

Boao Forum for Asia
Asia Poverty Reduction Report
2019



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Description of the basic situation in Asia and the country classification criteria used in this report

The analysis in the Asia Poverty Reduction Report is based on data available as of August 2019.

The countries covered in this report are listed and classified as below.

47 Asian countries¹: Afghanistan, Armenia, Azerbaijan, Bahrain, Bangladesh, Bhutan, Brunei, Cambodia, China, Georgia, India, Indonesia, Iran, Iraq, Israel, Japan, Jordan, Kazakhstan, Kuwait, Kyrgyzstan, Laos, Lebanon, Malaysia, Maldives, Mongolia, Myanmar, Nepal, the Democratic People's Republic of Korea, Oman, Pakistan, Palestine, Philippines, Qatar, Saudi Arabia, Singapore, the Republic of Korea, Sri Lanka, Syria, Tajikistan, Thailand, Timor-Leste, Turkey, Turkmenistan, United Arab Emirates, Uzbekistan, Vietnam, and Yemen.

Four Asian member countries of the Organization for Economic Co-operation and Development (OECD): Japan, the Republic of Korea, Israel, and Turkey.

The Asian sub-regional classification used in this report is based on the United Nations Food and Agriculture Organization (FAO) classification criteria, but does not include Cyprus.

There are 11 low-income food-deficit Asian countries²: Afghanistan, Bangladesh, the Democratic People's Republic of Korea, India, Kyrgyzstan, Nepal, the Syrian Arab Republic, Tajikistan, Uzbekistan, Vietnam and Yemen. Structural changes include the exit of Pakistan and the entry of Vietnam. Pakistan is removed for it has met the criteria for net food exporters, while Vietnam is enrolled for failing to meet the three criteria for exclusion.

14 landlocked developing countries in Asia³: Afghanistan, Bhutan, Kazakhstan, Kyrgyzstan, Laos, Mongolia, Nepal, Tajikistan, Turkmenistan, Uzbekistan, Armenia, and Azerbaijan.

Nine least developed countries in Asia⁴: Afghanistan, Bangladesh, Bhutan, Cambodia, Laos, Myanmar, Nepal, Timor-Leste and Yemen.

Using the World Bank's latest income standards⁵, these 47 countries can be divided into:

Eleven high-income countries: Bahrain, Brunei, Israel, Japan, the Republic of Korea, Kuwait, Oman, Qatar, Saudi Arabia, Singapore and the United Arab Emirates;

Fifteen upper-middle income countries: Armenia, Azerbaijan, China, Georgia, Islamic Republic of Iran, Iraq, Jordan, Kazakhstan, Lebanon, Malaysia, Maldives, Sri Lanka, Thailand, Turkey and Turkmenistan;

Fourteen lower-middle income countries: Bangladesh, Bhutan, Cambodia, India, Indonesia, Kyrgyz Republic, Laos, Mongolia, Myanmar, Pakistan, Philippines, Timor-Leste, Uzbekistan, and Vietnam;

Six low-income countries: Afghanistan, the Democratic People's Republic of Korea, Nepal, Syria, Tajikistan and Yemen.

1 The website of China Consular Affairs (http://cs.mfa.gov.cn/zggmccg/ljmdd/yz_645708/) lists 46 countries in Asia. With the addition of China, the total is 47.

2 United Nations Food and Agriculture Organization. Low-Income Food-Deficit Countries (LIFDCs) - List for 2018. <http://www.fao.org/countryprofiles/lifdc/en/>. Retrieved on July 22, 2019, Monday.

3 <http://unohrlls.org/about-lfdc/country-profiles/>

4 List of Least Developed Countries (as of December 2018), <http://unohrlls.org/about-lfdc/>

5 For the current fiscal year 2020, low-income economies are defined as having per capita GNI of USD 1,025 or less in 2018 using the World Bank Atlas method; lower-middle income economies are having per capita GNI of USD 1,026 to USD 3,995; per capita GNI in upper-middle income economies is between USD 3,996 and USD 12,375; high-income economies are those with per capita GNI of USD 12,376 or more. <https://datahelpdesk.worldbank.org/knowledgebase/articles/906519>

Preface

Boao Forum for Asia (BFA) is the premier dialogue platform for government officials, scholars, entrepreneurs and media leaders to exchange their opinions over Asian and global affairs. Based in Asia and with a global outlook, BFA has been dedicated to the economic integration and regional cooperation within Asia and between Asia and other regions of the world, thus promoting common development for the world.

Matters concerning people's livelihood are one of the focal areas of BFA, forming part of the forum's long-term development strategy. In Chinese President Xi Jinping's speech at BFA Annual Conference in 2015 and 2018, he mentioned that the tasks of improving people's livelihood and eradicating poverty in Asian countries remained arduous. He called for strengthened cooperation in poverty reduction and other areas within the bilateral and multilateral frameworks, promoting the building of a community with a shared future for Asia and the world at large. The Asia Poverty Reduction Report is prepared and published to facilitate cooperation and spread best practices from Asia Countries in poverty reduction and related areas.

In this year's edition, we break the geographical boundaries of Asian sub-regions. For the first time, we provide a more comprehensive overview of the status of poverty reduction across all countries in Asia, including income poverty and multi-dimensional poverty. Measured against the poverty line of USD 1.9 per person per day, the current incidence of extreme poverty in Asian countries has fallen sharply, absolute poverty is gone on the whole, and the trend is improving. Asian countries halved the population in absolute poverty on its way to meeting the UN Millennium Development Goals in 1990-2015, and have maintained good momentum so far, but they are differentiated in poverty reduction, and poverty is severely concentrated, with a large number of poor people living in a few countries. As a result, achieving Goal 1 of the 2030 Sustainable Development Goals - ending poverty in all its forms everywhere remains a challenge.

The disequilibrium of development and poverty reduction is mainly manifested in two aspects: the unbalanced growth and the unbalanced distribution. In terms of economic growth, there are countries with a GDP growth rate of over 7% and countries with negative growth. The situation varies greatly among countries, and there is a marked imbalance in development among countries. In terms of income distribution, the Gini coefficient reflects inequality in income distribution within a country. The income gap between countries is huge, due to varying governance effects, different resource availability between Asian sub-region's and even within the same region, and differences in the efficiency of production among countries. Asian countries have Gini coefficients ranging from 0.29 to 0.51. Their income difference is different in nature from that between African countries. The income difference among Asian countries often comes along with development, while that among African countries is caused by underdevelopment. This is an obvious feature of Asia's poverty.

In terms of the challenges facing Asian countries in poverty reduction, the focus has been on three areas: the employment that directly related to economic growth and poverty reduction, the food shortages that closely related to human survival and development, and the provision of infrastructure and services. The United Nations Secretary-General's 2019 report states that "youth unemployment is three times as likely as adults" and that high unemployment is a major obstacle to improved living standards and future poverty reduction. Countries with high unemployment are expected to have higher rates of youth unemployment, which would pose a direct challenge to poverty reduction in those countries. In terms of food security, the size of the undernourished population in countries shows a similar pattern to the distribution of the poor among countries, and the undernourished are also highly concentrated. At present, there are about 526 million undernourished people in Asia, mainly in 11 countries with over 10 million undernourished people, with a combined population of 484 million, accounting for 91.84% of the total. The remaining 43 million undernourished people are scattered in 32 other countries (with data available). India and China are home to 62% of the undernourished population. In addition to internal factor, external factors have important impact on food scarcity. In addition to war and conflict, fragile climate will pose even more serious challenges on vulnerable countries. The shortage of infrastructure and public services is mainly reflected in the uneven supply of education and medical resources between urban and rural areas, and measured by the proportion of population completing middle school education, and that with access to electricity and urban tap water. Countries with underdeveloped infrastructure and a shortage of social services will face serious challenges in further poverty reduction.

In terms of poverty reduction achievements, the top three countries for annual poverty reduction performance are Tajikistan (2.63 percentage points), Turkmenistan (2.45 percentage points) and China (2.33 percentage points). The rate of annual poverty reduction in Kazakhstan and Pakistan is also at or above two percentage points. The speed paid the way for the early success of poverty reduction in Asian countries. As to poverty reduction experience, the following five inspirations are highlighted: 1. a peaceful environment is a prerequisite for development and poverty reduction; 2. industrial development and job creation are the direct driving forces for poverty reduction; 3. the effects of human/social capital (including the participation of enterprises in poverty alleviation) are fundamental to development and poverty reduction; 4. capital investment is a necessary condition for poverty reduction; 5. media publicity and the participation of the whole people have played an important role. As for the path of poverty reduction and development, Asian countries generally have four stages to go through: large-scale backwardness, eradication of extreme poverty, eradication of poverty, and general prosperity, but the countries should not be constrained by the path. The cases of Malaysia and the Republic of Korea show that human capital is the core of development while the initial conditions are not decisive. The socioeconomic development marked by the promotion of poverty reduction does not require excess consideration of the role of initial conditions. China's story of starting from scratch is a good example.

When reviewing China's poverty reduction achievements and experience, we identified two important periods, namely, the period of poverty reduction through development and that of targeted poverty reduction. In the early stage, poverty reduction was driven by economic growth for a long time, and in the later stage, when economic growth's driving effect was weakened, targeted poverty reduction came into being. Targeted poverty alleviation is an addition to rather than a substitute of poverty reduction through development which will continue to play a role along with it. Thus, the poverty alleviation practice since 2012 has produced remarkable effect of policy accumulation. The poverty reduction through development is distinctly driven by agriculture and industrialization and led by the state, with a clear plan and goal, mainly aiming at the rural areas. In comparison, the innovation of targeted poverty reduction is reflected in the following: first, an original leading mechanism and resource-raising mechanism for poverty innovation; second, the registration mechanism for identifying poor households; third, targeted policy implementation for ensuring poverty alleviation effects; fourth, innovative ways of poverty alleviation; and fifth, independent third-party assessment to ensure the quality of poverty alleviation.

As to future poverty reduction, the following four approaches are proposed in the light of international experience in combining development approaches and social protection.

1. Defining an integrated strategy for eliminating absolute rural poverty through rapid economic transformation;
2. Developing rural areas;
3. A cooperative approach to understanding and addressing multidimensional poverty.
4. Bottom-up initiatives to mobilize the social groups and enhance their sense of ownership and benefits from development.

Possible cooperation among Asian countries:

1. Cooperative research
2. Innovative cooperation areas
3. Innovative poverty reduction policy cooperation
4. Innovative cooperation on poverty reduction practice and human resources training
5. Setting up a network or conducting sequential research and releasing reports on a platform
6. Strengthening cooperation between poverty reduction practices and rating agencies

Chapter 1

Introduction

Along with social progress and technological advancement, poverty has been widely discussed in academia and the international community. So what is poverty? How is poverty measured? First, we need to give a brief account of some basic concepts relating to poverty reduction.

What is poverty reduction?

According to the United Nations definition, poverty is not just a lack of income and resources that makes it difficult to make ends meet, but also manifests itself in hunger and undernutrition, inadequate access to education and other basic public services, social discrimination and exclusion, and inability to participate in decision-making.⁶ Accordingly, although not in income poverty, those who suffer from a lack in non-income aspects of the definition are also considered impoverished.

Poverty can also be divided into extreme poverty (extreme or absolute poverty) and relative poverty.⁷ In its 1995 report to the World Summit for Social Development, the United Nations (UN)

defined poverty as “a serious deprivation of basic human needs including food, safe drinking water, sanitation facilities, health, shelter, education and information.” Those suffering from relative poverty are already out of extreme poverty, but are in a state of poverty compared with other income groups. It means that absolute poverty can be completely eliminated - for example, China vows to eliminate absolute poverty by 2020, but relative poverty will always exist: for example, if the poverty line in OECD countries is set at 50% or 60% of the median income, the relative poverty defined in this form will never be eliminated.

Poverty reduction efforts are aimed at perpetuating people’s escape from (absolute) poverty through a series of economic and humanitarian measures. The first question to be considered in poverty reduction is who is poor, that is, the identification of the poor, which is a complex process. First, a poverty standard, also known as the poverty line, needs to be established. To find out exactly how many people are in poverty, a country needs to set a criterion

6 Ending Poverty. <https://www.un.org/zh/sections/issues-depth/poverty/>. Retrieved on July 25, 2019.

7 https://en.wikipedia.org/wiki/Extreme_poverty

for defining the poor. The most-used poverty lines are based on income and consumption, and the World Bank uses the most basic consumption demand standard of USD 1 per person per day (international purchasing power parity)⁸ in 1985 to define the extremely poor. Each country sets its own poverty line by referring to the World Bank model. With the set poverty line, a national survey should be conducted to calculate the size of poor population against this standard. In this way, we can figure out the number of poor people in a given, but such annual national surveys are very expensive for developing countries, so they often use the sample survey. China uses the sampling household survey, and some other countries conduct censuses: for example, India conducts a household census for every five years, with the income poverty line adjusted for prices between the two censuses. Second, we need to locate the poor. Even with data on poverty across the country, where the poor are still unknown. We need micro data to target the poor. What China adopts is the registration system for targeted poverty alleviation while Pakistan adopts the point system, with those scoring below a certain point considered impoverished.

Once the targets for poverty reduction are identified, we need to define the underlying strategies for poverty reduction. There are two paths to poverty reduction: One is to eliminate absolute poverty and the setting of criteria for absolute poverty (based on basic survival needs); the second is to reduce inequality and relative poverty. The path of eliminating absolute poverty differs from that of alleviating relative poverty. Absolute poverty mainly reflects the problem of low income caused by the low level of social development as a whole, and relative poverty the problem of unequal distribution of income

and social public services. Hence the eradication of absolute poverty requires, to a large extent, economic development that benefits the poor. By contrast, income inequality is mainly due to the difference in income and social service supply caused by the difference in the increase in production efficiency between different regions and different groups, thus reducing inequality and relative poverty mainly depending on the adjustment of income structure and policy adjustment by the government.

In different periods of socioeconomic development, poverty reduction is divided into targeted poverty reduction and indirect poverty reduction which aim at the overwhelming majority of the population.

Where poverty is rare, poverty reduction efforts with clear target groups and specific measures are often referred to as direct poverty reduction. They are mainly conducted in two ways:

First, poverty reduction projects with clear target groups, such as the subsistence allowance project, the relocation for poverty reduction project, and financial aid for students from poor families. The “promoting shared prosperity,” advocated by the World Bank, is defined as promoting real income growth per capita for the poorest 40% of the population in each country⁹, which also falls into the category of direct poverty reduction.

Second, poverty reduction projects with clear target areas, such as fiscal transfers to underdeveloped regions, and regional development-oriented poverty alleviation projects. Both approaches are highly targeted and fall into the category of direct poverty reduction.

When the level of socioeconomic development is low and so are people’s living standards,

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9 <https://www.worldbank.org/en/programs/commission-on-global-poverty>

poverty alleviation is mainly achieved through the implementation of national employment and taxation policies to improve overall living standards. This is called indirect poverty reduction.

Summarizing poverty reduction practices in all countries, we can find that indirect poverty alleviation is universal, and direct poverty reduction might coexist with it in some periods, and these three approaches exist simultaneously in China.

When will Asian countries eliminate extreme poverty?

Goal 1 of the UN's 2030 Sustainable Development Goals aims to end poverty in all its forms everywhere 2030, and Asian countries are no exception. They all hope to achieve the SDGs by 2030, including the eradication of extreme poverty.

This report is prepared to:

1. understand the poverty profile of Asian countries;
2. identify the main outcomes, policies and problems of poverty reduction in Asian countries;
3. Promote experience sharing and cooperation among Asian countries in the area of poverty reduction.

Analytical methods and data sources used in this report

This report is prepared primarily based on comparative analysis. While comparing the poverty situation in different countries, we use the World Bank per capita PPP poverty line of USD 1.9 per day and USD 3.2 per day, in addition to relevant data in the United Nations progress

reports on the Sustainable Development Goals and in the Multidimensional Poverty Report of the United Nations Development Programme. While analyzing different countries' poverty reduction achievements, due to the incompleteness or the time lag of poverty data, we use not only the World Bank's international PPP poverty standard, but also country-specific poverty line standards for comparison.

This report contains the following contents:

1. Introduction
2. Economic growth and poverty reduction in Asia, introducing the status quo of economic development and poverty reduction in Asian countries
3. Uneven development and poverty reduction in Asian countries
4. Difficulties facing Asian countries in poverty reduction
5. Experience sharing, the main purpose of the report
6. Directions for Asian countries to cooperate with each other

Chapter 2

Status Quo of Poverty in Asian Countries

Poverty is usually measured using two indicators: the number of poor people and the headcount ratio of poverty, both are used to identify the poor against certain standards. Most developing countries use the income poverty indicator. However, when the income indicator does not fully reflect the overall needs of the poor or the indicator is insensitive to the poor, they also use the multidimensional poverty indicator or the relative poverty indicator adopted by the developed countries.

2.1 Income Poverty in Asian Countries

In order to facilitate comparisons between countries, developing countries currently generally accept the World Bank's international poverty line calculated according to consumer spending, while developed countries generally adopt the poverty line as a proportion of the median income.

International poverty standards vary in value depending on the base period of the price. Taking the international standard of extreme

poverty as an example, the World Bank in the 1990 World Development Report adopts the 1985 price standard of USD1.01 per person per day, roughly known globally as "one dollar per day." The World Bank later updated the price base year, at a 1993 price of USD 1.08, a 2005 price of USD 1.25, and a 2011 price of USD 1.9. The value changes as the year changes, but still the "one dollar per day" line roughly applies. As the cost of living varies around the world, the global poverty line must be regularly updated to reflect these changes. The new global poverty line uses the latest price data to more accurately map the cost of basic food, clothing and housing needs around the world. In other words, the actual value of USD 1.90 today is the same as USD 1.25 in 2005.¹⁰

The international poverty line reflects the local minimum daily income or cost of consumption necessary for nutrition, clothing and shelter. According to the national poverty line of low-income countries, USD 1.90 per day (purchasing power parity in 2011, the same below) is the minimum standard, and people living below this poverty line are considered "extremely poor."

¹⁰ <https://www.worldbank.org/en/topic/poverty/brief/global-poverty-line-faq>.

The international poverty line, based on income and consumption levels in lower-middle and higher-middle income countries, is USD 3.20 and USD 5.50, respectively. The USD 1.9 per day standard, also known as the “general standard,” is widely used to target the poorest groups for poverty reduction; the USD 3.2-a-day standard becomes the moderate poverty line¹¹, and the USD 5.5-a-day standard is less applied.

The determination of the poverty line generally involves three steps: the determination of basic food demand, that of the lowest non-food demand, and that of the higher non-food demand.

Each country sets its own poverty line in line with international poverty line standards. For example, China’s rural poverty line¹² the “1978 standard” refers to the price of 100 yuan per person per year at 1978. It is a low-level survival standard that guarantees the food expenditure of 2,100 calories per person per day, with the proportion of food expenditure accounting for about 85%. The “2008 standard” is 865 yuan per person per year at the price of 2000, which is the basic food and clothing standard to ensure the food expenditure of 2,100 calories per person per day, and the non-food part is properly expanded on the basis of the “1978 standard”, with the share of food expenditure falling to 60%. It can basically guarantee the subsistence needs of food and clothing. The “2010 standard,” which is in current use, is 2,300 yuan per person per year at the 2010 price, 2,800 yuan at the 2014 price and 2,855 yuan at the 2015 price. This is set in

combination of the “Two No-Worries and Three Guarantees”¹³ to meet the subsistence needs.

In addition to the World Bank’s poverty standards, OECD countries have their own defining criterion: households whose disposable income is less than 50% of the median household disposable income of all households are defined as in poverty. Disposable household income is calculated as current income minus public account expenditures, such as social security, insurance, and taxation. According to the OECD standard, the number of household members is used to balance household income. By this definition, the poverty headcount ratio equals the proportion of the lowest-income quartile households, and such poverty will always exist. The purpose is to urge the transfer of more low-income families to the middle class.

There is overall positive trend in poverty reduction in Asia, as measured by the income poverty indicator. At the regional level, Asian poverty is concentrated in East Asia (the data include Oceanian countries) and South Asia. The combined population of these two regions amounted to 1.52 billion in 1990 as per the USD 1.9 poverty line, taking up 80.1% of the world’s total; it dropped to 263 million in 2015, which is equivalent to 36% of the world’s total, down by 44 percentage points accumulatively, or 2.93 percentage points annually (Figure 1, the World Bank’s data are as of 2015). The overall poverty reduction progress in Asia is thus inspiring. At the country level, according to the latest data from the Sustainable Development Report

11 UNITED NATIONS Economic and Social Commission for Asia and the Pacific (ESCAP). 2019.ECONOMIC AND SOCIAL SURVEY OF ASIA AND THE PACIFIC 2019: Ambitions beyond growth

12 China’s poverty line measurement methods and steps can be found in “China Rural Poverty Standard and Poverty Monitoring,” published by Xian Zude, Wang Pingping, and Wu Wei on Statistical Research, Volume 33, Issue 9, September 2016.

13 The “Two No-Worries and Three Guarantees” policy is launched to make sure the impoverished families having sufficient food and clothing and access to compulsory education, basic medical services and housing security.

2019¹⁴ (Table 1), when measured against the poverty line of USD 1.9 per person per day, the current headcount ratio of extreme poverty in Asian countries is 1.85%, below 2%. In general, absolute poverty had been eradicated and the situation is turning for the better. Calculated according to the current headcount ratio of poverty and the latest population data¹⁵, the present extreme poor population¹⁶ is about 81.12 million. This is in sharp contrast to the increase in absolute poverty in African countries during this period.

But Asian countries are differentiated in poverty reduction, as shown in two aspects.

First, unlike the cross-country poverty convergence in Sub-Saharan Africa¹⁷, poverty in Asia differs from country to country, in terms of the headcount ratio and manifestation. For example, in South Asia where the poverty rate is universally high, the headcount ratio of extreme poverty in Bhutan has fallen to zero, thanks to the government's efforts to enhance people's wellbeing as a countermeasure to multidimensional poverty. It reflects Asian countries' common aspiration to aim higher and climb upward. The headcount ratio of extreme poverty in Asia ranged from 0 to 33.86%. Five countries, namely, Turkey, Azerbaijan, Thailand, Malaysia and Bhutan, have zero headcount ratio of poverty against this standard. These five countries are scattered in different income groups above the low-income bar, revealing the varying degree of poverty reduction progress in

different income groups, instead of cross-country poverty convergence.

Second, poverty in Asia is concentrated in a few countries, a sharp contrast to its nearly even distribution in Africa. In Asia, high-income countries have the lowest headcount ratio of extreme poverty, at 0.36%, compared to 0.23% in upper-middle income countries, 3.2% in lower-middle income countries and the highest of 6.94% in low-income countries. As for the population size, the extreme poor are mainly concentrated in the lower income countries, accounting for 91.31%, followed by the middle and upper income countries, accounting for 5.01%. Three countries have an extremely poor population of over 10 million: India (38.9 million), Indonesia (11.83 million) and Bangladesh (11.81 million); six countries have a population of more than one million in extreme poverty: the Philippines (4.38 million), China (3.44 million), Pakistan (2.17 million) and Nepal (2.05 million), Uzbekistan (2.03 million) and Myanmar (1.57 million). The other countries all have less than one million people living in extreme poverty.

