

## Key Indicators for Asia and the Pacific 2014 Highlights

The *Key Indicators for Asia and the Pacific 2014* is the flagship annual statistical publication of the Asian Development Bank (ADB). The *Key Indicators* presents the latest available indicators for the 48 regional ADB members. It contains analyses and statistical tables on the Millennium Development Goals and eight other economic, financial, social, and environmental themes. The *Key Indicators* also includes a special chapter—“Poverty in Asia: A Deeper Look”—that reviews the direction and pace of Asia’s poverty.

### Part I: Special Chapter Poverty in Asia: A Deeper Look

**Rapid economic growth in Asia and the Pacific has led to a dramatic reduction in extreme poverty at the conventional \$1.25/person/day poverty line. By that measure, Asia’s extreme poverty could be eradicated before 2030.**

- The extreme poverty rate declined from 54.7% in 1990 to 20.7% in 2010, benefiting 745 million Asians. The early attainment of the first target of the Millennium Development Goals—halving extreme poverty globally—would not have been possible without Asia.
- The drop in extreme poverty has varied by Asian subregion: it has been particularly impressive in East Asia, where the poverty rate fell by 48.6 percentage points—largely driven by the People’s Republic of China (PRC), followed by Central and West Asia (39.4 percentage points), Southeast Asia (31.0 percentage points), South Asia (19.8 percentage points), and the Pacific (10.9 percentage points).
- If these trends continue, Asia’s \$1.25 poverty rate would decline to 5.8% in 2020, 2.5% in 2025, and 1.4% in 2030, meaning that extreme poverty could be “eradicated” (below 3% poverty rate) by 2025.

**Yet many will argue that, for Asia and the Pacific, the \$1.25 poverty line is inadequate; it underestimates the costs required to maintain a minimum living standard by the poor.**

- A deeper look at Asia’s poverty considers three basic elements that make the conventional \$1.25 poverty line inadequate: (i) updated consumption data specific to Asia’s poor; (ii) the impact of volatile and rising costs associated with food insecurity; and (iii) the region’s increasing vulnerability to natural disasters, climate change, economic crises, and other shocks.

**An estimated Asia-specific poverty line of \$1.51/person/day increases the region’s extreme poverty rate in 2010 by 9.8 percentage points.**

- For Asia as a region—and for many individual economies—the \$1.25 poverty line is too low. It was derived from the world’s 15 poorest countries—only two from Asia—and based on 1988–2005 consumption data. Consumption patterns vary by region and change over time—in Asia today, for example, a mobile phone is considered a necessity. Thus, poverty lines must change accordingly. Several Asian countries—including the PRC and India—have recently raised their national poverty lines to make them more relevant for policy making.

- Broadly following the procedure used for obtaining the \$1.25 poverty line—an Asia-specific extreme poverty line was estimated at \$1.51/person/day in 2005 purchasing power parity terms.
- Adopting the \$1.51 poverty line raises Asia's poverty rate in 2010 by 9.8 percentage points—from 20.7% to 30.5%. This increases the number of extreme poor by 343.20 million. For developing Asia's largest economies, India's poverty rate rises by 15.0 percentage points, Indonesia's by 9.9 percentage points, and the PRC by 4.9 percentage points.

**When the impact of food insecurity is considered, Asia's 2010 extreme poverty rate rises by 4.0 percentage points.**

- Food prices have increased due to both supply- and demand-side factors. On the supply side, rapid urbanization continues to absorb farmland, extreme weather or water shortages cut into yields, and rising ethanol production restricts food supply. On the demand side, rising incomes increase both the quantity and quality of food consumed, with higher quality food using up more resources. Over 2000–2012, the global food price increased by an average of about 7.4% a year.
- Although there are some variations in trend, developing Asia's food consumer price index (CPI) increased faster than general CPI for most countries in most years, both before and after the 2008 food crisis. The difference was largest in the PRC and Indonesia, while in India it remained small due to government intervention.
- Rapidly rising food prices increase food insecurity, threatening the very survival of the poor, particularly the landless and urban poor. The poor spend far more of their income on food than the nonpoor, so food insecurity should be considered when measuring poverty.

