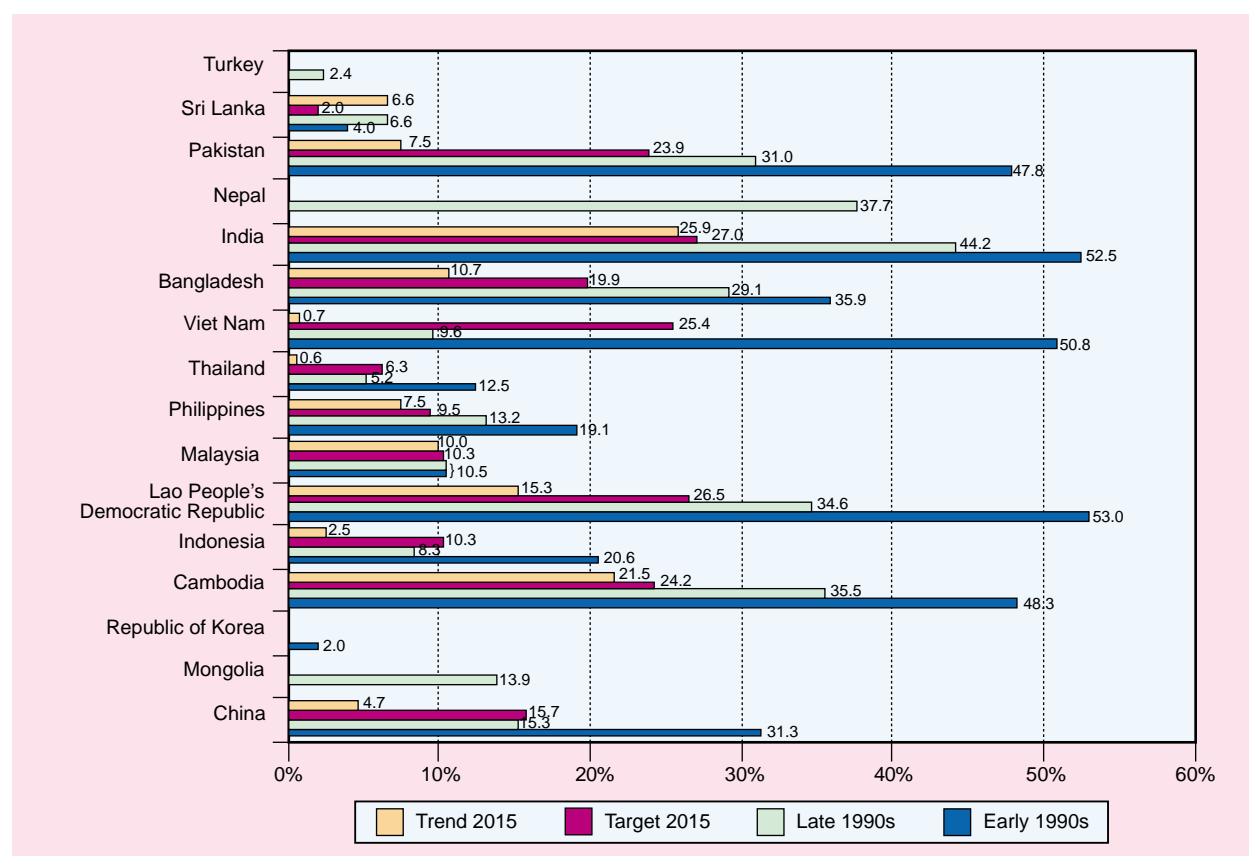


IV. MEETING THE NEEDS OF THE POOR

Close to 800 million people in the ESCAP region accounting for two thirds of the world's poor live on less than one dollar per day. In recent years, however, significant steps have been made towards reducing poverty in the region. In fact, the overall incidence of income poverty has been reduced from 34 to 24 per cent over the course of the 1990s.³⁶ ESCAP countries are, therefore, expected to achieve the Millennium Development Goal (MDG) of halving, between 1990 and 2015, the proportion of people who live on an income of less than US\$ 1 per day.³⁷ If this is the definition of poverty that is being used throughout, we shall make this claim.

This progress has been uneven however. According to ESCAP data, East and South-East Asian countries have had the greatest success in achieving their MDG targets. With the exception of India, however, progress in South Asia has been markedly slower (see figure IV.1).

Figure IV.1. Progress towards reducing by half the number of people living on less than US\$ 1 per day, in selected ESCAP countries



Source: ESCAP (2003), *Promoting the Millennium Development Goals in Asia and the Pacific: Meeting the Challenges of Poverty Reduction*, (United Nations Publication, Sales No. E.03.II.F.29).