When the poverty line is increased from USD 1.9 to USD 3.2 per person per day, high-income countries and some upper-middle income countries (Azerbaijan, Thailand, Malaysia, Lebanon, Kazakhstan and Turkmenistan) see only slight changes to their poor population. It means that within the range of USD 1.9 and USD 3.2 per person per day, the poor population is insensitive to changes and has a sound

14 Sachs, J., Schmidt-Traub, G., Kroll, C., Lafortune, G., Fuller, G. (2019): Sustainable Development Report 2019. New York: Bertelsmann Stiftung and Sustainable Development. <http://unsdsn.org/resources/publications/sustainable-development-report-2019/>

15 World Population Prospects 2019: Data Booklet. https://population.un.org/wpp/Publications/Files/WPP2019_DataBooklet.pdf

16 The data are calculated using the poverty headcount ratio and the population in the Global Sustainable Development Report 2019. The number of poor people is not provided in the original report.

17 Yusi Ouyang, Abebe Shimeles, Erik Thorbecke (2019). Revisiting cross-country poverty convergence in the developing world with a special focus on Sub-Saharan Africa. *World Development* 117 (2019) 13–28.

development basis.

In some upper-middle income country, when that poverty standard is raised from USD 1.9 to USD 3.2 per person per day, the poor under the higher poverty line are at least five times more than those defined by the lower poverty line. For example in China, such a lift in the poverty line will see the poor population jump from 3.44 million to nearly 36 million (a difference of 10.46 times). In lower-middle income countries, the situation is similar. For example, India’s poor population will rise from 39 million to 374 million (a difference of 9.38 times). This suggests that the higher the poverty line, the more sensitive to changes is the number of moderately poor people in these countries.

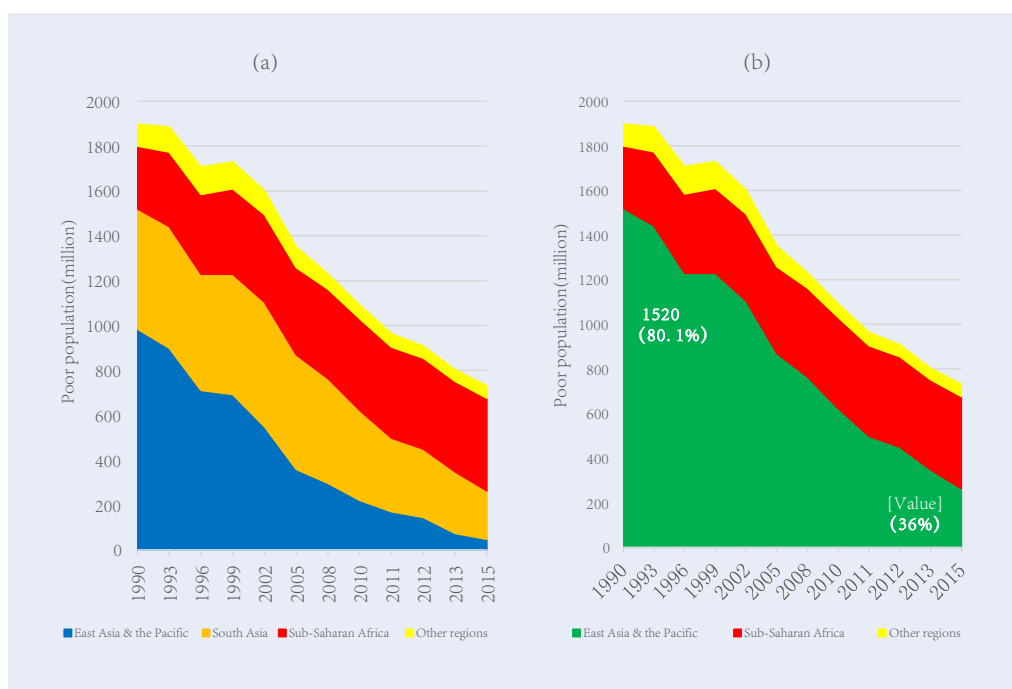


Figure 1 Poverty Reduction Trajectory in Asia (including the Pacific Region)

Source: The PovcalNet website¹⁸ of the World Bank.

Table 1 Poverty Headcount Ratio and Status Quo of the Poor Population in Asian Countries

Country	Population of 2019 (1,000)	Poverty line of USD 1.9 per person per day		Poverty line of USD 3.2 per person per day	
		Poverty headcount ratio (%)	Poor population (1,000)	Poverty headcount ratio (%)	Poor population (1,000)
High-income countries	275,838	0.36	987	0.64	1,758
Israel	8,519	0.24	20	0.64	55

18 <http://iresearch.worldbank.org/PovcalNet/povDuplicateWB.aspx>

Japan	126,860	0.52	660	0.68	863
Republic of Korea	51,225	0.50	256	0.66	338
Turkey	83,430	0	0	0.53	442
Singapore	5,804	0.88	51	1.05	61
Upper-middle income countries	1,812,572	0.23	4,165	2.56	46,447
Azerbaijan	10,048	0	0	0	0
Thailand	69,626	0	0	0.01	7
Malaysia	131,950	0	0	0.02	26
Lebanon	6,856	0.02	1	0.06	4
Kazakhstan	18,551	0.01	2	0.13	24
Turkmenistan	5,942	0.03	2	0.43	26
China	1,433,784	0.24	3,441	2.51	35,988
Iran	82,914	0.14	116	3.2	2,653
Armenia	2,958	0.89	26	8.42	249
Maldives	531	1.49	8	8.83	47
Jordan	10,102	0.73	74	13.08	1,321
Iraq	39,310	1.26	495	15.52	6,101
Lower-middle income countries	2,368,935	3.20	75,891	25.57	605,788
Vietnam	96,462	0.74	714	4.28	4,129
Mongolia	3,225	0.32	10	4.33	140
Sri Lanka	21,324	0.32	68	8.87	1,891
Bhutan	763	0	0	12.04	92
Cambodia	16,487	0.20	33	12.72	2,097
Georgia	3,997	3.27	131	14.28	571
Kyrgyzstan	6,416	0.95	61	17.05	1,094
Myanmar	54,045	2.91	1,573	18.12	9,793
Pakistan	216,565	1.00	2,166	22.09	47,839
Philippines	108,117	4.05	4,379	23.53	25,440

Indonesia	270,626	4.37	11,826	23.67	64,057
Uzbekistan	32,982	6.15	2,028	27.13	8,948
India	1,366,418	2.92	39,899	27.38	374,125
Bangladesh	163,046	7.24	11,805	37.91	61,811
Laos	7,169	10.61	761	39.06	2,800
Timor-Leste	1,293	33.86	438	74.36	961
Low-income countries	29,902	6.94	2,074	32.83	9,816
Tajikistan	1,293	1.78	23	12.83	166
Nepal	28,609	7.17	2,051	33.73	9,650
Total	4,487,247	1.85	83,118	14.79	663,809

Source: Data sorted based on the Sustainable Development Report 2019 and the World Population Prospects 2019: Data Booklet.

The table shows substantial reduction in absolute poverty in Asian countries, which is a contribution to the global achievement of the Millennium Development Goals, and has laid a good foundation for future poverty reduction. On the other hand, it should be noted that, despite the overall favorable situation in Asia, some countries still have a considerable population of absolute poverty, which poses a challenge to the elimination of absolute poverty.

Overall, poverty is closely related to national income, and in order to better understand the income of different countries, it is necessary to give a brief introduction to the per capita national income of different countries.

2. Per capita national income of Asian countries

Asian countries have made remarkable economic development in recent decades, with a significant increase in per capita national income. According to 2018 data, Asia has 11 high-income countries, 15 upper-middle income countries, 14 lower-

middle income countries and 6 low-income countries (Table 2), with continuous transition from low-income to middle-income countries. The per capita national income has been increasing in Asian countries. In sharp contrast, Africa has only one high-income country (Seychelles).

However, the per capita net income in Asia varies from country to country, showing seriously unbalanced and highly differentiated development among countries. The highest per capita income is USD 61,190 in Qatar, the lowest USD 633 in Afghanistan, and the average was USD 12,103, somewhere between the level in Oman and Malaysia. The median was USD 4,220 per person, between the level in Armenia and Jordan. The highest per capita national income (in Qatar) is 92.3 times the lowest (in Afghanistan) and 6.5 times that of China. The per capita national income in Malaysia, an upper-middle income country, is 15.8 times that of Afghanistan. The gap also shows inequality in per capita national income among Asian countries.

Table 2 Per Capita National Income of Asian Countries

Unit: Current price in USD of 2018

No	Country	Per capita national income	No	Country	Per capita national income	No	Country	Per capita national income
High-income 12,376 and above			16	Kazakhstan	7,830	32	Vietnam	2,400
1	Qatar	61,190	17	Lebanon	7,690	33	India	2,020
2	Singapore	58,770	18	Turkmenistan	6,740	34	Uzbekistan	2,020
3	Japan	41,340	19	Thailand	6,610	35	Timor-Leste	1,820
4	United Arab Emirates	41,010	20	Iran	5,470	36	Bangladesh	1,750
5	Israel	40,850	21	Iraq	5,030	37	Pakistan	1,580
6	Kuwait	33,690	22	Armenia	4,230	38	Cambodia	1,380
7	Brunei	31,020	23	Jordan	4,210	39	Myanmar	1,310
8	Republic of Korea	30,600	24	Georgia	4,130	40	Kyrgyzstan	1,220
9	Bahrain	21,890	25	Sri Lanka	4,060	Low-income 1,025 and below		
10	Saudi Arabia	21,540	26	Azerbaijan	4,050	41	Tajikistan	1,010
11	Oman	15,110	Lower-middle income 1,026-3,995			42	Nepal	960
Upper-middle income 3,996-12,375			27	Indonesia	3,840	43	Yemen	960
12	Malaysia	10,460	28	Philippines	3,830	44	Afghanistan	663
13	Turkey	10,380	29	Mongolia	3,580	45	Syria	-
14	China	9,470	30	Bhutan	3,080	46	Democratic People's Republic of Korea	-
15	Maldives	9,310	31	Laos	2,460	47	(Palestine)	-

Source: World Bank data 2019.

Note: The data of Iran are for 2017 and the others are for 2018. The data for Syria are for 2007 and excluded. No data for the Democratic People's Republic of Korea and Palestine.

In sum, despite the remarkable economic development in Asia, lower-middle and low-income countries need to continue to develop their economies and further increase per capita national income, and make particular efforts to raise the income of the lowest 40% of the population in order to achieve common

prosperity and avoid the "middle-income trap".

2.2 Multidimensional Poverty in Asian Countries

Poverty is multidimensional, which reminds us that in addition to income, we should pay

close attention to the provision of infrastructure and social services in people-centered poverty reduction. This section introduces the latest progress of indicators related to multidimensional poverty in Asian countries and the latest status of multidimensional poverty.

1. Indicators related to human development

There are two reasons for introducing indicators related to human development. First, these indicators give us the straightforward picture of the development in a country - for example, what it is like to have less than 50% of the population with access to electricity in today's high-level development of network telecommunications. Second, they can tell us which countries may face challenges or opportunities in what areas on the way towards poverty eradication.

Looking at indicators including nutrition, health, education and infrastructure, on the whole, the more developed the economy, the better the performance in these aspects, and the poorer the economy, the more seriously they are flawed or even left behind, and the situation is mixed for middle-income countries: they lead in some areas while lagging behind in some others (Table 3).

Specifically, three OECD member countries (Japan, the Republic of Korea and Israel) and Singapore score among the highest in all indicators in the high-income group. Turkey, a member of the OECD and an upper-middle income country, only scores slightly lower in life expectancy per capita (76.4 years). In other high-income Asian countries, Saudi Arabia has a lower percentage of population completing middle school education (81.89%) and percentage of urban population with access to tap water (80.4%). Qatar also has a lower percentage of population completing middle school education

(83.37%), but is leading others in the other indicators.

The upper-middle income countries have an edge in the penetration of electricity (100%) and a low maternal mortality rate (lower than 68 per 100,000 newborns). Iraq has the highest proportion of undernourished population, 27.7% (compared with 8.7% in China). The three lowest-ranking countries in terms of the proportion of population completing middle school education are Iraq (48.08%), Lebanon (52.41%) and Jordan (60.76%). The country with the lowest share of the population with access to the most basic health services is China (75.04%).

The lower-middle countries fare much worse than the upper-middle countries in all indicators. Six countries have an undernutrition rate higher than 15%, with the highest in Timor-Leste (27.2%). The gap in the completion of middle school education is large, with the highest in Georgia (107.44%) and Mongolia (106.61%), and the lowest in Pakistan (53.34%) and Cambodia (54.26%). Uzbekistan (100%) and Kyrgyzstan (96.59%) have the highest proportion of population with access to the most basic medical services, and the figure is less than 50% for the four lowest-ranking countries: Timor-Leste (44.01%), India (44.15%), Bangladesh (46.92%) and Cambodia (48.83%). In terms of electricity use, Bhutan, Georgia, Kyrgyzstan, Uzbekistan and Vietnam reached 100%, compared to the lowest of 49.77% in Cambodia. The highest proportion of the urban population with access to tap water is in Uzbekistan (100%) and Bhutan (99.01%), and the lowest in Indonesia (25.32%), Mongolia (34.77%) and Bangladesh (37.95%).

Among the low-income countries in Asia, Tajikistan is doing better, with 100% of the

population with access to electricity, 94.23% completing middle school education and 95.49% of the population with access to basic medical services. Afghanistan lags behind in all indicators, with the highest maternal mortality rate in Asia, 396 per 100,000 live births; 54.14% of its population have completed middle school education and 39.22% have access to the most basic medical services. The highest rates of

undernutrition are in the Democratic People's Republic of Korea (43.4%), Yemen (34.3%) and Afghanistan (30.3%).

These indicators are closely related to the development of human capital, and developing countries that lag behind in different areas can learn from advanced countries and require substantial investment to achieve inclusive development and shared prosperity.

Table 3 Indicators Related to Human Development

Country	Proportion of undernourished population (%)	Maternal mortality (per 100,000 live births)	Child mortality under 5 years of age (per 1,000 live births)	Life expectancy at birth (years)	Lower secondary completion rate (%) ¹⁹	Population with access to at least basic health services (%)	Access to electricity (% of population)	Percentage of urban population with access to tap water (%)
High-income countries								
Israel	2.50	5.00	3.60	82.30	101.41	100.00	100.00	100.00
Japan	2.50	5.00	2.60	84.20	102.51	100.00	100.00	-
Republic of Korea	2.50	11.00	3.30	82.70	101.47	99.89	100.00	-
United Arab Emirates	2.50	6.00	9.10	77.20	81.89	99.98	100.00	80.41
Bahrain	1.17	15.00	7.30	79.10	97.28	100.00	100.00	-
Brunei	2.60	23.00	10.50	76.40	102.33	96.33	100.00	99.60
Kuwait	2.50	4.00	8.10	74.80	90.35	100.00	100.00	-
Oman	5.40	17.00	11.30	77.00	99.67	99.32	100.00	92.07
Qatar	1.17	13.00	7.60	78.10	83.37	100.00	100.00	-
Saudi Arabia	5.50	12.00	7.40	74.80	116.12	100.00	100.00	-
Singapore	1.17	10.00	2.80	82.90	107.37	100.00	100.00	100.00
Upper-middle income countries								
Turkey	2.50	16.00	11.60	76.40	95.11	96.37	100.00	98.63

¹⁹ The proportion of the gross enrollment to the relevant age group in the last year of junior middle school. "Gross" enrollment includes students of all ages. In other words, it includes students whose age exceeds the official age group (e.g. repeaters). Thus, if there is late enrollment, early enrollment, or repetition, the total enrollment can exceed the population of the age group that officially corresponds to the level of education – leading to ratios greater than 100 percent. Since the net enrollment rate excludes overage and underage students, it more accurately captures education system's coverage and internal efficiency than gross enrollment ratio. However, it is useful to see differences between the gross enrollment ratio and the net enrollment rate for capturing the incidence of overage and underage enrollments. See World Development Indicators: <https://datahelpdesk.worldbank.org/knowledgebase/articles/114955-how-can-gross-school-enrollment-ratios-be-over-100>.

Country	Proportion of undernourished population (%)	Maternal mortality (per 100,000 live births)	Child mortality under 5 years of age (per 1,000 live births)	Life expectancy at birth (years)	Lower secondary completion rate (%) ¹⁹	Population with access to at least basic health services (%)	Access to electricity (% of population)	Percentage of urban population with access to tap water (%)
Armenia	4.30	25.00	12.60	74.80	89.17	91.58	100.00	99.09
Azerbaijan	2.50	25.00	23.00	73.10	88.45	89.35	100.00	92.70
China	8.70	27.00	9.30	76.40	102.22	75.04	100.00	90.02
Iran	4.90	25.00	14.90	75.70	94.38	88.29	100.00	94.80
Iraq	27.70	50.00	30.40	69.80	48.08	85.66	100.00	89.52
Jordan	13.50	58.00	17.00	74.30	60.76	96.71	100.00	87.37
Kazakhstan	2.50	12.00	10.00	71.10	109.74	97.81	100.00	92.64
Lebanon	10.90	15.00	7.80	76.30	52.41	95.36	100.00	-
Maldives	11.00	68.00	7.90	78.40	103.93	95.87	100.00	94.31
Malaysia	2.90	40.00	7.90	75.30	84.78	99.57	100.00	98.46
Thailand	9.00	20.00	9.50	75.50	78.37	95.01	100.00	83.89
Turkmenistan	5.50	42.00	47.30	68.20	-	96.57	100.00	78.65
Lower-middle income countries								
Bangladesh	15.20	176.00	32.40	72.70	77.58	46.92	75.92	37.95
Bhutan	-	148.00	30.80	70.60	80.04	62.87	100.00	99.01
Georgia	7.40	36.00	10.80	72.60	107.44	84.88	100.00	96.97
Indonesia	7.70	126.00	25.40	69.30	90.38	67.89	97.62	25.32
India	14.80	174.00	39.40	68.80	85.88	44.15	84.53	68.65
Kyrgyzstan	6.50	76.00	20.00	71.40	96.31	96.59	100.00	97.95
Cambodia	18.50	161.00	29.20	69.40	54.26	48.83	49.77	71.78
Laos	16.60	197.00	63.40	65.80	69.66	72.59	87.10	72.92
Sri Lanka	10.90	30.00	8.80	75.30	96.47	94.21	95.59	75.37
Myanmar	10.50	178.00	48.60	66.80	60.60	64.70	57.01	51.91
Mongolia	18.70	44.00	17.20	69.80	106.61	59.22	81.78	34.77
Pakistan	20.50	178.00	74.90	66.50	53.34	58.25	99.15	55.42
Philippines	13.70	114.00	28.10	69.30	85.68	74.98	90.98	58.81
Timor-Leste	27.20	215.00	47.60	68.60	80.23	44.01	63.39	65.98
Uzbekistan	7.40	36.00	22.50	72.30	91.01	100.00	100.00	100.00
Vietnam	10.80	54.00	20.90	76.30	87.56	78.24	100.00	78.36
Low-income countries								
Afghanistan	30.30	396.00	67.90	62.70	54.14	39.22	84.14	30.46

Country	Proportion of undernourished population (%)	Maternal mortality (per 100,000 live births)	Child mortality under 5 years of age (per 1,000 live births)	Life expectancy at birth (years)	Lower secondary completion rate (%) ¹⁹	Population with access to at least basic health services (%)	Access to electricity (% of population)	Percentage of urban population with access to tap water (%)
Nepal	9.50	258.00	33.70	70.20	89.37	46.13	90.70	60.05
Democratic People's Republic of Korea	43.40	82.00	19.00	71.90	-	77.13	39.24	93.46
Syria	-	68.00	17.00	63.80	50.49	92.95	100.00	90.23
Tajikistan	-	32.00	33.60	70.80	94.23	95.49	100.00	89.45
Yemen	34.40	385.00	55.40	65.30	52.55	59.68	71.64	75.92

Note: “-” means no data. Source: Data collated from the Sustainable Development Report 2019.

2. Multidimensional Poverty Status Quo in Low and Middle Income Countries in Asia

In the 2019 Global Multidimensional Poverty Index²⁰ jointly published by the United Nations Development Programme and the Oxford Poverty and Human Development Initiative (OPHI), 10 indicators in such areas as health, education and living standards are included. The survey covered 101 countries and found 1.326 billion people in multidimensional poverty, with the multidimensional headcount ratio of 23.1%. Of these 101 countries, 27 developing countries in Asia are included (Table 4).

Overall, the multidimensional poverty headcount ratio in Asian countries is generally higher than the rate of extreme poverty measured against USD 1.9 per person per day. The distribution of multidimensional poverty is also uneven between rural and urban areas, more common in rural areas than in urban areas (Figure 2). Multidimensional poverty in Asia is concentrated in South and Southeast Asia, including Afghanistan, Yemen, Timor-Leste, Bangladesh,

Myanmar, Pakistan, Cambodia, Nepal, Bhutan, India and Laos.

In these 27 Asian countries, there are 680 million people living in multidimensional poverty, accounting for 51.31% of the world's total. In other words, more than half of the world's multidimensional poor are in Asia. Specifically, 548 million of them are in South Asia (80.6%), 58 million in Southeast Asia (8.6%) and 55 million in East Asia (8.1%). By country, they are concentrated in nine: India (54.9%), Pakistan (11.1%), Bangladesh (10.1%), China (8.0%), Myanmar (3.0%), Afghanistan (2.9%), Indonesia (2.7%), Yemen (2.0%) and Nepal (1.5%). The combined multidimensional poor population of these nine countries accounts for 96.2% of the region's total, of which those in the first four countries account for 84.1%.

Data on multidimensional poverty reflect poverty beyond income, showing that more than half of the world's multidimensional poor is in Asia, which is another important aspect of Asian poverty.

20 United Nations Development Programme and Oxford Poverty and Human Development Initiative (2019). Global Multidimensional Poverty Index 2019 Illuminating inequalities, <https://op.hi.org.uk/global-mpi-2019>

Table 4 Status Quo of Multidimensional Poverty and Income Poverty in Asian Developing Countries

	Country	Overall multidimensional poverty headcount ratio	Urban areas	Rural areas	Poverty rate by national standards	Multidimensional poverty-stricken population (1,000)
1	Afghanistan	55.9%	21.2%	66.9%	54.5%	19,865
2	Armenia	0.2%	0.0%	0.5%	25.7%	5
3	Bangladesh	41.7%	23.0%	48.6%	24.3%	68,663
4	Bhutan	37.3%	9.3%	48.4%	8.2%	302
5	Cambodia	37.2%	8.2%	42.8%	17.7%	5,952
6	China	3.9%	2.1%	6.1%	3.1%	54,437
7	India	27.9%	9.2%	36.8%	21.9%	373,735
8	Indonesia	7.0%	2.8%	11.2%	10.6%	18,512
9	Iraq	8.6%	6.9%	12.6%	18.9%	3,305
10	Jordan	0.4%	0.3%	1.1%	14.4%	42
11	Kazakhstan	0.5%	0.2%	0.8%	2.5%	82
12	Kyrgyzstan	2.3%	0.3%	3.2%	25.6%	138
13	Laos	23.1%	5.3%	30.9%	23.4%	1,582
14	Maldives	0.8%	0.5%	0.9%	8.2%	3
15	Mongolia	10.2%	3.6%	21.5%	21.6%	313
16	Myanmar	38.3%	11.9%	47.0%	32.1%	20,449
17	Nepal	34.0%	25.2%	46.9%	25.2%	9,961
18	Pakistan	38.3%	18.0%	49.8%	24.3%	75,520
19	Palestine	1.0%	0.9%	1.3%	29.2%	47
20	Philippines	5.80%	3.80%	7.40%	21.60%	6,081
21	Syria	7.40%	5.60%	9.50%	35.20%	1,350
22	Tajikistan	7.40%	3.60%	8.70%	31.30%	664
23	Thailand	0.80%	0.50%	1.00%	8.60%	542
24	Timor-Leste	45.80%	18.20%	56.00%	41.80%	594
25	Turkmenistan	0.40%	0.30%	0.40%	-	23
26	Vietnam	4.90%	2.00%	6.30%	9.80%	4,677
27	Yemen	47.70%	16.90%	61.30%	48.60%	13,475
	Total	-	-	-	-	680,319

Source: The 2019 Global Multidimensional Poverty Index.

