

Goal 10: Reduce inequality within and among countries

Target 10.a: Implement the principle of special and differential treatment for developing countries, in particular least developed countries, in accordance with World Trade Organization agreements

Indicator 10.a.1: Proportion of tariff lines applied to imports from least developed countries and developing countries with zero-tariff

Institutional information

Organization(s):

International Trade Centre (ITC)

United Nations Conference on Trade and Development (UNCTAD)

The World Trade Organization (WTO)

Concepts and definitions

Definition:

Proportion of total number of tariff lines (in per cent) applied to products imported from least developed countries and developing countries corresponding to a 0% tariff rate in HS chapter 01-97.

Rationale:

The calculation of this indicator will allow observing on how many products Developing countries and LDCs will have free access to Developed countries markets. When compared to the tariff rates applied to other countries, this indicator will allow assessing to which extent special and differential treatment has been accorded in terms of import tariffs. The evolution of this indicator will indicate progress on the phasing out of tariff rates on goods coming from Developing and LDCs.

Concepts:

Tariff line or National Tariff lines (NTL): National Tariff Line codes refer to the classification codes, applied to merchandise goods by individual countries, that are longer than the HS six digit level. Countries are free to introduce national distinctions for tariffs and many other purposes. The national tariff line codes are based on the HS system but are longer than six digits. For example, the six digit HS code 010120 refers to Asses, mules and hinnies, live, whereas the US National Tariff line code 010120.10 refers to live purebred breeding asses, 010120.20 refers to live asses other than purebred breeding asses and 010120.30 refers to mules and hinnies imported for immediate slaughter.

Tariffs: Tariffs are customs duties on merchandise imports, levied either on an ad valorem basis (percentage of value) or on a specific basis (e.g. \$7 per 100 kg). Tariffs can be used to create a price advantage for similar locally-produced goods and for raising government revenues. Trade remedy measures and taxes are not considered to be tariffs.

Comments and limitations:

"The following caveats should be taken in consideration while reviewing this indicator:

Accurate estimates on special and differential treatment for developing countries do not exist, thus the calculations are limited to tariffs only. These are only part of the trade limitation factors, especially when looking at exports of developing or least developed countries under non-reciprocal preferential treatment that set criteria for eligibility.

A full coverage of preferential schemes of developed countries are used for the computation, but preferential treatment may not be fully used by developing countries' exporters for different reasons such as the inability of certain exporters to meet eligibility criteria (i.e., complying with rules of origin). As there is no accurate statistical information on the extent of the actual utilisation of each of these preferences, it is assumed that they are fully utilised.

Duty free treatment is an indicator of market access, but is not always synonymous with preferential treatment for beneficiary countries, because a number of MFN tariffs are already at, or close to, zero, especially for fuels and minerals. International agreements on IT products also offer duty-free treatment for components and equipment used for production purpose"

Methodology

Computation Method:

The indicator is calculated as the average share of national tariff lines that are free of duty

Disaggregation:

Disaggregation is available by product sector (e.g. Agriculture, Textile, Environmental goods), geographical regions and country income level (e.g. Developed, Developing, LDCs)

Treatment of missing values:

- [At country level](#)

Missing values are calculated using the most recent year available.

- [At regional and global levels](#)

Missing values are calculated using the most recent year available.

Regional aggregates:

Share of duty-free tariff lines in the total number of tariff lines by country or country groups. At the tariff line level, the minimum rate between the MFN and others imports regime is always take into account in our calculation

Sources of discrepancies:

Not applicable. The same national data are used at the global level.

Data Sources

Description:

The main information used to calculate indicators 10.a.1 is import tariff data. Information on import tariffs might be retrieved by contacting directly National statistical offices, permanent country missions to the UN, regional organizations or focal points within the customs, ministries in charge of customs revenues (Ministry of economy/finance and related revenue authorities) or, alternatively, the Ministry of trade. Tariff data for the calculation of this indicator are retrieved from ITC (MAcMap) - <http://www.macmap.org/> - WTO (IDB) - <http://tao.wto.org> - and UNCTAD (TRAINS) databases. Import tariff data included in the ITC (MAcMap) database are collected by contacting directly focal points in line national agencies or regional organizations (in the case of custom unions or regional economic communities). When available, data are downloaded from national or regional official websites. In some cases, data are purchased from private companies. Import tariff data included in the WTO (IDB) database are sourced from official notifications of WTO members. Import tariff included in the UNCTAD (TRAINS) database are collected from official sources, including official country or regional organizations websites.

