

Summaries

Introduction: Sustaining Growth and Ending Poverty in Asia

Mark Robinson and John Farrington

Asia has witnessed an unprecedented period of growth and poverty reduction over the past decade. By 2015 absolute poverty in Asia could be halved and eradicated altogether a decade later. But while there are strong prospects for continued progress these are by no means assured. Asian countries face a number of challenges – the potential for financial instability, environmental degradation, rising inequality, inadequate infrastructure and energy supplies as well as global threats – all of which could throw growth and poverty reduction off-track. Much depends on how the costs and benefits of growth are distributed and how far the growth process creates opportunities for poor people to participate in economic activity. Rapid urbanisation and migration are raising new challenges for policy makers. Growth alone cannot eradicate poverty without public action by governments in the region to tackle problems of exclusion, marginalisation and the threat of rising inequality.

Managing the Environment for Development and to Sustain Pro-poor Growth

Stephen Bass and Paul Steele

Environmental resources have made a substantial contribution to economic growth and poverty reduction in Asia. Natural assets, such as fertile soils, rivers and forests, are often critical for the livelihoods of poor people. This article shows how resource-intensive development in Asia has been achieved at significant environmental cost. Environmental problems such as deforestation, pressure on water supplies, and pollution from industry place real limits on further economic growth and increase the region's already high vulnerability to natural disasters. The challenge for governments and policy makers is to use natural wealth to generate growth and enable poor people to benefit from this growth, while at the same time sustaining its capacity to produce these benefits in the future. The article argues that progress can be advanced through international partnerships which build on existing initiatives in a

number of areas including climate change, sustainable forestry and fishing, disaster preparedness and pro-poor conservation.

Financial Vulnerability in Asia

Stephany Griffith-Jones and Ricardo Gottschalk

The Asian financial crisis demonstrated how financial instability can severely disrupt economic growth and undermine advances made in poverty reduction. Minimising the risk of such a crisis happening again is important. This article examines how measures to reduce financial vulnerability could become a platform for sustained poverty reduction by providing stability and supporting pro-poor growth. The Asian region displays considerable strengths including high growth rates, a dynamic export sector, large trade surpluses and high domestic savings rates. Vulnerabilities remain however, including high fiscal deficits (India), unsustainable debt service ratios (the Philippines) and weaknesses in the Chinese banking system. Many countries in the region are holding high levels of foreign reserves to protect themselves against possible future crises. The article argues that other insurance options based on a regional, collective approach should also be considered. It also advises caution with regard to financial sector liberalisation in China.

Infrastructure Challenges in East and South Asia

Stephen Jones

This article examines the relationship between infrastructure, economic growth and poverty reduction in Asia. It identifies the policies required to stimulate the necessary investment and ensure it is employed in the most effective ways to help reduce poverty. The importance of physical infrastructure in fostering economic growth and poverty reduction is widely recognised. However, current provision is uneven both between and within countries and falls well below the levels needed to meet projected demand. It is shown that particular benefits accrue to specific investments; for example, investment in education and roads will have most impact on reducing poverty in rural areas. The article puts the case for increases in both public and private

investment in infrastructure in Asia in order to meet demand. Reforms will also be necessary in a range of areas including the rationalisation of subsidies, regulatory independence, reducing corruption and involving poor people in decision making about infrastructure.

Growth and the Investment Climate: Progress and Challenges for Asian Economies

Lauren M. Phillips

High levels of investment, by both domestic and foreign firms, have contributed to the impressive growth rates achieved in Asia. This article examines the broad set of political, economic, legal and physical conditions – together comprising the investment climate – which are influencing investment decisions in the region. It shows that the investment climate varies considerably both within and between countries, with East Asia having implemented more measures considered in line with best practice than South Asia. Infrastructure constraints, particularly electricity, and perceptions of political and macroeconomic risk are acting as barriers to investment in Asia. The article argues that reform efforts should be focused on encouraging investment in infrastructure and reducing regulations which increase the time cost of doing business. As agriculture has more impact than any other sector on poverty reduction in Asia, reforms that reduce the constraints faced by agricultural and rural enterprises need to be prioritised.