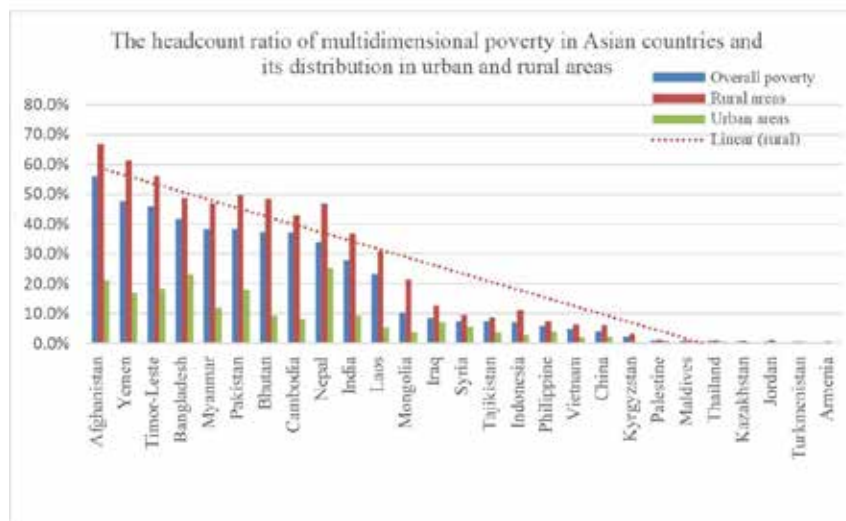


Figure 2 Multidimensional Poverty Headcount Ratio and Urban-rural Differences in Asia

According to the current situation of income poverty and multidimensional poverty in Asian countries, the poor population in Asia has decreased to 83.12 million against the standard of USD 1.9 per person per day, accounting for 1.85% of the total 4.487 billion in all countries with data available (total sample); against the standard of USD 3.2 per person per day, there are 664 million people living in poverty in Asian countries, accounting for 14.79% of the total sample size. The Global Multidimensional Poverty Index points out that there are still over 680 million people living in multidimensional poverty in Asia, which is very close to the 364 million poor people in Asia against the USD 3.2-per-person-per-day standard (2.43% less than 680 million). This indicates that the impoverished population in Asia, calculated at USD 3.2 per person per day, is strongly correlated (the correlation coefficient 0.986²¹) with the population suffering multidimensional poverty in different Asian countries reported by UNDP/OPHI.

If Africa's poverty is scattered across countries and is decentralized, Asia's poverty is concentrated, with large numbers of the poor concentrated in a few countries. Asian poverty is also concentrated in rural areas, which is similar to the situation in Africa.

After defining the total number of poor people in Asia, the next question is in which countries are these poor people? The poverty-stricken people living below the poverty line of USD 3.2 per person per day are mainly distributed in the top 10 countries, accounting for 97.1% of the total poverty-stricken population. According to the multidimensional poverty index, the top 10 countries are home to 95.8% of the total poor population. In the two comparisons, eight countries appear in both results and they are home to over 92% of the poor (Table 5). It can be inferred that 12 countries in Asia (India, Pakistan, Bangladesh, China, Indonesia, the Philippines, Myanmar, Nepal, Afghanistan,

21 According to the statistical testing based on the data of 23 countries, the correlation coefficient between the headcount ratio of poverty and that of multidimensional poverty is 0.544 against the national poverty line, that between the poverty rate against the national poverty line and that against the international poverty line (USD 3.2 purchasing power parity) is 0.713, that between the headcount ratio of poverty and that of multidimensional poverty is 0.667 against the national poverty line, and that between the population in multidimensional poverty and the poor population against the USD 3.2 poverty line is 0.986, all significant at the 1% confidence level.

Yemen, Laos and Vietnam) are home to more than 95% of the poor population in Asia. They are also the key targets for future poverty reduction efforts.

In short, Asian countries have halved the population in absolute poverty on the way to achieve the Millennium Development Goals in 1990-2015. So far, they have maintained a sound development trend. The population in absolute poverty has been reduced to 83.12 million, and the number of moderately poor people is basically equal to that of people in multidimensional poverty, ranging from 664 to 668 million. But it should be noted that the

distribution of extremely poor people in Asian countries is uneven, and great efforts need to be made to achieve the 2030 Sustainable Development Goals. The eradication of poverty in all its forms is the first of the 17 goals of the 2030 Agenda for Sustainable Development. In particular, it specifies how to fight poverty in Goal 1.A: "Ensure significant mobilization of resources from a variety of sources, including through enhanced development cooperation, in order to provide adequate and predictable means for developing countries, in particular least developed countries, to implement programmes and policies to end poverty in all its dimensions."

Table 5 The Distribution of Poor Population in Asia

No	Country	Multidimensional poverty-stricken population (1,000)	Country	Population living with less than USD 3 per day (1,000)
1	India	373,735	India	374,125
2	Pakistan	75,520	Pakistan	47,839
3	Bangladesh	68,663	Bangladesh	61,811
4	China	54,437	China	35,988
5	Indonesia	18,512	Indonesia	64,057
6	Philippines	6,081	Philippines	25,440
7	Myanmar	20,449	Myanmar	9,793
8	Nepal	9,961	Nepal	9,650
1-8 total		627,358		628,703
(%)		(92.22%)		(94.71%)
9	Afghanistan	19,865	Laos	2,800
10	Yemen	13,475	Vietnam	4,129
1-10 total		660,698		635,632
(%)		(97.12%)		(95.76%)
Total		680,319		663,809

Source: Sorted based on data of Table 1 and 4.

Chapter 3

Unbalanced Development and Poverty Reduction in Asian Countries

Asia has a vast territory, with a large number of countries and an enormous population. Great differences are found in resource endowments among various countries and in starting time, regional and national policies during their process of development. These differences directly lead to different results of poverty reduction, resulting in uneven poverty reduction. Understanding the existing imbalance in development and poverty reduction is helpful to understand the characteristics of development and poverty reduction in Asian countries, understand their potential needs, and promote cooperation and shared prosperity among different countries.

Development and poverty reduction will inevitably involve the problem of “making the cake bigger”. In economic terms, it means, firstly, promoting growth and producing more products. Secondly, it is to “distribute the cake equally”, that is, to promote the income growth of the lowest income group through policy adjustment.

This section presents an overview of the imbalances in development and poverty reduction, in growth and in distribution among Asian countries.

3.1 Overview of Asian Countries' Development and Poverty Reduction

The per capita national income and poverty in Asian countries are unbalanced, and there are currently four observations (Figure 3).

- Few countries have a 10-20% headcount ratio of poverty (only Mongolia has a 10.2% headcount ratio of poverty). Generally speaking, the countries are classified into two categories: countries with multi-dimensional poverty levels higher than 20% and those not higher than 10.2%. The latter cases can be roughly divided into three categories, hence the following four categories:
- Low income and high headcount ratio of poverty: Afghanistan, Bangladesh, Bhutan, Cambodia, Laos, Myanmar, Nepal, Timor-Leste and Yemen, the nine least developed countries, are all located in the upper left corner. The other two countries in this zone are India and Pakistan, two populous countries in South Asia. In 2018, only Bhutan achieved a per capita national income close to USD 3,080, while that of the other 10 countries was less than USD 3,000. The headcount ratio of multi-dimensional poverty was all higher than 20% in these countries.
- High income and low headcount ratio of poverty: These countries include Thailand, Turkmenistan, Kazakhstan, Maldives and

- China.
- Low income and low headcount ratio of poverty: These countries include Tajikistan, Kyrgyzstan, Syria and Vietnam.
- Middle income and low headcount ratio of poverty: These countries include Jordan,

Armenia, Philippines, Indonesia, Mongolia and Iraq.

It can be thus concluded that the development of Asian countries is unbalanced. Then, in what areas is the unbalanced development of these countries found?

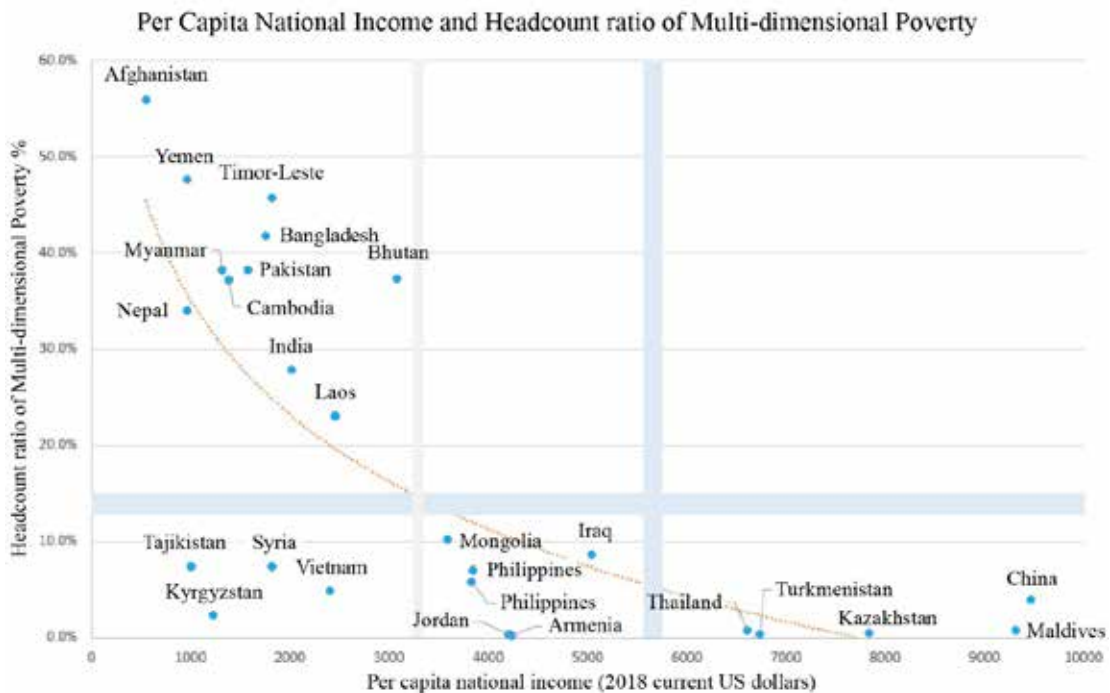


Figure 3 Per Capita National Income and Headcount ratio of Multi-dimensional Poverty in Asian Developing Countries

Source: Based on the data from the World Bank's 2018 per capita national income (current US dollars) and the United Nations Development Programme's "Global Multi-dimensional Poverty Indicator 2019"

3.2 Uneven Development in Asian Countries

Development includes two aspects: growth and distribution. Here we first introduce the current growth situation of Asian countries.

Growth will inevitably involve industrial growth, so this section will explain the GDP of Asian countries and the growth of primary, secondary and tertiary sectors - the overall growth trend of Asian countries is relatively robust, but sustained

efforts are still needed to maintain this growth.²²

First of all, in sharp contrast to the global economic slowdown, the economic growth of Asian countries is still robust. A review of the latest development speed of Asian countries in the past two years can find that undoubtedly the six countries with an average annual growth rate of 7% or more has the most outstanding performance: Bangladesh (7.9%), Maldives (7.6%), Tajikistan (7.3%), Cambodia (7.3%), Vietnam (7.1%) and India (7.0%). The contribution of their industrial growth to the

22 This part uses the latest data from the Asian Development Bank's Basic Statistics 2019, which covers 30 Asian countries (excluding some countries in West Asia).

growth of their gross national product (GNP) cannot be neglected. In particular, with regard to the first four countries, the growth rate of their secondary sector is all over 10%, and that of Maldives is the highest, hitting 12.9% (Figure 4).

Bangladesh took the lead in Asia in 2018 in terms of development speed, thanks to its 12.1% industrial growth rate and 6.4% service industry growth rate. Maldives ranked the second, which boasted the fastest industrial growth rate among Asian countries, and achieved a very prominent development in agriculture, with a growth rate of 9.4% in 2018.

In 2018, 12 countries achieved an economic growth rate of 5.1%-6.9%, while 12 countries had an economic growth rate below 5%, including two countries with negative economic growth, Timor-Leste (-0.5%) and Brunei (-1%).

It can thus be concluded that most developing countries in Asia have good growth, but there

are also countries with slow growth rates, and a huge gap is found between the countries with the highest and lowest growth rates.

Secondly, the growth rates of three sectors among different countries present a mixed picture and the differences are more obvious. The growth rate in the agricultural sector is generally relatively low. Apart from Maldives, which has the highest growth rate, Thailand (5.0%), Turkmenistan (4.8%), Sri Lanka (4.8%), Azerbaijan (4.6%), Bhutan (4.5%), Mongolia (4.5%), Bangladesh (4.2%), Tajikistan (4.0%), are all at or above 4%, 18 countries are between 0.1 and 3%, Malaysia (-0.4%), and Brunei (-2.4%) are experiencing negative growth, and Armenia (-9, 8.5%) is the lowest. The low and negative growth in most countries illustrates the vulnerability of agriculture in Asian countries in industrial development. This situation is very worrying while poverty reduction through agricultural development is being stressed.

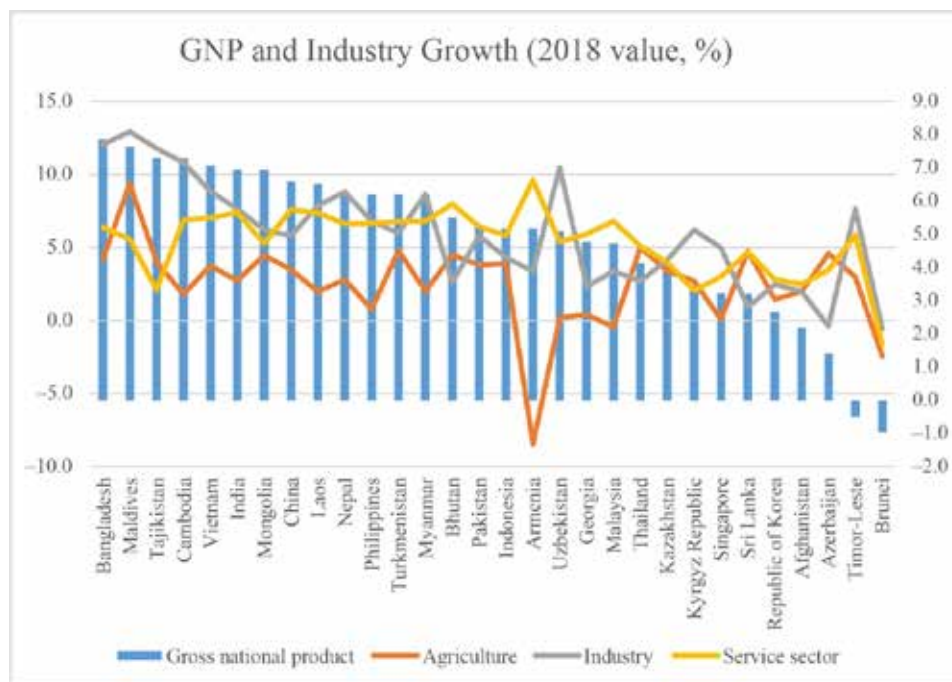


Figure 4 Economic Growth of Some Asian Countries in 2018

Source: Asia Development Bank, Basic Statistics 2019²³.

In terms of industrial development, the growth rate of most countries is above 5%, and the general trend is upward. This is also the sector where Asian countries make the greatest contribution to poverty reduction. However, a few countries also see slow growth at rate between 2% and 3%. Sri Lanka's industrial growth rate is only 0.9%, while Azerbaijan (-0.4%) and Brunei (-0.6%) have negative growth. Countries with slow industrial growth, especially negative growth, will face great challenges in poverty reduction in the future, especially in employment.

The tertiary sector sees a good momentum of growth, with a fast growing rate in most countries. The most prominent are Armenia (9.6%), Bhutan (8%), China (7.6%), India (7.4%), and Vietnam (7%), all with a growth rate above 7%, while other countries also perform well, such as Cambodia (6.9%), Malaysia, Myanmar and Turkmenistan (all at 6.8%). The only country with negative growth is Brunei (-1.6%). This shows that a strong driver for Asia's future economic development may be in the service sector.

Summing up the GDP of Asian countries and the growth rates of the three sectors, we can find that the growth rate of agriculture is slow, the industrial development is medium, and the

development momentum of service sector is robust. In the field of agriculture, the growth rate is generally low. Of the 30 countries, only five have seen their agricultural growth exceed the GDP growth rate: Thailand, Sri Lanka, Maldives, Azerbaijan and Timor-Leste. Except for Maldives, which sees rapid overall economic development, the other four countries are experiencing slow development, and it is the development of agriculture that drives their overall economic growth. In the industrial sector, 17 out of 30 countries have a growth rate exceeding that of GDP, while in the service sector, 20 out of 30 countries have a growth rate slightly exceeding that of GDP. Therefore, in the economic growth of Asian countries in 2018, the development of service sector and industry contributes greatly to the economic development of all countries. However, the situation in different countries is very different, with obvious imbalance in development between countries.

The GDP growth rate in 2018 is compared with that in 2017 (Figure 4) to further understand the economic growth situation. Obviously, the growth rate in 2018 was slower than that in 2017 in the vast majority of countries, and not many countries exceeded the growth rate in 2017. This shows that it is not easy to maintain the sustained growth of all countries.

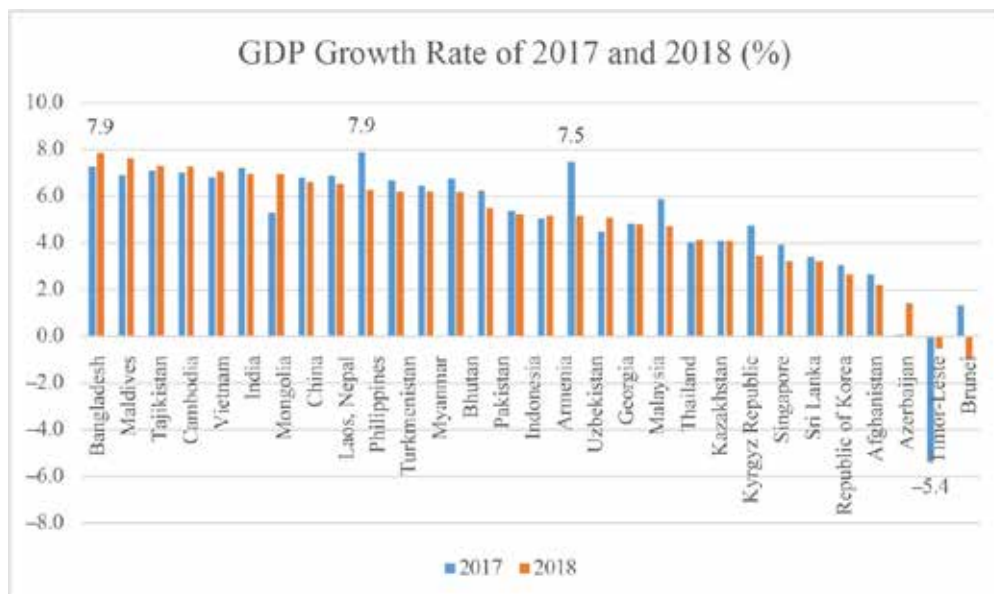


Figure 5 GDP Growth of Asian Countries in 2017 and 2018

This shows that the overall growth trend of Asian countries in the past two years is relatively strong, but sustained efforts are still needed to maintain this growth in order to achieve the goal of sustainable growth, thus accumulating the material basis for “making the cake bigger”.

With a general survey of developing countries in Asia, it is not difficult to find that, like other countries that have taken the lead in entering high-income groups in the world, poverty reduction is accelerated along with economic development. Economic growth creates conditions for promoting employment and poverty reduction, although economic growth alone is not sufficient, because the issue of income equality is also involved. Therefore, it is necessary to understand the issue of equality.

After understanding the overall growth of

Asian countries, it is necessary to understand the per capita consumption or income growth of the bottom 40% of the population in Asian countries, because this is not only a requirement of the SDGs but also an objective requirement for a country to realize shared prosperity.

With regards to the growth rates of household expenditure or per capita income of the bottom 40% of the population in some Asian countries with data, in different periods of time, countries above the national average growth level (China’s being the highest is 9.1%) and countries below the national average level (Table 6) each account for half. Among them, the Philippines, Malaysia and China are performing well, while in Pakistan, Armenia and Tajikistan the growth rate of the bottom 40% is obviously lower than the average growth (Figure 6). This phenomenon reflects the inequality of distribution and development in Asian countries.

Table 6 Development Status of the Bottom 40% Population in Asian Countries

Country	Growth Rate of Household Expenditure or Per Capita Income in the Bottom 40% of Population (%)		Growth Rate of Household Expenditure or Per Capita Income (%)	
Armenia	1.8	(2012-2017)	3.2	(2012-2017)
Bangladesh	1.3	(2010-2016)	1.5	(2010-2016)
Bhutan	1.6	(2012-2017)	1.7	(2012-2017)
China	9.1	(2013-2015)	7.4	(2013-2015)
Georgia	4.5	(2012-2017)	3.8	(2012-2017)
India	3.2	(2004-2011)	3.7	(2004-2011)
Indonesia	4.8	(2015-2017)	4.8	(2015-2017)
Kazakhstan	0.0	(2012-2017)	-0.6	(2012-2017)
Kyrgyzstan	0.9	(2012-2017)	0.8	(2012-2017)

Laos	1.4	(2007-2012)	2.1	(2007-2012)
Malaysia	8.3	(2011-2015)	6.0	(2011-2015)
Mongolia	1.7	(2010-2016)	1.3	(2010-2016)
Philippines	5.1	(2012-2015)	2.6	(2012-2015)
Sri Lanka	4.2	(2012-2016)	4.7	(2012-2016)
Tajikistan	2.3	(2009-2015)	3.6	(2009-2015)
Thailand	2.5	(2014-2017)	2.1	(2014-2017)
Vietnam	4.9	(2012-2016)	4.8	(2012-2016)

Source: Asia Development Bank, Basic Statistics 2019.

