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Chapter 2

Drivers of poverty

This chapter takes a human rights-based approach to explore factors that drive poverty and mediate inequitable outcomes as well as opportunities to strengthen the effectiveness of poverty reduction efforts in the Asia-Pacific region. The chapter recognizes that individual and societal well-being depend largely on collective infrastructure and that a lack of effective policies can create the conditions under which exclusion and inequality emerge. Thus, the conditions that decelerate poverty reduction must be managed ex-ante and through universal policies that generate whole-of-society outcomes. This can level the playing field for transformational change and enable people to live a dignified life. The chapter further explores how socioeconomic and environmental transformations disproportionately affect the livelihoods and well-being of marginalized and disadvantaged people. It also highlights the central role of governance mechanisms in fostering coherent policies that create synergies across economic, social and environmental objectives to drive progress on poverty reduction.



Key messages

01

- **Understanding the drivers of poverty** through a human rights-based approach is essential to address inequality, strengthen resilience and ensure everyone has access to the conditions necessary for a dignified life.

02

- **Poverty trends in Asia and the Pacific** are shaped by rapid and intersecting transitions. Climate change and environmental degradation, digital transformation and demographic change are fundamentally reshaping the region and influencing the pace and direction of poverty reduction.

03

- **Structural drivers** have shaped vulnerabilities and widened inequalities across generations. Limited fiscal space, rising debt distress, human capital deficits and informality reinforce disparities across income, gender, age, disabilities, geographic location and occupation.



04

- **Geopolitical conflicts** are creating new uncertainties, shaping systemic inequalities and constraining the policy space needed to advance poverty reduction efforts. Volatile global trade and declining international development assistance leave countries with fewer options to reorient their macroeconomic and fiscal policies in support of poverty reduction efforts.

05

- **Strong institutional foundations** are essential for inclusive growth and poverty reduction. Gaps in governance undermine the effectiveness of poverty reduction efforts and create conditions of exclusion, exposing societies to multiple risks, limiting participation and eroding trust in institutions.

06

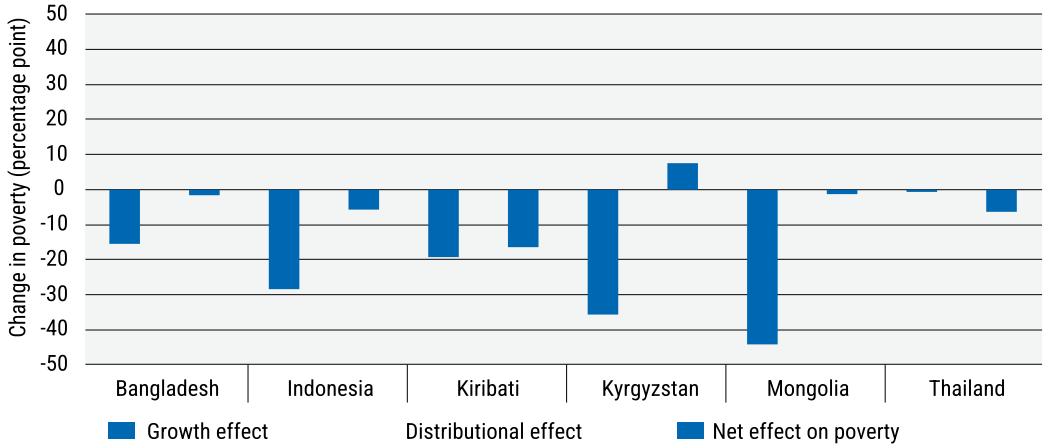
- **Revisiting the drivers of poverty and adopting integrated policy approaches** is a priority for the Asia-Pacific region. Aligning economic, social and environmental objectives while expanding choices that foster capabilities, opportunities and inclusion offers a path towards more resilient, equitable and sustainable poverty reduction across the region.

2.1. Growth, inequality and poverty reduction

To address sluggish progress in human development and to accelerate last-mile efforts for poverty reduction, the focus must shift beyond economic growth toward approaches that reduce inequality. A combination of changes in the levels and distribution of real incomes determine the observed changes in poverty (Datt and Ravallion, 1992). Decomposing changes in poverty is therefore crucial to understanding the impact of income growth and inequality in each country. Global cross-country analysis reveals that the impact of income growth on poverty reduction could have been significantly higher in several countries if reductions in inequality had been stronger (Hartmann and Wacker, 2023). In some cases, a 1% reduction in inequality contributes more to poverty reduction than a similar increase in mean income (Bergstrom, 2022). In Asia, an estimated 243.3 million people living under the $3.20/day poverty line and 161.73 million people living under the $1.90/day poverty line could have escaped poverty between 1960 and 2010 if inequality had not increased (Wan, Wang and Zhang, 2021). Thus, poverty reduction depends on multiple factors, including initial levels of poverty, the nature of economic growth (for example, whether it is inclusive, pro-poor or jobless) and the extent of inequality.

Decomposing poverty in selected countries in the Asia-Pacific region corroborate the findings of this long-standing empirical literature. While poverty reduction has often been driven primarily by economic growth, its impact has been constrained by adverse distributional dynamics (figure 2.1). In Indonesia, Bangladesh and Kiribati, poverty declined largely as a result of growth, but growth was neither neutral nor pro-poor, thereby slowing down the net reduction in poverty. In Kyrgyzstan, poverty increased, reflecting adverse distributional effects that more than offset the gains from economic growth. By contrast, in Thailand, the decline in poverty was largely driven by improvements in distribution rather than by growth itself.

Figure 2.1. Decomposing poverty in selected countries in the Asia-Pacific region



Source: ESCAP elaboration based on household income and expenditure surveys.

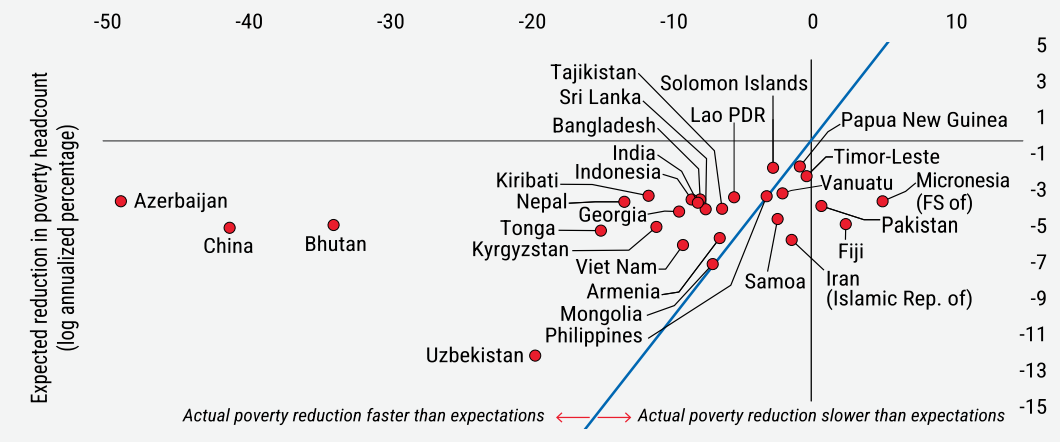
Note: The reference periods used for each country are as follows: Bangladesh (2016–2022), Indonesia (2017–2024), Kiribati (2018–2023), Kyrgyzstan (2018–2023), Mongolia (2018–2022), and Thailand (2018–2023). These periods were selected to capture both pre- and post-COVID periods, with some lagged years in between to avoid anomalies driven by the temporary spike in poverty observed during the pandemic.

Moving beyond country-level poverty decomposition, a regional analysis of the poverty-growth-inequality triangle from 2014 to 2024 examines how economic growth and changes in inequality interacted to influence poverty reduction across 29 lower-middle-income and upper-middle-income countries in Asia and the Pacific.