- One way of adjusting for food insecurity involves inflating the poverty line by changes in food prices—when the increase in food CPI is greater than general CPI. This affects Asia's 2010 extreme poverty rate by 4 percentage points, an addition of 140.52 million poor.

**Accounting for vulnerability to risks—such as natural disasters, climate change, illness, and economic crises—raises the 2010 extreme poverty rate by 11.9 percentage points.**

- In recent years, vulnerability to natural calamities has been increasing in both frequency and severity—especially in East, South, and Southeast Asia. Asia is home to seven of the world's 10 most vulnerable countries. In addition, globalization has led to the increased possibility of economic shocks affecting the region.
- Poor and low-income households are particularly vulnerable to natural disasters, financial crises, or illness because they have little or no savings. Many low-income households live just above extreme poverty and can easily fall back into poverty due to a shock. Consequently, coping with vulnerability increases the poor's minimum costs.
- The vulnerability-adjusted poverty line adds about 11.9 percentage points to Asia's poverty rate in 2010, adding 417.99 million to those considered extremely poor.

**Considering these factors together, Asia's extreme poverty rate is estimated at 49.5% in 2010, and will likely remain over 17.1% through 2030, with most of the poor living in middle income countries. Despite the huge gains already made, alleviating poverty will continue to be a significant challenge in Asia for decades to come.**

- Using an Asia-specific poverty line and incorporating the effects of food insecurity and vulnerability raise Asia's 2010 poverty rate by

28.8 percentage points, from 20.7% to 49.5%. It increases the number of extreme poor in 2010 by 1,017.36 million, from 733.06 million to 1,750.42 million.

- Looking ahead, poverty will decline further if recent economic growth trends continue. The overall poverty rate using the broader measure is projected to fall from 49.5% in 2010 to 17.1% in 2030. Food insecurity and vulnerability will continue to make poverty reduction in Asia a significant challenge.
- By subregion, the poverty rate using the broader measure is projected to fall to 27.0% for the Pacific, 24.5% for South Asia, 20.1% for Central and West Asia, 10.9% for East Asia, and 9.7% for Southeast Asia by 2030.

**While the reduction in Asia's extreme poverty has been a remarkable achievement—and projections show poverty will continue to drop significantly—much work remains. Policy actions are needed to promote economic growth, and reduce food insecurity and vulnerability.**

- Food security can be improved by enhancing food availability (through improved productivity and technological development, for example), affordability and access (such as targeted food aid for the poor and upgrading farm-to-fork infrastructure), and stabilizing food supply (national or regional emergency reserve stocks, among others).
- To deal with increasing vulnerability, risk-mapping can better identify and help assess those most exposed, and what resources are available to respond. Efforts in disaster risk reduction (through infrastructure sufficiently resilient to withstand disasters, early warning systems, livelihood diversification, stockpiling relief supplies, and training local response teams, for example) need to intensify. Climate change initiatives should continue to concentrate on both adaptation and mitigation. Publicly funded social safety nets and market-based instruments (such as insurance policies) need to be broadened and deepened in most Asian countries. Finally, strong economic growth, prudent macroeconomic management, and close regional cooperation can reduce a country's vulnerability to external shocks.

## Part II: Millennium Development Goals

Part II contains the Millennium Development Goal (MDG) indicators and short commentaries on progress toward achieving the specified targets. While the target to halve extreme poverty has generally been met, progress against child malnutrition in many economies is slower. Most of the region has achieved significant progress in improving access to universal primary education, and promoting gender equality and women's empowerment. The targets for reductions larger than half by 2015 in child and maternal mortality appear beyond reach.

A few economies are expected to meet the goal of halting and starting to reverse the spread of HIV/AIDS. As to environmental sustainability, emissions of carbon dioxide have increased rapidly, but most economies have placed more land and sea areas under protection. The record on provision for improved sanitation is less than satisfactory compared to the solid progress made toward improving access to safe drinking water. The latest data show official flows from all sources to developing member economies increased.

