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**ASIA'S POOREST AND HUNGRY:  
TRENDS AND CHARACTERISTICS**

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## **ASIA'S POOREST AND HUNGRY: TRENDS AND CHARACTERISTICS**

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Asia has made remarkable progress in poverty reduction in the past decade, yet millions of people across the continent remain preoccupied solely with survival, and hunger is a reality in their everyday life. Today, around 600 million people in Asia subsist on less than \$1 a day. And many live well below this: 240 million in the region live on less than 75 cents a day. The most startling consequence of widespread poverty is that more than 520 million people cannot afford an adequate diet.

In September 2000, the Millennium Declaration was adopted by 189 heads of states confirming their countries' commitment to achieving the eight Millennium Development Goals (MDGs) by 2015. The first MDG is to reduce by half between 1990 and 2015 the proportion of people living on less than one dollar a day and suffering from hunger. As a region, Asia is on track to meet the first MDG, however even when the first MDG is achieved the region would have halved the proportion (not number) of poor and hungry, and many Asians will remain poor. Despite the dramatic transformations the region has gone through during the last decades, many of Asia's poor and hungry will continue to live in rural areas.

There are many people who climb out of or fall into poverty and hunger. These people are a transient group and may suffer from hunger and poverty recurrently or in acute situations. There are also people who are persistently poor, but live close to the dollar a day poverty line; hence, are relatively easy to reach. One might expect these groups to benefit most from the efforts to achieving the MDGs. However, the poorest of the poor are likely to lag behind.

Where are Asia's poorest and hungry and how many of them are there? To what extent does poverty and hunger remain a rural phenomenon? Has there been any improvement in their situation over time? Are they left behind from the poverty and hunger MDG? What are their salient features? This brief addresses these questions to understand better the characteristics of Asia's poorest and hungry and assesses the progress in achieving the poverty and hunger MDG focusing on the poorest of the poor. The analysis is based on a detailed, issue-specific, and inter-temporal information base representing the regions and countries of Asia.

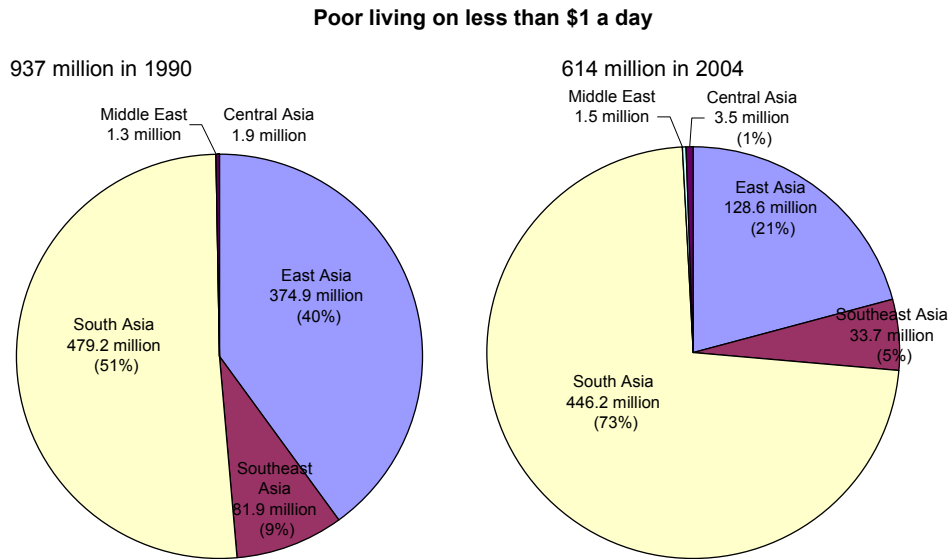
This brief is organized into five sections. The first section looks at where Asia's poor (defined as those living on less than a dollar a day) live and the extent to which poverty is still a rural phenomenon in the region. The second section looks below this dollar a day poverty line to understand better the location of the poorest and to understand how those close to and far from the dollar a day poverty line have fared. The third section examines trends in hunger the region. The fourth section uses household survey data to examine the relationship between poverty and hunger and provide some information on the characteristics of the poorest and hungry in eight select countries. The fifth section concludes.

## Poverty in Asia Today: Where the Poor Live

In 1990, nearly one billion Asians lived on less than \$1 a day.<sup>1</sup> Substantial reduction in poverty rates in the region from 33 percent in 1990 to 17.5 percent in 2004 reduced the number of people living on less than a dollar a day by 323 million.

Not only did the number of poor people fall during this fourteen year period, the regional composition of Asia’s poor changed dramatically (see Figure 1). In 1990, about half of Asia’s poor lived in South Asia, 40 percent lived in East Asia, 9 percent in South-East Asia, and only 0.3 percent in Middle East and Central Asia. Today almost three-quarters of the continent’s 614 million poor live in South Asia, 21 percent live in East Asia, 5 percent in South-East Asia and about 1 percent in Middle and Central Asia.

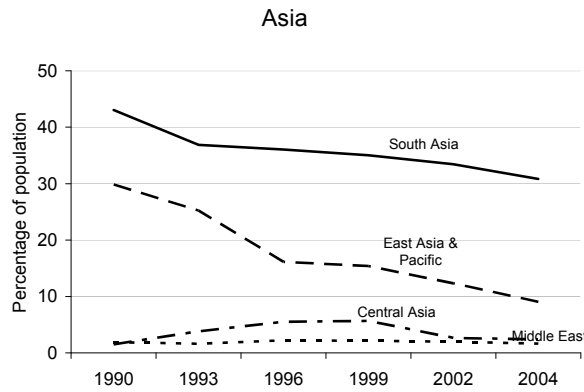
**Figure 1—Where do the poor live?**



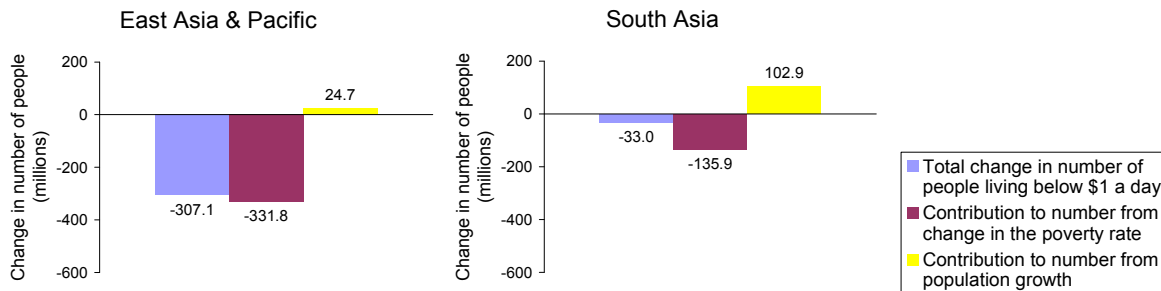
The difference in trends in the number of poor between the East and the Pacific (i.e. East Asia and South-East Asia combined) and South Asia is remarkable. In 1990, both regions had about the same number of poor, but East Asia and the Pacific had 277 million fewer people in poverty than South Asia in 2004. This dramatic shift comes about as a result of two reasons: East Asia’s dramatic poverty reduction compared to the rest of the region and lower population growth in East Asia compared to South Asia. Figure 2 illustrates that poverty rates fell much faster in East Asia and the Pacific than in South Asia and Figure 3 shows that population growth in South Asia accounted for an increase of over 100 million poor.

<sup>1</sup> The World Bank defines the extreme poor people of the world as those who live on less than international \$1 per day (\$1.08 to be more precise) per person, measured at the 1993 purchasing power parity (PPP) exchange rates for consumption.

