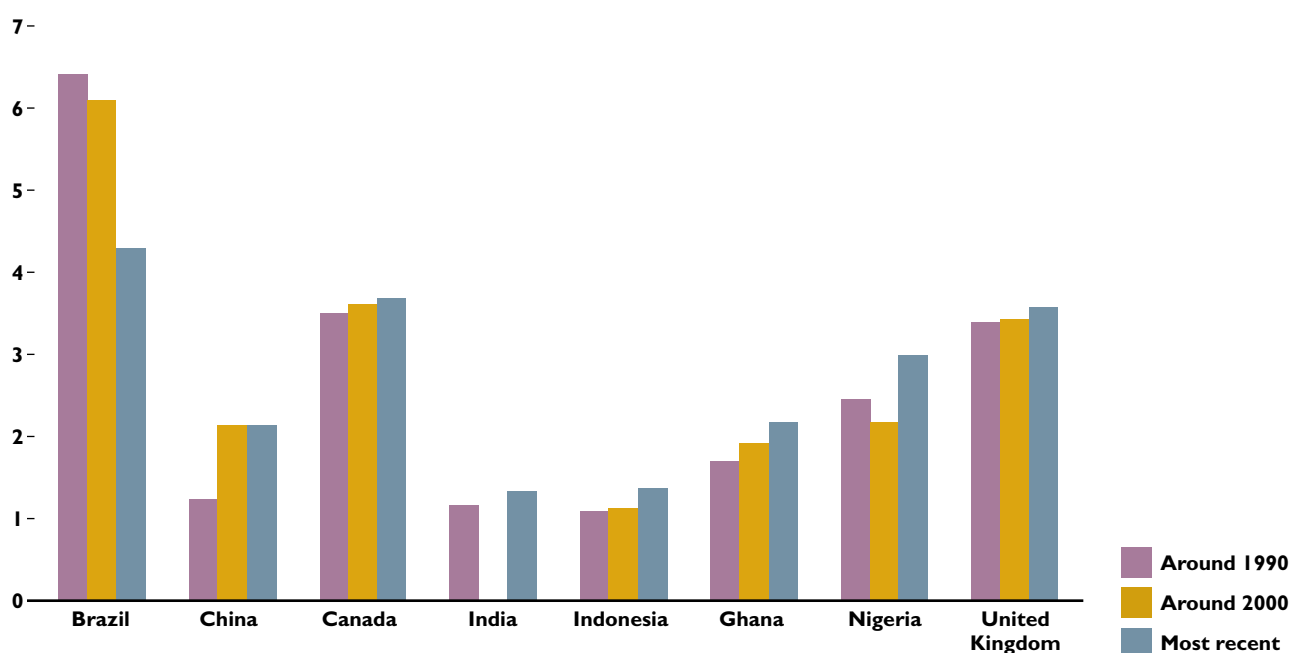
the most recent data, Brazil is only a little more unequal than Canada and the UK. The other feature of note is that Nigeria saw inequality fall during the 1990s, but experienced by far the sharpest rise since 2000 – the period for which its performance on broader development indicators, as we have seen, is so much worse than other sample countries.

The case studies provide compelling evidence of horizontal inequalities across the sample, and in particular with regard to gender; to regions; and to ethnicity.

TABLE 3: CASE STUDY COUNTRIES: INCOME INEQUALITY

Country	GINI (1980 or earliest available)	GINI (2012 or latest available)	Number of years between earliest and latest data	Change in GINI over time	Average annual change in GINI
Brazil	55.3	52.0	29	-6.0%	-0.2%
Nigeria	38.7	42.9	19	10.9%	0.6%
Ghana	36.0	42.8	14	18.9%	1.3%
Indonesia	35.0	39.5	9	12.9%	1.4%
China	33.0	41.5	19	25.8%	1.4%
India	32.0	36.8	9	15.0%	1.7%
Canada	28.4	31.9	29	12.3%	0.4%
UK	27.0	33.5	29	24.1%	0.8%
Unweighted average					0.9%

FIGURE 9: CASE STUDY COUNTRIES: RATIO OF INCOME OF TOP 10% TO BOTTOM 40%, OVER TIME



Source: calculations on WDI, World Bank.

UNEQUAL NUTRITION: A LIFE SENTENCE FOR CHILDREN

As with health outcomes, inequalities in income have a strong impact on the nutritional status of children. The effects of inequality on nutrition do not only have a short-term effect on the anthropomorphic indicators of children – they have permanent effects on the physical and intellectual capabilities that a child can develop.

Spatial inequalities and inequalities between the urban and rural population also have a strong impact on children's nutrition. For instance, in China, **stunting affected 20% of children in poor rural counties in 2010, more than twice the national average and almost six times the national urban rate.** And in Nigeria, data show that 45% of children living in rural areas are stunted, in contrast with 31% of those children living in urban areas (itself still a very high figure).

Income inequality also has a strong impact on nutrition outcomes. In Nigeria, 50% of children living in the poorest households (the bottom wealth quintile) are stunted as a result of nutritional deprivations, but only half of those living in the richest households (see Table 4).

In Indonesia, despite overall national improvements in nutrition indicators, children in the poorest households have actually experienced a deterioration in their nutritional status between 2007 and 2010, as figure 10 shows. The sharp rise in wasting – or acute malnutrition – among children from the poorest households is worrying in its own right, and could also be interpreted as an early warning for future increases in chronic malnutrition.

India's income inequality, meanwhile, has been shown to result in higher levels of both undernutrition and obesity in children. Subramanian et al show that state level income inequality was strongly associated with the levels of Body Mass Index (BMI).⁷ A change of one standard deviation of the Gini coefficient (which amounts roughly to a 3% change) increased the risk of being underweight by 19% and the risk of being obese by 21%, depending on the direction of change. The study concluded that **the simultaneous existence of both undernutrition and overnutrition suggests the blame lies with inequality (a skewed distribution of food), rather than general poverty (an overall shortage).**



A girl and her younger brother in West Bengal, India, outside the pre-school centre in their village, where children can come for a morning meal.