A. Transport and poverty reduction

The millennium development goals are now common currency in the development world, used to benchmark progress towards poverty reduction. For example, the Asian Development Bank uses the MDGs as a framework for their Poverty Reduction Strategy (PRS).³⁸

³⁶ ESCAP, 2003. *Promoting the Millennium Development Goals in Asia and the Pacific: Meeting the Challenges of Poverty Reduction* (United Nations Publication, Sales No. E.03.II.F.29).

³⁷ Ibid.

³⁸ Asian Development Bank, 2004. *Enhancing the Fight Against Poverty in Asia and the Pacific: The Poverty Reduction Strategy of the Asian Development Bank* (ADB, Philippines).

While poverty can be broadly defined as the inability to meet basic needs, the MDGs highlight the diverse aspects and manifestations of poverty. In short, a poverty of income or expenditure is one, but not the sole indicator and form of poverty. The ESCAP PRS also recognizes two other aspects of poverty: a poverty of access and a poverty of power.³⁹ Equally, the poor are not a monolithic, homogenous category: people living in poverty have diverse needs transport-related or otherwise, between and within regions, subregions and countries. This section, therefore, uses rural and urban poverty as broad categories, and does not and cannot present an exhaustive list of the dimensions of poverty in the region.

The MDGs do not make an explicit connection between the provision of transport infrastructure and services and poverty reduction.⁴⁰ However, the connection is widely recognized among major international organizations, such as United Nations, the Asian Development Bank and the World Bank. At the same time, it is also widely accepted that developments in transport can potentially have an adverse impact on the poor, who tend to be more vulnerable to bad policy and investment decisions.

B. Rural poverty and transport

In April 2005, the Asian Development Bank (ADB), the World Bank and Japan Bank for International Cooperation (JBIC) released a report detailing the findings of research into East Asia's Infrastructure needs, in terms of transport, water, sanitation, power and telecommunications. In turn, the report then provides a framework for investment in infrastructure. This framework stresses a direct correlation between increased urbanization and rising national income levels. Moreover, it points to the rapid growth of cities in the region as having driven economic growth and transformed national economic structures.⁴¹ Yet increasing income disparity between rural and urban areas has also been part of this story. It is of little surprise, therefore, that just as two thirds of the world's poor live in rural areas, East Asian poverty levels are also highest in rural areas.⁴²

It is possible to generalize a number of broad characteristics of rural poverty, and the concomitant transport needs of the rural poor, in the ESCAP region. For instance, the rural poor often lack access to the most basic services, such as health and education and economic opportunities. At an economic level, access to markets is required in order to sell and buy goods or produce consumables in particular. The rural poor may require transportation to find non-farm employment.

When referring to the infrastructure needs of people in these areas, roads and also inland waterways (particularly in South-East Asia) are of particular importance. For example, if main or secondary roads are not sealed and are vulnerable to heavy rains, or if bridges or piers are unusable, this can limit the ability of rural children to attend school. Likewise, it may be difficult for the sick to reach medical services, and conversely, for medical supplies or services to reach the sick. The passibility of motorized and non-motorized transport is, therefore, recognized as an indicator of poverty in rural areas.

Access to transport infrastructure and services is rarely available year-round, however, often leaving people isolated for extended periods. As a result, the simplest of tasks required for day-to-day living, such as those mentioned above, become time-consuming and require significant effort. Lack of reliable transportation also increases production and transportation costs and leaves the rural poor particularly vulnerable to economic and natural crises, such as drought. The lack of reliable, basic transport infrastructure, be it road or water, can impede relief efforts, exacerbating existing conditions.

Effective transport infrastructure and services can assist poverty reduction in a number of ways. Most importantly, they link people with economic opportunities and basic services: for instance, they may

³⁹ World Bank, East Asia Infrastructure Department Urban Sector Development Unit, *Urban Poverty in East Asia: a review of Indonesia, the Philippines and Viet Nam*, East Asia Urban Working Paper Series, No. 11, September 2003.

⁴⁰ See, for example, Estache, Antonio and Pinglo, Maria Elena, (2004). "Emerging Infrastructure Policy Issues in Developing Countries: A Survey of the Recent Economic Literature" (The World Bank, Washington D.C.) Background paper for the October Berlin meeting of the POVNET Infrastructure Working Group.

⁴¹ Asian Development Bank, Japan Bank for International Cooperation and the World Bank, 2005. *Connecting East Asia: A New Framework for Infrastructure* (ADB, Philippines).

⁴² Ibid.

link rural people with markets to sell their goods, and provide access to schools and hospitals. In cases of natural disaster, they may assist outside parties in reaching those in need.

Investment in transport targeting rural populations can also have an indirect effect on poverty alleviation. The development of roads, for example, can reduce the costs associated with servicing rural areas, by lowering transport costs and improving market access.⁴³ Illustrating this, one study on rural poverty in Nepal found that “providing extensive road access to markets would confer substantial benefits on average, much of those going to poor households”.⁴⁴ Rural infrastructure has a high unit cost, however, due to the relatively low population levels compared with urban areas. Unfortunately, this is often a disincentive for investment in much needed resources, particularly where funding is limited.

