

Executive summary

Eradicating poverty in all its forms continues to be one of the most significant development challenges for many economies in the Asia-Pacific region. Recent, multiple and overlapping crises, such as the coronavirus disease (COVID-19) pandemic, cost-of-living pressures in the wake of the war in Ukraine in 2022, accelerating climate change and the geopolitical instability stemming from the 2026 crisis in Western Asia, have exposed that gains in poverty reduction are reversible. This has raised concerns of a "lost decade" for inclusive development unless decisive and coordinated action is taken now.

In recent global political agreements, including the Pact for the Future and the Doha Political Declaration of the "World Social Summit" under the title "the Second World Summit for Social Development", States have reaffirmed poverty eradication in all its forms and dimensions as a foundational priority and underscored the urgent need to accelerate efforts in this regard. Translating this ambition into impact requires empowering people to build secure livelihoods, access opportunities and exercise agency over their lives. It also requires moving beyond a narrow understanding of poverty as income poverty, which cannot capture the depth of deprivation, persistent vulnerabilities or the structural and intergenerational factors that keep people poor. Instead, poverty needs to be recognized as a multidimensional and dynamic phenomenon that is shaped by diverse vulnerabilities across countries and population groups.

Addressing this complexity calls for integrated policy approaches. Poverty outcomes are shaped by the interaction between economic growth and income distribution; access to decent work, housing, education and health services; environmental sustainability; inclusion in terms of age, gender and disability; access to social protection systems that provide income security and enable people to manage risks and build resilience over the life course; and the quality of governance. Sustained progress will depend on policy choices that are aligned with economic, social and environmental objectives, strengthen institutions and expand people's capabilities over the life course.

Poverty trends

While extreme poverty has declined dramatically across Asia and the Pacific, moderate poverty and economic vulnerability remain widespread and are compounded by multidimensional deprivations and stark inequalities across subregions and within countries. Despite the remarkable progress that has been made in reducing extreme poverty as a share of the total population in the region, poverty persists in absolute

numbers. Measured by the international poverty line of $3 per day, the share of the regional population living in extreme poverty declined substantially, from approximately 50% in 1995 to 4% in 2024. Despite this, roughly 190 million people remained in extreme poverty as of 2024, underscoring the scale of the remaining challenge.

190 million

people still living in extreme poverty as of 2024



Moderate poverty remains widespread in the region, and high-income and upper-middle-income countries are not immune. In 2024, nearly 2.2 billion people across the region were living on less than $8.30 per day and 600 million people were living on less than $4.20 per day, representing 47% and 13% of the population, respectively. In lower-middle-income countries, three times as many people were living in moderate poverty at the $4.20 line as were living in extreme poverty, whereas in upper-middle-income countries nearly 24% of the population were living on less than $8.30 per day.

Poverty trends vary considerably across the Asia-Pacific subregions. East and North-East Asia and North and Central Asia have made the greatest progress, with extreme poverty being nearly eradicated and moderate poverty declining to very low levels. Nevertheless, around one in seven people in East and North-East Asia still live on less than $8.30 per day. South-East Asia has also achieved sustained declines in poverty, with extreme poverty reaching single-digit levels since 2018. However, more than half of the population in this subregion lives on less than $8.30 per day. In absolute terms, South and South-West Asia remains home to the largest number of poor people in the region. Poverty also remains high in the Pacific small island developing States, whose small size and geographic remoteness pose persistent development challenges.

When using hybrid poverty lines, poverty trends seem even starker. Hybrid poverty lines combine an absolute component capturing extreme poverty with a relative component that reflects rising aspirations as countries develop. Unlike absolute poverty lines, they are country specific. When hybrid poverty lines are considered, more than 1.1 billion people across the Asia-Pacific region in 2026 live in poverty, of whom 310 million live in extreme poverty. An additional 1.2 billion people live just above their respective poverty lines, leaving them economically vulnerable.

While extreme and moderate poverty declines as income levels rise, the share of the population experiencing economic vulnerability tends to increase. The relative component of hybrid poverty lines captures this vulnerability at higher levels of income and development. In Asia-Pacific upper-middle-income and high-income economies, more than a quarter of the population appears to be economically vulnerable, living just above the poverty line. Despite the increase in overall prosperity, significant numbers of individuals face financial insecurity and struggle to afford discretionary expenditures.