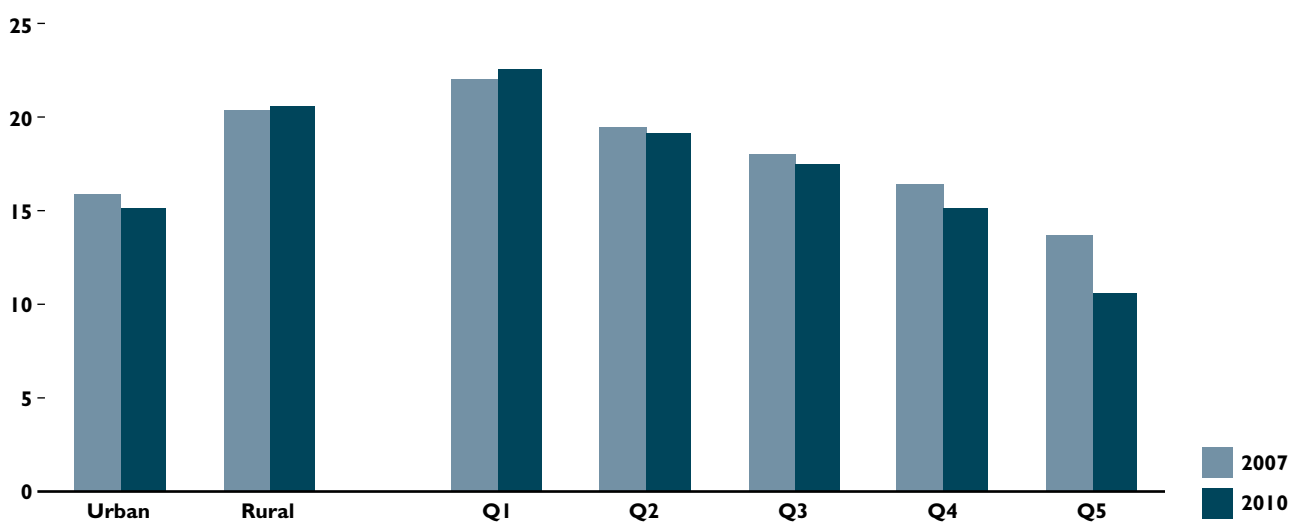
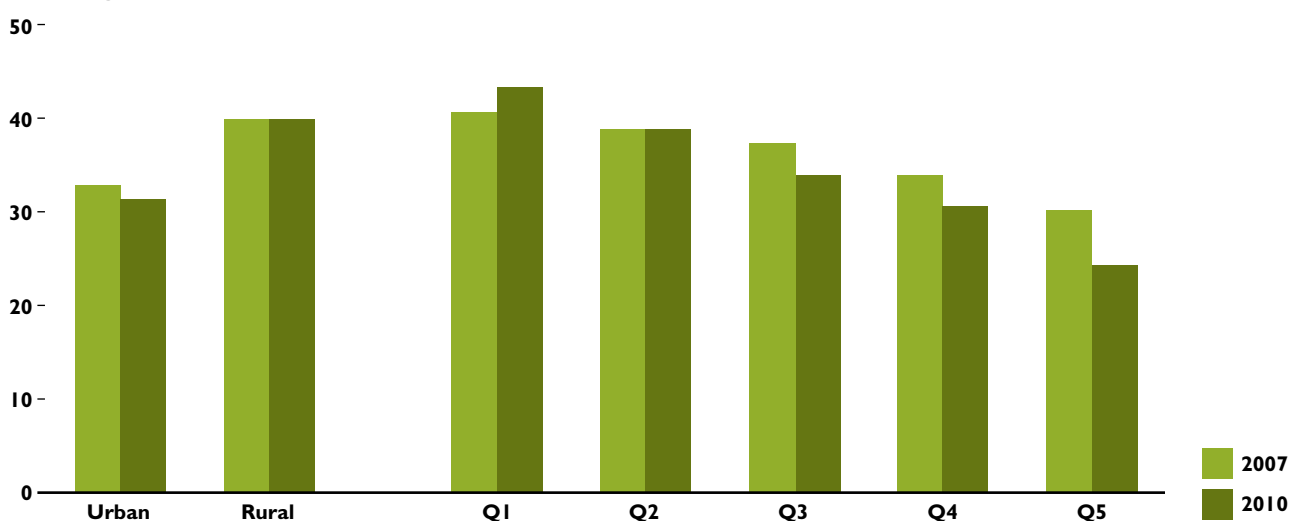
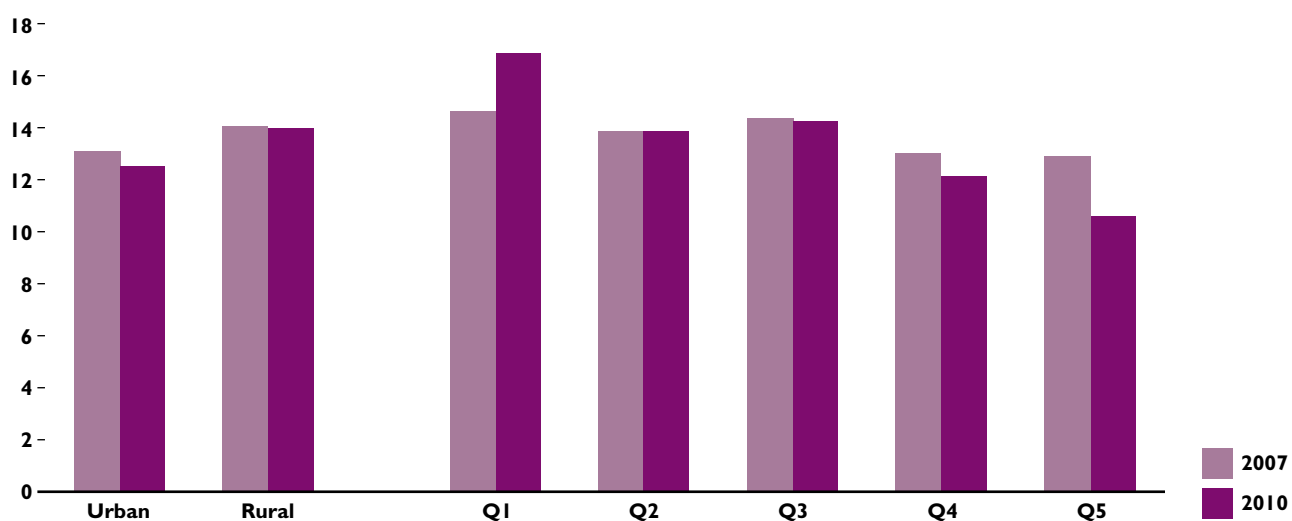
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TABLE 4: CHILD NUTRITION IN NIGERIA, ACCORDING TO GENDER, RESIDENCE AND WEALTH

Indicator	Gender			Residence			Wealth quintile						Source
	Male	Female	Ratio of male to female	Urban	Rural	Ratio of urban to rural	Poorest	Second	Middle	Fourth	Richest	Ratio of richest to poorest	
Stunting prevalence (WHO Child Growth Standards, %)	43	38	1.1	31	45	0.7	52	49	42	34	24	0.5	DHS 2008
Underweight prevalence (WHO Child Growth Standards, %)	25	22	1.1	16	27	0.6	35	29	22	17	10	0.3	DHS 2008
Wasting prevalence (WHO Child Growth Standards, %)	14	13	1.1	11	15	0.7	21	17	12	10	9	0.4	DHS 2008
Infants not weighed at birth (%)	–	–	–	60	91	0.7	99	96	90	73	40	0.4	DHS 2008
Early initiation of breastfeeding (%)	38	39	1.0	41	38	1.1	30	38	43	43	41	1.4	DHS 2008
Women with low BMI (<18.5 kg/m ² , %)	–	12	–	9	14	0.6	21	15	11	10	7	0.3	DHS 2008

Source: Child Info, Nigeria Country Profiles, Nutrition, http://www.childinfo.org/country_profiles.php?input=109 Accessed 14th July 2012

FIGURE 10. WIDENING SPATIAL AND WEALTH INEQUALITIES IN INDONESIAN UNDERNUTRITION

Underweight status in Indonesia, 2007 and 2010**Stunting status in Indonesia, 2007 and 2010****Wasting status in Indonesia, 2007 and 2010**

Source: National Basic Health Survey (RISKESDAS) 2007 & 2010

EDUCATION INEQUALITY THWARTS CHILDREN'S CHANCES

Education can be a powerful tool to address underlying inequalities of opportunity. But in too many countries and for too many people it fails to play this role. Too often, the income of a child's parents, whether the child is a girl or boy, or the ethnic group that they belong to determines the opportunities they have to learn and thrive.

On household income there is clear and consistent evidence that poorer households have worse education outcomes. In Nigeria the poorest young adults aged 17–22 have, on average, experienced less than five years of education; the wealthiest have achieved more than ten. In Rwanda children in the better-off urban areas fare better than in most other parts of the country, no matter which indicator you look at. For example, only 6% of the capital's 17–22-year-olds have less than two years of schooling, compared with a 12% national average. The average 17–22-year-old in Kigali has 6.68 years in school – over a year more than the national average of 5.10 years. Even in a rich country such as Canada, a 1999 study⁸ found that low-income children are 3.5 times more likely to have delayed vocabulary development.