The underlying methodology[17] takes into account initial conditions of poverty and inequality, and compares the performance of countries in the region in terms of the changes in economic growth and inequality, with a benchmark estimated by adding 66 comparable countries outside the region to the sample. The results indicate a mix of growth and inequality in the region. Overall, 13 countries exceed expectations in terms of economic growth given their initial conditions of mean income, while 15 countries exceeded expectations in terms of reducing inequality given their initial conditions of income inequality as measured by the Gini index. When actual rates of economic growth and reductions in inequality were compared with the benchmark, only 5 out of 29 countries in the region exceeded expectations, both in terms of economic growth and inequality in their respective spells.

Considering both economic growth and changes in inequality, many countries in the region exceeded poverty reduction expectations estimated by the methodology, given their initial levels of mean income and income inequality (figure 2.2). The 45° line in figure 2.2 represents the case in which actual poverty reduction equals expectations,[18] with Mongolia and the Philippines as the only two countries to fall on this line. Countries to the left of the line recorded larger reductions in poverty measured at international poverty line of $4.20 a day than the model's expectation. During the 2012–2024 period, China and Bhutan far exceeded expectations, owing to their substantial growth in mean income and reductions in inequality, resulting in much faster poverty reduction than expected. A similar result is observed for Azerbaijan from the mid-1990s to mid-2000s.

Figure 2.2. Poverty reduction performance of countries in the Asia-Pacific region (2014–2024)



Source Estimates are based on M. Tunger and K. M. Wacker, "Poverty dynamics in the context of demographic transitions: Where do countries in Asia and the Pacific stand?", United Nations Economic and Social Commission for Asia and the Pacific (ESCAP), Social Development Division Working Paper Series, Bangkok (2026), using World Bank Poverty and Inequality Platform (PIP). Available at https://data360.worldbank.org/en/dataset/WB_PIP.

Note: The two reference periods used for each country are not identical across countries due to availability of data. For each country, the end year is selected as the latest available nationally representative observation for which an earlier observation using the same welfare type exists. The start year is then selected among earlier observations for the same country and the same welfare type. The preferred spell length is at least eight years. The trajectories of Azerbaijan and Papua New Guinea are notably different between the mid-1990s and mid-to-late 2000s.

[17] For further details, see V. Hartmann and K. M. Wacker, "Poverty decompositions with counterfactual income and inequality dynamics", *Review of Development Economics*, vol. 27, No. 3 (2023) and M. Tunger and K. M. Wacker, "Poverty dynamics in the context of demographic transitions: Where do countries in Asia and the Pacific stand?", United Nations Economic and Social Commission for Asia and the Pacific (ESCAP), Social Development Division Working Paper Series, Bangkok (forthcoming).

[18] The benchmark expectations are based on predictions from convergence regressions on growth and inequality separately. For more details, see the technical background paper referenced above.

At the same time, neither growth in mean income nor reductions in inequality alone are sufficient to achieve poverty reduction. For instance, Viet Nam could have been placed far left of the line, near China, if its stronger-than-expected growth in mean income had been matched by reductions in inequality. Uzbekistan shows a similar trajectory with substantial growth in mean income but weaker reductions in inequality. While both countries still exceeded expectations in poverty reduction, they could have achieved far more had their growth trajectory been more inclusive. The opposite is also true. For instance, many Pacific countries did not meet expectations in mean income growth, which hindered the poverty-reducing impact of declines in income inequality. In some cases, growth was so weak that it offset and negated the effects of reduced inequality.

Looking ahead to the next decade, there is considerable uncertainty surrounding prospects for economic growth and reduction in inequality amid major transformations driven by climate and environmental crises, demographic change, digitalization and artificial intelligence, the green transition and geopolitical tensions. While some countries may experience faster economic growth if they boost productivity, others may face a decline in economic growth or greater volatility. Without inclusive and supportive policies, the benefits of growth are unlikely to be even within countries, potentially widening already high levels of income and wealth inequality. According to the World Inequality Database, no country in Asia and the Pacific has a Gini coefficient proxying income or wealth inequality of less than 0.4, a threshold commonly associated with high inequality. Such high levels of inequality have crucial implications on the extent to which economic growth at the national level translates into higher household per capita incomes or expenditures (Abu-Ismail and others, 2022). While a value of 1 implies perfect pass-through, that is transmission of growth to the household level, the coefficient is at best 0.5 in most lower-middle-income countries across the region.

Insights from decomposing poverty in the Asia-Pacific region suggest that poverty reduction cannot rely on economic growth alone. While economic growth remains necessary, it is important to recognize that it is insufficient and unreliable in terms of reducing inequality and strengthening poverty reduction. Greater emphasis must be placed on human development, universal access to essential public goods and services, and collective well-being, with the effective realization of human rights at the core of the development model (Ali and others, 2026). Without such a shift, vulnerability, inequality and human insecurity are likely to persist, hindering resilience and inclusive development across the Asia-Pacific region. This shift requires governance systems that sustain growth, and promote collective well-being and inclusion. While strong institutions are central to driving this process, whole-of-society outcomes depend on meaningful participation, collective action and social cohesion that build trust and help manage the interests of multiple stakeholders.

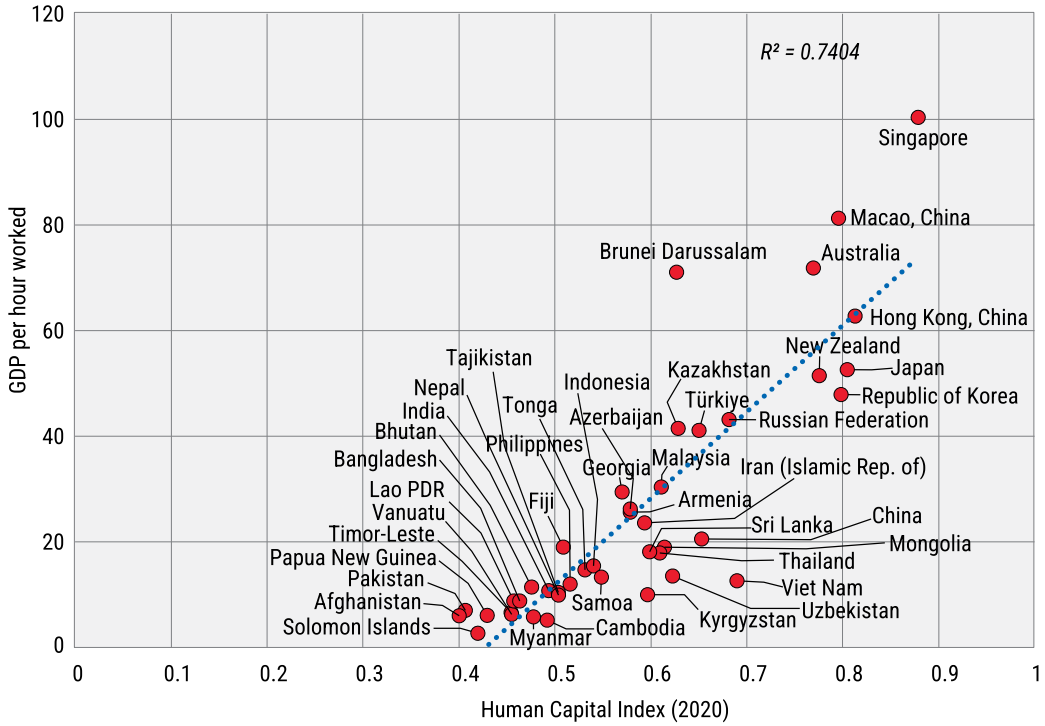
The following sections unpack the underlying drivers of poverty across the Asia-Pacific region which interact and reinforce on another, resulting in chronic and intergenerational poverty.

2.2. Structural causes of poverty: Human capital deficits and their consequences in labour markets

Global evidence demonstrates that universal basic services contribute to poverty reduction and inclusive development, with benefits extending across generations. As shown in **Chapter 1**, progress in reducing poverty across the Asia-Pacific region has coincided with both overall economic growth and human capital development. The experience of many countries, regardless of their level of development, reflects how decisive policy decisions have scaled up investment in universal basic services.