Poverty is also characterized by deep inequalities within countries. Using the leaving no one behind methodology developed by the Economic and Social Commission for Asia and the Pacific (ESCAP), which captures the intersection of multiple characteristics across mutually exclusive population groups, reveals substantial disparities in monetary poverty in 25 countries for which data are available. In most countries, monetary poverty rates differ sharply between those furthest behind and those furthest ahead. These disparities are similar in lower-middle-income and upper-middle-income countries, with only a few showing relatively narrow gaps.

Those furthest behind are at the intersection of two-to-three circumstances, underscoring the multidimensional nature of within-country variations in monetary poverty. Household size and location of residence are found to be the most influential characteristics defining furthest-behind groups based on the leaving-no-one-behind methodology. Large rural households with more than six members, for instance, are most likely to face the highest poverty rates. Individuals with no education are substantially worse off than those with primary or secondary education, while those with tertiary education are least likely to live in poverty. Furthermore, gender and migration status also affect poverty outcomes in specific contexts.

Monetary measures alone do not capture the full extent of deprivation. Although the prevalence of acute deprivations in health, education and living standards has declined in the Asia-Pacific region, 495.6 million people continue to live in multidimensional poverty, and an additional 659.9 million people are vulnerable to experiencing such poverty. Across the region, inadequate housing, reliance on solid cooking fuel, undernutrition, lack of sanitation and limited years of schooling are the leading deprivations. Moreover, multidimensional poverty is concentrated in rural areas, where 419.5 million people living in multidimensional poverty (85% of the total) reside. In terms of age groups, children are consistently more likely to live in multidimensional poverty.

495.6 million
people living in multidimensional poverty.

659.9 million vulnerable to falling into it.



Drivers of poverty

Economic growth has been the main reason why poverty has declined in Asia and the Pacific, but income inequality has weakened the positive effects of this trend. Decomposing changes in poverty is crucial to understanding the impact of income growth and inequality in each country. Cross-country evidence shows that reductions in inequality can contribute as much to poverty reduction as increases in mean income. The countries that have been successful in reducing poverty are those that have recorded higher economic growth than expected for their level of mean income combined with stronger reductions in income inequality relative to their initial or baseline level of inequality.

Having limited access to basic services and experiencing poverty in the early days of life constrains human development and entrenches poverty across generations. When basic services are lacking or distributed unevenly, the resulting deficits in human capital constrain growth and thus narrow the space for continued investment in human capital development. Similarly, experiences of poverty in the early days of life can, when they are aggravated by cumulative shocks, result in irreversible forms of exclusion and deprivation with an intergenerational impact. Such exclusion and deprivation substantially undermine human capital development and perpetuate poverty, slowing social mobility and ultimately constraining economic growth. Furthermore, risk factors such as poor maternal prenatal health, nutrition and cognitive enrichment and exposure to toxic substances, air pollution and pesticides, as well as the responses to these adversities, shape the way that children function in ways that suppress human development potential over time.

Malnutrition and food insecurity compound human capital deficits, contributing to the persistence of poverty. Nearly 44% of the world's moderately or severely food-insecure people live in Asia and the Pacific, indicating 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 are stunted, while the prevalence of overweight children has

also increased modestly between 2000 and 2024. This has affected learning outcomes, labour productivity, income-earning potential and skills development.

Uneven access to education, undereducation and skills gaps are among the key barriers to long-term productivity growth and to sustained poverty reduction. In 14 of the 22 middle-income countries in Asia and the Pacific, more than half of 10-year-old children are unable to read or understand age-appropriate reading material. Furthermore, rural and low-income households face additional disadvantages in accessing quality education and nearly 108 million children with disabilities face limited access to inclusive education and assistive technologies, resulting in persistent learning poverty. Gaps in access to quality education and vocational training that begin during childhood and accumulate over time leave many workers without the qualifications needed to transition into higher-productivity sectors, in particular as digitalization accelerates and the need for the relevant skills grows. One third of workers in the Asia-Pacific region currently hold jobs for which their level of education is insufficient.