In terms of gender inequality, there has been some good progress over the last decade. But the scale of the challenge that remains is considerable. If the same number of girls were in primary school as boys, an additional 3.6 million children would be sat at a school desk with a chance to learn. Nearly 70 countries have still not achieved equal levels of girls enrolling as of

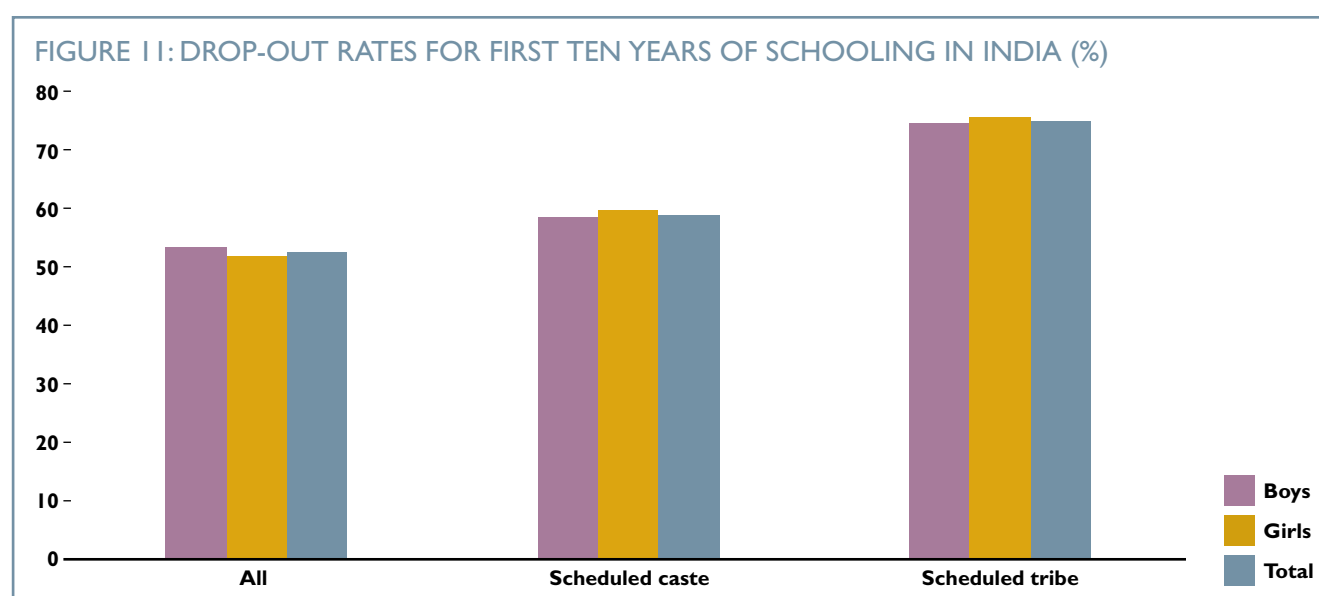
boys. Some countries have even gone backwards – for example, Angola and Eritrea. And once they get to school, girls may still not be learning as much as boys. In Indonesia, twice as many girls (aged ten or over) and women cannot read as boys and men; three times as many girls as boys are never enrolled in schools.

With regards to ethnicity, children from disadvantaged groups can fare far worse than others. As Figure 11 shows, in India, dropout rates tend to be substantially higher for children in the scheduled tribe and scheduled caste categories.

In Brazil, the data allow a more detailed treatment of the causes behind children falling behind in school. A key finding, at least in the Brazilian context, is that social grouping appears to be much stronger than family income as a determinant. Table 5 presents results of a logistic regression, looking at the effects of gender, race/colour, occupational status (only studying/studying and working), family per capita income and the household location (rural/urban) in Brazil. A positive value indicates that the row variable (eg, a child being male, or working as well as studying) implies a higher probability of lower attendance.

Table 5 shows that in Brazil 'white' children and those of Asian descent were 37.2% less likely to face schooling gaps than black, coloured and indigenous children, falling to 23.8% over the period.

Between 1995 and 2009 child labour also became less relevant to explain the schooling gaps in Brazil, though remains significant. Working children were more likely to be behind on school than others, by 98.3% in 1995, falling to 32.1% in 2009. (It should be



Source: Compiled from Statistics of School Education, 2009–10

TABLE 5. PERCENTAGE EFFECT OF EXPLANATORY VARIABLES ON SCHOOL ATTENDANCE IN BRAZIL

	1995	2002	2009
Gender (male=1)	49.7%	62.2%	64.1%
Race/colour ('white' and 'yellow'=1)	-37.2%	-34.1%	-23.8%
Occupational status (working and studying=1)	98.3%	60.3%	32.1%
Family per capita income (in 2009 R\$)	-0.136%	-0.148%	-0.147%
Number of people in the family	13.4%	15.9%	14.3%
Household location (urban=1)	-19.5%	-37.8%	-29.3%
Brazilian regions (north)	35.3%	80.7%	43.2%
Brazilian regions (north-east)	52.2%	99.1%	40.5%
Brazilian regions (south-east)	-21.8%	-26.4%	—
Brazilian regions (south)	-45.2%	-24.7%	-31.7%

Source: Pnad/IBGE.

noted that this trend is not related to the important fall in child labour throughout the whole period.) The comparison is between children who work, even though studying, and the ones who are only studying.

On the other hand, the impact of family per capita income for reducing schooling gaps in Brazil is very low. Every increase of R\$100.00 in the former reduced by 0.136% the possibilities of the latter in 1995. More important, this has not changed in the whole period. That is, further reducing income inequality may not be as powerful on its own as an approach that challenges structural inequalities between social groups.

In many contexts lower levels of income inequality are likely to help improve equity in the school system. However, this evidence suggests that, in some contexts at least, further reducing income inequality may not be sufficient on its own as an approach that challenges structural inequalities between social groups.

SEVERE DEPRIVATION THROUGH MULTIPLE DIMENSIONS OF INEQUALITY

Finally, some of the most powerful evidence of the impact of different types of inequality on children's development comes from Ghana. Analysis using the data from UNICEF's Poverty and Disparities study underlines the importance of horizontal inequalities in particular.

Data were analysed that show which horizontal groups of children – based on wealth, language, religion, ethnicity, region and urban/rural residence – suffer severe deprivation. From this analysis, the share of population versus the share of severe deprivation across a number of different groups was assessed. Where a group has a disproportionate share of deprivation (compared to its share of the population) we can identify an injustice. All of the groups highlighted in yellow in Table 6 have more than 1.5 times their 'fair share' of deprivation.

The probability that children will experience at least two severe deprivations is five times higher among the Mole/Dagbani ethnic group and three times higher among the Grusi and Gruma ethnic groups than among their Akan counterparts. These disadvantaged ethnic groups are concentrated in the three northern regions of Ghana.

This detailed, disaggregated data gives a vital insight into the inequalities children face. Its importance cannot be overstated.

This chapter has seen the vast scale of impacts that inequalities of different types can have on child development around the world and, in particular, in eight case study countries. In the next chapter, drawing on the experience in these countries, we consider some policy implications, with a view to informing the post-2015 development framework.

TABLE 6. SEVERE DEPRIVATION OF CHILDREN BY HORIZONTAL GROUP IN GHANA

		Share of population	Share of severe child deprivation	Ratio of population share/ share of deprivation	Standard deviation within group
Wealth index quintiles	Poorest	0.22	0.52	2.33	0.64
	Second	0.22	0.29	1.34	
	Middle	0.21	0.14	0.66	
	Fourth	0.18	0.04	0.24	
	Richest	0.17	0.01	0.06	
Ethnicity	Akan	0.42	0.25	0.60	0.53
	Ga/Dangme	0.07	0.05	0.71	
	Ewe	0.14	0.14	1.05	
	Guan	0.05	0.05	1.01	
	Gruma	0.02	0.03	1.15	
	Mole Dagbani	0.15	0.23	1.56	
	Grusi	0.02	0.02	1.23	
	Mande	0.00	0.00	0.36	
	Other	0.12	0.21	1.78	
	Don't know	0.00	0.00	1.81	
	Missing	0.00	0.00	0.25	
Religion	African traditional	0.10	0.23	2.24	0.62
	Christianity	0.60	0.43	0.71	
	Islam	0.17	0.18	1.08	
	Secular/Non-religious/Agnostic/Atheist	0.08	0.10	1.30	
	Spiritism	0.04	0.05	1.17	
	Don't know or Other	0.00	0.00	0.42	
Language	Asante	0.19	0.08	0.45	0.49
	Fanti	0.13	0.10	0.77	
	Akuapem	0.03	0.02	0.53	
	Sefwi	0.01	0.00	0.43	
	Brong	0.04	0.02	0.61	
	Nzema	0.02	0.01	0.84	
	Ga	0.04	0.01	0.38	
	Dangme	0.04	0.04	1.00	
	Ewe	0.14	0.15	1.05	
	Guan	0.04	0.05	1.14	
	Buli	0.01	0.02	1.92	
	Mamprusi	0.02	0.03	1.69	
	Frafra/Gruni	0.03	0.05	1.49	
	Kassene	0.01	0.02	1.45	
	Dagbani	0.05	0.07	1.24	
	Wali/Dagari	0.04	0.05	1.34	
	Sissala	0.01	0.01	1.60	
	Other	0.16	0.26	1.68	
	Don't know	0.00	0.00	1.54	
Region	Western	0.10	0.07	0.73	0.59
	Central	0.08	0.07	0.89	
	Greater Accra	0.13	0.03	0.26	
	Volta	0.08	0.10	1.24	
	Eastern	0.12	0.12	0.97	
	Ashanti	0.15	0.08	0.55	
	Brong Ahafo	0.09	0.07	0.74	
	Northern	0.16	0.30	1.91	
	Upper East	0.05	0.10	2.00	
	Upper West	0.03	0.05	1.63	
Residence	Urban	0.38	0.14	0.37	0.71
	Rural	0.62	0.86	1.38	