**Figure 2—Trends in headcount poverty rates: Living on less than \$1 a day**



**Figure 3—Change in number of poor from poverty reduction and population change in Asia as a whole, East Asia and the Pacific, and South Asia: 1990-2004**



Rural poverty estimates for South Asia and East Asia and the Pacific have been calculated for 1993 to 2002 by Ravallion et al (2007). These estimates show that poverty measured at a dollar a day is primarily rural in East Asia with 93 percent of poor people living in rural areas. In South Asia dollar a day poverty is relatively more urban, but it still remains predominantly rural with 75 percent of poor people living in rural areas. Although Asia, and Asia’s poor, are urbanizing, rural poverty remains a major challenge for the region.

### Asia’s Poorest

For many countries in Asia those living below a dollar a day are already the poorest of the poor. However in some cases large portions of the population live below a dollar a day (for example India with 34 percent poverty and Bangladesh with 33 percent), and the poorest are those who are well below the \$1 a day line. There is some concern that those that have benefited from increases in growth that the region has experienced are those that are closest to the poverty line. To what extent can we say something about the poorest and about changes in welfare of those well below the poverty line?

To speak to this question we assessed the relative change in poverty experienced by those who are close to and far below the poverty line. While the MDGs measure the extreme poor as those

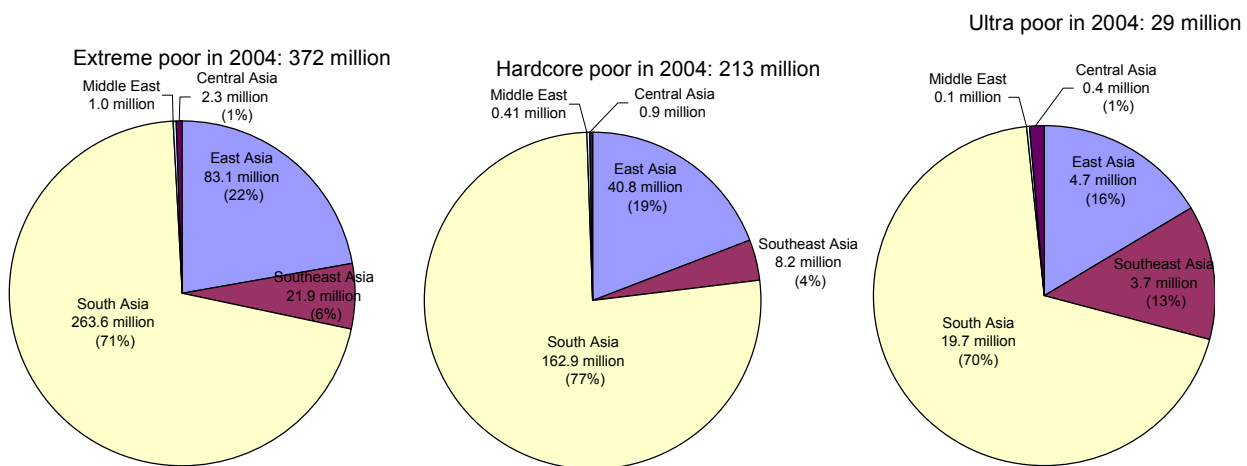
living on less than \$1 a day, we disaggregate the poor into 3 groups—extreme poor, hardcore poor, and ultra poor—according to their location below the \$1 a day poverty line for our assessment. We define these groups as follows:

- The extreme poor: those living on between less than one dollar and three-quarters of a dollar a day
- The hardcore poor: those living on between less than three-quarters and half a dollar a day
- The ultra poor: those living on less than half a dollar a day.<sup>2</sup>

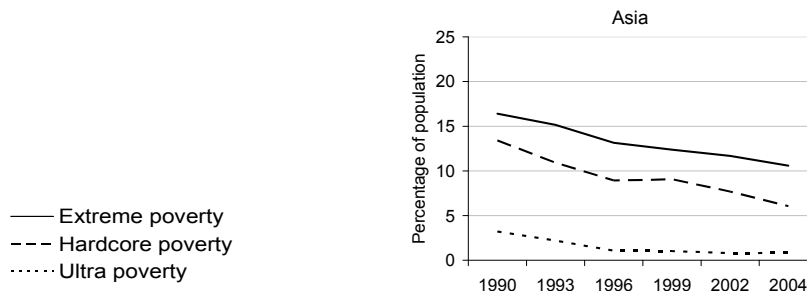
Of the 614 million people living on less than \$1 a day in 2004 in Asia, 61 percent were extreme poor, 35 percent were hardcore poor, and 5 percent were ultra poor.

Figure 4 shows the regional shares of extreme, hardcore and ultra poor in 2004. At each level of poverty, South Asia accounts for the highest share of the region’s poor (between 70 and 77 percent). Although not shown, we again see that in 1990 Asia’s extreme, hardcore and ultra poor people did not live in the same areas they do now—South Asia’s share of each of these three categories of poor were considerably lower in 1990 than in 2004. The trends in each of these groups over time in shown for Asia, East Asia and the Pacific and South Asia in Figure 5.

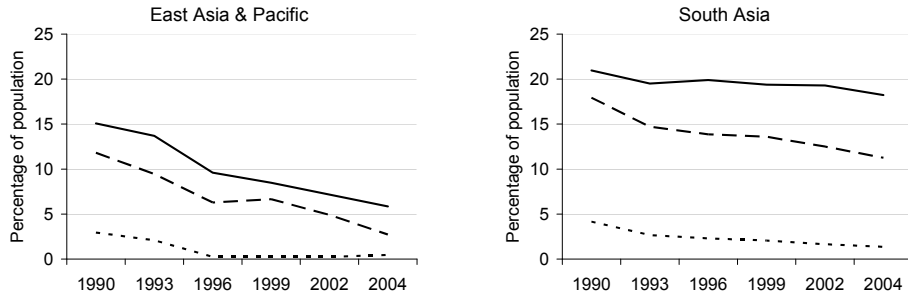
**Figure 4—Where do the extreme, hardcore and ultra-poor live?**



**Figure 5— Trends in extreme, hardcore, and ultra poverty rates: 1990-2004**



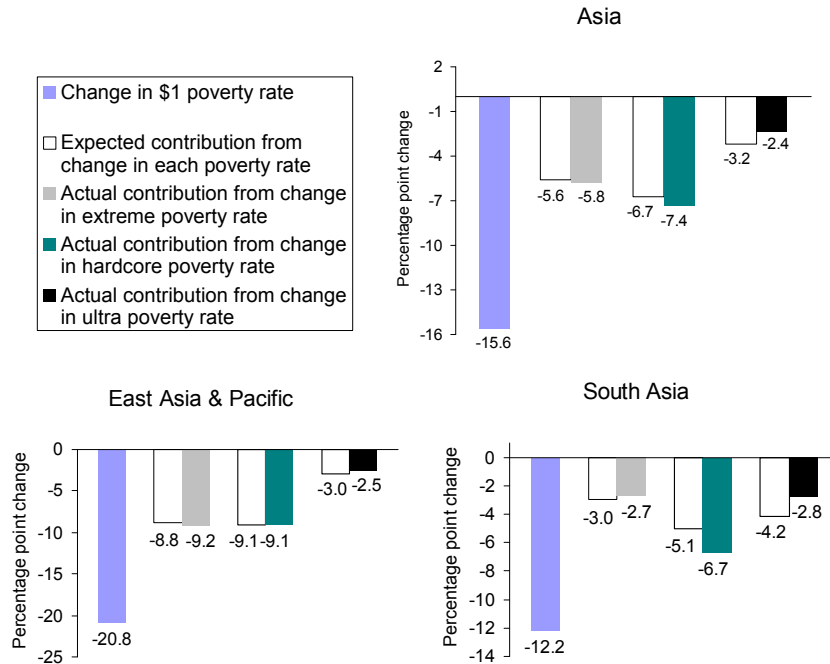
<sup>2</sup> To be more precise, extreme poverty is defined as the proportion of the population living between international \$0.81 and below \$1.08 a day; hardcore poverty, between \$0.54 and below \$0.81 a day; and ultra poverty, below \$0.54 a day. International dollar is measured at the 1993 PPP exchange rates.



