## Contents

Acknowledgments	
Abbreviations	
1. Overview  Louise J. Cord	1
2. How Indonesia Connected the Poor to Rapid Economic Growth <i>C. Peter Timmer</i>	29
3. The Policy Origins of Poverty and Growth in India Timothy Besley, Robin Burgess, and Berta Esteve-Volart	59
4. Explaining Pro-Poor Growth in Bangladesh: Puzzles, Evidence, and Implications Binayak Sen, Mustafa K. Mujeri, and Quazi Shahabuddin	79
5. Pro-Poor Growth in Vietnam: Miracle or Model?  Rainer Klump	119
6. Ghana: The Challenge of Translating Sustained Growth into Poverty Reduction Ernest Aryeetey and Andrew McKay	147
7. Uganda's Experience with Operationalizing Pro-Poor Growth, 1992 to 2003 John A. Okidi, Sarah Ssewanyana, Lawrence Bategeka, and Fred Muhumuza	169
8. The Success of Pro-Poor Growth in Rural and Urban Tunisia Mohamed Hédi Lahouel	199
9. Human Capital, Inequality, and Pro-Poor Growth in Brazil Naércio Menezes-Filho and Lígia Vasconcellos	219
Index	

## **TABLES**

1.1	Initial Conditions in the Eight Countries Studied	3
1.2	Basic Poverty, Growth, and Inequality Trends in the Eight	
	Countries Studied	5
2.1	Income Distribution and the Share of the Poor in National Income,	
	1964/65–2002	37
2.2	Percentage of Employment by Major Sector, Urban and Rural Areas,	
	Formal and Informal Sectors, Indonesia, 1986–2004	38
2.3	Factors Affecting Changes in the Headcount Index of Poverty	<b>4</b> 3
2.4	Roads and Trucks in Indonesia, 1939–98	49
3.1	Poverty and Growth across Indian States	63
3.2	Classification of States according to Total Poverty Elasticity and	
	Growth Components	64
3.3	Rankings of Growth Elasticities of Poverty, Growth Rates, and	
	Policies of Indian States, 1958–2000	73
4.1	Trends in Foster-Greer-Thorbecke Measures of Poverty:	
	Consumption Expenditure Data	81
4.2	Social Development in Bangladesh: Predicted versus Actual Values	83
4.3	Average Annual Economic Growth in Bangladesh at Constant	
	1995/96 Prices	85
4.4	Trends in Inequality: Consumption Data (Tk/month/person)	86
4.5	Ordinary Growth and Pro-Poor Growth Rates in Bangladesh:	
	1990s versus 1980s	87
4.6	Ordinary Growth and Pro-Poor Growth Rates in Bangladesh:	
	Rural, Urban, and National, 1991/92-2000	88
4.7	Relative Performance of Macroeconomic Indicators, 1975–2000	89
4.8	Percentage Distribution of Public Expenditure in Agricultural and Rural	
	Development in Bangladesh: 1980–2001	91
4.9	Returns to Labor by Mode and Sector of Employment and by Poverty	
	Status in Rural Areas: 1999/2000	98
4.10	Percentage of Rural Labor Force in Nonfarm Sector, 1983–2000	99
4.11	Changes in Land Tenure: 1983/84–1996	100
4.12	Rural Income Inequality and Its Sources, 1991–2000	106
4.13	Urban Income Inequality and Its Sources, 1991–2000	108
5.1	Vietnam's Per Capita Income (Percentage) Relative to Important	
	Neighboring Countries, 1950–99	121
5.2	Dimensions of Poverty in Vietnam, 1993–2004	124
5.3	Indicators of Growth and Inequality in Vietnam during the 1990s	124
5.4	Rates of Pro-Poor Growth, 1993–2002	126
5.5	Growth Accounting for Vietnam, 1987–2002	127
5.6	Net Enrollment Rates (%) in Vietnam, 1993–2002	129
5.7	Ownership Structure of Total Investment in Vietnam, 1991–2000	131
5.8	Growth and Structural Changes in the Vietnamese Economy,	
	1986–2001	132
5.9	Sectoral Employment Elasticities and Labor Productivities, 1986–2001	133
6.1	Changes in Poverty and Inequality at the National Level,	
	1991/92–1998/99	150

