

Human Development in South Asia 2012

Governance for People's Empowerment



Mahbub ul Haq Centre



HUMAN DEVELOPMENT IN SOUTH ASIA 2012

Governance for People's Empowerment

Mahbub ul Haq Human Development Centre
Lahore, Pakistan

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ABBREVIATIONS

AIDS	Acquired immunodeficiency syndrome	GII	Gender Inequality Index
AREU	Afghanistan Research and Evaluation Unit	GNI	Gross national income
BARC	Bangladesh Agricultural Research Council	GST	General sales tax
BARI	Bangladesh Agricultural Research Institute	HDI	Human Development Index
BBC	British Broadcasting Corporation	HDM	Human Deprivation Measure
BEC	Bangladesh Election Commission	HGI	Humane Governance Index
BINA	Bangladesh Institute of Nuclear Agriculture	HIV	Human immunodeficiency virus
BISP	Benazir Income Support Programme	ICAC	Independent Commission against Corruption
BMDC	Bangladesh Medical and Dental Council	ICT	Information and communications technology
BMI	Body mass index	IDEA	Institute for Democracy and Electoral Assistance
BNC	Bangladesh Nursing Council	IFAD	International Fund for Agricultural Development
BPFA	Beijing Platform for Action	IFIs	International financial institutions
BRAC	Bangladesh Rural Advancement Committee	ILO	International Labour Organization
BRRI	Bangladesh Rice Research Institute	IMF	International Monetary Fund
BTK	Bangladeshi Taka	IMR	Infant mortality rate
CBSL	Central Bank of Sri Lanka	INR	Indian rupee
CEDAW	Committee on the Elimination of Discrimination against Women	KPK	Khyber Pakhtunkhwa
CNN	Cable News Network	LKR	Sri Lankan rupee
CPIB	Corrupt Practices Investigation Bureau	MDGs	Millennium Development Goals
CSOs	Civil society organizations	MFI	Microfinance institutions
DGHS	Directorate General of Health Services	MGNREGA	Mahatma Gandhi National Rural Employment Guarantee Act
DHIS	District Health Information System	MMR	Maternal mortality rate
DISCOs	Distribution companies	MNA	Member of National Assembly
ECP	Election Commission of Pakistan	MPI	Multidimensional Poverty Index
EFA	Education for All	NAB	National Accountability Bureau
EPZs	Export processing zones	NBR	National Board of Revenue
EU	European Union	NCDs	Non-communicable diseases
FBR	Federal Board of Revenue	NCSW	National Commission on the Status of Women
FDI	Foreign direct investment	NEPRA	National Electric Power and Regulatory Authority
FY	Fiscal year	NFC	National Finance Commission
GDI	Gender-related Development Index	NGOs	Non-governmental organizations
GDP	Gross domestic product	NPR	Nepali rupee
GEM	Gender Empowerment Measure	OBCs	Other backward classes
GENCOs	Generation companies	ODA	Official development assistance

ABBREVIATIONS

OECD	Organization for Economic Cooperation and Development	port	
PAF	Poverty Alleviation Fund	SCs	Scheduled castes
PAC	Public Accounts Committee	SHGs	Self-help groups
PEMRA	Pakistan Electronic Media Regularity Authority	SIGI	Social Institutions and Gender Index
PETS	Public expenditure tracking surveys	SMCs	School Management Committees
PKR	Pakistani rupee	SMEs	Small and medium enterprises
POPI	Poverty of Opportunity Index	SOEs	State owned enterprises
PPPs	Public-private partnerships	STs	Scheduled tribes
PRSPs	Poverty Reduction Strategy Papers	TI	Transparency International
PSDP	Public Sector Development Programme	UHCs	<i>Upazila</i> Health Complexes
PSEs	Public Sector Enterprises	UN	United Nations
PTA	Pakistan Telecommunication Authority	UNDP	United Nations Development Programme
RMG	Readymade garments	UNICEF	United Nations Children's Fund
RTIA	Right to Information Act	UNIFEM	United Nations Development Fund for Women
SAARC	South Asian Association for Regional Cooperation	WHO	World Health Organization
SAHDR	South Asia Human Development Re-		

Foreword

The human development paradigm, pioneered in 1990 by Mahbub ul Haq, calls upon enlarging people's choices, expanding their freedoms, and enhancing their capabilities. Development is no longer limited to growing incomes or outputs in terms of gross domestic product (GDP), but is widened to include human dimensions such as empowering people with education, health and good governance.

While the *1997 and 1998 South Asia Human Development Reports (SAHDRs)* documented the magnitude of human deprivation in South Asia, it was the *1999 SAHDR* on governance that conceptualized the relationship between governance in a country and its people. That SAHDR argued that since the concept of governance had so far failed to match the radicalism of the notion of human development, it was appropriate to add to it the characteristics of humane governance to recognize the multidimensionality of human development.

