

# **Inclusive Growth in Asia**

## **Asia Regional Evaluation Summit I-Pager**

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**Summary:** Mirroring worldwide trends, inequality has been rising across Asia for decades. However, even though the rate of GDP growth declined slightly between the 1990s and the 2000s, the effectiveness of growth at reducing poverty (also known as the growth elasticity of poverty reduction) actually increased during the same period. Nevertheless, inequality is still rising, and Asia is still home to the largest number of people in the world who live below the poverty line. A crucial task for governments in the region, therefore, is to find a policy mix that not only allows countries to continue to lift their citizens out of poverty, but that also reverses inequality trends while preserving the market incentives that have led to such spectacular economic growth in recent years.

#### **Highlights:**

- Average measures of income and other social indicators can conceal enormous variations between sub-groups.
- The specific drivers of inequality can vary considerably, even within a single country.
- When it comes to monitoring trends in inequality, disaggregated data is the most useful.
- Better monitoring and evaluation of government programs can improve their cost effectiveness and increase their chances of helping their intended beneficiaries.
- Targeted social safety net programs will be a key part of any policy response designed to help the poor.

#### **Synthesis and Reflection:**

Many of the same factors that are driving rapid growth in the region – globalization, technological advances and geography – are also leading to increases in inequality. It is no surprise then that China, the country with the most rapid growth, has also experienced the biggest increase in inequality. For this reason, addressing regional inequality while ensuring rapid and continued growth will not be easy. It will require the close monitoring of economic development trends and the continual evaluation of programs that are meant to promote inclusive growth. It will also require persistent experimentation with various policy responses designed to improve access to basic social services for the poor.

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