Universal basic services, recognized as fundamental rights and enshrined in many national policy and international normative frameworks, provide affordable and accessible public goods that are available to all, irrespective of an individual's purchasing power. When delivered at scale, investments in human capital generate broad societal impacts, empowering people and generations, and contributing to sustained reductions in poverty and inequality across generations. The resulting productivity accelerates growth and opportunities, which further expand the fiscal space for continued investment in human capital development. **Figure 2.3** illustrates the correlation between labour productivity and the Human Capital Index across countries in the Asia-Pacific region.

Figure 2.3. Labour productivity and the Human Capital Index across countries and territories in the Asia-Pacific region



Source: ESCAP elaborations based on International Labour Organization (ILO), "Statistics on labour productivity", 2025. Available at https://ilostat.ilo.org/topics/labour-productivity/ and The World Bank, "The Human Capital Index 2020 Update: Human Capital in the time of COVID-19" (Washington D.C., 2021). Available at https://documents1.worldbank.org/curated/en/456901600111156873/pdf/The-Human-Capital-Index-2020-Update-Human-Capital-in-the-Time-of-COVID-19.pdf.

In the context of child development and poverty, deficits that emerge in the early days of life are experienced chronically and compounded by repeated shocks that lead to irreversible forms of exclusion with intergenerational impacts. The first 1000 days of life – from conception to a child's second birthday – offer an unparalleled window of opportunity for neurodevelopment. This period shapes the subsequent trajectory of human capital development and provides the foundation for children to achieve their full developmental potential. Recent research suggests how external risk factors and stressors, such as maternal prenatal health, family dynamics, nutrition, cognitive enrichment, toxic substances, air pollution and pesticides, and responses to these adversities shape behaviours and functions, suppressing developmental potential over time (Ali and others, 2026). As such, while early-life poverty can be considered as a state of deprivation, it is also an active biological process that reshapes a child's developmental trajectory. Thus, exclusions and deprivations substantially undermine human capital development and perpetuate poverty, slowing social mobility and ultimately impacting economic growth.

Universal basic services therefore shape critical foundations of human capital development and subsequent neurological processes in managing risk factors and stressors associated with poverty. The gaps in universal basic services thus translate into human capital deficits and exclusion of people from pursuing active and meaningful participation in societies and economies. These gaps manifest as a result of weak institutional oversight and mechanisms, widening disparities between those who can afford essential services and those who cannot.

Nearly 44% of the world's moderately or severely food-insecure people live in Asia and the Pacific (FAO and others, 2025), signalling that economic growth does not automatically translate into improved nutrition outcomes and food security. The double burden of malnutrition – the coexistence of undernutrition and overnutrition within the same population – is limiting opportunities for children to thrive. In Asia and the Pacific, 24.4% of children under the age of 5 years are stunted, while the prevalence of overweight children has also increased modestly between 2000 and 2024 (FAO and others, 2025).

While the double burden of malnutrition can be attributed to a number of biological, socioeconomic and environmental factors, early undernutrition followed by overweight in the later years of life increases the risk of non-communicable diseases such as high blood pressure, cardiovascular disease and metabolic syndrome (Wells and others, 2020). As a result, it can affect learning outcomes, labour productivity, income-earning potential and skills development. Alarmingly, the double burden is predominantly found in low-income and middle-income countries with lower GDP per capita (Popkin, Corvalan and Grummer-Strawn, 2020).

Meanwhile, food insecurity was more prevalent among adult women than men in every subregion of Asia and the Pacific, except East Asia. Although the share of people able to afford a healthy diet increased over time, the cost of such diets has also risen in parallel, reaching $4.77/day purchasing power parity (PPP) in 2024. As a result, 1.66 billion people in the region are unable to afford a healthy diet, with minor progress observed across the region over time (FAO and others, 2025).

Among the universal basic services, expanded access to education has played a key role in reducing poverty, especially in East and North-East Asia and South-East Asia (World Bank, 2025c). However, underserved areas remain. **Chapter 1** has shown that one of the individual factors associated with poverty, monetary or non-monetary, is having less than secondary education. Access to education in terms of enrolment and attendance has improved over the years, especially in primary and secondary levels. However, beyond access, quality of education is crucial. Many children and young people continue to

experience learning poverty, lacking foundational literacy, numeracy and socioemotional skills. In 14 of the 22 middle-income countries across the Asia-Pacific region, more than half of 10-year-old children are unable to read and understand age-appropriate reading material (World Bank, UNESCO and UNICEF, 2022). Learning outcomes have not improved across the region since 2010 and have even slightly decreased in some contexts. Learning losses begin at the most basic level and escalate from end of primary through lower secondary education (UNESCO, 2024), creating barriers to skills development, productivity losses and lost income.

Early childhood education is key to addressing learning outcomes. While attendance in early childhood education has been high, it is not universal across the Asia-Pacific region and has remained stagnant in South Asia, South-East Asia and Oceania since 2015 (excluding Australia and New Zealand) (UNESCO, 2024). Children in several low-income countries across the region were found to be off-track in health, learning and psychosocial well-being, suggesting that missed opportunities in early childhood education impact cognitive learning readiness and result in other behavioural challenges (UNESCO, 2024).

Learning losses stem from weak foundational learning, which is closely linked to the quality of education systems including teacher training, digital learning, curriculum and teaching hours (World Bank, UNESCO and UNICEF, 2021; Molato-Gayares and others, 2022). Rural and low-income households face additional disadvantages in accessing quality education (UNESCO, 2024). Limited access to inclusive education and assistive technologies result in persistent learning poverty among the nearly 108 million children with disabilities living in the region (UNICEF, 2025). Furthermore, the acquisition of information and communications technology (ICT) skills is closely associated with the completion of university education, meaning that only a small share of young people benefit from these opportunities.

Although annual labour income per worker has grown steadily, low educational attainment and gaps in skills remain key barriers to long-term productivity and thus undermine efforts to reduce poverty. Gaps in access to quality education and training that begin during childhood and accumulate over time leave many workers without the qualifications needed to transition into higher-productivity sectors. One-third of workers in the Asia-Pacific region currently have jobs for which their level of education is insufficient (ILO, 2024a). Most of the out-of-school population is at the upper secondary level and comes from low-income households, accounting for as many as 40% in Central and South Asia (UNESCO, 2024). As such, equitable access to and investments in quality education, lifelong learning and vocational training – aligned with the needs of the labour market – are essential to ensure that all workers can benefit from the future of work.

The share of young people not in employment, education or training (NEET) also remains considerably high, especially in South Asia, where it stands at about 26.4% (ILO, 2024c), limiting opportunities to engage in economic activities and acquire new skills. More than 100 million young women between the age of 15 and 24 years across the Asia-Pacific region are NEET, underscoring significant gender disparities in access to education (ILO, 2024a).

In spite of the growth in labour income, working poverty is prevalent, exacerbated by structural factors that result in inequality across the socioeconomic strata of society. About 37% of employed persons in the region live in poverty or are close to it, surviving on less than $6.85 per day (ESCAP, 2026). Working poverty and informality are especially prevalent among young people from poorer households, women in the South Asia subregion and men in the East Asia subregion, and workers in the agricultural sector, signalling persistent inequalities across wealth quintiles, age, gender and occupation (ILO, 2024a).

Working poverty is often associated with informal employment, which accounts for 66% of total employment or 1.3 billion workers across the region, who often lack access to decent pay and job security (ILO, 2024a). Informal employment is therefore a central, livelihood-sustaining component of the region's economies. Informal workers lack access to decent pay and job security, while limited access to social protection leaves a large proportion of the working-age population without protection against life cycle contingencies, such as unemployment benefits, health coverage, work injury compensation, parental leave and pensions. These barriers disproportionately affect women, young and older workers, who also tend to have limited voice, negotiating power and institutional recognition (ESCAP, 2024c).

