

RIDING THE WAVE

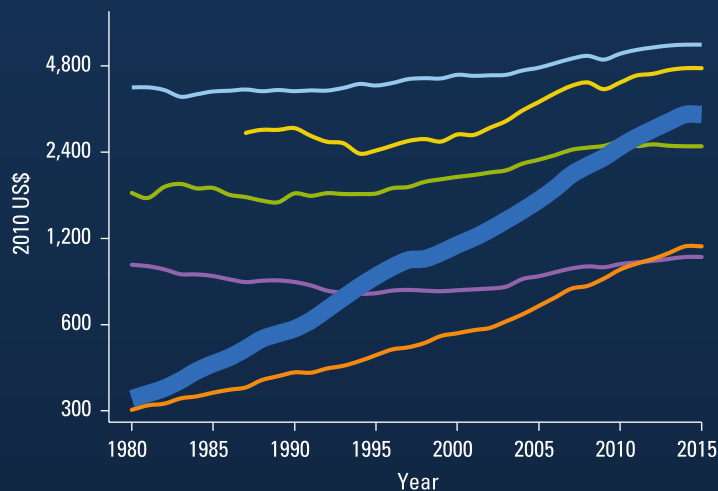


40%
Out of
Poverty
In the last
2 decades



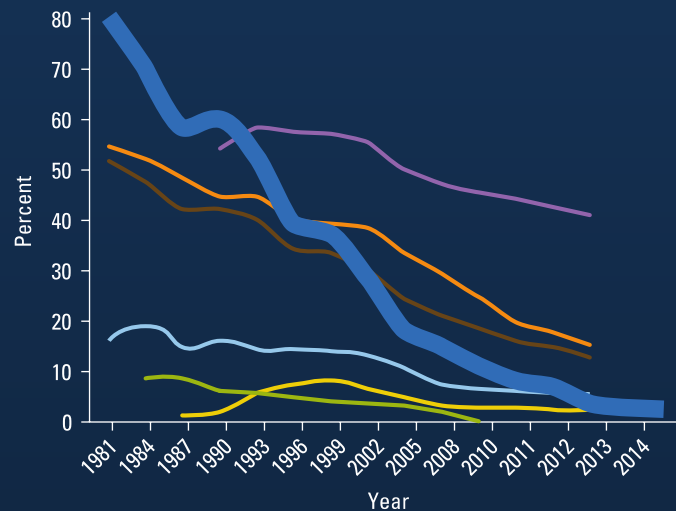
EAST ASIA HAS BEEN THE BIGGEST POVERTY REDUCTION MACHINE IN HISTORY

Real gross domestic product per capita
in developing regions



- East Asia and Pacific
- Latin America and the Caribbean
- Europe and Central Asia
- Middle East and North Africa
- Sub-Saharan Africa

US \$1.90 a day
(purchasing power parity)

