Chronic Poverty Advisory Network

www.chronicpovertynetwork.org

What policy lessons can be learnt from cases of pro-poorest growth?

2[nd] Draft

Andrew Shepherd, Chiara Mariotti, and Laura Rogriguez-Takeuchi

15 April 2016

CPAN is hosted at the Overseas Development Institute, London

Acknowledgments

The paper has also benefited from significant additional quantitative analysis by Vidya Diwakar. The authors are also grateful to Kate Bird, David Henley, Andy McKay, Claire Melamed, Pak Kimchoeun, Steve Wiggins, Tassew Woldehanna, Alfred Bizoza, and staff at the Australian Department of Foreign Affairs and Trade for comments on an earlier draft.

This research was made possible through the support of the Australian Government. The views expressed in this publication are those of the authors and not necessarily those of the Australian Department of Foreign Affairs and Trade.

Table of contents

Figures and tables

Acronyms and abbreviations

ADB	Asian Development bank
APO	Asian Productivity Organization
ASEAN	Association of Southeast Asian Nations
DAC	Development Assistance Committee
CI	Concentration index
CPAN	Chronic Poverty Advisory Network
CPP	Cambodian People’s Party
CPRC	Chronic Poverty Research Centre
DHS	Demographic Health Survey
ECI	Economic Complexity Index
FDI	Foreign Direct Investment
FDIGDP	Foreign direct investment, net inflows (% of GDP)
GDP	Growth Domestic Product
GIC	Growth Incidence Curve
GIZ	Gesellschaft für Internationale Zusammenarbeit
GSO	General Statistics Office
HEF	Health Equality Framework
ID Poor Scheme	Identification of Poor Households Programme
ILO	International Labour Organisation
IPC	International Poor Concern
IMF	International Monetary Fund
Lao PDR	Lao People’s Democratic Republic
MPI	Multidimensional Poverty Index
OECD	Organisation for Economic Co-operation and Development
OPPG	Operationalising Pro-Poor Growth
PPG	Pro-poorest growth
PPP	Purchasing Power Parity
PSNP	Productive Safety Net Programme
NRGDP	Total natural resources rents (% of GDP)
SDG	Sustainable Development Goals
SSA	Sub Saharan Africa
TVET	Technical and Vocational Education and Training
UNCTAD	United Nations Conference on Trade and Development
US	United States
WB	World Bank

Abstract

Pro-poorest growth, defined as a relatively greater proportion of income gain from growth by the poorest compared to the average, may be necessary to achieve the first Sustainable Development Goal target of eradicating extreme poverty: this paper argues that it is likely to be, and that some countries have had at least episodes of pro-poorest growth. It explores a small number of these episodes and compares them to other episodes which have not been pro-poorest, or have been but only in absolute terms. While a larger sample of such episodes would be necessary to come to any robust conclusions, a comparative analysis of growth episodes and policies in six rapidly growing countries since 2000 allows some tentative conclusions to be drawn about the policies which can promote pro-poorest growth. Interestingly these are somewhat different from, or additional to policies identified as promoting pro-poor growth during the early-mid 2000s; they do reflect quite well the policies identified by the Chronic Poverty Advisory Network's work to date on various discrete aspects of growth, although some of these are missing in the six countries' stories, and the paper identifies two additional policy areas of importance not present in the CPAN work. The paper concludes with five key areas of policy, different combinations of which may promote pro-poorest growth in different country situations. Throughout there is reference to the evolving political settlements which permit such policies.

1. Background and introduction

The recommendation that pro-poorest economic growth is necessary to improve all poverty dynamics and to eradicate extreme poverty was a key finding of the 2014-5 Chronic Poverty Report: the Road to Zero Extreme Poverty (Shepherd et al., 2014) and more generally the outcome of the Chronic Poverty Advisory Network (CPAN)'s work on policies for poverty eradication published in numerous policy guides. This finding motivated a comparative research programme investigating the policies which can drive and support pro-poorest growth, reported here. There are also three companion Policy Briefs on (i) Why pro-poorest growth? (ii) Policies to support pro-poorest economic growth; and (iii) Managing the external determinants of pro-poorest growth. A further policy guide is also under development, on pro-poorest macro-economic policies, elaborating one of the topics in this report, and filling an important gap in CPAN's portfolio of policy guides on pro-poorest growth.

This paper is designed to answer the following questions:

- Is pro-poorest growth necessary to achieve the Sustainable Development Goal target of eradication extreme poverty?
- Is there evidence that some forms of growth benefit the poorest while others do not (or do but less so)?
- Are the findings uniform across episodes of growth?
- Is it possible to develop policy advice on how to achieve pro-poorest growth for other countries, based on the examination of episodes of growth carried out here?

It answers these questions by first situating the research it reports on in the context of the discussions of pro-poor growth which have been in process since about 2000 (section 2.1 and 2.2); by examining why pro-poorest growth is needed (section 2.3), and how to define pro-poorest growth; and the extent to which the poorest have been benefiting from growth (section 2.4). There is then a presentation of the methods and process followed in the research, including the selection of country growth episodes for investigation (section 3).

Section 4 makes an initial cross-country comparison for those selected countries based on the authors' pre-existing understanding about what factors (policy and non-policy) can lead to pro-poorest growth. This is the closest the paper gets to a theory on policies to support pro-poorest growth. It also presents some statistics on the countries selected for study.

There then follows a more inductive exploration of the literature on growth and poverty reduction for each of six countries, to establish what the key policy and non-policy factors were at the time of the growth episode examined. Section 5 concludes with a comparative analysis, and reflects back on the 'theory' outlined in section 4. Section 6 then draws a typology of country growth episodes (6.1); provides a comparative analysis of the material presented in section 5 (section 6.2); and draws out policy implications (6.3). Finally it reflects on what is different about pro-poorest growth, compared to the pro-poor growth discussed at the beginning of the paper (6.4), and on how far the above research questions have been answered (6.5).

2. Why 'pro-poorest' growth?

This section examines briefly the definitions used and policy conclusions from work on pro-poor growth (as distinct from pro-poorest growth) carried out largely during the 2000s, in order to situate our work on pro-poorest growth in a research context. This work on pro-poor growth is what underlies current widely used international concepts of inclusive growth or shared prosperity, to which this new focus on pro-poorest growth aims to speak. The section then goes on to show why pro-poorest growth may be needed in order to meet the Sustainable Development Goal target of eradicating extreme poverty, in the context of their ambition to 'Leave No One Behind'. Finally it provides an initial answer to the question: what do we mean by pro-poorest growth, and how is it measured?

Pro-poor growth was discussed internationally during the early 2000s, notably by the World Bank and OECD-DAC, which produced policy guidance for donors[1]. Several definitions were proposed and operationalised, together with a number of measurement approaches. A variety of possible policy implications were drawn out. Since then this body of knowledge has been absorbed into the wider discussion of growth, inequality and poverty reduction. Today international agencies talk about how to achieve shared prosperity or inclusive growth, and these terms are also current in some countries. Inclusive growth refers to the inclusion of a large part of a country's labour force, to growth in productive employment, and is consistent with the absolute definition of pro-poor growth mentioned below.[2] The World Bank's Shared prosperity' indicator refers to the income growth of the bottom 40% of income earners, and builds on ideas of inclusive growth. Neither of these concepts focus on the poorest and their involvement in growth.

2.1 Definitions of pro-poor growth

No complete agreement was achieved on how to define and measure pro-poor growth (IPC 2004), but three operational definitions resulting from this debate can be identified (Klasen, 2008). The first two are distinctions which this report will make use of in its analysis. The definitions are given briefly here and discussed at greater length in Annex 1.

<u>Weak absolute definition</u>: income growth rates are above 0 for the poor (Klasen 2008 Grosse et al., 2008), or more generally the poverty measure of interest falls (Kraay 2006). This is a very extensive definition, which can potentially encompass a vast majority of growth episodes, as long as poverty declines, no matter by how much, or for whom.

<u>Relative definition</u>: income growth rates of the poor (more precisely, of the percentiles of the income distribution characterising the poor) are higher than the average growth rates, so that relative inequality falls (Klasen 2008; Grosse et al., 2008). This is a more restrictive

[1] http://www.oecd.org/dac/povertyreduction/promotingpro-poorgrowthpolicyguidancefordonors.htm
[2] This is taken from a World Bank note: http://siteresources.worldbank.org/INTDEBTDEPT/Resources/468980-1218567884549/WhatIsInclusiveGrowth20081230.pdf
However, there are different definitions in use. See, for example: http://www.undp.org/content/undp/en/home/blog/2015/7/31/What-does-inclusive-economic-growth-actually-mean-in-practice-.html

definition. In analysing pro-poorest growth this is the approach adopted in this paper, for reasons given below.

Strong absolute definition: absolute income increases of the poor are stronger than the average (or of those of the rich), so that absolute inequality falls (Klasen 2008, Grosse et al., 2008). For this to happen, growth must be biased in favour of the poor even more than in the relative definition. This absolute approach may be particularly suitable for assessing pro-poor growth in non-income dimensions (Klasen 2008).

2.2 Policy directions for pro-poor growth

A selection of the official and academic literature on pro-poor growth identified a number of policy directions (Annex 2). The core of these, repeated from publication to publication, include:

- (i) enhanced rural and agricultural infrastructure, and though there is a debate on how much to rely on agriculture to bear the brunt of eradicating poverty, most publications give it strong emphasis, with food crop production, export promotion, enhancing property rights for the poor and for women, state led research and development, and economic freedom for small farmers given emphasis in different publications;
- (ii) investing in rural health and education systems, the latter especially for girls;
- (iii) enhanced access to financial services and safety nets while liberalising trade or restructuring economic sectors and displacing jobs;
- (iv) enabling rural-urban migration especially where rural development is too expensive or risky; with
- (v) promoting gender equality as a cross-cutting concern.

There are other policy areas less often mentioned in the literature[3]. In fact, it was a wide discourse, probably reflecting the variety of country circumstances (levels of income, policy capacity, and political development) studied by researchers, or in which development actors were engaged. As we will see, some of these policy issues are of greater importance to the poorest than others. Section 6.5 has a brief comparison, and shows what difference focusing on the poorest makes.

2.3 Is pro-poor growth enough for the poorest?

Does the eradication of extreme poverty require pro-poorest growth? Is pro-poor growth not enough? This paper argues pro-poorest growth is needed, for the following reasons:

[3] These include: macro-economic management for stability; changing initial inequality through redistribution (eg of land or other assets); redistributing the benefits of growth through taxation, especially minerals-based growth; measures such as infrastructure investment to reduce regional inequality; improving the investment climate and incentives for labour-intensive industries – though there was a debate about the extent the state should get involved in picking winners, with the orthodox view being that exports should be promoted, with any subsidies being quickly abandoned if not successful; minimum wages; measures to enhance environmental sustainability.

i) The speed of poverty reduction: the relative definition implies faster poverty reduction for the poor. In fact, various projections show that both the World Bank's and the SDG's target concerning poverty eradication (respectively 3% and 0% incidence of extreme poverty by 2030) won't be achieved under distribution-neutral growth (World Bank, 2015 and Annex 3) and that a premium of at least 2 percentage points higher growth for the bottom 40% will be needed instead.

If scenarios of pro-poor growth are applied retrospectively rather than to future projections, estimations show that global poverty would have been significantly lower than it is currently (Hoy and Samman, 2015). For example, if growth over the past 30 years had been equally distributed across the entire distribution, the incidence of global poverty in 2010 would have been 16.8% rather than 20.6%. With a growth gap of 2 percentage points in favour of the 40 bottom percent, the incidence of global extreme poverty in 2010 would have been 7.1% (Hoy and Samman, 2015).

ii) Leaving no one behind implies focusing on the very bottom of the distribution: there are large differences of wealth among the poor population between and within countries.

iii) The relative definition of pro-poor growth ensures that the poor are catching up with the non-poor (at least in relative terms), implying both poverty reduction and a decrease in inequality. Inequality is widely held to be bad for growth, as well as poverty reduction. Improving the position of the poorest people is part and parcel of reducing inequality.

iv) Extreme poverty cannot be eradicated without growth contributing to improved poverty dynamics (Shepherd, et al., 2014). However, this does not happen automatically. Growth can occur with an increase in inequality, leaving the poorest behind, and with an increase in the vulnerability of both poor and non-poor people. This means that escapes from poverty occur at the same time as impoverishment. So, growth that will reduce vulnerability and inequality is what is needed.

In addition to the health shocks which are a reality of life for the poor and near poor, there are also significant and, in some cases, growing sources of vulnerability – to climate change, global economic shocks, health epidemics, and conflict – which can seriously prevent or undermine escapes from poverty. Further, in many contexts, those who exit poverty stop just above the poverty line, and do not embark on sustained trajectories well out of poverty. Accordingly pro-poorest growth is a process of growth which contributes to improve all poverty dynamics, for example reducing the vulnerability of people to economic shocks and providing them with opportunities for increased income earnings.

However, many countries do not yet have the panel data to say whether growth is benefiting people in these different trajectories. Until they do, we need a proxy for chronic poverty[4]. Severe poverty is a rough proxy in many situations: most severely poor people are also chronically poor, although there are chronically poor people who are not severely poor (McKay and Perge, 2011). Severe poverty in cases study countries (as measured by a $0.70 a day poverty line) is discussed in section 4.

Pro-poorest growth is growth which improves both the monetary and contributes to improving the non-monetary dimensions of deprivation experienced by the poorest people. It should also contribute to overcoming the discriminations that certain groups face in participating fully and beneficially in economies and societies. The relative definition of pro-poor(est) growth draws attention to the quality of the growth process, because it reveals how much the opportunities generated by a given episode of economic growth were made (disproportionally more) available to the poor(est), therefore removing or neutralising the discriminations and other constraints which they face.

2.4 Who are the poorest? And have they benefited from growth?

The poorest are considered to be either those who are well below the $1.25 a day poverty line; or people who have been poor for a long time; or people who are deprived in many dimensions (the severely multi-dimensionally poor in terms of the Oxford Multi-dimensional Poverty Index). In this paper, in order to compare across countries, and because of data limitations, we will focus on identifying the poorest as those significantly below the international poverty line.

In the context of today's discussions about inclusive growth or shared prosperity, a widely used proxy for the poor (or those to be included or with whom growth needs to be shared) is the bottom 40%. A possible starting point for identifying the poorest could therefore arbitrarily be the bottom 20%. However, since extreme poverty[5] occurs below different points in the income distribution in different countries, the discussion about who is the poorest needs to go beyond this uniform proxy. This nuancing will be done below.

The starting point in this research was to develop growth incidence curves (GICs) for a number of countries in Eastern Africa and Southeast Asia (Figure 1 for examples, and Annex 4 for the whole set). GICs show how much different percentiles of a population benefit from growth during a certain period (episode), between household expenditure surveys. On these curves two international ($1.25 a day) poverty lines were superimposed: the line at the time of the earliest household survey, the second at the time of the later survey on which the GICs were based.[6]

[4] Chronic Poverty is extreme poverty which persists of time – many years, a person's lifetime, or inter-generationally transmitted. See www.chronicpoverty.org.
[5] At the $1.25 a day level, 2005 Purchasing Power Parity (PPP); recently updated to $1.90 at 2011 PPP.
[6] The $1.25 poverty line has been used for this study as the data work was undertaken before the $1.90 poverty line was decided by the World Bank. There is also more analysis of the case study countries using this poverty line.

From these graphs it is evident that in some countries the very bottom of the distribution has benefited significantly more than the average during the selected periods since 2000 for which there is data available – the relative definition of pro-poorest growth referred to above. For others, while the bottom of the distribution has benefited less than the average, the absolute benefits have nevertheless been significant. For still others, the benefits to the poorest have not been great during the episodes studied.

For this paper we will exclude countries in the two selected regions with available survey data but with very little poverty (Malaysia, Thailand). Looking at the poverty lines, we can distinguish three groups of countries: a group of countries where poverty levels are very high, and have reduced during the 2000s from around 80% of the population to 60% - 70% (Burundi, Malawi, Mozambique, Rwanda, Tanzania); a middle group of countries with still high levels, where these reduced from 50-60% to 30-40% (Ethiopia, Kenya, Uganda), and a third group where poverty reduced from 25-40% to 10-30% (Cambodia, Indonesia, Philippines, with a much lower reduction in Lao PDR). The 20% and 40% measures would therefore capture different proportions of the poor and poorest in each case.

For example, the $1.25 a day poverty line was set at the 75th and at the 60th percentile (respectively at the starting year and finishing year of the analysis) in Mozambique (i.e. within the 4th quintile of the distribution), and at the 38th and at the 19th percentile (between the first and the second quintile) in Cambodia (see Table 4). This means that the bottom 40% in Cambodia includes all the poor, but only the poorest people in Mozambique. In countries such as Viet Nam, where in 2008 the poverty line was set at the 17th percentile, capturing the poorest people would require focusing on the bottom 5% or 10% of the distribution.

Further, growth which is pro-poor for the bottom 40% of the distribution may or may not be pro-poor for the bottom 20% or lower. This can only be observed ex-post through the estimation of GICs, complemented by evidence on the involvement of the poorest in economic activities.

Despite this variety of country situation, we can say that if we focus on the bottom 10 and 20% of the population we will in most cases capture the poorest people who are well below the $1.25 a day poverty line; in countries with much higher levels of poverty, mainly in Africa, we would need to extend this to the bottom 30 or even 40%. For these reasons the bulk of this paper will focus on the bottom 10 and 20% (10 in the case of Viet Nam) in the knowledge that this can be extended to a larger group in high poverty countries[7].

An alternative would be to take a lower poverty line, say $0.70 a day, close to the consumption floor[8] identified by Ravallion (2014). Table 1 below shows the proportions of people below this poverty line – these were well below the poorest 10% of the population, except in Mozambique and Rwanda, where they were in the range of 25-50%. This confirms

[7] Arguably the global discussions about shared prosperity or inclusive growth should carry out a similar exercise to vary the focus on the bottom 40%.

[8] Identified by Ravallion as about half the $1.25 international poverty line.

the need to look beyond the bottom 10-20% for very high poverty countries, and suggests that 10% would be a proxy capturing those near the consumption floor for countries with lower poverty incidence. Since the consumption floor is a very low measure, we will continue to work with the 10-20% range, extended to at least 30% in the very high poverty countries.

This section started with a brief discussion of the definitions of pro-poor growth used in the 2000s, and selected a relative definition for our analysis of pro-poorest growth. It has briefly examined the policy implications drawn from the study of pro-poor growth, and found these to be varied, but with a core of common policy propositions across many studies. These will later be compared with our own tentative conclusions on the policies which are needed for pro-poorest growth. WE then argued that pro-poor growth may not be enough to achieve the Sustainable Development Goal target of eradicating extreme poverty. And finally we explored how to measure pro-poorest economic growth, and how to deal with the varied proportions of the population of different countries which could be considered the poorest in a comparative study. We concluded that using a rough proxy of the bottom 10-20 % of the population was a good starting point for our analysis of country growth episodes in the 2000s, though in higher poverty incidence countries this could be raised to 30%, or even 40%.

3. Methods, country-episode selection, and outline of the comparative analysis

The remainder of this paper explores whether pro-poorest growth occurred since 2000, and, where it occurred, investigates which were the policy and non-policy drivers of pro-poorest growth by comparing with episodes in other countries which were not pro-poorest. The objective is to identify the critical actions necessary to pursue the Leave No One Behind agenda and achieve the first Sustainable Development Goal target of eradicating extreme poverty, by learning from countries' varied experiences.

This section outlines the process and methods adopted by the study, from identification of regions and countries, time period, method of identification of growth episodes to study (the Growth Incidence Curve), and our approach to initial validation of the results. The Growth Incidence Curves themselves are examined and commented on.

This study has used a variety of sequenced research methods. Firstly, two regions were selected for comparison: Southeast Asia and Eastern Africa. This selection was motivated by a number of reasons: : i) previous knowledge of these regions based on a number of CPRC and CPAN's studies;; ii) fast poverty reduction in some countries and less rapid or negative experiences in others; iii) share interesting similarities and deep differences; and iv) have been compared previously in the literature on growth and poverty reduction (Henley 2015).

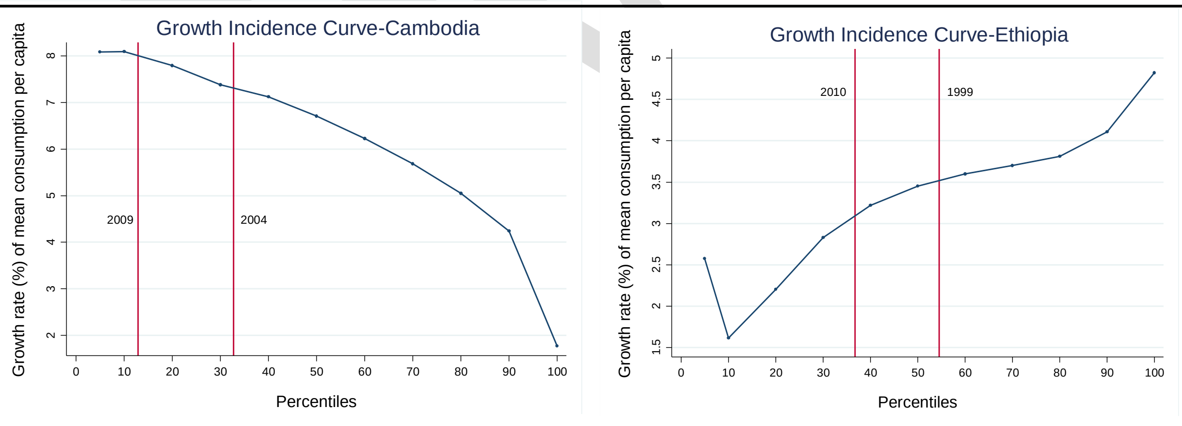
Secondly, countries were selected within these two regions with availability of survey data necessary to estimate Growth Incidence Curves (GICs), over as long a period since 2000 as possible. This period was selected as it is has generally been one of buoyant growth across the developing world. The GICs were calculated using the World Bank's PovCal dataset (Dikstra et al, 2014).