A cursory glance at Figure 5 suggests that changes have not been the same for all groups. Figure 6 depicts the change in extreme, hardcore and ultra poverty from 1990 to 2004 and shows that in South Asia and East Asia and the Pacific, the prevalence of ultra poverty fell by a smaller amount than extreme and hardcore poverty, and that in South Asia it was the prevalence of hardcore poverty that fell the most.

However, does this mean that the ultra-poor fared worse and hardcore poor fared better than those in extreme poverty? It is not possible to tell from this alone whether the well-being of the ultra-poor is growing less quickly than the well-being of those just below the poverty line. While panel data is needed to answer this question, to get an indication from national poverty data we calculate the amount that extreme, hardcore and ultra poverty would have reduced if poverty reduction had come from everybody’s income improving by the same amount. This is shown as a white bar next to the actual change in each poverty rate.

**Figure 6—Percentage point change in poverty from changes in extreme, hardcore, and ultra poverty: 1990-2004**



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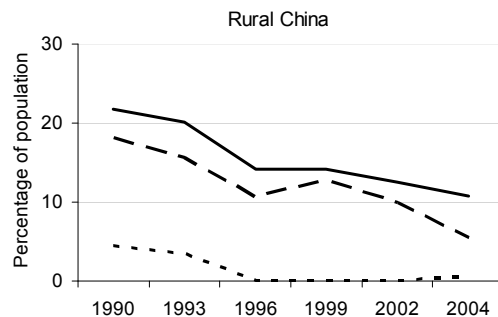
For example, if the 15.6 percentage point decrease in poverty in Asia had come from everyone in the region's income increasing by the same amount, there would have been a fall in extreme poverty of 5.6 percentage points, a fall in hardcore poverty of 6.7 percentage points and a fall in ultra poverty of 3.2 percentage points. In reality the extreme and hardcore poverty rates fell more than that at the expense of ultra poverty rates.

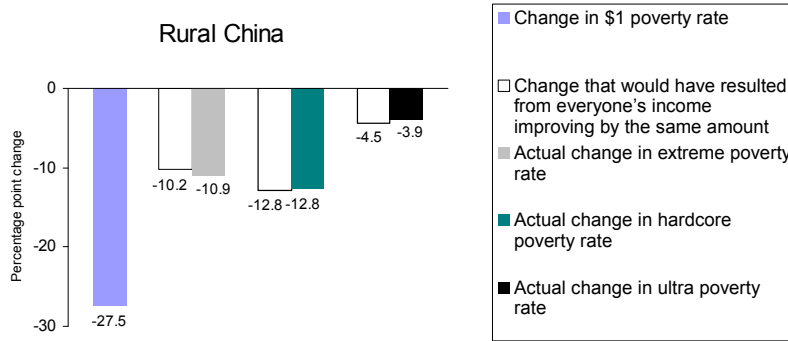
Disaggregating further we see that in East Asia and the Pacific and in South Asia changes in poverty benefited those closer to the line than those further away from it (with the exception of those just below the line in South Asia who did not fare as well as expected). Ultra poverty rates reduced less than they would have had everyone's income improved equally, whilst the hardcore poor benefited more than if improvements had been equally distributed.

Although it is not possible to disaggregate these regional trends into rural and urban poverty rates, we are able to use data on rural poverty in two giants in the region—China and India—to look at whether these regional trends are also borne out in changes in rural poverty.

The experience of China dominates the trends in poverty observed within East Asia and the Pacific as it accounts for 70 percent of the population in the region. Within China 62 percent of the population lives in rural areas, and \$1 a day poverty is overwhelmingly rural (98 percent of those who live on less than a dollar a day in China live in rural areas). Rural and urban poverty figures are available for China allowing a picture of rural poverty within the region to be drawn (see Figure 7). We see that ultra poverty is very low in rural China, as it fell to almost zero percent at the end of the 1990s. Hardcore poverty and extreme poverty rates are higher but have also fallen substantially. Although ultra poverty has fallen substantially in rural China, Figure 7 suggests it would have been eliminated had all income's increased equally. Those just below the poverty line have benefited more.

**Figure 7—Trends in poverty in Rural China**



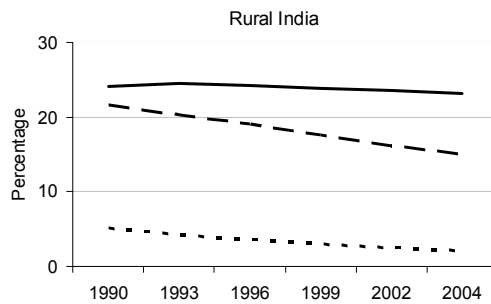


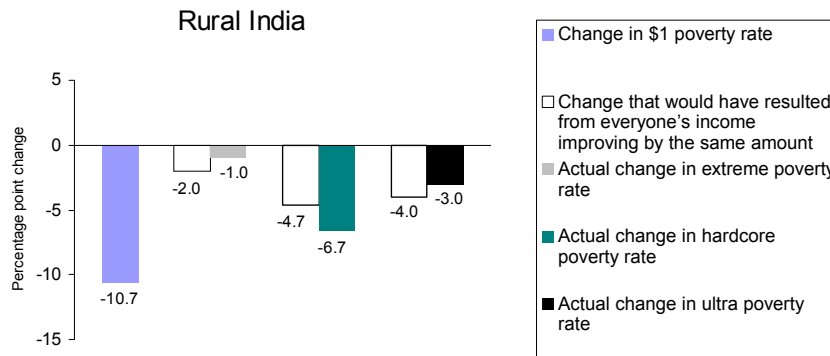
In the same way that the population of East Asia largely reflects changes in China, South Asia’s population reflects trends in India, as it comprises three-quarters of South Asia’s population. In India the prevalence of poverty in urban areas is not much lower than in rural areas. However, 72 percent of the population is rural and 75 percent of the poorest live in rural areas. Change in rural poverty in India, then, tell us much about rural poverty in South Asia.

As in rural China, in rural India extreme and hardcore poverty is much more prevalent than other ultra poverty, however all poverty rates are higher (see Figure 8). We see that the prevalence of hardcore poverty has fallen more than any other group, with extreme poverty falling the least.

At first glance, this suggests that in rural India poverty reductions have benefited those well below the poverty line more than those close to it. Estimates of changes in the prevalence of extreme, hardcore and ultra poverty that would have resulted from equal improvements in everyone’s income do show that in rural India the prevalence of poverty just below a dollar a day has also not fallen as much as if there been equal increases in all incomes. However the figure also shows the prevalence of ultra poverty would have fallen much faster and hardcore poverty would have fallen less.

**Figure 8—Trends in poverty in rural India**





## Hunger in Asia

IFPRI’s Global Hunger Index is used to locate hunger hot spots in Asia and to look at trends in the prevalence of hunger in the region.

Indices can be powerful tools for international monitoring and advocacy. With this in mind, IFPRI’s Global Hunger Index (GHI) was designed to help mobilize political will and promote good policies by ranking countries and illustrating trends (see Wiesmann 2006 for more details.) It captures three dimensions of hunger—insufficient availability of food, shortfalls in the nutritional status of children, and child mortality, which is to a large extent attributable to under-nutrition—by including the following three equally weighted indicators: the proportion of people who are food energy deficient as estimated by the Food and Agriculture Organization of the United Nations, the prevalence of underweight in children under the age of five as estimated by the World Health Organization, and the under-five mortality rate as estimated by UNICEF.