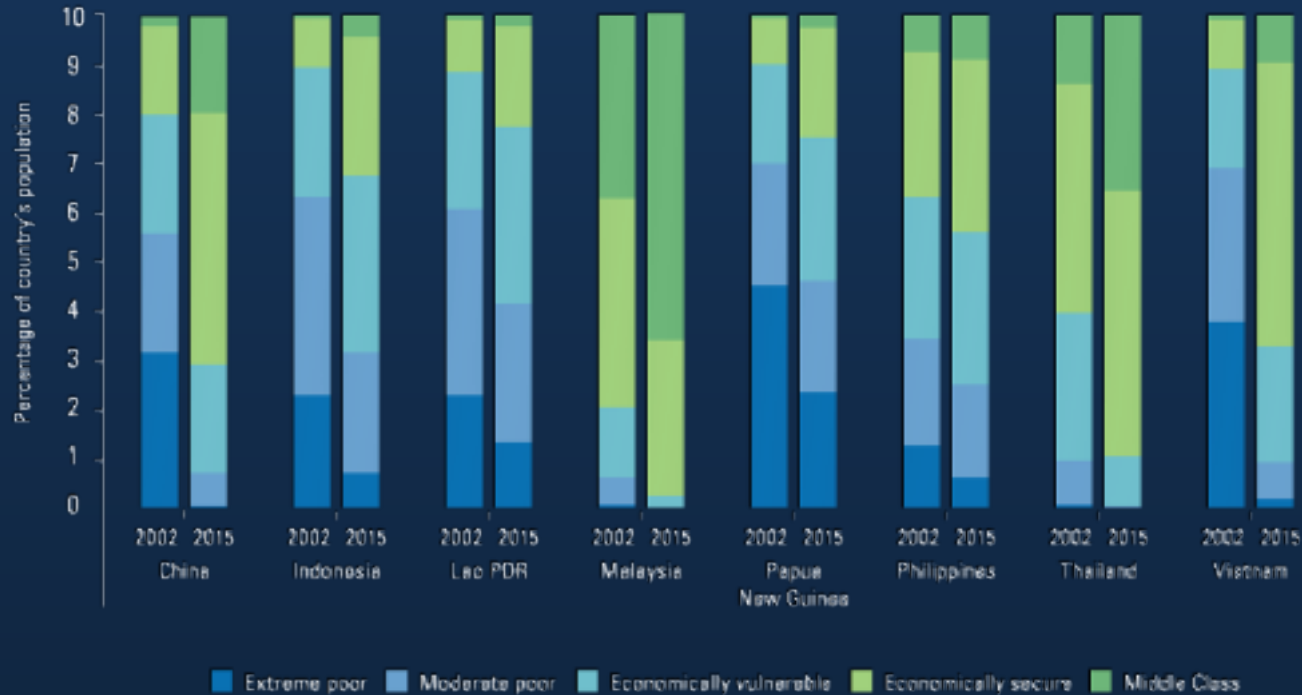


- East Asia and Pacific
- Latin America and the Caribbean
- Europe and Central Asia
- Middle East and North Africa
- Sub-Saharan Africa
- Developing world



$\frac{2}{3}$ of the
population
are economically
secure

East Asia is now a region of middle class countries where a variety of economic classes live side by side — from the extreme poor to the super rich



What worked in the past?