The decline in labour force participation combined with high levels of youth unemployment and of youth not in employment, education or training is worrying. There are two underlying trends: population ageing, which increases the share of people living beyond the working age, and rising educational attainment, which leads to young people delaying their entry into the labour force. Since 2000, the regional labour force participation rate of 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. Significant gender disparities persist both among those participating in the labour force and among those not in employment, education or training. An estimated 748 million people, 708 million of whom are women, are not in the formal labour force due to care responsibilities. Taking care of others not only limits caregivers' access to education, employment and mobility, it also results in lower long-term income security. More than 100 million girls and women between the ages of 15 and 24 years across the Asia-Pacific region are not in employment, education or training. With fewer people of working age participating in the labour market, households have fewer earners to support dependents, constraining budgets and increasing the risk of poverty, in particular where social protection and pension systems remain inadequate.

Situations of working poverty, which are associated with informality, are prevalent in the region and are exacerbated by the lack of social protection and the above-mentioned care burden. About 66% of workers – 1.3 billion people – lack access to decent pay and job security and about 37% of employed persons in the region live in poverty or close to it, surviving on less than $6.85 per day. Situations of working poverty and informality, which are especially prevalent among young people from poorer households, women in South Asia, men in East Asia and workers in the agricultural sector, are indicators of persistent inequalities across wealth, age, gender and occupation dimensions.

1.3 billion

people lack access to decent pay and job security.

37% of employed persons live in poverty or near-poverty, surviving on less than $6.85 per day.



Transitions reshaping poverty in the region

3.8–8.1 million

full-time jobs projected to be lost between 1995 and 2030 due to heat and related hazards.



Climate change and environmental degradation adversely impact livelihoods, health, nutrition and food security, intensifying existing vulnerabilities and disproportionately affecting marginalized populations. Many people in vulnerable situations who are exposed to the effects of climate change see their coping capabilities diminished and become locked into chronic poverty. Between 1995 and 2030, the region is projected to lose the equivalent in working hours of between 3.75 million and 8.1 million full-time jobs due to rising temperatures and related hazards. By 2080, the agricultural yield is expected to decline by up to 23% in South Asia and 17% in East Asia and the Pacific due to the effects of climate change, further weakening communities that are already poor, have fragile livelihoods and insufficient coping mechanisms. The Asia-Pacific region must contend with the double burden of climate hazards and multidimensional poverty. Among the 383 million individuals in South and South-West Asia who are living in multidimensional poverty, 80% are exposed to heat, 7% to drought, 76% to floods and 87% to air pollution.

While digital technologies can create opportunities to increase productivity and generate innovative ways to reduce poverty, these benefits are distributed unevenly and are insufficient to meet current needs. Digitalization can boost micro-, small- and medium-enterprise productivity, improve operational efficiency, enhance engagement in value chains, expand market access and facilitate integration into global and regional markets. For example, farmers can adopt new farming practices and technologies to monitor crops and pests, manage irrigation, improve market access, expand consumer outreach, access weather forecasts and strengthen preparedness for natural disasters. Digitalization can foster the economic empowerment of women by expanding opportunities for entrepreneurship and financial inclusion. It can also enable the delivery of and access to inclusive public services, including social protection.

Without adequate governance mechanisms, however, the reliance on digital technologies can exacerbate poverty and inequality within and between countries. The digital divide, which is already vast, means that the potential benefits of technologies such as generative artificial intelligence are not enjoyed equally and could exacerbate existing disparities in connectivity, accessibility and skills, disproportionately impacting low-skilled workers, youth, women and persons with disabilities, many of whom are facing challenges linked to automation and other labour market disadvantages.

Rapid population ageing is reshaping societies and patterns of poverty across Asia and the Pacific. The region is projected to transition from an ageing to an aged society in 26 years (2008–2034), compared with nearly a century in parts of Europe, leaving countries with limited time to develop adequate policies and mobilize the resources they need to adapt. Poverty among older persons stems from major gaps in pension coverage and the inadequacy of benefits accumulated over the life course. Excluding China, only about half of the population in the region above the statutory retirement age receives some form of pension. Older women face a disproportionate risk of poverty because they are less likely to qualify for contributory pension schemes and, when they do, they receive lower benefits due to shorter and lower-paid employment histories. The fact that women tend to live longer than men increases the likelihood of widowhood. Moreover, increased longevity is also associated with a growing number of older persons with disabilities and poor health.