The index ranks countries on a 100-point scale, with 0 being the best score (no hunger) and 100 being the worst. In general, values greater than 10 indicate a serious problem, values greater than 20 are alarming, and values exceeding 30 are extremely alarming. The values for the Asian countries for which the index could be calculated are presented in Figure 9. The figure shows that South Asia is a current hot spot of hunger and under-nutrition, although Yemen, Tajikistan, Laos, Cambodia, Timor-Leste, and the Democratic Republic of Korea also have GHI values higher than 20.

The GHI has also been calculated for 1981, 1992 and 1997 and trends for selected countries in South and East Asia are presented in Figure 10. Although South Asia is still an area of great concern (with the GHI only marginally less in this part of the world than in sub-Saharan Africa), South Asia made large strides in combating hunger and undernutrition in the 1990s. The improvement in South Asia’s GHI came about largely as a result of a reduction of the prevalence of underweight in children in this region. However, despite the remarkable improvement in child malnutrition in South Asia, the region still has the highest prevalence of underweight in children in

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the world. Starting from a much lower GHI score, countries in East Asia and the Pacific also experienced a reduction from 1992 to 2003.

China and India made large contributions to the overall positive development in these two regions. Cereal yields quadrupled in China and more than doubled in India between 1961 and 1997 (FAO 1999), and food energy deficiency declined considerably. Child malnutrition was reduced by more than 7 percentage points in China and by more than 13 percentage points in India since the early 1990s. Under-five mortality rate was cut back by about 30 percent in India from 1992 to 2003. However the lack of recent improvement in India's GHI (there has been almost no change from 1997 to 2003) gives reason for concern, especially when considering that India's GHI still indicates alarming levels of hunger and under-nutrition.

Figure 9– Ranking of Asian countries: Global hunger index (2003)

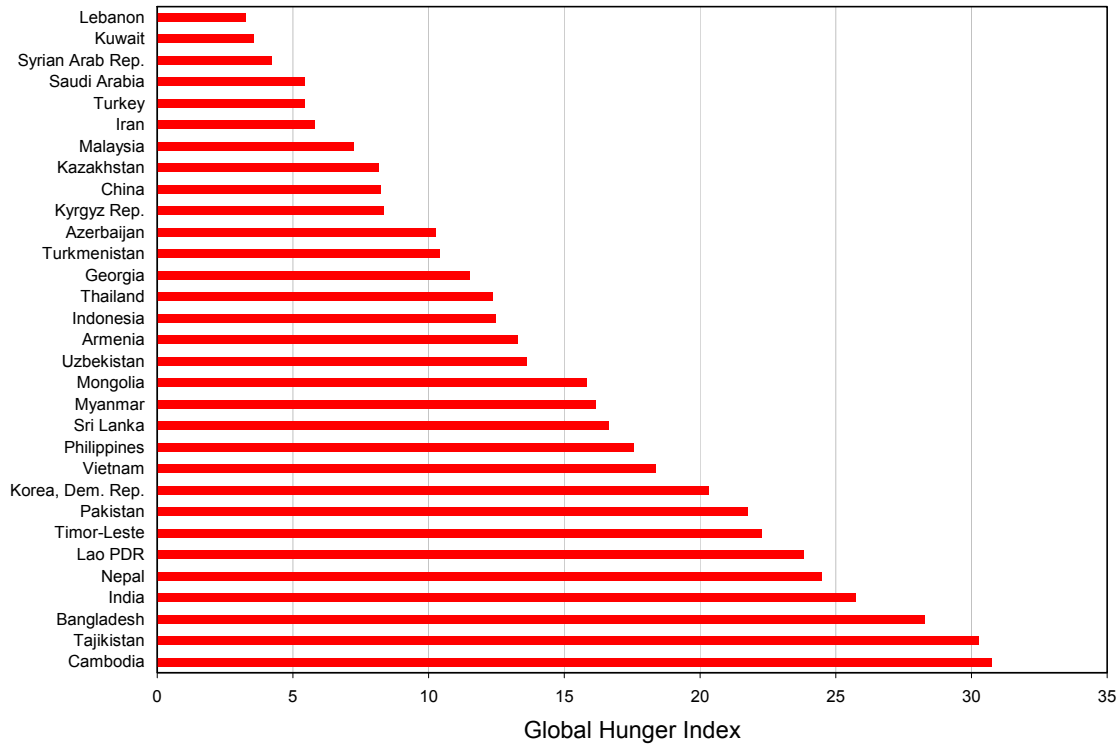
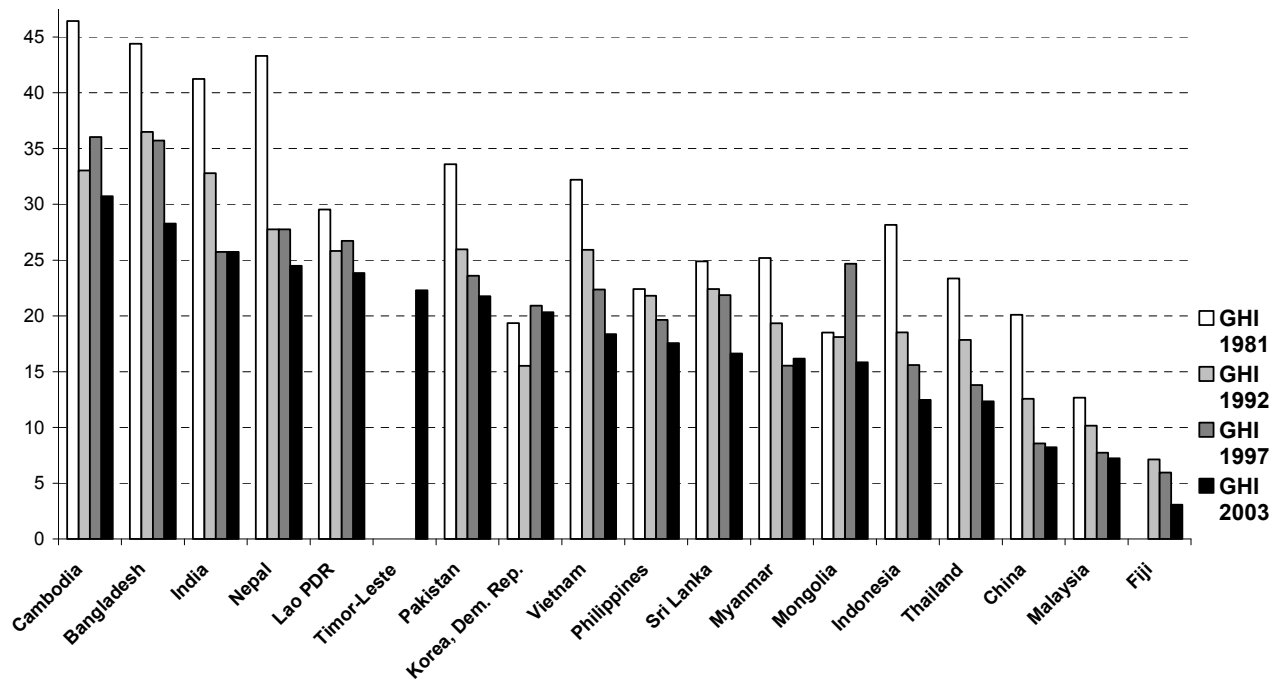


Figure 10– Changes in the Global Hunger Index in Selected Asian Countries, 1981-2003



## Who are the Poorest and the Hungry? Country Case Studies

In this section we take a closer look at who the poorest and hungry are, focusing in on eight Asian countries where poverty and/or hunger are major development problems. The countries are: Bangladesh, India, Laos, Pakistan, Sri Lanka, Tajikistan, Timor-Leste, and Vietnam. We present the patterns of poverty and hunger across these countries disaggregated by rural and urban areas. We then use the data to undertake a descriptive analysis identifying some key characteristics of the poor and hungry.