4 WHAT POLICIES CAN REDUCE INEQUALITY?

At a general level, tackling inequality requires both current redistribution and a more pro-poor distribution of the benefits of future economic growth. Recent World Bank research shows, for example, that reducing the developing world's population share living on less than \$1.25 a day to 2% by 2022 would be 'close to impossible' without such changes.¹ Strong policy frameworks that uphold the rights of various groups are also essential. To minimise the inequality experienced by children, a strong national commitment to the United Nations Convention on the Rights of the Child is imperative.

The differing inequality experiences of the eight case study countries – Brazil, Canada, China, Ghana, India, Indonesia, Nigeria and the UK – reflect not only different starting places but also their pursuit of different combinations of policies.

Five areas of policy, however, emerged as consistently important – and can be seen as contributing to either or both of the current redistribution and pro-poor growth imperatives. While examples are given of policies that have worked in these countries, the ways governments choose to address these challenges is, of course, ultimately the prerogative of national decision-making. The approaches identified here, however, are likely to be central to making progress both in the short term and beyond that – particularly if a global target on reducing inequality is agreed in the post-2015 framework.

TRANSPARENCY AND ACCOUNTABILITY

A central finding from our research is the importance of governance and accountability in the implementation of policies. A related challenge is to ensure that data are collected

on a sufficiently disaggregated basis so that inequalities can be addressed and are not hidden.

A number of countries reinforced the importance of **looking beyond national policies to the level of implementation**: the importance of state/province/regional and district-level officials in implementing policies and improving access to services came through in all of the country case studies (for example, Ghana, Nigeria, China, Canada).

Improving **transparency and accountability** were recurring themes. In Ghana, for instance, the failure of past initiatives (for example, the Heavily-Indebted Poor Countries initiative) to improve development in the country's north were blamed in part on lack of transparency and accountability in allocating funds. And the Nigeria case study highlights the negative impact of corruption on development. It points to the vital importance of transparency and accountability arrangements in the use of public funds, backed up by strengthened anti-corruption laws, mechanisms and institutions. In China, the case study conducted for this report identified the need to get the balance of incentives right for public sector service-providers and to promote transparency in public sector recruitment as a way to help bring equal access to sought-after jobs.

The **importance of political stability and political will** to prioritise social investment also emerges strongly. The relative lack of conflict in the post-colonial period in Ghana is an important part of the story of Ghana's economic development. Brazil, as discussed, is the only country that saw inequality fall, and the case study highlights the importance of political will in creating change: Brazilian social policies faced a turning point after the 1988 Constitution. Even though the process of implementation was quite slow – and has not yet led to the universalisation of access to social assistance, health and education for all people and groups – important progress has been made.

In all countries the lack of access to opportunities for some groups was not only related to administration, implementation or lack of resource. An important element of **structural discrimination** was relevant in all countries, where some groups were explicitly left out because of social, cultural, political or historical factors. For the same reasons, these groups are not necessarily *counted* as such in data gathering, so that such deeply embedded inequalities are not always visible. **The accountability of governments, from local to national level, depends on the major dimensions of inequality in each context being captured in published data on development outcomes.**

HEALTH AND EDUCATION

Important progress has been made through making healthcare more accessible and affordable. Brazil established a decentralised and **universal healthcare** system in 1988 that has contributed considerably to lower infant mortality. In 2003, Ghana created its National Health Insurance Scheme, which provides affordable health insurance to all citizens. India's Integrated Child Development Scheme seeks to provide nutrition and health support to pregnant and lactating mothers and children below the age of three. It has become evident to practitioners that the failure as yet to universalise access to these programmes is one of the major obstacles to further progress.

Universal access to good quality primary education and fair access to post-basic education are essential for reducing inequalities.

First, there is good evidence that when all children have the opportunity to learn and gain skills this can play an important role in helping achieve a more equal overall distribution of income. Countries such as South Korea, which grew, but retained their relatively low levels of income inequality, did so in significant part because of their very equitable education systems. More recently, education reforms have been an important part of the policy mix that has allowed some Latin American countries to turn back the tide of rising income inequality.

Secondly, schools are essential in helping to create more equal opportunities. Schools can help to 'correct' for the underlying inequalities of opportunity which may result from children coming from poorer

families, being from a marginalised group or in some contexts simply being a girl. Many countries have demonstrated the importance of ensuring suitable quality provision that enables disadvantaged groups to learn (for example, Canada and Brazil). In some countries affirmative action policies in education (and other spheres) have been recommended – this has been the case, for example, in India.

When a child's background has less effect on how well they do at school, this means they will have more equal chances in many spheres of life. It means more equal chances to earn a decent living later in life. Or more fundamentally it can mean, as has been the case with Brazil, substantial reductions in levels of child labour amongst the poorest families. Yet despite the clear arguments for education systems seeking to promote equality of opportunity, too often they entrench existing unequal opportunities. Some countries, such as China, have boosted spending on education, reduced inequality and ensured access to essential services to marginalised groups, such as girls and children of migrant families. But many other countries from our case study group – Indonesia, Ghana, India and Nigeria – retain weak and poorly targeted systems of school funding.

REGIONAL AND RURAL DEVELOPMENT

China also stands out for its **regional development strategies** that helped the disadvantaged western, central and north-eastern regions to catch up in economic terms. Additionally, it implemented projects that directly reduced rural poverty and have decreased the gap between poor counties and other counties.

A number of countries face similar challenges of spatial inequality (eg, Ghana, Nigeria, China, the UK, Brazil) and could benefit from such direct approaches. For example, in spite of the fact that Ghana's northern region faces the most severe poverty challenges, of the 23 districts in Ghana selected to receive a portion of the \$540 million grant from the Millennium Challenge Account, only five are in the north.

Canada's policy experience combining interventions at the provincial and federal levels may interest others also. In the early 2000s the focus on poverty reduction was handed from the federal government to the provinces. With this new competency many

provinces such as Québec have put poverty action plans in place. For Québec, this reduced child poverty to below 15%.

The importance of **rural development** – and improving incomes for small producers as well as creating non-farm employment opportunities in rural areas – came through in a number of case studies including India, Ghana, and Nigeria. Reforms and investments in agriculture seem vital to reduce inequality, given the importance of this sector in developing country economies. For instance, in China the elimination of agricultural taxes and introduction of price subsidies increased rural income and reduced the rural–urban divide in this respect. The Nigeria, India and Ghana case studies all point to the importance of diversifying agriculture, and increasing agricultural credit and market access, so that families can also earn an income from farming beyond feeding their families.

LABOUR MARKETS AND SOCIAL PROTECTION

Steps to ensure **minimum wages, humane working conditions and basic entitlements, such as employment benefits**, were cited as priorities in a number of countries (eg, India and China). In China there is a policy priority to enforce regulations on equal pay for people in the same posts, particularly in relation to gender equality, and to improve equality between migrant workers and local workers – although further progress on enforcement is needed. Rising minimum wages played an important role in reducing inequality in both Brazil and the UK. Additionally, **employment creation** played an important role in reducing Brazil's inequality in the 2000s.

