

New UNDP report warns AI could widen global inequality without coordinated policy action

December 4, 2025



Artificial intelligence could significantly deepen inequality between countries unless governments act swiftly to manage risks and build digital capability, according to a new UNDP report, *The Next Great Divergence: Why AI May Widen Inequality Between Countries*. The study warns that while AI presents major opportunities for development, nations are entering the transition from vastly different starting points, creating the potential for a sharp widening of global divides in economic performance, human capability and governance.

Asia and the Pacific sits at the centre of this transformation. The region hosts more than half of global AI users and is expanding rapidly in research and innovation, from China's near 70% share of global AI patents to over 3,100 newly funded AI firms across six economies. If responsibly harnessed, AI could lift annual GDP growth in the region by around two percentage points and boost productivity by up to 5% in sectors such as health and finance. ASEAN alone could gain nearly USD 1 trillion in additional GDP over the next decade.

But the risks are equally stark. Millions of jobs—many held by women and young people—face high exposure to automation. Unequal access to digital infrastructure and skills threatens to magnify exclusion, particularly across South Asia where women are up to 40% less likely than men to own a smartphone. Rural and indigenous communities risk being omitted from training datasets, heightening algorithmic bias in public services.

"AI is racing ahead, and many countries are still at the starting line," said Kanni Wignaraja, UN Assistant Secretary-General and UNDP Regional Director for Asia and the Pacific. "The Asia and Pacific experience highlights how quickly gaps can emerge between those shaping AI and those being shaped by it."

The report notes that for half a century lower-income countries have been slowly converging with wealthier ones through improvements in health, education and technology adoption. Without deliberate policy choices, AI threatens to reverse this long-running trend.

Examples from the region illustrate both the opportunity and the governance challenge. Bangkok's Traffy Fondue platform has streamlined nearly 600,000 citizen reports; Singapore's Moments of Life service has cut paperwork for new parents from 120 minutes to 15; and Beijing is using digital twins to improve flood management. Yet only a small number of countries have comprehensive AI regulations, and by 2027 more than 40% of AI-related data breaches may stem from misuse of generative AI.

"The central fault line in the AI era is capability," said Philip Schellekens, UNDP Chief Economist for Asia and the Pacific. "Countries that invest in skills, computing power and sound governance systems will benefit; others risk being left far behind."

The report emphasises that the current trajectory is not inevitable. With coordinated investment, inclusive digital strategies and ethical governance frameworks, AI can become a driver of shared progress rather than a catalyst for divergence.