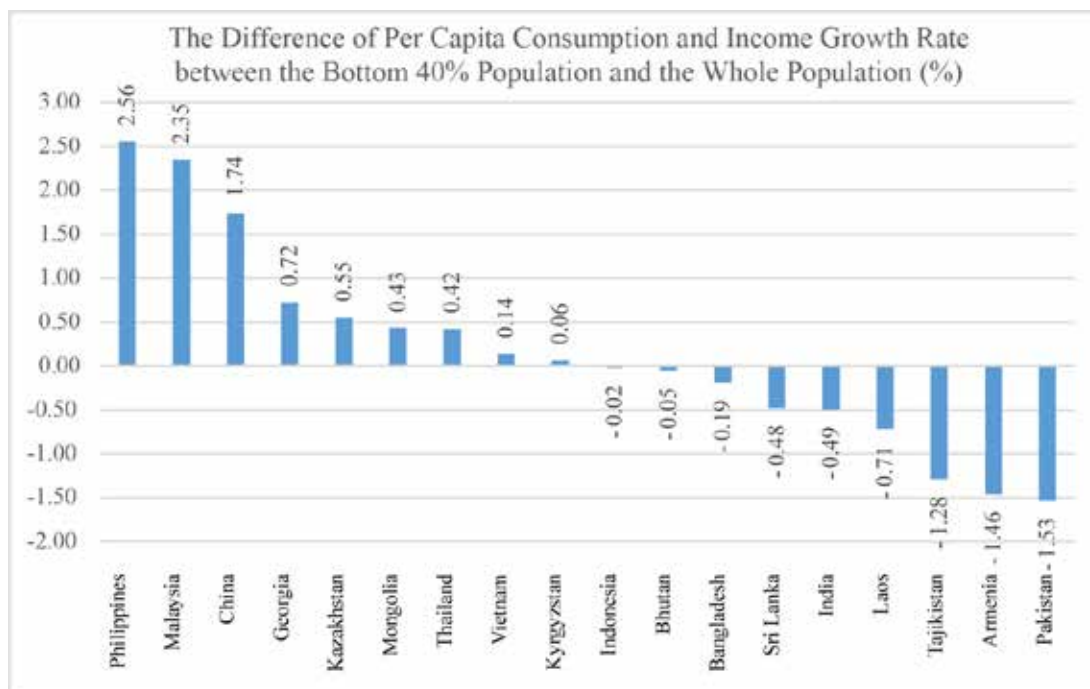


Figure 6 Difference of per Capita Expenditure and Average Level between Families in the Bottom 40% and the Whole Population in Asian Countries

3.3 Income Inequality in Asian Countries

The Gini coefficient (a value ranging from 0 to 1) is usually used to measure a country's income equality, which is an important international

analysis index to comprehensively investigate the income distribution disparities among residents. According to the UN standards: the Gini coefficient below 0.2 (or 20 points on the percentile system, the same below) means absolute income equality, 0.2-0.3 means

comparative income equality, 0.3-0.4 means relatively reasonable income, 0.4-0.5 means a large income gap, and above 0.5 means a wide income disparity.

The Sustainable Development Report 2019 shows that the Gini coefficient of most of the 35 Asian countries is above 0.35 (Figure 7), which is also a common concern of the international community. The details are as follows:

- Only Iraq's Gini coefficient is 0.295, lower than 0.30;
- Six countries have the Gini coefficient within 0.30-0.35, including Cambodia, Timor-Leste, Republic of Korea, UAE, Nepal and Kyrgyzstan.
- Fourteen countries have the Gini coefficient between 0.35 and 0.40.
- Fifteen countries have the Gini coefficient

above 0.40.

The data show that these Gini coefficients are closely related to the countries' development stage, that is, at the factor-driven development stage, the Gini coefficients are often lower, while at the efficiency-driven stage, the Gini coefficients become higher. In the case of China's development, for example, at the beginning of the reform and opening up, in order to concentrate on the use of limited resources, the state allowed some people to get rich first, thus adopting an unbalanced development strategy, with coastal areas obtaining more policy support. With the passage of time, the inequality between different regions of China has gradually emerged. Therefore, this kind of inequality has been gradually generated along with economic growth and should be adjusted in due course.

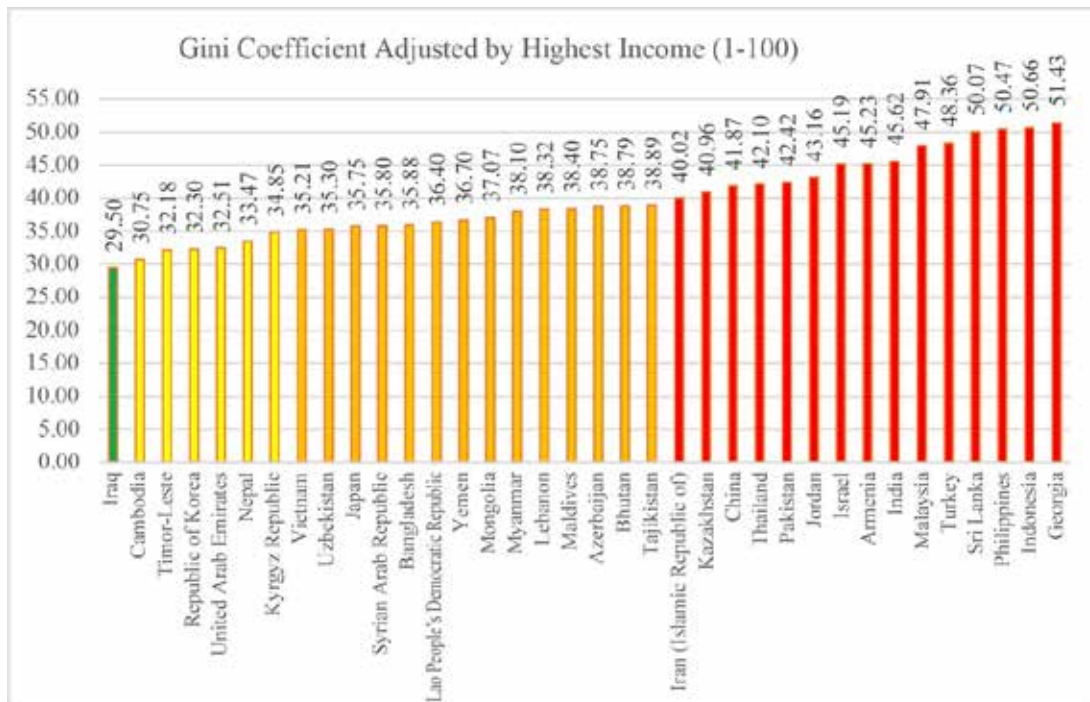


Figure 7 Gini Coefficient of Some Asian Countries

The Gini coefficient reflects the inequality of income distribution within a country. The income disparities are also great among Asian countries due to the differences in production efficiency among countries caused by different resource endowments and governance effects among Asian sub-regions and even in the same sub-regions.

Income differences between Asian countries are different in nature from those in Africa. In Asian countries, inequality is formed mainly in the course of development, while in African countries inequality is mainly developed due to underdevelopment. This is another obvious feature of poverty in Asia.

Economic growth in African countries is slow (including the rate of poverty reduction) and is generally at the factor-driven stage, so the Gini coefficient there has not changed much in several years. The per capita national income between Asian countries and African countries (purchasing power parity in USD, 2017) shows that there is only one high-income country in Africa, Seychelles, with a per capita income of USD 26,657, which is lower than the lowest value of USD 33,132 in high-income Asian countries. There are more high-income countries in Asia with a very high discrete value (Qatar, with a per capita income of USD 116,931), and the average income is higher than the median value (50% line), indicating that the per capita GDP of 50% of the countries below the median value of per capita income is pulled up by the average value in this group (Figure 8a).

In the groups of upper-middle income countries, there are 13 countries in Asia and 8 countries in Africa, and their median income is basically the same, the average value in Africa basically

coincides with the binary digit while the average value in Asia is slightly higher than the binary digit, and there are two discrete-value countries at the top and bottom (Figure 8b). In diagram, Africa's diagram is more standard, which shows that the differences in GDP per capita among countries are not large, while the differences among Asian countries are large.

In the group of lower-middle income countries, there are 16 countries in both Asia and Africa, and the per capita GDP of Asian countries is generally higher than that of African countries. The average value is slightly higher than the median.

Among the countries in the low-income group, there are only four countries in Asia (countries with data) and 25 countries in Africa. The figure shows that the median value almost coincides with the average value, thus there is not much difference among countries.

The above phenomenon reveals that poverty in Asian countries is also fundamentally different from that in Africa. With the basic elimination of extreme poverty, poverty in Asia is mainly caused by income inequality (efficiency-driven), while poverty in Africa is mainly caused by low-level factor-driven development. This is also an important reason why the poverty-stricken population in African countries did not decrease but increased from 1990 to 2015. It is hoped that both Asian and African countries will break away from path dependence and explore a "leapfrog" model of development and poverty reduction.

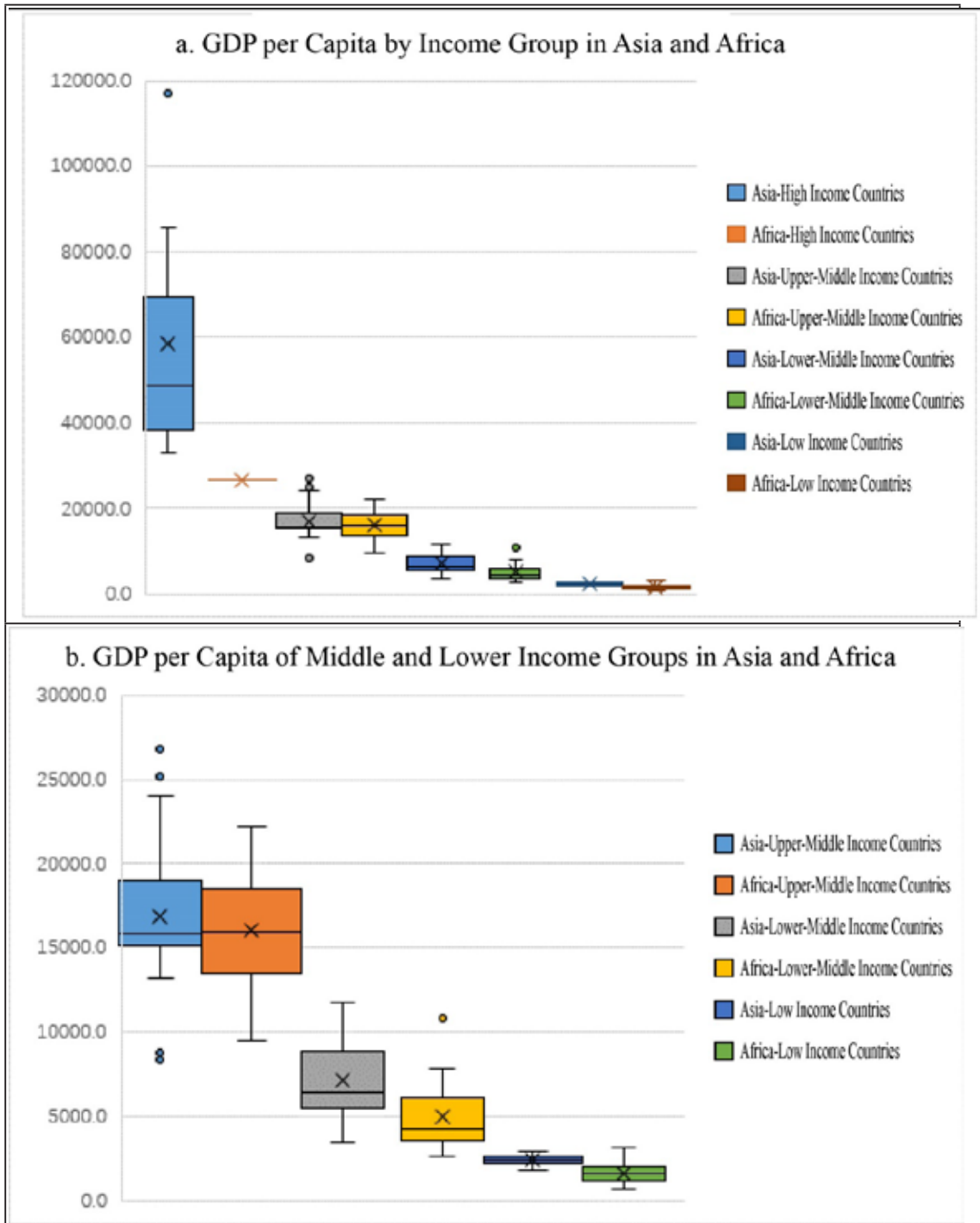


Figure 8 Comparison of GDP Per Capita between Asian and African Countries

Source: Based on the data of the "Sustainable Development Report 2019".

Chapter 4

Challenges of Poverty Reduction in Asia

Periodical success has been achieved in poverty reduction in Asian countries (Millennium Development Goals). The following sustainable development goals (SDGs) involve multidimensional poverty, posing great challenges. Due to the multidimensional nature of poverty, poverty reduction is interwoven with the other 16 SDGs. The realization of the other goals, such as zero hunger, is actually one aspect of poverty reduction. From these different aspects, the difficulties that Asian countries have in achieving SDG 1 (end poverty in all its forms) can be sorted out, with emphasis on employment directly related to economic growth and poverty reduction, food shortage closely related to human survival and development, and the provision of infrastructure and services.

4.1 Youth Unemployment

Youth unemployment is the primary challenge

to poverty reduction in the future. Without full employment of young people, great difficulties will arise in the increase of family income in the future. The 2019 report of the UN Secretary-General has pointed out that “youth were three times more likely to be unemployed than adults”,²⁴ which is a worrying situation.

The statistics are available in a very few countries in Asia and the results are relatively high. For example, in Azerbaijan, in 2017, the unemployment rate of young people aged 15-24 was 12.9% (overall unemployment rate being 5%)²⁵, while in Armenia, the unemployment rate was as high as 18%, and the youth unemployment rate was twice as high as that of the working population aged 25-64, reaching 36.6%.²⁶ It can reflect the grim situation of youth unemployment. Although many Asian countries do not have youth unemployment statistics, a basic concept can be obtained through the overall unemployment rate.

24 United Nations (2019). Special edition: progress towards the Sustainable Development Goals, Report of the Secretary-General, 2019 E/2019/68. Download website: <https://undocs.org/E/2019/68>.

25 European Training Foundation, 2019. AZERBAIJAN EDUCATION, TRAINING AND EMPLOYMENT DEVELOPMENTS 2018.

26 UNDP Armenia website: <http://www.am.undp.org/content/armenia/en/home/sustainable-development.html>. Download date: August 28, 2019.

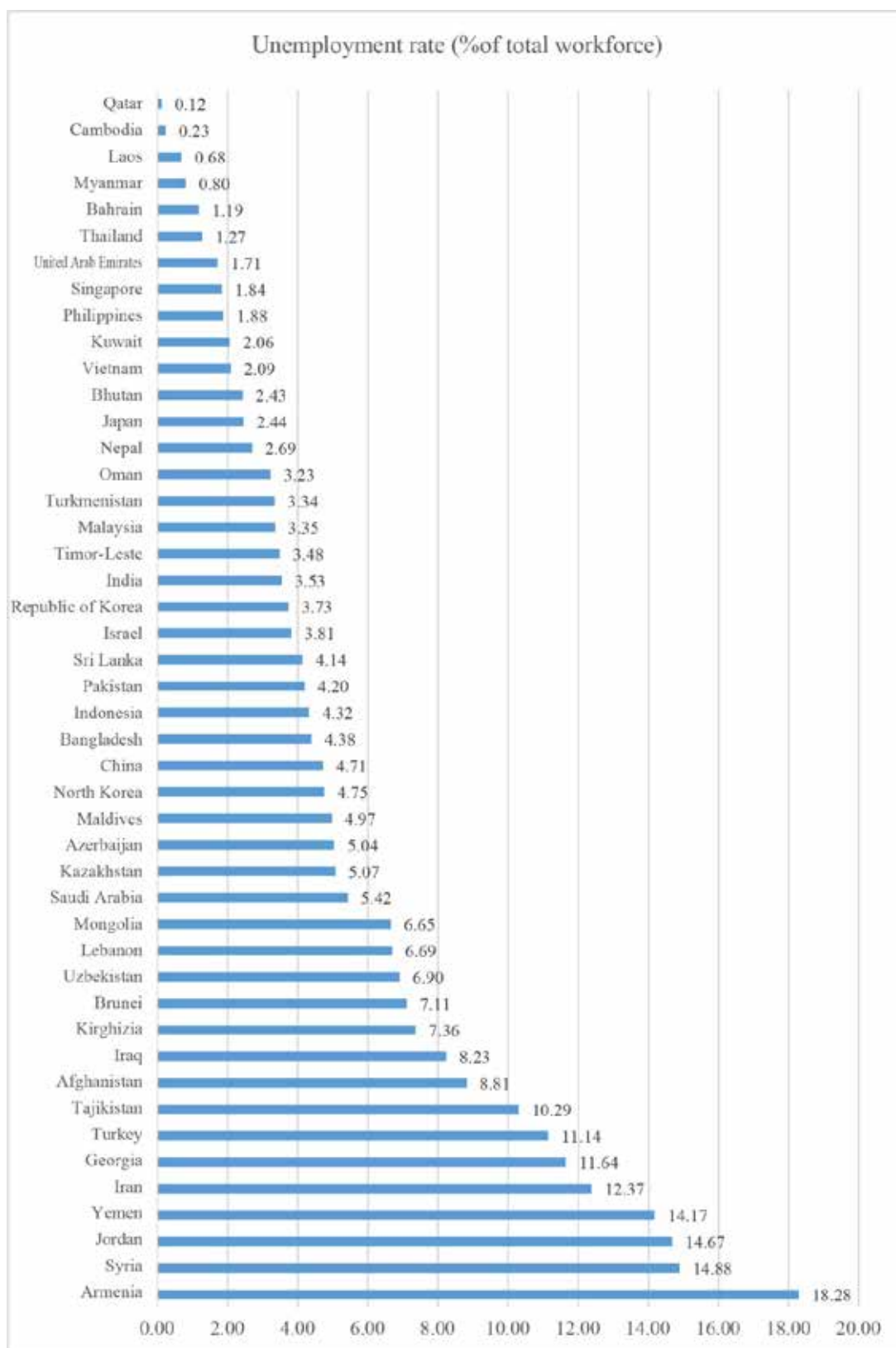


Figure 9 Unemployment Rate Statistics of Asian Countries

Source: Based on the data of Sustainable Development Report 2019.

What is the unemployment rate in Asian countries? In terms of the number and proportion of countries with high unemployment rate, the overall employment rate in Asia is better than that in Africa. Of the 54 African countries, 17 have unemployment rates above 10% (31.5% of the total countries) and 18 (33.3%) have unemployment rates above 5% and below 10%, accounting for 64.8% of the total. Of the 46 Asian countries with data, eight (17.4%) have unemployment rates above 10% and 10 (21.7%) have unemployment rates above 5% and below 10%, accounting for 39.1% of the total number of countries.²⁷

However, it should also be noted that in Asian countries with high unemployment rates, the development situation is not optimistic. First, the eight Asian countries with unemployment rates above 10% are Armenia, Syria, Jordan, Yemen, Iran, Georgia, Turkey and Tajikistan. Jordan is one of the Arabian countries facing employment challenges. Lack of opportunities in the local market has led to the relocation of talented human capital to Gulf countries. The mismatch between university education and the labor market has led to an increase in unemployment.²⁸ Second, there are ten countries with unemployment rates between 5% and 10%, such as Afghanistan (Figure 9).

In short, decent work and economic growth (SDG 8) are closely linked, and the economic growth level of these countries with high unemployment rate is generally not high. After all, a high unemployment rate is a major obstacle to the improvement of people's living standards and the reduction of poverty in the future. It can be predicted that the unemployment rate of young people in such countries may be higher, which

will pose a direct challenge to the reduction of poverty in these countries.

4.2 High Headcount Ratio of Undernutrition

"Food is the most important thing for the people". Grains are the food and nutrition source on which human beings depend for survival, and food security is the most important factor for human development. "Food" in "food security" refers to not only grains, but also aquatic products, edible fungi, melons, fruits and vegetables and other edible ingredients or foods. In the process of achieving SDGs and poverty eradication, as far as the current development process in Asian countries is concerned, it is still a great challenge to completely achieve "zero hunger" (SDG 2) by 2030. This section will show which Asian countries are short of food and in which countries the undernourished population is mainly distributed.

In the measurement method, mainly the "headcount ratio of undernutrition" (UN Sustainable Development Indicator 2.1.1) is used to show the hunger level. Today, more than 820 million people in the world are still hungry, which highlights the great challenge posed to the goal of zero hunger by 2030. In Asia, despite the great progress made in the past five years, South Asia is still the subregion with the highest headcount ratio of malnutrition, close to 15%, followed by West Asia with more than 12%, and the situation is deteriorating. Judging from various regions in the world, the undernourished population is unevenly distributed, with most people living in Asia (over 500 million). The UN's Progress Report on Sustainable Development Goals in Asia and the Pacific 2019 points out that

27 Calculated according to the data of Sustainable Development Report 2019.

28 UNDP Jordan Website: http://www.jo.undp.org/content/jordan/en/home/ourwork/povertyreduction/in_depth/

for more than half of the sustainable development goals, progress in Asia and the Pacific has stagnated or moved in the wrong direction. Among them is the slow progress of Sustainable Development Goal 2 (zero hunger) in Asia.

Another measure is “food insecurity”, i.e. moderate and severe levels of food insecurity (UN Sustainable Development Indicator 2.1.2). At present, the estimated headcount ratio of moderate or severe food insecurity reaches 26.4% of the world population, totaling about 2 billion people. The distribution of the world’s food insecure population shows that 1.04 billion people (52%) in Asia, 676 million (34%) in Africa and nearly 188 million (9%) in Latin America suffer from food insecurity. According to the severity of food insecurity, significant regional differences are found in population distribution. Food insecurity may affect health and well-being in many ways and may have negative effects on mental, social and physical health.²⁹

On the macro level, a regional concept has arisen from countries suffering from food shortage. That is, which countries have a high headcount ratio of food shortage? The latest 2018 UN list of low-income food-deficit countries (LIFDC) includes 51 countries in the world³⁰, 11 of which are in Asia. These countries are Afghanistan, Bangladesh, Kyrgyzstan, Nepal, Syria, Uzbekistan, Vietnam and Yemen (Figure 10). The number of Asian countries on the latest list has not changed, but the structure has been adjusted, that is, Pakistan has been removed from the list because Pakistan has met the criteria for net food exporters and Vietnam, which has not met the criteria for exclusion from the list, has been included.

The 11 food-deficit countries in Asia have different characteristics. Vietnam, the Democratic People’s Republic of Korea, India and Syria are only affected by the dimension of food shortage. Bangladesh and Yemen are among the least developed countries with food shortages. Kyrgyzstan, Uzbekistan and Tajikistan are landlocked developing countries with food shortages, while Nepal and Afghanistan are countries covered by all the three dimensions, namely, a least developed landlocked food-deficit country.

undernourished

At the micro level, the undernourished population and its proportion reflect a country’s real food shortage, whether it is a UN food-deficit country or not. According to the data in the World Sustainable Development Report 2019 (see Table 3), Asian countries are listed as follows according to the proportion of undernourished population:

- The proportion of undernourished population exceeds 30% in three countries: the Democratic People’s Republic of Korea (43.4%), Yemen (34.4%) and Afghanistan (30.3%).
- The proportion of undernourished population is between 20-30% in three countries: Iraq (27.7%), Timor-Leste (27.2%) and Pakistan (20.5%);
- The proportion of undernourished population is between 10-20% in 12 countries: Mongolia (18.7%), Cambodia (18.5%), Laos (16.6%), Bangladesh (15.2%), India (14.8%), Philippines (13.7%), Jordan (13.5%), Maldives (11.0%), Lebanon (10.9%), Sri Lanka (10.9%), Vietnam

29 Source: The FAO website, <http://www.fao.org/sustainable-development-goals/indicators/212/zh/>.

30 Countries on the list will not withdraw easily. Even if conditions improve, they cannot withdraw until being observed for 3 years, that is, they can withdraw in the fourth year. Please refer to the FAO website for details: <http://www.fao.org/countryprofiles/lifdc/en/>.