Data Availability

Description:

Asia and Pacific: 42

Africa: 49

Latin America and the Caribbean: 34

Europe, North America, Australia, New Zealand and Japan: 48

Time series:

Yearly data from 2005 to latest year

Calendar

Data collection:

Continuously updated all year round

Data release:

Indicatively the indicators calculations can be ready by March every year. However, the date of release will depend on the period envisaged for the launching of the SDG monitoring report.

Data providers

NA

Data compilers

Name:

ITC, WTO and UNCTAD

Description:

ITC, WTO and UNCTAD will jointly report on this indicator

References

URL:

<http://www.intracen.org> / www.wto.org / <http://unctad.org/en/Pages/Home.aspx>

References:

No available references.

Related indicators

Linkages with indicator 17.12 on the implementation of duty-free and quota-free market access

Goal 10: Reduce inequality within and among countries

Target 10.b: Encourage official development assistance and financial flows, including foreign direct investment, to States where the need is greatest, in particular least developed countries, African countries, small island developing States and landlocked developing countries, in accordance with their national plans and programmes

Indicator 10.b.1: Total resource flows for development, by recipient and donor countries and type of flow (e.g., official development assistance, foreign direct investment and other flows)

Institutional information

Organization(s):

Organisation for Economic Co-operation and Development (OECD)

Concepts and definitions

Definition:

Total resource flows for development, by recipient and donor countries and type of flow comprises of Official Development Assistance (ODA), other official flows (OOF) and private flows.

Rationale:

Total resource flows to developing countries quantify the overall expenditures that donors provide to developing countries.

Concepts:

Official and private flows, both concessional and non-concessional to developing countries. For official flows the major distinction is between official development assistance (ODA) and other official flows

OOF, while private flows are broken down into flows at market terms and charitable grants. Flows include contributions to multilateral development agencies, which are themselves official bodies.

See <http://www.oecd.org/dac/stats/officialdevelopmentassistancedefinitionandcoverage.htm>)

Methodology

Computation Method:

The sum of official and private flows from all donors to developing countries.

Disaggregation:

This indicator can be disaggregated by type of flow (ODA, OOF, private), by donor, recipient country, type of finance, type of aid etc.

Treatment of missing values:

- [At country level](#)

None - no estimates are made for missing values

- [At regional and global levels](#)

Not applicable

Regional aggregates:

Global and regional figures are based on the sum of total resource flows to developing countries.

Sources of discrepancies:

Development Assistance Committee (/DAC) statistics are standardized on a calendar year basis for all donors and may differ from fiscal year data available in budget documents for some countries.

Data Sources

Description:

The OECD Development Assistance Committee (DAC) has been collecting data on official and private resource flows from 1960 at an aggregate level.

The data are reported by donors according to the same standards and methodologies (see here: <http://www.oecd.org/dac/stats/methodology.htm>).

Data are reported on an annual calendar year basis by statistical reporters in national administrations (aid agencies, Ministries of Foreign Affairs or Finance, etc).

Collection process:

A statistical reporter is responsible for the collection of DAC statistics in each providing country/agency. This reporter is usually located in the national aid agency, Ministry of Foreign Affairs or Finance etc.

Data Availability

On a donor basis for all DAC countries and many non-DAC providers (bilateral and multilateral) that report to the DAC.

On a recipient basis for all developing countries eligible for ODA.

Calendar

Data collection:

Data are published on an annual basis in December for flows in the previous year. Detailed 2015 flows will be published in December 2016.

Data release:

December 2016

Data providers

Description:

Data are reported on an annual calendar year basis by statistical reporters in national administrations (aid agencies, Ministries of Foreign Affairs or Finance, etc).