6.2	Trends in Poverty Incidence by Main Economic	
	Activity of Household, 1991/92 and 1998/99	152
6.3	Poverty Reduction by Main Economic Activity, Decomposed	
	into Intragroup and Migration Effects (Percentage	153
	Contributions), 1991/92–1998/99	133
6.4	Collins and Bosworth Growth Accounting-based Decomposition of	153
71	Sources of Growth, Ghana versus Sub-Saharan Africa, 1960–97	172
7.1	Decomposing Poverty Trends in Uganda, 1992–2003	172
7.2	Contribution of Growth and Inequality to Poverty Reduction by Region and Category of Employment, 1992–2003	175
72		176
7.3	Rates of Average Expenditure and Pro-Poor Growth, 1992–2003 Growth Rates by Industry Group, 1992–2003	177
7.4	Incidence of Poverty in Tunisia: Headcount Ratios for the Lower and	1//
8.1		201
8.2	Upper Poverty Lines, 1980–2000 Poverty Incidence in Tunisia: Regional Headcount Ratios for the Lower	201
0.2	Poverty Level, 1980–2000	202
0.2	Growth Performance, 1962–2000 (Annual Averages)	203
8.3 8.4	Growth Decomposition, 1962–2000 (Annual Averages)  Growth Decomposition, 1962–2000 (in Percentage of Total GDP Growth)	203
	Trends in Income Inequality, 1980–2000 (Gini Coefficient)	205
8.5 8.6	Pro-Poor Growth Rates, 1980–2000	206
8.7	Population Growth and Poverty	215
9.1	Inequality Decompositions in Brazil (%)	220
9.2	Effect of Pensions on Extreme Poverty	223
9.3	Growth and Inequality Poverty Decomposition, 1981–2001	227
9.4	Distribution of Students in Public Schools	
). <del>T</del>	by Consumption Brackets (%)	227
9.5	Growth Elasticity of Poverty by State and Area	232
9.6	Determinants of Pro-Poor Growth	236
9.7	Determinants of Growth	237
<i>7.7</i>	Determination of Grown.	
FIG	URES	
1.1	The Eight Countries	2
1.2	Urban Poverty Fell More Rapidly than Rural Poverty except	
	in Indonesia	$\epsilon$
1.3	Most Poverty Reduction Occurred in Rural Areas except in Brazil	6
1.4	Economic Growth Reduces Poverty	7
1.5	Consumption by the Poor Generally Grew Slower than Average	
	Consumption	8
1.6	National Averages in Ghana Mask Significant Regional Variation	
	in the Contributions of Growth and Inequality to Poverty Reduction	ç
1.7	Changes in Growth and Inequality Are Related	10
1.8	Significant Poverty Reduction but Rising Inequality in	
	Bangladesh, Uganda, and Vietnam	10
1.9	Nonagricultural Growth Was almost Triple Agricultural Growth	16
2.1	Indonesia's Growth Incidence Curve, 1996–2002	33

2.2	Income Growth for Bottom Quintile Plotted against Growth for Average	
	Per Capita Incomes, Indonesia, 1967–2002	33
2.3	Road to Pro-Poor Growth	35
3.1	Changes in Total Real Income Per Capita, Total Official Poverty,	
	and Inequality, by Indian State, 1957–2000	61
4.1	Long-Term Trends in Infant Mortality	84
4.2	Bangladesh's Growth Incidence Curves, 1991/92–2000	87
5.1	Vietnam's Growth Incidence Curve, 1993–2002	125
6.1	Ghana's Growth Incidence Curve, 1991–98	149
7.1	Prior to 2000 Growth Was Robust and Pro-Poor in Absolute Terms	173
7.2	Structural Transformation Tapered Off, 1992–2003	178
7.3	Ugandan Policy Makers Control Inflation to a Single Digit, 1991–2004	183
7.4	Policy Liberalization Reverses Capital Flight and Attracts FDI to	
	Industry and Services	184
7.5	After the Boom of the Mid-1990s, Coffee Prices Plummeted	185
8.1	Tunisia's Growth Incidence Curve, 1980–2000	206
9.1	Poverty Reduction in the 1970s	222
9.2	Brazil's Growth Incidence Curve, 1981–2001	226
9.3	Average Years of Schooling and Income by Brazilian State, 1981	228
9.4	Years of Schooling and Inequality by State, 1981	229
9.5	Average Education by Race and State	230
9.6	Average Education by Gender and State	230
9.7	Initial Share of Higher Education and the Growth Elasticity of	
	Poverty, 1981	233
9.8	Previous Change in Higher Education and in the Growth Elasticity	
	of Poverty by State, 1981–93	233
9.9	Change in Higher Education and Inequality by State, 1981–2001	234
9.10	Change in Higher Education and Poverty Reduction by State,	
	1981–2001	235