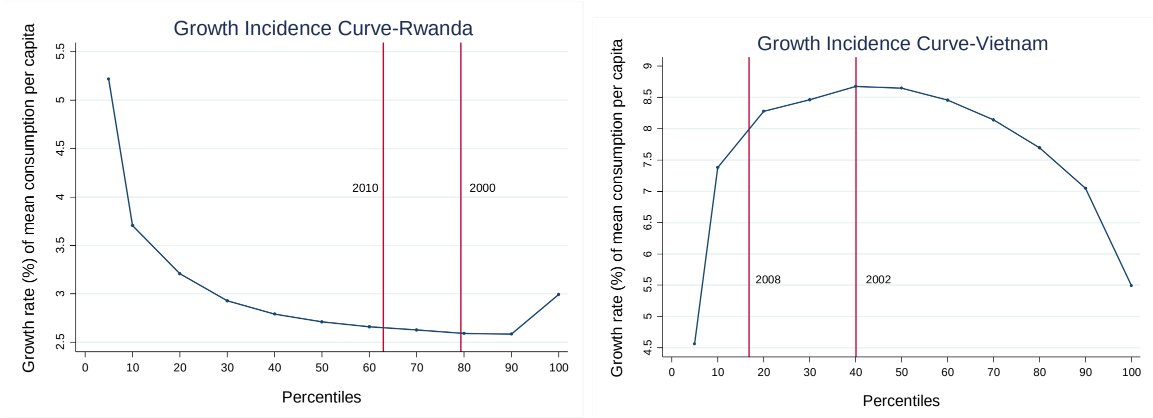
The GICs enable the identification of episodes of pro-poorest (and pro-poor) growth, which do not necessarily imply that a country is permanently on a pro-poorest trajectory. The identification of episodes of pro-poorest growth is a useful starting point for the identification of the factors – both policy and non-policy – which were conducive to pro-poorest growth, and draw out the policy implications.

All countries selected for GICs displayed high per capita consumption/expenditure growth rates. In Southeast Asia these included: Cambodia, Indonesia, Lao PDR, Malaysia, Thailand, and Viet Nam. In East Africa they included: Ethiopia, Malawi, Mozambique, Rwanda, Tanzania, and Uganda (See Annex 4).

A country's growth was defined as pro-poorest if the consumption growth experienced by the bottom 10 or 20% (or 30% in the case of the very high poverty incidence countries) was as much or greater than the median percentile's growth, or than the mean. There is no other literature on pro-poorest growth to fall back on, but if we take the analysis of pro-poor growth (PPG) as a starting point (see section 2 above), this would be a more demanding definition that the commonly used one for PPG of an absolute increase in income/consumption. While an absolute increase is clearly desirable, it may not amount to much, and may also not differentiate countries much, since the global consumption floor has on average barely lifted over the last three decades (Ravallion, 2014). For this reason, our analysis looked for both an absolute and a relative consumption increase as our criterion.

Figure 1: Examples of Growth Incidence Curves, with $1.25 a day poverty lines during survey years, for countries in East Africa and Southeast Asia, 2000s





Source: Annex 1 and Dykstra, Sarah; Dykstra, Benjamin; Sandefur, Justin, 2014, "We Just Ran Twenty-Three Million Queries of the World Bank's Web Site", http://dx.doi.org/10.7910/DVN/25492, Harvard Dataverse, V10

Growth Incidence Curves can be interpreted, for our purposes, by comparing how the income growth of people towards the bottom (left hand side) of the distribution compares with those in the middle or at the top (right hand side). Pro-poorest growth occurs when income growth is higher at the left hand side. In the graphs below both Cambodia and Rwanda show pro-poorest growth over the period studied. The different shapes of these two graphs suggest that, relatively, the poorest in Rwanda did significantly better than the less poor; the difference was more marginal in Cambodia.

While not a final 'proof' of the distribution of income from growth over a period of time, GICs constitute an informative starting point. Their limitation is that they are based on household survey data from two particular years, and what happened during those years will bias the result – as with any use of household survey data. For example, a poor rainy season may reduce both growth and increase poverty; while high food prices will do the opposite.

The third step was therefore to validate the GICs by looking at the original survey results, and if necessary other surveys and literature, summarised in Box 1. When this was done, Rwanda was confirmed as likely to be a case of pro-poorest growth. Ethiopia emerged as an ambiguous case: while the literature solidly indicates that growth had been good for the poorest people in the period examined (though only until the mid-2000s), our GIC analysis did not show a pro-poorest distribution. Accordingly, Ethiopia was included in the study as a semi-positive case, with the aim of investigating why this was not the case in the later period. Mozambique is taken as a negative case since most of the bottom 30% were well below the average consumption gain.

In Southeast Asia, Cambodia emerged as a clear positive case. Viet Nam initially appeared as a negative case of pro-poorest growth from the GICs analysis. However, it was a pro-poorest case prior to the period we examined (see Figure 2), and has the most comprehensive policy framework (see section 4). It was therefore included as a positive (albeit evolving) story with important lessons to offer to other countries.

It is evident from Figure 2 that the absolute rate of income growth of the poorest people in Viet Nam also remained high during the 2000s. Its inability to continue with the strong relative pro-poorest growth of the 1990s may have to do with the fact that among the 6 countries Viet Nam is the one which is more advanced in the process of development, and the 'low hanging fruit' had already been harvested by 2000 through the Doi Moi economic reforms, including land redistribution, increasing agricultural productivity, and labour-intensive industrialisation. What is left is the harder part of poverty reduction, which has to do with tackling entrenched ethnic and regional inequalities, and intersecting inequalities, while the pattern of growth is pulling in the opposite direction with a slowdown in the employment elasticity of economic growth.

Lao PDR was identified as a case where the poorest benefit significantly less than the average over the period examined.

These six countries were selected because they represented clear cases of pro- or anti-poorest growth episodes, and had sufficient extreme poverty during the period to enable the drawing of lessons about the factors leading to pro-poorest growth.

As final step, the study then moved on to search for explanations, to shed light on what was driving the different distributional patterns of growth observed during the episodes observed, including any public policies. Given the absence of a literature on pro-poorest growth, this exercise is inevitably inductive, looking for evidence with which to generate theory.

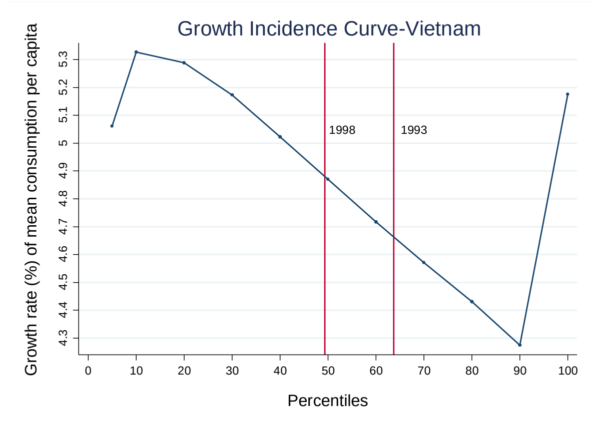
A first prior step in search for explanations was to assemble a statistical picture of change in poverty and a number of other development indicators related to poverty. This immediately raised one significant additional issue for consideration, with reference to Viet Nam's performance.

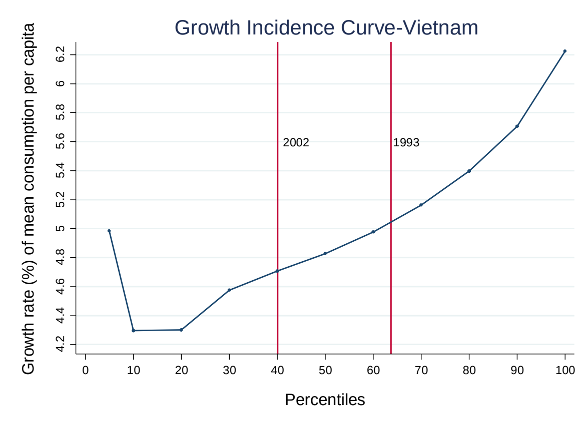
A second prior step was to assemble existing knowledge about pro-poorest growth, based on CPAN's prior work – the 2014-5 Chronic Poverty Report[9], and a number of policy guides, on agriculture, employment, energy, Middle Income Countries, financial inclusion and private sector development, and other literature. This was then applied mechanically to the selected case study countries. Section 4 gives an early indication that policies to support poor-poorest growth would be likely to be somewhat different to the policies to support pro-poor growth, as expressed in section 2.2 above.

Figure 2: Growth Incidence Curves for Viet Nam 1993-1998, 1998-2002, and 2002-2010, with $1.25 a day poverty lines during survey years

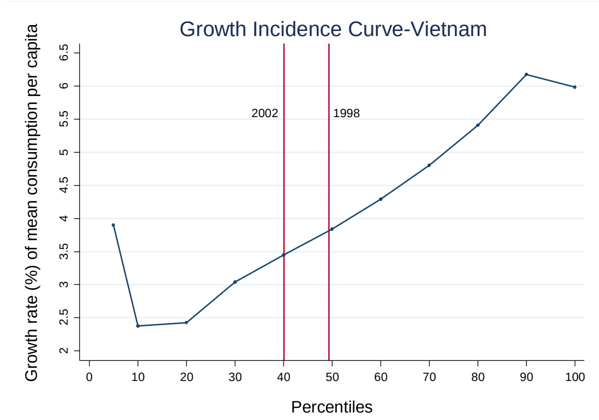
1993-1998 **1993-2002**

[9] Especially the 2014-5 Chronic Poverty Report: the Road to Zero Extreme Poverty





1998-2002



Source: Dykstra et al, 2014

Box 1: Validation of positive and negative cases of pro-poorest growth (see also Tables 1 and 2)

Positive episodes

- Cambodia 2004-2009[10]: Growth over the period has been pro-poorest. Comparison with previous survey (1993/94) suggests that the country is recovering from a not-pro-poor trend of the previous period (1993/94-2004). Inequality as measured by the Gini index declined (World Bank, 2013)
- Malawi (1998-2010): Little evidence of pro-poorest growth and only limited reduction in consumption poverty (there may be some of multidimensional poverty reduction i.e. in the MPI). Inequality remains high.
- Philippines (2000-2009): Changes are small but slightly pro-poor. There seems to be substantial poverty reduction from 2000 to 2009 and through to 2012. Modest reduction in inequality (Gini) between 2000 and 2012.
- Rwanda (2000-2011): Strong poverty reduction and pro-poorest growth during the second half of the decade. Food poverty and poverty depth also fell. Inequality (Gini) decreased. Improvement in other indicators of wellbeing.

[10] The time periods were those where data was available to construct the GICs.

- Thailand (2000-2010): Not enough evidence to corroborate. There are many analysis for the 1990s but nothing supportive for the 2000s. The only study where there was some evidence, seems to suggest pro-poor but not pro-poorest.
- Burundi (1998-2006): Not enough evidence to corroborate and no accessible secondary analysis.

Semi-positive episodes

- Ethiopia (1999-2010): Pro-poorest up to mid 2000s; the poorest have lost out since then. Inequality has remained low.
- Viet Nam (2002-2008): pro-poorest until early 2000s, since when growth remained high but inequality increased through to 2010. However, Viet Nam's episode could be included as a positive case, as its performance on reducing consumption poverty at three poverty lines, and the poverty gap on two of these was so far ahead of other countries examined. It also had more of the policy components expected to support pro-poorest growth than any other country.

Negative episodes

- Lao PDR(2002-2008): Not pro-poor. Poverty has decreased but inequality has increased.
- Indonesia (2002-2010): Not pro-poor. Increase in the Gini.
- Mozambique (2003-2009): Not pro-poor and inequality remains very high.

4. First steps in comparison

This section first compares a range of poverty and other development indicators for the six selected countries by way of background to the analysis that follows. It then assembles the findings of previous CPAN work on the policies which will promote pro-poorest economic growth, and mechanically assesses the six countries against that framework, to give an early indication of which countries may have the policies which have been reckoned by CPAN to support pro-poorest growth. This is the closest thing we have to theory in this paper, Sections 5 and 6 below will reflect on how far this articulation of the policies that may be necessary for pro-poorest growth makes sense.

4.1 Comparison of poverty and other indicators

Tables 1 and 2 below present a selection of poverty, human development and economic indicators for the six countries from 2000 to 2014, and for the periods covered by the GICs. The poverty indicators include trends at three poverty lines ($0.70, $1.25 and $2) to present a full picture of how countries were reducing poverty at these different levels. $0.70 is close to the consumption floor; $1.25 the international extreme poverty line, and $2 the international upper poverty line. Poverty gap indicators are also included for completeness, though not much used in the study, the $0.70 poverty line being a more intuitive measure of the incidence of poverty below the extreme poverty line. Three measures of inequality are also included for the interest of the reader, though they are not analysed much in the study. Under 5 Mortality is included as the human development indicator best correlated with others, but enrolment in primary schools and total fertility rate are also included as education and changing fertility levels can be important determinants of progress on poverty reduction.

Indicators of growth include GDP per capita, as well as the proportions of agriculture, services, manufacturing, foreign direct investment (FDI) and natural resourced based output in GDP. The Economic Complexity Index, and Concentration Index are also given, though not used in the analysis. Finally, revenue and expenditure trends are presented.

A few comments are made below, in terms of trends which stand out from the tables.

In Table 1 data are presented for two periods – pre- and post-financial crisis – in order to see if there are discernible effects of that event and the subsequent global recession. The Asian countries' GDP expanded significantly more than the African countries' following the crisis.

Table 2, which registers average annual change in the same indicators during the GIC periods, suggests that the annual increase in FDI as a proportion of GDP was very significant for these Asian economies, much less so for the African economies. Over a longer period, the increase was very significant for Mozambique. Figure 3 shows Mozambique's rising dependence on natural resource based exports (metals and later, coal and gas), which were largely accounted for by FDI.

Cambodia is the only country registering an increase in agriculture as a % of GDP during the GIC growth episode, which goes against the common trend away from agriculture. This suggests that its agricultural performance may be a significant explanation for its high levels of poverty reduction.

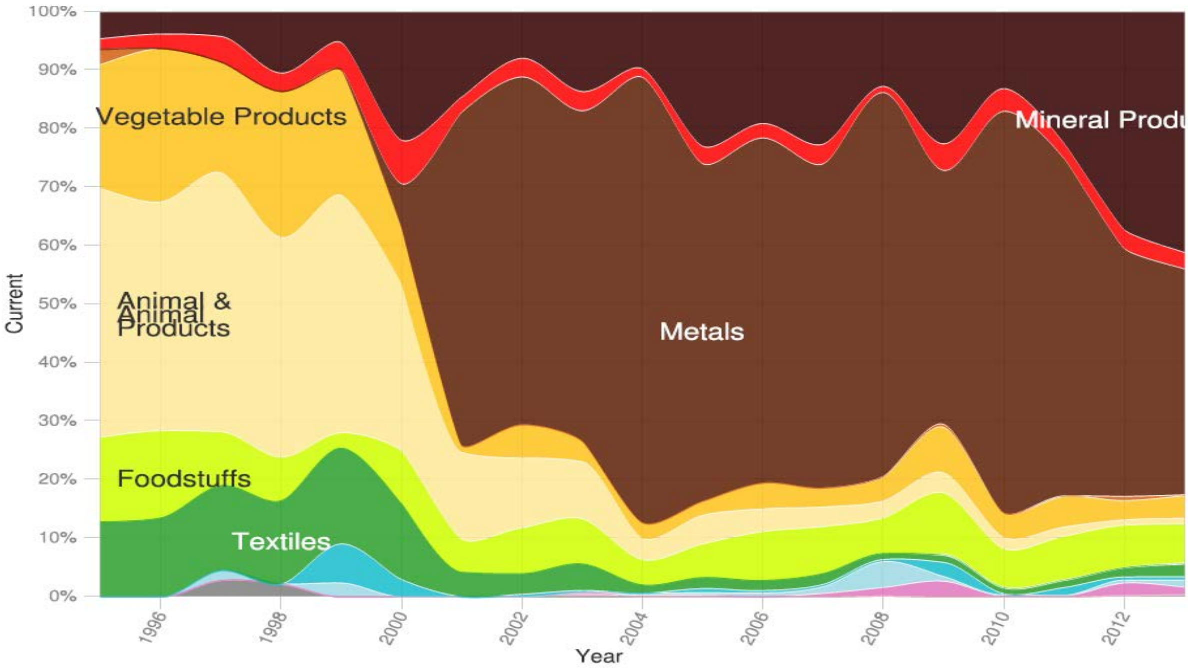
The poverty headcount declined over the two periods in all cases, at varying rates, with the exception of the poorest people ($0.70 a day) in Ethiopia. There were very significant declines in Cambodia and Viet Nam on both the $1.25 and $0.70 levels, and in Rwanda and Mozambique for $0.70, and lower levels of decline in other countries[11.] Cambodia also reduced inequality, whereas it has barely changed in other countries across the two periods.

Table 2 makes very clear that Cambodia and Viet Nam were way ahead of the other countries in terms of the various poverty reduction indicators, as well as inequality reduction during the post-2000 GIC survey periods. Not only did Viet Nam and Cambodia reduce severe ($0.70 a day) and extreme ($1.25 a day) poverty, they also reduced significantly $2 a day poverty, which none of the other four countries achieved. Cambodia and Viet Nam also had exemplary reduction in their poverty gaps at the extreme and severe poverty lines, and Cambodia for the $2 a day line as well[12]. These reductions were 2-4 times the reductions achieved in the other countries. For this reason, and because Viet Nam had experience pro-poorest growth during the 1990s, it is considered worthwhile to retain the Viet Nam growth episode as a positive case of pro-poorest growth. It would have been better to have been among the poorest in Viet Nam than in countries with higher relative gains but lower absolute gains.

Figure 3: Mozambique's exports, 1993-2013

[11] The apparent increases in income of the bottom percentiles may be partly a result of the higher maize prices recorded during the period, which automatically feed through into higher income/consumption/expenditure estimates, even though consumption of maize and other may not actually increase (indeed it may diminish). We are grateful to Joe Hanlon for pointing this out.

[12] The gap between the average under a poverty line and the line itself.



A second observation is that the four other countries made more similar rates of progress on these same poverty indicators during the GIC periods, whereas the GICs had shown significantly different results – with Rwanda highly pro-poorest compared to the others. However, it is important not to forget that the GICs and the indicators in Table 2 measure different things: Table 2 measures the absolute changes in incidence of poverty at particular lines. GICs measure the relative share of consumption of the percentiles of the distribution.

Under Five Mortality is the human development indicator best correlated with others, and it declined significantly in all countries, with an especially high rate of decline in Rwanda, where human development expenditure was particularly high.

In terms of government expenditure, we can see that education expenditure rose as a % of GDP in all cases except Lao PDR; while health expenditure increased massively in Rwanda but declined in Lao PDR, Cambodia and Mozambique. The declines in health are particularly visible following the 2008-9 financial crisis, suggesting it was seen as a sector to cut in times of austerity, unlike education.