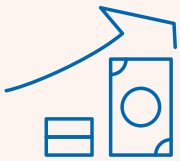
Geopolitical conflicts are creating new instabilities and uncertainties, shaping systemic inequalities and constraining the policy space to advance poverty reduction efforts. The 2026 crisis in Western Asia has sparked new concerns about the potential impacts on poverty across the wider region. Rising food prices, higher interest rates to manage inflation expectations and supply chain disruptions pose further risks to the poverty outlook and to the historic gains in poverty reduction. The above-mentioned disruptions, which are occurring against the backdrop of cumulative cost-of-living crises driven by the COVID-19 pandemic, conflicts and disasters, disproportionately affect low-income households. Deeply entrenched poverty and inequalities are at a crossroads because of the failure to implement certain domestic policies and because of the unfavourable global economic landscape.

International trade, which has long contributed to poverty reduction in Asia and the Pacific, is increasingly vulnerable to geopolitical instabilities. During the period 1995–2022, just as the share of trade in the gross domestic product doubled from about 16% to 32%, the poverty headcount ratio in low- and middle-income economies declined from 40.3% to 10.6%. Evidence also suggests that a 1% increase in trade openness leads to a 0.36% reduction in extreme poverty in developing countries. However, geopolitical fragmentation is reshaping the ways in which Asia-Pacific countries can adapt to the traditional export-led growth model. Varying degrees of trade openness exposes workers and firms to trade shocks, including in the form of fluctuations in tariffs, which affect trade flows and supply chains. At the same time, decelerating global demand, automation and digitalization cast uncertainties over employment. 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, the degree of access to financial and human capital and the quality and availability of the required physical infrastructure. Given that these conditions vary widely across countries, the relationship between trade, inequality and poverty remains mixed.

Having a limited fiscal space constrains the ability of countries to support inclusive poverty reduction efforts. The potential of progressive taxation, for example in respect of personal income, property and wealth taxes, has remained largely untapped. The large informal economy complicates the administration of personal income tax due to fragmented employment relationships. Yet, the informal economy – in which most workers live below taxable thresholds – makes a substantial contribution through indirect taxes, user fees, out-of-pocket spending on services and other informal forms of payment. This underscores the importance of strengthening progressive taxation, in particular at a time when high inflationary pressures and limited access to decent and secure jobs undermine the ability of people to achieve a dignified standard of living. In addition, the increase in public spending to finance COVID-19-related response and recovery efforts was essential to mitigate the pandemic's adverse socioeconomic impacts but also drove the global share of public debt among developing countries from 16% in 2021 to 31% in 2024, reaching $31 trillion. Rising interest payments on outstanding debt limit fiscal resources that could be used to reduce poverty and for broader development priorities such as health, education and social protection.

16% → 31%

increase in the global share of public debt held by developing countries from 2021 to 2024.



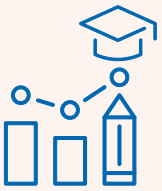
Policy pathways

Integrated investments in human capital, social protection, decent work and a social and solidarity economy that is underpinned by gender-responsive, disability-inclusive and age-sensitive policies can be the anchors of sustained poverty reduction efforts across Asia and the Pacific.

Strengthening human capital

A more robust relationship exists between the quality of education and economic growth than between the number of years of schooling and economic growth, highlighting the importance of building relevant skills. Adults who complete primary schooling without acquiring basic literacy earn only 6% more than those with no schooling, while those who complete primary education and learn to read earn 38% more than those with no schooling. Thus, improving the quality of education builds the foundational skills needed for employability.

+38%
earnings increase for completing primary school and learning to read (versus no schooling).



Reforming the education sector to address learning poverty and meet the demands of the labour market involves scaling up and reprioritizing investments in foundational interventions. Such interventions include measuring student learning outcomes and strengthening teacher training, recruitment, incentives and mentoring. While upgrading the entire system is important, improving the quality of learning and teaching is critical to addressing persistent learning inequalities within countries that often leave behind the poorest and most marginalized children. Expanding access to quality early childhood care and education is vital for improving foundational learning and equalizing opportunities from the early years.

