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Key messages

- Asia continued its robust growth accompanied by significant poverty reduction.
- But performance in countries has been uneven:
  - Low-income countries not doing as well.
  - Non-income indicators diverge widely.
  - Asia is far behind in terms of quality of employment.
- Inclusive growth is key to avoiding social tensions and sustained growth:
  - Improving quality employment supports inclusive growth (special chapter).
  - Different stages of development require different policy interventions.
Asia exhibited high and robust growth…

**Annual Average Growth of Real GDP (%)**
1990-2008

<table>
<thead>
<tr>
<th>Region</th>
<th>1990-2008 (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Developing Asia</td>
<td>7.1</td>
</tr>
<tr>
<td>Sub-Saharan Africa</td>
<td>3.5</td>
</tr>
<tr>
<td>Latin America and Caribbean</td>
<td>3.4</td>
</tr>
<tr>
<td>OECD</td>
<td>2.3</td>
</tr>
</tbody>
</table>
...that led to significant poverty declines

Poverty Head Count Ratio
($1.25 Poverty Line)

Source: Wan and Sebastian (2011)
There are 150 million less poor between 2005 and 2008...

Number of Poor
$1.25 Poverty Line

Source: Wan and Sebastian (2011)
...but progress is limited in poorer countries...

Percent Change in the Number of Poor, 2005-2008
($1.25 Poverty Line)

-16.6
Developing Asia

-16.9
High middle income

-15.5
Low middle income

-7.0
Low income

Note: High middle, low middle, and low income correspond to internal ADB classifications.

Source: Wan and Sebastian (2011)
...and slower between the $1.25 to $2 poverty range

Source: Wan and Sebastian (2011)
Achievements in non-income targets uneven...

- Gender parity: primary: 95%
- Gender parity: secondary: 92%
- Poverty: 71%
- Gender parity: tertiary: 58%
- Primary school enrollment: 55%
- Safe water: 55%
- Ante-natal care visit: 55%
- Survival primary school: 48%
- Underweight children: 42%
- Improved sanitation: 40%
- Birth attendance: 39%
- Under-5 mortality: 30%
- Under-1 mortality: 26%
- Maternal mortality: 12%