The data employed in this analysis are from nationally-representative household expenditure surveys conducted in these countries. The survey years for each of the countries were: Bangladesh, 2000; India, 1999; Laos, 2002; Pakistan, 1998; Sri Lanka, 1999; Tajikistan, 2003; Timor-Leste, 2001; and Vietnam, 1998.

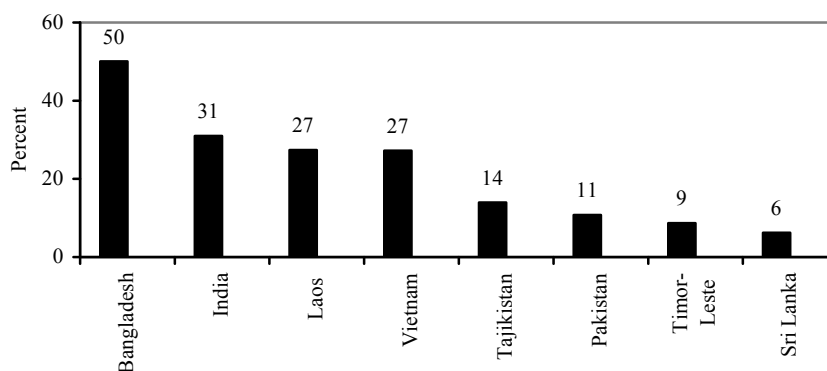
### *Indicators of Poverty and Hunger*

The poverty indicator is the “\$1-a-day” measure employed in the first section of the paper. Two sets of hunger indicators are employed, the first representing diet *quantity* and the second diet *quality*. The diet quantity indicators denote the percent of people consuming less than 2,200, 1,800 and 1,600 kilocalories of dietary energy per person per day. These cut-offs correspond to progressively deeper hunger associated with a deficiency of food energy, arguably the most essential nutrient for survival, physical activity, and health.

### *Incidence of Extreme Poverty*

Figure 11 shows the incidence of poverty for the 8 countries at the national level corresponding to the years of survey. The highest incidence is in Bangladesh and the lowest in Sri Lanka.

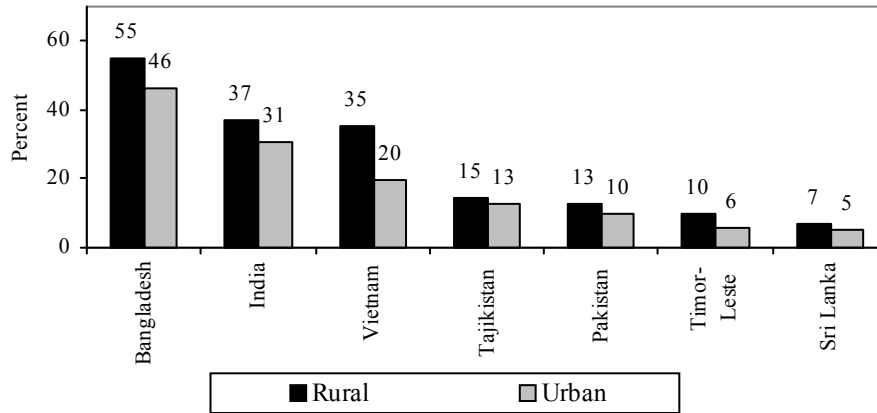
**Figure 11 — National poverty rates: Living on less than \$1 a day**



Despite a global trend towards an increase in the proportion of poor in urban areas (Ravallion, Chen and Sangraula 2007), the incidence of poverty is higher in rural areas in all of the

study countries (Figure 12). At the \$1 a day poverty measure, the difference between the rural and urban incidences is 15 percentage points in Vietnam—the highest among the 8 case study countries. The differences are by contrast low in Tajikistan, Pakistan, and Sri Lanka.

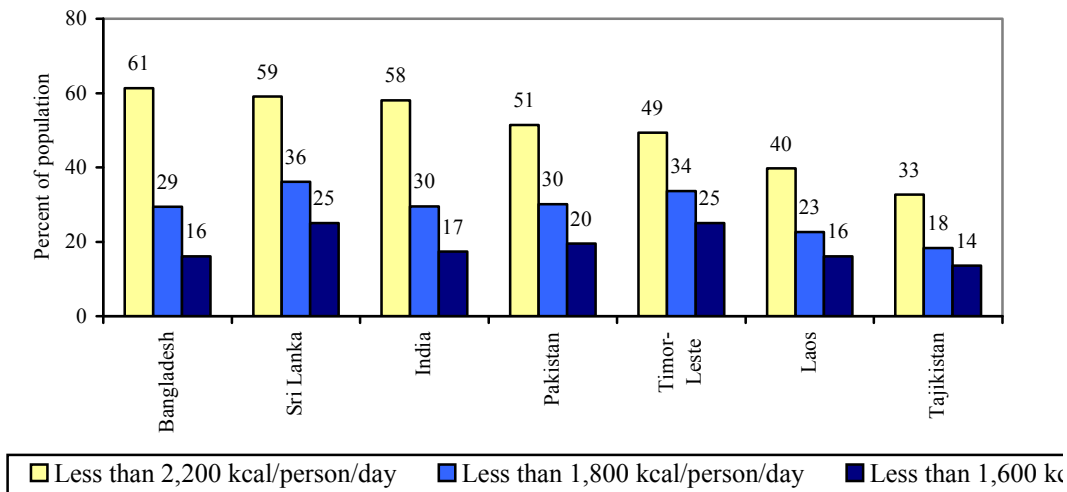
**Figure 12 — Poverty in urban and rural areas: Living on less than \$1 a day**



***Incidence of Hunger***

The ranking of hunger index in Figure 9 above attests that South Asia is the region in Asia with the greatest hunger problems. When it comes to food energy deficiency, Figure 13 bears this pattern out. The 4 countries representing these regions have relatively high food energy deficiency prevalence (below the 2,200 kilocalorie cut-off), ranging from 51 percent in Pakistan to 61 percent in Bangladesh. Given that these countries had enough food available for their population at the time of their surveys, these high food energy deficiency rates are mainly a problem of the inability of households to access available food. However, the prevalence of hunger (severe food energy deficiency) was the highest in Timor-Leste followed by Sri Lanka where conflict has probably exacerbated the hunger situation.

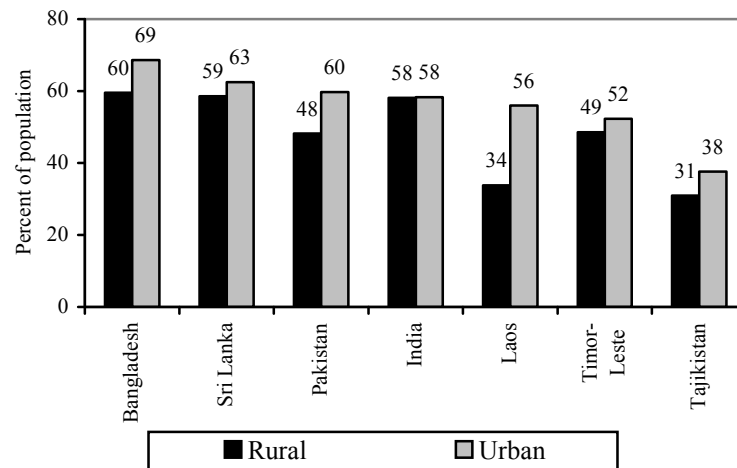
**Figure 13 — Prevalence of inadequate consumption of food energy**



With respect to rural-urban differences in food energy deficiency, despite higher incomes, urban dwellers may still have lower energy consumption than rural dwellers as poor households may face sharp trade-offs among competing needs for their meager incomes. They may only be able to cut their food consumption after meeting the bare minimum expenses for housing, health, transport, etc, which can be very expensive in urban areas.