Data compilers

Name:

OECD

References

URL:

www.oecd.org/dac/stats

References:

See all links here: <http://www.oecd.org/dac/stats/methodology.htm>

Goal 10: Reduce inequality within and among countries

Target 10.c: By 2030, reduce to less than 3 per cent the transaction costs of migrant remittances and eliminate remittance corridors with costs higher than 5 per cent

[Indicator 10.c.1: Remittance costs as a proportion of the amount remitted](#)

Institutional information

Organization(s):

The World Bank

Concepts and definitions

Definition:

The proposed indicator is “10.c.1 Remittance costs as a proportion of the amount remitted”. It is not well-defined. We propose to use the following indicator, similar but well-defined: **“Average total cost of sending \$200 (or equivalent in local sending currency, adjusted for inflation) in each country corridor (expressed as % of amount sent).”** This indicator is readily available for a total of 365 country corridors worldwide, for 48 sending and 105 receiving countries on a quarterly basis by the World Bank’s Remittance Prices Worldwide database. Data availability information above is based on the 105 receiving countries.

Rationale:

This indicator has been collected by the World Bank through its Remittance Prices Worldwide (RPW) database since 2008 for the purpose of monitoring the then G8 / now G20 target on reducing remittance prices. Also known as the “5x5 objective”, this goal was adopted by the G8 in 2009, and it refers to reduction of the global average total cost of migrant remittances by 5 percentage points in 5 years. To achieve this objective, the governments in both sending and receiving countries should consider implementing reforms based upon the General Principles for International Remittances Services by the World Bank/Committee on Payment and Settlement Systems (January 2007). This internationally agreed framework has proven effective in helping reduce the cost of remittances and guiding actions to enhance the efficiency of international remittances. The World Bank’s RPW database is the only global database that monitors remittance price activity across geographic regions. RPW was launched by the World Bank in September 2008, and is a key tool in monitoring the evolution of costs to the remitters and the beneficiaries from sending and receiving money in major country corridors.

Concepts:

International remittance transfer. A cross-border person-to-person payment of relatively low value. In practice, the transfers are typically recurrent payments by migrant workers (e.g. who send money to their families in their home country every month). In the report, the term “remittance transfer” is used for simplicity (i.e. it is assumed the transfer is international).

Money transfer operator. A non-deposit taking payment service provider where the service involves payment per transfer (or possibly payment for a set or series of transfers) by the sender to the payment service provider (for example, by cash or bank transfer) – i.e. as opposed to a situation where the payment service provider debits an account held by the sender at the payment service provider. Payment

service provider. An entity that provides payment services (remittances and/or other payments). This includes both entities that take deposits and allow transfers of funds to be made from those deposits (i.e. most banks and many non-bank deposit-takers) and non-deposit takers that transfer funds (e.g. money transfer operators).

Price. The total cost to the end users of sending a remittance transfer (including the fees charged to the sender and recipient and the margin by which the exchange rate charged to the end users is above the current interbank exchange rate).

Remittance service. A service that enables end users to send and/or receive remittance transfers.

Remittance service provider (RSP). An entity, operating as a business, that provides a remittance service for a price to end users, either directly or through agents.

Comments and limitations:

RPW data does not include information on fees charged to remittance receivers.

Methodology

Computation Method:

Average cost of sending \$200 is calculated through a mystery shopping exercise of remittance service providers (RSPs). RSPs that have 80% of the market share in each corridor are included in the mystery shopping exercise. The indicator is calculated as the simple average of costs quoted by each RSP operating in a corridor.

Disaggregation:

RPW tracks the cost of remittances by the type of remittance service providers: commercial banks, money transfer operators, post offices, and mobile operators. In addition, disaggregation is also possible by the instrument used to fund the transaction: cash, bank account, debit/credit card, mobile money; and by the instrument used to disburse the funds: cash, bank account (same bank), bank account (different bank) and mobile money.

Treatment of missing values:

- [At country level](#) – NA.
- [At regional and global levels](#) – Regional aggregates are computed by taking simple averages of the recipient countries in the region for which there is data. Countries with no data are not included, missing values are not treated.

Regional aggregates:

Regional aggregates are computed by taking simple averages of the recipient countries in the region for which there is data. Countries with no data are not included, missing values are not treated.

Sources of discrepancies:

There are no country produced alternatives for this data.