For Mahbub ul Haq, poor governance was the villain that is at the root of all of South Asia's problems. During his lifetime, Haq had written and talked extensively about political corruption, economic mismanagement, tax evasion, loan default, inefficiency of the public corporations, reform of the bureaucracy, lack of safety nets for the poor and the concentration of wealth and power in the hands of a few elites. Yet despite a decade of spectacular economic growth, the region has failed to deliver good governance to the people of South Asia.

Nonetheless, many exciting developments are taking place in South Asia. India has emerged as one of the economic giants of the world. Other countries are also

not doing too poorly. Economic growth has created political space for policy and institutional reforms to accelerate and sustain growth and tackle the region's longstanding problems of social and economic exclusion. However, despite innumerable policies, programmes, and institutions, most countries seem to have failed to address adequately the issues of poverty, inequality and injustice. Thus we decided to revisit the governance related issues that are still the concerns of millions of South Asians. We also decided to reconstruct the Humane Governance Index (HGI) with newly available data, with a hope that this time the policy makers of the region would look at this index seriously to compare the status of their country's governance with that of their neighbours. In addition, we have computed the Poverty of Opportunity Index (POPI) to highlight multiple deprivations in poverty.

This Report addresses governance from the point of view of people. It analyses governance of political, economic and social institutions from the perspective of people's empowerment in South Asia. Progress on several dimensions of governance, including the functioning of the Parliament, Executive, judiciary, and economic management are analysed from the point of view of people's well-being. The questions that are behind this enquiry are: what are the indicators of governance to be used to assess people's empowerment? Is there a conflict between economic growth and social justice, or between high growth and inclusive growth? And, why is accountability of governing institutions a must for making policies and institutions function the way they are supposed to?

The Report advocates for the im-

perative of empowering poor and marginalized people in South Asia so that they can participate in the economic progress of the region. The systems of governance in the region have to be pro-people, as well as people-centred, in order to deliver sustainable economic growth.

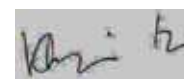
The Report contains eight chapters, in addition to the Overview. Chapter 1 presents the conceptual framework of governance for people's empowerment. Chapter 2 critically analyses governance in India from the perspective of people's empowerment. Chapter 3 describes the political and economic institutions of governance in Pakistan and suggests some policy options. Chapter 4 assesses the public service delivery of education and health in Pakistan. Chapter 5 explores how the governance institutions and policies of Bangladesh are empowering people. Chapter 6 looks at governance institutions in Nepal and Sri Lanka from the point of view of people's empowerment. Chapter 7 analyses the critical role played by various institutions in South Asia to empower women. Finally, chapter 8 critically evaluates the findings of previous chapters in delivering public services from the perspective of accountability and offers some suggestions for improvement.

I would like to put on record my very grateful thanks to the United Nations Development Programme (UNDP)

Regional Bureau for Asia and the Pacific, in particular UN Assistant Secretary General and Director of Regional Bureau for Asia and the Pacific Mr Ajay Chhibber, for supporting the Mahbub ul Haq Human Development Centre (MHHDC). I thank the Royal Norwegian Embassy for supporting the preparation of this Report. This was Norway's last year with this Centre. Without Norway's consistent support for 12 years, it would not have been possible for the Centre to continue this work.

Human Development in South Asia 2012 has been prepared under the direction of Khadija Haq, President of the MHHDC. Research was conducted by a small team consisting of Nazam Maqbool, Umer Malik, Amina Khan, Fazilda Nabeel and Hina Shaikh (consultant). I thank them all for their dedication to the project. I would like to convey my deep gratitude to Dr Amit Prakash of the Centre for the Study of Law and Governance, Jawaharlal Nehru University, India for contributing an excellent paper for this Report. Dr Manzoor Hasan, formerly of the Institute of Governance Studies, Bangladesh Rural Advancement Committee (BRAC) University, Dhaka, wrote the country paper for Bangladesh. I am so grateful for this kind of South Asian collaboration that keeps this Centre both alive and relevant for South Asia.

Islamabad
03 August 2012



Khadija Haq

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About Mahbub ul Haq Human Development Centre

Under the umbrella of the Foundation for Human Development in Pakistan, the Mahbub ul Haq Human Development Centre (MHHDC) was set up in November 1995 in Islamabad, Pakistan by the late Mahbub ul Haq, founder and chief architect of United Nations Development Programme (UNDP) Human Development Reports (HDRs). With a special focus on South Asia, the Centre is a policy research institute and think tank, committed to the promotion of the human development paradigm as a powerful tool for informing people-centred development policy, nationally and regionally.

The Centre organizes professional research, policy studies and seminars on issues of economic and social development as they affect people's well-being. Believing in the shared histories of the people of this region and in their shared destinies, Haq was convinced of the need for cooperation among the eight countries of the region. His vision extended to a comparative analysis of the region with the outside world, providing a yardstick for the progress achieved by South Asia in terms of socio-economic development. The Centre's research work is presented annually through a Report titled, *Human Development in South Asia*.