Poverty, Social Exclusion and the MDGs: The Challenge of ‘Durable Inequalities’ in the Asian Context

Naila Kabeer

Economic growth and poverty reduction have occurred unevenly across, and within, Asian countries. This article focuses on the chronic nature of poverty, and explores why social exclusion makes it more difficult for some poor people to take advantage of the opportunities generated by economic growth. The article shows that a person's social identity, or membership of a group that faces discrimination, can make them chronically poor. There are also gender and spatial dimensions to poverty that overlap with economic deprivation and identity-based discrimination. Social exclusion can be viewed in terms of ‘clustered inequalities’ rather than the one-dimensional inequality captured by income distribution. Overcoming social exclusion and achieving the Millennium Development Goals in Asia will require a

range of measures including challenging the cultural norms and values that underpin discrimination and reforming legal frameworks to ensure that discrimination on the grounds of race, ethnicity, disability, gender or age is rendered unacceptable.

Demographic Transition in Asia and its Consequences

Athar Hussain, Robert Cassen and Tim Dyson

This article examines the dramatic demographic transition in Asia over the last five decades and its implications for education provision, social security and the environment. The speed and the current phase of the demographic shift vary greatly both between and within countries. East Asia, with its low population growth rate and fertility rate is in the final stages of the transition and South Asia, the converse. Despite Asia's falling population growth rate, by 2025 an extra 757 million people will be living in the region. The article highlights some of the main challenges for Asian countries over the coming years. These will include education provision (for countries with a high population growth rate and fertility rate), providing financially for an ageing population (for countries with a low fertility rate and low population growth) and addressing the problem of increased pressure on water supplies.

Internal Migration, Poverty and Development in Asia: Including the Excluded

Priya Deshingkar

This article explores the relationship between internal migration and economic growth and development in Asia, concentrating on four countries: China, India, Vietnam and Indonesia. Levels of internal migration in Asia are high and rising. Despite being negatively regarded by many policy makers, internal migration can contribute to economic growth and poverty reduction. For example, remittances sent home by internal migrants can reduce poverty at the household level, stimulate economic growth in both the receiving and sending areas and reduce social inequalities. Until now, the potential of internal migration has been severely limited by policies designed to discourage it. However, policy makers are now beginning to recognise the benefits. In order to maximise these benefits, the article argues, effective partnerships between governments, civil society, the private sector and donors will have to be formed. Better data on the various factors stimulating and affecting internal migration will also be needed.

Urbanisation, Sustainable Growth and Poverty Reduction in Asia

Malcolm Jack

One in three people in Asia live in urban areas. The urban population is growing fast. This article identifies some of the challenges presented by urbanisation in relation to land use, the projected growth of slums (839 million people by 2020), provision for shelter, infrastructure provision, social services and low incomes. Poor living conditions undermine efforts to tackle poverty and achieve the Millennium Development Goals, but some Asian countries have found innovative urban development solutions – the challenge partly lies in scaling-up, adapting and mainstreaming these innovations. A recurring feature is the need to generate locally rooted information with which to plan, negotiate and monitor urban development solutions, and to integrate these into national strategies and Poverty Reduction Strategy Papers. The importance of working partnerships between the urban poor, local government and other stakeholders is also recognised. The article makes a number of recommendations to Asian governments and donors to improve urban development processes, particularly highlighting the need for donors to support financial mechanisms that both increase capital financing for urban development and create opportunities for working partnerships to be formed.

Institutions and Service Delivery in Asia

Anuradha Joshi

The delivery of basic services in Asia has not kept pace with rapid economic growth in the region. This article examines the trends, challenges and opportunities associated with the provision of health and education services. Increased urbanisation and migration are placing pressure on health and education systems, while risks associated with

HIV/AIDS and other emerging diseases highlight the need for urgent and coordinated national responses. The article shows that current responses to service delivery problems have had varying degrees of success. It argues that political commitment is required to improve service delivery in Asia. Reform efforts should take account of the need to support and regulate a plurality of providers as well as the need to tackle social exclusion and empower citizens, especially the poorest. Development assistance also has an important role to play in improving service delivery by providing financial and technical support.

Governance and State Effectiveness in Asia

Hossain Zillur Rahman and Mark Robinson

Governance offers an opportunity to address existing and emerging challenges on growth and poverty reduction in Asia. Examining a variety of Asian strategies for improving governance and the effectiveness of state institutions, this article identifies important lessons for the Asian region and beyond. Governance is likely to be central in the next phase of Asia's growth and poverty reduction, and gaining a better understanding of poor people's governance priorities, such as better service delivery (particularly in health and education) and access to justice, is necessary. There is no single model of governance associated with positive growth and poverty reduction outcomes in Asia to date. Changes in the nature of governance in successful Asian countries over the last two decades have been driven by a range of factors including: domestic economic reform, increased integration with the global economy, citizen-led demands for better governance and influence of aid donors. Of the governance initiatives introduced by Asian governments, decentralisation and service delivery reforms have the greatest potential to contribute to poverty reduction.