Improving learning outcomes also requires investments in the digital skills that are increasingly in demand in the labour market. Investing in building digital skills and competencies is necessary for employability, especially as the automation of routine manual tasks is resulting in numerous job losses. The rapid and uneven spread and development of digital technologies, including artificial intelligence, in a wide range of economic and social areas, has widened inequalities. Thus, digital and artificial intelligence literacy and lifelong learning approaches must urgently be strengthened among people of all ages. Furthermore, digital literacy can be enhanced by integrating it into the national curricula of formal education systems, complemented by extracurricular and community-based learning programmes that expand access through flexible modes and targeted outreach to disadvantaged groups.

Universal health coverage supports a healthy and productive workforce and shields families from pressures of out-of-pocket healthcare costs that can push them into poverty. Universal health coverage involves robust social health protection that removes financial barriers to healthcare and strengthens financial protection against catastrophic health expenditures. Countries must prioritize expanding social health schemes to informal workers and people outside the labour force, while enhancing the comprehensiveness and the adequacy of health benefit packages.

While there has been some progress, health systems still require the following: investments to strengthen the primary healthcare approach; social health protection schemes to reach underserved populations, including the poor; and the closing of persistent gaps in the availability, accessibility, affordability and quality of essential

health services. Primary healthcare provides the foundation for reorienting health systems from disease- and hospital-centric models to people-centred, integrated care that is close to communities. It emphasizes disease prevention and health promotion, strengthens coordination with social services and multisectoral actions, and manages the double burden of infectious diseases and the increasing prevalence of noncommunicable diseases.

The socioeconomic costs associated with the concurrent burden of undernutrition, micronutrient deficiency and overnutrition need to be mitigated with multisectoral actions that effectively pursue poverty reduction. Addressing the poor nutritional status of women, inadequate infant and young child feeding practices, unsafe drinking water, poor sanitation facilities and unhealthy food consumption behaviours are low-cost interventions that can improve the poor nutritional outcomes in early childhood and yield high future returns on productivity. Tackling the rise in obesity requires interventions that address individual-level determinants, the wider food environment and agrifood systems that shape dietary behaviours.

Climate change and environmental degradation present significant challenges to poverty reduction, as they jeopardize health, nutrition and food security among the most vulnerable people and communities. Sustained poverty reduction in the context of climate change requires climate-sensitive and climate-resilient health, education and food systems. These systems must address existing bottlenecks and ensure continuity of essential services and food security during acute disruptions while adapting to evolving and chronic climate stressors. Operationalizing climate-sensitive services and strengthening synergies across national policy frameworks maximizes the co-benefits of mitigation and adaptation policies on poverty reduction.

Expanding the role of social protection

Universal and rights-based social protection is a key driver for poverty reduction, ensuring individuals achieve income security and meet basic needs to live a dignified life over the life course. Comprehensive and inclusive social protection systems can provide a foundation for individuals and households to invest in their well-being and strengthen their resilience. As such, social protection complements universal basic services, labour market policies, international trade and macroeconomic frameworks, forming part of a coherent governance mechanism to optimize productivity and facilitate social mobility.

Social protection has been proven to result in positive socioeconomic outcomes in respect of multiple dimensions of poverty. By providing a predictable source of income, social protection can ease short-term economic stress, enabling households to invest in health, education, livelihoods and productive activities. These social protection multipliers strengthen human capital, improve financial stability and enhance the capacity of households to manage risks, save, invest in productive assets and diversify livelihood strategies, thereby strengthening their resilience and reducing the likelihood of falling back into poverty.

The transformative potential and poverty-reducing impact of social protection can be amplified when social protection strategies form part of a comprehensive and integrated package of interventions. Multifaceted livelihoods and economic inclusion programmes such as cash-plus programmes have expanded, bringing with them longer-term impacts, including improving household consumption, asset holdings, savings, food security and, in some cases, women's empowerment. Integrated programmes also strengthen households' capacity to deal with shocks by promoting income diversification, increasing savings and developing skills, thereby reducing the need for households to deplete their assets during times of crisis.