Percent of Economies on Track to Meet the 2015 Targets
...and disparity is high

Gini Coefficients for MDGs

| Goal   | Category                                    | $1.25 per day poverty | Underweight children | Primary enrolment | Reaching last grade | Primary completion | Gender Primary | Gender Secondary | Gender tertiary | Under-5 mortality | Infant mortality | Maternal mortality | Antenatal care (=1 visit) | Skilled birth attendance | HIV prevalence | TB incidence | TB prevalence | Forest cover | CO2 emissions | Protected area | Safe drinking water | Water, urban | Water, rural | Basic sanitation | Sanitation, urban | Sanitation, rural | GDP Growth |
|--------|---------------------------------------------|-----------------------|----------------------|-------------------|-------------------|--------------------|-----------------|-----------------|-----------------|-----------------|---------------------|-----------------|-------------------|-----------------------------|-----------------------------|----------------|--------------|---------------|--------------|---------------|----------------|-----------------|-------------|-------------|-----------------|-----------------|-----------------|------------|
| 1      | $1.25 per day poverty                       |                       |                      |                   |                   |                   |                 |                 |                 |                   |                    |                 |                   | $1.25 per day poverty | $1.25 per day poverty | $1.25 per day poverty | $1.25 per day poverty | $1.25 per day poverty | $1.25 per day poverty | $1.25 per day poverty |               |            |              |              |              |              |
| 2      | Underweight children                       |                       |                      |                   |                   |                   |                 |                 |                 |                   |                    |                 |                   | $1.25 per day poverty | $1.25 per day poverty | $1.25 per day poverty | $1.25 per day poverty | $1.25 per day poverty | $1.25 per day poverty | $1.25 per day poverty |                   |            |              |              |              |              |              |
| 3      | $1.25 per day poverty                       |                       |                      |                   |                   |                   |                 |                 |                 |                   |                    |                 |                   | $1.25 per day poverty | $1.25 per day poverty | $1.25 per day poverty | $1.25 per day poverty | $1.25 per day poverty | $1.25 per day poverty | $1.25 per day poverty |                   |            |              |              |              |              |              |
| 4      | Underweight children                       |                       |                      |                   |                   |                   |                 |                 |                 |                   |                    |                 |                   | $1.25 per day poverty | $1.25 per day poverty | $1.25 per day poverty | $1.25 per day poverty | $1.25 per day poverty | $1.25 per day poverty | $1.25 per day poverty |                   |            |              |              |              |              |              |
| 5      | Maternal mortality                          |                       |                      |                   |                   |                   |                 |                 |                 |                   |                    |                 |                   | $1.25 per day poverty | $1.25 per day poverty | $1.25 per day poverty | $1.25 per day poverty | $1.25 per day poverty | $1.25 per day poverty | $1.25 per day poverty |                   |            |              |              |              |              |              |
| 6      | Antenatal care (=1 visit)                   |                       |                      |                   |                   |                   |                 |                 |                 |                   |                    |                 |                   | $1.25 per day poverty | $1.25 per day poverty | $1.25 per day poverty | $1.25 per day poverty | $1.25 per day poverty | $1.25 per day poverty | $1.25 per day poverty |                   |            |              |              |              |              |              |
| 7      | Skilled birth attendance                    |                       |                      |                   |                   |                   |                 |                 |                 |                   |                    |                 |                   | $1.25 per day poverty | $1.25 per day poverty | $1.25 per day poverty | $1.25 per day poverty | $1.25 per day poverty | $1.25 per day poverty | $1.25 per day poverty |                   |            |              |              |              |              |              |
| 8      | HIV prevalence                              |                       |                      |                   |                   |                   |                 |                 |                 |                   |                    |                 |                   | $1.25 per day poverty | $1.25 per day poverty | $1.25 per day poverty | $1.25 per day poverty | $1.25 per day poverty | $1.25 per day poverty | $1.25 per day poverty |                   |            |              |              |              |              |              |
| 9      | TB incidence                                |                       |                      |                   |                   |                   |                 |                 |                 |                   |                    |                 |                   | $1.25 per day poverty | $1.25 per day poverty | $1.25 per day poverty | $1.25 per day poverty | $1.25 per day poverty | $1.25 per day poverty | $1.25 per day poverty |                   |            |              |              |              |              |              |
| 10     | TB prevalence                               |                       |                      |                   |                   |                   |                 |                 |                 |                   |                    |                 |                   | $1.25 per day poverty | $1.25 per day poverty | $1.25 per day poverty | $1.25 per day poverty | $1.25 per day poverty | $1.25 per day poverty | $1.25 per day poverty |                   |            |              |              |              |              |              |
| 11     | Forest cover                                |                       |                      |                   |                   |                   |                 |                 |                 |                   |                    |                 |                   | $1.25 per day poverty | $1.25 per day poverty | $1.25 per day poverty | $1.25 per day poverty | $1.25 per day poverty | $1.25 per day poverty | $1.25 per day poverty |                   |            |              |              |              |              |              |
| 12     | CO2 emissions                               |                       |                      |                   |                   |                   |                 |                 |                 |                   |                    |                 |                   | $1.25 per day poverty | $1.25 per day poverty | $1.25 per day poverty | $1.25 per day poverty | $1.25 per day poverty | $1.25 per day poverty | $1.25 per day poverty |                   |            |              |              |              |              |              |
| 13     | Protected area                              |                       |                      |                   |                   |                   |                 |                 |                 |                   |                    |                 |                   | $1.25 per day poverty | $1.25 per day poverty | $1.25 per day poverty | $1.25 per day poverty | $1.25 per day poverty | $1.25 per day poverty | $1.25 per day poverty |                   |            |              |              |              |              |              |
| 14     | Safe drinking water                         |                       |                      |                   |                   |                   |                 |                 |                 |                   |                    |                 |                   | $1.25 per day poverty | $1.25 per day poverty | $1.25 per day poverty | $1.25 per day poverty | $1.25 per day poverty | $1.25 per day poverty | $1.25 per day poverty |                   |            |              |              |              |              |              |
| 15     | Water, urban                                |                       |                      |                   |                   |                   |                 |                 |                 |                   |                    |                 |                   | $1.25 per day poverty | $1.25 per day poverty | $1.25 per day poverty | $1.25 per day poverty | $1.25 per day poverty | $1.25 per day poverty | $1.25 per day poverty |                   |            |              |              |              |              |              |
| 16     | Water, rural                                |                       |                      |                   |                   |                   |                 |                 |                 |                   |                    |                 |                   | $1.25 per day poverty | $1.25 per day poverty | $1.25 per day poverty | $1.25 per day poverty | $1.25 per day poverty | $1.25 per day poverty | $1.25 per day poverty |                   |            |              |              |              |              |              |
| 17     | Basic sanitation                            |                       |                      |                   |                   |                   |                 |                 |                 |                   |                    |                 |                   | $1.25 per day poverty | $1.25 per day poverty | $1.25 per day poverty | $1.25 per day poverty | $1.25 per day poverty | $1.25 per day poverty | $1.25 per day poverty |                   |            |              |              |              |              |              |
| 18     | Sanitation, urban                           |                       |                      |                   |                   |                   |                 |                 |                 |                   |                    |                 |                   | $1.25 per day poverty | $1.25 per day poverty | $1.25 per day poverty | $1.25 per day poverty | $1.25 per day poverty | $1.25 per day poverty | $1.25 per day poverty |                   |            |              |              |              |              |              |
| 19     | Sanitation, rural                           |                       |                      |                   |                   |                   |                 |                 |                 |                   |                    |                 |                   | $1.25 per day poverty | $1.25 per day poverty | $1.25 per day poverty | $1.25 per day poverty | $1.25 per day poverty | $1.25 per day poverty | $1.25 per day poverty |                   |            |              |              |              |              |              |