In fact, Figure 14 shows that despite a common pattern of higher poverty in rural areas, all the study countries have a *higher* food energy deficiency incidence in urban areas.<sup>3</sup> This urban disadvantage is greatest in Laos where the rural incidence at the 2,200 cutoff is 34 percent and the urban is 56 percent. Figure 15 shows that urban disadvantage is even starker for the hungry (consuming less than 1,600 kcal/person/day) among the poor (living on less than \$1 a day) except in Timor-Leste where the prevalence of hunger is higher among the urban poor.<sup>4</sup>

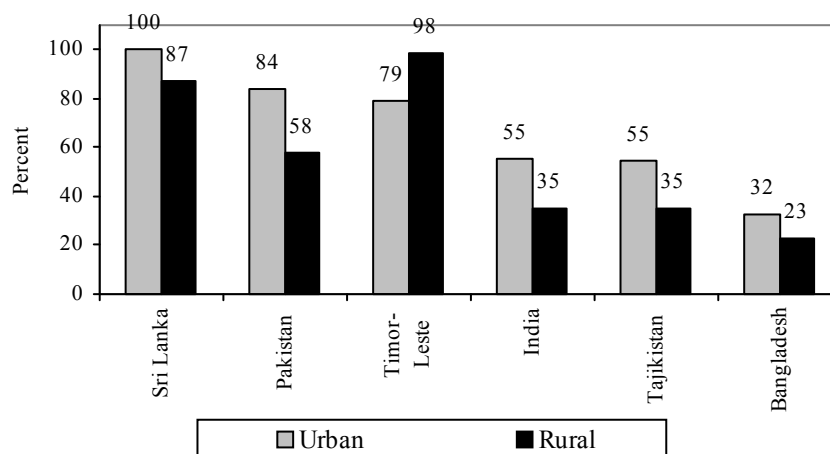
**Figure 14 — Prevalence of food energy deficiency in rural and urban areas: Less than 2,200 kcal/person/day energy consumption**



<sup>3</sup> Note that the PPP \$1 a day poverty line has been adjusted for (higher) prices in urban areas. Also, survey data suggest that the difference in food expenditure for eating away from home is insignificant between urban and rural dwellers, indicating that the potential bias that could arise from missing information on food quantities (used for estimating calories) from food eaten outside home is minimal. Further, our examination of energy requirements for urban and rural poor for their typical activity levels (hence, energy use) suggests that the requirements are quite similar for both urban and rural poor.

<sup>4</sup> The analysis for hungry among the poor could not be carried out for Laos due lack of needed data.

**Figure 15 — Hungry (consuming less than 1,600 kcal a day) among the poor (living on less than \$1 a day)**



### *Characteristics of the Poorest: Education*

It is hard to over-emphasize the importance of education for improving the welfare of individuals. In developing countries, providing universal primary education connotes a great opportunity to reduce poverty and to promote economic growth. Quality primary education would equip children from poor families with literacy, numeracy and basic problem-solving skills to move out of poverty. In many Asian countries, poverty has kept generations of families from sending their children to school, and without education, their children's future will be a distressing echo of their own.

Figure 16 presents net enrollment rates for primary school-age children whose family members live on less than and more than \$1 a day per person. In all of the study countries, the evidence is the same: children from poorer families are less likely to go to school. However, there is considerable variation in the net enrollment rate across the countries—for children from poor families, it ranges from only 35 percent in Pakistan to as high as 92 percent in Sri Lanka. Among the countries, the gap in the rate between families living on more than and less than \$1 a day is also largest in Pakistan (29 percentage points) and smallest in Sri Lanka (5 percentage points). The enrollment rates are low in Pakistan despite the country's relatively low level of \$1-a-day poverty rate (11 percent). By contrast, although Bangladesh has the highest poverty rate among the study countries, the enrollment rate for children from poor families is much higher (88 percent) than that in Pakistan. Sri Lanka has the lowest poverty rate (6 percent) and the highest enrollment rate among the countries.

For children from poor families living on less than \$1 a day per capita, the net primary school enrollment rate is lower in rural areas than that in urban areas in India, Pakistan, Tajikistan, and Vietnam. The rural/urban enrollment gap is largest in Pakistan (18 percentage points). In Bangladesh and Sri Lanka however the net primary school enrollment rate is higher in rural areas than urban areas (Figure 17).

Figure 16 — Net primary school enrollment rates: Living on less than and more than \$1 a day

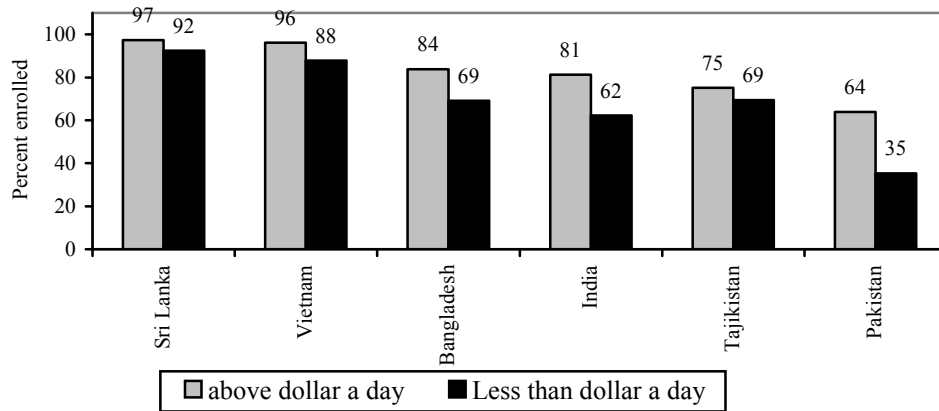


Figure 17 — Net primary school enrollment in urban and rural areas: Living on less than \$1 a day

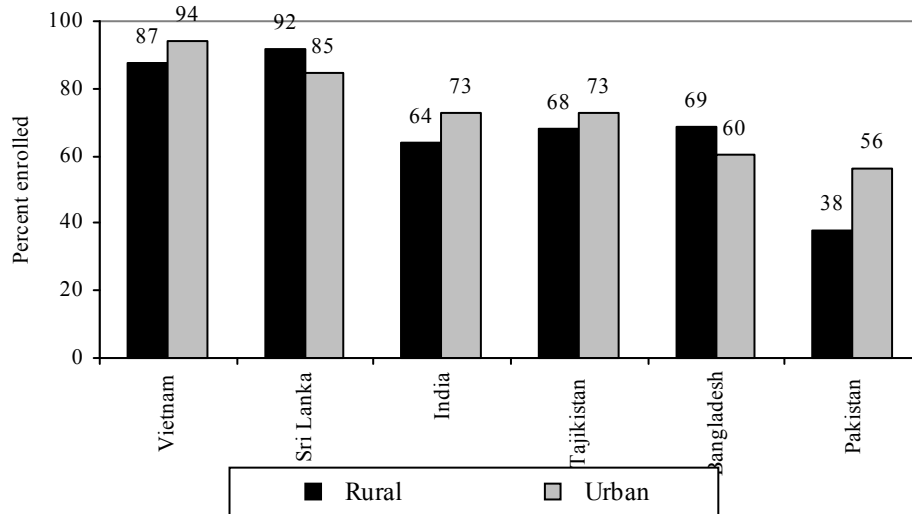
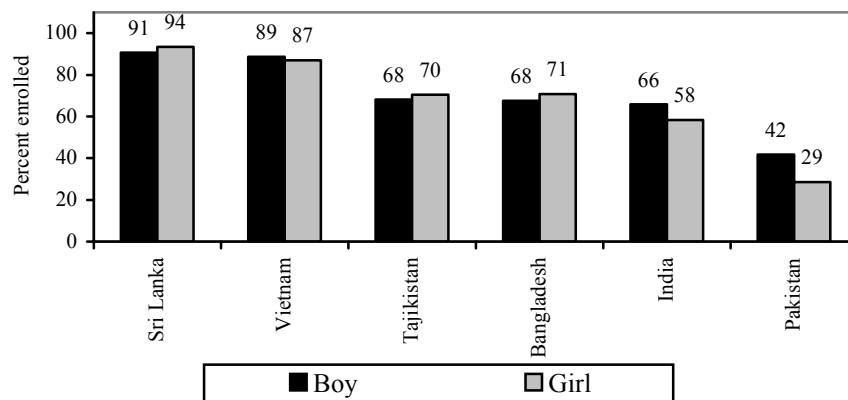