Achieving decent work for all

Boosting the size and productivity of the workforce, strengthening its resilience and building inclusive labour markets with decent work opportunities are all priorities for eradicating poverty. For labour markets to be inclusive, they must allow everyone of working age to enter them regardless of gender or disability status. Moreover, those already employed should be supported through job transitions and be protected from being pushed out of work involuntarily or permanently. Policies should be drafted and implemented to ensure a work environment that is accessible and devoid of discriminatory practices. As climate change, population ageing, digital transformation and efforts to transition to a green economy reshape sectors and economies, it will be critical to upskill women, young people, older persons and persons with disabilities, as well as low-skilled workers irrespective of age and gender, to prevent widening gaps and increasing poverty and exclusion.

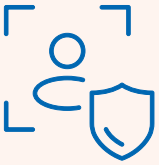
Workers in carbon-intensive sectors and in communities where industrial and production activities take place need policy support to manage the risks associated with transitioning to a carbon-neutral economy. While achieving a carbon-neutral future is expected to generate net benefits for society in the long run, it could also deprive women and young people, as well as low-skilled workers, of decent work. Workers transitioning to emerging sectors need support, including skills development, mobility incentives and portable social protection. Several countries in the Asia-Pacific region have demonstrated how socioeconomic and poverty-oriented objectives can be better integrated into the carbon-neutral agenda as mutually reinforcing goals that generate opportunities for decent work.

As poverty in Asia and the Pacific remains concentrated in rural, remote and low-income areas, modernizing agricultural systems and diversifying rural supply chains could create more and better jobs in such areas. Particular attention should be paid to expanding access to agrotechnology, machinery, credit, insurance and sustainable farming methods. Non-farm activities, including agroprocessing, value chain creation and e-commerce development, offer additional paths to income growth. In several countries, in fact, off-farm employment in the agricultural sector has been linked to lower poverty and better household nutrition. Moreover, digital platforms have helped agricultural micro-, small- and medium-size enterprises to reach markets and manage economic shocks. Leveraging digital technologies can also help such enterprises to generate jobs and income, thereby contributing significantly to the rural economy in the Asia-Pacific region. Realizing these gains more broadly will depend on complementary investment in infrastructure, land and rental market reform.

As the service sector employs the largest share of the workforce in the region (approximately 44% overall, reaching two thirds of the workforce in some subregions), labour policies must capitalize on its job creation potential, while ensuring that the jobs created are decent. Most of these workers are employed in informal, local and traditional service activities, where productivity is low and access to decent work remains limited. There is an urgent need for investments in labour-complementing technologies that empower undereducated, low-skilled and inexperienced workers by expanding the range of tasks they can perform. In this context, the care economy and the silver economy are poised to offer inclusive opportunities. For instance, investment in universal childcare and long-term care services could generate more than 180 million jobs across 24 countries and territories in the region by 2035. These jobs tend to be local and less prone to automation,

180+ million

potential new jobs generated across 24 countries and territories in the region by 2035 via universal childcare and long-term care investment.



and could relieve women from unremunerated caregiving work so that they can participate in full-time paid work in the formal sector. Moreover, investments in care infrastructure that result, for example, in better access to water, sanitation and cooking fuel and in decent work in the silver economy would help to build an ecosystem that addresses the gender dimension of poverty and ensures that poverty reduction efforts are inclusive.

Active labour market policies can contribute to poverty reduction by creating decent work opportunities for businesses and workers. Specifically, such policies aim to foster collaboration between government, the private sector and civil society, and to provide job seekers with assistance and incentives suited to their skill sets. Active labour market policies have important implications for the poor, for women and for young people, especially when they are designed to encourage their participation in and compliance with specific programmes aimed at improving the productivity of new entrants into the labour force and at strengthening the capacities of workers in general. Because they are comprehensive and combine more than one programme – in areas such as public works, training and job-matching, as well as employment subsidies – active labour market policies have maximum impact. However, their effectiveness remains context-specific, underscoring the need for governments at all levels to monitor and regulate pilot programmes before scaling up or adjusting course.

Micro-, small- and medium-size enterprises contribute to poverty reduction by providing employment opportunities, fostering local entrepreneurship and driving income growth, especially among persons in vulnerable situations. To harness the potential of these enterprises, policies and institutional mechanisms need to be developed that are conducive to removing regulatory and structural barriers to financing, education, technology, infrastructure and market access, among others.