### **MDG 1: Eradicate extreme poverty and hunger**

- Most of the economies have achieved the target of halving extreme poverty, defined as people having average income or consumption less than \$1.25 per day in 2005 purchasing power parity terms. However, the extreme poverty rate still persists at over 20% including in a few economies that have large populations (Bangladesh, India, and Pakistan).
- The employment-to-population ratio increased in most reporting economies, but in some economies such as Nepal and Cambodia, the increase may reflect high levels of employment in low-paying informal jobs.
- Proportion of vulnerable workers remained high at over 40% in 15 of the 27 reporting developing economies. However, the decline in the proportion of the working poor in all the economies suggests that there has been progress in generating decent jobs.
- Indicators measuring hunger (proportion of undernourished people and the proportion of underweight children under 5 years of age) showed much improvement, but malnourishment and undernourishment remain a serious problem in many economies, with 17 of the 29 economies being unable to meet the hunger target.

### **MDG 2: Achieve universal primary education**

- Developing economies have made substantial progress toward universal primary education with most having achieved the target 95% net enrollment rate in primary education. Except for Pakistan, where the net enrollment rate for boys is about 10 percentage points above that for girls, there is no apparent gender bias against girls in primary school enrollment.
- Providing universal primary education remains a challenge for Sri Lanka and especially for the Philippines, both having had the largest declines in net enrollment rates in primary education.
- Though there has been general improvement, fewer economies have achieved the 95% target for expected primary school completion. This indicates more should be done to help children stay in school.
- In economies where the literacy rates of 15–24-year-olds are below 85%, there are gender disparities in favor of boys.

### **MDG 3: Promote gender equality and empower women**

- Gender parity in primary and secondary level enrollment has been generally achieved by the economies in the region.
- Though in about half of the developing member economies, there are more females than males enrolled at the tertiary level, in some other economies gender disparity at the tertiary level in favor of males still persists and is more severe compared to that at the primary and secondary levels.
- Of the 38 economies with available data, more than half—21 economies—have their proportion of women in nonagricultural wage employment at 40% or better. The lack of women's economic empowerment is most severe in Afghanistan, Bangladesh, India, and Pakistan where the proportions of women in nonfarm paid employment are below 20%.
- The proportion of parliamentary seats held by women has increased between 2000 and 2014, reflecting greater political empowerment. However, the proportions are still low (below 10%) in some economies in South Asia and the Pacific.

### **MDG 4: Reduce child mortality**

- Substantial progress has been achieved in reducing under-5 mortality, but the region still falls short of the target reduction of two-thirds of the 1990 rate. Fifteen of the 43 reporting members are not expected to meet the target reduction even by 2030. However, on aggregate, the region's under-5 mortality rate of 41 in 2012 is better than the global average of 48.
- Infant mortality rate has been halved in the region from 66 per 1,000 live births in 1990 to 32 in 2012, a level slightly better than the global average of 35. However, the percentage reductions in infant

mortality rates have been lower than those for under-5 mortality, implying that increasingly, infant deaths are accounting for a larger proportion of under-5 deaths.

- Immunization against measles increased from 74% in 1990 to 85% in 2012, at par with the global average of 84%. By 2012, almost two-thirds (28 of 43) of the developing economies in the region have at least 90% of their 1-year-old children immunized against measles.

### **MDG 5: Improve maternal health**

- Maternal mortality ratio in Asia and the Pacific had been reduced by 61% from 343 in 1990 to 133 in 2010—63% lower than the global average of 210 but short of the three-quarters target reduction.
- Births attended by skilled health personnel were below 50% in only six out of 43 developing economies. In 25 of 37 remaining economies, more than 90% of births were in the presence of skilled health personnel.
- Since the 1990s, the adolescent birth rate has declined in all but nine developing economies. The adolescent birth rate, however, remains high in the region. In six economies, there were over 80 births per 1,000 women between the ages 15 and 19.

### **MDG 6: Combat HIV/AIDS, malaria, and other diseases**

- HIV prevalence declined in economies with the highest rates of infection in the region, but increased in 10 economies, mostly in Central and West Asia and Southeast Asia.
- Access to antiretroviral drugs for those with advanced HIV infection increased in the region, particularly in the economies with high rates of infection—Cambodia, Papua New Guinea, and Thailand.

