

## Structural transformation and poverty reduction in the Asia-Pacific countries with special needs

**Expert Group Meeting  
Bangkok, 12-13 November 2018**

### CONCEPT NOTE

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#### **I: Background**

Despite steady economic growth in recent decades, the countries with special needs (CSN)<sup>1</sup> in Asia and the Pacific continue to grapple with high rates of extreme income poverty. This is particularly the case in LDCs such as Timor-Leste (30%), Lao People's Democratic Republic (23%), and Bangladesh (15%).<sup>2</sup> Furthermore, income poverty is highest in the rural areas of CSN where a large share of output and employment is concentrated in the agriculture sector.

In this context, the essential role of structural transformation in reducing poverty must be underscored as envisaged in Goal 1 of the 2030 Agenda for Sustainable Development. Generally, an initial shift from agriculture to labour-intensive manufacturing consistent with an economy's comparative advantage has characterized successful transformation processes in a number of developing countries in the Asia-Pacific region, with far reaching development outcomes.

Yet in most CSN, despite a decline in the value-added share of agricultural activities, the sector remains the largest employer followed by services - a sector that offers limited formal employment opportunities and has not generated the type of high value-added activities envisaged. Furthermore, productivity growth in services as well as its positive spillovers tends to be lower than that in manufacturing. Little progress has taken place in within-sector-upgrading in the agriculture sector as well, failing to facilitate value-added activities in rural areas.

CSN also face formidable challenges to structural transformation that vary by category. These include: the low levels of human capital and productive capacities for LDCs; remoteness and isolation from world markets for LLDCs; and the geographic isolation and lack of economies of scale for SIDS. Such heterogeneity suggests that the interlinkages between poverty reduction and structural transformation will also vary, and policymakers need to have differentiated approaches to address the similar set of challenges. Based on the country context, the transformation patterns and path will also be different, thereby warranting clearly a differentiated set of policy formulation strategies.

#### **II: Objective**

The two-day Expert Group Meeting (EGM) will bring together experts from think-tanks and universities in the Asia-Pacific region as well as the UN and other international organizations, with a view to developing a comprehensive assessment of the current state of poverty and progress in its reduction and the trajectory of structural transformation and its roles in eradicating income poverty. The EGM will also address whether the traditional approach to transformation is still a valid pathway given the increasing pace of technological advancement, as well as the broader objectives of social inclusiveness and environmental sustainability in the era of the 2030 Agenda for Sustainable Development.

The EGM discussions will directly feed into the forthcoming issue of ESCAP's flagship publication, the *Asia-Pacific Countries with Special Needs Development Report*, to be released in April 2019. The meeting will also facilitate policy debate and knowledge sharing among participants and contribute to the

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<sup>1</sup> CSN comprises least developed countries (LDCs), landlocked developing countries (LLDCs) and small island developing States (SIDS).

<sup>2</sup> Extreme income poverty refers to earning below the international poverty line of \$1.90 a day in 2011 PPP prices.

discussion of regional implementation of the global programmes of actions such as the Vienna Programme of Action for LLDCs, the Istanbul Programme of Action for LDCs and the SAMOA Pathway for SIDS.

Participating experts will have the opportunity to present their work, serve as discussants, and/or peer-review the preliminary findings prepared by the report drafting team.