An evident commonality across all case study countries is that **cash transfers** have contributed to reductions not only in income inequality, but to higher participation in education and more nutritious diets among lower-income households. Moving from targeting towards more universal systems – for example, with India's food distribution system and Integrated Child Development Scheme – would be likely to improve reach and impact on inequality.

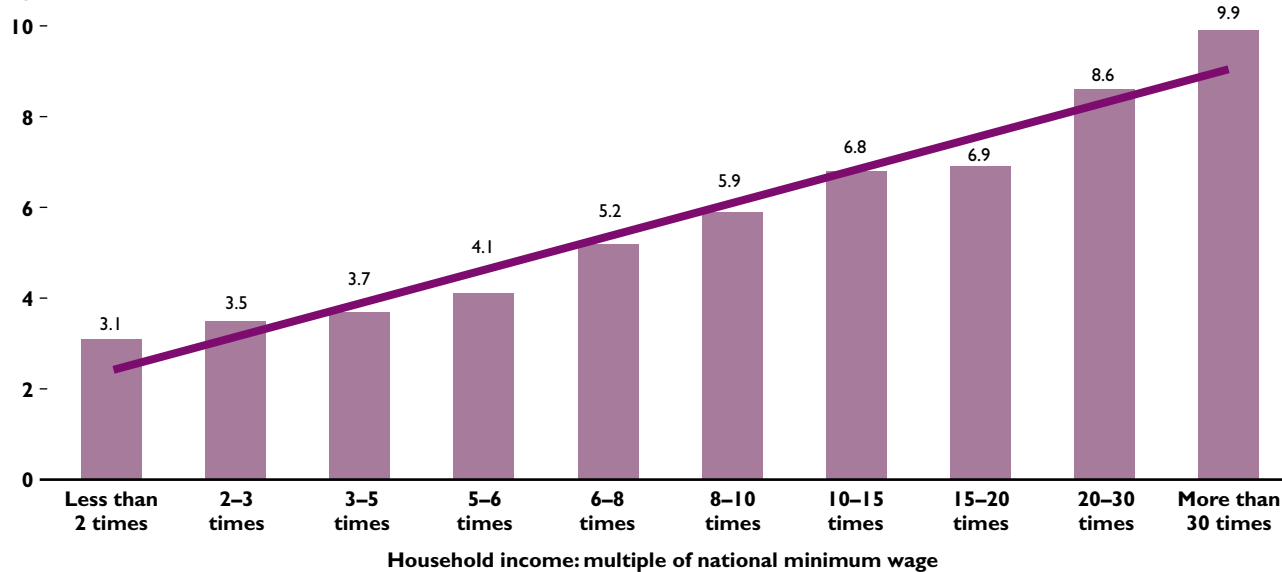
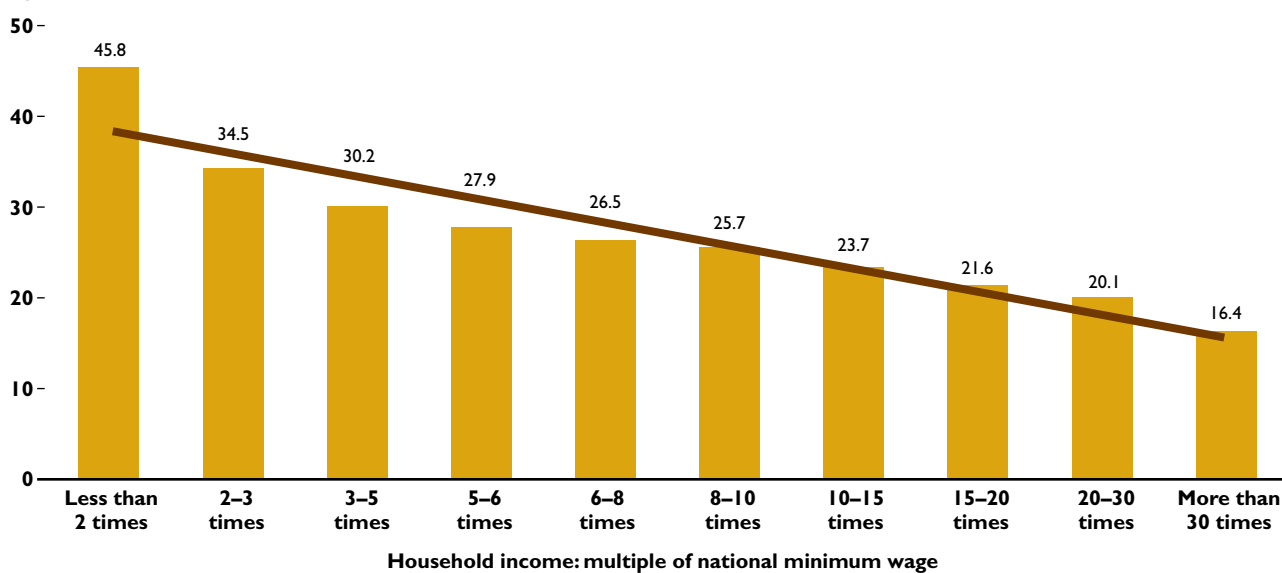
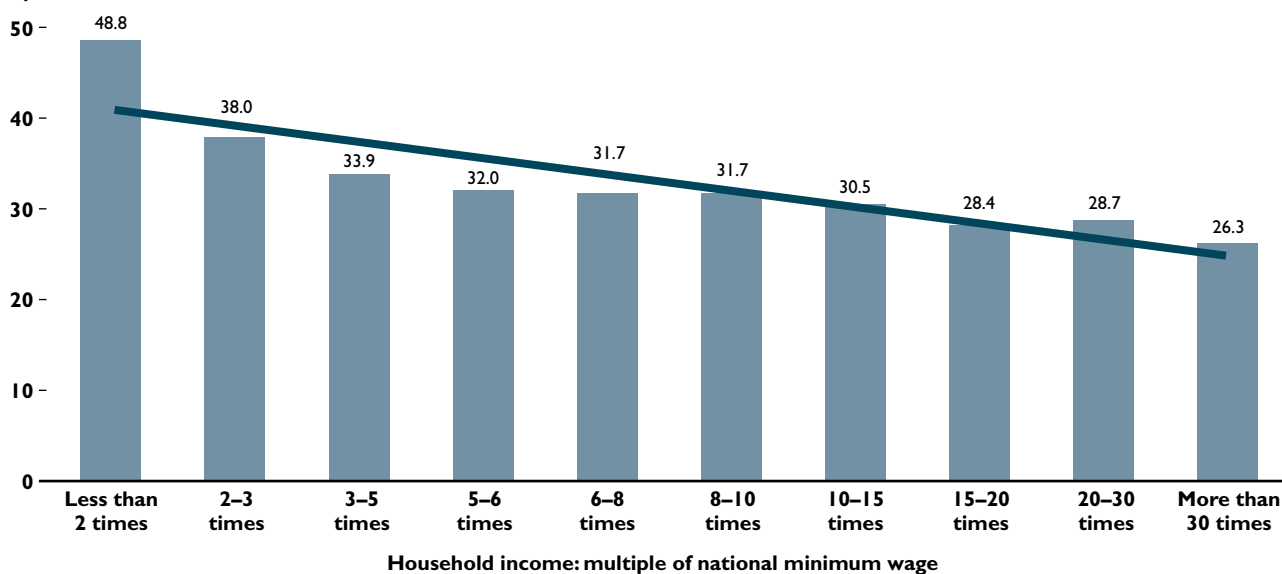
A number of countries showed evidence of **insufficient social spending compared to their peers or to other countries in the same region** (for example, Indonesia and Nigeria), and of reductions in social spending over time (for example, India). The availability of resources for social spending will depend on policies that go beyond the social sector to revenue generation.