By nature, the informal sector in the Asia-Pacific region is diverse. Employment in sectors such as agriculture, domestic care, home-based and platform work, is likely to be informal. Rural employment still comprises a significant share of the labour market in the region. In 2022, the agriculture sector alone constituted 29.4% of total employment, rising to 36% in South-East Asia and 40% in South and South-West Asia (ESCAP, 2026). The vast majority of own-account workers in the region are informal – up to 96% in South Asia – disproportionately represented by women as contributing family workers. Own-account and contributing family workers accounted for 42.3% of total employment in 2022, reflecting the subsistence nature of work that has remained unchanged over the past three decades (ILO, 2024a). In South Asia, small enterprises account for as much as 91% of informal employment (ILO, 2023b). Moreover, informal wage workers in the formal sector account for one-third of all informally employed workers in the region, highlighting how informal employment is deeply embedded within subcontracting systems and supply chains (ILO, 2023b). In Asia and the Pacific, 83% of older workers are disproportionately concentrated in informal employment and often continue working beyond retirement age due to inadequate pension coverage and insufficient old-age income security, reflecting lifelong economic insecurity (ILO, 2023b).

Productivity constraints are shaped not only by skills, but also by structural conditions such as unequal market mechanisms in platform economy, limited social protection and care burdens. While job growth and educational attainment have improved over time, the job market has not kept pace with the supply of decent work in lower-middle-income and low-income countries, particularly for young people who constitute a large share of the population in the Asia-Pacific region.

Care gaps can exacerbate time poverty among women and girls, who commonly shoulder the largest share of unpaid care work. Women in the region perform two to five times more unpaid care and domestic work than men, creating time poverty that limits their access to education, employment and mobility (ESCAP and UN Women, 2024), and results in lower labour force participation and long-term income security. An estimated 748 million people are outside the labour force due to care responsibilities, of whom 708 million are women, accounting for 45% of women outside of the labour force globally (ILO, 2025a).

This section has illustrated how poverty in the Asia-Pacific region is shaped by persistent human capital deficits that can lead to irreversible exclusion and inequality, and that intersect with structural conditions such as unequal market mechanisms, limited social protection and uneven care burdens. Unequal market mechanisms, reflected in widespread informality trap workers in insecure employment with limited protection. Lack of universal basic services create weak foundations to optimize capabilities and productivity, limiting opportunities for inclusive development. Structural inequalities are transmitted across generations and perpetuate deprivation among the marginalized groups who remain just above subsistence levels. The following section explores how environmental degradation and climate change, digital transformation and population dynamics are generating profound socioeconomic changes and influencing the trajectory of poverty reduction.

2.3. Three transitions set to reshape poverty in the Asia-Pacific region

2.3.1. The socioeconomic risks of climate change and environmental degradation

Climate change and environmental degradation intensify existing vulnerabilities and inequalities, disproportionately affecting marginalized groups. While contributing least to climate change, people in vulnerable situations are most at risk from climate shocks. With limited means to adapt, these impacts reduce coping strategies and capabilities, locking households into chronic poverty and limiting opportunities to pursue dignified lives.

The socioeconomic impacts of climate change leave populations in vulnerable situations with short time to recover before being exposed to subsequent shocks, but often have long-term implications. For example, in the Pacific SIDS, sea level rise poses imminent threats, leaving affected populations with limited legal and socioeconomic protection in the long run.

Environmental degradation is jeopardizing livelihoods, health, nutrition and food security in the Asia-Pacific region. Globally, between 20% and 40% of land is degraded, affecting the livelihoods of 3.5 billion people (UNEP, 2025). In the Asia-Pacific region, urbanization, climate change, natural resource exploitation and overuse, and contamination of land are driving deforestation, land degradation, and air and water pollution. Erosion, soil contamination and land loss can reduce agricultural productivity resulting in lower yields, while also undermining food safety, thereby exacerbating poverty especially in rural areas (ESCAP, 2025a; UNEP, 2025). Recent global research has underscored that in addition to maternal well-being and parenting practices, external stressors such as exposure to toxicants, air pollution and pesticides can impair child's neurodevelopment (Ali and others, 2026). Due to higher exposure to such stressors, those living in poverty possibly experience greater incidence of unfavourable neural and cognitive outcomes and transmit the deprivations to the next generation.

Environmental degradation adds additional pressure on the livelihoods of marginalized populations who already have limited access to assets such as land and water. Land tenure insecurity in East Asia is estimated at 26%, suggesting the possible loss of rights to own land and housing in the near future. Female landowners disproportionately experience tenure insecurity, unequal inheritance rights and slower progress in registration procedures (FAO, ILC and CIRAD, 2026).

Rising temperatures and climate-related hazards are driving the environmental crises, causing economic as well as human capital deficits, thereby deepening existing poverty. Under the current scenario of CO_2 emissions doubling by 2050, total economic losses are expected to rise to $498 billion. In 2024, at least 50 million children in East Asia and the Pacific subregions experienced disruptions to education, resulting in significant learning losses. Between 1995 and 2030, it is expected that the region will lose working hours equivalent to between 3.75 million and 8.1 million full-time jobs (ESCAP, 2025a).

Heat stress, fatigue and dehydration reduces labour productivity and increases the risks of occupational hazards, particularly in labour-intensive sectors, such as construction, agriculture and trade, which often comprise largely of informal workers (ESCAP, 2025a). Heat stress also exacerbates multidimensional vulnerabilities and existing inequalities among informal workers, especially women. For example, female home-based workers and street vendors often balance paid work with unpaid care responsibilities, while working in poorly ventilated environments with limited access to shaded workspaces, clean water,

sanitation facilities, healthcare and income protection measures (Sinha and others, 2026; Valdivia and others, 2025).

Extreme climate events, such as severe droughts, account for over 80% of agricultural damage in the Asia-Pacific region (FAO and others, 2025), adversely affecting food security and nutrition. It is estimated that by 2080, agricultural yield from climate impacts is expected to decline by up to 23% in South Asia and 17% in East Asia and the Pacific (Bangalore and others, 2016). Such stresses on the ecosystem further weaken poor communities with already fragile livelihoods and insufficient coping mechanisms. This is particularly true for women who constitute 58% of the agricultural workforce in the Asia-Pacific region and are often engaged in low-paid, informal and small-scale work without adequate social protection or finance (UN Women and UNEP, 2021). Gender inequalities, embedded in social structures and cultural norms, such as land ownership structures, natural resource management, environmental governance and access to credits, further constrain the capacity to adapt to climate change and engage in environmentally sustainable practices. As a result, more women than men in the Asia-Pacific region are projected to remain at risk across all CO_2 emission scenarios (UNEP, 2025). Similarly, persons with disabilities are also disproportionately affected, with the majority living in rural areas and relying on agriculture as the primary source of livelihood in developing countries (ESCAP, 2022a).

Rapid environmental degradation can impact climate and weather patterns, where intensified risks present alarming challenges to poverty reduction. The Asia-Pacific region bears a double burden of climate hazards and multidimensional poverty, especially the South and South-West Asia subregion. Among the 383 million MPI-poor individuals in this subregion, 80.4% of people are exposed to heat, 7.2% to drought, 75.8% to floods and 86.7% to air pollution (figure 2.4). These exposures account for between 70% to 95% of exposed MPI-poor population in the region. Despite a smaller number in absolute terms, more than half of poor individuals in the East and North-East Asia subregion are exposed to floods and air pollution, while people living in poverty in South-East Asia are most affected by floods and heat exposure (figure 2.5).