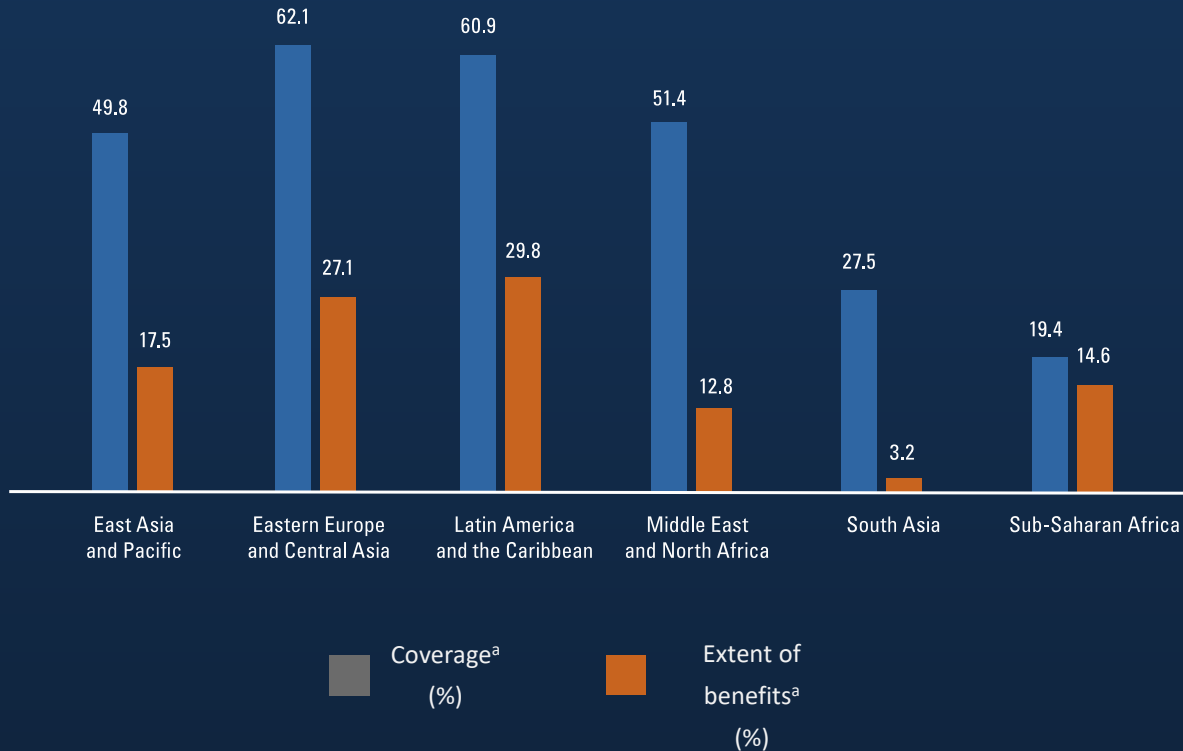


Export-oriented,
Labor-intensive
growth

Investing
In people



SOCIAL PROTECTION AND REDISTRIBUTIVE POLICIES, HOWEVER,
WERE LAGGING BEHIND OTHER MIDDLE INCOME REGIONS



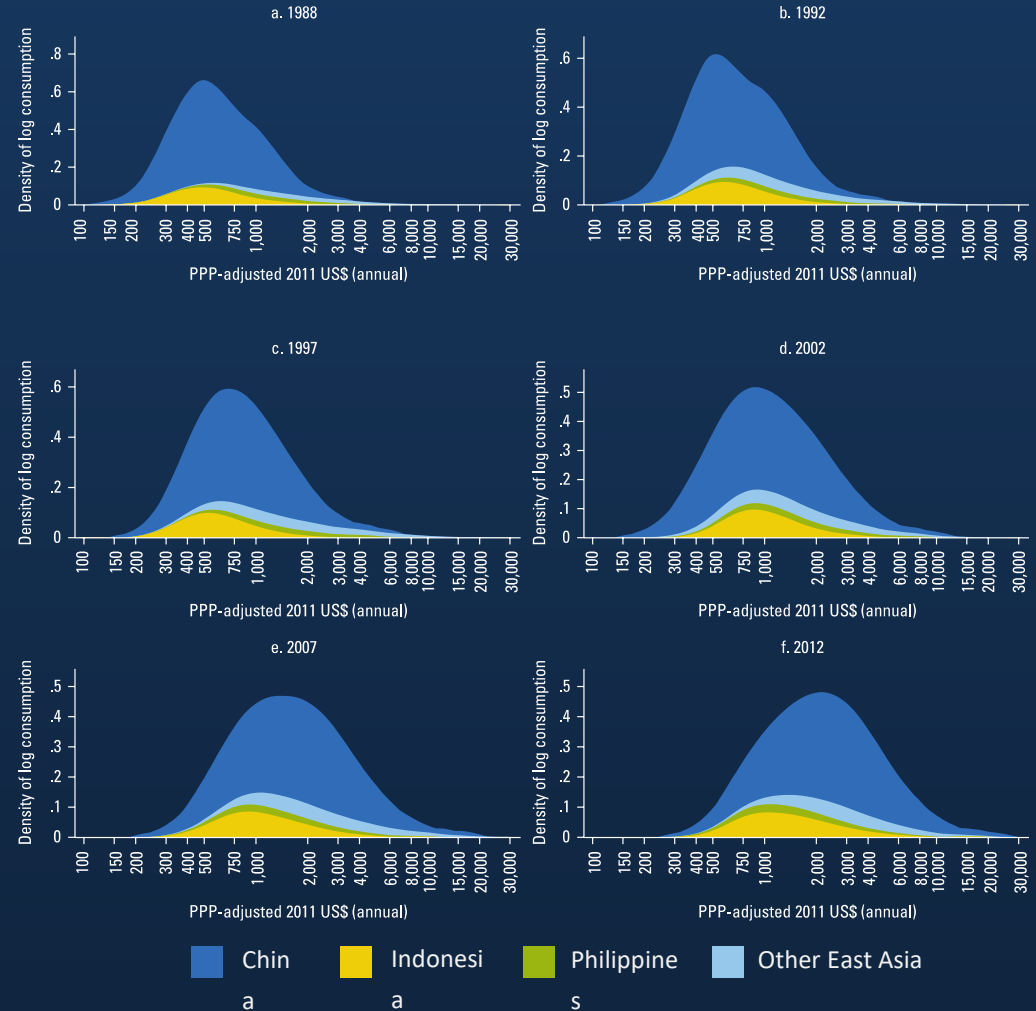
But this might
not work anymore



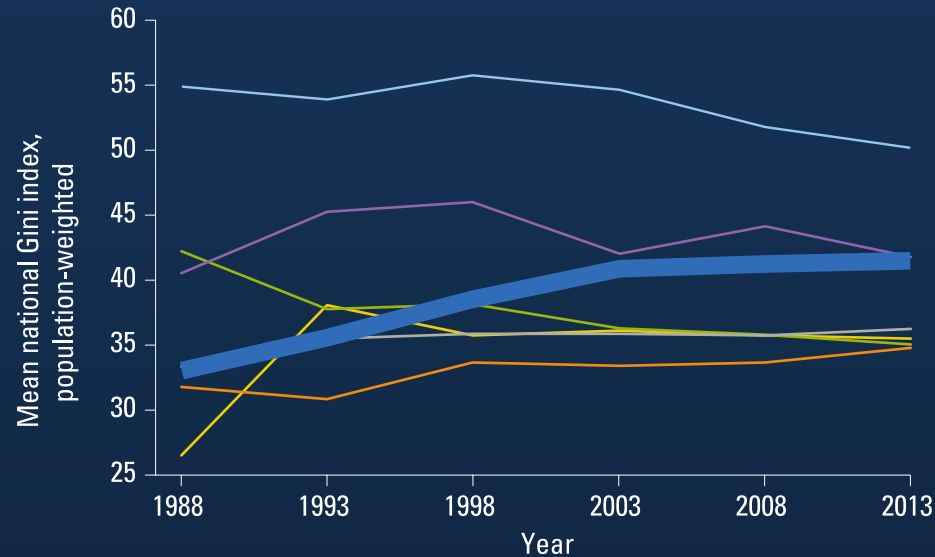
Inequality is rising
in the region

Rising in inequality is not just driven by China

- Between 1988 and 2012, China's average consumption moved from below mean consumption to above mean consumption for the region.
- Since 2012 developments in China are moderating the regional inequality they contributed to create
- China accounts for 70 percent of the EAP population