TAXATION AND NATURAL RESOURCE REVENUES

Tax policies have a major influence on inequality of income and beyond. All countries have faced pressure on their direct tax systems, with evasion and avoidance of taxes on both personal income and corporate profits a major problem.² As a result, and with the support of the World Bank (whose Doing Business Indicators score countries badly simply for having higher corporate tax rates), many countries have put their emphasis on indirect taxes instead. In the UK, between 1980 and 2009–10, tax reform by itself made little difference to income inequality because, while direct taxes reduced inequality, indirect taxes – such as sales tax, value-added tax or goods and services tax – increased it by roughly the same amount.

With often significantly lower capacity to enforce direct taxation, developing countries have ended up relying much more on indirect taxes – which have a powerful tendency to exacerbate inequality, as Figure 12 shows for Brazil. The first panel shows the progressive but small impact of direct taxes; the second panel the large and regressive impact of indirect taxes; and the third panel the regressive outcome of the tax system in total.³

Transparent and accountable management of natural resource revenues is also necessary – including in Nigeria, Ghana and Indonesia. It is vital in order to ensure a broader tax base and the resources for social spending. And crucially, it reduces corruption and the wider damage to governance and the social contract with citizens that sometimes follows resource discovery.

FIGURE 12: DIRECT AND INDIRECT TAXES AND OVERALL TAXES IN BRAZIL (%)⁴**a) Direct taxes****b) Indirect taxes****c) Total taxes**

CONCLUSIONS AND RECOMMENDATIONS

For more than half a century the fight against global poverty has been a fight to alleviate the worst expressions of poverty and deprivation. One of the most relevant highlights of this fight against poverty took place in 2000 at the Millennium Summit, when world leaders met in New York and laid the foundations for the Millennium Development Goals (MDGs). This eight-goal framework is aimed at eradicating extreme poverty and hunger, achieving universal primary education, reducing child mortality, and promoting gender equality and women empowerment, among other goals – by 2015.

Described as “the world’s biggest promise”,¹ the MDGs are a story of success. In 2012, for the first time since poverty trends started to be monitored, extreme poverty (people living on less than \$1.25 a day) fell in all developing regions, from nearly 2 billion people to fewer than 1.3 billion people.² If preliminary data is confirmed, the world could have met the first of the MDGs ahead of 2015. Child mortality is also falling, and in 2011 under-five mortality had gone down to 6.9 million, from 12 million in 1990.

However, global progress on many fronts masks huge disparities. When national averages on poverty reduction, hunger, child mortality, or education are disaggregated between the rich and poor, urban and rural areas, ethnic groups or gender, we can see that some individuals and some groups are lagging a long way behind.

An important reason why such large challenges remain is that many current development approaches, including the MDGs, are only focused on a part of the problem. In this report, **Save the Children argues that inequality is one of the structural causes of poverty and exclusion, and that it has been accorded too little priority. And, now more than ever, it needs due consideration**

as we pursue the current MDGs and design the successor framework.

The world, and the distribution of poverty within the world, has fundamentally changed in many ways since 2000. New estimates show that three-quarters of the world’s approximately 1.3 billion people living in income poverty are now in middle-income countries, whereas in 1990, 93% of this group lived in low-income countries. Hence, alleviating absolute poverty is increasingly a question of how to redistribute wealth within these countries; and how to minimise the growing gaps between rich people and poor people.

INEQUALITY IS TWICE AS HIGH AMONG CHILDREN AS THE GENERAL POPULATION

Despite the fact that children are hardest hit by inequality, little attention has been paid to the measurement of inequality among children. This research helps to fill this gap.

Our data analysis looks at the gaps between the poorest and the richest children in terms of effective available income per child – ie, what income is ‘available’ to spend on each child and to what extent they are able to take up opportunities. We found that, across the 32 countries we studied, a child in the richest 10% of households has 35 times the effective available income of a child in the poorest 10% of households.³

And the gaps are increasing. Since the 1990s, across the 32 countries we studied, the effective available incomes of the children in the poorest decile (as a share of GDP) have actually declined, while those of the children in the richest decile have increased. **The gap between the richest and poorest children has grown by 35% since the 1990s**, the timeframe used to monitor progress towards the MDGs. In

addition, the gaps between the poorest and richest children are considerably greater than the gaps between adults, indicating that children's experience of inequality is magnified.

WHAT ARE THE EFFECTS OF INEQUALITY ON CHILDREN?

Children suffer magnified inequality and are more vulnerable to its damaging effects because of their particular life-stage. But what are the effects of inequality on child development outcomes? In order to understand better the effects of inequality on children, we looked at the incidence of inequality on a range of health, nutrition and education outcomes in eight countries from different regions of the world, and different income levels: Brazil, Canada, China, Ghana, India, Indonesia, Nigeria and the UK.

We found that different inequalities – ranging from wealth, to spatial, rural and urban, and gender inequalities – have a dramatic impact on children's health, nutritional status, education, and exposure to violence and abuse. For instance, **child mortality rates are more than twice as high among the poorest**, in countries with high income inequality such as Nigeria. **Stunting rates can be up to six times higher in rural than in urban areas in countries with high spatial inequalities** and with a big divide between rural and urban populations, such as China. Gender inequality is still a strong driver of lower educational outcomes for girls. In Indonesia, twice as many girls (aged ten or above) and women cannot read as boys and men; and three times as many girls as boys are never enrolled in schools. In Nigeria, girls' primary school enrolment rate was 44%, while the rate for boys was 56%.

WHAT CAN BE DONE?

Are large and growing gaps in a child's life chances an unfortunate but inevitable part of our world? The fact that the levels and trends in inequality differ markedly across countries and regions tells us that the answer is no. Different trajectories and rates of progress make it very clear that the effects of inequality can be mitigated – or not. National policy decisions can make all the difference. For example, some countries have enjoyed impressive growth alongside reductions

in inequality, with positive impacts upon the lives of their citizens. As we show in this report, Brazil's rapid economic growth has been accompanied by a decline in the country's income inequality (in the years 2000–08 the incomes of the bottom-fifth grew at an average annual rate of 6% compared to 2% for the top fifth⁴), alongside dramatic poverty reduction and improvements in child well-being.

This report reinforces the imperative to act and demonstrates that the time is now if we want to prevent future generations from paying the price of inequality. Action at national level will be crucial to tackle inequality. **At a global level, a focus on alleviating absolute poverty must be augmented by a common commitment to tackle inequalities in opportunities and outcomes. The post-2015 discussions present an opportunity to showcase successful approaches for tackling inequality, while global targets on reductions in gross inequalities in various areas would help to galvanise progress.** Not only will this safeguard and build upon the progress of recent decades, but it can help to kick-start and sustain economic growth, since inequality and a healthy and inclusive economy are closely related.

RECOMMENDATIONS FOR THE POST-2015 FRAMEWORK

Understanding inequalities and tackling them head on is crucial to achieving improvements in child well-being, as well as improvements in broader social and economic development. As the country examples cited in this report serve to demonstrate, concerted national action is required. Although contexts vary considerably there are some common lessons and approaches to be learned – for example, around social investments and redistributive measures like taxation, which we discuss in more detail in the case studies accompanying this report. But there is also a crucial role for the international community to play.

The negotiations over the successor framework to the MDGs have now commenced. Save the Children believes that inequality should be at the forefront of these discussions and a core pillar of any future development framework if we are to accelerate progress.

More attention to inequalities will help to right some of the wrongs of the MDG approach, and it will make any future framework more inclusive. As our case studies serve to demonstrate, tackling rising inequality is as pertinent in the UK as it is in China, India or Nigeria. And inequality is an escalating development challenge, likely to become even more pressing as increasing numbers of low-income countries make the transition to middle-income status. Addressing inequalities also has the potential to be transformative – improving economic performance, speeding up the pace of poverty reduction and enabling healthier and more productive lives for future generations.

In order for the post-2015 agenda to encourage reductions in inequalities, government leaders should commit to explicit consideration of inequalities in at least three parts of the new framework. Ultimately, national-level policies and interventions will remain crucial to achieve these targets. In addition, government leaders should consider the enabling conditions that will help to facilitate reductions in inequality, such as a robust accountability mechanism, better data collection facilities and better regulation to support increased public sector revenue collection.