Table 1: Indicator averages over two periods post-2000: pre- and post-global financial crisis

country	Cambodia		Ethiopia		Lao PDR		Mozambique		Rwanda		Viet Nam	
year	00-07	08-14	00-07	08-14	00-07	08-14	00-07	08-14	00-07	08-14	00-07	08-14
GiniEdu	0.27	0.25	N/A	N/A	0.54	0.47	0.82	0.75	0.65	0.56	0.35	0.34
GiniInc	0.38	0.34	0.33	0.34	0.33	0.36	0.46	0.46	0.52	0.51	0.36	0.37
Palma	1.74	1.38	1.38	1.35	1.35	1.56	2.52	2.50	3.49	3.22	1.55	1.59
PHC7	7.18	0.45	16.15	7.96	9.87	4.73	48.32	27.82	44.69	33.33	19.42	0.64
PHC125	40.70	13.78	56.28	37.07	46.76	31.99	77.81	58.27	75.39	64.63	50.52	7.04
PHC2	70.46	43.48	84.41	73.01	77.80	64.28	91.32	80.87	90.39	83.05	74.41	23.76
PG7	0.96	0.06	3.55	1.30	1.70	0.77	17.89	9.00	16.32	10.02	4.78	0.13
PG125	10.99	2.40	18.30	10.27	13.43	8.18	38.72	24.35	36.36	27.95	18.33	1.50
PG2	28.41	12.08	38.73	27.75	32.59	23.59	56.43	41.93	54.38	45.75	35.43	6.53
U5MR	101.49	43.15	152.86	74.45	124.67	78.47	181.51	99.68	170.51	62.35	37.84	25.60
Enrol	88.40	94.56	68.25	N/A	83.65	92.95	77.44	89.74	97.65	102.61	95.96	97.54
Fertility	4.14	2.95	6.53	4.84	4.67	3.24	5.87	5.37	6.06	4.78	2.40	1.81
GovEdu	1.61	2.60	3.77	4.86	2.41	2.53	4.13	6.42	4.66	4.64	N/A	5.83
GovHealth	1.53	1.30	2.11	2.80	1.62	1.01	3.67	2.97	2.74	6.12	1.69	2.57
ECI	-1.24	-0.94	-1.37	-1.20	-1.14	-1.23	-1.00	-1.47	N/A	N/A	-0.84	-0.29
CI	0.35	0.34	0.47	0.35	0.32	0.31	0.42	0.37	0.53	0.41	0.21	0.13
Revenue	10.02	12.12	11.50	11.14	12.67	15.05	N/A	21.35	9.89	14.51	N/A	28.70
GDPpc	353.13	647.97	141.34	257.81	366.57	671.50	239.17	396.43	238.44	372.93	509.78	944.98
AgGDP	39.60	34.59	51.06	45.97	49.14	30.61	30.89	29.57	38.95	33.06	25.86	19.25
ManuGDP	15.11	16.04	5.33	4.10	11.56	8.29	12.21	12.60	9.93	5.17	16.76	17.88
ServGDP	39.21	41.01	37.66	42.67	30.54	37.65	48.49	49.32	44.73	53.24	41.71	42.75
FDIGDP	5.05	7.44	2.19	1.11	2.97	4.02	3.51	22.43	0.38	1.75	5.65	6.63
NRGDP	6.64	3.83	22.26	17.23	10.40	17.25	14.25	14.46	8.35	7.16	11.19	12.25

Sources: World Development Indicators; PovcalNet; The Atlas of Economic Complexity; UNCTAD; GINI index of education data from Wail Benaabdelaali, Saîd Hanchane, Abdelhak Kamal

Table 2: Annual relative change (%) per indicator by country and GIC survey period

Country	**Cambodia**	**Ethiopia**	**Lao PDR**	**Mozambique**	**Rwanda**	**Viet Nam**
Survey period	*2004-2009*	*1999-2010*	*2002-2008*	*2002-2007*	*2000-2010*	*2002-2008*
GiniEdu	-0.75	N/A	-0.93	-0.47	-1.16	-0.10
GiniInc	-0.48	1.09	1.61	-0.51	-0.13	-0.88
Palma	-0.89	1.71	2.89	-1.12	-0.40	-1.66
PHC7	-19.10	-2.22	-4.26	-5.45	-4.10	-13.70
PHC125	-12.11	-2.96	-2.96	-2.97	-2.06	-9.67
PHC2	-7.35	-1.45	-1.72	-1.32	-1.04	-6.16
PG7	-18.86	-3.37	-2.33	-6.05	-5.69	-12.54
PG125	-14.66	-3.09	-3.39	-4.38	-3.65	-11.11
PG2	-10.52	-2.37	-2.55	-2.98	-2.43	-8.63
U5MR	-6.84	-4.54	-3.47	-4.32	-6.50	-2.74
Enrol	0.54	N/A	0.77	1.96	0.90	0.40
Fertility	-1.83	-2.40	-1.73	-0.53	-1.79	-0.49
GovEdu	6.39	2.74	-3.22	5.17	2.09	N/A
GovHealth	-9.36	4.31	-1.55	-4.33	27.44	7.67
ECI	-4.40	-1.38	-3.08	-1.12	N/A	-9.66
CI	-1.75	-3.59	0.92	-2.59	-1.31	-3.85
Revenue	2.10	-2.99	N/A	N/A	2.14	N/A
GDPpc	7.45	7.17	6.26	4.86	6.52	6.65
AgGDP	2.88	-0.73	-3.05	-0.05	-1.24	-0.68
ManuGDP	-4.59	-2.73	-0.14	4.10	-2.18	-0.28
ServGDP	-0.17	1.60	-0.55	-0.24	1.08	-0.20
FDIGDP	19.92	0.54	258.76	-8.95	5.49	26.99
NRGDP	-9.46	-1.40	25.74	13.17	1.05	16.83

Legend:

Variable	Description
GiniEdu	GINI index of education
GiniInc	GINI index (World Bank estimate)
Palma	Palma
PHC7	Poverty headcount ratio at $0.70 a day (PPP) (%)
PHC125	Poverty headcount ratio at $1.25 a day (PPP) (% of population)
PHC2	Poverty headcount ratio at $2 a day (PPP) (% of population)
PG7	Poverty gap at $0.70 a day (PPP) (%)
PG125	Poverty gap at $1.25 a day (PPP) (%)
PG2	Poverty gap at $2 a day (PPP) (%)
U5MR	Mortality rate, under-5 (per 1,000 live births)
Enrol	Ratio of female to male primary enrollment (%)
Fertility	Fertility rate, total (births per woman)
GovEdu	Government expenditure on education, total (% of GDP)
GovHealth	Health expenditure, public (% of GDP)
ECI	Economic Complexity Index
CI	Concentration index
Revenue	Revenue, excluding grants (% of GDP)
GDPpc	GDP per capita (constant 2005 US$)
AgGDP	Agriculture, value added (% of GDP)
ManuGDP	Manufacturing, value added (% of GDP)
ServGDP	Services, etc., value added (% of GDP)
FDIGDP	Foreign direct investment, net inflows (% of GDP)
NRGDP	Total natural resources rents (% of GDP)

4.2 Policy frameworks

The second step was to develop an analysis of what policies had potential for pro-poorest growth based on earlier CPAN or other work, and to assess the policy frameworks of the selected countries against it. These policies include: disciplined macro-economic policies and a variety of general and sectoral economic and human development policies, together with employment and labour-focused policies. The results are given in Table 4, based on Annex 5. This is the closest that we can offer in this paper to a theory about the policies which will favour pro-poorest growth. We return to discuss how well this 'theory' holds up at the send of section 5.

What can be extracted from this broad cross-country qualitative comparison? Firstly, we can say that countries showing some evidence of pro-poorest growth are also countries where the policy framework is more fully developed, so we can infer from this that policies are likely to make at least some difference to outcomes. Ethiopia, Rwanda, Cambodia and Viet Nam have significantly better developed policy frameworks with reference to the eradication of extreme poverty than Mozambique or Lao PDR.

It is also interesting to note the policy areas which are relatively consistently present and those which are not. All countries have devoted efforts during the entire or part of the period examined to achieve and maintain macroeconomic stability. This focus can be partly explained by the influence paid by IFIs, which have also provided technical assistance to implement the required policies, helping to develop capabilities in this area. This does not mean that the actual implementation of fiscal, monetary and exchange rate policies has been consistent across time and countries, and always reflecting the prescriptions of IFIs' policy orthodoxy. Viet Nam and Ethiopia, for example, have had levels of state intervention in the economy which are well beyond those recommended by the IMF, for example in the management of their exchange rates. Nor does it mean that macro-economic outcomes are equally good – they were best in the clear pro-poorest growth episodes in Cambodia and Rwanda, and variably problematic in the other four countries, indicating how difficult it remains to manage macro-economic variables in the modern, globalised economies of today.

Some redistributive public expenditure is also common across the countries, though in some (especially Cambodia) this has been largely supported by donors.

Policies to promote women's equality are in all cases good on paper and difficult to implement in practice as local societies remain patriarchal. This may constitute a major constraint to advancement of pro-poorest growth in all countries examined.

There is then a group of policy areas where countries with episodes of pro-poorest growth have more consistently developed policies than other countries: pro-smallholder food and agriculture, though in Cambodia only very recently; labour intensive industrial policy; decentralisation; massive investment in quality education including pre- and post-primary and TVET. Some combination of these would seem to be what may differentiate the pro-poorest growth episodes from the others.

Then there is a group of policy areas which have not been strongly developed across all or most countries: efficient and equitable tax reforms (with the exception of Mozambique) and pro-poor public spending on infrastructure, where most countries are expanding their infrastructure but with limited or no interventions to ensure outreach to the poorest/small firms employing informal workers. For example, in all cases access to electricity is expanding, but ensuring that poor households and micro and small enterprises get access has only been a priority in Viet Nam (CPAN, 2013: 24).

The acknowledgement of the role played by informal enterprises and their integration in economic planning is a key issue, since the poorest people are informally employed or self-employed (CPAN, 2015), but none of the six countries have so far tackled this in a comprehensive way, though Viet Nam developed a more conducive policy environment for the small businesses and the rural nonfarm economy than other countries. While some aspects of the decent work agenda have been taken up in the countries making progress on pro-poorest growth, the enforcement of health and safety standards and provision of information to workers on their entitlements at work has not yet been prioritised.

These weak economic policy areas of tax reform, affordable infrastructure, and labour market policies could be a particular focus of economic policy development going forwards.

Women's economic empowerment and gender equality is universally a policy area wanting in implementation so could also be an important focus.

Table 3: CPAN's pro-poorest growth policy 'package' and its implementation by countries

Policies	**Mozambique**	**Rwanda**	**Ethiopia**	**Lao PDR**	**Viet Nam**	**Cambodia**
Macro level drivers						
1. Disciplined fiscal and exchange rate policies resulting in stable macro-economy	+/-	+	+/-	+/-	**+/-**	+
Meso level drivers						
2. Pro-poor food and agriculture policies, including support to smallholder agriculture (asset accumulation/protection/environmental sustainability)	-	+	+	-	+	(+)
3.Economic policy with emphasises on labour-intensive sectors (especially manufacturing)	-	-	+	-	+	+
4.Regional and local development policies resulting in reduced spatial inequality. Includes critical infrastructure.	-	+	+	-	+/-	-
5.Efficient and equitable tax reforms	+	?	-	-	+	+/-
6.Public expenditure with redistributive elements	+	+	+	-	+	(+)
6.1 Massive investment in quality education including pre- and post-primary, and links to labour market	-	+	+/-	-	+	+
6.2 Pro-poor (affordable, reliable), pro-rural public spending especially roads, telecoms and energy	-	+/-	+/-	+/-	+	+/-
7.Interventions which favour beneficial integration of the poor in the private sector:						
7.1 Integration of informal enterprises in economic planning	-	-	-	-	-	-
7.2 Integrated business development services (ie with grants/loans attached to training)	-	+	-	-	+	+/-
7.3 Deal with petty corruption in the police and judiciary, social services and natural resources front lines	-	+	-	-	+/-	-
8.Policies and interventions on employment and the labour market (decent work)						
8.1 Recognition of informal jobs and inclusion of informal workers in legal frameworks eg minimum wages, freedom of association	+	+	-	-	+	-
8.2 Enforcement of health and safety standards especially in agriculture and construction	-	-	-	-	-	-
8.3 Workers informed of entitlements (especially informal)	-	-	-	-	+/-	+/-
9. Progressive women's policies, leading to reduction in gender inequality	-	+/-	+/-	+/-	+/-	+

+ positive; - negative; +/- mixed; [ ] only very recently developed.

5. The growth episodes compared

This section compares the growth episodes in the six countries, picking out the key factors promoting pro- (or anti-) poorest growth from the literature on each country, and draws some tentative conclusions for (later) further testing across a wider sample of pro-poorest and other growth episodes. While the literature discusses drivers of economic growth and poverty reduction, it is less strong in assessing the impact and effectiveness of various policies. The implication is that the process of attributing causal effects to the various policies of interest is not an easy one and may be open to debate. Similarly, the identification of the causes of the effect observed (i.e. of the country's pro-poorest performance) is not a mechanical exercise and requires interpretation?

5.1 Cambodia

The keys to Cambodia's pro-poorest growth episode were a combination of deliberate investment in developing a competitive garments sector; and the rice price boom of the 2008-9 compounded by prevailing high rice prices during the whole period. These were complemented by some well targeted poverty reduction measures, especially in health. Cambodia's experience indicates how much can be achieved with only a partial policy package, and a partial economic and social transformation, and with improvements to policy generated by growing electoral competition.

This is the clearest case of a pro-poorest growth episode from the GIC curves in this study. Cambodia experienced fast poverty reduction in the 2000s, mostly after 2005 and concentrated around 2007-2009, precisely the years of the financial crisis, and likely to have been highly influenced by the substantial increase in the global rice price at that time, as well as the higher wages and remittances people experienced (World Bank, 2013). There will be a need to analyse the longer term trend once new poverty data become available, but there are reasons to be optimistic (see below). Inequality also declined, on all three measures recorded in Table 1 and 2.

In Cambodia, the post-1997 period has been characterised by a change in government strategy from coercion to mass patronage, having effectively got rid of the organised royalist opposition and concentrated power in the Prime Minister and his party (the CPP). There was then a stronger emphasis on developmental goals and compounded by a mixed growth strategy (Kelsall and Heng, 2014) which has become more effective and more pro-poor after 2004-05, all in the context of a process of concentrated high level and pervasive low level rent-seeking. While the government has been authoritarian, there has been a growing space for democratic opposition, and this has begun to create dividends, if only recently, in terms of increased public expenditure on human development and social protection.

The stronger emphasis on development goals produced a somewhat improving economic policy environment through 2000s, focused on creating a competitive garments and tourism sectors, the former with significant employment creation, especially for women, including those with no education. This development, led by FDIs, really reached the poorest – 700,000 jobs were created (highly significant in a population of 10 million); 43% of them taken by migrant women with no education (Dasgupta et al 2011). Since 2011 the government progressively increased minimum wages in the garments sector, which will have made the poverty reduction effects even greater than during the GIC period, though now there is a discussion about whether minimum wages are undermining job creation. Both internal and external migration have been a major driver of poverty reduction.

However, the rest of the formal economy was managed through the predominant political patronage system, with significant costs to the poorest. For example, many large land deals were developed, and there were resulting conflicts. In this respect, Cambodia's economic policies resemble those of Lao PDR (see below), and the economic transformation accomplished was partial[13].

In agriculture more generally, there were significant pro-poorest benefits from higher global rice prices and rice exports, and this probably explains much of the poverty reduction achieved around the food price spike of 2008-9. Cambodia was the only country of the six where agriculture grew as a proportion of GDP. On the other hand, smallholder agriculture was not much supported by the state till after 2005 when investment in irrigation, fertiliser distribution, and seeds began to increase.

Cambodia achieved economic stability in the face of external inflationary pressures. This was partly a result of the high level of FDI which contributed to extensive unofficial dollarization. In turn this effectively overvalues Cambodia's exchange rate within the region, limiting some exports[14]. There was some growth in public revenues but there is limited information about whether expenditure is pro-poor. Tables 1 and 2 suggest there was a big increase in education and a big decrease in health expenditure in the 2000s. In more recent years, there has been an increase especially after 2014, propelled by electoral competition. Despite reducing health expenditure, many health coverage indicators improved substantially for the poorest 20% over the period 2000-2010, with the poorest in 2010 overtaking the position of the wealthiest 20% occupied in 2000[15]. This may have been the effect of the Health Equity Funds and other health programmes (Box 2) promoted by donors, who were welcomed and a powerful force during the 2000s in Cambodia.

So Cambodia is a story of gradual political change, generating a more supportive agricultural and eventually human development policy environment, a major policy supported investment in a labour-intensive industry, migration to work, and fortuitous geography – its place in a rapidly growing region which acted as a source of investment as well as labour migration opportunities.

[13] We are not convinced that Cambodia and Lao PDR have significantly different policy frameworks and both are poor in implementation. One interpretation would be that the reasons why pro-poorest growth happened in Cambodia and not in Lao PDR are linked to: the type of FDIs (mostly extractive in Lao PDR, less so in Cambodia), the structure of agriculture, so benefit of the rice price boom was enjoyed more by farmers in Cambodia than in Lao PDR, and the presence of donors which have more influence in Cambodia, rather than their policy frameworks.

[14] As well as limiting the monetary instruments available to the state, which may become a constraint in future.

[15] http://www.countdown2015mnch.org/documents/2015Equity/Cambodia_equity_2015.pdf

Box 2: Cambodia's Health Equity Funds and ID Poor Scheme

Despite its shortcomings, Cambodia's social protection and poverty reduction system may have contributed to the country's pro-poorest performance in the late 2000s through a few, reasonably effective multi-stakeholder initiatives. One such is the Health Equity Funds (Kelsall and Heng, 2014b), a mechanism to provide free healthcare to the poor based on the principle of third party fund manager reimbursing user fees. Poor households identified through the ID Poor Scheme are given an Equity Card which entitles them to free health care at centres and hospitals where HEFs is running. The HEFs then reimburses the health facility for the number of patients treated. At 2013, HEFs had covered more than 2.5 million people and evidence suggests that they have been relatively successful in expanding access to free healthcare to the poor and poorest people (Kelsall and Heng, 2014b). Yet, about 50% of the poor people have never used HEFs and households just above the poverty line are excluded; the system also face constraints in delivering effective, quality healthcare because of low wages, inadequate resources, lack of training and unregulated private practice (ref). In 2012, out of pocket expenditure as a share of total health expenditure were 61.8%, one of highest among ASEAN countries (Leebuapao, 2014).

Targeting: in Cambodia targeting is based on the ID Poor (Identification of Poor Households) Scheme. Introduced in 2005 with support from GIZ, ID Poor identifies poor households through a combination of self-assessment and village committee consultations, which classify households into three groups: the non-poor, the extremely poor (below the food poverty line), the poor (above the food poverty line) (ILO, 2012). By 2011, 22 out of 23 provinces and 88 per cent of the whole population had been covered (Kwon et al., 2014). Future plans include the identification of poor households living in urban areas (Cheng Boon and Peyron Bista, 2015).

5.2 Ethiopia

Analysis of Ethiopia's growth episode indicates that pro-poor policies – which are strong in this case, stronger than Cambodia's (see Table 3 above) – are not yet strong enough to protect and advance the interests of the poorest in the face of challenges of managing imported food price inflation, an impoverishing climate, and population and environmental pressures, which have made raising agricultural productivity and achieving food security very challenging in many regions.

Ethiopia had impressive - 9% per capita - GDP growth between 2001 and 2014 (11% between 2003 and 2010), and per capita income growth from $83 in 2001 to $ 632 in 2014. Ethiopia's policy making in the last two decades has been characterised by a clear emphasis on poverty reduction – the country hosts the largest social protection programme in Africa, the Ethiopia's Productive Safety Net Programme (PSNP), first introduced in 2005 (after its pro-poorest growth episode). The country's approach to policy making has been largely motivated by the clear intent of reducing ethnic inequalities and inter-ethnic conflict. Institutional reforms – decentralisation in particular – were intended to give a shape to the country's governance structure which would ensure a more equitable sharing of power and economic development across the country's regions and ethnic groups.

High economic growth over years has taken tax revenues up to 13% of GDP. As a result there has been space for substantial investment in education, health, water, infrastructure, and agriculture, also supported by donors. This was a multi-dimensional strategy with poverty reduction at the core. Decentralisation and devolution provided a framework for the use of public expenditure to reduce disparities, for example, in education budgets, gross enrolment rates, Grade 8 examination pass rates and pupil–teacher ratios. Agricultural extension focused on recently educated young farmers, and children in school (Lenhardt et al, 2015). Nevertheless there are significant challenges, which will involve further substantial increase in public expenditure as part of the solution, and the creation of the necessary fiscal space to support this increase.

For example, rapid increases in school enrolment have brought in students from the poorest backgrounds. They face the greatest challenges in succeeding at school, having greatest pressure to spend more time on average on the family farm, fewer resources for purchasing school materials, longer journey times to schools, and fewer educated role models at home. With no specific policy in place to tackle the needs of this group, it is unsurprising to see average test scores in Ethiopia flat lining or falling.

And health indicators during the 2000s did not improve fast for poorest quintile, or for quintiles 2 and 3, and there was retrogression on some indicators[16]. There are many remaining challenges in reaching the poorest and getting human development investments to raise the standard of living of the poorest. Out of pocket expenditures remain important to accessing health services, so that ill-health remains a major source of impoverishment.

Consumption growth between 1996 and 2005 clearly benefited the bottom 10% more than the average, but this trend reversed between 2005 and 2011, and the poorest saw consumption losses of 0.5% per year (World Bank, 2015). It is the only country for whom Tables 2 and 3 indicate a greater proportion of the population poor at the $0.70 a day level following the financial crisis than before.

The interpretation of this negative trend is not clear from the literature: however, it would seem obvious to attribute it at least partly to inflation and food price inflation in particular. It was a period of great price volatility. There were very high rates of both food and general inflation in 2007 and especially 2008, and again in 2011-13, leading to reduced consumption, consumption of alternative foods, and a sense of being overwhelmed. The state's response was to provide work (public works) and safety nets, but this was not enough to cope with food price spikes. From 2010 the state has been buying and selling grain at marginal profit, and established a system of co-operative shops serving the public, which had helped to achieve a degree of stability by 2014, and a framework of legal protection for consumers. However, poor farmers, who do not produce enough food to feed themselves, are unable to avoid selling crops cheap and buying food dear, so the issue is not entirely resolved (Woldehanna and Tafere, 2015).