- About half of the 25 reporting economies have made significant progress in halting the incidence of malaria. These economies have malaria incidence at less than 1,000 per 100,000 population and associated death rates at near zero. In the remaining economies, malaria remains a severe problem where either the incidence is over 5,000 or the associated death rate is at least 10 per 100,000 population.

### **MDG 7: Ensure environmental sustainability**

- While forest cover did not change very much in the region since 1990, 12 economies recorded increases. Almost all reporting economies registered an increase in the proportion of protected terrestrial and marine areas.
- Per capita emissions of CO<sub>2</sub> increased in about 70% of the region's economies but remain well below those of developed economies. However, because of its population size, Asia is a major contributor to global CO<sub>2</sub> emissions.
- Solid progress has been made in improving access to safe drinking water with two-thirds of the economies having achieved the target. Increase in improved sanitation facilities however has been less impressive.

- The proportion of the urban population living in slums declined in most reporting economies.

### **MDG 8: Develop a global partnership for development**

- Net official development assistance (ODA) to developing member economies increased by 1.7% to \$34 billion in 2012, with Afghanistan being the largest recipient with \$6.7 billion. Most donor economies allocate less than 20% of bilateral ODA to basic social services.
- The share of untied ODA increased from 49% in 2011 to 52% in 2012, but remained constant in value terms over 2011–2012.
- Merchandise exports from Asia and the Pacific grew by 1.9% in 2012 and in 2013, 60% higher than that in 2009, when exports dipped due to the global financial crisis.
- Debt–service ratio was highest in Central and West Asia at 18% in 2012, but all other subregions had reduced their debt ratios to single-digit levels.

## Part III: Region at a Glance

Economic growth in Asia and the Pacific was unchanged in 2013, yet the region is undoubtedly on the move. Asia and the Pacific now accounts for over half of the global population, nearly 40% of global gross domestic product (GDP) in purchasing power parity terms, and about one-third of world exports. This growing importance also brings with it increasing challenges. The region now consumes more than two-fifths of the world's energy, continues to increase its emissions of greenhouse gases and other pollutants, and faces the rapid consumption of scarce resources. Furthermore, corruption is hindering development, with more than 40% of the region's economies falling into the bottom one-third of Transparency International's global corruption rankings.

There are plenty of positive indicators on which to reflect as well. Quality of life, as measured by the Human Development Index, continues to improve in most of the region. Inflation generally remained low across Asia and the Pacific in 2013. For businesses, the time it takes to start a business and the cost of registering a new business are declining. And in a growing number of economies, the services sector has become an important contributor to exports, offering the opportunity to meet the employment needs of an expanding population.

### People

- Asia and the Pacific accounts for nearly 55% of the global population and six of the world's 10 most populous economies are in the region. The region's population is forecast to grow by almost 1 billion by 2050.
- Population growth and fertility rates have slowed down in most economies, but remain high in some. India's population is expected to surpass that of the People's Republic of China (PRC) in the next 15 years.
- The region's population is aging, and this has major implications for economic growth. Developed member economies already have a relatively high proportion of older people.
- The rate of urbanization is increasing in most of the region. Asia is home to 12 of the world's 23 biggest cities and 8 of the 10 most densely populated cities.
- Based on UNDP's Human Development Index, about half of developing member economies are in the "medium human development" category and all have shown improvements in quality of life indicators since 2000.

### Economy and Output

- The Asia and Pacific region generated more than 38% of global GDP in purchasing power parity terms in 2013. The PRC and India accounted for nearly three-quarters of the region's output.
- GDP growth accelerated in half of the region's economies in 2013, but the region's unweighted average growth rate slipped to 4.8% from 5.0% a year earlier.
- The role of services has been expanding in more than three-quarters of the region's economies since 2000, generating at least half of GDP in 60% of the economies in 2013.
- Almost two-thirds of the region's economies raised investment spending between 2000 and 2013, expanding productive capacity to promote further output growth.
- Private consumption spending as a share of GDP declined in almost two-thirds of reporting economies between 2000 and 2013.



