



# Exploring the New Drivers and New Ways of Economic Growth

PECC 22<sup>nd</sup> General Meeting, Beijing, 10<sup>th</sup> September 2014

Christophe Bahuet, Country Director, UNDP China

# Growth



Growth in developing Asia has slowdown substantially in the recent years.  
Asia is likely to settle at about 5-6 % in the medium term compared to 9-10 % before the crisis.

Growth has also been fluctuating.

.

# Growth



Growth in Asia has been 'less-inclusive' because

- Growth has been uneven across sectors and locations
- Demand for skilled and unskilled labour has also been uneven
- Growth has been driven by capital-intensive sectors
- Income of the poor eroded much more severely than the rich due to high food and fuel prices
- High disparities in assets and access to infrastructure impede the poor from fully participating in the growth process
- Public policies have also not been "sufficiently inclusive"

# Employment



Economic growth has been less “employment intensive” structure of economy changing from labour-intensive into technology-capital intensive;

Consequently employment growth in Asia has been low (less than 2%).

.

# Employment



The slowdown will worsen unemployment and underemployment problems in the medium term - particularly for women and youth

- The number of unemployed people in Asia is estimated to have risen from 72 million in 2007 to 80 million in 2013
- Youth unemployment rates and number have also increased in Asia since the economic crisis.
- Skills mismatch on youth labour markets has become a persistent and growing trend in many Asian countries.

# Inequalities

Income and other forms of inequalities are widening in Asia

Top 10 % of population appropriated 30-40% of gains in Asia's income in the last two decades, while bottom 10% account only 2-3 % of gains in the same period.

.

# Inequalities

High inequalities in assets impede the poor from fully benefitting in the growth process

Land holding and other assets including financial assets are highly concentrated in many Asian countries

High inequalities in educational attainment hinder the poor from fully participating in the growth process

# Investments

Investment in human capital is not only low in Asia compared to other regions, but it also declined.

For ensuring inclusive growth in Asia, investment for human development has to be increased.

.