There is little evidence that wages adjusted to higher food prices; in fact, a study of 119 urban and semi-rural locations indicated that: 'The disposable income of daily labourers declined sharply as food prices soared in 2007-08, and there is neither descriptive nor econometric evidence that wages substantially adjusted to higher food prices, except in Addis Ababa.' (Heady et al, n.d.). In rural areas, the poorest have relied increasingly on casual agricultural wage employment, and do not have the skills, resources and contacts to seek better employment; and among these, women are especially vulnerable to lower wage

[16] http://www.countdown2015mnch.org/documents/2015Equity/Ethiopia_equity_2015.pdf

rates, and find it difficult to fulfil the roles of mothers and breadwinners at the same time (Pettit and Rizzo, 2015). Agricultural wage labour markets are not addressed by policy in Ethiopia, except that the PSNP will offer some indirect support to wage levels (though evidence on the effects of this on wages is not strong).

Ethiopian economic policy has focused on agriculture and agriculture-led industrialisation. Since 2005, agricultural growth has been responsible for a reduction in poverty of 4 percent a year in Ethiopia, suggesting that the agricultural growth strategy pursued by the Government of Ethiopia has paid off. High food prices and good weather ensured that increased use of fertilizer was translated into higher incomes for poor farmers with access to markets (World Bank, 2014). Ethiopian smallholder agriculture policy is characterised not only by agricultural research and development (which by itself may have a limited impact) but also by a variety of policies which are adapted for different ecological niches. Whether these niches are sufficiently diverse has been a matter for debate, and there is evidence of land degradation and questions about whether policies are strong enough and implemented well enough to counter it. Further, there is evidence, as elsewhere, that extension services may have biases towards powerful people, thus limiting the productivity gains which can be achieved (Nohmi, Yasunobu, Ishida, and Elias 2013).

Emulating East Asian models, economic policy has centred on export-oriented, agriculture-led and labour-intensive industries, with the following elements: promoting an environment conducive to private sector expansion through macro-economic stability, infrastructure provision, and access to loans; human resource development; improving the regulatory environment and justice system, and combatting a rent seeking political economy; with a strong commitment to micro and small enterprises – the latter an enormously challenging aspect.

The results of this have been significant investments from China, India and Turkey, as solicited by government, with FDI amounting to 2% of GDP in 2013. Manufacturing is the largest sector (mainly textile and clothing, leather and shoemaking, and food and beverage), though agriculture FDI has created more jobs. Firm level data suggests that relatively poor trade logistics and lack of skilled labour are constraints to both export oriented firms and FDI (Chen, Geiger and Fu, 2013). However, investment largely flowed to Addis Ababa and Central Oromia in a highly concentrated regional pattern (Oqubay, 2015). The jury is still out on this export–oriented strategy and whether it will promote the kind of labour-intensive growth seen in East and Southeast Asia.

At the same time there was a rapid growth of extractives in Ethiopian exports, accounted for largely by artisan-produced gold – almost equalling coffee by 2013. The fact that this has been small scale production may explain the absence of the negative effects on politics and poverty reduction witnessed in Lao PDR and Mozambique.

Ethiopia's story then is one of immense challenges, significant progress, but leaving much still to be achieved for its poorest people.

5.3 Lao PDR

Lao PDR is a country where the poorest did not benefit much from growth because it was extractives based and capital intensive. The political settlement was not one which favoured the poorest, who were engaged in relatively uncommercialised agriculture, which was neglected by the elite in favour of land deals, some of which undermined small farm households' access to land.

Poverty reduction was slower than elsewhere in Southeast Asia during the 2000s, and slowed down recently. Growth was not pro-poorest during 2000s, with the lowest rate of reduction of $0.70 a day poverty among the six countries; while inequality increased over a long period. The poverty reduction achieved has been attributed to international (largely in-region) migration and remittances, rather than the extractives-based economic growth experienced by Lao PDR; coupled with some agricultural growth. As elsewhere, the poorest may be less able to take advantage of migration opportunities than others. With growing revenues, there has been space for increased pro-poor public expenditure, but little evidence on whether this has in fact occurred.

Lao PDR shared a history of transition from centrally planned to market economy with Viet Nam, but without rapid economic growth initially. Lao PDR is small, landlocked, multi-ethnic and with a low population density. Its territory has been divided in three regions (North, Centre and South) each of which had stronger links with the neighbouring countries than with each other (Barma and Oksen, 2014). Political power remains strongly rooted in regional clans and local patronage ties (ibid.). Lao PDR's regions had stronger economic links with neighbouring countries than with each other[17], and took advantage of the high level of regional integration achieved in Southeast Asia especially in terms of investment and labour markets. This allowed migration to economies with employment opportunities (principally Thailand) to be the main driver of poverty reduction.

In Lao PDR, the policy framework is not oriented to the strong implementation of systematic anti-poverty, human development or social protection programmes, despite the presence of a national poverty reduction programme since 2002. The regime has limited incentives to do so – it is more focused on promoting economic growth by attracting FDIs with an open door policy.

The major growth of FDIs has been in extractives, which have transformed the country into a provider of natural resources for the region (especially for China, Viet Nam and Thailand), in energy, minerals, timber and cash crops. This has not had massive employment effects, but has greatly enhanced government revenues. These have been volatile, however, and investment in human development remains relatively low. The extractives-based economy also led to an overvalued exchange rate which, limited economic diversification.

On the other side, as a result of low investment, there have been major human development constraints to employment generation in services and manufacturing, which led to the import of skilled labour (World Bank, 2014). There were significant health

[17] Laos has the highest share among Asean countries for intra-ASEAN trade (62.2% of its trade is with other ASEAN members). Viet Nam and Cambodia only export about 15-16% of total export to other ASEAN countries, while for Laos almost half of its exports (46.5%) go to ASEAN countries. this reflects the pattern of FDIs to each of these countries – Viet Nam and Cambodia export garment items which go all over the world while Laos exports timber and agricultural products to neighbouring countries (ILO and ADB, 2014; and International Monetary Fund (IMF): Direction of Trade Statistics Database.

inequalities[18], but unfortunately no data over the 2000s on how the poorest fared to compare with other countries.

There was also little interest in government in promoting smallholder agriculture, and at the same time high interest in the numerous land deals negotiated by government and private interests, partly at the expense of small farmers, all of which undermined a key transmission route to poverty reduction. This was a policy environment where communities have been excluded from the management of forests (Ducourtieux et al, 2005), land concessions to regional companies[19] have increased dramatically, with 2,600 land deals accounting for 5% of all land at the end of the 2000s (Schoenweger et al, 2012) and where land allocated to small farmer households was not then supported with the services necessary to make it productive. As a result, productivity remains low.

After 2007, several land concession moratoria have been introduced, but the effects so far have been mixed. The legislation has loopholes because different authorities are in charge of granting land leases and concessions, with very little coordination and supervision. A new, improved legislative framework is under preparation.

So the Laos story is one of a regionally based political and economic system, an economic strategy based on regional FDI largely in extractives and the land deals and resulting displacement of small farmers going with it. This is combined with a neglect of smallholder agriculture, resulting in opportunities for the poor being largely through migration to neighbouring countries. The poorest were less likely to be able to take advantage of this safety valve.

5.4 Mozambique

Mozambique's story is similar to Lao PDR's, although FDI investment in extractives has been a more recent phenomenon – aluminium in significant quantities from the 2000s (Figure 3), and coal and gas more recently. As in Lao PDR there has been a degree of currency over-valuation resulting from extractives investments, pushing inflation and limiting economic diversification (World Bank, 2011; Vitek, 2009).

Compared to its levels of economic growth, poverty reduction has been disappointing, perhaps partly because growth and resulting government revenues were volatile (World Bank, 2011). AS in Lao PDR, the governing elite has had little interest in supporting smallholder agriculture, having been more pre-occupied with ensuring its power base, outcompeting its rivals electorally especially in their regions of influence, and using politics to build a capital-owning base; and latterly with land deals and sharing in the gains from natural resource exploitation. Mozambique's history of conflict has left a heavy legacy, both in terms of the continued low levels of welfare of much of the population, and also in terms of competitive politics, which could easily return to conflict as so little power has been shared.

Tables 1 and 2 suggest that there was less GDP growth but as much poverty reduction during the 2002-7 GIC period in Mozambique as in the other African countries, and indeed Lao PDR. The slightly higher level of reduction at the $0.70 a day level is likely to be due to

[18] http://countdown2015mnch.org/documents/PPTs/Lao_PDR_PPT.pptx
[19] Mostly from China, Thailand and Viet Nam.

the food price increases over the period which make small farm households' incomes bigger, as what they consume is valued more highly when it is converted into monetary terms.

Mozambique's growth was pro-poor till the early 2000s, then poverty reduction tailed off through to 2009, the date of the available last well analysed household survey data. The main reasons for the tail off were: (i) the absence of structural economic change meant that the majority of poor people remained in agriculture, where there was little public investment. Smallholder farmer interventions have been very limited, project based, largely donor funded and area-bounded (IMF, 2014), (ii) fuel prices increases through 2000s meant that transport costs accounted for a growing proportion of final price of agricultural and other products (Arndt et al, 2015). The latest (2015) household survey shows the top quintile shooting away from the rest of the population; and the bottom two quintiles' consumption growing, but slowly (Hanlon, 2015).

Progress in Mozambique has been geographically uneven. There has been little poverty reduction outside the regions where extractives investments are based and Maputo. Regional inequality increased – coal mining regions reduced poverty incidence; central regions increased it. Several provinces and the central region made negative progress on poverty – incidence increased in these areas. Rural-urban inequality has increased significantly over the period; and what were the poorest regions at the beginning remained the poorest.

The poorest rural people in Mozambique are substantially dependent on 'bad (insecure, low paid) jobs' (e.g. casual agricultural labour), compared to rural people of higher status (assets, education, household connections, previous work experience) (Cramer et al, 2015). There were no effective state measures against the effects of the 2008-9 global food and fuel price inflation, which would have damaged the poorest net buyers of food significantly[20]

There has been significant, growth in public revenues, but these have been volatile, and have not led to a very significant massive investment in human development. Mozambique has, however, been most successful at raising revenues among our six countries, partly because of tax reforms (Box 3). This, plus the growing political competition between the two main parties, offer some hope for the country's poorest in future: if the political class can avoid a return to conflict, there should be enough revenue to generate a pro-poorest pattern of public expenditure, even if the economy remains unevenly developed. However, given the history of using public expenditure to undermine the political opposition, significantly more even political competition may be needed to generate this result.

Public infrastructure investments have tended to follow FDI investments in economic corridors. Health coverage indicators for the poorest quintile, have not moved impressively forwards as a result, with the exception of family planning and vitamin A use; nor have they for the next two quintiles (with the same exceptions).

[20] In 2010 there were food riots in Maputo, protesting rising prices (The Guardian, 3/9/10). Of course, these did not involve the poorest people, who are rural casual labourers and small farm households.

The Mozambique story is thus similar to that of Lao PDR, but without the benefit of belonging to a dynamically growing region, where consistent rapid growth has generated jobs and migration opportunities.

Box 3: Tax reforms: Mozambique

Mozambique's success can be compared to Ethiopia's failure to improve tax:GDP ratios or the contribution of direct taxes. Mozambique has succeeded in raising significantly higher proportions of GDP in tax in recent years, up to 23% in 2013, and a projected more than 40% in 2014. This is a result of reforms of recent personal and corporate taxes as well as previous reforms of indirect taxes, as well as growing investment in extracting its natural resources. However, 'While overall levels of public spending have increased for priority areas, there is considerable scope to enhance the pro-poor orientation of public spending. Access to services improves with income, here the least poor benefit the most from public spending. The least poor are the only beneficiaries of tertiary education and also have the greatest access to water and sanitation services, particularly for urban water. These findings suggest the need to increase access to basic services for all income groups, particularly the poorest. A focus on access to public services should be accompanied by efforts to maintain quality, since investments to expand access to basic public services will raise quality challenges that will need to be addressed.' (World Bank, 2015)

5.5 Rwanda

Rwanda's story by contrast is one of rapid growth and macro-economic stability, strong state support to agriculture, and strong investment in human development and social protection. Above all, it is a story of unremitting focus on improving implementation of public programmes, through explicit monitored contracts with public servants, performance based financing, and a strong anti-corruption culture. Its politics have been inclusive of legitimate political parties, with the exception of genocide-perpetrators, which have occupied half the ministerial posts in cabinets. The absence of a strong opposition and electoral competition means that policy has not been so constrained by the need for patronage as elsewhere in Africa (for example, Mozambique).

This form of 'developmental patrimonialism' has had significant benefits for the poorest. The system is set up so that cabinets and parliaments, and local governments have the incentives to work together to implement and also improve policies. These structures are motivated by the belief that only strong social and economic transformation will enable Rwanda to avoid a return to the destructive ethnically-based political competition of the past, and the political challenge is to deliver on public goods to prevent the emergence of hostile rural protest (Booth and Golooba-Mutebi, 2012).

The state has been strongly involved in promoting private investment, through its venture capital company, through critical infrastructural investments (for example, cold storage at Kigali airport), and through getting backs to invest, for example in horticultural enterprises.

Rwanda has experienced impressive pro-poorest growth over the GIC period 2000-2010, with poverty reducing from high levels; inequality reducing somewhat also from high levels; and human development indicators also improving dramatically, including lower fertility, due to strong investments in health and education and social protection (Malunda, 2013) as well as greater prosperity (Rodriguez, Pose and Samuels, 2011). The human development dimension of this history is the most impressive.

Strong public investment in human development, infrastructure, decentralisation, performance-based financing and anti-corruption measures created an environment where many of the poorest could benefit from public investments. Education strategy especially well developed to include the poorest. Even more clearly than Cambodia, in 2010 the poorest quintile had leapfrogged the richest quintile's 2000 status on many health coverage indicators measured in the DHS[21]. Rwanda may have been the most successful country out of the six studied here in terms of reaching the poorest with human development programmes – for example, in maternal health the probability of poorer women going to a health facility for delivery was 10% higher in health districts with performance based financing than in districts without the system (Skiles et al, 2013): whereas generally maternal health services continue to favour the wealthiest in lower and middle income countries.

Rwanda's policy approach to agriculture was not so impressive. However, from the mid-2000s, the importance given to agriculture has grown, and there has been some policy improvement.

After the country's first Poverty Reduction Strategy had failed to deliver significant poverty reduction, partly as a result of neglecting agriculture, especially food crops; a new land policy giving ownership to families rather than individuals came into force – important for the many women headed households[22]; there was then also an agricultural policy focused on increasing smallholder productivity through distribution of seeds and fertilisers, with experiments on input subsidies through vouchers; land consolidation through service co-operatives, including some resettlement; irrigation to open up marshland; agricultural extension and a One Cow per Family scheme, which required presidential oversight to prevent livestock diversion to wealthy families from 2009.

There has been some critique of some of agricultural measures as being negative for poor small farm households (Ansom, 2011), and a further critique that not enough was spent on agriculture (Booth and Golooba-Mutebi, 2012). Important demand-side barriers to inclusion have been recognised (low demand for fertiliser, for example), and there has been a significant degree of learning from experience and policy adjustment which is more typical of East and Southeast Asia than Sub-Saharan Africa (Ibid).

[21] http://www.countdown2015mnch.org/documents/2015Equity/Rwanda_equity_2015.pdf
[22] Who in neighbouring Uganda or Tanzania would often lose access to land.

The majority of households were dependent on agricultural self-employment throughout the 2000s, but the fastest growth in the 5 years to 2011 was in wage employment, and this was very significant for the poorest; though their access to the better paying jobs was constrained by their lower levels of skills and resources (Pettit and Rizzo, 2015). Such chronically poor households were often female headed (Howe and McKay, 2007).

Important non-policy developments also drove poverty reduction: a growing rural nonfarm economy, responding to greater agricultural prosperity; and rising rural wages responding to the same (Malunda, 2013).

Rwanda's story is atypical in Africa – a small, densely populated country, with a political settlement focused strongly on economic and social transformation, perhaps doing rather better on the social dimensions than the economic dimensions during the 2000s, but with emerging promising approaches to supporting smallholder agriculture.

5.6 Viet Nam

Viet Nam is a benchmark country for this study – it started its economic development progress earlier than others, and invested strongly in human development early too. The thoroughgoing land reforms and economic and administrative (decentralisation) reforms of the 1990s boosted growth and poverty reduction, and were pro-poorest, and this was the period of Viet Nam's pro-poorest growth (see Figure 2 above and related discussion). There was a broad and inclusive process of policy-making, including in poverty-reduction relevant areas, although implementation and outcomes largely differed at the provincial and local level (Shanks et al., 2014).

Viet Nam has undertaken a considerable transformation of its economy in the last three decades, accompanied by remarkable economic growth and one of the fastest instances of poverty reduction in the world. GDP growth averaged 7.1 per cent per year in the 1990-2010 period, with an associated decrease in poverty from 58 to 10.6 per cent (GSO, 2012). The growth strategy adopted was export- and investment-driven, with internal and external liberalisation compounded by a continued significant presence of the state in the economy.

Key tenets of the good economic performance were: market-oriented reforms, stabilisation of the macroeconomic environment, proactive integration into the regional and world economy. These, in turn, resulted from the reform programme initiated in 1986 (the so called Doi Moi), as a reaction to the deep economic crisis which was affecting the country, characterised by stagnation, slowdown of agricultural production and decrease of foreign exchange reserves. The government strategy has been characterised on one side by the willingness to promote an open and dynamic economic system grounded on the principles of a market economy; on the other side by political interests and institutions reluctant to change and anchored to socialist ethics (Shanks et al., 2014).

This process was largely pro-poorest, as shown in the GIC for the period 1993-1998 in Figure 2. However, its pro-poorest traction has declined over time, with a possible turnaround in the period 1998-2002 (see corresponding GIC in Figure 2). However, as discussed in section 4, Viet Nam's performance in terms of the large absolute changes in poverty incidence, at all three poverty lines, its closing of the poverty gap, and its reductions in inequality during the 2002-8 GIC period (Table 2 above) suggest that it could be considered as an example of continued pro-poorest as well as pro-poor growth, as the poorest did so well in absolute terms.

Growth was labour-intensive in Viet Nam, but the employment elasticity of growth has declined throughout the 2000s – this implies that growth has been less labour-intensive over time. 'Between 2000 and 2011 GDP grew on average by 6.9 per cent per year in Viet Nam, while employment increased at only 2.7 per cent per year' (Abbott et al, 2015). There is no consensus in the literature about what the reasons this were. Possible reasons include: technical progress – a shift to more capital-intensive investment activities by both state owned enterprises and small private enterprises which have grown throughout the 2000s. One view is that high and growing minimum wages worked against Viet Nam's comparative advantage as a labour abundant, low-wage economy, compounded by low labour productivity, especially when compared to its neighbours. 'According to the Asian Productivity Organisation (APO, 2012), Viet Nam's labour productivity in 2010 was 23.3% of Malaysia's and 37% of Thailand's. Not only does it lag behind its regional neighbours, its annual productivity growth rate fell from 5% during the period 2002-06 to 3.4% in 2007-11 (OECD, 2013).

Pro-cyclical public expenditure in 1990s and 2000s benefited the poor; 2008-9 fiscal stimulus also, through social protection and support to credit which went into the property market and generated employment. Construction employed growing proportions of the bottom two quintiles (Box 4). The minimum wage was also systematically updated. But the fiscal stimulus was inflationary.

Box 4. The effects of Viet Nam's anti-cyclical stimulus package

The stimulus was a package equivalent to 8.3% of GDP, of which around 16% went to social protection programmes (a one-off targeted transfer to the poor; a new programme targeted to the poorest districts, and a new programme supporting housing for poor families (World Bank, 2010c; Binh, 2010), and efforts to strengthen social insurance especially pensions. The minimum wage was also systematically updated three times during the crisis.

Credit expansion was largely channelled in the real estate market, triggering a boom in construction. While this has diverted resources from higher value creating activities (Hanh, 2010), and has exposed the economy to speculation (Vandermoortele and Bird, 2011), it has also created an important source of employment for poor and unskilled workers.

The share of population whose main occupation is in construction increased in rural areas from 3.7% in 2002 to 7.1% in 2012. The first and second bottom quintiles of the population (i.e. the poorest 40) were affected by this occupational shift: their employment shares increased respectively from 2.7% to 3.8% and from 5.8% to 8.9% between 2004 and 2012 (source of data: Report of the Viet Nam Household Living Standards Survey 2012).

Viet Nam has given strong support to decentralisation, massive public expenditure on human development and latterly social protection, and infrastructure investment especially in the poorest regions. However this was not enough, or targeted enough to tackle some of the remaining poverty in the 2000s, much of which was based on inter-ethnic and regional inequalities. The poorest quintile continued to catch up with the richest between 1997 and 2010 on basic health coverage indicators, though the rate of advance was not as high as in Cambodia or Rwanda, confirming the greater difficulty of reaching the poorest at higher levels of development[23] .

Support to agriculture was strong in the 1990s and up to 2005, but has declined since then. This may be part of the explanation for the relatively less good results for the poorest in the more recent period.

At the same time there has been a structural shift in occupations away from agriculture, even for the poorest, with substantial increases in the nonfarm sectors and the wages earned there. This shift continued beyond our GIC period (Neman, 2016). This has been extensively supported by policies to improve the business environment and small firm development. This is the only country of the six where this is the case.