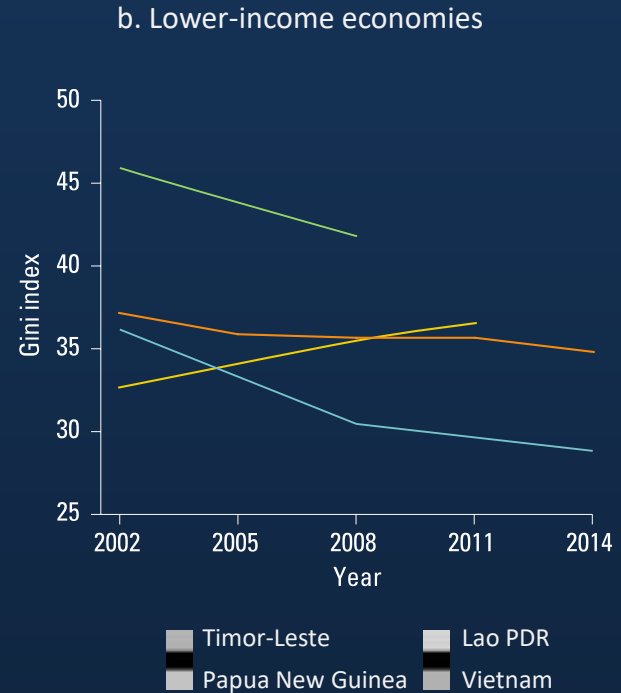
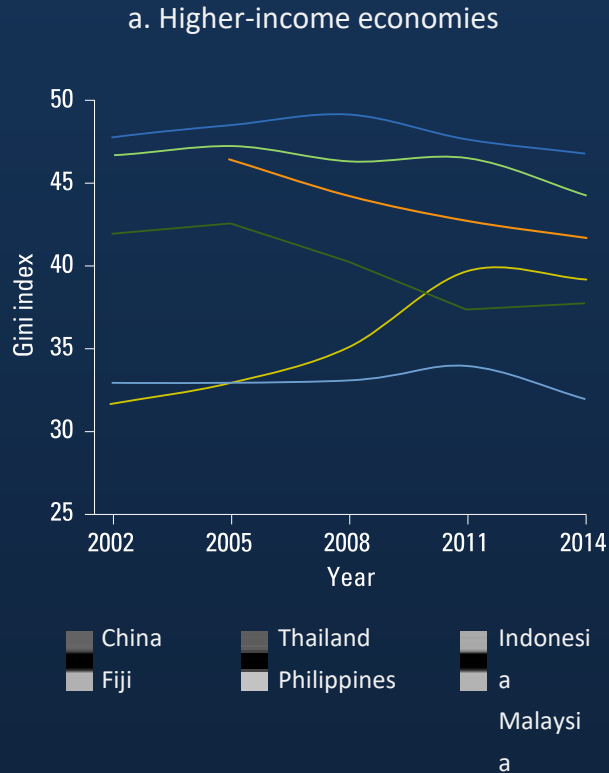


Although East Asian inequality was initially low, its rise since the late 1990s differs from other middle income regions



- East Asia and Pacific
- Latin America and the Caribbean
- South Asia
- Sub-Saharan Africa
- Eastern Europe and Central Asia
- Middle East and North Africa
- Industrialized economies

TRENDS IN INEQUALITY FOR SELECTED COUNTRIES IN DEVELOPING EAST ASIA



An aerial photograph of a large port facility. In the foreground, a massive container ship is docked at a pier, its deck crowded with stacks of shipping containers. Several large gantry cranes are positioned along the pier, some with their booms extended over the ship. The background is filled with a vast, dense field of stacked shipping containers, stretching towards the horizon. In the far distance, some industrial structures and a body of water are visible. The overall scene depicts a major hub of global trade.

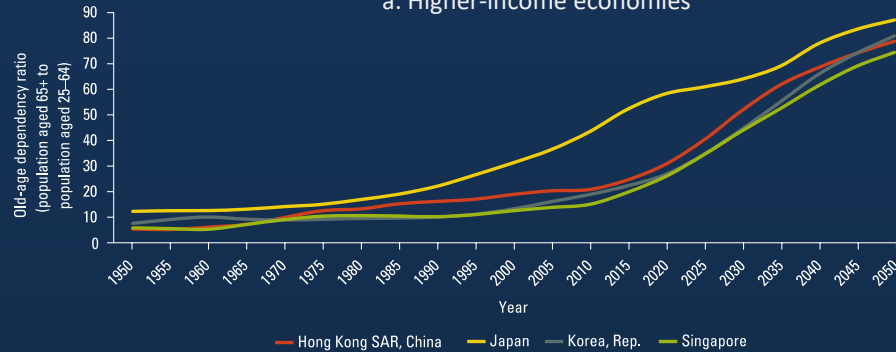
Global trade
is slowing

The region is
growing older

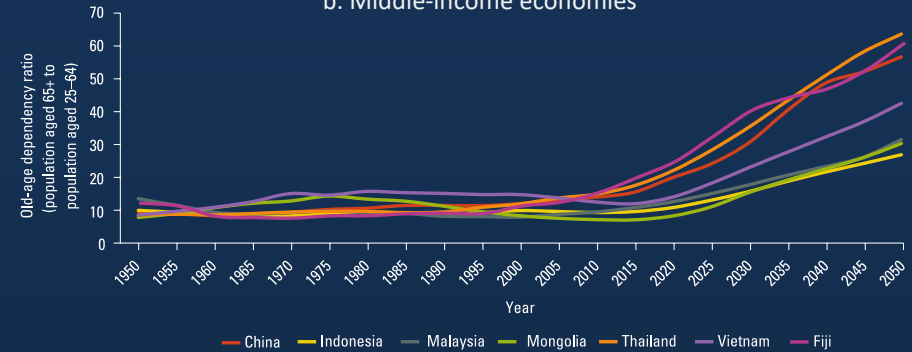


Most middle-income East Asian economies Will age rapidly as high-income economies already are