Methods and guidance available to countries for the compilation of the data at the national level:

- Minimum requirements for national and regional database construction in line with the *General Principles for International Remittance Services*¹ are provided on the Remittance Prices Worldwide website at: <https://remittanceprices.worldbank.org/en/national-and-regional-databases-certified-by-the-world-bank>. For consistent methodology, the following minimum requirements were established:

1. Double price points data gathering
2. Collection of fees for the sender
3. Collection of the exchange rate applied
4. Provision of total amount of the identified costs
5. Speed of the transaction
6. Type of service provided
7. Minimum of 60% of market coverage per corridor
8. Independence of the researchers
9. Validation through mystery shopping exercises
10. No advertisement policy
11. No subscription policy and clear funding process
12. Linkage with other WB-approved databases

More information is available in the policy paper on *Remittance Price Comparison Databases: Minimum Requirements and Overall Policy Strategy – Guide and Special-Purpose Note*, available at: <https://remittanceprices.worldbank.org/sites/default/files/StandardsNationalDatabases.pdf>

- Web site for Remittance Prices Worldwide database and related resources: <http://remittanceprices.worldbank.org>

Quality assurance

Data are collected by researchers through mystery shopping, compiled, cleaned, and reviewed by the World Bank RPW team. The World Bank uses vendor services for data collection and compilation.

Data Sources

Description:

Data sources are the remittance service providers (RSPs) themselves. Data are collected quarterly through a mystery shopping exercise, which takes one weeks. Every year, in each corridor, a market analysis is conducted to understand which RSPs have 80% of the market share. Those are then included in the mystery shopping exercises throughout that year.

Collection process:

Mystery shopping conducted quarterly.

¹ Committee on Payment and Settlement Systems and the World Bank (2007).

Data Availability

Description:

The data are available for 365 corridors, which include 48 sending countries and 105 receiving countries. The data are collected quarterly.

Time series:

Data availability: since Q1 2008 (online in Excel format since Q1 2011).

Calendar

Data collection:

Q4 2017

Data release:

March, June, September, December

Data providers

Data are collected by mystery shopping from remittance service providers.

Data compilers

The World Bank

References

URL: <http://remittances.worldbank.org>

References: Please see various resources on <http://remittanceprices.worldbank.org/en/resources>

Related indicators

G20 5x5 target – Remittance cost reduction for development. In 2009, the G8 set a target, later adopted by the G20, to reduce the cost of international remittances from 10 percent to 5 percent within five years. The target was dubbed the “5x5 Objective.”

In 2016, introduced the Smart Remitter Target (SmarRT) to monitor remittance transactions at a more granular level. It aims to reflect the cost that a savvy consumer with access to sufficiently complete information would pay to transfer remittances in each corridor. SmarRT is calculated as the simple average as the three cheapest services for sending the equivalent of \$200 in each corridor and is expressed in terms

of the percentage of the total amount sent. In addition to transparency, services must meet additional criteria to be included in SmaRT, including transaction speed (5 days or less) and accessibility (determined by geographic proximity of branches for services that require physical presence, or access to any technology or device necessary to use the service, such as a bank account, mobile phone or the internet.

For additional information on the methodology of SmaRT, please see:

https://remittanceprices.worldbank.org/sites/default/files/smart_methodology.pdf

Goal 10: Reduce inequality within and among countries

Target 10.1: By 2030, progressively achieve and sustain income growth of the bottom 40 per cent of the population at a rate higher than the national average

[Indicator 10.1.1: Growth rates of household expenditure or income per capita among the bottom 40 per cent of the population and the total population](#)

Institutional information

Organization(s):

World Bank (WB)

Concepts and definitions

Definition:

The growth rate in the welfare aggregate of bottom 40% is computed as the annualized average growth rate in per capita real consumption or income of the bottom 40% of the income distribution in a country from household surveys over a roughly 5-year period. The national average growth rate in the welfare aggregate is computed as the annualized average growth rate in per capita real consumption or income of the total population in a country from household surveys over a roughly 5-year period.

Rationale:

Improvements in shared prosperity require both a growing economy and a consideration of equity. Shared prosperity explicitly recognizes that while growth is necessary for improving economic welfare in a society, progress is measured by how those gains are shared with its poorest members. Moreover, in an inclusive society it is not sufficient to raise everyone above an absolute minimum standard of living; it must ensure that economic growth increases prosperity among the poor over time.

The decision to measure shared prosperity based on income or consumption was not taken to ignore the many other dimensions of welfare. It is motivated by the need for an indicator that is easy to understand, communicate, and measure—though measurement challenges exist. Indeed, shared prosperity comprises many dimensions of well-being of the less well-off, and when analyzing shared prosperity in the context of a country, it is important to consider a wide range of indicators of welfare.