State intervention, agricultural growth, liberalisation and institutional reforms improved the business environment and all concurred to promote growth of the private non-farm sector. Private investment in the rural sector were promoted through public investment in light manufacturing and access to improved farming technology innovation as well as in infrastructure, transport, electricity and access to credit (Bernabe and Krstic, 2005).The Enterprise Law introduced in 2000 and revised in 2005 created an enabling environment for private investment in the rural sector. State owned enterprises were initially concentrated in agriculture and created linkages with the local economy and therefore the conditions for the development of the rural non-farm sector (as demonstrated by the growth in the number of small private enterprises). Higher agricultural incomes increased demand for goods and services, which was increasingly met by the emerging private sector, leading to an increase in non-farm self-employment (Henley, 2015). The lessons here would be that: rural farm and non-farm development are likely to go together, and the role of the state can be important.

The growth of the non-farm economy has been reflected in increase in both wage employment and, to a less extent in self-employment. Between 1999 and 2009, the growth of the rural nonfarm sector has been primarily due to expansion in the number of low-skilled blue collar occupations in the construction, manufacturing, trade, and food preparation sectors (WB, 2012b). The shift in the structure of employment occurred at all quintiles of the distribution, including the two poorest quintiles. According to data from the Report of the Viet Nam Household Living Standards Survey 2012, between 2002 and 2012, engagement in non-farm wage employment doubled for both quintiles: from 5.1 to 10% for the first quintile and from 12.2% to 25.7% for the second quintile; similarly, engagement in non-farm self-employment increased from 5.8% to 6.2% for the bottom quintile, and from 12.2 to 14.7 for the second quintile.

There is evidence that growth in the rural nonfarm sector did indeed contribute to poverty reduction between 1999 and 2009 (WB, 2012b), and that non-farm employment may offer pathways out of poverty for ethnic minorities (Tuyen Quang Tran, 2015). Yet, evidence based on panel data suggests that the link between non-farm employment and poverty escapes is ambiguous. In particular, analysis of two waves (2010 and 2012) of the Viet Nam

[23] http://www.countdown2015mnch.org/documents/2015Equity/2015_CD_equity_profiles_all.pdf

Household Living Standard Survey, looking at household transitions in and out of poverty by source of income found that the largest share of income for chronically poor household came from crop income (about 34%) and wages (28%), and only a minority (4%) from non-farm income. The largest share of income for those who escaped poverty, as well as for the never poor came from wages (respectively 37% and 41%). The share of non-farm income was highest for the category who felt into poverty (11%) but also for the never poor (20%)[24]
.

Viet Nam's story is one of labour-intensive growth supported by agricultural growth, with significant macro- and micro-level economic diversification, in which the poorest were able to participate. Initially their participation led to greater than average income growth; later it fell behind the average, but remained highly significant. State intervention and policies were important factors in all aspects of the story.

5.7 A comparative analysis

Below we draw out the leading points of comparison from these growth episodes. A leading conclusion would be that pro-poorest growth can be promoted through different combinations of factors, and different combinations and sequences of policies. For example, Cambodia's pro-poorest episode was driven by a combination of a strategic decision to focus on investment in the garments sector, which employed hundreds of thousands of poor, migrant women, coupled with a positive government response to the demand for rising minimum wages over time for the sector; and an increasingly favourable regional and global price and policy environment for smallholder rice farming. Rwanda's was driven by agricultural growth and the related growth of the rural nonfarm economy and higher wage levels in both, supported by social protection. There is no silver bullet; but there are some patterns to be drawn out.

Methods: a commentary

A caveat is that the number of pro-poorest growth episodes studied in this paper is too small to generalise effectively. Further research is needed on a larger number of episodes, across a greater number of countries. It is the plan to do this for the next Chronic Poverty Report which will focus on pro-poorest growth. The following conclusions can be taken as *hypotheses* for wider testing on that larger number of growth episodes.

Comparing regions

Southeast Asia's regional environment is much more propitious for pro-poorest growth than East Africa's: the levels of integration of trade, labour and capital markets mean that the poorest have greater opportunities. This is of course also the result of inter-governmental policies. The poorest in Lao PDR, despite a political settlement which is not positive for the poorest, have had buoyant economies to migrate to, borders to trade across, and regional sources of employment-generating investment.

[24] This is based on the analysis that the Mekong Development Research Institute for Viet Nam did for CPAN (2015) Getting to Zero: Tackling Extreme Poverty through Private Sector Development Policy Guide. www.chronicpovertynetwork.org

Agriculture, agricultural labour and the rural nonfarm economy

Agricultural policy emerges as very important for the poorest: states should strongly support smallholder farm households and seek to enhance their productivity. More productive farm-households lead to greater savings and consumption, creating the conditions for the expansion of the rural nonfarm rural economy. However, it may be difficult to maintain this source of pro-poorest growth at all times – there are limits to how continuously smallholder farms can become more productive; so other sources can be valuable – e.g. the construction sector, migration opportunities, the nonfarm rural economy.

However, there is one widely deficient aspect of agricultural policy: agricultural and labour policies systematically neglect casual agricultural wage labourers who are a large group among the poorest, who are often extremely vulnerable, especially the women among them, and unable to find better jobs. At critical times of the year there may be too many people chasing too few jobs, and migrants at this level often fail to find jobs (e.g. Pettit and Rizzo, 2015).

Rising real wage rates are critical for the poorest in most countries, and can be a significant explanation of a pro-poorest growth episode. However, rural wage labour is also a neglected area of policy in all six countries. There can be considerable indirect effects on wages from the establishment of minimum wages in the formal sector; and social protection programmes can also contribute to raising wages, and lowering the compulsion to work even in circumstances where it is against a person's interests. There is a substantial policy agenda ahead on this issue.

The rural nonfarm economy is a powerful supplement to a growing agriculture as the poorest can find better employment there. Viet Nam's, and now Cambodia's and Rwanda's rapid pace of electrification has been one critical support to the rural nonfarm sector. However, few states support the rural nonfarm economy thoroughly – in our six countries, only Viet Nam. Other countries have also seen wage and self-employment in the informal nonfarm economy contributing substantially to poverty reduction, and providing opportunities for the poorest, but these trends have not been as marked as in Viet Nam, suggesting that countries could learn from Viet Nam's experience[25]. Cambodia, for example, had a negative policy environment.

Intensive human development supported by decentralisation

Human development investments are a critical support for poverty reduction; the poorest benefit most from a broad-ranging education policy and highly targeted health measures of the sort put in place by Rwanda and in the case of health, Cambodia. Viet Nam has already achieved high levels of human development through public policy measures, Ethiopia is on the road, but with large remaining challenges. A political settlement motivated by the need to include previously excluded groups underlies all of these stories.

In the long term social protection almost certainly needs to be a part of the solution; but pro-poorest growth can be achieved, for a time, without it.

[25] Other measures which could help: business development services, combined with asset development/social transfers for the poorest; and anti-corruption measures focused on front line services – see CPAN (2015).

The fiscal space for human development and inclusive infrastructure development is critical: extractives based economies (Lao PDR and Mozambique) have the basis for significantly expanded investments (pace revenue volatility), but have not had the politics to support these. It is possible that greater opening to democratic electoral competition can foster more significant investment in public goods over time. Otherwise some other threat may be needed to elicit high levels of investment in public goods.

Decentralisation can also be a powerful aid to including the poorest in human development progress. The more pro-poorest growth episodes have come in countries which have invested strongly in decentralisation; the less successful countries have seen regional inequality increase, and lack the geographically targeted and/or decentralised systems to counterbalance rises in inequality. However, this can still be intrinsically difficult – witness the failure of Viet Nam to reduce inequalities despite strong regional programmes.

Economic policy: support to diversification

All 6 countries have attempted to put in place the conditions for macro-economic stability. The two countries with the best pro-poorest outcomes in the 2000s, Cambodia and Rwanda, have had greatest success, but possibly also the least challenges to face. The question is whether stability, perhaps combined with the trade and investment openness which all six countries have, is enough to generate pro-poorest growth.

Viet Nam and (to a lesser extent) Ethiopia and Cambodia have consciously used economic policy to support equitable growth, with some success in especially in the 1990s and earlier 2000s in Viet Nam with labour intensive manufacturing, and a big success in the 2000s for Cambodia with diversification into garments. The jury still out in Ethiopia, where agriculture has been at the heart of the industrialisation strategy, but where the strategy has been slow to be implemented. The suggestion is that conscious state intervention in supporting labour-intensive diversification can make a tremendous difference to the poorest.

The capacity of Mozambique and Lao PDR to promote economic diversification and in particular manufacturing has been constrained by, among other things, a tendency to over-value the national currency. Countries that maintain competitive or undervalued currencies tend to experience more growth-enhancing structural change, with positive effects of undervaluation on modern, tradable industries (Rodrik 2008). Undervaluation acts as a subsidy for those industries and facilitates their expansion (McMIllan et al, 2013). Based on the experience of countries like Viet Nam, this is good for the poorest as it results in widespread job creation, productivity and therefore wage level increases.

All countries have sought FDI, but managed it in different ways – pro-actively in Viet Nam, Ethiopia and in one sector (garments) in Cambodia[26]; more passively in Lao PDR and Mozambique where FDI is dominated by extractives. Creating the conditions for investment in labour intensive and agriculture-related sectors may be a key policy focus.

It is possible that the partial state management of FDI in Cambodia can be a model: it is a labour intensive sector which now employs 700,000 out of a population of 10 million; mostly women, nearly half of whom are uneducated and likely to be among the poorest, and mostly from (?poor) provinces to which they have been remitting money. Minimum

[26] Cambodia has also targeted tourism, but this has not been considered here.

wages have been imposed at now three times the $1.25 poverty line. The poverty reduction effects should have been significant, given the number, and origins of the workers.

Political settlements

Political settlements motivated by economic and social transformation are drivers of investments in smallholder agriculture and labour intensive sectors; as well as inclusive human development. These are not set in stone: political settlements change over time, and can change from being quite negative for the poorest to being much more positive. Cambodia is the leading example of such change in this study. Garment workers have been able to significantly increase the industry minimum wage making use of the growing level of inter-party electoral competition; there may be similar effects elsewhere. The example of Cambodia shows that a much less than optimal political settlement is capable of generating a pro-poorest growth episode. Ethiopia, Rwanda and Viet Nam have all had stronger policy frameworks and implementation capacities.

Policies are one thing, implementation another. Rwanda is the stellar example across the six countries on implementation. Its combination of decentralisation, performance based contracts with ministries and local government for improved delivery of policies and programmes, a highly intolerant approach to corruption, and targeting programmes to the poor, is undoubtedly a factor in generating its pro-poorest growth episode.

Where political settlements are not favourable these investments do not materialise even where there are revenues which can be invested in pro-poor public expenditure. Even here it is conceivable that there could be positive change, for example, though growing electoral political competition which may (as in Cambodia) prompt greater investment in public goods, and greater attention to including previously excluded groups in benefiting from them.

The two countries with least income accruing to the poorest relatively (Lao PDR and Mozambique) have both had strongly regional regime power bases, and operated patronage systems to keep the elites from these regions in power. Their economic reliance on FDI in extractives has suited this power structure, and has combined with low state support and elite interest in agriculture except in land deals for agriculture, forestry and mining.

6. Tentative policy implications

This section offers brief tentative conclusions on the policies which support pro-poorest growth which could be further tested on a wider sample of pro-poorest growth and other growth episodes. This is framed by a tentative country typology suggesting the kinds of situations in which pro-poorest growth can occur. The small number of key policy implications drawn out from the study are compared with the CPAN policy framework developed in section 4 – the paper's 'theory' of policy support for pro-poorest growth. And they are related to the typology of country situations. Finally, a brief comparison of these implications with those drawn in section 2 from the pro-poor growth literature is presented and the extent to which the paper has answered the research questions asked at the very beginning is assessed.

6.1 Country typology

There are three country situations which stand out from the above analysis, which will later be used to reflect on policy priorities in these different circumstances.

(i) Poverty reduction results from rapid growth, driven by diversification into extractives, where the poorest benefit more slowly or less than the average. Our example here is Lao PDR, where the pattern of growth has been unequal and probably harmful for some of the poor, the political settlement is not strongly and clearly oriented towards poverty reduction and shared growth, and the policy framework has few of the provisions required for poverty eradication. Under these circumstances, poverty reduction occurs with increasing inequality, it is likely to leave the poorest and most vulnerable people behind, and they benefit most from migration to employment in neighbouring, more dynamic and labour-intensive economies. People escaping poverty remain close to the poverty line. There are serious risks that gains are eroded as soon as growth slows down or economic shocks occur.

Mozambique is a 'worse case', where there has been little poverty reduction and both general and regional inequality has increased. A reason for its weaker performance may be that it did not have the positive influence of the regional neighbourhood to fall back on: South Africa's economy has not been dynamic enough to provide renewed migration opportunities in the way that Southeast Asia's booming countries have for Lao PDR.

In both cases FDI has been substantially in extractives, and the political settlement has been patronage based, neither of which provide a conducive environment for the poorest to thrive. It would seem that there would need to be an evolution of these for the gap between the poorest and the rest to close more rapidly.

ii) Rapid economic growth driven by investment in labour-intensive industries, where the poorest benefit more than the average. Our example here is Cambodia, similar to Lao PDR in many ways, but which has an evolving political settlement which has generated pressure for the government to commit to development goals and share some of the benefits of economic growth; economic policies and external conditions which favour some macro-level economic diversification, with employment creation and expansion of the non-farm sector, reflected in creation of more, and more equally distributed income opportunities for both skilled and unskilled people, as in Cambodia's garment sector; and the implementation of some, isolated but relatively efficient, pro-poor initiatives, as in Cambodia's Health Equity Funds). This process can be driven by growing political competition and donor pressure.

iii) Rapid economic growth combined with a political settlement characterised by a clearly defined long term development strategy with strong state intervention influencing the pattern of economic growth. Viet Nam is the classic case; Ethiopia and Rwanda aspire in different ways to a similar policy based shaping of economic growth. However, Ethiopia has not yet succeeded in ways which benefit the poorest. Rwanda's pro-poorest outcome has been more influenced by governance innovations including making sure that public goods are provided in a highly inclusive way.

6.2 Key policy messages

The combinations of policy and non-policy drivers of pro-poorest growth differ from episode to episode. There is no one size fits all menu. Furthermore, policy frameworks need to evolve to take account of changing national and global conditions. For example, it may be possible for a time to do without social protection, or to rely on support to smallholder agriculture as the core pro-poorest policy, but after some years social protection may become necessary; and a greater balance between positive agricultural policies and recognition of, and support to the rural nonfarm economy, or to informal wage earners may become necessary.

More specifically, it is possible to make a number of generalisations based on the analysis in section 5.

1. Public investment in smallholder agriculture is a very important component of a pro-poorest growth policy framework in all cases. While the enabling environment for such initiatives improved during the 2000s, this did not affect all countries; and international support could be equivocal.
2. At the same time, most countries (5 out of 6 here) are missing a trick in not recognising the positive benefits for the poorest (and for growth generally) achieved in the informal, rural nonfarm economy: only Viet Nam has had positive policy framework; some others even have negative frameworks. At the very least, the obstacles to nonfarm enterprise should be rapidly removed. The nonfarm rural economy is especially important in generating the better wage employment opportunities which the poorest need to escape poverty.
3. Employment is a key transmission mechanism for growth reaching the poorest – both in terms of number of jobs and whether they are 'good' or 'bad' jobs. Few countries address the problem of 'bad jobs'. Viet Nam and Cambodia are the greatest success stories in generating jobs. Both have followed interventionist strategies to create the conditions for labour intensive export manufacturing, Viet Nam's across the board; Cambodia only in garments (and tourism). Both have also developed minimum wage policies with significant pro-poorest effects, though there can be a trade-off with employment generation. Other efforts (Ethiopia, Rwanda) to strategically manage FDI inflows have not yet succeeded in generating large numbers of jobs accessible to (at least some of) the poorest.
4. In these circumstances, social protection can play a vital role in raising the incomes of the poorest from the consumption floor, as demonstrated by Ethiopia, Rwanda and Viet Nam among the six countries. Cambodia has more recently also accepted the need to invest strategically in social protection, a further sign of its developing political settlement. While pro-poorest growth episodes can occur without national systems of social protection in place, it is likely that there will come a time when they would be required to address constraints faced by the poorest in participating in growth.
5. More generally, strong state support for public goods with mechanisms to include the poorest people will make a substantial difference to the quality of their participation in growth. This is an area where donor support can also make a difference, as in Cambodia's Health Equity Funds, and elsewhere.

Beyond national policy-making, regional integration (of trade, investment and labour migration) has facilitated pro-poorest growth in Southeast Asia, and is notably absent (or much slower to develop) in East Africa, where the major investors come from South Africa. East Africa could perhaps learn much from the faster and more comprehensive processes of regional integration in Southeast Asia, although whether the political and economic pre-conditions for greater integration are present is a moot point. Regional integration provides an especially important safety valve for the poor, in case their own economies are not generating accessible jobs. The poorest may also benefit, but may also face obstacles in migrating.

The specific policies are of course important. But underlying political arrangements are too, and of course, these are unique to each context. The extent of the representation of the interests of the poorest in the political system, the extent of elite recognition of their interests and the reasons for such recognition or otherwise, the role of political parties in aggregating interests, and in competing electorally – these are all important factors in shaping the policy framework.

On the negative side, the combination of a patronage-based political regime, investment in large scale extractives, and associated land deals, and neglect of smallholder agriculture is a combination which leaves the poorest to fend for themselves in a hostile environment.

6.3 Policy priorities by country typology

From the above key policies countries like Lao PDR and Mozambique could possibly derive most medium term benefit from, and find politically most feasible a stronger focus on providing public goods and on smallholder agriculture. Extending social protection would also bring quick benefits. In Mozambique the dynamic of electoral competition could generate such changes. It is not clear what political dynamic would do so in the case of Lao PDR.

A country like Cambodia, which has begun to strengthen its support to smallholder agriculture, could probably benefit from a broader emphasis on getting public goods to the poorest (education as well health, for example; and social protection, as it has already accepted), and balancing its agricultural support with removing obstacles to the rural nonfarm economy and creating a more positive enabling environment for it (CPAN 2015).

Countries with stronger policy frameworks may need to focus on implementation (Ethiopia), the neglected policy areas of the rural nonfarm economy and casual agricultural (or more generally rural) labour (Rwanda).

Vietnam's challenge now lies with tackling inequality as much as poverty, and especially, as far as the poorest are concerned, with some of the more entrenched inequalities among ethnic groups and regions.

6.4 Policy priorities compared to the CPAN policy framework

The evidence discussed in section 5 corresponds closely to policy areas 1-6 in the CPAN pro-poorest growth policy package (Table 3 above). These were policies for macro-economic stability, support for smallholder agriculture, economic policy focused on labour-intensive development, policies against regional inequality, tax reform, and redistributive public expenditure to promote human development. Of these, only the tax reform area was poorly developed in our case study countries (with the notable exception of Mozambique). IN addition, there was some focus on policy are 8 'decent work'.

What is missing in Table 3 is the rural nonfarm economy, which has come out strongly as a driver of poverty reduction, and an important source of better wage employment as well diversified self-employment opportunities. What is also missing is a focus on cross-border migration, and more broadly, regional integration, which emerges as an important safety valve for the poor, where national growth does not supply adequate wage labour opportunities, but also an important facilitator of labour-intensive economic growth.

Policy areas 7 and 9 (integration of the poorest in private sector development, and gender equality) did not feature much in the analyses in section 5. On the first issue, this is perhaps not surprising as private sector development has generally been pursued independently of detailed considerations about poverty reduction: the assumption has been that growth and private sector development will contribute indirectly. On the second, it is more surprising not to find more joined up analysis of gender (in)equality, growth and poverty reduction, and this is a topic for future exploration[27].

6.5 Pro-poor and pro-poorest growth: a note

How do these key messages differ from those generated by the earlier work on pro-poor growth which this paper started with? For the poorest people, there is a sharper focus on a balance between support to smallholder agriculture and support to the nonfarm rural economy - it's not just about supporting agriculture; on social protection; and on the labour market, where increasingly the poorest earn their living. In particular, there is a need to work on reducing the insecurity and low wages characteristic of casual agricultural labour.

The importance of regional integration comes out strongly as the poorest need to be able to migrate across borders in case they are not finding accessible employment opportunities at home. This is their way out of poverty in situations where a country's economic growth pattern and political settlement are not favourable. Of course, this applies internally too.

There is also some reflection on anti-poorest growth, which goes beyond the pro-poor growth literature. Patronage based political settlements which open economies to FDI principally for investment in extractives, with accompanying focus on land deals and disinterest in smallholder agriculture and the informal economy are thoroughly negative for the poorest, if there is no migration safety valve.

6.6 Reflection on the research questions

Readers will form their own judgements, but Table 4 gives a summary of the authors' reflections on the research questions posed in section 1.