Source: Wan and Zhang (2011)
Inclusive growth is important to sustain growth

Inclusive Growth

Growth
• productive jobs and economic opportunity

Access to
• education, health, and other social services

Social safety nets

Governance and Institutions

KI Special Supplement: “Framework for Inclusive Growth Indicators” presents 35 indicators useful for operationalizing inclusive growth
Theme Chapter:

Toward Higher Quality Employment in Asia
Developing Asia has had high growth and low unemployment.

Unemployment Rate of Selected Asian Economies
percent (2007, 2009 and 2010)
How about quality employment?
Informal work associated with:
• Lower income and the working poor
• Underemployment
• Less security
• Absence of social safety nets

Benefits Received by Formal and Informal Wage Workers
(% of total formal/informal wage jobs with benefit)

- Pension
- Sick Leave
- Maternity/Paternity Leave
- Vacation Leave

Formal vs. Informal
Asia’s informal employment is high...

**1990**
- Developing Asia: 68.9 informal workers, 30.4 employees, 0.7 employers
- Developing Europe: 81.8 informal workers, 17.2 employees, 0.9 employers
- Latin America and the Caribbean: 30.2 informal workers, 30.2 employees, 4.0 employers
- OECD: 83.3 informal workers, 13.9 employees, 2.8 employers

**2008**
- Developing Asia: 67.0 informal workers, 29.8 employees, 3.2 employers
- Developing Europe: 82.9 informal workers, 12.1 employees, 5.0 employers
- Latin America and the Caribbean: 62.4 informal workers, 33.4 employees, 4.2 employers
- OECD: 86.5 informal workers, 8.3 employees, 5.2 employers

Legend: Blue = Informal Workers, Red = Employees, Green = Employers
...as well as uneven and persistent