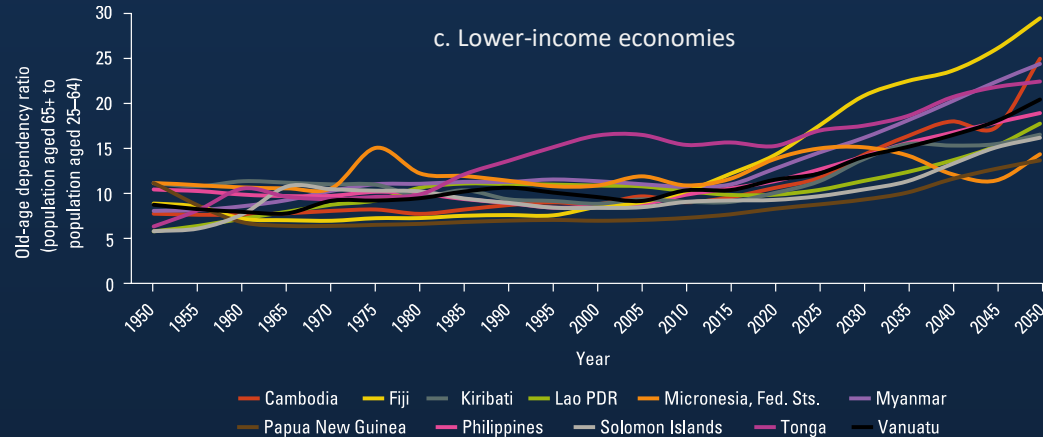
a. Higher-income economies



b. Middle-income economies



c. Lower-income economies



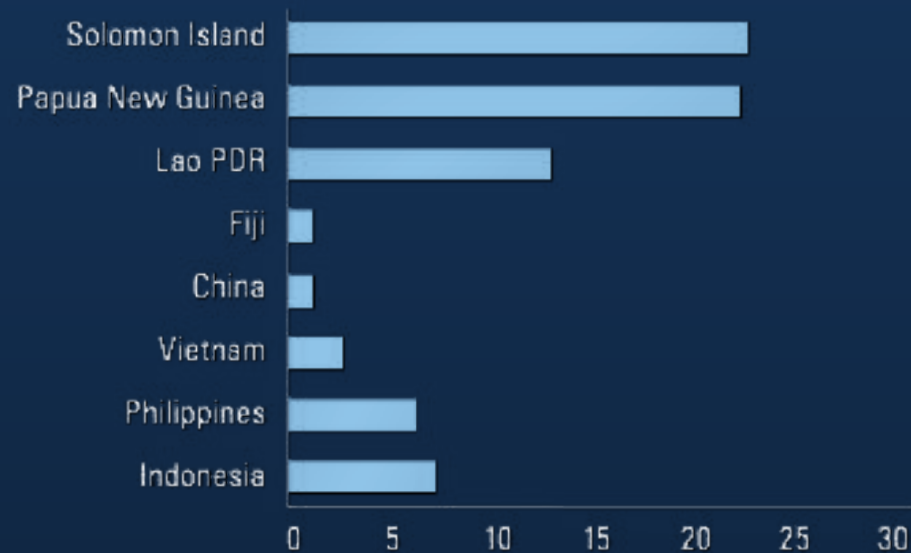


Urbanization
brings new
challenges

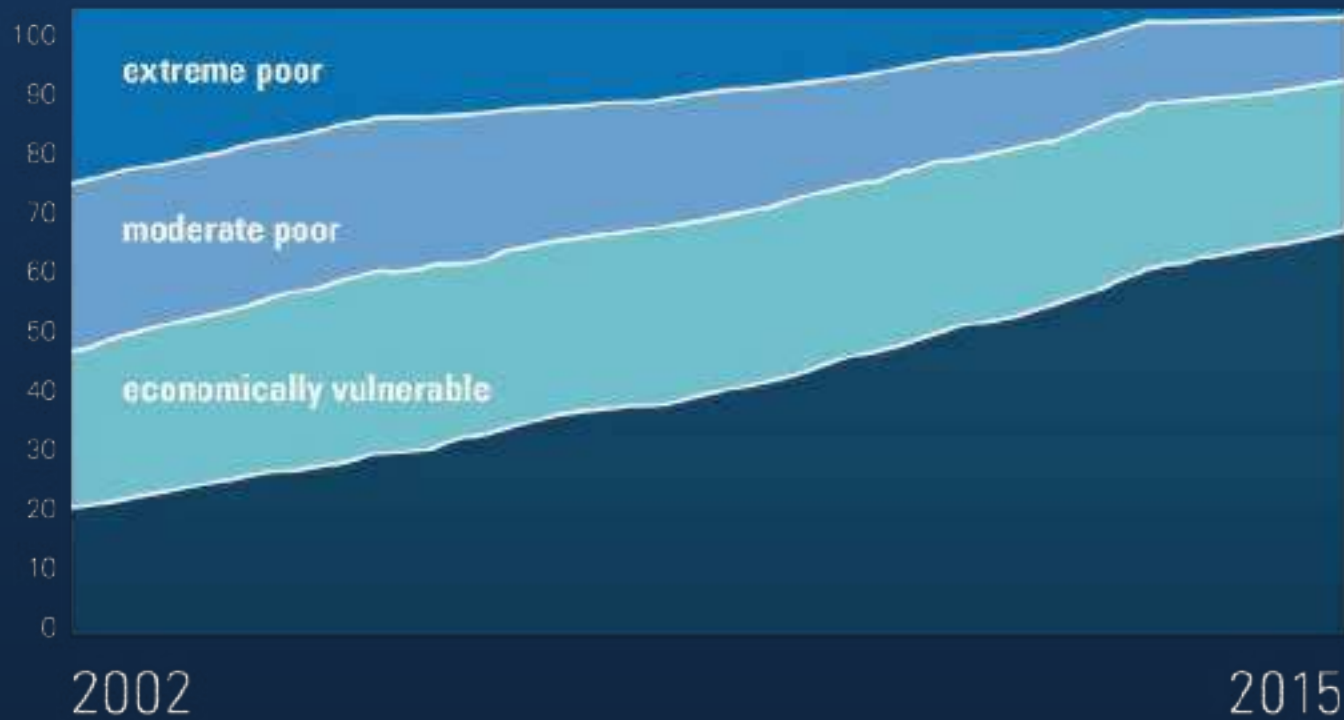
Inclusive growth that
benefits everyone



In many countries in the region,
extreme poverty levels are now very low



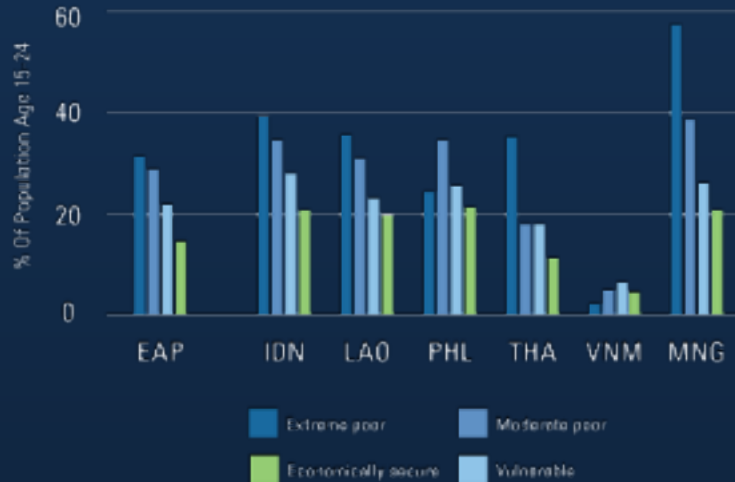
Extreme poverty in selected countries in East Asia and Pacific,
US \$1.90-a-day purchasing power parity (PPP), 2015