- (10.8%) and Myanmar (10.5%);
- The proportion of undernourished population is between 5-10% in 9 countries: Nepal (9.5%), Thailand (9.0%), China (8.7%), Indonesia (7.7%), Georgia (7.4%), Uzbekistan (7.4%), Kyrgyzstan (6.5%), Saudi Arabia (5.5%), Turkmenistan (5.5%), and Oman (5.4%).
- The proportion of undernourished population is lower than 5% in 15 countries: Iran (4.9%), Armenia (4.3%), Malaysia (2.9%), Azerbaijan (2.5), Turkey (2.5%) and 10 Asian high-income countries excluding Saudi Arabia.
- Bhutan, Syria and Tajikistan do not have such data, but the prevalence rate (%) of stunting (low height) among children under five years old is closely related to the indicator of undernutrition rate. Therefore, it is believed that the undernutrition rate in these three countries is also very high, because the stunting rate among children under five years old in these three countries is 33.6% in Bhutan, 27.5% in Syria and 26.8% in Tajikistan respectively

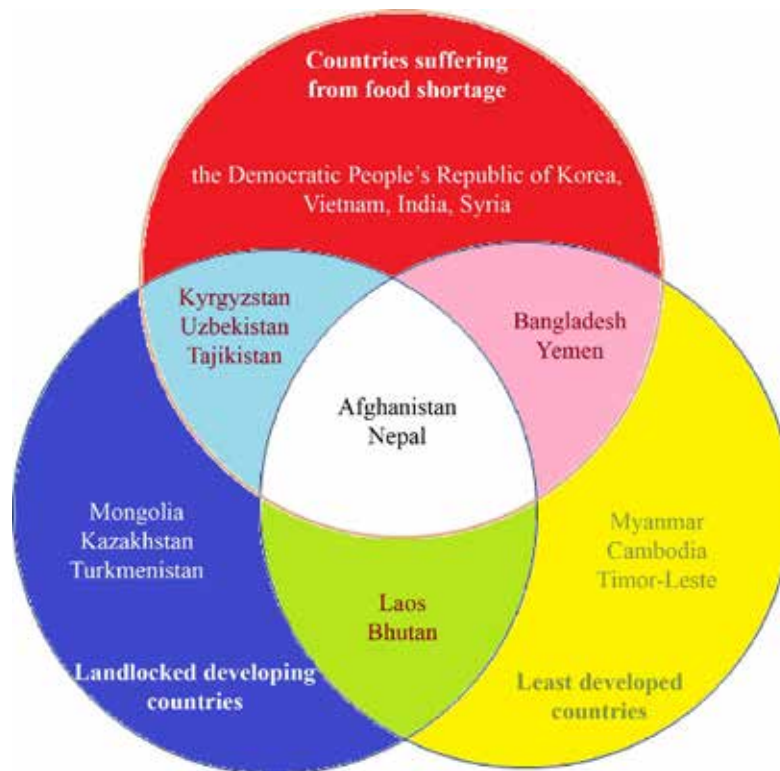


Figure10 Schematic Diagram of Some Asian Countries Classified by UN

The size of the undernourished population calculated from the total population and the undernutrition rate in a country shows a picture different from that of undernutrition rate. That is, the total number of undernourished people in countries with a high incidence of undernutrition is not necessarily high among the total population in Asia. This is similar to

the distribution of the impoverished population, as the undernourished population is also highly concentrated. Undernutrition is mainly concentrated in India and China, which are both populous countries (62%). According to the undernutrition rate and the total population of each country, it is estimated that the current undernourished population in Asia is 526

million, mainly distributed in 11 countries with a undernourished population of more than 10 million (Figure 11), with a total population of 484 million, accounting for 91.84% of the total. Among them, the undernourished population in the first six countries India, China, Pakistan, Bangladesh, Indonesia and Philippines is as high as 429 million, accounting for 81.52%. The remaining 43 million people are distributed in 32 other countries with data available.

A noteworthy fact is that 9 of the 11 countries with the highest undernourished population are included in Table 5 (Iraq and the Democratic People’s Republic of Korea are not included in Table 5 due to lack of poverty data). More remarkably, their ranking is consistent with the countries with the highest impoverished population ranking. Thus, if it is a coincidence that the impoverished population calculated

according to the poverty standard of USD 3.2 per day in Table 5 is consistent with the top six countries with the largest distribution of population suffering from multidimensional poverty, it is an inevitability in coincidence that the top six countries with the largest distribution of undernourished population also coincide with them completely. It fully illustrates that people suffering from income poverty, multidimensional poverty and undernutrition in Asian countries are highly concentrated in these six countries (India, China, Pakistan, Bangladesh, Indonesia and the Philippines). It also proves that poverty is not simply income poverty, but a complicated phenomenon highly intertwined with multi-dimensional factors such as undernutrition. This complex phenomenon also fully foreshadows the difficulty of poverty reduction in these poverty-concentrated countries and the severe challenges that need to be faced in the future to eradicate hunger.

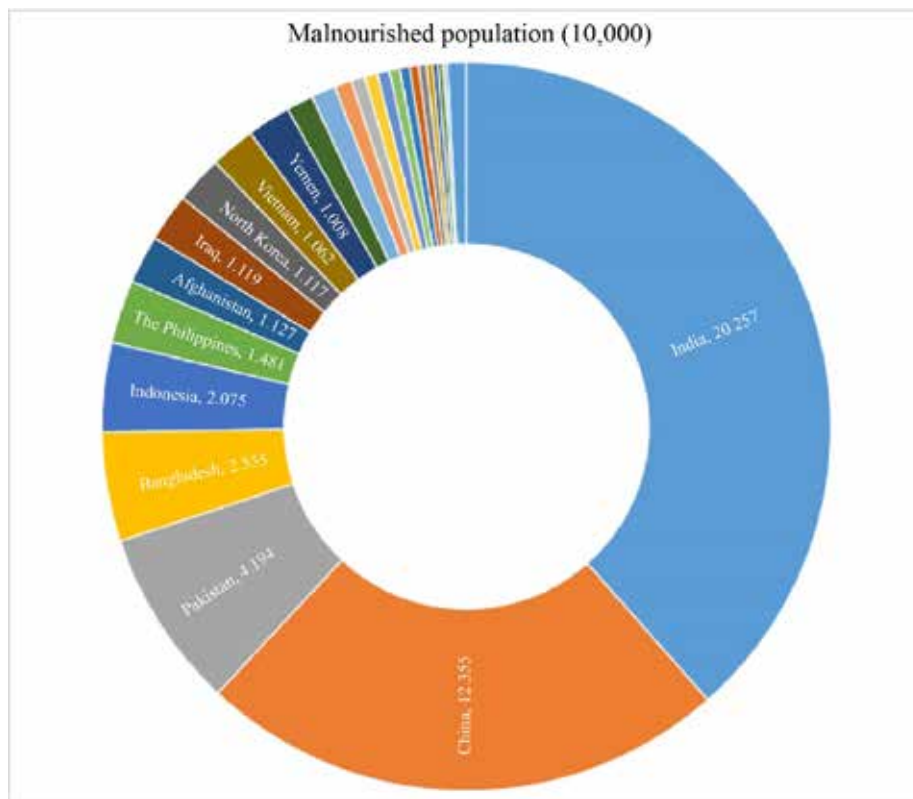


Figure 11 Distribution of Malnourished Population in Asian Countries

Source: Based on the data of "Sustainable Development Report 2019".

The causes of food shortage and undernutrition in Asian countries are both internal and external. The internal reasons are complicated, including institutional and governance reasons and resource utilization reasons. The situation varies from country to country. However, the external reasons are obvious. Apart from wars and conflicts, the impact of climate change cannot be ignored.

Asian countries have the largest number of people affected by climate-related hazards and are therefore at the greatest risk of mass mortality. Floods, droughts and storms are always testing the governments and international humanitarian aid agencies. Moreover, climate change may aggravate the problems by increasing the intensity and frequency of climate-related hazards. Humanitarian emergencies may overturn and reverse the progress of development priorities, turning development areas that may be hot spots into priorities for adaptation and preparation. For example, food aid originally prepared may give priority to saving lives when casualties occur.

Climate security vulnerability refers to the situation where a large number of people have died due to exposure to climate-related hazards and the subsequent consequences of exposure, including but not limited to conflicts. The results of mapping sub-national “climate security loopholes” in 11 countries in South and Southeast Asia show that Bangladesh, parts of southern and western Myanmar (Irrawaddy and Rakhine) and parts of southern and northwestern Pakistan (Sindh and Khyber-Pakhtunkhwa) are the most vulnerable in terms of climate security.

In absolute terms, India is the country with the largest population exposed to climate disasters, followed by Bangladesh.³¹

It can therefore be concluded that in addition to internal factors, external factors also play an important role in food-deficit countries. These countries with fragile climate security have to face more severe challenges, apart from wars and conflicts.

4.3 Shortage of Infrastructure and Public Service Supply

Infrastructure and public service supply are closely related to poverty reduction and SDGs³², varying from country to country in Asia. Generally speaking, one of the obvious characteristics of lower-middle income and low-income countries is backward infrastructure construction and public service supply. Specifically, there are regional differences regardless of income, such as the shortage of tap water supply in the water-deficient West Asian countries. In landlocked developing countries, connectivity has become a basic requirement for infrastructure. They require access to markets, whether physical access or via the Internet.

As such infrastructures are intertwined with the supply of public services, countries facing greater challenges in these fields are as follows:

Thailand: Unequal quality of education is a great challenge, as poverty-stricken areas are not adequately served. The country faces new health challenges, including an increase in non-

31 Joshua Busby, Todd G. Smith, Nisha Krishnan, Charles Wight, Santiago Vallejo-Gutierrez (2018). World Development 112(2018)88-118.

32 Explanation: Infrastructure is closely related to SDG 9 (industry, innovation and infrastructure), public services are closely related to SDG 3 (good health and well-being) and SDG 4 (quality education), and all are closely related to SDG 10 (reducing inequality).

communicable diseases. In Thailand, only 85% of the 15-year-old children can survive to the age of 60. This is lower than the global median, only accounting for the average level of ASEAN countries.³³

Turkmenistan: No population statistics on living standards have been published and little is known about the country's labor market. Data restrictions prevent a comprehensive analysis of the social impact of the slowdown in economic growth. The end of the policy of free water supply, natural gas, electricity and housing by 2019 may lead to deteriorating living standards of the poor.³⁴

China: The industrial foundation for relocated farmers to shake off poverty is not stable, so measures should be taken to prevent them from backsliding into poverty; education and medical and health services are unequal between urban and rural areas.

Iraq: The middle school completion rate is the lowest among the Asian countries with statistics, 48.08%.

Vietnam: Inequality of opportunities aggravates existing gaps among different groups. Although welfare has improved in an all-round way, inequality among groups has not ended quickly enough. Nearly 45% of ethnic minorities still live in poverty.³⁵

Mongolia: Unstable economic growth, risk of people's social welfare insecurity associated with it and growing environmental pressure. Calculated against Mongolia's official poverty line, Mongolia's headcount ratio of poverty dropped from 38.7% in 2010 to 21.6% in 2014 and rose again to 29.6% in 2016.³⁶ This also shows that the social security system is not perfect. Once the economy fluctuates, the headcount ratio of poverty fluctuates.

Bhutan: Backward rural infrastructure, and rising Gini coefficient.³⁷

Cambodia: Backward infrastructure, a middle school completion rate of 54.26% and an electricity access rate of 49.77%.

Kyrgyzstan: Poverty has strong seasonal fluctuation, which indicates the country's high vulnerability. Growth has not necessarily led to poverty reduction.³⁸

Myanmar: Poverty varies greatly among regions and infrastructure is backward. 57.1% of the population have access to electricity, 64.7% have access to the most basic health services, and the middle school completion rate is 60.6%.

Pakistan: Free medical care and education is available to the public, but the level is very low. At present, the middle school completion rate is only 53.34%, the proportion of the population with access to the most basic medical services is

33 World Bank, Thailand Economic Monitor: Inequality, Opportunity and Human Capital, January 2019.

34 World Bank (2019) . Turkmenistan/Macro poverty outlook. <http://pubdocs.worldbank.org/en/87549149201113248/mpo-tkm.pdf>.

35 World Bank 2018. Climbing the Ladder: Poverty Reduction and Shared Prosperity in Vietnam, an Updated Report.

36 MONGOLIA: Systematic Country Diagnostic, Mongolia SCD, November 2018.

37 Royal Government of Bhutan World Bank, 2017. Bhutan Poverty Analysis Report 2017. Bhutan National Bureau of Statistics. www.nsb.gov.bt

38 World Bank 2018. Kyrgyz Republic: From Vulnerability to Prosperity Systematic Country Diagnostic 2018, World Bank Group.

only 58.25%, the proportion of the population with access to tap water in cities is only 55.42%, and farmers in Balochistan province still do not have access to electricity for lighting.

Nepal: Poor infrastructure, with 46.13% of the population having access to basic health services.

Through the difficulties in the provision of infrastructure and public services in the above-mentioned countries, it can be concluded that sustained efforts are still needed in the future poverty reduction process to make up for the shortages in these areas, so as to remove the barriers to poverty reduction and realize “zero poverty”.

In sum, the key challenges faced by young people in the fields of employment, food security

and the supply of infrastructure and public services in this chapter are the current reality and need to be pro-actively addressed.

To achieve the SDGs by 2030, Goal 1 is only a landmark goal of all development goals. Therefore, in the process of achieving Goal 1, integrated development and shared prosperity are needed. In the face of these challenges, there is no “single cure for all diseases”. Due to the differences in regimes and institutions in different countries, the development model of any one country cannot produce the same effect when applied to other countries. This requires all countries to learn from each other and draw from other countries' successful experiences and innovative practices, so as to find a path suitable for their own development.

Chapter 5

Asian Countries' Achievements and Experiences in Poverty Reduction

Over the past four decades, the effect of poverty reduction in Asia is generally satisfactory. A World Bank's report, "Poverty and Shared Prosperity 2018", points out that extreme poverty in East Asian and Pacific countries has decreased significantly. In 1990, 987 million people in the region lived in extreme poverty. By 2015, this number dropped to 47 million. On average, the number of people living in extreme poverty in East Asia and the Pacific has decreased by about 38 million per year. Although there are still many extremely poor people in South Asia, a story similar to that of East Asia is likely to appear soon. This is good news. In 1990, more than 500 million people in South Asia lived in extreme poverty. By 2015, this figure dropped to 216 million. At present, a large proportion of the extremely poor are still living in South Asia, but it is forecast that (combined with the expected changes in India's consumption), the total number of impoverished people will decline rapidly.

The Sustainable Development Report 2019 (p. 22) points out that the countries of East and South Asia as a whole have achieved the best performance in terms of SDG 1 (zero poverty), 4 (quality education) and 7 (affordable and clean energy).

This chapter mainly reviews Asian countries' achievements in poverty reduction, and experiences and developmental paths that can be promoted.

5.1 Asian Countries' Achievements in Poverty Reduction

The achievements in poverty reduction can be reflected in two aspects. First, the absolute number or the percentage of the poor decreases over a period of time, reflecting the change in the total amount of impoverished people. The other is the average annual rate of change during this period, reflecting the speed of poverty reduction.

On the whole, according to the World Bank's standard of USD 1.9 per day, most countries have performed well in the reduction rate of the extremely poor. This is a direct manifestation of the achievements made by Asian countries in poverty reduction at the country level. Compared with different earlier years, eight countries have reduced extreme poverty by more than 50 percentage points, namely China, Nepal, Pakistan, Indonesia, Kazakhstan, Tajikistan, India and Turkmenistan; 13 countries have reduced

extreme poverty by 10-37 percentage points. Only a few countries have seen an increase in their poverty rate. Yemen has seen an increase of 11% compared with 1998 (see Table 7). The headcount ratio of poverty in high-income countries was already extremely low in their early period, so this change is not as obvious as in developing countries.

Most of the countries with economies in transition perform noticeably well. Among the eight countries of Armenia, Georgia, Azerbaijan, Kazakhstan, Turkmenistan, Uzbekistan, Kyrgyzstan and Tajikistan, the first five belong to the upper-middle income countries, Uzbekistan and Kyrgyzstan belong to the lower-middle income countries, and Tajikistan belongs to the low income countries. Among these countries, according to the poverty line of USD 1.9 per person per day, Uzbekistan is the highest, with 6.15%, followed by Georgia with 3.27%, which is higher than Tajikistan (1.78%), a low-income

country and the other countries are all lower than 1%. Azerbaijan has guaranteed its achievements in poverty reduction through social transfer payments and has become a model for the World Bank³⁹

Among the East Asian countries, countries with data show that the proportion of people living in extreme poverty is below 1%.

All in all, these progresses in poverty reduction are encouraging. However, since the early recorded years of the headcount ratio of poverty in different countries are different, the poverty reduction extent can only reflect the overall poverty reduction achievements. Therefore, the poverty reduction performance or speed in different countries can be examined through the annual poverty reduction percentage points in the recorded years (Figure 12). The results show that nearly half of the countries reduce poverty by more than 1 percentage point annually.

Table 7 The Headcount Ratio of Poverty According to the World Bank's Poverty Standard of USD 1.9 per Day Compared with an Earlier Period

Country	Poverty Rate (%) in 2019	Earlier Years	Poverty Rate (%)	Poverty reduction (%)
Armenia	0.89	1996	17.91	17.02
Azerbaijan	0	1995	7.32	7.32
Bangladesh	7.24	1991	44.19	36.95
Bhutan	0	2003	17.64	17.64
China	0.24	1981	88.7	88.46
Georgia	3.27	1997	16.28	13.01
India	2.92	1983	54.8	51.88
Indonesia	4.37	1990	58.75	54.38
Iran	0.14	1990	5.61	5.47
Iraq	1.26	2006	2.12	0.86
Israel	0.24	1986	0.24	0
Japan	0.52	-	-	-

39 European Training Foundation, 2019. AZERBAIJAN EDUCATION, TRAINING AND EMPLOYMENT DEVELOPMENTS 2018.

Jordan	0.73	1992	2.86	2.13
Kazakhstan	0.01	1993	54.37	54.36
Republic of Korea	0.5	2006	0.25	-0.25
Kyrgyzstan	0.95	1998	30.59	29.64
Laos	10.61	1992	32.24	21.63
Lebanon	0.02	-	-	-
Malaysia	0	1984	2.28	2.28
Maldives	1.49	-	-	-
Mongolia	0.32	1995	12.69	12.37
Myanmar	2.91	-	-	-
Nepal	7.17	1984	74.77	67.6
Pakistan	1	1990	58.87	57.87
Philippines	4.05	1985	28.07	24.02
Sri Lanka	0.32	1985	13.27	12.95
Syria	-	-	-	-
Tajikistan	1.78	1999	54.37	52.59
Thailand	0	1981	19.85	19.85
Timor-Leste	33.86	2001	45.98	12.12
Turkey	0	1987	2.4	2.4
Turkmenistan	0.03	1998	51.43	51.4
Uzbekistan	6.15	1998	40.18	34.03
Vietnam	0.74	1998	35.5	34.76
Yemen	18.82	1998	7.42	-11.4

Source: The poverty data in 2019 come from the Sustainable Development Report 2019, while data for other years come from the World Bank website.

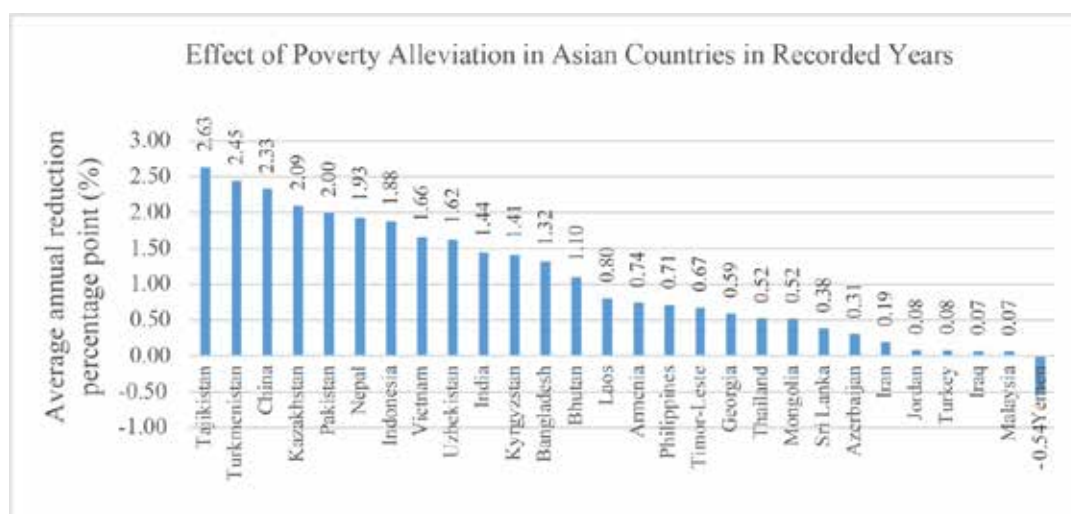


Figure 12 Effect of Poverty Reduction in Asian Countries

Source: Compiled according to the data of Table 7

The top three countries with the most outstanding annual performance in poverty reduction include Tajikistan (2.63 percentage points), Turkmenistan (2.45 percentage points) and China (2.33 percentage points). In addition, Kazakhstan and Pakistan also see their annual poverty reduction reaching two percentage points or more. This is basically consistent with the information reflected by the overall poverty reduction rate.

In a word, the miracle of poverty reduction in Asia is the common result of all countries' efforts to reduce poverty. The achievement undoubtedly provides a solid foundation for the realization of SDG 1 by 2030.

5.2 Asian Countries' Experience in Development and Poverty Reduction

As Asia is a vast region, each country has different national conditions, but some common and valuable experiences in national development and poverty reduction are worth sharing. Rapid economic growth and poverty reduction in Asia have attracted the attention of a large number of scholars. Some experiences in the development and poverty reduction of Asian countries have been summarized, including creating a peaceful environment of development, industrial development and promoting employment and the development of human capital, increasing capital investment, etc.

1. A peaceful environment is a prerequisite for development and poverty reduction.

Without peace, it is difficult to protect people's health and even their most basic human right, the right to subsistence. SDG 16 (peace, justice and strong institutions) emphasizes the importance of peace.

A peaceful environment is conducive to development and poverty reduction. Wars bring about refugee problems, and refugees also bring impact on the economic and social development of neighboring countries. A study of refugees in Pakistan has found that local residents and non-governmental organizations cooperating with refugees believe that ecological and infrastructure factors are the most important areas affected by refugees. In addition, Afghan refugees are a refugee group that affects Pakistan. This may be due to the large number of Afghan refugees.⁴⁰ Similarly, refugees who have fled their homes and then returned to their home countries are also an impact. About 2.9 million Afghans were "internally displaced". In 2016 alone, about 250,000 undocumented migrants and 370,000 registered refugees returned from Pakistan, while another 460,000 undocumented migrants returned from Iran.⁴¹

Wars also have a significant impact on farmers' income. In the military operations triggered by terrorism in Pakistan's Waziristan region (a federally administered tribal region), the income of farmers who suffered from the war was significantly lower than that of farmers in similar regions but who did not suffer from the war.⁴²

These two examples show that wars and conflicts are not conducive to development and poverty

40 Yousaf Ali & Muhammad Sabir & Noor Muhammad (2019). Refugees and Host Country Nexus: a Case Study of Pakistan. *Int. Migration & Integration* (2019) 20:137–153.

41 Ministry of Economy, Islamic Republic of Afghanistan and World Bank. AFGHANISTAN POVERTY STATUS UPDATE: PROGRESS AT RISK (Undated. According to the latest document quoted (2017) it is inferred that the date of publication of this report was at the end of 2017 or 2018)

42 Murad Khan, Tanvir Ahmed (2019) . Terrorism, military operations and farmer's income in Waziristan (Pakistan). *Journal of Policy Modeling* 41 (2019) 623–635.

reduction, and a peaceful environment is the most basic external environmental condition for development and poverty reduction.

2. Industrial development and job creation are the direct drivers for poverty reduction

Generally speaking, agriculture is the foundation of a country's development, industrialization is one of the key pillars of long-term economic growth, while modern service industry is a new growth point of future economy. The development of these industries directly promotes employment and in turn poverty reduction.

