

Promoting Growth and Ending Poverty in Asia

Compiled by John Farrington¹

Summary

Over the past two decades, more people have been lifted out of poverty in Asia than in any other region at any other time in history. In the next decade, there is the chance to fulfil the potential of this success story - the world is presented with an historic opportunity to end poverty in Asia. Despite Asia's success, two thirds of the world's poor still live in the region, held back by poor nutrition and health, limited educational opportunities and lack of access to water and sanitation. Tackling these issues will require sustained economic growth, good governance and visionary leadership.

The private sector, ranging from large corporate to small-scale enterprises, operating within a favourable state-led enabling environment, has been a dominant force in Asia's successful economic growth and poverty reduction. But most of Asia's poor still live in rural areas, and the story of growth and poverty reduction is uneven – both between and within countries, and over time.

Rapid growth means that Asia has the potential to eradicate absolute poverty within a generation, that is, in the next 20 years. But there can be no assurance that high growth rates will continue up to and beyond 2015. Growth can be derailed by adverse changes in global trade and financial markets, by rapidly rising prices for primary commodities, (particularly energy), by environmental problems, by inadequate infrastructure, by the civil unrest that may accompany growing inequality, and by lack of institutional dynamism to make enabling environments adapt to rapid global change.

Moreover, growth alone is not everywhere sufficient to ensure sustained poverty reduction. The more agro-ecologically difficult areas tend to be left behind. Marginalised groups and the near-destitute, both there and elsewhere, cannot always participate directly in the benefits of growth. Such 'lagging' areas require focused infrastructure and growth policies, but also measures to support out-migration to growth areas, and policies to ensure that migrants can access health, education and sanitation services once there. Marginalised groups will be best served by improved enabling environments, by addressing issues such as governance, social inclusion, and citizenship, and more specifically by improvement in the quality and quantity of services and of social protection.

Rapid growth usually implies a change from predominantly rural and agricultural to predominantly urban-based, industrial (and, later, service-based) economies, along with demographic and fertility transitions. Without new ideas, and the resources to back them up, government and development agency policy is unlikely to prevent the spread of chronic poverty in rural areas, or an upsurge in numbers of economically and socially disenfranchised in urban areas.

Given the development challenges facing Asia and the risks to be managed, there is clear scope for continued and intensified partnerships both within Asia and between Asian countries and the rest of the world. For the poorer countries and areas, these will involve new ways of managing conventional development assistance. For others, they are likely to be based on the shared agendas which are emerging around such issues as energy, environment, science and technology, disaster management, financial stability, investment climate and migration. The challenge for all is to identify how best to manage these up to and beyond 2015.

¹ John Farrington is a Research Fellow at the Overseas Development Institute, London.