Concepts:

Promoting shared prosperity is defined as fostering income growth of the bottom 40 percent of the welfare distribution in every country and is measured by calculating the annualized growth of mean per capita real income or consumption of the bottom 40 percent. The choice of the bottom 40 percent as the target population is one of practical compromise. The bottom 40 percent differs across countries depending on the welfare distribution, and it can change over time within a country. Because boosting shared prosperity is a country-specific goal, there is no numerical target defined globally.

Comments and limitations:

There are mainly two limitations of shared prosperity indicators: data availability and data quality.

Data availability

Lack of household survey data is even more problematic for monitoring shared prosperity than for monitoring poverty. To monitor shared prosperity, two surveys of a country have to be conducted within five years or so during a chosen period, namely circa 2007-12. They have to be reasonably comparable to each other in terms of both the survey design and the construction of the welfare aggregates. Thus, not every survey that can generate poverty estimates can generate shared prosperity estimates.

The second consideration is the coverage of countries, with data that are as recent as possible. Since shared prosperity must be estimated and used at the country level, there are good reasons for obtaining a wide coverage of countries, regardless of the size of their population. Moreover, for policy purposes it is important to have indicators for the most recent period possible for each country. The selection of survey years and countries needs to be made consistently and transparently, achieving a balance between matching the time period as closely as possible across all countries, including the most recent data, and ensuring the widest possible coverage of countries, across regions and income levels. In practice, this means that time periods will not match perfectly across countries. This is a compromise: while it introduces a degree of incomparability, it also creates a database that includes a larger set of countries than would be otherwise possible

Data quality

Like for poverty rates, estimates of annualized growth of mean per capita real income or consumption are based on income or consumption data collected in household surveys. The same quality issues applying to poverty rates apply here. Specifically, measuring household living standards has its own complications. Surveys ask detailed questions on sources of income and how it was spent, which must be carefully recorded by trained personnel. Income is difficult to measure accurately, and consumption comes closer to the notion of living standards. Moreover, income can vary over time even if living standards do not. But consumption data are not always available: the latest estimates reported here use consumption for about two-thirds of countries.

Similar surveys may not be strictly comparable because of differences in timing, sampling frames, or the quality and training of enumerators. Comparisons of countries at different levels of development also pose problems because of differences in the relative importance of the consumption of nonmarket goods. The local market value of all consumption in kind (including own production, particularly important in underdeveloped rural economies) should be included in total consumption expenditure, but in practice are often not. Most survey data now include valuations for consumption or income from own production, but valuation methods vary.

The statistics reported here are based on consumption data or, when unavailable, on income data. Analysis of some 20 countries for which both consumption and income data were available from the same surveys found income to yield a higher mean than consumption but also higher inequality. When poverty measures based on consumption and income were compared, the two effects roughly cancelled each other out: there was no significant statistical difference.

Invariably some sampled households do not participate in surveys because they refuse to do so or because nobody is at home during the interview visit. This is referred to as "unit nonresponse" and is distinct from "item nonresponse," which occurs when some of the sampled respondents participate but refuse to answer certain questions, such as those pertaining to income or consumption. To the extent that survey nonresponse is random, there is no concern regarding biases in survey-based inferences; the sample will still be representative of the population. However, households with different incomes may not be equally likely to respond. Richer households may be less likely to participate because of the high opportunity cost of their time or because of privacy concerns. It is conceivable that the poorest can likewise be underrepresented; some are homeless or nomadic and hard to reach in standard household

survey designs, and some may be physically or socially isolated and thus less likely to be interviewed. This can bias both poverty and inequality measurement if not corrected for.

Methodology

Computation Method:

Growth rates are calculated as annualized average growth rates over a roughly five-year period. Since many countries do not conduct surveys on a precise five-year schedule, the following rules guide selection of the survey years used to calculate the growth rates in the 2015 update: the final year of the growth period (T1) is the most recent year of a survey but no earlier than 2010, and the initial year (T0) is as close to $T1 - 5$ as possible, within a two-year band. Thus the gap between initial and final survey years ranges from three to seven years. If two surveys are equidistant from $T1 - 5$, other things being equal, the more recent survey year is selected as T0. The comparability of welfare aggregates (income or consumption) for the years chosen for T0 and T1 is assessed for every country. If comparability across the two surveys is a major concern, the selection criteria are re-applied to select the next best survey year.