### Money, Finance, and Prices

- Inflation generally remained at low levels across Asia and the Pacific in 2013, reflecting softer economic growth and relatively stable global food and commodity prices.
- Capital outflows contributed to the depreciation of many regional currencies against the United States dollar.
- Growth in the money supply (M2) slowed in most of the region's economies.
- Yields on short-term Treasury bills eased in most economies in Asia and the Pacific.
- The ratio of nonperforming loans to total gross loans declined in most regional economies between 2010 and 2012.
- In spite of the turbulence generated by the anticipation of Fed tapering, stock market performances were generally positive across the region in 2013.

### Globalization

- The Asia and Pacific region accounted for about one-third of the world's merchandise exports in 2013, up from about one-quarter in 2001. At the same time, merchandise exports contracted in 2013 for the first time since 2009.
- Intraregional trade comprised the majority of the region's exports and imports in 2013.
- The share of GDP generated by migrant worker remittances has increased in two-thirds of the region's economies since 2000.

- More than 60% of the region's economies recorded current account deficits in 2012–2013.
- External debt as a percentage of gross national income fell in about 60% of reporting economies between 2000 and 2012.

### Transport and Communications

- Road networks have expanded rapidly in most economies in Asia and the Pacific since 1990. The latest data show that the PRC and India account for almost two-thirds of the region's roads.
- The number of vehicles has surged in the region. Nineteen economies have at least 100 vehicles per 1,000 people. The increase in the number of registered motor vehicles in many developing economies has been accompanied by a relatively high incidence of fatal road accidents.
- While rail networks have expanded in all but six of the region's economies since 1990, rail lines are still heavily concentrated in three economies—the PRC, India, and Japan.
- Mobile phone subscriptions have shown huge growth across the region since 2000, while the penetration of fixed-line phones has increased more moderately and even declined in some economies.
- The number of fixed broadband internet subscriptions has risen throughout Asia and the Pacific, but many developing economies still have low penetration rates.



## Energy and Electricity

- Per capita electricity consumption rose by at least 200% in 13 developing member economies between 1990 and 2011.
- Two-thirds of the region's leading energy producers became more reliant on coal to generate electricity.
- The Asia and Pacific region accounts for more than 40% of global energy demand.
- Most economies in the region rely on energy imports. The four biggest energy users—the PRC, India, Japan, and the Republic of Korea—have all increased their dependence on energy imports since 2000.
- Inefficient fossil fuel subsidies persist in some economies, yet energy efficiency—as measured by GDP per unit of energy use—has improved in most economies.

## Environment

- Asia's economic development has led to increased emissions of greenhouse gasses.
- Between 2000 and 2011, over 60% of economies in the region either expanded or retained the area devoted to agriculture.
- Five of the 10 economies with the highest rates of deforestation in 2012 were located in Southeast Asia.
- The management of limited freshwater resources amid population growth is a challenge facing many Asia and Pacific economies.

## Government and Governance

- Fiscal positions either improved—with deficits shrinking and surpluses increasing—or remained steady in 2013 in most economies in Central and West Asia, East Asia, and South Asia. Fiscal performances were mixed in the economies of Southeast Asia and the Pacific.
- Government revenue as a share of GDP showed little significant change in most of the region in 2013.
- Government expenditure relative to GDP decreased in two-thirds of the economies of South Asia, Southeast Asia, and the Pacific in 2013. Government expenditure as a share of GDP increased in the majority of economies in East Asia and Central and West Asia.
- Government spending on health and social security and welfare increased as a percentage of GDP in most economies between 2000 and 2013. At the same time, governments in the region generally spent more on education than on health.
- The average time required to start a business in developing Asian economies fell from 47 days in 2005 to 29 days in 2013. The cost of starting a business also declined in much of the region over the same period.
- Corruption remains a problem in much of Asia. Over 40% of the region's developing economies ranked in the bottom one-third of Transparency International's Corruption Perceptions Index 2013.