Figure 18 — Net primary school enrollment for boys and girls: Living on less than \$1 a day

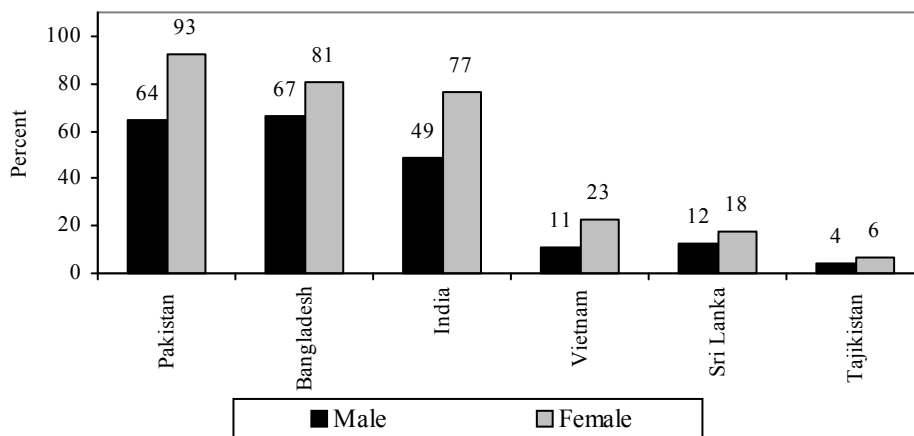


Education for girls has social and economic benefits for individuals and for society as a whole. For the poor, while the enrollment rate is lower for girls than that for boys in India, Pakistan, and Vietnam; girls overtake boys in Bangladesh, Sri Lanka, and Tajikistan. The gap in the enrollment rate between boys and girls is greatest in Pakistan—71 percent of girls aged 6 to 11 from poor families do not go to school compared to 58 percent of boys in the same age group who do not go to school. By contrast, in Sri Lanka, only 6 percent of girls and 9 percent of boys from families living on less than \$1 a day do not attend school (Figure 18).

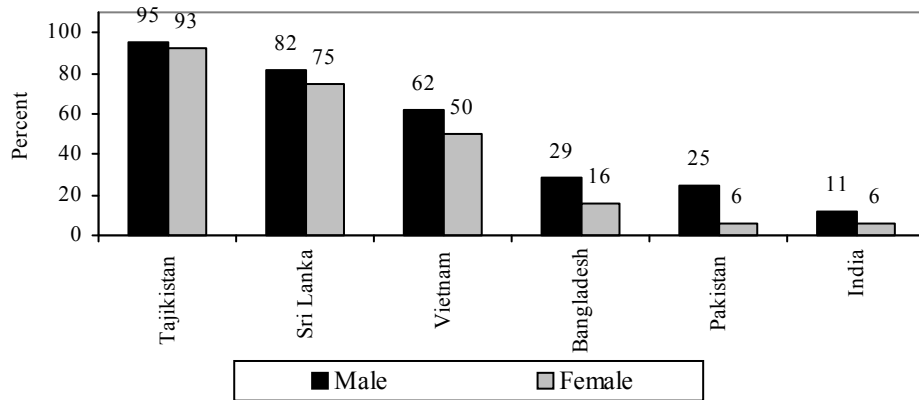
Parental education is one of the most important factors that determine whether children attend school. Among the poor, extremely high proportions of adults (aged 18 and over) never attended school in Pakistan, Bangladesh, and India; and women have been particularly disadvantaged (Figure 19). In Pakistan, 93 percent of women and 64 percent of men from poor families never attended school. By contrast, the no-schooling rate is only 4 percent for men and 6 percent for women among the poor in Tajikistan. Although most adult men and women among the poor never attended school in Bangladesh, the gender gap there is considerably smaller than that in India and Pakistan.

For the poor living on less than \$1 a day, educational attainment of adults is very low in India, Pakistan, and Bangladesh. In India, only 6 percent of women and 11 percent of men aged 18 and over from poor families completed primary education. On the other hand, in Tajikistan, 95 percent of men and 93 percent of women from families living on less than \$1 a day per capita completed primary education (Figure 20).

**Figure 19 — No schooling of men and women over 18: Living on less than \$1 a day**



**Figure 20 — Adults aged 18 and over completed primary education: Living on less than \$1 a day**

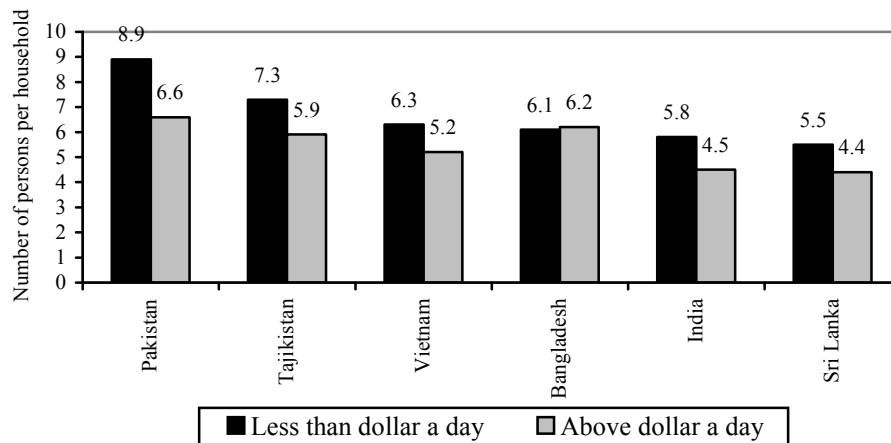


***Household Size and Dependency Ratio***

Larger households are poorer than smaller households in all study countries but Bangladesh. In Bangladesh, the poor living on less than \$1 a day have 6.1 household members on average compared to 6.2 members for those living on more than \$1 a day (Figure 21). Among the poor, households are largest in Pakistan (8.9 members on average)—double the average size in Sri Lanka (4.4 members).

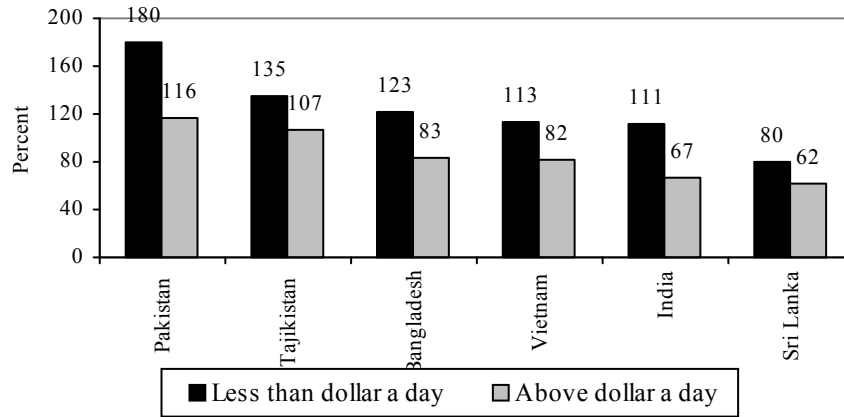
Figure 22 shows the dependency ratios of families living on more than and less than \$1 a day.<sup>5</sup> Poorer households tend to have higher dependency ratios. Among the study countries, dependency ratio for poor households is the highest in Pakistan (180 percent) where every adult member of working age has 1.8 persons to support on average. Sri Lanka has the lowest dependency ratios among the countries.