Figure 2.4. Share of Multidimensional Poverty Index (MPI) poor population exposed to climate hazards across subregions

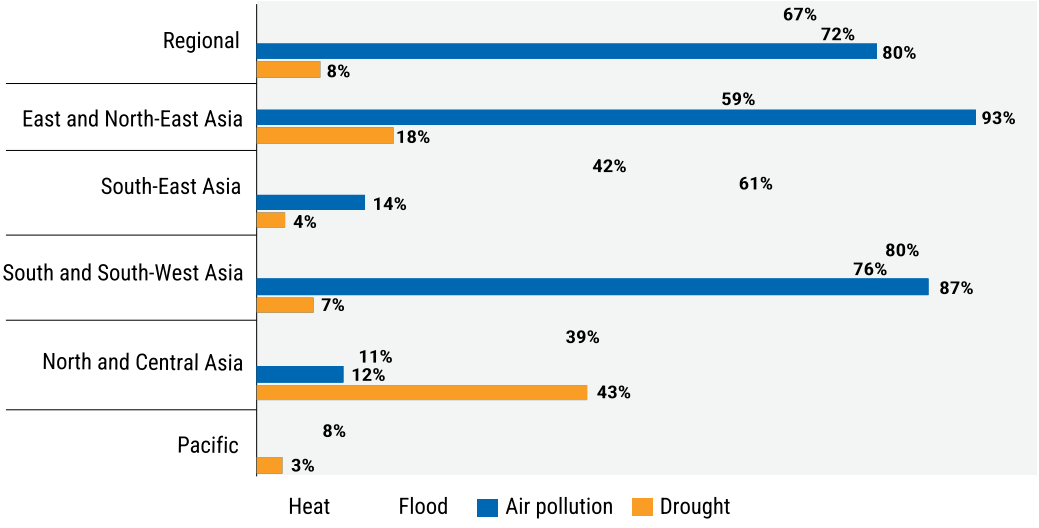
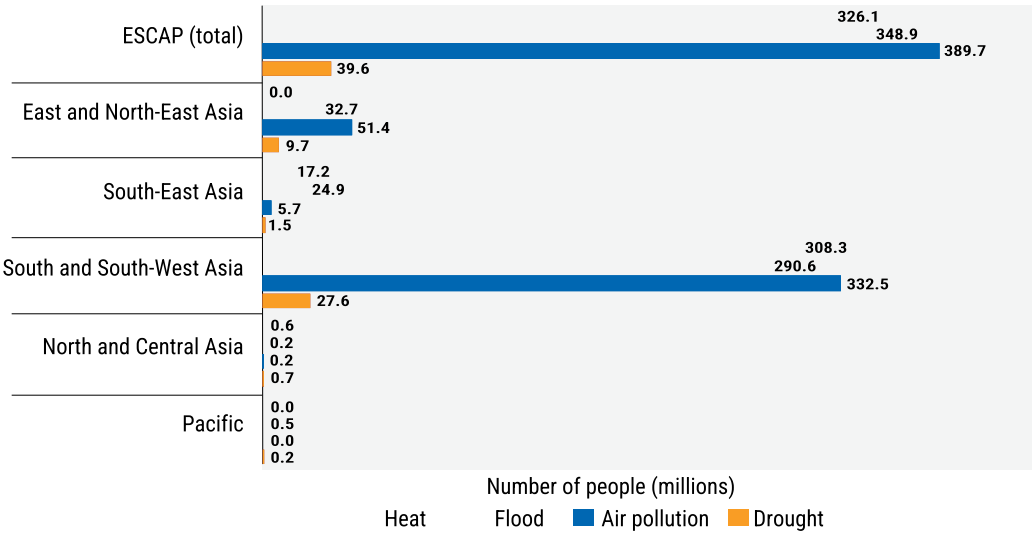


Figure 2.5. Number of Multidimensional Poverty Index (MPI) poor exposed to climate hazards across subregions (millions of people)



Source: ESCAP calculations based on aggregated estimates from OPHI. For data sources and methodology, see S. Alkire and others, "Measuring the overlap between climate hazards and multidimensional poverty: A global sub-national assessment", OPHI Research in Progress 70a. Working Paper. Oxford Poverty and Human Development Initiative (OPHI), 2025. Available at https://ophi.org.uk/publications/RP-70a.

Within countries, poverty tends to be higher in regions exposed to at least one climate hazard (UNDP and OPHI, 2025). An analysis of hotspots of multi-hazard climate risks shows that gaps in access to basic services prevail and can sometimes be wider than the national level (ESCAP, 2024c). LNOB analysis in **Chapter 1** complements this finding with households living in rural and remote areas having much higher poverty prevalence. This convergence of high exposure, high vulnerability and lack of coping capacity to climate risks can disproportionately affect the most disadvantaged groups, reinforcing poverty and inequality.

The rapid economic growth across the Asia-Pacific region has been fuelled by the carbon-intensive extractive growth model. Although the region's current and historic emissions remain well below the global average on a per capita basis, the region is home to major emitters as well as the world's most minor emitters, such as the Pacific SIDS. The disproportionate burden of climate vulnerabilities is carried by countries and people that contributed the least to climate change and those who are most marginalized from driving net-zero transitions.

2.3.2. Leveraging the digital transformation for poverty reduction

Advances in digital transformation have the potential to generate innovative solutions to scale up the poverty-reducing, inclusive and sustainable benefits of economic growth. Access to digital technologies has generated poverty reduction gains in the Asia-Pacific region where improved access to the Internet and telephone decreased poverty by 0.32% and 0.55%, respectively (Acheampong, Park and Tian, 2025). In 2024, mobile technologies and services accounted for 5.6% of GDP across the region, equivalent of $950 billion in monetary value, driven by the adoption of 5G technology (GSM Association, 2025a).

Adoption of digital technologies, which includes artificial intelligence (AI), automation and robotics, among others, can create new opportunities for and reduce poverty among the disadvantaged groups in the Asia-Pacific region. First, digitalization can boost the productivity of micro-, small- and medium-sized enterprises (MSMEs), improve operational efficiency, enhance engagement in value chains, expand market access and facilitate integration into global and regional markets. Digitalization can also enable farmers to adopt new farming practices, monitor crops and pests, manage irrigation, improve market access, expand consumer outreach, access weather forecasts and strengthen preparedness for natural disasters. Second, digital financial services have facilitated economic and social inclusion in the Asia-Pacific region (Sahay and others, 2020) through mobile banking, online transfers, mobile money, peer-to-peer platforms and digital payment platforms, as well as increased access to cost-effective credit, investment, insurance and savings options for underserved areas, entities and groups (ADB, 2025a). Third, digitalization can foster the economic empowerment of women, particularly by expanding opportunities for entrepreneurship and financial inclusion, enabling them to shift from traditional business models to e-commerce, access credit and expand business networks. Fourth, digital transformation enables the delivery of and access to inclusive public services, such as social protection, that seeks to protect persons in vulnerable situations from covariate risks and lifecycle contingencies. Many countries with higher levels of digital connectivity and e-government service delivery have expanded social protection coverage and enhanced efficiency in delivery by consolidating fragmented schemes and systems (ESCAP, 2024c). Spurred by the urgency for social distancing during the COVID-19 pandemic and the need to disburse financial support, many social protection systems across the Asia-Pacific region shifted towards digital payments. Furthermore, digital and new technologies provide innovative solutions to improve accessibility and assistive technologies (used by persons with disabilities and many older persons for various purposes) as well as to strengthen skills for employability and entrepreneurship among persons with disabilities (ESCAP, 2025c). Adopting user-centric and co-design approaches empowers persons with disabilities while aligning with ethical standards. Yet, these efforts remain uneven and limited in scale relative to the significant need, underscoring the importance of sustained investment and implementation.

However, if not managed well, digitalization could exacerbate existing poverty and inequality within and between countries. The digital divide is likely to disproportionately impact low-skilled and routine workers, youth, women and persons with disabilities who are exposed to automation and already facing labour market disadvantage. While automation and AI are disrupting the manufacturing sector, modern service sectors (for example, ICT and business services) are likely to be affected as well. Barriers related to accessibility, affordability and digital skills across age, gender, disability and location often exclude older persons, women and rural communities (ESCAP, 2026).