Once two surveys are selected for a country, the annualized growth of mean per capita real income or consumption is computed by first estimating the mean per capita real income or consumption of the bottom 40 percent of the welfare distribution in years T0 and T1 and then computing the annual average growth rate between those years using a compound growth formula, $(\text{Mean in } T_1) / (\text{Mean in } T_0)^{1/(T_1 - T_0)}$. Growth of mean per capita real income or consumption of the total population is computed in the same way using data for the total population.

Disaggregation:

No disaggregation

Treatment of missing values:

- [At country level](#)
No imputation
- [At regional and global levels](#)
No aggregation

Regional aggregates:

Shared prosperity indicators are country-specific because the welfare distribution is country-specific. There's no aggregation.

Sources of discrepancies:

If there are country produced shared prosperity indicators like these, the main sources of differences could be different welfare aggregates and years of surveys used in the calculation.

Data Sources

Description:

The Global Database of Shared Prosperity was prepared by the Global Poverty Working Group, which comprises poverty measurement specialists of different departments of the World Bank Group. The database's primary source of data is the World Bank Group's PovcalNet database, an interactive computational tool that allows users to replicate the World Bank Group's official poverty estimates measured at international poverty lines (\$1.90 or \$3.10 per day per capita). The datasets included in PovcalNet are provided and reviewed by the members of the Global Poverty Working Group. The choice of consumption or income to measure shared prosperity for a country is consistent with the welfare aggregate used to estimate extreme poverty rates in PovcalNet, unless there are strong arguments for using a different welfare aggregate. The practice adopted by the World Bank Group for estimating global and regional poverty rates is, in principle, to use per capita consumption expenditure as the welfare measure wherever available and to use income as the welfare measure for countries for which consumption data are unavailable. However, in some cases data on consumption may be available but are outdated or not shared with the World Bank Group for recent survey years. In these cases, if data on income are available, income is used for estimating shared prosperity.

Collection process:

To generate measures of shared prosperity that are reasonably comparable across countries, the World Bank Group has a standardized approach for choosing time periods, data sources, and other relevant parameters. The Global Database of Shared Prosperity is the result of these efforts. Its purpose is to allow for cross-country comparison and benchmarking, but users should consider alternative choices for surveys and time periods when cross-country comparison is not the primary consideration.

Data Availability

Data Availability – number of countries that have at least 1 data point by region

2010 to present:

Asia and Pacific 21

Africa 16

Latin America and Caribbean 16

Europe, North America, Australia, New Zealand and Japan 41

2000-2009:

Asia and Pacific 24

Africa 27

Latin America and Caribbean 19

Europe, North America, Australia, New Zealand and Japan 21

Calendar

Data collection:

Source collection is ongoing by the Global Poverty Working Group of the World Bank; same data used for estimating poverty (indicator 1.1.1).

Data release:

The World Bank Group is committed to updating the shared prosperity indicators every year. Given that new household surveys are not available for every year for most countries, updated estimates will be reported for only a subset of countries each year. Updated estimates are released at the World Bank's Annual Meetings in October every year.

Data providers

The World Bank typically receives data from National Statistical Offices (NSOs) directly. In other cases it uses NSO data received indirectly. Please see the section on data sources for further details.

Data compilers

World Bank

References

URL:

www.worldbank.org

References:

The Global Database of Shared Prosperity, World Bank,
<http://www.worldbank.org/en/topic/poverty/brief/global-database-of-shared-prosperity>. World Development Indicators, World Bank.

Goal 10: Reduce inequality within and among countries

Target 10.4: Adopt policies, especially fiscal, wage and social protection policies, and progressively achieve greater equality

Indicator 10.4.1: Labour share of GDP, comprising wages and social protection transfers

Institutional information

Organization(s):

International Labour Organization (ILO)

Concepts and definitions

Definition:

Labour share of Gross Domestic Product (GDP) is the total compensation of employees given as a percent of GDP, which is a measure of total output. It provides information about the relative share of output which is paid as compensation to employees as compared with the share paid to capital in the production process for a given reference period.

Rationale:

Labour share of Gross Domestic Product (GDP) seeks to inform about the relative share of GDP which accrues to employees as compared with the share which accrues to capital in a given reference period.