In transitioning to a green economy, investment in low-carbon initiatives can stimulate the establishment, growth and diversification of new start-ups and micro-, small- and medium-sized enterprises, creating new employment and income-generating opportunities. To enhance the role of micro-, small- and medium-sized enterprises in green and sustainable economies, policies can be designed to promote green jobs, support community development and link the labour market to social protection through inclusive social dialogues involving trade unions, employers and civil society. Furthermore, gender-responsive national micro-, small- and medium-sized enterprises and entrepreneurship strategies aimed at improving regulatory frameworks, furthering education, developing skills and increasing access to technology, financing and networks create an enabling environment for women entrepreneurs.

Strengthening the social and solidarity economy and cooperatives

The social and solidarity economy contributes to poverty reduction because it encourages care for people and planet, equality and fairness, interdependence, self-governance, participatory decision-making, transparency and accountability, and the attainment of decent work. In the Asia-Pacific region, the social and solidarity economy builds on the core social, economic and democratic principles of cooperatives, while also seeking to strengthen cooperatives' contribution to the broader social development agenda. For example, cooperatives directly contribute to poverty reduction by creating income-generating opportunities and enabling access to markets, investments and entrepreneurship opportunities.

Cooperatives not only promote economic inclusion, but also help create a just society by addressing multiple drivers of poverty. Because cooperatives are often linked with self-employment and small-scale businesses within the informal economy, where social protection coverage remains limited, they are well placed to support awareness-raising and

evidence-gathering activities and to encourage participation, including in collective registration initiatives, in particular for underserved women in rural areas, young people, persons with disabilities and others in vulnerable situations. Access to income, social protection and care services could enhance decent work principles and standards among women and, in turn, enable broader access to healthcare, education, training and housing. Cooperatives also build resilience to the impacts of the climate crisis and environmental degradation, offering community-based mechanisms such as insurance and disaster preparedness to help members to weather and recover from environmental shocks. As such, cooperatives facilitate systemic change through mutual support, collective action and networking, and by addressing gender stereotypes.

Cooperatives have the potential to reduce poverty, but their impact is often constrained by weak ecosystems. Many Asia-Pacific countries have enhanced legal and policy frameworks and representation in policymaking processes, enabled access to financing, technology, markets and business support, and improved data management to track the contributions of cooperatives. Examples from the region demonstrate that well-designed legal, policy and institutional environments are essential for enabling cooperatives to contribute more effectively to poverty reduction and inclusive development.

Recommendations

Based on the evidence in *Social Outlook for Asia and the Pacific: Eradicating Poverty and Empowering People*, the recommendations set out below aim to guide accelerated action for poverty eradication.



Invest in human capital across the life course. Education systems must prioritize learning outcomes and the development of foundational skills, including digital literacy, by strengthening the quality of education and providing targeted support to learners from disadvantaged backgrounds. Governments should continue to expand universal health coverage to mitigate the pressures of out-of-pocket health-related costs while improving equitable access to essential health services and adopting a multisectoral approach to address social determinants of nutrition and health. Integrated interventions in early childhood should be prioritized to lay solid foundations for lifelong learning and well-being and to break intergenerational poverty. In parallel, education, health and agrifood systems must become more climate-resilient to safeguard human capital.



Build social protection systems that are inclusive, comprehensive and fit for the future. Social protection plays a vital role in reducing poverty, stabilizing economies and strengthening resilience by smoothing consumption and enabling households to invest in health, education and livelihoods. Experience from the COVID-19 pandemic and climate-related shocks demonstrates the importance of systems that can respond rapidly in times of crisis. Governments should prioritize extending contributory and non-contributory schemes over the life course and complementing them with multifaceted programmes that combine cash or in-kind transfers with livelihood support, skills development, financial inclusion and employment programmes. Stronger policy coordination across line ministries, including ministries responsible for finance, the environment, agriculture, fisheries and disaster risk reduction, will be needed to manage multiple and cascading risks.