Limited access to digital devices, connectivity and skills, together with uneven progress in digital accessibility hinders economic empowerment and access to basic services, particularly for women, older persons and persons with disabilities. In South Asia alone, 330 million people do not use mobile Internet (GSM Association, 2025b), and women microentrepreneurs are less likely than their male counterparts to be connected. Limited connectivity restricts access to timely and reliable information related to market trends, weather conditions and early warning systems, reducing the ability to plan, prepare and protect assets and livelihoods (Duerto Valero and others, 2022). Persons with disabilities, particularly women and girls, experience even higher levels of digital exclusion, including ownership of a mobile phone, computer and Internet use (ESCAP, 2022a). The intersecting and compounding gender and disability digital divides represent a critical missed opportunity for countries to capitalize on digital transformation by expanding opportunities to tap into underrepresented talent pools and markets (for example, persons with disabilities and women).

Digitalization and the digital economy do not automatically create decent jobs. This is particularly evident in the gig or platform economy, which has grown significantly in the last couple of years (ESCAP, 2022c). The bulk of jobs created by such platforms cannot be considered as decent work as they blur the distinction between wage and self-employment. Workers may be attracted to these jobs by perceptions of higher income. They may also be pushed into them for the lack of better alternatives. In either case, workers engage in self-employment with major decent work deficits including irregular work and uncertain income, lack of good working conditions, labour rights and access to social protection.

Generative AI (GenAI) presents both opportunities and challenges for the labour market. In the developing East Asia and Pacific region, around 10% of occupations are exposed to artificial intelligence (AI) (Arias and others, 2025). The low exposure suggests that displacement effects are also minimal. However, the lower share of employment exposed to GenAI in developing economies serves as a systemic bottleneck: while GenAI tools could help upgrade some occupations, the digital divide limits the potential benefits or even exacerbates existing disparities in connectivity, accessibility and skills. In East Asia and the Pacific, exposure to GenAI vary across demographic profiles, economic sectors, occupations, gender and age (Arias and others, 2025). Women and highly educated workers employed in the commerce and trade sectors are more exposed. These findings correspond with global evidence where automation and displacement initially impact jobs with higher connectivity and productivity, which involve skilled workers with higher levels of education and are concentrated in specific sectors (such as financial and business services) (Gmyrek, Viollaz and Winkler, 2026). The distributional effects limit entry into the job market and pathways for progression, reinforcing exclusion and inequality.

Automated decision-making by artificial intelligence (AI) involves biases and errors in the underlying algorithm and data, causing systemic harm especially for the most vulnerable. For example, AI-powered lending systems trained with conventional data of formal credit histories tend to classify women entrepreneurs and rural farmers as higher-risk borrowers due to their lack of representation in the data. The algorithm discriminates low income and disadvantaged people from accessing financial services, social protection benefits and justice, causing distress and exclusion (UNDP, 2025c; Heikkilä, 2022; Tapasya, Sambhav and Joshi, 2024). The lack of transparency in the algorithm has also limited public participation in auditing and ascertaining its use. Notably, the number of workers accessing work via digital platforms in the on-demand economy is increasing rapidly and largely under informal arrangements. In many countries in South-East Asia, workers employed on digital platforms are often considered to be independent contractors under weak regulatory oversight (ILO, 2023a). Such informal arrangements can undermine labour rights and limit access to social protection, and occupational health and safety measures. They can also create economic dependence where access to markets and terms of employment are governed by algorithmic control, increased competition, unpredictable income, data extraction and limited access to decision makers for negotiating contractual arrangements or grievances, thereby transferring business risks to workers (Chen and Carré, 2020; Tan and Gong, 2024).

Digital transformation holds promise for strengthening poverty reduction efforts. However, robust governance mechanisms are required to address risks associated with misuse, privacy and data protection. Cybersecurity is another salient risk associated with digital transformation, as the Asia-Pacific region is experiencing a surge in digital scams and cyberattacks. According to a survey covering 13 economies in Asia, more than 45% of the population encountered scam attempts once a month or more frequently, with an annual economic loss of over $688 billion (GASA, 2024). These risks disproportionately affect the most disadvantaged and financially vulnerable populations with limited digital and financial literacy. Digital scams proliferate through weak regulatory and institutional

gaps, undermining trust in digital systems and limiting access to economic opportunities and essential services (Hooper, Bannear and Chew, 2025).

2.3.3. Implications of demographic transition on poverty reduction

Longer life expectancy reflects the socioeconomic progress of countries, while rapid population ageing is reshaping societies and patterns of poverty across the Asia-Pacific region (ESCAP, 2026). Countries in the region have moved through the demographic transition – from high to low mortality and fertility rates – resulting in significant shifts in population age structures. These shifts reflect broader socioeconomic progress, particularly in health, nutrition, hygiene, education, gender equality and women's empowerment. However, population ageing is occurring at an unprecedented rate. The region is projected to transition from an ageing to an aged society in 26 years (from 2008–2034), compared with nearly a century in parts of Europe (ESCAP, 2026), leaving countries with limited time to shape policies and mobilize resources to adapt to the change.

Poverty among older persons emanates from major gaps in pension coverage and inadequacy of benefits accumulated over the life course. Excluding China, only about half of the population above statutory retirement age receives some form of pension (ESCAP, 2024c). Older women face a disproportionate risk of poverty because they are less likely to qualify for contributory pension schemes and, when they do, receive lower benefits due to shorter and lower-paid employment histories. Moreover, longevity in women as compared to men, increases the likelihood of widowhood and is also associated with growing number of older persons with disabilities and health risks.

Increasing access to decent work is critical to curb poverty given fast-paced demographic transition. Labour force participation has been declining across the Asia-Pacific region as populations age and educational attainment improves, resulting in later entry into the labour force among younger people. Since 2000, the regional labour force participation rate for people aged 15 years and over decreased from 66.0% to a projected 60.5% in 2025 and is expected to decline further to 55.0% by 2050 (ILO, 2024a; ESCAP, 2026).

The impact of demographic changes on labour force participation across the region is complex. Countries such as China and Malaysia are experiencing stagnating or declining working-age populations and growing dependency ratios, while countries such as Indonesia, Cambodia and Timor-Leste continue to experience a youth bulge (World Bank, 2025c). Many workers have also remained in the low-productivity sector, contributing to the decline in labour productivity growth, which fell from 4.8% per year during 2002–2012 to 3.7% per year during 2012–2022 (ILO, 2024a).

2.4. Poverty amid global shocks

The 2026 crisis in Western Asia has sparked new concerns about the potential impacts on poverty across the wider region. Disruptions to energy and fertilizer markets, trade routes and remittance flows risk amplifying inflationary pressures and economic volatility. The disruptions occur against the backdrop of cumulative cost-of-living crisis driven by the COVID-19 pandemic, conflicts and natural disasters, which disproportionately affect low-income households. While domestic policy decisions are key to driving economic reforms and implementing inclusive policies for poverty reduction, structural poverty and inequalities are often reinforced by the dynamics of the global economic system.