In order to interpret this indicator effectively, it is important to consider it together with economic growth trends. The share of labour compensation in national output can highlight the extent to which economic growth translates into higher incomes for employees over time. In periods of economic recession, the wage share provides an indication of the extent to which falling output reduces labour incomes relative to profits. If labour incomes fall at a greater rate than profits, the wage share will be expected to fall. By contrast, if there is a sharper decline in profits than in labour incomes, the wage share will rise. For any given level of GDP and profits, the wage share can fall as a result of falling wage employment, falling wages or a combination of both.

Increased production and GDP often lead to improved living standards of individuals in the economy, but this will depend on the distribution of real income and public policy among other factors.

If there is a large number of non-resident border or seasonal workers or inflows and outflows of property income such that the value of production differs from the income of residents, there may be a situation of over or understating the living standards of residents.

Concepts:

Compensation of employees is the total in-cash or in-kind remuneration payable to the employee by the enterprise for the work performed by the employee during the accounting period. Compensation of employees includes: (i) wages and salaries (in cash or in kind) and (ii) social insurance contributions

payable by employers. This concept views compensation of employees as a cost to employer, thus compensation equals zero for unpaid work undertaken voluntarily. Moreover, it does not include taxes payable by employers on the wage and salary bill, such as payroll tax.

The indicator should be produced using data that cover all employees and all economic activities.

Gross domestic product (GDP) represents the market value of all final goods and services produced during a specific time period (for the purposes of this indicator, an year) in a country's territory.

Employees are all those workers who hold the type of job defined as paid employment jobs, that is, jobs where the incumbents hold explicit or implicit employment contracts giving them a basic remuneration not directly dependent on the revenue of the unit for which they work. Total employment is made up by employees and the self-employed.

Comments and limitations:

In general, labour share in GDP will underestimate the proportion of GDP accrued to total employment, as it covers only the compensation of employees and does not include the labour income of the self-employed. Thus the indicator may be less relevant in countries where a large proportion of employment is in self-employment. However, an adjusted labour share may be estimated to take into account the labour income of self-employed workers.

GDP may exclude or underreport activities that are difficult to measure, such as transactions in the informal sector or in illegal markets, etc. thus understating the GDP. Moreover, GDP does not account for the social and environmental costs of production, and is therefore is not a good measure of the level of over-all wellbeing.

Methodology

Computation Method:

Labour share of Gross Domestic Product = $\frac{\text{Total compensation of employees}}{\text{Gross Domestic Product}} \times 100$

Disaggregation:

No disaggregations are required for this indicator.

Data Sources

The recommended primary data sources for this indicator are the national accounts estimates of GDP and compensation of employees. The periodicity of this indicator will hence depend on the national accounts data produced in the given country.

The source of the data should be presented when providing estimates of the indicator, as well as the System of National Accounts revision (preferably the SNA 2008). The concept definition of compensation of employees that is used should be specified, or alternatively, if another wage or labour income concept is used, this should be clearly indicated.

Data Availability

NA

Calendar

NA

Data providers

National Statistical Offices

Data compilers

ILO

References

URL:

www.ilo.org/ilostat

References:

ILOSTAT:

www.ilo.org/ilostat

ILO Social Protection Data and Indicators:

<http://www.social-protection.org/gimi/gess/ShowTheme.action?th.themeld=10&lang=EN>

System of National Accounts:

<http://unstats.un.org/unsd/nationalaccount/sna.asp>

Denet Work Indicators Manual:

http://www.ilo.org/stat/Publications/WCMS_223121/lang--en/index.htm

Goal 10: Reduce inequality within and among countries

Target 10.6: Ensure enhanced representation and voice for developing countries in decision-making in global international economic and financial institutions in order to deliver more effective, credible, accountable and legitimate institutions

[Indicator 10.6.1: Proportion of members and voting rights of developing countries in international organizations](#)

Institutional information

Organization(s):

Financing for Development Office, DESA (FFDO)

Concepts and definitions

Definition:

The proportion of members and voting rights of developing countries in international organizations has two components, the developing country proportion of voting rights and the developing country proportion of membership in international organisations. In some institutions these two components are identical.

Rationale:

The United Nations is based on a principle of sovereign equality of all its Member States (Article 2, UN Charter). This indicator aims to measure the degree to which States enjoy equal representation in different international organizations.

