

Introduction

During the last 3 decades, the Asia and Pacific region has made a remarkable progress in economic growth and development. The most important aspect of this growth and development is undoubtedly the reduction of the incidence of poverty. According to recent estimates of the Asian Development Bank (ADB), between 1990 and 2003, the poverty incidence in the region declined from about 34% to 19% based on the \$1-a-day poverty yardstick and from 75.3% to 57.4%, based on the \$2-a-day yardstick.¹ Millions of rural people were able to escape poverty through better farm incomes, employment in agriculture, and rural nonfarm enterprises; and through migration. This was generally the case in Japan; Taipei, China; and the Republic of Korea (ROK) which experienced high economic growth during the 1950s to the late 1970s; and other countries such as Malaysia, Thailand, Viet Nam, and the People's Republic of China (PRC) which experienced high growth rates during the 1980s and thereafter. According to some estimates, in the PRC alone, more than 200 million people in rural areas escaped poverty during 1978–2000.²

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However, despite its dazzling performance in reducing poverty, the region continues to face many development challenges. Of these, rural poverty undoubtedly is the most daunting. Large numbers of people in the region remain poor: over 620 million people still live on \$1 or less a day and about 1.9 billion people on less than \$2 a day.³ Most poor people continue to

¹ ADB. 2005a, 115–117.

² Huang Qiuqiong et al. 2006, 31.

³ ADB. 2006a, 2. It is important to note that, according to ADB, the \$2 a day poverty line is more typical of poverty lines found in low middle-income countries and more appropriate as a measure of poverty because it obviously does not represent a high standard of living (ADB. 2004a, 27).

live in rural areas. In East Asia and the Pacific, 93% of the poor live in rural areas while in South Asia, 75% of the poor live in rural areas. Ravallion et al⁴ recently estimated the number of rural poor living on less than \$1 a day and less than \$2 a day in East Asia and the Pacific and South Asia in 2002 at 625 million and 1,589 million, respectively. According to their estimates, about 70% of the world's extremely poor rural people (defined to include those living on \$1 or less a day) are concentrated in Asia and the Pacific. As shown in Table 1, over 2 billion people live in rural Asia, despite rapid urbanization. As the numbers on poverty indicate, the economic growth in the past has brought only marginal benefits to a majority of rural people; therefore, rural underdevelopment remains a persistent problem in the region.

The seriousness of the rural underdevelopment problem further increases when other dimensions of development are taken into account. For example, evidence indicates growing disparities between urban and rural

Table 1: Rural Population in Asia^a

Country	Total Population (millions)		Rural Population (millions)		% of Rural Population	
	1975	2004	1975	2004	1975	2004
Bangladesh	73.20	149.70	66.00	112.80	90.10	75.35
Cambodia	7.10	14.50	6.30	11.70	89.70	80.69
China, People's Republic of	927.80	1,320.90	766.40	794.60	82.60	60.16
India	620.70	1,081.20	488.50	772.80	78.70	71.48
Indonesia	134.40	222.60	108.50	118.40	80.70	53.19
Japan	111.50	127.80	48.20	44.10	43.20	34.53
Korea, Republic of	35.30	48.00	18.40	9.40	52.00	19.58
Lao PDR	3.00	5.80	2.70	4.60	88.90	79.31
Malaysia	12.30	24.90	7.70	8.70	62.30	34.94
Mongolia	1.40	2.60	0.70	1.10	51.30	42.31
Nepal	13.50	26.10	12.80	21.70	95.00	83.14
Pakistan	68.30	157.30	50.30	103.20	73.60	65.61
Papua New Guinea	2.90	5.80	2.60	5.10	88.10	87.93
Philippines	42.00	81.40	27.10	31.10	64.40	38.21
Sri Lanka	14.00	20.40	10.90	15.20	78.00	74.51
Thailand	41.30	63.50	31.50	43.10	76.20	67.87
Viet Nam	48.00	82.50	38.90	60.80	81.10	73.70
Total	2,156.70	3,434.90	1,687.50	2,158.40	78.20	62.84

Lao PDR = Lao People's Democratic Republic.

^a Note: Countries for which comparable data on sectoral composition of population are not available have been omitted from this table.

Source: UNDP 2005; FAO 2006, 127–132.

⁴ Ravallion et al. 2007. To be more accurate their estimates refer to poverty measures based on \$1.08 a day and \$2.15 a day, respectively.

areas in both income and non-income dimensions of poverty. In addition, rural areas confront serious environmental problems, increasing the vulnerability of the poor in particular. The current status of the rural economy and the overall quality of life of majority of the rural population suggest that neither the overall economic growth and development nor the growth⁵ and development in the rural economy have been inclusive. Increasing recognition of this situation has begun to generate a great deal of attention to inclusive growth in general and inclusive rural development in particular.

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This paper outlines the concepts of rural development and inclusive rural development and examines briefly the international experience relating to rural development outcomes with a view to providing suggestions for policy makers in the region to achieve inclusive rural development objectives. The paper draws from the experience of four sets of countries: Organisation for Economic Co-operation and Development (OECD) member countries; India and the PRC, two most populous countries that are growing rapidly in recent years and facing challenges of inclusive rural development and reducing rural–urban disparities; East Asian middle-income countries such as Malaysia, Indonesia, and Thailand; and developing low-income Asian countries such as Bangladesh, Cambodia, Pakistan, and Viet Nam. The focus of the paper is Asia. It attempts to address the following key questions. What have been the outcomes of rural development? What specific policies and measures have been adopted? What appears to have worked and what has not? What are the key drivers? Finally, what lessons can be learned from the experience in terms of policies and approaches for inclusive rural development?

The paper is organized as follows. Section 2 discusses the meaning of rural development with emphasis on how it has evolved over time from the narrowly defined agriculture-centric rural development to broadly defined inclusive rural development. Section 3 provides a brief discussion of rural development outcomes. Section 4 deals with major drivers of inclusive rural development. Section 5 is an effort to distill some lessons for the developing economies and middle-income countries that attempt to achieve inclusive rural development. Conclusions are presented in Section 6.

⁵ Ali. 2007. Ali in this paper describes “creating economic opportunities through sustainable growth and making the opportunities available to all including the poor” (1) as inclusive growth.