2.4.1. Fragility, conflict and the prolonged complex humanitarian crisis

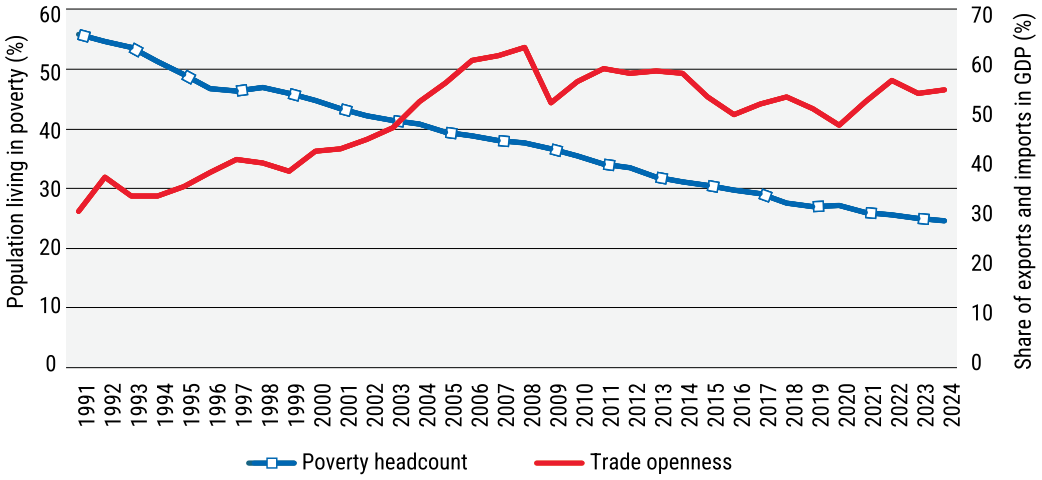
Conflicts can have substantial economic and poverty consequences. On average, a 1% increase in conflict-related fatalities per million population is estimated to reduce per capita GDP by about 1.8% in the first year, with the cumulative impact reaching around 3.3% after five years in emerging market and developing economies (World Bank, 2025d). It is estimated that a 30% increase in oil prices relative to baseline could reduce global GDP by about 0.5% and raise global inflation by around 1.2 percentage points (IMF, 2022). As conflicts have increased in both frequency and severity in the 2020s, extreme poverty has become increasingly concentrated in fragile and conflict-affected economies, which now account for a large share of the global poor. Preliminary scenarios based on 14 countries from the region indicate that, while increases in poverty rates across the Asia-Pacific region may remain small, population size and exposure to shocks will drive significant absolute impacts, especially in larger and more vulnerable economies. The same analysis shows that by income group, upper-middle-income countries may account for the majority of the newly poor, with the number increasing from around 1.4 million to nearly 5.8 million people, driven by population scale effects (UNDP, 2026).

In addition, rising food prices, higher interest rates to manage inflation expectations, supply chain disruptions and geopolitical tensions pose further risks to the poverty outlook, making it challenging to sustain recent gains in poverty reduction. Although food price inflation has moderated from its peak, food costs remain elevated and continue to strain household budgets, particularly for market-dependent and vulnerable populations. Since 2020, global food price inflation has consistently outpaced headline inflation, with food prices rising significantly faster than other consumer goods and services between 2021 and 2023 (FAO and others, 2026). Because low-income households allocate a larger share of their expenditure to food, this trend has disproportionately eroded their real incomes, making food progressively less affordable and increasing risks of poverty, food insecurity and malnutrition.

2.4.2. Implications of disruptions in international trade

Disruptions in international trade have emerged against the backdrop of geopolitical tensions, reshaping how Asia-Pacific countries adapt to an evolving export-led growth model and maximize poverty-reducing effects. Export-led growth models in the Asia-Pacific region have generated considerable prosperity, enabling conditions to accelerate poverty reduction. Over the last three decades, extreme poverty has plummeted globally alongside trade openness (**figure 2.6**). As the share of trade in GDP doubled from about 16% to 32%, the poverty headcount ratio in low- and middle-income economies declined from 40.3% in 1995 to 10.6% in 2022 (WTO, 2024). Evidence also suggests that a 1% increase in trade openness leads to a 0.36% reduction in extreme poverty in developing countries (Osakwe and Solleder, 2025).

Figure 2.6. Trends in poverty headcount and trade openness in the Asia-Pacific region



Source: ESCAP elaborations based on ESCWA poverty rates and World Bank, "World Development Indicators" database, 2026. Available at https://databank.worldbank.org/source/world-development-indicators (accessed on 20 February 2026).

Note: Trade openness is measured by the total of exports and imports of goods and services divided by GDP.

The poverty-reducing impacts of international trade depend on how the gains from openness are translated into opportunities and how its risks are mitigated. While international trade and market openness can contribute to poverty reduction, the correlation is not always negative and strong (i.e., 1991–2008 period versus the 2009–2024 period as shown in **figure 2.6**), and therefore not a panacea for eradicating poverty in developing countries (WTO, 2024). The relationship between trade openness and inequality, which is equally complex, is also important to consider since inequality matters for poverty reduction prospects.

The extent to which trade contributes to poverty reduction is shaped by the nature and pace of liberalization, the structure and functioning of domestic markets, access to finance, human capital and physical infrastructure (World Bank Group and WTO, 2015). Because these conditions vary widely across countries, the relationship between trade, inequality and poverty remains mixed (UNCTAD, 2019). Limited integration of remote markets, narrow product diversification, gaps in opportunities to acquire new knowledge and skills for employability in emerging sectors, informality, weak social protection systems and persistent barriers to women's economic empowerment all influence whether trade enhances or constrains equitable development. Consequently, adjustments in trade policies can impact trade dynamics and would need to be complemented by domestic policies, such as education, social protection and labour market policies, that can facilitate equitable and inclusive adjustments to trade-related shocks (WTO, 2024).

The degree of trade openness varies considerably between countries in the region, and hence increases the exposure of workers and firms to trade shocks, particularly through the impact of tariffs on trade flows and supply chains. While countries with greater openness to foreign direct investment (FDI) and lower labour costs have harnessed the benefits of supply chain shifts by attracting relocated production (IMF, 2025), global demand is decelerating. Meanwhile, automation and digitalization are reducing employment opportunities, as discussed in **section 2.3.2**.

Despite trade agreements and preferential access to markets, least-developed countries (LDCs) experience more difficulties in manufacturing and trade than high-income countries due to structural constraints, including higher trade costs, limited diversification and access to markets, infrastructure gaps and barriers to compliance (WTO, 2024). At the same time, global value chains have increased value capture through concentration of high profit activities in advanced economies, while low profit agricultural production has shifted to the global South (Goyal, Jickel and Jha, 2025). These structural imbalances, along with limited capacity to adapt to the evolving markets, pose considerable risks to vulnerable populations.

The crisis in Western Asia highlighted the vulnerability of the Asia-Pacific region to geopolitical tensions that disrupt international trade, transmitting shocks to people in vulnerable situations. The crisis particularly disrupted the energy security of the region due to its reliance on goods and energy supplies transported through the Strait of Hormuz. The resulting impacts included a rise in the price of fertilizers, food and freight, which placed additional pressure on low-income households. Even if political solutions are reached soon, uncertainties are likely to prevail and adjustments in the physical market will typically experience a lag due to the multiple stages of production and marketing processes.

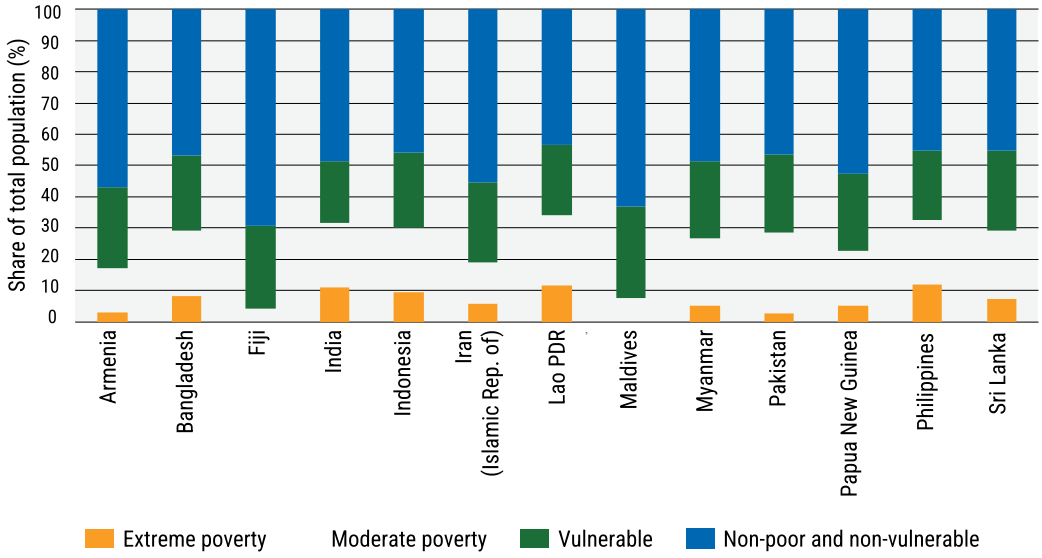
2.4.3. Fiscal limitations for poverty reduction

Domestic policy decisions are key to guiding fiscal reforms for effective and inclusive policies for poverty reduction. Although the Asia-Pacific region has demonstrated consistent and impactful development outcomes, investments in health, education and social protection across the region have remained low or below the global average over the years (UNESCO, 2022b). For example, on average, the region invests only 8.2% of GDP in social protection, compared to the global average of 12.9% and the OECD average of 16.4%,[19] hindering opportunities to bolster redistributive impacts and adequately finance high impact interventions such as childcare benefits. Meanwhile, spending pressures are increasing as fiscal needs continue to surpass the revenues amid modest growth and emerging development challenges.