First, agricultural development exerts a direct impact on poverty reduction and produces results. In poor countries, the improvement of agricultural productivity usually has a greater effect of poverty reduction than the improvement of industrial or service productivity. This difference decreases with the increase of average income, partly because the share of agriculture in the economy becomes smaller and partly because agricultural productivity growth becomes less effective in reducing poverty. As innovation is more widely adopted—from an increase in producer returns to a decrease in consumer prices, an increase in agricultural productivity provide more sources for poverty reduction. In most developing countries, the impact of increasing agricultural productivity on poverty is roughly similar, not only in large countries such as China and India.⁴³ In terms of farm size, small-scale commercial farms play a

greater role in reducing poverty. In low-income and middle-income countries, small farmers' agricultural production and rapid income growth are the main means to reduce rural poverty. This influence comes from the increase of consumption expenditure of smaller commercial farmers on poor, labor-intensive and non-trade rural non-agricultural sectors, thus increasing the income of the rural non-agricultural population and reducing the poverty level.⁴⁴

Second, industrialization directly promotes economic growth and poverty reduction. The development path of developing countries in East Asia over the past 30 years has shown that they have achieved rapid economic growth and poverty reduction. These countries have adopted an economic model based on the active use of global value chains, supported by a large number of labor resources. The existence of surplus labor force and the smooth flow of labor force from the rural sector to the urban sector have improved living standards, and industries that supply cheap labor force have a comparative advantage in the international market.⁴⁵ Many developing countries still have to promote their own industrialization because manufacturing absorbs labor, strengthens the ability of diversification and structural transformation, and stimulates the growth of other sectors through the links between upstream and downstream industrial chains.⁴⁶

Third, service industry, especially modern service industry, is a new source of economic growth. By comparing the growth rate of the tertiary

43 Maros Ivanic, Will Martin (2018). Sectoral Productivity Growth and Poverty Reduction: National and Global Impacts. *World Development* 109 (2018) 429–439.

44 John W. Mellor and Sohail J. Malik (2017). The Impact of Growth in Small Commercial Farm Productivity on Rural Poverty Reduction. *World Development* Vol.91, pp.1-10, 2017.

45 Fukunari Kimuraa, Mateus Silva Chang (2017). Industrialization and poverty reduction in East Asia: Internal labor movements matter. *Journal of Asian Economics* 48 (2017) 23–37.

46 Nobuya Haraguchi, Bruno Martorano, Marco Sanfilippo (2019). What factors drive successful industrialization? Evidence and implications for developing countries. *Structural Change and Economic Dynamics* 49 (2019) 266–276.

industry and the GDP growth rate of Asian countries, it is found that the growth rate of the tertiary industry in most countries is higher than that of GDP. This phenomenon shows that in the process of high industrialization, industry and agriculture are nearly saturated with labor force, while the development of service industry, especially modern service industry, has become a new source of economic growth. For example, the development of international call centers in the Philippines, express delivery industry and big data industry in China will directly promote employment and reduce poverty.

Finally, industrial development is a process of promoting innovation and integrating resources to realize development. The situation in India further shows that although improving productivity of one sector is crucial to poverty reduction, the relationship between workers' shift to sectors with increased productivity and poverty reduction has been significantly strengthened. Therefore, the creation of employment opportunities in sectors of productivity growth is crucial to accelerating poverty reduction.⁴⁷ In this process, policy makers can create a development environment of shared prosperity through the formulation and implementation of policies to promote investment and education, the management of trade and capital opening-up, and the development of the financial sector, and to promote macroeconomic and institutional stability.

From this point of view, industrial development is a driving and innovative force that integrates multiple factors and acts on development. The employment it creates and the supply of public services have a direct effect on poverty reduction.

3 The effect of human/social capital is fundamental to development and poverty reduction

As the human factor is the core of all development activities, only "people-oriented" development has long-term and sustainable effects. This part analyzes cases of growth promotion and poverty eradication through human resource development and entrepreneurship to illustrate the effect of the human factor on long-term development and poverty reduction through.

The core factor for Republic of Korea to become a developed country is human capital. Republic of Korea's economic growth, especially from 1962 to now, is the most prominent. There are many explanations for the country's remarkable achievement, most of which attribute Republic of Korea's rapid industrialization and growth to its export-oriented strategy adopted in the early 1960s. For many years, South Asian countries have been trying to adopt a trade-oriented strategy, but none of them can reach the status of "developed country". Comparing the development difference between South Asia and the Republic of Korea, it is obvious that the main factors that cause the difference in per capita GNP between the Republic of Korea and Bangladesh, India, Pakistan, Nepal and Sri Lanka are labor force, per capita human capital and material capital. Therefore, the most crucial point learned from the Republic of Korea's growth experience is that no matter how much a country increases trade or opens its economy, if it cannot improve its human capital or production technology through these policies, it will not prosper in the long run.⁴⁸

47 Abhijit Sen Gupta, Vishal More, Kanupriya Gupta (2019) Why Generating Productive Jobs is Essential for Reducing Poverty in India: Evidence from Indian Regions. *The Indian Journal of Labour Economics* (2018) 61:563–587.

48 Abeer Khandker (2016). Why is the Republic of Korean growth experience different? An analysis of the differences of per capita GDP between Republic of Korea and South Asian countries. *Econ Change Restruct* (2016) 49:41–69.

Poverty reduction by enterprises and poverty reduction through start-up businesses are both processes of accumulation and functioning of human capital reflecting entrepreneurship. From the perspective of collective human capital, enterprises are also an important role of human capital in poverty reduction and play a part through the following aspects:

- First of all, help the local people to improve their human capital through “teaching by personal example as well as verbal instruction” and by “learning while working”. Apart from education and training, many other ways are available to improve human capital. China’s targeted poverty reduction program, which “addresses poverty reduction by enhancing the skills of the impoverished population”, is an effective way to develop local human capital.
- Second, help correct the traditional misunderstanding of entrepreneurial innovation spirit, change people’s understanding of poverty and find ways to get rid of poverty from the perspective of ideology. So far, efforts to solve the problem of poverty in Asia have mainly focused on starting businesses to make a living, rather than creating businesses that can lift them out of poverty. In other words, the mechanisms already used, such as small loans, usually lead entrepreneurs to create enterprises that provide basic necessities of life, rather than helping them to create enterprises that can create capital to improve their living standards. In an increasingly globalized knowledge-intensive era, the entrepreneur policies of various countries to promote

growth, entrepreneurship and innovation may have greater hope and potential than previous poverty reduction methods.⁴⁹ In the least developed countries, small and medium-sized enterprises have played an important role in poverty reduction,⁵⁰ even in war-torn Afghanistan.⁵¹ In China, there is also an entrepreneur engaged in poverty reduction once praised as “a social servant and pioneer of cooperation” by former UN Secretary-General Ban Ki-Moon. The enterprise merged with the people in poor areas to form a “community of shared futures,” “bringing prosperity and civilization to the places being helped” (see Block Diagram 1).

- Furthermore, enterprises form a huge social network by fulfilling their social responsibilities and relying on industrial chains or E-commerce channels. In such cases, human capital is transformed into huge social capital, which plays a tremendous role in poverty reduction, while enterprises are also developed. For example, farmers in poor areas are not well informed about the market and are not sensitive to market responses. Sometimes their products are slow-selling. China’s e-commerce enterprise, “Pinduoduo”, which started with operating agricultural products, has directly pushed farmers to the market by holding “agricultural goods fairs” and other means. In China, this e-commerce method of poverty reduction has greatly shortened the distance between farmers and the market, producing good social benefits.

49 Garry D. Bruton & David Ahlstrom & Steven Si (2015). Entrepreneurship, poverty, and Asia: Moving beyond subsistence entrepreneurship. *Asia Pac J Manag* (2015) 32:1–22.

50 Vladislav Maksimov, Stephanie Lu Wang, Yadong Luo (2017). Reducing poverty in the least developed countries: The role of small and medium enterprises. *Journal of World Business* 52 (2017) 244–257.

51 Said Ahmad Maisam Najafizada and Maurie J. Cohen (2017). Social entrepreneurship tackling poverty in Bamyán Province, Afghanistan. *World Development Perspectives* 5 (2017) 24–26.

Social Forces Provide Wenchuan Area with Targeted Disaster Relief
and Poverty Reduction

Under China's current policy framework, all social forces shall be mobilized to participate in poverty reduction and all kinds of enterprises, social organizations and individuals shall be encouraged and supported to participate in the campaign of poverty reduction. At the same time, the focus of social poverty reduction is moving downward to direct the aids and social resources to under-developed villages and households, so as to better align with targeted poverty reduction.

Since the Wenchuan Earthquake in 2008, Mr. Zou Ling, chairman of Tianjin Teda Energy Group Co., Ltd. (hereinafter referred to as Teda Energy, formerly Tianjin Teda Blue Shield Group Co., Ltd.) started to actively participate in the post-disaster reconstruction and poverty reduction in Yuzixi Village, Yingxiu Town, Wenchuan County. His connection with the earthquake-hit village continues till today. To honor his contribution and devotion to the successful recovery of the village, Zou Ling was appointed first secretary⁵² of "targeted poverty reduction" in Yuzixi Village in May 2018. Below are a brief sketch of Zou Ling's Yuzixi poverty reduction strategy:

Areas of support: post-disaster reconstruction, confidence rebuilding, infrastructure construction, industry innovation(training, study tours), and targeted poverty reduction through socio-economic development.

Methods: In light of the actual situation in the village, Yingxiu Group Co., Ltd. has been established, following the concept of sustainable development and ecological protection. The company invests in agriculture, training, tourism and other industries and attract villagers to return home for employment. Yingxiu Group bestow shares to all villagers free of charge so that the villagers can become shareholders, providing capital and property gain to farmers and villagers for common prosperity.

Projects: The reconstruction of houses and apartments after the earthquake was supported by the state, but the long-term development depends on the development of industries. In 2018, Yuzixi Village's total per capita income exceeded RMB 20,000. The phenomenal achievement was obtained through the rural development projects invested in the village by TEDA Energy. Qixi Mountain View Tourism Service Co., Ltd., an investment of RMB 4 million in total, has been established and put into operation, creating jobs for 15 villagers. The mineral water plant with a planned investment of RMB 5 million is also under construction. In addition, elderly people over 70 years old in the village have free nutrition-fortified meals every day. In the future, an investment of RMB 3 million will be made to build a 300-meter-long escalator from Wanxiang Square at the foot of the mountain to the residential areas to facilitate tourism and the travel of villagers. Once the above-mentioned projects become profitable, the company will distribute some of the profits to the villagers and set up a "charity fund" for sustainable development of the village.

Impact: The case of targeted poverty reduction fully embodies the concept of "four combinations": the combination of material progression with cultural progression, the combination of socio-economic benefits with ecological benefits, the combination of human capital with social capital, and the combination of entrepreneurship with corporate's social responsibility.

-Source: the Xinhua Daily Telegraph⁵³ website

Therefore, human capital and entrepreneurship have always been the most valuable asset of the society, whether it is for the long-term economic

growth of a country or for the development of economy and society. They also play a key role in the process of poverty reduction.

52 Not a government official post, usually served by public servants or public institution staff on secondment.

53 Travelling 250,000 km to provide disaster relief and poverty alleviation, Xinhua Daily Telegraph, April 22, 2019. Website: http://www.xinhuanet.com/politics/2019-04/22/c_1124397434.htm

4. Capital investment is a necessary condition for poverty reduction

At the national level, poverty reduction requires the investment of national financial funds, while at the household level, poverty is often closely related to lack of investment. Here we will briefly introduce the poverty reduction effect of financial institutions and the role of remittance by workers aboard in poverty reduction in Asian countries.

First, financial development can help poverty alleviation, but it may not help the most financially afflicted. A study of data from 11 South Asian and Southeast Asian countries (Bangladesh, Bhutan, India, Nepal, Sri Lanka, Brunei Darussalam, Indonesia, Philippines, Singapore, Thailand and Vietnam) for the period 1990-2013⁵⁴ found that financial development and economic growth reduced poverty in these countries, while income inequality between urban and rural areas exacerbated poverty. On the other hand, the development of micro-credit is still at its initial stage and there is certainly a long way to go in alleviating poverty. Many studies have reported the effects of microfinance institutions on poverty reduction at the micro level, but these effects have not yet appeared on the overall level. Therefore, microcredit can be used in groups that are not the poorest. The poor

need to pay to participate in the formal financial market, and such payments may be the cause of market failure. According to Stiglitz (1993), this is the root cause of poverty in developing countries.⁵⁵

Second, remittance by workers aboard helps reduce family poverty, but cannot be used for public projects.

Since it is generally not easy for the poor to get loans from banks, remittance by overseas workers is a financial resource beneficial to economic growth and poverty reduction. The direct effect of remittance on poverty reduction, in particular, is more significant. Remittances may be a useful complement to broad-based development efforts. However, they should not be regarded as a panacea for growth and poverty reduction because they are related to less complicated labor, brain drain and Dutch disease⁵⁶. In addition, remittances cannot replace official sources of capital, such as aid, because private funds cannot be used for public projects.⁵⁷ However, for the least developed countries, this is also a way to reduce poverty. For example, remittances from Nepal's labor emigrants - especially labor exporters to other countries other than India-help to improve economic well-being or reduce family poverty.⁵⁸ Remittances also play an important role in getting Bangladesh out of the poverty trap.⁵⁹

54 Madhu Sehrawat and A.K. Giri (2016). Financial development, poverty and rural-urban income inequality: evidence from South Asian countries. *Quality and Quantity* (2016) 50: 577-590.

55 Stiglitz, J., 1993. The role of the state in financial markets. In: *Proceedings of the World Bank Annual Conference on Development Economics*, pp. 19-52.

56 The Dutch disease refers to the phenomenon that one primary product sector of a country's economy (especially small and medium-sized countries) is so exceptionally prosperous that other sectors decline. In the 1960s, the Netherlands, which was already a major exporter of manufactured goods, discovered a large amount of oil and natural gas. The Dutch government vigorously developed the oil and natural gas industry. Exports soared, the balance of payments ran a surplus, and the economy flourished. However, the booming natural gas industry dealt a severe blow to the Dutch agricultural and other industrial sectors and weakened the international competitiveness of other export industries. By the early 1980s, the Netherlands suffered from rising inflation, falling exports of manufactured goods, lower income growth rate and increased unemployment rate. This is internationally known as the "Dutch disease".

57 Katsushi S. Imai, Raghav Gaihab, Abdilahi Alia, Nidhi Kaickerc (2014). Remittances, growth and poverty: New evidence from Asian countries. *Journal of Policy Modeling* 36(2014)524-538.

58 Udaya R. Wagle, Satis Devkotab (2018). The impact of foreign remittances on poverty in Nepal: A panel study of household survey data, 1996-2011. *World Development* 110 (2018) 38-50.

59 Silvio Traverso (2016). How to escape from a poverty trap: The case of Bangladesh. *World Development Perspectives* 4 (2016) 48-59.

5. Media publicity and nationwide participation have played an important role.

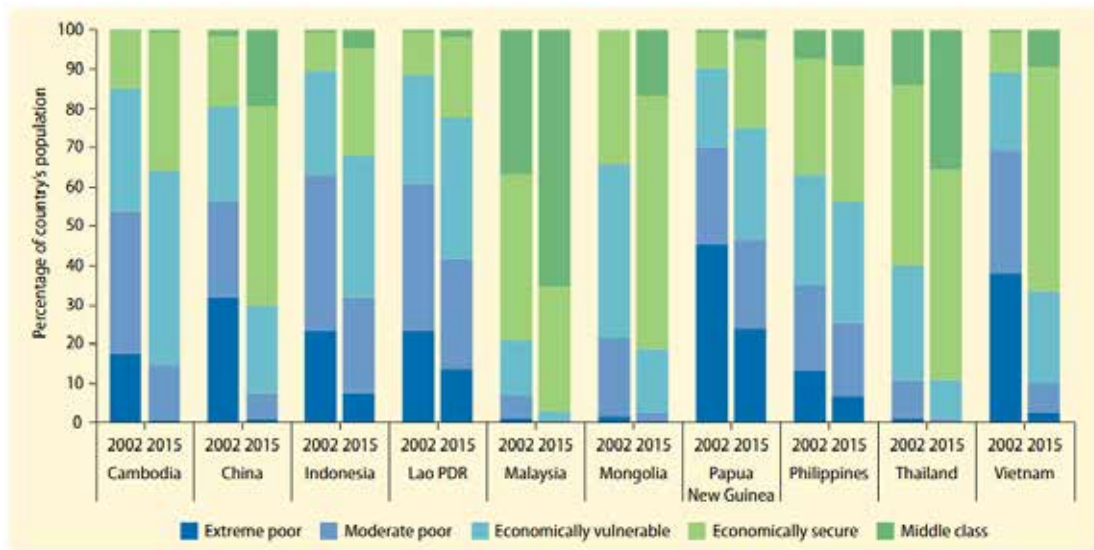
Poverty reduction depends on the participation of the whole society, so media publicity plays an important role. We have found that no matter on the blogs of the UN website or in newspapers and magazines in various countries, there is coverage on poverty reduction. China’s Central Television also regularly broadcasts stories about poverty relief workers and their achievements in reducing poverty. This undoubtedly plays an important role in spreading policies on poverty reduction and promoting public understanding of poverty. The Chinese government has designated October 17 every year as the “Poverty Alleviation Day”. On this day, intensive publicity is organized and all sectors of society are mobilized to donate money to the poor, producing good social responses.

The above common experiences and specific cases of Asian countries in the process of economic

growth and poverty alleviation are introduced, so that all countries can learn from them and develop their own development and poverty reduction strategies in light of their own national development process.

5.3 Development Process of Some Countries in East and Southeast Asia

In East Asia and Southeast Asia⁶⁰, the regional growth trend has led to changes in the distribution of people from all walks of life in different countries in different ways. Between 2002 and 2015, most countries in the region reduced extreme poverty rates to single digits (except for Papua New Guinea, and the Lao People’s Democratic Republic). However, the relative changes in other categories vary from country to country. The economic class structure of the Philippines remained basically unchanged during this period. Since 2002, the headcount ratio of extreme and moderate poverty in Indonesia has dropped sharply (Figure 13).



Source: EAP Team for Statistical Development.

Figure 13 Population Distribution of Economic Classes and Countries in Developing East Asia and Pacific Regions, Percentages of National Population in 2002 and 2015

60 This part main draws on World Bank’s East Asia and Pacific Report, Riding the Wave: An East Asian Miracle for the 21st Century, 2018. <https://openknowledge.worldbank.org/handle/10986/2147>.

These trends have changed not only the concentration of classes in various countries, but also the distribution of economic classes in various countries, especially in rural-urban areas. With the advancement of urbanization, the proportion of the poor living in urban areas is also increasing. However, in East Asia and the Pacific, as elsewhere, the headcount ratio of poverty in rural areas is still higher. Generally, the economic security of cities in most countries will rise. One unexpected discovery is that in some countries (including the Lao People's Democratic Republic, Thailand and Vietnam), the economic security of rural areas is also rising sharply. To some extent, this economic security can be attributed to urbanization, which reduces the supply of rural labor force, thus increasing rural wages, and also the remittances from rural workers in urban areas.

The analysis of changes in the structure of economic strata at the national level, combined with the current differences among countries, shows that the paths to prosperity followed by East Asian and Pacific countries are as follows:

- Progressive prosperity: Malaysia and Thailand, two richer countries in the region, have eliminated extreme poverty. Most of the population (about two-thirds in Malaysia and one-third in Thailand) now belong to the middle class.
- Shaking off poverty and becoming prosperous: In China, Mongolia and Vietnam, due to continuous poverty reduction, most people are at least economically safe, while the middle class is growing. On the whole, the income distribution in these countries is like what it was in Malaysia and Thailand in as early as 2002.
- Getting rid of extreme poverty: Cambodia,

Indonesia and Philippines have very low levels of extreme poverty, but there are also very few middle-class people in these countries. A considerable part of the population is still in a state of moderate poverty or is apt to backslide into poverty.

- Backward progress: The Lao People's Democratic Republic and Papua New Guinea (which belongs to Oceania) are facing more severe challenges, although each country has its own distinct characteristics. These countries have made progress in reducing extreme poverty, but the headcount ratio of extreme poverty is still much higher than that of most other countries in the region. In other words, the growth elasticity of extreme poverty in the Lao People's Democratic Republic and Papua New Guinea is relatively low. Therefore, the income distribution in these countries is similar to what it was in Indonesia in 2002.

Judging from the poverty reduction process mentioned above, Malaysia is considered as one of the successful cases of poverty reduction in Asia. Some project experiences can be used for reference and stimulate innovation in poverty reduction in other countries. Therefore, a case study of Malaysia is presented from a new perspective.⁶¹

This case shows that the core of development is human capital, and the starting conditions are not decisive. We do not need to consider too many initial conditions for social and economic development marked by the promotion of poverty reduction. In fact, upon its founding in 1949, the People's Republic of China was very poor and its development conditions were worse than those of most Asian countries. In short, starting conditions cannot be used as an excuse to prevent economic development and social progress.

61 Asadullah, Niaz M, Mansor, N and Savoia, A (2019) Explaining a 'development miracle': poverty reduction and human development in Malaysia since the 1970s. GDI Working Paper 2019-038. Manchester: The University of Manchester.

Malaysia's Poverty Reduction Experience

Malaysia is often described as a success story of growth through redistribution. However, compared with countries with similar levels of economic development, Malaysia's progress is special. Malaysia had halved the absolute poverty rate 15 years before achieving the Millennium Development Goals. The steepest decline occurred between 1970 and 1985, coinciding with a period of rapid economic growth and the implementation of new economic policies (1970-1990), targeting poorer groups. Early poverty reduction was an exception if compared with the experience of other developing countries in the 1970s. In comparison, the poverty rate in Malaysia declined at a significantly lower rate during the period between 1985 and 2000. Compared with other developing countries with similar income levels, Malaysia's infant and child mortality rates decreased significantly in the 1970s and 1980s and the female school enrollment rate was significantly higher, indicating that the progress of human development originated in the early days.

In terms of progress channels, public support-oriented and income-oriented mechanisms are both important. In particular, Malaysia's public spending has had an impact through prioritizing investment in education and health, enabling the country to enjoy exceptionally high levels of effects from such spending. In addition, channels oriented by public support have early advantages in terms of material and communication infrastructure. Furthermore, since Malaysia's growth and human development have started earlier, Malaysia's administrative, legal and financial capabilities are crucial to the successful implementation of large-scale poverty relief programs and growth promotion policies, thus explaining the country's progress in human development during 1970-2010. In turn, this may be due to favorable initial conditions when the country realized independence, including human capital channels. Different from other successful cases in Asia, favorable conditions related to low level of inequality have not emerged.

Chapter 6

Achievements and Experiences of Poverty Reduction in China

China's poverty reduction is universally acknowledged. With regard to achievements and experiences in poverty reduction in China, there have been two important periods, namely, the period of poverty reduction through development and the period of targeted poverty reduction. For a long time in the early period, poverty reduction was promoted through economic growth; but in the later period, economic growth alone could not play a good role in poverty reduction, and targeted poverty reduction has therefore emerged.

Many people wonder how China's miracle of poverty reduction has been created. What experience does it have? Experiences will be shared along the track of China's development and poverty reduction.

6.1 China's Poverty Reduction Background

"A dual urban-rural development model was implemented in China's early development, thus avoiding the emergence of urban slums through the strict restrictions of the household registration system. At the same time, there was also a gap between urban and rural

development, so the vast majority of the poor in China lived in rural areas. Eliminating the rural poor was the big background for poverty reduction in China. The achievements in poverty reduction mentioned here mainly refer to those obtained after China's launch of the reform and opening up policy in 1978.

In fact, although the twists and turns in socialist construction practices from 1949 to 1978 directly affected the alleviation of poverty and even aggravated poverty in some periods, the national development strategy has not been divorced from the poverty problem since the beginning.