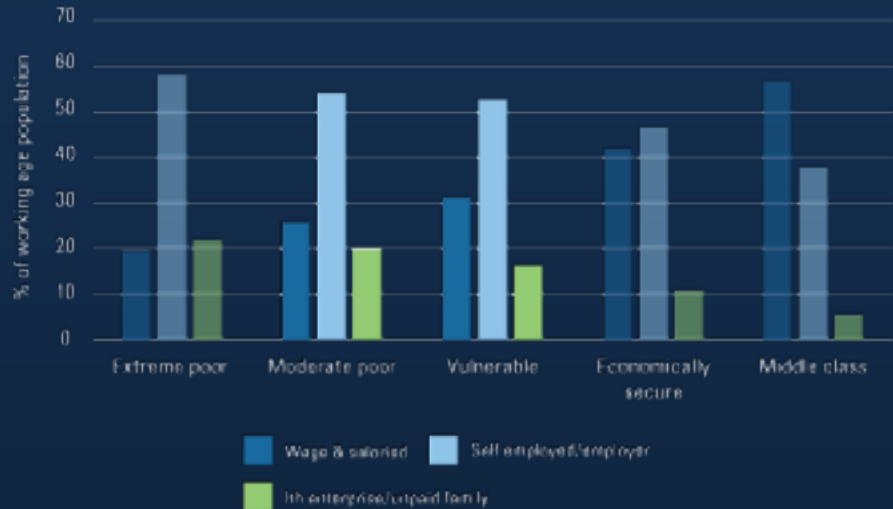
CONTINUITY ACROSS THE POVERTY LINE

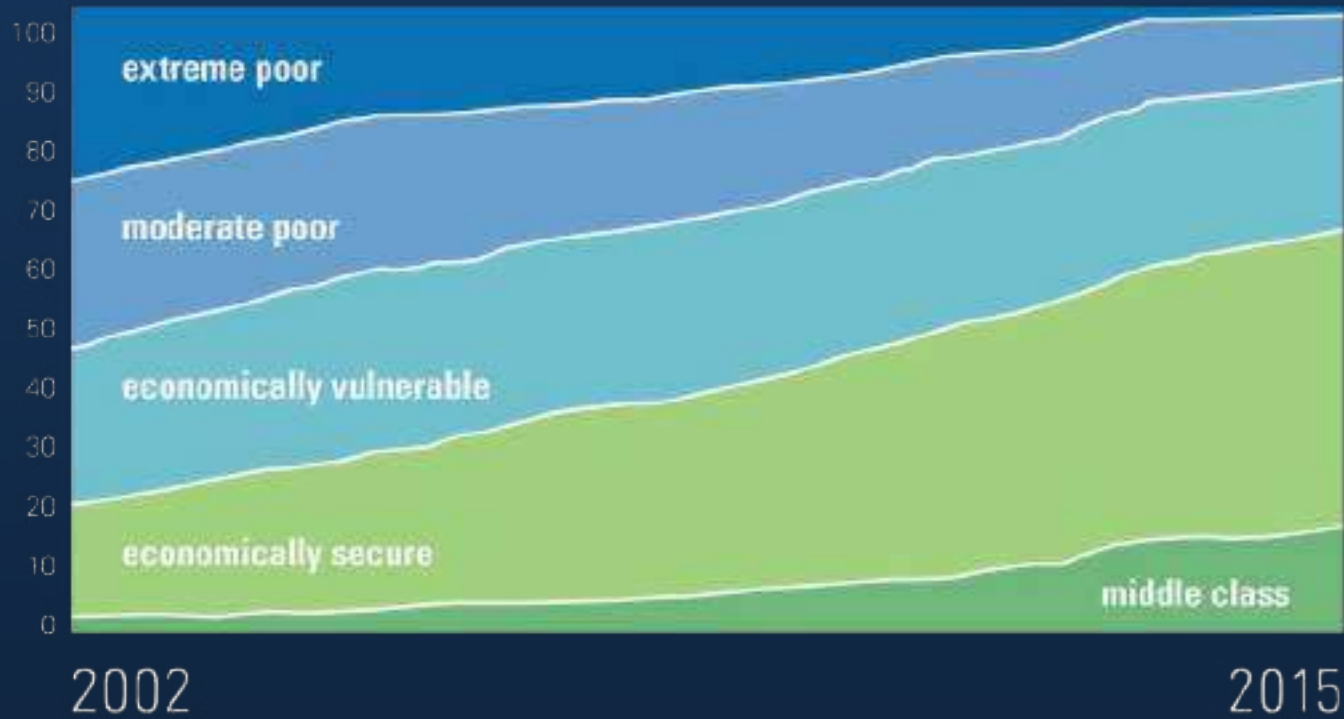
The main difference between the moderate poor and the vulnerable is in the assets they have and in the use they make of them

INVESTING IN HUMAN CAPITAL: Share of Youth (15-24) who are not in education, employment, or training (NEET), by country and class, circa 2012