Table 4: Authors' reflections on the research questions

Research Question	*Reflections*
Is pro-poorest growth necessary to achieve the Sustainable Development Goal target of eradication extreme poverty?	We argued for its necessity. Not all pro-poor growth is pro-poorest. More systematic comparison of a larger number of pro-poor and

[27] CPAN has plans for a policy guide on Women's Economic Empowerment, focused on the poorest women.

	pro-poorest growth episodes will be needed to produce a more robust answer to the implicit question of whether pro-poor growth is enough. The pro-poorest growth episodes identified here were also pro-poor. However,
Is there evidence that some forms of growth benefit the poorest while others do not (or do but less so)?	The evidence so far is that growth based on smallholder agriculture and/or labour-intensive industrial growth are beneficial, while extractives-based growth is much more problematic.
Are the findings uniform across episodes of growth?	No, there are different combinations of factors which may lead to pro-poorest growth episodes.
Is it possible to develop policy advice on how to achieve pro-poorest growth for other countries, based on the examination of episodes of growth carried out here?	Yes, and this would need to be varied from country to country.

Bibliography

Chronic Poverty Advisory Network (2013) Energy Policy Guide: Harnessing the power of energy access for chronic poverty reduction. www.chronicpovertynetwork.org

Chronic Poverty Advisory Network (2015) Getting to Zero: Tackling Extreme Poverty through Private Sector Development Policy Guide. www.chronicpovertynetwork.org

Dykstra, Sarah; Dykstra, Benjamin; Sandefur, Justin, 2014, "We Just Ran Twenty-Three Million Queries of the World Bank's Web Site", http://dx.doi.org/10.7910/DVN/25492, Harvard Dataverse, V10

Ravallion, M. (2014) Are the World's Poorest Being Left Behind? NBER Working Paper No. 20791

World Bank (2008) World Development Report: Agriculture for Development. Washington D.C.

African countries

General

Guangzhe Chen, Michael Geiger and Minghui Fu, (2013) Manufacturing FDI in Sub Saharan Africa: Trends, Determinants, and Impact, World Bank Group

McMillan M., Rodrik D. and Verduzco-Gallo I. (2013), *Globalization, structural change, and productivity growth, with an update on Africa*, before in Making Globalization Socially Sustainable (Geneva: International Labour Organization and World Trade Organization, 2011), chapter 2. Updated version available at http://margaretsmcmillan.com/wp-content/uploads/2013/12/McMillanRodrikVerduzco_Final_All.pdf

Minot N., (2014), *Food price volatility in sub-Saharan Africa: Has it really increased?* Food Policy 45 (2014) 45–56

Oya C., Pontara N., (2015), *Rural Wage Employment in Developing Countries: Theory, Evidence, and Policy.* Routledge.

Rodrik D. (2013), *Africa's Structural Transformation Challenge*, available at http://www.project-syndicate.org/commentary/dani-rodrik-shows-why-sub-saharan-africa-s-impressive-economic-performance-is-not-sustainable#CYYTP5VSTjlPjYJ4.99

Ethiopia

Abebe H. G., Million B., Andrew R., (2009) *Small and Medium Forest Enterprises in Ethiopia*, available at https://books.google.co.uk/books?id=qJdJADT7xjMC&pg=PT51&lpg=PT51&dq=ethiopia+informal+enterprises+policies&source=bl&ots=ycmJ8twUpr&sig=5JUZVc_nXdRBPUMvM5e3J-y2kdg&hl=en&sa=X&ved=0CB8Q6AEwADgUahUKEwjsqKWSzajIAhUGuhoKHT5fBWw#v=onepage&q=ethiopia%20informal%20enterprises%20policies&f=false

Delessa D., (2014), *Tax Reforms and Tax Revenues Performance in Ethiopia*, Journal of Economics and Sustainable Development, Vol 5, No 13.

Gilligan D. O., Hoddinott J. F., Taffesse, Alemayehu S., (2008), *The impact of Ethiopia's Productive Safety Net Programme and its linkages*, IFPRI Discussion Paper, Number 839

Headey,, D., Nisrane, F., Hassen, I., Dereje, M., and Taffesse A. S. (no date) Urban Wage Behaviour During Food Price Hikes: The Case Of Ethiopia. Ethiopia Strategy Support Program (ESSP), International Food Policy Research Institute (IFPRI), Addis Ababa.

Hoddinott J., Berhane G., Gilligan D.O. (2012), *The Impact of Ethiopia's Productive Safety Net Programme and Related Transfers on Agricultural Productivity*, Journal of African Economies , Vol. 21, number 5, pp. 761 – 786

IMF, (2013), Translating Economic Growth into Higher living standards: inclusive growth in Ethiopia, IMF Country Report No. 13/309, available at https://www.imf.org/external/pubs/ft/scr/2013/cr13309.pdf

Lenhardt A., Rogerson A., Guadagno F., Berliner T., (2015), One foot on the ground, one foot in the air – Ethiopia's delivery on an ambitious development agenda, available at http://www.odi.org/sites/odi.org.uk/files/odi-assets/publications-opinion-files/9842.pdf

Loening J. and Mikael I. L. (2009), *Ethiopia: Diversifying the Rural Economy. An Assessment of the Investment Climate for Small and Informal Enterprises*. Published in: World Bank Economic Sector Work , Vol. 49564-.

Makoto N. , Kumi Y., Akira I., Asres E., (2013), *Effect of Agricultural Extension Program on Smallholders' Farm Productivity: Evidence from Three Peasant Associations in the Highlands of Ethiopia*, Journal of Agricultural Science; Vol. 5, No. 8. Available at http://www.ccsenet.org/journal/index.php/jas/article/view/27227/17273

Mulu B. H., (2014), *Micro and Small Scale Enterprises (MSEs) Development Services In women's Entrepreneurial Start-Ups in Ethiopia: A study conducted in three cities: Dire Dawa, Harar and* Jigjiga, available at http://pubs.sciepub.com/jbe/2/4/1/

Nega M. K., (2015), *Assessment on Real Effective Exchange Rate and External Sector Development of Ethiopia*, Economics. Vol. 4, No. 4, 2015, pp. 64-70, available at http://article.sciencepublishinggroup.com/pdf/10.11648.j.eco.20150404.12.pdf

Shimeles A., and Delelegn, (2013), Rising Food Prices and Household Welfare in Ethiopia: Evidence from Micro Data. AFRICAN DEVELOPMENT BANK GROUP, Working Paper No. 182, available at http://www.afdb.org/fileadmin/uploads/afdb/Documents/Publications/Working%20Paper%20182%20-%20Rising%20Food%20Prices%20and%20Household%20Welfare%20in%20Ethiopia-%20Evidence%20from%20Micro%20Data.pdf

Slater R. and McCord A., (2013), Learning from the PSNP: the influence of Ethiopia's Social Protection Experience in Sub-Saharan Africa and Beyond, in Dessalegn Rahmato, Alula Pankhurst, Jan-Gerrit van Uffelen (eds) Food Security, Safety Nets and Social Protection in Ethiopia. African Books Collective.

Wheeler J., Goddard K., (2013), *Assessment of Ethiopia's Labor Inspection Sy*stem, Office of Trade & Labor Affairs, Bureau of International Labor Affairs (ILAB), U.S. Department of Labor (USDOL), available at http://www.dol.gov/ilab/reports/pdf/2013AssessmentEthiopiaLaborInspection.pdf

Woldehanna, T. and Tafere, Y. (2015) Food Price Volatility in Ethiopia: Public Pressure and State Response. IDS Bulletin, Vol 46, No 6

World Bank Group. 2015. *Ethiopia Poverty Assessment 2014*. Washington, DC. © World Bank. https://openknowledge.worldbank.org/handle/10986/21323 License: CC BY 3.0 IGO.

Rwanda

Abbott P., (2015), *The Promise and the Reality: Women's Rights in Rwanda*, Institute of Policy Analysis and Research, Rwanda, Oxford Human Rights Hub, Working Paper No. 5, available at http://ohrh.law.ox.ac.uk/wordpress/wp-content/uploads/2014/04/OxHRH-Working-Paper-Series-No-5-Abott-and-Malunda.pdf

Abbott P., Murenzi I., Musana S. (n.d), *The Role of Non-farm Household Enterprises in Poverty Reduction*, Employment Creation and Economic Growth in Rwanda

Adams A. V., de Silva S.J., (2013), I*mproving Skills Development in the Informal Sector: Strategies for Sub Saharan Africa*. Washington D.C., World Bank

African Development Bank, (2014), Analysis of Gender and Youth Employment in Rwanda.

An Ansoms, (2010), *Views from Below on the Pro-poor Growth Challenge: The Case of Rural Rwanda*, African Studies Review, Vol. 53, No. 2 (SEPTEMBER), pp. 97-123

Baringanire P., Malik K., Ghosh S., (2014), *Scaling Up Access to Electricity: The Case of Rwanda*, available at http://www-wds.worldbank.org/external/default/WDSContentServer/WDSP/IB/2015/02/27/090224b082b6d3c9/2_0/Rendered/PDF/Scaling0up0acc000the0case0of0Rwanda.pdf

David Booth and Frederick Golooba-Mutebi (2012) Policy for agriculture and horticulture in Rwanda:

A different political economy? Future Agricultures Consortium, Political Economy of Agricultural Policy in Africa (PEAPA. Working Paper 38

Clark W., Arnason B., (2014), *Surging Investment and Declining Aid: Evaluating Debt Sustainability in Rwanda*, Washington D.C., IMF

Dabalen P. and Pierre, (2004), *The Returns to Participation in the Nonfarm Sector in Rural Rwanda*, World Bank Policy Research Working Paper.

Malunda, (2012), *Rwanda Case Study on Economic Transfomation*. African Centre for Economic Transformation

Munyehirwe A., Peters J., Sievert M., Lenz L., (2015), *Does Large Scale Infrastructure Investment Alleviate Poverty? Impacts of Rwanda's Electricity Access Roll-Out Program*, USAEE Working Pap**er**

Rizzo M.*, (2011), *Rural wage employment in Rwanda and Ethiopia: A review of the current policy neglect and a framework to begin addressing it*, Working Paper No. 103, Policy Integration Department, International Labour Office, Geneva

Republic Of Rwanda, Ministry Of Education (2015) National Education For All 2015 Review, January

UGent P. D., and Ansoms A., (2013), *Development and change*. 44(5). p.1111-1134

Xinshen Diao, Shenggen Fan, Sam Kanyarukiga, Bingxin Yu, (2010), Agricultural growth and investment options for poverty reduction in Rwanda. IFPRI RESEARCH MONOGRAPH, available at http://www.ifpri.org/publication/agricultural-growth-and-investment-options-poverty-reduction-rwanda-0

Mozambique

Channing A., Jones E. S., Tarp F., (2015), MOZAMBIQUE: OFF TRACK OR TEMPORARILY SIDELINED? Book chapter [ask for reference]

Chen G., Geiger M., Minghui Fu, (2013), *Manufacturing FDI in Sub Saharan Africa: Trends, Determinants, and Impact*, World Bank Group, available at http://www.worldbank.org/content/dam/Worldbank/Event/Africa/Investing%20in%20Africa%20Forum/2015/investing-in-africa-forum-fdi-and-manufacturing-in-africa.pdf

Cramer, C, Oya, C., and Sender, J (2015) 'Liftin the blinkers: a new view of power, diversity, and poverty in Mozambican rural labour markets' in Oya, C and Pontara, N. (2015) Rural Wage Employment in Developing Countries: Theiry, Evidence and Policy. London, Routledge

Cunguara B. and Hanlon J., (2012), *Whose Wealth Is It Anyway? Mozambique's Outstanding Economic Growth with Worsening Rural Poverty*. Development and Change 43(3): 623–647.

Cunguara B., (2011), *Assessing strategies to reduce poverty in rural Mozambique*, Doctoral Thesis, Boku Universitat fur Bodenkultur Wien

Hanlon J., (2007), *Is poverty decreasing in Mozambique*? IESE Conference Paper, available at http://www.iese.ac.mz/lib/publication/Hanlon,Joseph_Poverty.pdf

IMF, (2014), *Republic of Mozambique: Poverty reduction strategy paper – progress report*, available at http://www.jica.go.jp/activities/issues/poverty/profile/pdf/moz_02.pdf

Mahumane G., Mulder P., Nadaud D., (Energy outlook for Mozambique 2012-2030 LEAP-based scenarios for energy demand and power generation, Conference Paper nº 16.

Peiris S. J., Clément J. A. P., (2008), *Post-Stabilization Economics in Sub-Saharan Africa: Lessons from Mozambique*. International Monetary Fund.

Republic of Mozambique, Ministry of Planning and Development National Directorate of Studies and Policy Analysis, (2010), POVERTY AND WELLBEING IN MOZAMBIQUE: THIRD NATIONAL POVERTY ASSESSMENT.

Vitek F., (2009), *An Assessment of External Price Competitiveness for Mozambique*, IMF Working Paper 165.

Whitfield L., Therkildsen O., Buur L., Kjær A. M., (2015), *The Politics of African Industrial Policy: A Comparative Perspective*. Cambridge University Press, 29.

World Bank (2014) Mozambique Public Expenditure Review: Addressing the Challenges of Today, Seizing the Opportunities of Tomorrow. Washington D.C., September

Additional web references

Labour profile

http://www.ulandssekretariatet.dk/sites/default/files/uploads/public/PDF/LMP/lmp_mozambique_2014_final_version.pdf

Infrastructure

http://siteresources.worldbank.org/MOZAMBIQUEEXTN/Resources/AICD-Mozambique_Country_Report.pdf

http://www.boku.ac.at/fileadmin/data/H04000/H16900/Resources/Scientific_Pub/Benedito_Cunguara__2011_.pdf

http://www.saspen.org/conferences/mozambique2014/EN_PPT_MINISTRY_SASPEN_FES_WORKSHOP_SOCIAL-PROTECTION-MOZAMBIQUE_SEP01-02-2014.pdf

http://www.ilo.org/wcmsp5/groups/public/---dgreports/---nylo/documents/genericdocument/wcms_221235.pdf

South East Asia

Abbott, Philip; Finn Tarp, and Ce Wu (2015) 'Structural transformation, biased technological change, and employment in Viet Nam' WIDER Working Paper 2015/068

Andriesse, Edo (2011) 'State Capitalism and Vulnerable Livelihoods in Lao PDR'. Paper for the conference 'Rethinking Development in an Age of Scarcity and Uncertainty', 19-22 September 2011, University of York.

Andriesse, Edo, and Anouxay Phommalath (2012) 'Provincial Poverty Dynamics in Lao PDR: A Case Study of Savannakheth'. Journal of Current Southeast Asian Affairs, 31:3, 3-27.

ADB and ILO (2014)ASEAN Community 2015: Managing integration for better jobs and shared prosperity (Bangkok, ILO, 2014)].

ASEAN (2010) Country report of the ASEAN assessment on the social impact of the global financial crisis: Viet Nam, ASEAN and World Bank

Asian Development Bank, Key Indicators for Asian and the Pacific 2014, www.adb.org/statistics

Barma, Naazneen H., and Stephanie Robert Okesn (2014) 'The Institution-Building Context in Lao PDR', in Barma, Naazneen H., Elisabeth Huybens, and Lorena Viñuela. 2014. Institutions Taking Root: Building State Capacity in Challenging Contexts. Washington, DC: World Bank.

Bastagli, Francesca, with Rebecca, Holmes (2014) 'Delivering social protection in the aftermath of a shock: Lessons from Bangladesh, Kenya, Pakistan and Viet Nam'. Report, May 2014. London: Overseas Development Institute.

Baulch, B., Phuong, N.T.T., 2007. A review of ethnic minority policies and programs in Viet Nam. DFID: Research for Development (R4D).

Baulch, B., Pham, H.T., Phuong, N.T.T. (2009) The Economic Development of Ethnic Minorities in Viet Nam (English). Brighton: Institute of Development Studies.

Bernabè, S. and Krstic, G. (2005) 'Labor Productivity and Access to Markets Matter for Pro Poor Growth: The 1990s in Burkina Faso and Viet Nam.' Operationalising Pro-Poor Growth Sector Paper. Washington, DC: World Bank.

Binh, L. D. (2010) "Human resource impacts of the global economic crisis: What is working in APEC members' social safety nets and labour market system policies? The case of Viet Nam", in Economica Viet Nam

Castella J.C., Lestrelin G., Hett C., et al. (2013) Effects of landscape segregation on livelihood vulnerability. Human Ecology, http://dx.doi.org/10.1007/s10745-012-9538-8.

CDRI (2012) ‘Rapid Assessment of the Impact of Rising Food Prices on the Poor and Vulnerbale and Policy Responses in Cambodia’. June 2012. Phnom Penh, Cambodia: Cambodia Development Resource Institute (CDRI) and the NGO Forum on Cambodia (NGOF)

CEM and UN (2009), Reviewing the Past – Responding to New Challenges: Mid-Term Review of Programme P 135-II, 2006-2008

Cornford, J. (2006), Globalisation and change in Southern Lao PDR, Bangkok: Focus on the Global South, Occasional Papers 1, online: <www.focusweb.org/node/855>

Chanie, P. (2007) ‘Clientelims and Ehiopia’s Post-1991 Decentralisation’. Journal of Modern African Studies, 45(3): 355-84.

Dasgupta Sukti, Poutiainen Tuomo, Williams (2011) From downturn to recovery: Cambodia’s garment sector in transition. Geneva, ILO

Engel, J. (2011) ‘Ethiopia’s Progress in Education: a Rapid and Equitable Expansion of Access’. Development Progress Case Study. London: Overseas Development Institute.

Mcloughlin, C. (2015) ‘The Politics of What Works in Service Delivery’. In Hickey, S., S. Kunal and B. Bukenya (eds) The Politics of Inclusive Development. Oxford: Oxford University Press

De Schutter, O. 2011. Forum on global land grabbing: How not to think of land-grabbing: Three critiques of largescale investments in farmland. Journal of Peasant Studies 38(2): 249-79.

Foppes J., and Ketphanh S. 2004. ―NTFP Use and Household Food Security in Lao PDR. Paper presented to the Symposium on Biodiversity for Food Security, FAO and National Agriculture and Forestry Research Institute (NAFRI), Vientiane Lao PDR , October 14

Foppes J and Ketphanh S (2004). http:// www.fao.org/world/Lao PDR/Publications/ SymposiumBiodiversityFoodSecurity. pdf. pp. 35-43.

DAN (2005)The Cross Border Economies of Cambodia, Lao PDR, Thailand and Viet Nam. March 2005, Development Analysis Network

Dinh, N. S. (2006), Một số thực tiễn và bài học kinh nghiệm về công tác dân tộc 60 năm qua [Experience and Lessons Learnt from 60 Years for Ethnic Development], Presented at the Workshop of “60 năm công tác dân tộc” [60 Years for Ethnic Development], 9 Sept 2006, Hanoi, Viet Nam.

General Statistics Office (2012) Statistical Year book of Viet Nam 2011. Hanoi: Statistical Publishing House.

ILO and ADB (2014) ‘ASEAN Community 2015: Managing integration for better jobs and shared prosperity’. Bangkok, Thailand: I International Labour Organization and Asian Development Bank

Kelsall, T. and Seiha, H. (2014). 'The political settlement and economic growth in Cambodia. Working Paper 37' (University of Manchester: Centre for Effective States and Inclusive of Development).

Kelsall, T. and Seiha, H. (2014). 'The political economy of inclusive healthcare in Cambodia’. Working Paper 43 (University of Manchester: Centre for Effective States and Inclusive of Development).

Kimsun, Tong (2010) How did Cambodian Rural Households Cope with Shocks from Food and Oil Price Increases? ADR 2009/2010, CDRI, Phnom Penh

LAO Decide (2013)'Targeting poverty in the Lao PDR: how well do current approaches reach the poor?'. March 2013, www.decide.la

Leebuapao, Leeber; Phetsamone Sone, Vanthana Nolintha, Amphaphone Sayasenh, Korakoon Silaphet, Phetsavanh Boutlasy (2014), "Inclusive Development in Lao PDR: An Assessment", in CDRI (2014), Inclusive Development in the Greater Mekong Subregion: An Assessment (Phnom Penh: CDRI)

Le, Minh Son, Tarlok Singh and Duc-Tho Nguyen (2015) Trade liberalisation and poverty : Viet Nam now and beyond. New York: Routledge

LIWG (2012)'Managing Land, Forests and Natural Resources. Growing in Equity or Growing Inequity?'. Land Issues Working Group (LIWG).

Maerten, Bert and Le Nguyet, Minh (2012) 'Growing a Better Future. Expanding rights, voices and choices for small-scale farmers in Viet Nam'. Oxfam, October 2012

MAFF (2010), Ministry of Agriculture Forestry and Fisheries Report 2009-2010

Mariotti, C. and Shepherd, A. (2015) 'Getting to Zero: Tackling Extreme Poverty through Private Sector Development Policy Guide'. Policy Guide No. &, Chronic Poverty Advisory Network. London: Overseas Development Institute.

McKay, A. and Perge, E (2011) Is severe poverty a good proxy for chronic poverty? Evidence from a multi-country study. Chronic Poverty Research Centre, Working Paper 179 www.chronicpoverty.org

MOLISA and UNDP (2009), Mid-term Review of NTP-PR, 2006-2008

Ngo, S. and Chan, S. (2010) 'Does Large-Scale Agricultural Investment Benefit the Poor?' Research Report 2. Phnom Penh: CEA.