Design and implement strategies for the creation of decent jobs. Poverty reduction requires the creation of decent and productive jobs. Governments should promote measures that expand decent employment while ensuring that the workforce is equipped with the requisite skills. There is a strong role for the private sector, represented by micro-, small- and medium-sized enterprises, by entrepreneurs and by large enterprises, to generate decent jobs. As the size of the labour force declines across the region, there is an urgent need to focus on the working-age population outside the labour force. Governments must use active labour market policies and targeted sectoral strategies, for example, to address the barriers preventing women, young people and persons with disabilities from entering formal labour markets. At the same time, an effective jobs strategy would prioritize investments and strengthen coordination with the private sector to absorb new entrants into the labour market.



Leverage the Social and Solidarity Economy and cooperatives. Cooperatives contribute to inclusive development and poverty reduction by creating decent work opportunities, generating income and expanding access to essential services such as food, healthcare, education, housing, finance and social protection, in particular for workers in the informal sector, women, young people and rural communities. Through participatory governance, solidarity and collective action, they strengthen human and social capital and enhance resilience to climate change and environmental shocks. The poverty-reducing potential of cooperatives can be further realized through stronger recognition in legal and policy frameworks and integration into broader social and solidarity economy strategies.

In addition, the cross-cutting recommendations set out below apply to and underpin the proposed actions relative to all four recommendations mentioned above.



Strengthen data collection and analysis systems to better measure and monitor poverty in all its forms and at all levels. Regular and continuously improved and updated nationally representative household surveys are essential for capturing information on both monetary and multidimensional poverty in a given country. Middle-income countries in particular should adapt the indicators for assessing multidimensional poverty to local circumstances and regularly assess their multidimensional poverty profiles. Robust data make it possible to track the cost of basic goods and services amid recurrent shocks, assess the kinds and extent of deprivation and evaluate the effectiveness of policies. Comparing monetary and multidimensional poverty statistics while keeping in mind each country's development level can provide important information for developing appropriate solutions at the national and subnational levels.



Once interim poverty reduction targets have been met, design clear strategies for making additional gains. Measuring, analysing, disaggregating and monitoring data on poverty is crucial for evaluating policies and identifying effective interventions. Reaching an interim target should not, however, be treated as sufficient. Governments should keep in mind that transition periods are needed during which programmes and investments are adjusted to match the country's changing poverty profile, and provide fiscal safeguards to protect the resources needed to consolidate gains. Without such measures, the progress achieved against interim targets is vulnerable to being reversed by future shocks or the premature withdrawal of support.



Base poverty reduction policies on comprehensive evidence. Poverty should be measured using alternative methodologies and at different thresholds. Anchoring national poverty lines too low, for example at the international extreme poverty line, leads to the exclusion of many poor people who should have access to social protection schemes. This is a particular challenge in upper-middle-income and high-income countries, where poverty can become invisible. Governments should strengthen their capacity to generate and analyse a variety of poverty metrics and ensure that the results guide the design and implementation of policies aimed at ensuring that poor people are not excluded from relevant programmes and policies.



Adopt integrated and coordinated policy approaches. Poverty is a multidimensional challenge shaped by intersecting economic, social and environmental factors. Comprehensive and integrated policy frameworks underpinned by strong institutions and effective governance are essential for achieving growth, equity and sustainability. Siloed policy responses have a limited impact, in particular in a region where climate change, digitalization, demographic trends and urbanization intersect with complex geopolitical tensions, potentially leaving groups in vulnerable situations further behind. Aligning objectives across sectors can maximize the poverty-reducing and redistributive impacts of policies, even during periods of economic uncertainty and spending pressures.



Strengthen regional collaboration for the implementation of integrated policies to eradicate poverty, given the transboundary nature of many of its drivers. ESCAP can support members and associate members by convening dialogues, fostering knowledge exchanges, promoting coordinated action and encouraging regional collaboration across interconnected policy domains, including social development, macroeconomics, energy, trade, climate action, disaster risk reduction and infrastructure development. Trade and the integration of micro-, small- and medium-sized enterprises into regional value chains, as well as social protection, are among the clearest cross-border channels through which regional cooperation could reduce poverty. Regional instruments such as the Action Plan to Strengthen Regional Cooperation on Social Protection in Asia and the Pacific, alongside data platforms, risk assessment tools and policy frameworks, can help to translate shared regional solutions into nationally adapted and evidence-based policies and implementation plans, ensuring that measures aimed at poverty eradication are inclusive, resilient and sustainable.