Percentage of Informal Workers to Total Employment

<table>
<thead>
<tr>
<th>Country (years)</th>
<th>Start</th>
<th>End</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bangladesh (1991-2005)</td>
<td>88.3</td>
<td>85.3</td>
</tr>
<tr>
<td>India (1991-2008)</td>
<td>80.1</td>
<td>81.9</td>
</tr>
<tr>
<td>Nepal (1991-2001)</td>
<td>74.3</td>
<td>81.6</td>
</tr>
<tr>
<td>Indonesia (1992-2008)</td>
<td>68.5</td>
<td>67.9</td>
</tr>
<tr>
<td>Pakistan (1990-2008)</td>
<td>74.2</td>
<td>74.2</td>
</tr>
<tr>
<td>PRC (1995-2008)</td>
<td>63.1</td>
<td>64.3</td>
</tr>
<tr>
<td>Thailand (1990-2008)</td>
<td>58.9</td>
<td>70.3</td>
</tr>
<tr>
<td>Philippines (1990-2008)</td>
<td>54.2</td>
<td>53.1</td>
</tr>
<tr>
<td>Korea, Rep. of (1990-2008)</td>
<td>32.6</td>
<td>43.5</td>
</tr>
<tr>
<td>Malaysia (1990-2008)</td>
<td>24.8</td>
<td>31.4</td>
</tr>
<tr>
<td>Hong Kong, China (1990-2008)</td>
<td>10.2</td>
<td>10.7</td>
</tr>
<tr>
<td>Singapore (1991-2008)</td>
<td>8.1</td>
<td>10.0</td>
</tr>
</tbody>
</table>
Why is quality of employment poor in Asia?

In middle-income countries
There was structural transformation, but...
• low wage manufacturing jobs
• restrictive labor policies and uncompetitive market structures

In low-income countries
• Low productivity in all sectors
• Substantial transfer of surplus labor from the primary sector has not occurred
Primary sector in Asia remains high

1990

<table>
<thead>
<tr>
<th>Region</th>
<th>Agriculture</th>
<th>Industry</th>
<th>Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>Developing Asia</td>
<td>66.3</td>
<td>17.4</td>
<td>16.3</td>
</tr>
<tr>
<td>Developing Europe</td>
<td>31.8</td>
<td>31.9</td>
<td>36.3</td>
</tr>
<tr>
<td>Latin America and the Caribbean</td>
<td>18.8</td>
<td>26.6</td>
<td>54.6</td>
</tr>
<tr>
<td>OECD</td>
<td>7.1</td>
<td>31.4</td>
<td>61.6</td>
</tr>
</tbody>
</table>

2008

<table>
<thead>
<tr>
<th>Region</th>
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<th>Industry</th>
<th>Services</th>
</tr>
</thead>
<tbody>
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<td>43.5</td>
<td>23.7</td>
<td>32.9</td>
</tr>
<tr>
<td>Developing Europe</td>
<td>14.3</td>
<td>28</td>
<td>57.7</td>
</tr>
<tr>
<td>Latin America and the Caribbean</td>
<td>16.5</td>
<td>24.2</td>
<td>59.2</td>
</tr>
<tr>
<td>OECD</td>
<td>3.9</td>
<td>24.2</td>
<td>71.9</td>
</tr>
</tbody>
</table>

Legend:
- Agriculture
- Industry
- Services
High quality employment is important for reducing poverty and income inequality.

Informality, Poverty and Inequality (1990 -2008)
Policy recommendations for low-income countries

• Increase trade and foreign direct investment in the modern sector.

• Managed migration from lower productivity to higher value added sectors.

• Support productivity increase in rural non-farm activities.

• Develop more skill-specific human capital through quality technical and vocational education.

• Extend basic level of social protection to informal workers.
Policy recommendations for middle-income countries

• Continue to promote open trade and foreign direct investment.

• Invest in human capital development through more general and higher quality secondary and tertiary education.

• Improve social protection systems by broadening basic health care and enhancing pension systems.
What does ADB do to support high quality employment?

Examples:

• Technical Education and Vocational Training (TEVT) Sector Development Project in Sri Lanka TA 7746

• Trade Financing Program in provides guarantees and loans to partner banks to support SMEs in international trade TA 7380

• Infrastructure development

• Urban development project in Bangladesh to overhaul urban infrastructure and services in Dhaka and Khulna city areas TA 7415

• Social Protection Support Project in the Philippines to support conditional cash transfer (CCT) and the national household targeting system for poverty reduction TA 7468
Summary

• Asia continues its high and resilient growth.
• But the progress is uneven: Poverty remains high in many LDCs, and achievements of non-income targets diverge widely.
• Asia is far behind in terms of quality of employment.
• Improving quality employment is key to inclusive growth.
• Policies should be tailored to address critical constraints, and be aligned with a country’s development stage.
Toward Higher Quality Employment in Asia

Thank You

www.adb.org/Documents/Books/Key_Indicators/2011