The first problem faced by the People's Republic of China after its founding was widespread poverty, leading to the problem of food and clothing becoming the core of China's political, economic and social agenda for a long time. The land reform and the technical reform of agriculture in the early days of the People's Republic of China revolved around this issue.

Second, the great relief of non-income poverty marked by the improvement of education, health and life expectancy per capita was a main aspect of China's poverty reduction achievement before

1978. This was also an outstanding achievement of China's poverty reduction before 1978.

Finally, more importantly, the development before 1978 laid a foundation for the subsequent large-scale reduction of income poverty. Firstly, the technical progress in irrigation, agricultural machinery, chemical fertilizers, improved varieties and other aspects of the agricultural sector before 1978 laid a foundation for the household contract responsibility system with remuneration linked to output, which began in 1978, to play its role. Secondly, the progress in education, medical care and other areas, on the one hand, provided a huge amount of human resources for economic development; meanwhile, such progress greatly and directly alleviated non-income poverty and the pressure on the supply of basic public services since 1978. Thirdly, the general equality of social income before 1978 eliminated structural constraints. It is estimated that the Gini coefficient of rural residents' net income in 1978 was about 0.21⁶², which provided extremely favorable political and social conditions for subsequent economic take-off and large-scale poverty reduction. The delayed benefits accumulated in the socialist construction before the reform provided the initial conditions of the reform very conducive to economic growth and to reduction of income poverty. Obviously, although at this stage China had no poverty reduction and development plan similar to the current one, and the achievements

of poverty reduction were incomparable to those after 1978, from the perspective of the historical basis of anti-poverty, poverty reduction before 1978 was still an indispensable part of China's anti-poverty story. Therefore, the socialist construction at this stage can be considered poverty reduction practices in a broad sense.⁶³

Before introducing specific poverty reduction experiences in the chronological order, let's first take a look at China's trajectory of poverty reduction with the increase of per capita national income.

6.2 China's Trajectory of Development and Poverty Reduction Since 1978

To sum up in one sentence, China's trajectory of development and poverty reduction is an "asymptotic line" as it is mathematically called, rather than an "L" curve that is usually "immobile" at the later stage.

According to the existing national standards for poverty reduction in rural areas,⁶⁴ China's poverty reduction has seen the greatest and longest decline in poverty (Figure 14) from USD 200 in 1978 to USD 960 in 2000 (in 22 years). The headcount ratio of poverty dropped from 97.5% to 49.8%, a decrease of 47.7 percentage points. After that, from 2000 to 2005, with the per capita national income rising from USD 960 to USD 1,760, the headcount ratio of poverty

62 The data come from China's economic and social development statistics database.

63 This part of the content is mainly derived from Li Xiaoyun, Xu Jin and Yu Lerong (2018), Forty Years of Poverty Reduction in China: Based on a Tentative Historical and Sociological Explanation, Sociological Research, No.6, 2018.

64 The data on the impoverished population are from the website of the National Bureau of Statistics of China. http://www.stats.gov.cn/zjtj/zfx/ggkf40n/201809/t20180903_1620407.html and http://www.stats.gov.cn/tjsj/zxfb/201902/t20190215_1649231.html

dropped to 30.2%, down 19.6 percentage points. This was the second fastest decline period (five years). After the per capita national income exceeded USD 5,000 in 2010, the headcount ratio of poverty was 12.7%, down another 17.5 percentage points. This was the third fastest-improvement period of poverty reduction. After that, with the increase of per capita national income, the rate of poverty reduction began to slow down. In fact, this period of time was also the most difficult and arduous for poverty reduction, because the poor population at this time was the group plunged deepest in poverty and most affected by multidimensional poverty. Although the absolute number was not as high as that of the previous period, it was a miracle

that the annual rate of lifting more than 10 million people out of poverty was higher than any other period in history (Figure 15).

Generally speaking, China's poverty reduction is an income growth process brought about by high-speed economic growth, with different characteristics of poverty and challenges at different stages of development. However, other Asian developing countries can learn from China's poverty reduction in that the opportunity period when economic growth can reduce poverty to the maximum extent should be grasped to realize the first goal of sustainable development - no poverty as soon as possible in light of their own national conditions.

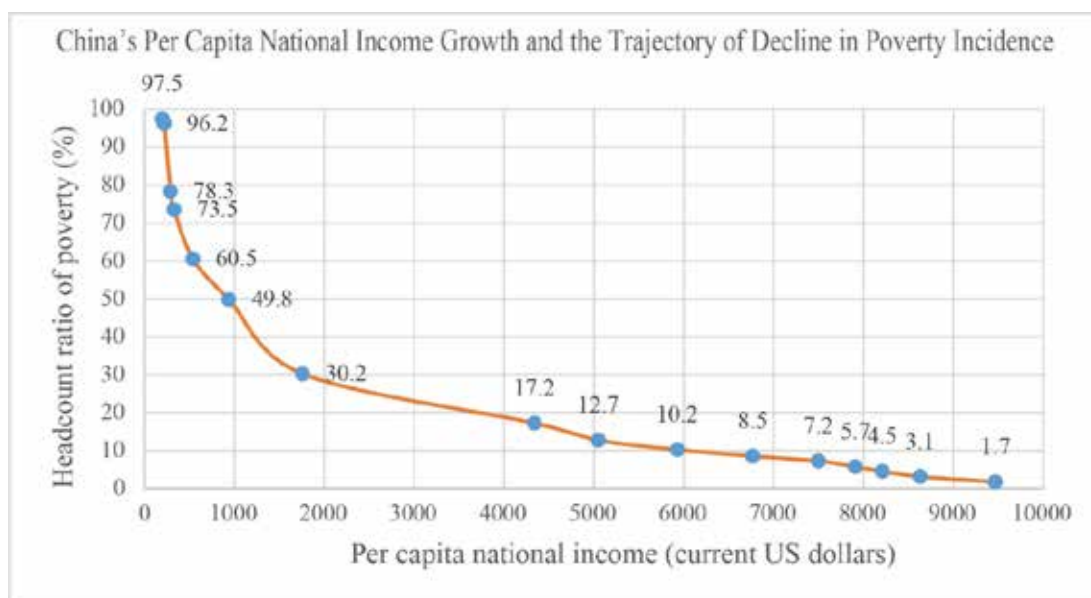


Figure 14 The Trajectory of Poverty Headcount Ratio in China with the Decline of Per Capita National Income

Source: Based on the World Bank's per capita national income and China's National Bureau of Statistics.

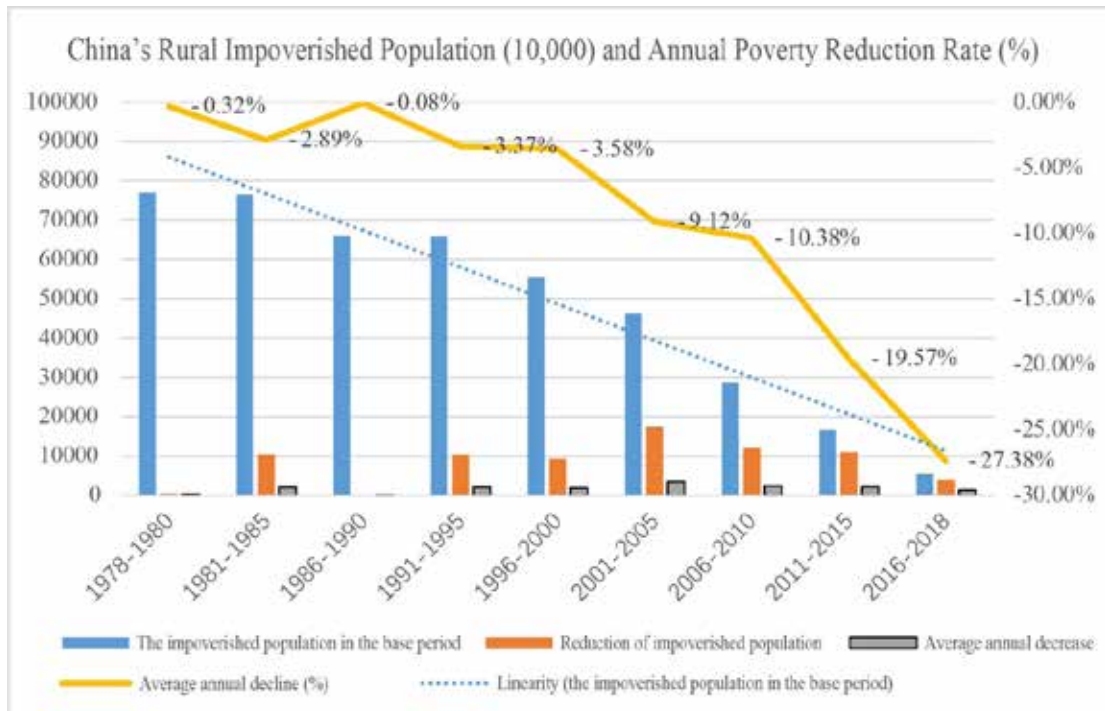


Figure 15 Effect of Poverty Reduction in Rural China

Source: Calculated and drawn according to the data from the China National Bureau of Statistics.

6.3 Reform and Opening up: Development-oriented Poverty Reduction Practice (1978 -2012)

The Chinese government has always been attaching great importance to poverty reduction and development. Since the launch of the reform and opening up policy, China has implemented large-scale poverty reduction and development, lifting more than 700 million rural people out of poverty, and has made great achievements that attract worldwide attention. China has also become the first developing country in the world to achieve the poverty reduction goal in the UN Millennium Development Goals, and has made significant contributions to the global poverty reduction cause.

Since 1978, China's efforts to eradicate poverty have been more systematic and targeted than ever before. Specifically, first, China has

maintained a high economic growth for nearly 40 years since 1978. The number of poor people in rural areas has been greatly reduced and the problem of subsistence and food and clothing for rural residents has been basically solved. In this process, agricultural growth triggered by the rural reform, the subsequent rural industrialization, the country's overall industrialization and rapid urbanization constitute the basic drivers for China's large-scale poverty reduction and create a pro-poor economic development mode. These facts have set the background for China's poverty reduction since the launch of the reform and opening up policy. Second, fully aware that even the pro-poor economic growth model could not avoid the problem of diminishing poverty reduction benefits caused by the widening income gap, the Chinese government has started a national planned and targeted rural poverty reduction program since 1986. Economic growth and social transformation beneficial

to the poor, as well as planned and targeted poverty reduction, have together constituted a development-oriented poverty reduction model with Chinese characteristics.

1. Poverty Reduction Driven by Agricultural Development (1978-1985)

According to the poverty line set by the Chinese government in 1986, the number of poor people in rural areas decreased from 250 million to 125 million from 1978 to 1985. Half of the poor people in rural areas got rid of poverty in seven years.⁶⁵ Although the Chinese government started the development and construction of Hexi and Dingxi in Gansu, and Xihaigu in Ningxia in 1982, implemented the mode of “providing employment as a form of relief” in 1984, and issued the “Circular on Transforming Poverty-Stricken Areas As Soon As Possible” in the same year, and designated 18 poor areas for priority support, the funds invested in these plans were very small in coverage, so their impact on poverty reduction nationwide was very limited and could only be counted as the preparatory stage for China’s large-scale rural poverty reduction and development work.

The alleviation of rural poverty from 1978 to 1985 was mainly achieved under the reform of the rural economic system. First of all, the rapid growth of agriculture was promoted by the reform of the rural system based on the household contract responsibility system. With the reform and opening up, China changed from a planned economy to a market economy system. In the rural areas, the household contract responsibility system with remuneration linked to output was implemented, and farmers

were granted the right to operate land, thus solving the problem of insufficient incentives for agricultural production during the period of collective economy and cooperation. The vitality stimulated by the institutional reform was reflected in the rapid growth of the agricultural sector. During this period, the total output value of the rural society soared from RMB 203.8 billion in 1978 to RMB 634 billion in 1985, with an annual growth rate of 15.3%. The total grain output in 1985 was 379.11 million tons, an increase of 24.4% over 1978. The per capita net income of rural residents increased from RMB 133.6 in 1978 to RMB 397.6 in 1985, with an average annual growth of 14.7%, reaching the highest level in history. In addition, the per capita share of grain, cotton, oil and meat products has increased.⁶⁶ Besides the reform of the rural land system, a market-oriented reform was also carried out for agricultural and sideline products during this period. In January 1985, the CPC Central Committee and the State Council issued “Ten Policies on Further Activating the Rural Economy”, marking the beginning of the reform of the long-standing system of unified purchase and marketing of agricultural products in China. Since then, purchase by contract and market purchase have been gradually implemented, and the degree of marketization of agricultural products has been continuously improved. Because of the market-oriented reform, the output of fruits, aquatic products, vegetables, livestock and poultry eggs and milk in China had been increasing rapidly since the mid-1980s, while substantially increasing farmers’ income. Farmers generally benefited from the price increase of agricultural and sideline products. From 1978 to 1985, after deducting the extra expenses due to the increase in the price of

65 China Development Research Foundation (2007), *China Development Report 2007: Eliminating Poverty through Development*, Beijing: China Development Press.

66 China Statistical Yearbooks.

agricultural means of production, farmers actually received a benefit of RMB 125.74 billion from the price increase, accounting for 15.5% of the total actual income of farmers during that period.⁶⁷

Secondly, the relatively fair starting conditions for this period are conducive to the trickle-down effect in economic growth. At the beginning of the reform and opening up, the implementation of the household contract responsibility system with remuneration linked to output relatively equalized land possession. At the same time, the egalitarian distribution policy developed before the reform and opening up relatively equalized the income distribution. Generally speaking, no fundamental change occurred in farmers' income difference during this period, which was still at the stage of relatively equality. This relatively equal starting condition was conducive to the trickle-down effect of economic growth. That is, with economic growth, especially the growth of rural economy, the vast number of farmers could generally benefit from such growth, in that while their problem of food and clothing was resolved, their income from agricultural operations was also increased. Of course, non-agricultural industries at this stage, especially township enterprises became an important force to promote rural economic growth and provided space for the transfer of rural labor force to non-agricultural industries. However, township enterprises were still in the growth stage from 1978 to 1985 and had not fully played their role in poverty reduction. In 1985, wage income accounted for only 7.7% of farmers' income.

2. Poverty Reduction Driven by Industrialization and Urbanization (1986-2000)

From 1986 to 2000, the headcount ratio of poverty in China's rural areas continued to decline, and the number of poor people continued to decrease. According to the Chinese government's original rural poverty line, the number of poor people in China's rural areas dropped from 125 million in 1985 to 85 million in 1990 and continued to drop to 32 million in 2000. According to the latest national poverty line standard, the number of poor people in rural areas decreased by 198.77 million in the 15 years from 1986 to 2000. Three main factors drove the reduction of the poor population in this period. First of all, market-oriented reforms continued to advance, especially the adjustment and reform of rural policies. Following the market-oriented reform of agricultural and sideline products in 1985, the state increased the purchase price of grain and cotton in 1994, and the government's grain purchase price increased by 75% from 1993 to 1996. Meanwhile, the state further improved the farmland use system, extended land contract for 30 years on the basis of stabilizing the household contract responsibility system with remuneration linked to output, and established a transfer mechanism for farmland use rights. Generally speaking, farmers' income was still increasing at this stage, but the growth rate fluctuated or even slowed down. From 1985 to 2005, farmers' per capita net income increased from RMB 398 to RMB 3,255, but income from agriculture in the same period increased only by 2%.⁶⁸

Secondly, after 1985, China's rural industrialization began to accelerate; the rapid development of township enterprises, in particular, provided rural poverty reduction with power other than agriculture. According to the Yearbook of China's Township Enterprises, the

67 Xie Guoli (1988), "A Review of Price Changes of Agricultural Products since 1979", Rural Economic Manuscripts, Vol.1.

68 (Li Xiaoyun et al, 2018).

number of all kinds of commune and brigade-run enterprises was roughly 1.52 million in 1978, increasing to 18.88 million in the mid-1980s and to 19.08 million in 1991. At the same time, the number of employees in township enterprises increased from 28.266 million in 1978 to 128.2 million in 2000, an increase of nearly three times. The proportion of such workers among rural labor increased from 9.2% to 27.3%. During this period, although agricultural growth began to fluctuate or even slow down, and farmers' income growth began to fluctuate, yet the income of farmers from township enterprises began to rise continuously. From 1985 to 1990, more than half of the net income of farmers came from township enterprises. In 1995, the per capita salary of township enterprises was RMB 3,553, and the per capita net income of farmers nationwide from township enterprises reached RMB 467, accounting for 39.9% of the net increase in the per capita net income of farmers nationwide.⁶⁹ The proportion of wage income in the per capita net income of farmer households increased from about 10% in 1983-1984 to 20.2% in 1990. Obviously, since the late 1980s, township enterprises have played an important role in reducing poverty in rural areas.

Thirdly, since the mid-1990s, the poverty reduction effect of the migration of rural labor to urban areas against the background of urbanization has begun to emerge. At this stage, China's economic growth slowed down obviously, the ability of township enterprises to absorb rural labor force began to decline, and rural labor force began to enter cities to engage in non-agricultural employment and indirectly

alleviate rural poverty. According to statistics, the number of migrant workers from rural to urban areas increased from 2 million in 1983 to 125.78 million in 2005.⁷⁰ With the transfer of a large amount of surplus rural labor force to the secondary and tertiary industries, wage income became an important source to drive the rapid growth of rural residents' income. The proportion of farmers' income from working increased from 33% in 1995 to 48% in 2005.⁷¹ A large number of rural migrants earned income from urban and industrial services. They raised the income level of the rural population, and improved the living conditions in the countryside through income transfer, such as improving housing and paying for children's education. According to the information in the white paper, China's Rural Poverty Alleviation and Development, Sichuan is the province with the largest labor export in China. Every year, more than 8 million people find jobs outside the province. Money sent back to their hometowns through the post office was about RMB 20 billion per year.⁷² It should be pointed out that poverty alleviation at this stage was not just driven by industrialization and urbanization. The planned and targeted poverty alleviation and development launched in 1986 began to play a role in poverty alleviation in China.

3. State-led, planned and targeted poverty reduction through rural development

Although the number of poor people in rural areas continued to decline after 1986, poverty reduction in rural areas began to become more difficult and the rate of poverty reduction began

69 Summary of China's Township Statistical Yearbook in 1991 and 1996.

70 Ye Jingzhong and Wang Wei (2018), "Labor Migration in Rural and Urban Areas and Rural Left-behind Population in 40 Years of Reform and Opening-up", *Agricultural Economic Issues*, No.7.

71 The website of the National Bureau of Statistics of the People's Republic of China, <http://www.stats.gov.cn/tjsj/>.

72 Information Office of the State Council of the People's Republic of China, 2001.

to slow down. According to the latest national poverty line standard, the number of poor people in rural areas decreased by 198.77 million in the 15 years from 1986 to 2000, while the number of poor people in rural areas decreased by 109.38 million in the seven years from 1978 to 1985. The main reason for the slowdown in poverty reduction was the gradual decline in the marginal benefits of the rural system reform. Although the growth of the agricultural sector still had a higher effect of poverty reduction than the secondary and tertiary industries, the growth rate of farmers' income declined and the contribution of agricultural growth to the growth of farmers' income and poverty reduction began to decrease.⁷³ In the second half of the 1980s, the growth of farmers' income transited from the "miraculous" stage to the "difficult" stage of long-term growth. The average annual real growth rate of farmers' income from 1986 to 2003 was only 4.2%, far lower than the average annual growth rate of 14.1% from 1978 to 1985.⁷⁴ In the old revolutionary base areas and backward areas of the country, in particular, the benefits of sharing the fruits of economic development were not obvious, and poverty was still a quite prominent problem.

Obviously, economic growth is a necessary but not sufficient condition for poverty reduction. Moreover, with the economic growth, inequality is also expanding. The Gini coefficient of per capita net income of rural residents in China increased from 0.21 in 1978 to 0.35 in 2000.⁷⁵ The expansion of inequality would continuously weaken the efficiency of poverty reduction. Under such conditions, direct government intervention became an important condition

to maintain sustainable poverty reduction benefits. In 1986, the Chinese government set up a state-level agency for rural poverty reduction to begin a systematic, organized and planned large-scale program of rural poverty reduction, including: clarifying the policy of poverty reduction and development, replacing "blood transfusion" with "hematopoiesis", carrying out development-oriented production and construction in poor areas, and gradually forming the self-accumulation and development ability of poor areas and poor households in development; continuing to implement capital investments such as "supporting the economic development of underdeveloped areas", "providing employment as a form of relief" and "helping the poor in the three areas of Hexi, Dingxi and Xihaigu" and implementing poverty reduction through credit extension. Judging from the results of poverty reduction, the number of people living in extreme poverty in rural areas decreased to 80 million in 1993, with a poverty rate of 8.8%. In 1994, the State promulgated the "Seven-Year Priority Poverty Alleviation Program" aimed at accelerating the pace of poverty alleviation and development. The Seven-Year Priority Poverty Alleviation Program set its goals on three levels: to solve the problem of food and clothing for the poor, to strengthen infrastructure construction, to improve the backward situation of education, culture and health, and to realize the transformation from relief-based poverty reduction to development-oriented poverty reduction. The government's planned poverty reduction in rural areas, which started in 1986, and the more targeted poverty reduction actions, such as the National Seven-Year Priority Poverty Alleviation Program, which

73 Li Xiaoyun, Yu Lerong, and Qi Gubo (2010), Effect of China's Economic Growth on Poverty Reduction from 2000 to 2008: A National and Sub-regional Empirical Analysis, *China's Rural Economy*, Vol. 4.

74 Huang Jikun (2018), "Forty Years of China's Agricultural Development and Reform and Future Policy Options", *Agricultural Technology and Economy*, No.3.

75 The data come from China's economic and social development statistics database.

started in 1994, played an important role in poverty alleviation in rural areas at this stage. According to statistics, from 1985 to 2005, the central government invested a total of RMB 322.8 billion in three poverty alleviation projects. The annual investment increased from RMB 4.2 billion in 1986 to RMB 12.1 billion in 2004.⁷⁶ Generally speaking, rural poverty reduction and development from 1986 to 2000 was a regional poverty reduction model aiming at poor areas. Its basic idea was to start the economic development of backward areas through special support, thus boosting the income increase of the poor. This model is consistent with the model of economic growth and is a poverty reduction plan complementary to overall economic growth, so it is called development-oriented poverty reduction. Since the implementation of planned poverty reduction and development in rural areas, the economic development in poor areas has been strengthening significantly and the income of farmers in poor areas has been on the rise. By 2000, the poor population had further dropped to 460 million and the headcount ratio of poverty had dropped to 49.8%. The population lifted out of poverty in this period accounted for 26.8% of the total population alleviated from poverty in the past 40 years. Comparable per capita net income of rural residents increased from RMB 359.3 in 1985 to RMB 646.0 in 2000, with an average annual growth rate of 4.0%.⁷⁷ For one thing, the implementation of poverty reduction and development in rural areas compensated for the decline in pro-poor benefits of economic growth. For another, it strengthened the pro-poor benefits of economic growth by targeting poor areas and developing human resources of the poor.