Concepts:

The indicator is calculated independently for eleven different international institutions: The United Nations General Assembly, the United Nations Security Council, the United Nations Economic and Social Council, the International Monetary Fund, the International Bank for Reconstruction and Development, the International Finance Corporation, the African Development Bank, the Asian Development Bank, the Inter-American Development Bank, the World Trade Organisation, and the Financial Stability Board.

There is no established convention for the designation of "developed" and "developing" countries or areas in the United Nations system. In common practice, Japan in Asia, Canada and the United States in northern America, Australia and New Zealand in Oceania, and Europe are considered "developed" regions or areas. The aggregation across all institutions is currently done according to the United Nations M.49 statistical standard which includes designation of "developed regions" and "developing regions", while an ongoing review seeks to reach agreement on how to define these terms for the purposes of SDG monitoring. The designations "developed" and "developing" are intended for statistical convenience and do not necessarily express a judgement about the stage reached by a particular country or area in the development process.

Comments and limitations:

Cross institutional comparisons needs to pay attention to the different membership of the institutions. Voting rights and membership in their institutions are agreed by the Member States themselves. As a structural indicator, there will be only small changes over time to reflect agreement on new States joining as Members, suspension of voting rights, membership withdrawal and negotiated voting rights changes.

Methodology

Computation Method:

The computation uses each institutions' own published membership and voting rights data from their respective annual reports. The proportion of voting rights is computed as the number of voting rights allocated to developing countries, divided by the total number of voting rights. The proportion of membership is calculated by taking the number of developing country members, divided by the total number of members.

Disaggregation:

Data is calculated and presented separately for each international organization.

Data Sources

Description:

Annual reports, as presented on the website of the institution in question, are used as sources of data. Sources of information by institution:

United Nations General Assembly:
website of the General Assembly

United Nations Security Council:
Report of the Security Council for the respective year

United Nations Economic and Social Council:
Report of the Economic and Social Council for the respective year

International Monetary Fund:
Annual Report for the respective year

International Bank for Reconstruction and Development:
Management's Discussion & Analysis and Financial Statements for the respective year

International Finance Corporation:
Annual Report (volume 2) for the respective year

African Development Bank:
Annual Report for the respective year

Asian Development Bank:
Annual Report for the respective year

Inter-American Development Bank:
Annual Report for the respective year

World Trade Organisation:
WTO Annual Report 2015

Financial Stability Board:
Charters of the Financial Stability Board

List:

General Assembly website;
Report of the Security Council;
Report of the Economic and Social Council,
Report of the International Monetary Fund;
IBRD's Management's Discussion & Analysis and Financial Statements;
IFC Annual Report (volume 2);
AfDB Annual Report;
ADB Annual Report;
IADB Annual Report;
WTO Annual Report;
Charters of the Financial Stability Board

Data Availability

Available for all countries.

Calendar

Data release:

United Nations General Assembly:
continuous

United Nations Security Council:
annually in September

United Nations Economic and Social Council:
annually in October

International Monetary Fund:
annually in October

International Bank for Reconstruction and Development:
annually in September

International Finance Corporation:
annually in September

African Development Bank:
annually in May

Asian Development Bank:
annually in April

Inter-American Development Bank:
annually in April

World Trade Organisation:
annually in May

Financial Stability Board:
annually in January

(UNGA: continuous UNSC: September 2016 ECOSOC: October 2016 IMF: October 2016 IBRD: September 2016 IFC: September 2016 AfDB: May 2017 ADB: April 2017 IADB: April 2017 WTO: May 2017 FSB: January 2017)

Data providers

Name:

UNGA, UNSC, ECOSOC, IMF, IBRD, IFC, AfDB, ADB, IADB, WTO, FSB

Description:

The United Nations General Assembly, the United Nations Security Council, the United Nations Economic and Social Council, the International Monetary Fund, the International Bank for Reconstruction and Development, the International Finance Corporation, the African Development Bank, the Asian Development Bank, the Inter-American Development Bank, the World Trade Organisation, and the Financial Stability Board.

Data compilers

Name:

FFD/UN-DESA

Description:

The data is compiled and the proportions calculated by the Financing for Development Office, United Nations Department of Economic and Social Affairs.

References

URL:

<https://www.un.org/development/desa/en/>