1. The post-2015 framework should consist of goals that enshrine equality and deliberately seek to improve the life chances of the poorest and most vulnerable people, explicitly recognising the entrenched challenge posed by social discrimination.

- The post-2015 framework should remain squarely focused on the basic human development objectives of the MDG approach, retaining the simplicity of the current framework. However, it should extend the goals to ensure that we not only ameliorate poverty, child mortality, poor educational enrolment and so on, but actually seek to eradicate these unacceptable conditions, in so far as is possible. In order to achieve this, the framework should specifically address the vulnerability and deprivation of marginalised and excluded groups.

The Global Agenda Council on Benchmarking Progress proposal, 'Getting to Zero', presents some practical options for this – for example, absolute rather than proportional targets (a zero target for child stunting and an ambitious target for child mortality, such as 20 per 1,000

live births), and direct targeting of groups and locations that are lagging behind.⁵ Kevin Watkins has seconded this approach, calling for all goals to include explicit targets for reducing disparities: "all countries should halve the wealth gap in child survival and school completion over five years."⁶ Our analysis has also highlighted that better monitoring of progress according to income and wealth quintiles (and disaggregated by dominant forms of group-based inequality) will be crucial for targeted approaches that help us reach the most vulnerable people.

- To facilitate a more equitable approach to the pursuit of development goals, all targets and indicators should be disaggregated by income, wealth and other forms of group-based inequalities such as gender, region and ethnicity. As our analysis has served to demonstrate, disaggregating by age and, specifically, considering children's access to income is also pivotal, as it can tell national and international policy makers much about children's opportunities and well-being.
- Furthermore, to address inequalities in outcomes (and to improve children's economic opportunities) the post-2015 framework should include a target on reducing income inequality and other disparities in wealth within countries, under the broader goal of poverty eradication. The target and indicator could utilise the gap between the richest and poorest quintiles (the 20:20 gap) or, following recent research, the 10:40 gap between the top decile and the bottom two quintiles. Similar targets that aim to reduce the gap between the best-off and worst-off groups can be proposed in each major dimension of inequality, and for each area that the post-2015 framework covers (eg, mortality rates as well as income).

2. The post-2015 framework should enable cross-country lesson learning on how to pursue equitable growth and address unequal outcomes.

- Growth has been a buzz issue of the post-2015 negotiations thus far, in large part as the MDGs did not consider the economic drivers of development. It will need due consideration in the post-2015 framework, not least of all

as employment-generating growth has the potential to redress inequalities in economic opportunities. To do this, it will be important for growth to be pursued with attention to equity.

More research is needed to understand the conditions that make growth equitable. Wren-Lewis and Cobham suggest, for example, that there are essential preconditions for sustained equitable growth. These include accompanying investments in human development, without which a country experiencing growth has a considerable heightened chance of falling back into a 'vicious cycle' of stalled development progress, with stagnating levels of growth.⁷ These conditions need to be clearly identified through knowledge exchange and lesson learning. The post-2015 process should attempt to facilitate this kind of cross-country knowledge transfer, thereby helping to ensure that governments are aware of the effective strategies for stimulating participative and sustainable market-based employment. Facilitating this kind of cross-country dialogue may also enable the identification of common proxies or measurements of equitable growth – for example, the percentage of the population with access to decent work (disaggregated by horizontal inequalities) or the wage share of GDP, which could potentially be included in the global framework.

In addition to equitable growth strategies, the post-2015 process should seek to encourage cross-country learning on tax and redistribution. This should apply particularly where governments have attempted to address inequalities in outcomes to improve the opportunities of future generations – for example, using progressive taxation to fund targeted essential service provision for the poorest and most marginalised.

3. To ensure that governments progressively realise their post-2015 commitments and employ equitable approaches, any post-2015 accountability mechanism should also have a data collection function.

A considerable barrier to effective response to inequality is the lack of adequate data. There have been a number of efforts to rectify this (the

Multi-Indicator Cluster Surveys and Demographic Health Surveys, for example), and much progress has been made during the MDGs period; but much more is needed. Improved national data collection (for example, via the national census) is key, but the international community can also support improvements by agreeing to a post-2015 framework with goals and indicators disaggregated by outcome inequalities (such as income deciles) and by the major group-based inequalities (age/gender/residence/religious group/caste/disability/ethnicity), which are centrally recorded. In addition, the international community should support improvements at the national level by committing funds specifically for data collection and monitoring.

4. Accompanying the post-2015 framework should be a strategy that details key enablers to realise the goals, including financing and accountability mechanisms.

Attention should be paid to the equitable distribution of public investment. Inadequate investment or inequitable allocations of public resources according to region or socio-economic group have been a key barrier to overcoming individual and group-based inequalities within countries. To ensure equitable allocations of public resources (according to need), and to motivate increased public sector investment, we recommend that the post-2015 global framework is accompanied by a financial strategy that includes targets on the equitable distribution of public resources. Each country would then identify appropriate levels of investment per area/sector/socio-economic group, detailing these in national strategies, which also identify new sources of public sector revenue (eg, through taxation or donor assistance).

Consideration of how to tackle capital flight and to strengthen domestic taxation measures will be key to increasing domestic revenues. It is now widely accepted that illicit financial outflows (dominated by corporate tax evasion) dwarf receipts of aid.⁸

Progressive taxation plays a critical role in raising revenues to fund social protection mechanisms and universal access to basic services, and also in establishing the social contract between states and citizens upon which effective political representation and accountability depend. A

major issue for the post-2015 framework is to what extent it should emphasise both domestic budgetary transparency and the international financial transparency between states that is necessary to combat illicit flows.

Targets related to equitable and appropriate distribution of resources should also be applied to international financiers of development, such as bilateral donors and private foundations. This will stimulate better alignment and coherence in accordance with the Busan Partnership principles for Effective Development Cooperation.⁹

A robust accountability mechanism will also be key to ensure the success of the new framework. Governments are the key duty-bearers for bringing about reductions in poverty and inequality, but we cannot limit ourselves to government accountability. We must also look at the role (both good and bad) of the private sector in social and political transformation and the achievement of economic and social rights, and at the mutual accountability of donors and recipients in the case of foreign aid relationships.

APPENDIX: RESEARCH METHODOLOGY

ASSESSING THE DISTRIBUTION OF CHILDREN ACROSS WEALTH DECILES AND QUINTILES USING DHS

In order to assess how children are affected by the trends in income inequality in low and middle-income countries, we took two steps. First, we examined the full set of countries with available data in the Demographic and Health Surveys (DHS). By accessing the raw data from these surveys we were able to compare the distribution of child population across wealth quintiles and deciles between two points in time.

The points were chosen mainly depending on data availability, preferably around the years 1990 and 2010. There were 50 countries in the original sample, but four were excluded because they didn't have a survey more recent than 2000, and an additional three were excluded because they didn't have sufficient data. This left us with 43 countries with available data in DHS. However, an additional 11 were excluded because of insufficient WDI data (as described in more detail below). This left us with a total sample of 32 countries. (See Table: 'Countries included in sample and reasons for exclusions of other countries', in the background information document at www.savethechildren.org.uk/resources/online-library/born-equal)

To calculate the distribution of children for the earliest point in time (as close to 1990 as possible), two datasets were used: household and wealth rosters. This is due to the fact that in these stages of the DHS, the Wealth Index was presented in a separate dataset. This was not the case for the second point in time, where the index was included in the household roster.

The quintiles/deciles were constructed based on the distribution of the household population rather than on the distribution of households, according to Rutstein and Johnson (2004).¹ Therefore, when creating them, the sample weight was adjusted by the number of *de jure* members of the household. However, when tabulating the number of children five-years-old or under, the plain sample weight was used.