Nguyen, Thi Tue Anh, Luu Minh Duc and Trinh Duc Chieu (2015)'The Evolution of the Viet Namese Industry'. Learning to Compete, Working Paper No. 19. Africa Growth Initiative at Brookings (AGI), the African Development Bank, (AfDB), and the United Nations University World Institute for Development Economics Research (UNU-WIDER)

Nguyen, C., Phung, T., Phung, T., Vu, N., Westbrook, D. (2012) The Impact of A National Poverty Reduction Program on Ethnic Minorities in Viet Nam: The Lens of Baseline and Endline Surveys [WWW Document]. URL https://mpra.ub.uni-muenchen.de/50477/ (accessed 10.20.15). Mekong Development Research Institute.

OECD (2013) Viet Nam: Structural Policy Country Notes. Based on Economic Outlook for Southeast Asia, China and India 2014: Beyond the Middle-Income Trap, http://dx.doi.org/10.1787/saeo-2014-en

Phetsiriseng, Inthasone (2012) 'The Lao People's Democratic Republic: Updating and Improving the Social Protection Index '. Technical Assistance Consultant's Report, August 2012, Asian Development Bank.

Pimhidzai, Obert, Fenton, Nina, Phonesaly Souksavath, Vilaysouk Sisoulath (2014)'Poverty Profile in Lao PDR. Poverty Report for the Loa Cnsumtpion Expenditure Survey 2012-2013'. Vientiane: Ministry of Planning and Investment, Lao Statistics Bureau.

Slocomb, M. (2010). An Economic History of Cambodia in the Twentieth Century (Singapore: NUS Press).

Tuan,Luu Quang (2012) 'Socialist Republic of Viet Nam: Updating and Improving the Social Protection Index'. Technical Assistance Consultant's Report, August 2012 Asian Development Bank

UNDP (2007) 'Cambodia Human Development Report 2007' Ministry of Planning and United Nations Development Programme Cambodia

Vlasblom, Dirk (2013) The Richer Harvest: Economic Development in Africa and Southeast Asia Compared. Leiden: African Studies Centre.

Wells-Dang, A. (2012) "Ethnic Minority Development in Viet Nam: What Leads to Success?" Background Paper for the 2012 Programmatic Poverty Assessment.

World Ban, (2014) 'Lao Development Report 2014. Expanding Productive Employment for Broad-Based Growth'. October 2014, The World Bank

World Bank (2015) Lao PDR poverty policy notes – drivers of poverty reduction in Lao PDR October.

World Bank (2013) 'Where all have the poor gone? Cambodia Poverty Assessment 2013'. November 2013, The World Bank.

World Bank (2010) 'Viet Nam: Strengthening the social safety net to address new poverty and vulnerability challenges. A Policy Note'. November 2010, Human Development Sector Unit East Asia and Pacific Region, The World Bank.

World Bank (2010b) Viet Nam: Governance and administration of social assistance: A rapid assessment and options for reform Washington, DC

World Bank (2010c) Viet Nam: Strengthening the social safety net to address new poverty and vulnerability challenges - A Policy Note, October 2010

World Bank (2012) 'Viet Nam Programmatic Poverty Assessment 2012. Poverty, Vulnerability, and Inequality in Viet Nam. October, 2012.

World Bank (2012b) 'Viet Nam's Remarkable Progress on Poverty Reduction and the Emerging Challenges. 2012 Viet Nam Poverty Assessment'. Hanoi: The World Bank

World Bank (2011) 'LAO PDR. Public Expenditure Review'. June 30, 2011. The World Bank

World Bank (2009) 'Vulnerability and Safety Nets in Lao PDR'. December, 2009. Vientiane, Lao PDR: World Bank

World Bank (2008a), Vulnerability in Lao PDR -Why Location Matters More than Wealth, unpublished draft

World Bank (2006) 'Cambodia. Halving Poverty by 2015? Poverty Assessment 2006'. February 2006, The World Bank.

World Bank (2014) Lao Development Report 2014: Expanding Productive Employment For Broad-Based Growth. Washington D.C.

Wickramasinghe, Upali, Boundeth Southavilay, Savanh Hanephom (2015) Smallholder Market Participation, Structural Transformation and Inclusive Growth in Lao People's Democratic Republic. Working Paper No. 109, Centre for Alleviation of Poverty, UNESCAP

ILO (2012) ‘Social Protection Expenditure and Performance Review’. EU/ILO Partnership Programme in Cooperation with GIZ Phnom Penh

ILO (2013) ‘Main characteristics of the labour force and the apparel sector’. Available at http://www.ilo.org/wcmsp5/groups/public/---asia/---ro-bangkok/documents/genericdocument/wcms_223988.pdf

IPSARD (2009), Impact of economic slow-down on laborers, employment and life of rural people, Reference Report no. 1, 06/05/2009

UN (na) ’Country Analysis Report: Lao People’s Democratic Republic. Analysis to inform the selection of priorities for the next UN Development Assistance Framework (UNDAF) 2012-2015’. Vientiane: The United Nations in the Lao PDR

Van Donge, Jan Kees (2013) ‘Differential supply responses to liberalization and poverty alleviation in Viet Nam and Tanzania’. In Bernard Berendsen, Ton Dietz (eds), Asian Tigers, African Lions. African Studies Centre, Leiden.

Van Donge, Jan Kees, David Henley and Peter Lewis (2012)’ Tracking Development in South-East Asia and Sub-Saharan Africa: The Primacy of Policy’. Development Policy Review, 2012, 30 (s1): s5-s24

Vandermoortele, Milo and Kate Bird (2011) ‘Viet Nam’s progress on economic growth and poverty reduction: Impressive improvements’. Development Progress Report; London: Overseas Development Studies.

VASS (2011)'Employment and Social Protection in Vet Nam'. Viet Nam Academy of Social Sciences. December 2011, Hanoi: International Labour Organisation

Ong, Cheng Boon ; Peyron Bista, Céline (2015) 'The state of social protection in ASEAN at the dawn of integration'. ILO Regional Office for Asia and the Pacific. – Bangkok : ILO, 2015

OECD (2015) Agricultural Policies in Viet Nam 2015. Paris: OECD Publishing

Kwon, H.; Cook, S.; Kim, Y. 2014. “Shaping the national social protection strategy in Cambodia: Global influence and national ownership”, in Global Social Policy.

Ear, Sophal (2013) 'Aid Dependence in Cambodia: How Foreign Assistance Undermines Democracy'. New York: Columbia University Press

Sam, Rainsy with David Whitehouse (2013) We Didn't Start the Fire. My Struggle for Democracy in Cambodia'. Thailand: Silkworm.

Slocomb,Margaret (2010) An Economic History of Cambodia in the Twentieth Century. Singapore: NUS Press.

Shanks, Edwin, Cecilia Luttrell, Tim Conway, Vu Manh Loi and Judith Ladinsky (2004) 'Viet Nam. Understanding pro-poor political change: the policy process'. April 2004. London: Overseas Development Institute.

Tech, Chey (2012) 'The Kingdom of Cambodia: Updating and Improving the Social Protection Index'. Technical Assistance Consultant’s Report, August 2012. Asian Development Bank

Tuyen Quang Tran (2015) Nonfarm employment and household income among ethnic minorities in Viet Nam, Economic Research-Ekonomska Istraživanja, 28:1, 703-716, DOI: 10.1080/1331677X.2015.1087872

UNIDO (2012)’Viet Nam Industrial Investment Report 2011’. United Nations Industrial Development Organization and Ministry of Planning and Investment, Viet Nam

Annex 1. Definitions of Pro-poor growth, and summary of empirical evidence

Weak absolute definition: income growth rates are above 0 for the poor (Klasen 2008 Grosse et al., 2008), or more generally the poverty measure of interest falls (Kraay 2006). This is a very extensive definition, which can potentially encompass a vast majority of growth episodes, as long as poverty declines, no matter by how much, or for whom. Using this definition the literature has identified numerous episodes of PPG, for example China in the 1990s (Ravallion and Chen, 2003) or, at different times, across 14 country case studies (including El Salvador, Ghana, Senegal, Uganda, Viet Nam, India, Brazil, Bangladesh, Burkina Faso, Bolivia Indonesia Romania, Zambia) examined in the World Bank's programme Operationalising Pro-Poor Growth Project (OPPG).

Relative definition: income growth rates of the poor (more precisely, of the percentiles of the income distribution characterising the poor) are higher than the average growth rates, so that relative inequality falls (Klasen 2008; Grosse et al., 2008). This is a more restrictive definition, although episodes of relative pro-poor growth have been observed. For example, estimations based on data from PovcalNET for 100 countries show that over the last three decades, the consumption or income growth of the bottom 40% of the population (widely taken as a proxy for 'the poor') roughly equalled average growth. However, for about half of the countries (accounting for nearly 80% of the global population), average growth exceeded that of the bottom 40% (Hoy and Samman, 2015).

Figures from the World Bank's *Global Database of Shared Prosperity* for the period 2007 to 2012[28] suggest that growth was: i) anti-poor in 12 out of 48 countries from developing regions.[29] The ratio of rate of growth for the bottom 40% and average growth was less than 1 in nine countries and negative in three countries as a result of negative growth for the bottom 40%; ii) negative for both the bottom 40% and average population in 4 countries; iii) pro-poor in 32 countries, with the ratio between 1 and 2 in 19 countries, negative (between 0 and 2) as a result of negative average growth in 2 countries, and larger than 2 (in absolute values) in 11 countries (see Figure 1).[30]

The GICs curve estimated for this research programme on pro-poorest growth in South East Asia and East Africa for a period spanning from 1998 to 2011 (based on PovCal data), provide additional evidence, with income (or consumption) growing faster for the bottom 40% in seven countries (Burundi, Cambodia, Malawi, Philippines, Rwanda, Thailand and Uganda) and slower in 8 countries (Ethiopia, Indonesia, Kenya, Lao PDR, Mozambique, Tanzania, Malaysia and Viet Nam). The results are summarised in Table X.

Strong absolute definition: absolute income increases of the poor are stronger than the average (or of those of the rich), so that absolute inequality falls (Klasen 2008, Grosse et al.,

[28] The time period considered varies by country.

[29] The database reports figures for a total of 94 countries, the 48 countries considered here are those located in East Asia and Pacific, Latin America and the Caribbean, Middle East and North Africa, South Asia and Sub-Sharan Africa, regardless of their income level.

[30]Based on own calculations (available upon request) using the World Bank's *Global Database of Shared Prosperity,* available at *http://www.worldbank.org/en/topic/poverty/brief/global-database-of-shared-prosperity*.

2008). For this to happen, growth must be biased in favour of the poor even more than in the relative definition. This absolute approach may be particularly suitable for assessing pro-poor growth in non-income dimensions (Klasen 2008), which tend to have a natural upper bound (e.g. in life expectancy) and decreasing marginal returns, so that faster improvements at the bottom of the distribution are to be expected. Strong absolute pro-poor growth has for instance been observed in Rwanda between 1999-2001 and 2005-2006, where the poorest experienced improvements in access to sanitation and in incidence of self-reported illness/injuries in the last 14 days which were greater in absolute terms than those of the non-poor (Klasen and Reimers, 2013).

Annex 2. A sample of policy recommendations for pro-poor growth, various studies

Operationalising Pro-Poor Growth Project (OPPG) WB (2005)	Policy interventions to raise agricultural incomes of poor households: Invest in infrastructure to lower farmers' transaction costs and improve their access to markets; strengthen property rights to improve land access and investment incentives for smaller farmers, including women; reform institutions and create incentives that take into account the differential impact of price and trade policy reforms on poor households; improving the technology available to both men and women smallholders in arid climates and help them deal with price and climate risk Policy interventions to help poor households take advantage of non-agricultural and urban employment opportunities: Improve the investment climate, including the macro and trade framework, and the incentives for labor- intensive production; expand access to secondary education, especially for girls; introduce labor market regulations that facilitate creation of formal employment for poor workers.
Klasen (2009)	A policy paper summarising the insights from the WB's OPPG project as well as Klasen's work on pro-poor growth. Pro-poor growth can be achieved focusing growth in the sectors and areas where the poor are concentrated and through ex-post redistribution of the benefits from growth through tax and transfer system; more specific areas of policy interventions include: -improve productivity in the food crop sector; -reduce regional inequality; -improve the asset base of the poor (including land and human capital); -reduce gender inequality -reduced inequality for disadvantaged groups -political commitment to pro-poor policies and a strong state.
Besley and Cord (2006)	Study based on the analysis of eight countries (Bangladesh, Brazil, Indonesia, India, Tunisia, Ghana, Uganda and Viet Nam) which experienced pro-poor growth in the 1990s. This study also draws from the OPPG project; its policy considerations puts particular emphasis on the following characteristics shared by the countries examined: good macroeconomic and structural economic policies, political stability and public investments in physical and human capital, different political regimes, but in all a political leadership committed to achieving growth and poverty reduction.
Van Donge et al (2012)	A comparative analysis of the development trajectories of East African and South East Asian countries , based on pair-wise comparisons: Indonesia-Nigeria; Kenya-Malaysia; Tanzania-Viet Nam; Uganda-Cambodia. Turning points in the countries' trajectory of development are explained by three sets of policies: 1)State-led rural and agricultural development: pro-poor and pro-rural public spending that led to higher incomes for peasant farmers; 2)Disciplined fiscal and exchange rate policies resulting in a stable macroeconomic climate. But it produced turning points only if it was accompanied by pro-poor policies with respect to agriculture and food (the latter were lacking in SSA); 3)Economic freedom for peasant farmers and small entrepreneurs. A simultaneous push in these three policy areas has never occurred in Africa and in particular macroeconomic stabilisation was not associated to policies leading to poverty reduction. This explains why the African trajectories led to less favourable outcomes for the poor than in East Asia.
OECD (2006)	Key policy messages of OECD's publication *Promoting Pro-Poor Growth: Policy Guidance for Donors:* Policies need to create the conditions and remove the obstacles to the participation of the poor in the growth process, e.g. by increasing access to land, labour and capital markets and by investing in basic social services, social protection and infrastructure. As the poor often depend heavily on natural resources for their livelihoods, policies to promote environmental sustainability should also be integral to promoting pro-poor growth.
Chibber and Nayyar (2008)	Paper exploring te analyse the cross-country variation in the growth elasticity of poverty across a sample of developing countries during the period 1990 to 2000. More pro-poor growth is possible by changing the initial level of inequality, for example through redistributive land reforms. However, if asset redistribution is considered too much a radical solution, countries can promote pro-poor growth by reducing the regulatory burden, improving literacy,

	increasing access to finance and providing safety nets while liberalizing trade.
Page, John (2005) 'Strategies for Pro-Poor Growth: Pro-Poor, Pro-Growth or Both?'. November 2005, World Bank	The great diversity of relationships between average income growth and income growth of the poor makes the case for a strategy for poverty reduction based solely on pro-growth policies less than fully persuasive. There are three key policy areas to be considered for the construction of 'shared growth strategies' in Sub-Saharan Africa: (i) managing natural resource revenues; (ii) creating an export push in agriculture and (iii) strengthening sub-regional integration.
Timmer, Peter (2005) 'Agriculture and Pro-Poor Growth: An Asian Perspective'. Working Paper Number 62, July 2005. Washington D.C.: Center for Global Development	There is wide recognition of the importance of agriculture for growth and poverty reduction, but views differ on the potential for small-scale agriculture to continue playing a central role in pro-poor growth in reason of evolving conditions of international agricultural markets. However, regardless of the position held with respect to small-holder agriculture, there are six key tasks that donors should promote and countries should incorporate in their pro-poor growth strategies: i)Focus on economic growth that reaches the poor. ii) Invest in rural health and education, to enhance both productivity and mobility. iii) Make rural-to-urban migration easier when rural development is too expensive. iv) Implement global trade reforms to make agriculture more profitable for developing countries. v) Invest in agricultural science and technology at both the global and national levels. Raising productivity of "orphan crops" may have especially high payoff for the poor. vi) Develop local financing and planning mechanisms for investments in rural infrastructure, taking advantage of (political) decentralisation where this is happening. In particular, enhancing the impact of agricultural growth on poverty reduction will require improvements in geographic coverage and operational efficiency of rural infrastructure, coupled to effective investment in modern agricultural research and extension.
Foresti, Marta Kate Higgins and Bhavna Sharma (2010) 'Human rights and pro-poor growth'. Project Briefing No. 34, January 2010. London: Overseas Development Institute.	There are strong linkages and complementarities between the pro-poor growth and the human rights agendas and their integration could accelerate development and poverty reduction. The main linkage is that they are both concerned with promoting equality, equity and non-discrimination. In the current environment, including the global economic crisis, it is possible to identify six possible entry points to seek integration of approaches to pro-poor growth and human rights: i) employment policies and labour rights; ii) land and property rights; iii) gender and women's contribution to labour markets; iv) fiscal policies; v) social protection and food policies; vi) and governance.
Commission on Growth and Development (2008) 'The Growth Report. Strategies for Sustained Growth and Inclusive Development'. Washington D.C.: World Bank Note this is not specifically about pro-poor growth, but included because a very influential document on growth with implications for actions to reduce poverty.	The report identifies a set of policy ingredients which are key for any growth strategy, drawing lessons from the experience of high-growth economies (although their combination needs to be country-specific). The policies we explore fall into several categories: **Accumulation** It includes high rates of public investment—in infrastructure, education, and health. No country has achieved rapid growth without these. **Innovation (and imitation) – especially through technology transfer** One important channel for this are foreign direct investments (FDI). Interventions should focus on attracting more FDIs and on extracting more knowledge from a given amount of investment. Another important challenge for knowledge transfer is foreign education, particularly higher education. **Allocation of capital and labor** *Promoting competition and structural change*: Growth entails a structural transformation of the economy, with allocations of factors of production to more productive uses. This process results from competitive pressures which can be fostered by governments liberalizing product markets and increase labor mobility. Labour markets: governments should protect people (but not industries, firms and jobs) from the 'economic displacement' effects which growth and structural transformation can entail. Education, social safety nets and access to basic services are critical for this In general, the speed of job destruction should not outstrip the pace of job creation. A pragmatic approach to labour reforms may be necessary when these are obstructed by politically influential jobholders. This may occur in dual labor markets with a large informal labor force. *Export promotion and industrial policy*: Exports have played a critical role in successful growth strategies, but there is disagreement on the best policy approach to export promotion, in particular to the extent to which this should be the realm of active industrial policy. Industrial policy interventions (such as tax breaks, direct subsidies, import tariff exemptions, cheap credit, dedicated infrastructure, or the bundling of all of these in export zones) worked in some countries but less so in others.