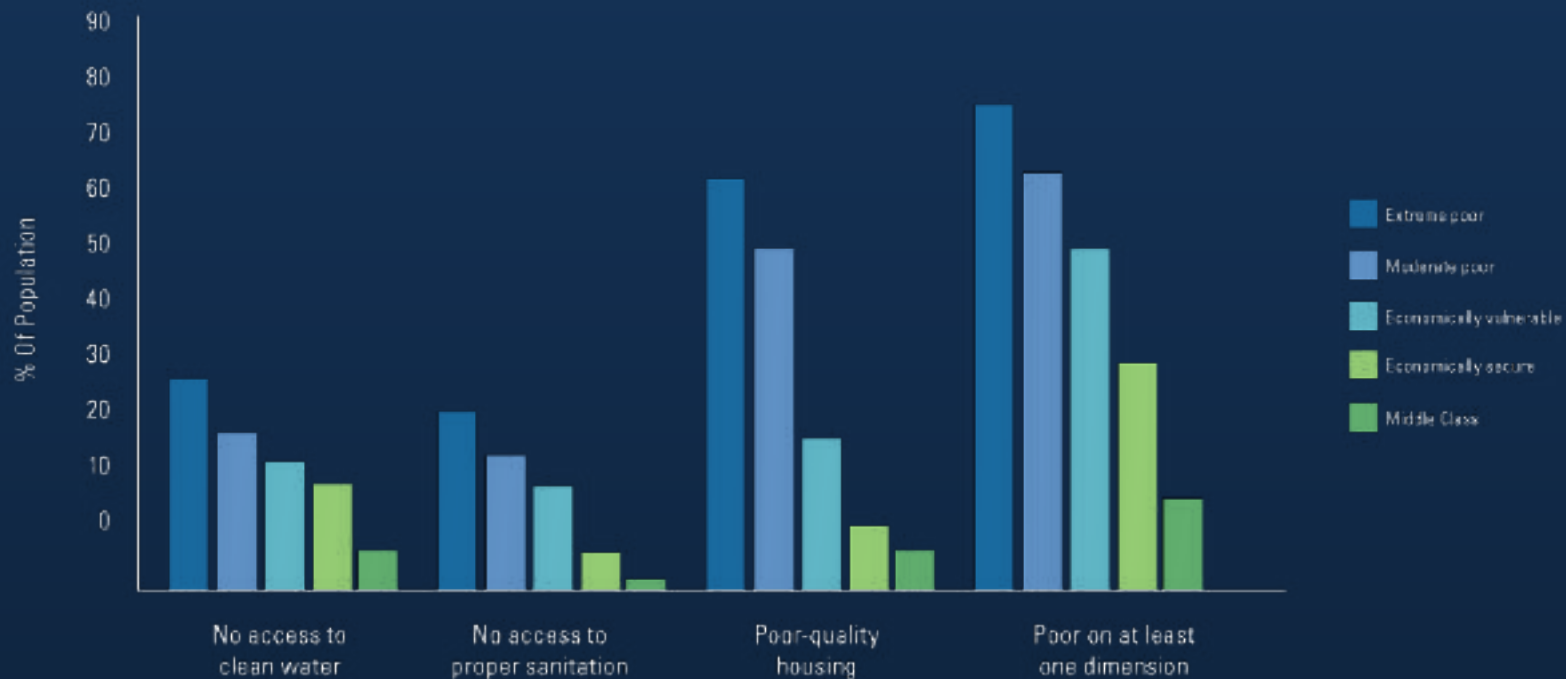


Using human capital: Distribution of the working population across sectors of employment by class, EAP region, circa 2012

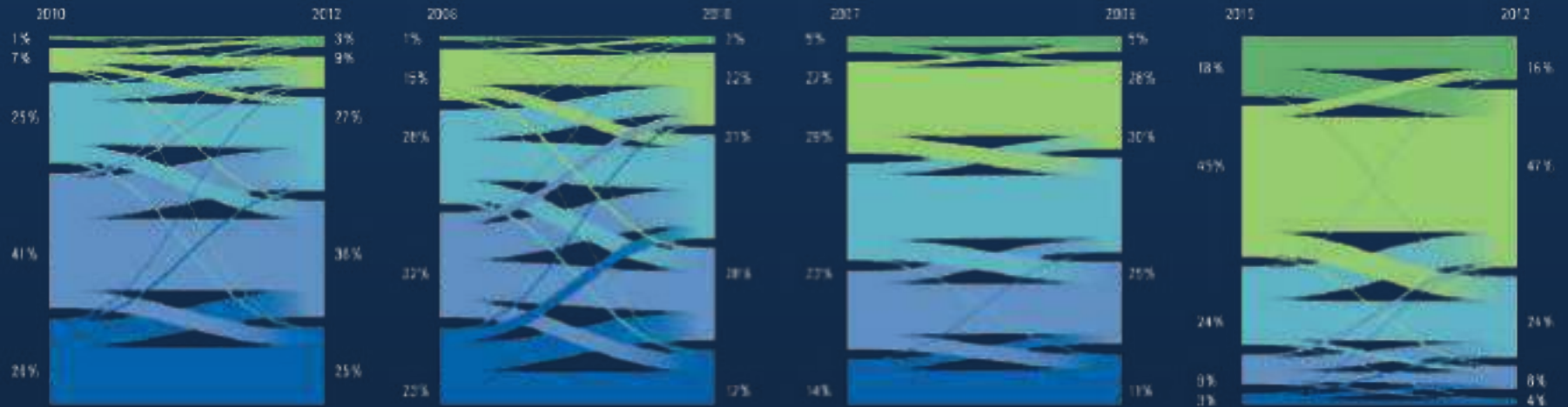




But even those living in economic security and above are not immune from non-monetary poverty...



...and dynamic analysis shows that both in the short and the long run nobody is immune from downward mobility



a. Lao PDR, transition matrix, 2010-12

b. Indonesia, transition matrix, 2006-10

c. Philippines, transition matrix, 2007-09

d. Vietnam, transition matrix, 2010-12

Extreme poor Moderate poor Economically vulnerable Economically secure Middle Class

A differentiated strategy is
Needed for different groups

THREE PILLARS



MOBILITY

SECURITY

INSTITUTIONS

EDUCATION



GOOD JOBS



FINANCIAL INCLUSION



Fostering economic mobility



SOCIAL ASSISTANCE



SOCIAL INSURANCE



RISK MANAGEMENT

Fostering economic mobility

MOBILIZE MORE RESOURCES

SPEND BETTER

Strengthening institutions



A differentiated strategy is
Needed for different countries



THAILAND

MALAYSIA



Growing
middle class
aspirations



CHINA

VIETNAM

Remove the
remaining
vulnerabilities





PHILIPPINES

INDONESIA



Foster upward
mobility



LAOS

PAPUA NEW
GUINEA



Accelerate
poverty reduction



PACIFIC ISLAND
COUNTRIES

A black and white photograph of three children sitting in a small boat on a body of water. The child in the center is a boy, shirtless, smiling broadly at the camera. To his left is a girl wearing a light-colored sailor-style top, also smiling. To his right is another girl, looking towards the camera with a slight smile. The boat is simple, and the background shows a calm lake with a distant shoreline and a fence made of vertical poles. The text 'Tailor the agenda' is overlaid on the left side of the image.

Tailor the agenda

A NEW
SOCIAL
CONTRACT
TO RIDE THE
WAVE OF
PROSPERITY