C. Urban poverty and transport

As discussed in the previous section, by 2025, the developing economies of the ESCAP region are expected to be, on average, 58.9 per cent urbanized. While it is anticipated that poverty levels will remain highest in rural areas, the poor living in urban areas are projected to average 40 per cent of the region’s total. This marks a dramatic increase from 25 per cent in 1998.⁴⁵ In other words, increased urban poverty is expected to be an unfortunate feature of increased urbanization. It is contestable whether these populations will be absorbed into the core of urban areas however. On the contrary, research suggests that the region’s urban poor will live in peri-urban areas.

The urban poor suffer, as do the rural poor, from inadequate access to economic opportunities. Yet they lack adequate access to employment and labour markets, rather than to product markets. Transportation issues are central to this story of urban poverty in the region. At one level, charting this relationship is fairly straightforward. Across urban populations, whether low or high income, there tends to be some physical distance between where people live and work. Transport infrastructure and services, therefore, form an important intermediary role in connecting people’s homes and workplaces, enabling them to earn the income needed to provide for their needs.

For the poorest urban dwellers, this is no different. The difference between these groups and their more affluent neighbours is that the urban poor tend to live in informal settlements, largely out of reach of public transport networks. When motorized transport is available, its cost tends to be high relative to their low income. A slight increase in bus fares may, therefore, preclude a person’s ability to use this mode of transport, and subsequently to attain or maintain employment. As a result, the urban poor depend entirely on non-motorized transport (NMT), such as bicycle or walking, as their means of transportation. The dilemma here is that investing in the infrastructure on which NMT relies, has often been neglected in favour of that catering for private motorized transport, particularly cars.⁴⁶ In such cases, the high cost of transport is both a cause and symptom of urban poverty, as is recognized by the World Bank in their Poverty Reduction Strategy.⁴⁷ The World Bank PRS also notes the disproportionate transport burdens faced by poor urban and rural women.

Transport can also be a means of urban poverty alleviation. In simplest terms, access to affordable transportation can provide economic opportunities and facilitate access to services. At an indirect level, effective investment in transport infrastructure and services assists poverty alleviation by facilitating the economic growth essential to poverty reduction.

⁴³ Asian Development Bank, Japan Bank for International Cooperation and the World Bank, 2005. *Connecting East Asia: A New Framework for Infrastructure* (ADB, Philippines).

⁴⁴ Jacoby, Hanan G. (2000) “Access to Markets and the Benefits of Rural Roads”, *The Economic Journal*, 110, July, (Blackwell: Oxford): 735.

⁴⁵ World Bank, East Asia Infrastructure Department Urban Sector Development Unit, *Urban Poverty in East Asia: a review of Indonesia, the Philippines, and Viet Nam*, East Asia Urban Working Paper Series, No. 11, September 2003.

⁴⁶ The World Bank, 2002. *Cities on the Move: a World Bank Urban Transport Strategy Review*, (The World Bank, Washington).

⁴⁷ World Bank, *Poverty Reduction Strategy: Transport*, accessed May 2005, <<http://www.worldbank.org>>.

D. Infrastructure and “inclusive development”

The World Bank, JBIC and the ADB have proposed the “inclusive development” model as a framework for pro-poor investment in infrastructure. Inclusive development is that in which the benefits of economic growth are used to reduce poverty. Investments in infrastructure play a key role in this framework, as they are seen to have the potential to draw “poverty reduction, service provision and growth into a reinforcing cycle”.⁴⁸

Precisely because transport infrastructure and services fulfil intermediary, “connecting” roles, many variables influence the efficacy of investments in transport infrastructure in poverty alleviation. As outlined, one of these is the different experiences of poverty between and within urban and rural areas in the region. Likewise, the social, economic and political situation of poor populations affects their transport needs. Increasing the possibility for all stakeholders to participate in transport investment issues is, therefore, a cornerstone of strategies for inclusive development. However, as the report identifies, by their very nature, investments in infrastructure of any kind, tend to be “lumpy” rather than incremental, thus requiring centralized administration. Consequently, they also tend to be the product of top-down decision-making and vulnerable to poor governance. As such, there is a tension between the need for participation and the nature of infrastructure investment. The World Bank, JBIC and the ADB, therefore, promote institutional reform and good governance practices as essential to inclusive development. This is also consistent with ESCAP policy.

⁴⁸ Asian Development Bank, Japan Bank for International Cooperation and the World Bank, 2005. *Connecting East Asia: A New Framework for Infrastructure* (ADB, Philippines).