	Governments' efforts to export promotion should be balanced, pragmatic and disciplined, in particular: - they should be temporary, because the problems they are designed to overcome are not permanent. – -they should be evaluated critically and abandoned quickly if they are not producing the desired results. Subsidies may be justified if an export industry cannot get started without them, but should not be used to keep that industry going if it is not sustainable; - although such policies will discriminate in favor of exports, they should remain as neutral as possible about which exports. As far as possible, they should be agnostic about particular industries, leaving the remainder of the choice to private investors. *Exchange rate*: many successful countries have managed the exchange rate for industrial policy purposes, regulating the amount and type of capital flowing across their borders and accumulating foreign reserves in the central bank. The advantage of exchange rate management is that it is neutral between industrial sectors and does not require large government discretion and expertise. However, it has its own costs and risks. i)it can limit the amount of capital a country imports from overseas and raise the cost of domestic capital. ii)it can be seen as a replacement for productivity-enhancing investments in education and human capital or knowledge transfer, so that growth occurs without increase in productivity (and wages). iii)where surplus labor is no longer available, or labor unions are strong, an undervalued exchange rate may lead to higher pay demands and a wage-price spiral. The recommendation is to limit the use of management of the exchange rate can be used for two purposes. One is to tip the balance slightly in favor of exports in the early stages of growth, to overcome informational asymmetries and other potential transitory frictions. The other is to prevent a surge of capital inflows (which may be transitory) from disrupting the profitability and growth of the export sectors. **Stabilization** The policies above- microeconomics cannot unfold if it is rudely interrupted by debt crises or wild fluctuations in the general price level. The fourth group of policies therefore ensures the "stabilization" of the macro economy, safeguarding against slumps, insolvency, and runaway inflation. *Capital Flows and Financial market openness* *H*igh-growth countries all had a gradual approach to opening their capital accounts. If a country wants to maintain some control over the exchange rate while being able to control inflation, it must necessarily resort to some type of capital controls. These have shown to be particularly useful to discourage speculative, short-term capital inflows in turbulent times. Countries may want to consider capital controls especially until they have reached some level of structural transformation – although the right point is difficult to determine and will depend on the country's fiscal balance, level of international reserves, quality of financial institutions. *Macroeconomic stability*: -there is a consensus that inflation should be kept stable and in single digits, but the benefits of bringing it to very low levels, especially in developing countries, are unclear. -independence of central banks is considered critical to ensure efficient monetary policy management and inflation control, however excessive separation between central banks' operate and a government economic strategy can be damaging for growth and lead to very costly adjustments, for example in terms of loss of jobs. Ideally the balance should be struck by the Minister of Finance setting the objectives and broad parameters of macroeconomic policies, and the Central Bank left free to operate within these parameters. -similarly, rigid fiscal rules can prevent costly crisis but also defeat the purpose of fiscal policy in the first place, if they are applied too strictly for too long. *Savings and Financial Sector Development*: there is no case of a sustained high investment path not backed up by high domestic (government, corporate or household) savings – but there is no clear recipe to stimulate domestic savings. One key reason for low household saving rate is lack of access to financial services. Financial crisis can be imported or result from domestic imprudent bank behaviour, although the worst crisis are those which have an external dimension, involving both foreign and domestic capital. There is a consensus that countries should open up, removing capital controls, only in step with their financial market maturity. Excessive speed introduces unnecessary risk and excessive slowness raises the cost of capital. There is also a trade-off, because openness and maturity are linked: the more open a financial system, the more mature it will become. But the more open a financial system, the more mature it needs to be to limit the risks. Again it is a matter of striking the right balance. **Inclusion**. *Urbanization and rural investment*: Governing urbanization and keep the focus on rural

	investment are key aspect of an inclusive growth strategy, which will also favour a smooth rural-urban migration process. *Equity and equality of opportunities*: Growth strategies need to be accompanied by a commitment to equity and equality of opportunity. The two do not necessarily overlap: equality of opportunity is about the starting point and it may or may not lead to equitable outcomes. Outcomes can be made more equitable by governments through taxation and redistribution through public expenditure, while equality of opportunity is best served by providing universal access to public services like health and education, and by meritocratic systems in government and the private sector, and also securing property rights for poor people and guaranteeing access to microfinance. While countries may have different degree of tolerance for inequality, equity of opportunities should be pursued everywhere because it has negative effects in the short and long term. Addressing gender inequality through education of girls is especially important. *Regional Development*: Regional policies should not try to produce uniformity across space in the pattern of growth and development. However, A sound regional policy will invest in less developed areas to make them more competitive and thus more attractive to private investors. Internal migration can also help compensate for regional inequality, although this should not prevent sustained investment in education health and other public goods in the disadvantaged regions. Fiscal decentralisation can also be an important regional policy, but there is no clear evidence of what is the right level and type of decentralisation. *The Environment and Energy Use*: Growth strategies should take into account the impact on the environment – policies to account for the impact of environmental externalities and elimination of energy subsidies.
Kanbur et al (2014) Study on drivers of inequality in Asia	Asian governments can respond to rising levels of inequality with the following policies, which are also key ingredients for an inclusive growth strategy: -more efficient fiscal policy; -interventions targeted to lagging regions, such as measures to improve regional connectivity; developing new growth poles in lagging regions; strengthening fiscal transfers for greater investment in human capital and better access to public services in lagging regions; and removing barriers to migration from poor to more prosperous areas. -more employment-friendly growth. Policies include facilitating structural transformation and maintaining a balanced sectoral composition of growth between manufacturing, services, and agriculture; supporting the development of small and medium-sized enterprises (SMEs); removing factor market distortions that favour capital over labor; strengthening labor market institutions; and introducing public employment schemes as a temporary bridge to address pockets of unemployment and underemployment. All this must be supported by good governance in the form of wider participation, strengthening rule of law, reducing corruption, and eliminating social exclusion.
Balakrishnan et al., (2013)	Policies to Foster Inclusive Growth: **Fiscal Policy**: raising tax revenues and spending more efficiently and equitably. On the tax side, efforts could focus on broadening income and consumption tax bases by reducing tax exemptions and improving compliance. On the spending side, they could aim at greater reliance on targeted social expenditures aimed at vulnerable households, including on health and education. Raising shares of health and education spending in GDP should be a key objective. Poorer Asian countries should focus on c*onditional cash transfer programs,* while those with higher per capita income could focus on strengthening other, sometimes already existing, safety nets such as *unemployment* i*nsurance schemes and pensions* **Labour Reforms:** key issues involve addressing labour market duality and the use of minimum wages to support income of low-earning workers. **Financial Inclusion**: Ensuring macroeconomic stability as financial systems are liberalized, and particularly as they are opened up to the rest of the world. Identifying and removing impediments to financial access—including those that inhibit competition— and harness new technologies to broaden financial access to those previously precluded. Bolstering the legal environment and financial market infrastructure, including property rights and contract enforceability. On the regulatory front, promoting policies that foster transparency and competition among private financial institutions. **Governance**: reducing corruption should be high on the agenda. In resource rich countries, potential reforms include reducing rent seeking behaviour through transparency initiatives and anti-corruption efforts. Regulation or better enforcement of existing regulations can also help address failures in markets that the poor participate in—poorly-functioning financial, land, and human capital markets—so that they also benefit from growth.

Annex 3. Projections of extreme poverty in 2030. How much pro-poor growth do we need to get to zero poverty?

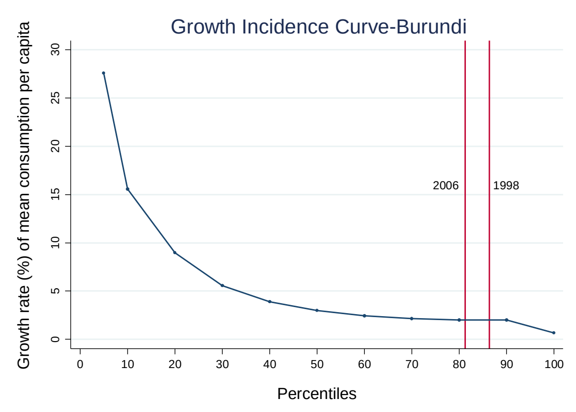
Various attempts have been made at projecting the rate of extreme poverty in 2030 according to different growth scenarios, with estimations ranging between 3% and 7% (see Hoy and Samman, 2015; Nicolai et al., 2015). This suggests that in the absence of significant changes in policies and circumstances, the first SDG of eradicating extreme poverty by 2030 will be missed, but that the World Bank's goal of reducing its incidence to 3% or below is within the range of possibilities.

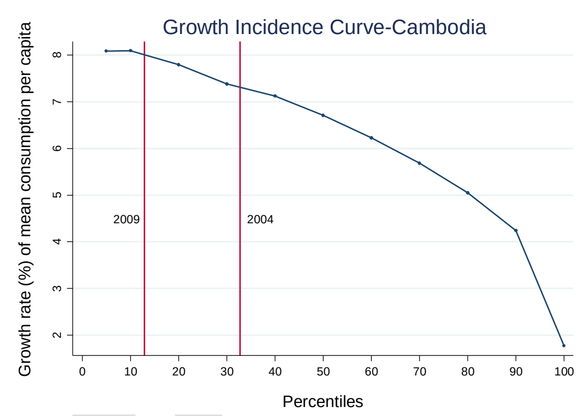
While this is encouraging, it should be noted that the estimations above are highly sensitive to the assumptions made concerning the shape of the distribution and the rate of economic growth.

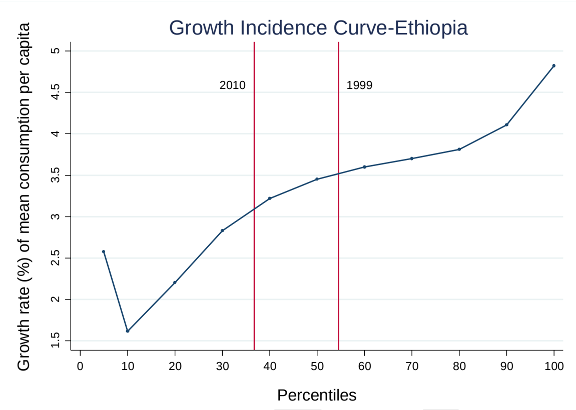
For example, World Bank's projections show that global poverty could range between 3 and 10 percent depending on how the income growth of the bottom 40 percent fares with respect to average growth, when this is extrapolated using a 10-year historic growth rate. If incomes of the bottom 40% were to grow 2 percentage points faster than the mean, global poverty would fall below 3% (Lakner et al., 2014). However, this projection is based on the rather optimistic assumption that both the good growth performance of the 2000s and the 'shared prosperity premium' (bottom 40% growing 2 percentage points faster) will persist in the next 20 years. However, under the more realistic scenario of no distributional change and using a 20-year historic growth rate, global poverty headcount would stop at 6.7 percent (Lakner et al., 2014). This scenario seems more likely in view of the recent development of the world economy: in January 2016, growth forecasts for emerging markets and developing economies, low-income and developing economies and for overall world output have been revised downward by 0.2 percentage point for both 2016 and 2017 (IMF, 2016). The situation is especially challenging for commodity-dependent exporters, given that the fall in international commodity prices is likely to remain in place in the following years (IMF, 2015).

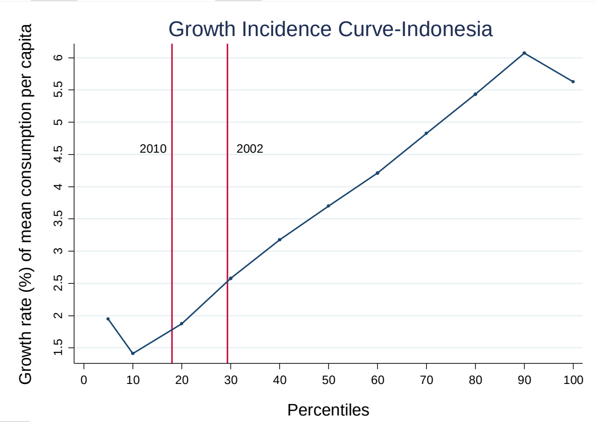
A different projection, also cast in a pessimistic scenario, finds that by 2030, 14.7% of the global population excluding China (where extreme poverty will have disappeared) will be living in extreme poverty, and that this will only be eradicated around 2060 (Ravallion, 2013). This is assuming a scenario where the developing world outside China returns to the pre-1999, slower pace of growth and poverty reduction, while China maintains its progress.

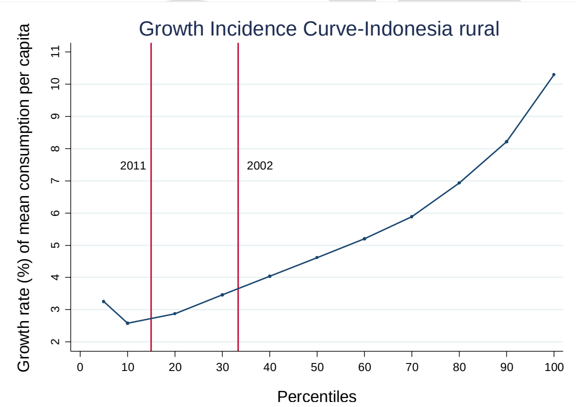
Annex 4. Growth Incidence Curves, with $1.25 a day poverty lines during survey years, for countries in East Africa and Southeast Asia, 2000s

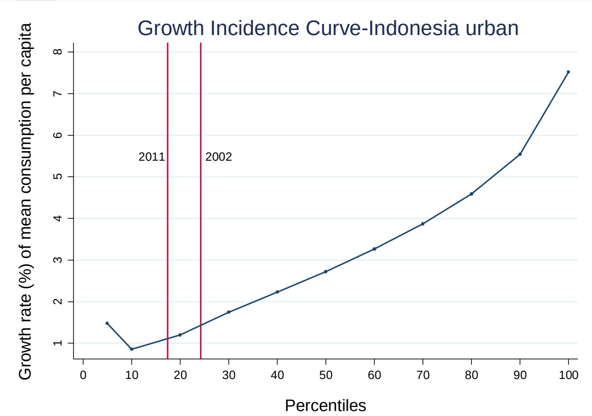


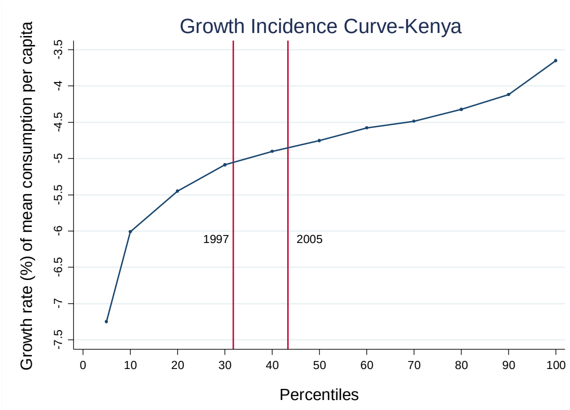


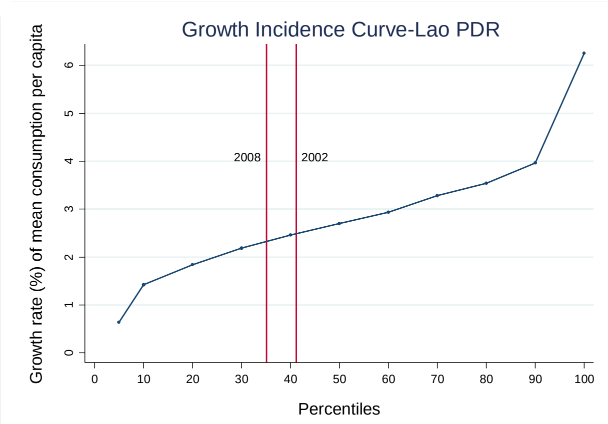


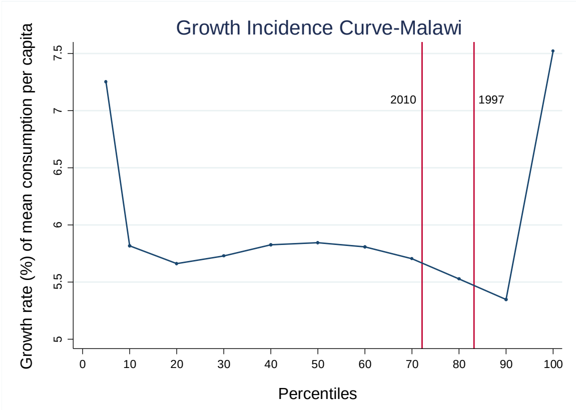


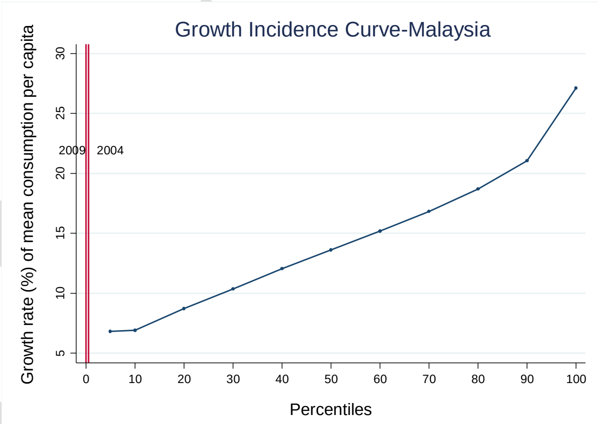


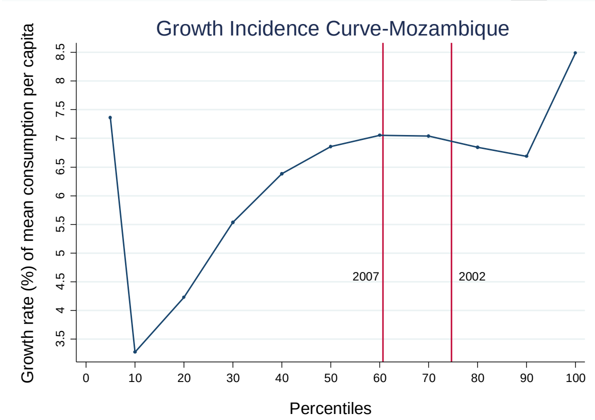


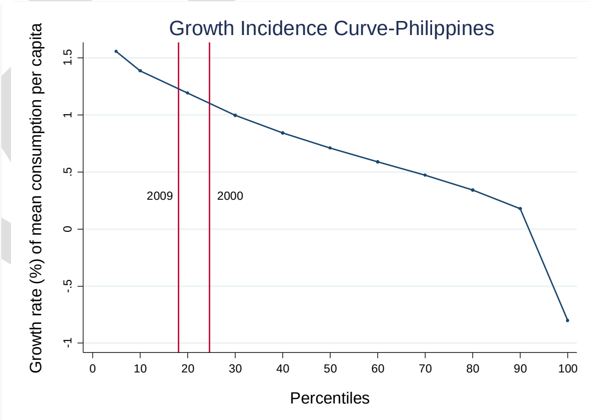

Growth Incidence Curve-Kenya
Growth rate (%) of mean consumption per capita
1997
2005
Percentiles

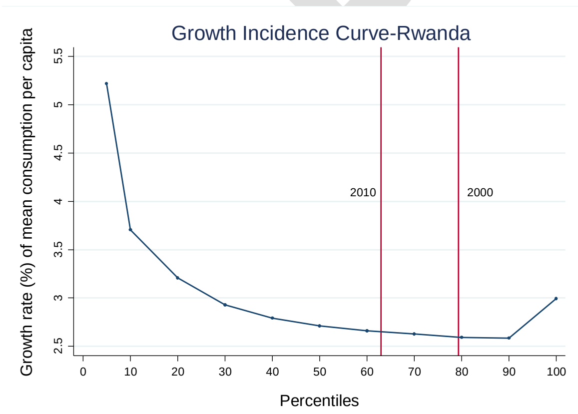

Growth Incidence Curve-Lao PDR
Growth rate (%) of mean consumption per capita
2008
2002
Percentiles

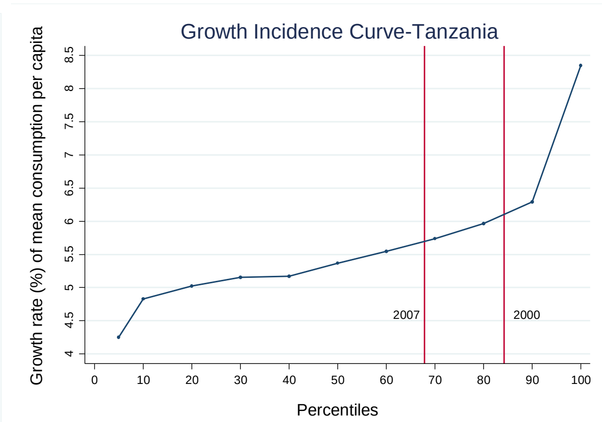

Growth Incidence Curve-Malawi
Growth rate (%) of mean consumption per capita
2010
1997
Percentiles

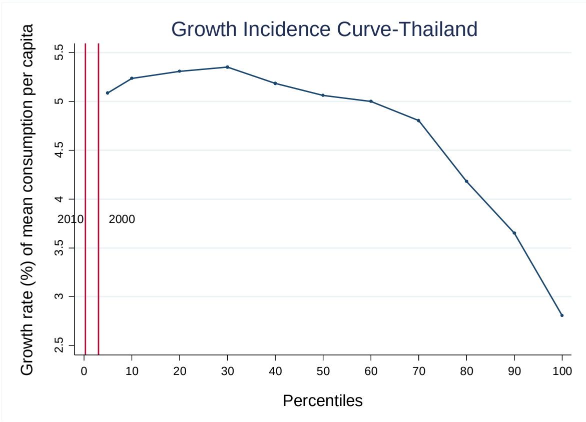

Growth Incidence Curve-Malaysia
Growth rate (%) of mean consumption per capita
2009
2004
Percentiles

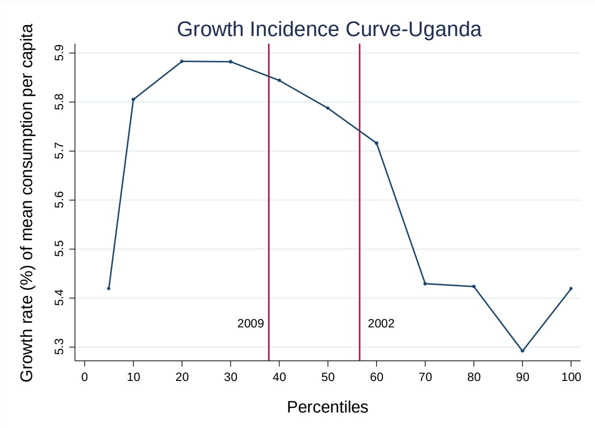

Growth Incidence Curve-Mozambique
Growth rate (%) of mean consumption per capita
2007
2002
Percentiles

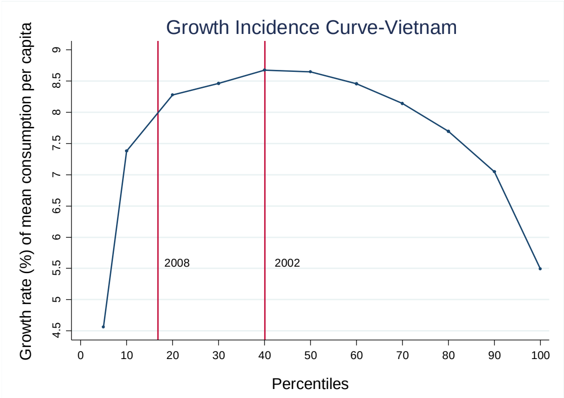

Growth Incidence Curve-Philippines
Growth rate (%) of mean consumption per capita
2009
2000
Percentiles


Growth Incidence Curve-Rwanda
Growth rate (%) of mean consumption per capita
2010
2000
Percentiles


Growth Incidence Curve-Tanzania
Growth rate (%) of mean consumption per capita
2007
2000
Percentiles







Source: Dykstra, Sarah; Dykstra, Benjamin; Sandefur, Justin, 2014, "We Just Ran Twenty-Three Million Queries of the World Bank's Web Site", http://dx.doi.org/10.7910/DVN/25492, Harvard Dataverse, V10

Annex 5. CPAN Policies to Eradicate Extreme Poverty

See attached Excel spreadsheet