The surge in public spending to finance life-saving COVID-19 response and recovery efforts to mitigate the socioeconomic impacts were necessary, but also led to rising debt and interest payments that strained fiscal resources for poverty reduction and broader development priorities. Rising at a pace twice as fast in the developing countries compared to that of developed countries, the global share of public debt among developing countries increased from 16% in 2021 to 31%, reaching $31 trillion (UNCTAD, 2025). Countries in the Asia-Pacific region shoulder three-quarters of the total debt of developing countries, with 61% of total debt owed to private creditors that often entail higher interest rates and exposure to market volatility (UNCTAD, 2025). Thirteen countries in the Asia-Pacific region – with a total population of 2.5 billion – spent more than 10% of government revenues on debt repayment (**figure 2.7**) (UNCTAD, 2025). Prudent macro-fiscal planning and management would continue to be relevant to mitigate public resources from being diverted from key sectors, such as education and health, while maintaining the pace of human capital development and poverty reduction.

[19] These statistics are based on ILO estimates, 2023 or latest available year; the World Social Protection Database, based on the Social Security Inquiry; ISSA Social Security Programs Throughout the World; ILOSTAT; and national sources.

Figure 2.7. Prevalence of poverty and vulnerability in countries with high debt repayment



Source: ESCAP elaborations based on United Nations, Economic and Social Commission for Western Asia (ESCWA), *World Poverty Through a Broader Lens: Rethinking Measurement and Policy Approaches* (Beirut, 2025). Available at https://doi.org/10.18356/9789211543889 and United Nations Conference on Trade and Development (UNCTAD), "A world of debt: It is time for reform", United Nations Global Crisis Response Group Brief No. 9, 2025. Available at https://doi.org/10.18356/29589304-9.

Although the Asia-Pacific region has made incremental progress in mobilizing tax revenues, greater use of progressive taxation can strengthen direct and indirect poverty reduction by financing universal basic services and facilitating redistribution. Personal income taxes (PITs) and property and wealth taxes (PWTs) have the potential to tap into under-taxed wealth and capital. Across the region, PIT can mobilize an additional 4% of GDP annually and reduce the total tax revenue gap by around half (ESCAP, 2024b).

However, the region continues to lag behind OECD countries. In 2021, revenues from PITs and PWTs amounted to only 2.6% and 0.4% of GDP, respectively, compared with 8.6% and 1.9% of GDP in OECD countries, respectively (ESCAP, 2024b). The large informal economy complicates administration of PIT due to fragmented employment relationships. Yet, the informal economy – largely comprised of people living below taxable thresholds – makes substantial contribution through indirect taxes, user fees, out-of-pocket spending on services and other informal forms of payment (Rogan, 2022; Mhlana and Rogan, 2026). This underscores the importance of strengthening progressive taxation, particularly at a time when the cost-of-living crisis and limited access to decent and secure jobs undermine the ability of people to achieve a dignified standard of living.

Over the past decades, countries across the Asia-Pacific region expanded subsidies to support economic growth, and energy and food security. However, they have also involved significant trade-offs for poverty reduction, environment sustainability and fiscal capacities. In 2022, developing economies in the region spent an estimated $440 billion on subsidies, diverting critical resources from investment in social welfare, healthcare and education, and clean energy and transport alternatives (Do and others, 2024). Fossil fuel subsidies have tended to be regressive, exacerbating climate change and worsening environmental degradation (IEA, 2021). Attempts to reduce these subsidies have often failed or been short-lived, influenced by complex political economy considerations and fiscal pressures.

The region is also the largest user of agricultural fertilizers since 1960s, with fertilizer subsidies accounting for a significant proportion of national budgets (Zaveri, 2025). Over the years, while such subsidies have supported the increase in agricultural production, benefited poor rural households and producers, stabilized food prices and boosted food security, their returns on productivity have diminished with substantial negative environmental externalities. The pressure of purchasing more fertilizers to sustain production levels has strained both national budgets and household incomes. Furthermore, geopolitical tensions in Western Asia have disrupted supply chains, weighing in financially on governments, producers and consumers. Such disruptions particularly affect those countries and farmers who are structurally dependent on the global market and may experience supply disruption in imported fertilizers.

Although development assistance was declining across the Asia-Pacific region, further withdrawal could add financial pressure in addition to the tight fiscal space, undermining progress towards poverty reduction as the core SDG agenda. Globally, bilateral official development assistance (ODA) declined by 26.4% between 2024 and 2025, with grants recording a sharper decrease than loans (OECD, 2026). Meanwhile, multilateral ODA declined by 12.7% where the decline concentrated in the core contributions to the United Nations system at 27% (OECD, 2026). Net bilateral ODA for development programmes, projects and technical co-operation – excluding domestic humanitarian assistance for refugees, humanitarian assistance and debt relief – decreased by 26.3%, marking the largest decline on record for this component of ODA. Mirroring the global trend, overall bilateral ODA to Asia-Pacific region declined by 3.7% between 2020 and 2023 (United Nations Global Crisis Response Group, 2024), following a temporary increase in development financing during the COVID-19 pandemic.

2.5. Conclusion

This chapter has shown how poverty in the Asia-Pacific region is a uniquely challenging phenomenon, shaped by the interaction between persistent human capital deficits and the scale, pace and complexity of transformational changes, such as environmental degradation and climate change, digitalization and demographic transition. It has also highlighted how geopolitical dynamics and global market structures fundamentally influence inequality between and within countries, reinforcing patterns of poverty that can persist across generations.

The chapter also uncovered how poverty reduction stalls when inequalities arise as a result of policies that create conditions for exclusion. When inequalities exist, growth prospects decelerate and wealth trickles down unevenly, systematically trapping people in chronic patterns of poverty that are transmitted across generations. Slowing economic growth can further reverse support for the most essential necessities needed to sustain a dignified life, thereby exacerbating vulnerability and human insecurity.

In essence, policy choices are critical to shape governance mechanisms and create enabling conditions for well-being and inclusion. The drivers of poverty, discussed in this chapter, are outcomes of policy choices. Deficits in human capital are a cumulative result of underinvestment in education, health and nutrition, and institutional gaps that prevent out-of-pocket spending. Climate vulnerability reflects decisions on mitigation, adaptation and access to protection against risks. Digital divides stem from choices on infrastructure, regulation and access. Trade volatility and fiscal constraints are shaped by the terms of integration into global markets and international financial architecture, that are translated into domestic fiscal policies. Taken together, the drivers examined in this chapter are not exogenous conditions. Rather, they are, to a significant extent, the result of governance decisions, whether actively made or persistently deferred.

In this context, the chapter uncovered how governance mechanisms are essential in creating stronger foundations to foster capabilities as well as new and inclusive opportunities. Sound governance systems that foster integrated policy action concurrently address economic, social and environmental objectives. Such interventions benefit long-term, multi-faceted and collective well-being that maximize policy impact and coherence, fiscal space and social cohesion, as have been historically demonstrated across the region. Most importantly, meaningful participation through collective and institutional bargaining enable people to contribute towards setting priorities, negotiating the terms and co-designing policies that directly impact their well-being.

The next chapter offers insights on proven and promising policy approaches that seek to address the structural drivers of poverty across a range of development contexts.