**Figure 21 — Household size: Living on less than and more than \$1 a day**



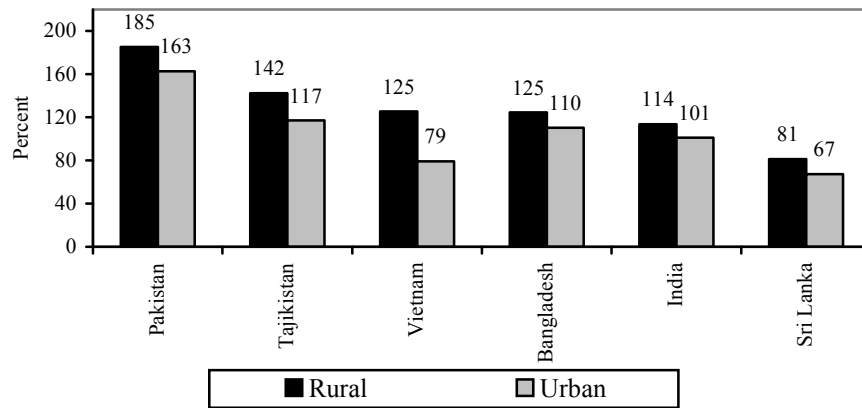
<sup>5</sup>The dependency ratio is defined as the ratio of the number of members in the age groups 0-14 years and above 60 years to the number of members of working age (15-60 years). The ratio is expressed in percentage.

**Figure 22 — Dependency ratio: Living on less than and more than \$1 a day**



Dependency ratios are higher in rural than urban areas (Figure 23). This pattern is consistent with the above findings that poverty is higher in rural areas than urban areas and that poorer households have higher dependency ratios. The rural/urban gap in dependency ratios is relatively larger in Vietnam than in other study countries.

**Figure 23 — Dependency ratio in rural and urban areas: Living on less than \$1 a day**



***Landlessness in Rural Areas***

Land is the vital asset in a rural economy. Access to land and the opportunities to undertake agricultural cultivation has an important bearing on the well-being of rural households in Asia. Figure 24 shows the incidence of landlessness in rural areas of Bangladesh, Pakistan, Tajikistan, and Vietnam for the poor living on less than \$1 a day.<sup>6</sup>

<sup>6</sup> Among the 8 case study countries, the household survey data on the ownership of cultivable land were available only for Bangladesh, Pakistan, Tajikistan, and Vietnam.

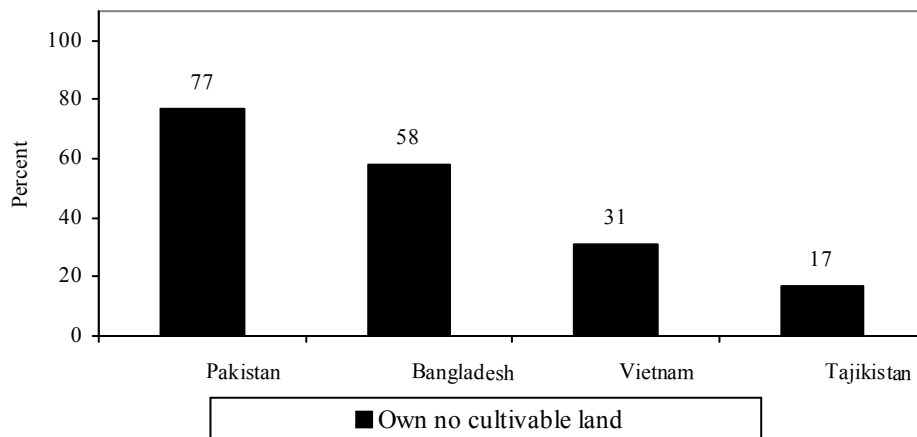
## DRAFT

Among the four countries, Pakistan has the highest incidence of landlessness—77 percent of the poor own no land. The rate is 58 percent in Bangladesh. In rural Bangladesh and Pakistan, landless laborers own no land except homestead, and sometimes not even that. Lacking draft animals and agricultural implements, they can seldom work as sharecroppers, and most depend upon wages for livelihood.

The incidence of landlessness is relatively much lower in Tajikistan (17 percent) and Vietnam (31 percent). Tajikistan has embarked on an ambitious program of agricultural land reform involving passing land use rights from state to farmers. However, many farmers are not yet aware of their rights under new the reform.

In Vietnam, while the distribution of land to rural households was remarkably egalitarian, a market for land transactions is gradually emerging. The development of a land market seemingly leads to a gradual concentration of land ownership, and consequently, increasing landlessness (Ravallion and van de Walle 2001).

**Figure 24 — Landlessness in rural areas: Living on less than \$1 a day**



## Conclusion

Asia has made extraordinary progress in poverty and hunger reduction—dollar a day poverty rate fell from 33 percent in 1990 to 17.5 percent in 2004. This reduction in poverty rates in the continent reduced the number of people living on less than a dollar a day by 323 million. Regional progress however has been uneven. In 1990, both East Asia and the Pacific region and South Asia region had about the same number of poor, but East Asia and the Pacific had 277 million fewer people in poverty than South Asia in 2004.

Poverty in Asia is mostly rural. Of East Asia and the Pacific's 129 million people living on less than a dollar a day, 93 percent lived in rural areas in 2004. In South Asia, dollar a day poverty is relatively more urban, but it still remains predominantly rural with 75 percent of poor people living in rural areas. Although Asia's poor are urbanizing, rural poverty remains a major challenge for the region.

## DRAFT

We disaggregate the poor into three groups—extreme poor, hardcore poor, and ultra poor—according to their location below the dollar a day poverty line for our assessment. We find that in East Asia and the Pacific, changes in poverty benefited those closer to the poverty line than those further away from it. However, those just below the line in South Asia did not fare as well as expected. In South Asia, poverty fell most for those living on between 50 and 75 cents a day. These patterns were observed in rural China and rural India also (these countries account for about three-quarters of the rural poor in their East Asia and the Pacific, and South Asia respectively)

South Asia is a current hot spot of hunger and under-nutrition. However, the prevalence of hunger is also quite high in Yemen, Tajikistan, Laos, Cambodia, Timor-Leste, and the Democratic Republic of Korea. Although hunger in South Asia is still an area of great concern, South Asia made large strides in combating hunger and undernutrition in the 1990s. The improvement in South Asia's hunger situation came about largely as a result of a reduction of the prevalence of underweight in children in this region. However, despite the remarkable improvement in child malnutrition in South Asia, the region still has the highest prevalence of underweight in children in the world. Starting from a much lower level of hunger, countries in East Asia and the Pacific also experienced a reduction from 1992 to 2003.

We analyzed country-level survey data from eight Asian countries where poverty and hunger are major development problems. Our analysis suggests that, while poverty is predominantly rural, urban dwellers have higher food energy deficiency than rural dwellers. Further, the prevalence of hunger is higher among urban poor living on less than a dollar a day. Urban poor may face sharper trade-offs among competing needs for their meager incomes than do rural poor. They may only be able to cut their food consumption after meeting the bare minimum expenses for housing, health, transport, etc.

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