In order to double-check the results obtained, the estimations were compared with the wealth quintiles that are already created in the DHS datasets. This variable was used to compare the results obtained when creating the quintiles and deciles following the procedures mentioned above. In addition, the estimations were compared with the distributions of child population presented in each country's DHS official report. The chapters that generally show this information are those related with child health and nutrition. However, this was only the case for most of the second points in time because early DHS reports did not include the Wealth Index.

COMPARING THE DISTRIBUTION OF CHILDREN WITH WDI DATA ON INCOME SHARE

We were then able to compare this with the data on income share for the poorest and richest 10% gathered by the World Bank for the *World Development Indicators* dataset. While this required us to compare different measures of economic status (wealth or asset index in the case of the DHS data, and income in the case of the WDI), we tested the validity of this approach by looking at the distribution of children by both wealth and income in the only countries for which we had data for both measures. There was very little variation.

Overall, we believe this approach uses the existing data to provide a legitimate indicator of the relative financial status in children in the richest and poorest households in different countries. Clearly, the constructed measure of 'effective available income' cannot allow a direct comparison of actual money spent on individual children. Given the data limitations, however, we believe the relative position and the changes within countries provide a meaningful indication of the actual inequalities, and as such a valuable proxy measure for the inequality of opportunity facing children.

ENDNOTES

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I OPPORTUNITIES AND OUTCOMES: WHY ARE CHILDREN PARTICULARLY VULNERABLE TO INEQUALITY?

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2 WHAT IS THE SCALE OF INEQUALITY AMONG CHILDREN?

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⁶ The methodological challenges with this type of analysis are significant. This is in large part because our data on the distribution of children by decile is based on the DHS wealth index, whereas the national income data from the WDI is based on income. In order to test the validity of this analysis, however, we compared the distribution of children by both wealth decile and by income decile for two countries (India and Colombia) with data from similar time periods available in both DHS and the Luxembourg Income Survey. We found that the population distribution of children mapped very closely in these countries, whether based on wealth or income. The other methodological challenge is that the time period of the DHS survey does not always correspond exactly with the year of the WDI data. To deal with this, we excluded countries where there was more than six years' difference between the DHS survey year and the WDI data year.

⁷ The study aims to use a comparable set of inequality statistics derived using identical methodology and a single consistent source of data on incomes and inequality data: Warner, D, Rao, D S P, Griffiths, W E and Chotikapanich, D (2011) *Global Inequality: Levels and Trends, 1993–2005: How sensitive are these to the choice of PPPs and real income measures?*, School of Economics Discussion Paper No. 436, University of Queensland, Australia. <http://www.uq.edu.au/economics/abstract/436.pdf>

⁸ See Cobham, A (2005) 'Causes of conflict in Sudan: testing *The Black Book*', *European Journal of Development Research* 17, pp.462–480, and much of the work of the Centre for Research into Inequality, Human Security and Ethnicity (<http://www.crise.ox.ac.uk>)

⁹ BHPS Indicate here: what years you are referring to and perhaps what variables you used

3 WHAT ARE THE EFFECTS OF INEQUALITY ON CHILDREN?

¹ We do not focus on child protection issues in this report, but a forthcoming inter-agency report will present a wealth of evidence on the important role of inequality in influencing risks of abandonment, orphanhood, early marriage, child labour, trafficking and sexual violence.

² National Population Commission (NPC) and ICF Macro. 2009. *Nigeria Demographic and Health Survey 2008: Key findings*. Calverton, Maryland, USA: NPC and ICF Macro

³ See previous note.

⁴ UNICEF (2010) "At a glance: Nigeria – statistics", http://www.unicef.org/infobycountry/nigeria_statistics.html#98

⁵ See the Canada case study for this report at www.savethechildren.org.uk/resources/online-library/born-equal. This section relies heavily on: Ross, D and Roberts, P (1999) 'Income and child well-being: a new perspective on the poverty debate', The Canadian Council on Social Development. <http://www.ccsd.ca/pubs/inckids/index.htm>

⁶ Full case studies on the eight countries are available at www.savethechildren.org.uk/resources/online-library/born-equal

⁷ Subramanian, S V, Kawachi, I, Smith, G D (2007) 'Income inequality and the double burden of under- and overnutrition in India', *Journal of Epidemiology and Community Health*, 2007 Sep; 61(9):802–9

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4 WHAT POLICIES CAN REDUCE INEQUALITY?

¹ A 2% rate could in theory be achieved with all countries attaining China's growth rates of the last 20 years, but avoiding China's rise in inequality; but an alternative scenario is of steady growth and a small reduction to 1999 inequality levels (and the resultant more pro-poor nature of the subsequent growth). Full details are in Martin Ravallion (2012), 'Benchmarking global poverty reduction', *World Bank Working Paper* 6025: <http://elibrary.worldbank.org/content/workingpaper/10.1596/1813-9450-6205>

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Zockun, M.H., H. Zylberstajn, S. Silber, J. Rizzieri, A. Portela, E. Pellin & L.E. Afonso, 2007, 'Simplificando O Brasil: Propostas de reforma na relação econômica do governo com o setor privado', Fundação Instituto De Pesquisas Econômicas (FIPE) Texto Para Discussão 03, Table 6. The columns show the tax burden on groups in Brazil, according to whether household income is less than two times the national minimum wage; 2–3 times the minimum wage; and so on, up to incomes exceeding 30 times the minimum wage. http://www.fipe.org.br/web/publicacoes/discussao/textos/texto_03_2007.pdf.

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CONCLUSIONS AND RECOMMENDATIONS

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² Chen, S and Ravallion, M (2012) *An Update to the World Bank's Estimates of Consumption Poverty in the Developing World*, World Bank. http://siteresources.worldbank.org/INTPOVCALNET/Resources/Global_Poverty_Update_2012_02-29-12.pdf

³ For a full list of countries and the inequality in incomes between the richest and the poorest children, see the table in the background information document, on www.savethechildren.org.uk/resources/online-library/born-equal

⁴ Passell, P (2012) 'Mind the Gap', *Foreign Policy*. http://www.foreignpolicy.com/articles/2012/03/01/confronting_the_rise_of_inequality?page=0,0

⁵ Goals based on absolute values can facilitate a more active targeting to achieve equality and universality across groups, including those disadvantaged by geography, ethnicity, socioeconomic strata and gender. It would be very simple, for example, for the new framework to track equivalent targets for males and females to ensure gender equity on all relevant fronts.

⁶ The Guardian (2012) 'Forget Rio+20 – the right steps can bring instant and lasting development gains', 20 June 2012. <http://www.guardian.co.uk/global-development/poverty-matters/2012/jun/20/rio20-development-gains>

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⁸ As World Bank Vice President Otaviano Canuto and Norwegian Minister Erik Solheim write in the foreword to the World Bank's major 2012 volume on illicit financial flows, "even the most conservative suggest that the total outflow exceeds significantly the amount of official development assistance from the Organisation of Economic Co-operation and Development countries" (p.ix, *Draining Development*, Washington, DC: World Bank). See also earlier work from Christian Aid (2008) *Death and Taxes: The true toll of tax dodging*, Christian Aid: London. <http://www.christianaid.org.uk/Images/deathandtaxes.pdf>; and Christian Aid (2009) *False Profits: Robbing the poor to keep the rich tax-free*, Christian Aid: London. <http://www.christianaid.org.uk/Images/false-profits.pdf>

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APPENDIX

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BORN EQUAL

How reducing inequality could
give our children a better future

During the past two decades, the world has made unprecedented progress in reducing global poverty.

But now, inequality – one of the blind spots of the Millennium Development Goals – is proving a barrier to further progress.

Children are particularly vulnerable to the damaging effects of inequality; the consequences often last for the rest of their lives. And – as new quantitative analysis undertaken in 32 countries for this report reveals – inequality is twice as high among children as among the general population.

Drawing on eight case studies from Brazil, Canada, China, Ghana, India, Indonesia, Nigeria and the UK, *Born Equal* assesses the effects of inequality on child development. And it looks at which policies and interventions have reduced inequality and delivered better outcomes for children.

The report concludes with four recommendations to seize the major opportunity presented by the year 2015, when a new global development framework will be established. *Born Equal* calls on the international community to place inequality front and centre.

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