The biggest drawback of the regional poverty reduction model is the lack of a mechanism to directly target the poor. In the 21st century, following the completion of the national “Seven-Year Priority Poverty Alleviation Program”, the State Council issued the “Outline for Poverty Alleviation and Development in China’s Rural Areas (2001-2010)” in May 2001 to promote poverty reduction and development in the whole village. The poverty reduction target unit was lowered to villages. By targeting villages, more poor people are indirectly targeted. Although poverty reduction through entire-village advancement did not directly target poor groups, rural residents in poor villages benefited more due to the lowering of target units. The investment of national poverty reduction funds has enabled the income growth rate of farmers in poor counties and villages to exceed the national average. The per capita net income of farmers in key poverty reduction villages increased from RMB 1,196 in 2002 to RMB 2,485 in 2008, with an average annual growth rate of nearly 13%, while the average annual growth rate of rural residents in the same period was 11.5%. Although the Chinese government established the absolute poverty line in rural areas since 1986, the absolute poverty line in rural areas has always been taken as one of the important bases for raising and distributing poverty reduction resources, and not for directly targeting the poor groups.⁷⁸

In fact, China’s rural poverty reduction work has long adhered to the concept of development-oriented poverty reduction, which is, by nature, different from that of protection-oriented or relief-oriented poverty reduction. The latter targets groups with obvious poverty

⁷⁶ China Development Research Foundation, 2007

⁷⁷ Wang Sangui (2018), “China’s 40 Years of Massive Poverty Reduction: Driving Forces and Institutional Foundations”, *Journal of Renmin university of China*, No 6.

⁷⁸ Wang Sangui and Guo Zihao (2015), “On Targeted Poverty Alleviation in China”, *Guizhou Social Sciences*, No.5.

characteristics, such as the disabled and the poor who are seriously ill, whom are easy to identify, while it is difficult to identify which farmers can start businesses in the market. Therefore, in this sense, from the time the Chinese government officially implemented the country's planned and targeted poverty reduction work in rural areas to 2011, although poverty reduction methods targeting poor groups such as rural social security started to emerge continuously since the new century, China's poverty reduction model had been a development-oriented governance model focusing on regional development while considering poor groups in general.

6.4 Targeted Poverty Alleviation: New Practice of Poverty Reduction in China (2012-Present)

In 2011, the Chinese government formulated a new rural poverty standard for the period 2011-2020, based on the constant price of RMB 2,300 in 2010. In 2011, the current poverty standard in China's rural areas was RMB 2,536, and the poor population in China's rural areas was 122.38 million in 2011.⁷⁹ The increase in poor population caused by the adjustment of the poverty line has changed the picture of rural poverty in China since 2011. In addition, the objective requirement of the new development stage to change the poverty reduction mechanism has jointly triggered a major transformation and innovation in the poverty reduction mechanism in rural China.

Since the start of the new century, the economic and social conditions on which large-scale poverty reduction was originally based have

begun to change. First of all, statistics show that China's GDP growth rate dropped from about 9.5% in 2011 to 6.9% in 2015, and the driver of economic growth shifted from factor input to innovation and consumption.⁸⁰ This has brought new challenges to China's poverty reduction, i.e. the slowdown of economic growth, especially the slowdown of investment, would affect the employment of the poor. At the same time, the consumption and human capital reserve of the poor are difficult to adapt to the trend of transformation of the economic growth driver. The transformation of the economic structure is increasingly unfavorable for the poor to benefit directly from economic development. Secondly, income inequality is increasing, social differentiation is becoming more and more obvious, environmental and resource problems are prominent, and problems such as rural and urban-rural disparities are receiving extensive attention from society. China is beginning to face the dual challenges of fairness and efficiency. The increase of social inequality will affect the sustainability of high economic growth, and at the same time will greatly weaken the benefits of poverty reduction. Finally, under such conditions, even if the poverty line is not raised, poverty reduction has become more difficult. If the poverty line is raised, poverty reduction will undoubtedly become more difficult. If the Chinese government's goal of completely eliminating absolute poverty in rural areas by 2020 is taken into account, the task of poverty reduction will be much more difficult than at any time in history, which means that unconventional poverty reduction strategies should be adopted for the new stage of rural poverty reduction.

79 According to the purchasing power parity index of USD 1 = 3.696 RMB, the poverty standard of USD 1.9 per day is expressed in RMB as 2564 RMB per year in 2011. Therefore, China's current rural poverty standard is 1.21 times the standard of USD 1.9 per day. For details, see Xian Zude, Wang Pingping and Wei Wu (2016), China's Rural Poverty Standards and Poverty Monitoring, Statistical Research, Volume 33, No.9, September 2016.

1. Achievements in Targeted Poverty Alleviation Campaign

In 2011, the State Council issued the second program outline for poverty alleviation and development in the new millennium, the Outline of the Program for Poverty Alleviation and Development in Rural China (2011-2020). To achieve the goal of eliminating absolute poverty in rural areas by 2020 set forth in the Program, the Chinese government launched the Targeted Poverty Alleviation Campaign in 2013. As shown in Table 8, since the implementation of the poverty alleviation campaign, the number of the

rural absolute poor and the headcount ratio of poverty have dropped significantly. China's rural poor population dropped from 165.67 million in 2010 to 16.6 million in 2018, and the headcount ratio of poverty dropped from 17.2% in 2010 to 1.7%. Meanwhile, the Engel coefficient of rural households dropped from 41.1% in 2010 to 30.1% in 2018, down 11 percentage points. Rural per capita disposable income in poor areas increased from RMB 4,732 in 2012 to RMB 9,377 in 2017, with an average annual real growth rate of 10.4%, 2.5 percentage points faster than the national average.

Table 8 Rural Poverty Measured by Current Rural Poverty Standards⁸¹

Year	Rural impoverished population nationwide (10,000)	Headcount ratio of poverty (%)	Engel coefficient of rural households (%)	Per capita disposable income of rural residents in poor areas (RMB)
2010	16,567	17.2	41.1	3,272.8
2011	12,238	12.7	40.4	-
2012	9,899	10.2	39.3	4,732
2013	8,249	8.5	37.7	6,079
2014	7,017	7.2	37.9	6,852
2015	5,575	5.7	37.1	7,653
2016	4,335	4.5	32.2	8,452
2017	3,046	3.1	-	9,377
2018	1,660	1.7	30.1	-

Note: In 2012, the National Bureau of Statistics implemented the reform of urban and rural integrated household survey, and the per capita disposable income of rural permanent residents began to be used in poor areas.

The great achievements in the Targeted Poverty Alleviation Campaign are not only reflected in the substantial improvement of income poverty indicators, but also in the improvement of production, living environment and public services such as infrastructure, education, health and residential housing in poor areas. According to statistics, by the end of 2017, the proportion of rural households living in reinforced concrete

or brick-concrete buildings in poor areas was 58.1%, up 18.9 percentage points from 2012. The average household housing area also increased by 21.4 square meters compared with 2012. The proportion of farmers without difficulty in drinking water was 89.2%, an increase of 8.2 percentage points over 2013. The proportion of administrative villages with cultural activity rooms in poverty-stricken areas reached

81 Source: China Rural Poverty Monitoring Report of past years.

89.2%, and the proportion of administrative villages with health stations (clinics) reached 92.2%. Nearly all the natural villages in poverty-stricken areas had access to electricity. 84.7% of the farmers in natural villages had convenient access to kindergartens and 88.0% of the farmers in natural villages had convenient access to primary schools.

2. Institutional Innovation for Targeted Poverty Alleviation

The main reason why almost the same achievements as that at the beginning of the reform and opening up can be made in poverty alleviation work in the new era under the relatively unfavorable social and economic conditions for poverty alleviation lies in a series of institutional innovations for poverty alleviation that are targeted in fighting against poverty.

(1) The innovation of the poverty alleviation leadership mechanism and the resource mobilization mechanism

Government leadership has been the main guarantee of China's development and the basic mode of poverty reduction for a long time. Since the implementation of the poverty alleviation campaign, the central government has, on this basis, implemented a centralized and unified leadership system with "First Secretary in Command," placing poverty reduction work at the top of government work at all levels, and further strengthening the government's dominance by having the leadership authority of the Party exceed the norms of administrative governance, thus providing institutional supply for overcoming various structural constraints. This new institutional supply has achieved

remarkable results in raising resources for poverty reduction. In the poverty alleviation campaign, the Chinese government has reformed the use and management of poverty reduction funds and funds related to agriculture, making adjustments from basic systems such as planning and auditing, and requiring agriculture-related projects to be allocated according to the central strategic arrangements for targeted poverty reduction, especially focusing on the needs of deep poverty-stricken areas. At the same time, through the mechanism of "Five-level Secretaries in Command", the restrictions of administrative bureaucrats' departmental interests are overcome and all kinds of resources involving almost all government departments, such as agriculture, forestry, water conservancy, education, health, transportation and infrastructure are coordinated, so as to rapidly invest them in the most needy poverty-stricken areas and the poor population. In a sense, the reason why such great achievements have been made since the implementation of the poverty reduction program is, to a large extent, the intensity of resource supply for poverty reduction under the new institutional conditions. According to statistics, in 2017, the total amount of poverty relief funds received by poor areas (832 counties) including key counties for poverty relief and poverty-stricken counties in contiguous poverty-stricken areas reached RMB 441.95 billion, an increase of more than six times over 2010, of which RMB 205.36 billion was allocated by the central government, and RMB 202.7 billion was allocated to other funds including counterpart aid, east-west poverty relief cooperation and enterprise aid. Provincial finance amounted to RMB 33.2 billion, up more than 10 times from RMB 2.54 billion in 2010 (see Table 9).

Table 9 Total Amount and Structural Changes of Poverty Alleviation Funds in Poverty-stricken Areas since the Launch of Targeted Poverty Alleviation

	2002	2010	2014	2015	2016	2017
Total Poverty Alleviation Funds (RMB 100 million)	250.2	606.2	1,420.9	1,902.6	2,958.6	4,419.5
Of which: Centrally allocated funds	200.8	419.6	862.7	1,177.5	1,670.2	2,053.6
Percentage (%)	80.3	69.2	60.7	61.9	56.5	46.5
Provincial finance	9.9	25.4	125.2	171.3	259.7	332
Percentage (%)	4	4.2	8.8	9	8.8	7.5
Other funds	22	141	429.5	551.7	1,025.4	2027
Percentage (%)	8.8	23.3	30.2	29	34.7	45.9

Note: The central funds include the central subsidized loans for poverty alleviation, the central fiscal funds for poverty alleviation (including providing employment as a form of relief), subsidies for projects of returning farmland to forests and grasslands, and subsistence allowances. Other funds include pair-up assistance, east-west cooperation in poverty alleviation, enterprise assistance, NGO funds and public donations.

Source: Based on the "China Rural Poverty Monitoring Report" over the years.

(2) The establishment of a registration system aimed directly at the poor groups to identify poor households

Since the goal of eliminating absolute poverty in rural areas by 2020 requires that no one should be left behind, it is necessary to identify who are the targets of poverty alleviation, which objectively provides a foundation for mechanism cultivation to fundamentally change the long-standing failure to target poor people in poverty alleviation work. In 2014, the Chinese government began a nationwide registration system for poor households. In order to accurately identify the rural poor, the Chinese government has adopted an income standard of RMB 2,300 at the constant price in 2010, and added the easily identifiable non-income poverty index that "rural poor people

are free from worries over food and clothing and have access to compulsory education, basic medical services and safe housing". This index system has grasped the dimension of the income standard, but more importantly, it has overcome the difficulty to identify the poor by using the income dimension alone, and has included easily identifiable clothing, food, housing, education and medical care as index contents, thus technically solving the problem of identifying the poor. This is the first mechanism truly identifying the poor in China's history of poverty reduction. On the basis of such a system, all localities have created numerous targeted innovations according to their own conditions. For example, Guizhou's widely adopted method of identifying the poor by "observing whether a household has adequate housing, grains and labor force, and school children", which is a great addition to the

methods of identifying the poor. According to this method, a total of 29.48 million registered poor households and 89.62 million poor people were identified nationwide in 2014.⁸² In order to ensure the accuracy of registered farmers, the Chinese government has repeatedly checked the identified registered farmers. The technical identifiability of the poverty alleviation standard and the corresponding verification mechanism have minimized improper inclusion of unqualified members and exclusion of the real poor, thus ensuring the coverage of the real poor.

(3) Ensuring targeted poverty alleviation effect

On the basis of registration, the Chinese government classified the causes of poverty among poor households and made specific arrangements for taking targeted and differentiated measures. Poor households are classified and targeted measures are taken. One batch is lifted out of poverty by fostering distinctive industries, one batch by advancing relocation, one batch by carrying out ecological restoration, one batch by strengthening education, and one batch by improving social security. Other measures include poverty alleviation through employment, health improvement and assets income. From the perspective of poverty alleviation, differentiated and targeted policies are helpful to directly target the poverty problems that have occurred, thus avoiding the deviation in the use of poverty alleviation resources and ensuring the effect of poverty alleviation. Differentiated measures based on the causes of poverty return the coordinated poverty alleviation resources to various specialized departments once again, enabling the departments to play their professional and technical roles, mobilizing the professional enthusiasm of various departments,

and at the same time providing legal basis for these departments to respond to their respective departmental performance assessment and audit.

(4) Innovation of poverty alleviation methods Since the implementation of the Targeted Poverty Alleviation Campaign, under the constraint of the high-quality poverty alleviation target by 2020, a large number of innovative poverty alleviation models have emerged, greatly enriching China's poverty reduction practices. More importantly, the significance of many poverty alleviation practice models goes beyond poverty alleviation itself. For example, the practice of helping the poor through land use rights circulation has provided experience for rural land reform. "Poverty Alleviation Workshop" provides a good solution to alleviate the conflict between going out for employment and staying behind. Tourism for poverty alleviation provides a direction for the prosperity of rural industries and the multi-functionalization of agriculture. E-commerce for poverty alleviation has solved the problem of difficult sales of agricultural products.

(5) Third-party independent assessment to ensure the quality of the poverty alleviation campaign

Accurate poverty alleviation is a major livelihood improvement project implemented by the Chinese government since the start of the second decade of the new century. Since the implementation of this plan, the Chinese government has put forward the requirement that the effect of poverty eradication must stand the test of history. Therefore, a strict evaluation system has been set up for every link of the poverty eradication campaign. For example, regular checks have been carried out on registration and targeted policies, and

82 Wang Sangui and Guo Zihao (2015), "On Targeted Poverty Alleviation in China", Guizhou Social Sciences, No.5.

a strict independent third-party evaluation mechanism has been adopted for de-registration of those lifted out of poverty. The establishment and practice of the third-party independent evaluation system in the process of targeted poverty alleviation is the most systematic and rigorous independent evaluation mechanism in government performance management since China formally established the first government performance evaluation institution to carry out independent evaluation in 2004. This mechanism is not only an institutional constraint to ensure the efficiency of the use of poverty alleviation resources, but also, more importantly, an institutional guarantee to ensure the complete eradication of absolute poverty in rural areas by 2020.

The targeted poverty alleviation campaign is a political action based on social equity under the condition that China's economic and social structure tends to be unfavorable to poverty alleviation. Although many policies and measures are based on past practices, targeted poverty alleviation organically combines protective and developmental poverty alleviation, integrates China's economic and social development and

poverty alleviation at the institutional level, carries out innovation in a series of poverty alleviation methods, integrates policy implementation and assessment into one system, and forms the most systematic scientific poverty alleviation strategy and policy framework so far, thus developing a new practice system for poverty alleviation in China.

In short, China's poverty reduction practice features obvious characteristics of the times and innovative methods. As far as the practical stages are concerned, in the vast majority of the time, poverty reduction was carried out through development when the number of poor people was large. Since the number of poor people was reduced to below 20%, targeted poverty alleviation has been playing a key role. Targeted poverty alleviation is an addition rather than substitution in the process of poverty reduction through development. The original measures for poverty reduction through development continue to play a role at the same time. In this way, poverty reduction practice since 2012 has highlighted a cumulative effect of policies, achieving remarkable results.

Chapter 7

Future Poverty Reduction Measures and Cooperation Directions of Asian Countries

7.1 Future Poverty Reduction Measures

The state and challenges of poverty in Asian countries show that some countries do not even have systematic surveys or statistics on the poor, which makes poverty reduction difficult because the poor cannot be identified. By depending on the estimation of external agencies alone, it is difficult to define a goal. Without a clear goal, it is difficult to take targeted poverty alleviation measures. Fortunately, most Asian countries have signed the UN SDGs, which is a good start.

Poverty eradication is an important indicator of the prosperity and development of Asian countries. One of the key principles here is to “be people centered” and carry out development activities based on people’s basic needs. Without human needs, all infrastructure and services are empty talk. To be people-centered, we must first create a living environment in which people can live and work in peace and contentment, and then let the people of all countries get adequate health, medical care and social security without worrying about food and clothing.

Political and social stability and a consistent development strategy are important conditions for poverty reduction. Experiences from Cambodia, China, Indonesia, Malaysia and Vietnam show that long-term systematic government intervention can benefit poverty reduction. The improved poverty reduction performance has enhanced the legitimacy of a ruling party, thus contributing to the realization of a stable political system needed for long-term development initiatives.

Economic growth is the basis for poverty reduction. There are two main ways to reduce poverty: to invest in enterprises for “trickle-down” effect to benefit all sectors of the society, or to realize income redistribution plans through government intervention. Experiences of countries around the world show that economic growth can “trickle down” and reduce poverty if growth is achieved in sectors beneficial to the poor. In addition, economic growth as a poverty reduction tool is most effective under relatively equal economic and social conditions. As inequality intensifies, government intervention is needed to ensure that the poor benefit from economic growth and those lagging behind be

protected.

Agriculture is indispensable for achieving sustainable poverty reduction in rural areas. Agriculture is a main driver to reduce rural poverty, especially in countries where the majority of the population live in rural areas and engage in agricultural activities. By improving infrastructure, offering better access to markets and providing improved seed varieties and planting techniques, the productivity of the agricultural sector will be increased, thus directly reducing poverty in rural areas. In countries with limited land resources, improving the productivity of existing fields is a key method to promote the growth of this sector.

Industrialization can become an effective way to get rid of rural poverty. Non-agricultural employment can reduce poverty in rural areas by providing workers with another source of income, especially during the period when agriculture accounts for a low share of GDP and absorbs less employed labor, so that the labor force transferred from agriculture can earn income from non-agricultural activities. Agricultural industrialization is becoming more and more important because agricultural activities are relatively important in the broader economy, while rural workers can enhance their resilience to shocks through diversified incomes. By providing employment opportunities in small and medium-sized cities, non-agricultural rural enterprises can help slow down the expansion of large cities that may not be able to accommodate the influx of large numbers of migrant workers. This needs to be coordinated with the urbanization process and urban governance to avoid the emergence of large number of slums.

Targeted government intervention can reduce poverty in places where economic growth cannot

be achieved. China's experience shows that poverty reduction interventions can be successful only when the trickle-down effect of economic growth is weakened and the poverty rate is relatively low. The Chinese government has invested multiple resources to support targeted interventions aimed at solving the problem of multidimensional extreme poverty in the country. Targeted interventions can be social protection measures based on industry, education and cash transfers. The choice of these measures will mainly depend on the accurate identification of the poor and the diagnosis of the root causes of poverty.

Social protection programs to reduce poverty are more effective when multidimensional poverty increases. At the initial stage of economic growth, financial and organizational resources are often limited, so it is difficult to implement social protection programs. As growth continues, redistribution of income becomes more feasible. As poverty becomes multifaceted, it becomes increasingly difficult to overcome poverty through economic growth alone. Although the income level of many rural families is not low, they may still lack adequate education or medical care which may help cut off the intergenerational transmission of poverty.

Therefore, the anti-poverty policies of various countries in the world have changed from a development mode to a method combining development and social protection, which can provide some enlightenment on when to introduce and how to design social protection programs beneficial to the poor.

To this end, four ways to reduce poverty are proposed, namely:

1. Determining a comprehensive strategy to lift

- all people living in absolute poverty in rural areas out of poverty through rapid economic transformation;
2. Developing rural areas;
 3. Adopting a cooperative approach to understand and solve the problem of multidimensional poverty.
 4. Taking bottom-up measures to mobilize the internal dynamism of social groups and improve their sense of ownership and contentment over development.

Different countries have different national conditions and different foundations for people's wellbeing, so it is necessary to formulate appropriate poverty reduction measures in line with local development.

7.2 Directions of Cooperation among Asian Countries

The historical development process shows that in the process of globalization, the more open and cooperative a country is, the more innovative and sustainable development can be promoted. This is the first systematic review of poverty reduction in Asian countries. It is extremely difficult to find a "prescription" to promote the overall development of Asian countries from the fragmented descriptions and the vast literature of Asian countries. Therefore, we need to strengthen innovative cooperation, experiments and demonstrations in the "elimination of all forms of poverty in Asia", including the application of modern scientific and technological methods (big data, geographic information systems, multiple decision-making systems, etc.) to cooperation on poverty reduction.

1. Carrying out cooperative research. When the poor population account for a large proportion of the total population, poverty reduction in a broad sense through macro-economic development plays an obvious role in improving the income of the whole population. After the poor population, especially the population living in absolute poverty, is reduced to a certain extent, it is necessary to conduct extensive research on the mechanism and transmission path of poverty, and to explore which elements play a more direct role and which elements play an intermediary or mediating role, so as to achieve "precise targeting" in the preparation of poverty reduction policies.
2. Innovation of cooperation areas. Innovative data management can more effectively promote poverty reduction in various fields. In the process of China's poverty reduction performance evaluation and third-party evaluation of the poverty line, one of the greatest realizations of local government officials is that the establishment of the poverty reduction database has greatly improved the efficiency of poverty reduction in rural areas, especially in the fields of health, education and social security. As long as the households and population that can be found in the poverty reduction system meet the poverty reduction conditions, all the services they are entitled to are soon made available. In the granting of college students' financial aid, for example, through network identification, the trouble of family investigation and the transaction cost are reduced. It is also part of the efforts to construct social credibility and can avoid all kinds of corruption.
3. Innovative cooperation in poverty reduction

policies. A policy that is working well in other countries needs to be adapted to specific working conditions and resource supply after it is introduced into other countries. Based on a thorough survey, appropriate correction and revision can be made so as to make the policy more feasible, implementable and verifiable, so that it won't be just lip service.

4. Innovative cooperation in poverty reduction practices and human resources training. Simple classroom training or study tours are indispensable for the sharing of experience in poverty reduction. In the future poverty reduction countries can learn from each other through "advanced study and training." Areas with similar situations may be chosen as places of study. For example, people from Northwestern Province of Nigeria have specially visited Gansu of China to study local experience, because people of this part of Nigeria have found that the geographical location, topography and living characteristics of Muslim groups are similar after visiting China. Learning from Gansu's experience can produce the desired effect quickly.
5. Conducting sequential research and report release by establishing a network or via an existing platform. A continuous and cutting-edge research report release system in the field of poverty reduction should be established by making full use of existing networks and platforms, so as to achieve sustainable publicity and dissemination of knowledge. This has important implications for enterprise cooperation: where there is poverty, there are challenges and

opportunities, and where bidding projects concerning people's livelihood (roads, infrastructure and social services) will be found.

6. Strengthening cooperation between poverty reduction and rating agencies. Poverty reduction is an important indicator of economic and social development, but it is not an isolated goal. Therefore, a country's poverty reduction efforts are reflected in the realization of the country's overall economic and social development goals. For example, Moody's Rating Agency's favorable evaluation of the Philippines has increased foreign investment in the country. Therefore, the combination of poverty reduction and rating will exert a good effect on attracting enterprises and social forces to participate in poverty reduction projects.

Asian countries have scored remarkable achievements in the process of realizing the Millennium Development Goals and hope to achieve better results in the process of achieving the Sustainable Development Goals by 2030. Having accumulated different experiences in the process of achieving the Millennium Development Goals, all Asian countries have cases that can be shown to other countries, and it is also necessary for them to learn from other countries. With the global economy slowing down, local armed conflicts continuing and trade protectionism rising, Asian countries can achieve win-win results only through close cooperation. The path towards zero poverty lies just at the feet of Asian countries.

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