Continuing Mahbub ul Haq's legacy, the Centre provides a unique perspective in three ways: first, by analysing the process of human development, the analytical work of the Centre puts people at the centre of economic, political and social policies; second, the South Asia regional focus of the Centre enables a rich examination of issues of regional importance; and third, the Centre's comparative analysis provides a yardstick for the progress and setbacks of South Asia vis-à-vis the rest of the world.

The current activities of the Centre include: preparation of annual reports on *Human Development in South Asia*; preparation of *Pakistan National Human Development Report 2011*; publication of a collection of unpublished papers of Mahbub ul Haq; preparation of policy papers and research reports on poverty reduction strategies; organization of seminars and conferences on global and regional human development issues, South Asian cooperation, peace in the region and women's empowerment.

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OVERVIEW

Every governing institution, every policy action should be judged by one critical test: how does it meet the genuine aspirations of the people.

—*Mahbub ul Haq*

Overview

Governance is for people—to serve people, to empower them and to be accountable to them. These are the foundational principles of representative democracy. People are supposed to govern themselves through their representatives and to make their representatives accountable for their policies and actions.

These principles are sometimes forgotten in the race for economic growth. Governance in this case may become a handmaiden for economic growth only—rules, regulations, laws, policies and actions are all framed so that growth can take place, trade can be accelerated and profits maximized. The people, especially the poor and marginalized, are not factored into this equation. A certain percentage of people benefit from this process—and they benefit enormously—but others depend on ‘trickle down’. However, recently when global recession is hurting trade and investment, lowering gross domestic product (GDP) growth, countries have started looking inwards to domestic markets, domestic consumers, and to employment generation at home. So, people are starting to be factored into growth policies. The question remains, however, ‘are the poor entering into the equation as an important determinant of policy choices?’

The human development philosophy goes beyond ‘trickle down’ to make people the main beneficiary of growth, not only in monetary terms but also in human terms; people are to be so empowered as to be their own agency. The human development paradigm places men and women, particularly the poor and vulnerable, at the centre of the development process where the ultimate aim of development is to build human capabilities, enhance human

choices and create an environment where people can live with dignity and equality. All of these cannot be achieved by economic growth only. Development should no longer be limited to growing incomes or outputs in terms of GDP, but should be widened to include human dimensions of development, such as empowering people through education, health and good governance.

The lack of effective governance has emerged as one of the most fundamental human development challenges in South Asia. The *1999 South Asia Human Development Report* argued that since “the concept of governance [had] so far failed to match the radicalism of the notion of human development”, it was appropriate to add to it the components of humane governance to address the multidimensionality of human development. The report addressed an issue that touched the core of all South Asian problems: poor governance. That report underscored how South Asian governments were “high on governing and low on serving; parliamentarians elected by the poor but aiding the rich; and societies asserting the right of some people while perpetuating exclusion of others”. The report called upon policy makers to improve governance, particularly for enhancing human development.

This Report seeks to address governance from the point of view of people’s *empowerment*. It looks at governance, through political, economic and social institutions for the purpose of empowering the people of South Asia. It assesses progress on several dimensions of governance, including the functioning of the Parliament, elections, performance of the judiciary, independence of the media and civil

society, and the impact of all these institutions on empowering people, in addition to progress in economic management and how far the utilization and distribution of resources have translated into public goods and services that empower people.

The success of economic growth in the region confirms that some parts of the state machinery in South Asia perform their tasks efficiently. The information and communications technology (ICT) revolution, especially the emergence of India as the centre of growth, entrepreneurs and innovation, has brought an exciting transformation in the region. In addition, there is now a greater participation of women in economic and political activities. The ability of governments and non-governmental organizations (NGOs) in South Asia to take action in acute emergencies has improved appreciably. This is demonstrated, for example, by India's reactions to the tsunami and by Bangladesh's to its frequent flood disasters. The threat of widespread famine seems to have abated. Active civil society engagements in dealing with such issues as education, health, access to credit and population growth are examples of successful participation of civil society in bringing change. South Asia has also seen an increase in information and advocacy campaigns to raise the voice of the poor.

However, despite numerous programmes and policies of reforms and reorganizations, governance in most countries has failed to address adequately such issues as reducing poverty, ensuring equality of access to public services, providing security and safety to all citizens, and implementing policies framed by many committed professionals to empower the ordinary citizens of this region. In every country, bureaucracies have become increasingly politicized so that the quality of administration has deteriorated. Transparency in governance has remained poor and accountability weak.

So, in this Report we try to assess the policies and institutions of governance

from the lens of people: to what extent are the people being empowered by the governance systems of South Asia. Based on the analysis of various governing institutions in the region, the Report comes up with seven major conclusions.

1. Several previous reports of the Mahabub ul Haq Human Development Centre have discussed the weak link between economic growth and human development in South Asia. This Report confirms that conclusion with a further note that despite recent high economic growth rates in several countries, these growth rates have not been accompanied either by adequate employment generation or substantial poverty reduction.
2. Despite the existence of a strong judiciary, inadequate and ineffective lower courts are not providing timely justice to the poor.
3. Even in countries with a long tradition of good political governance there are the missing voices of those who are of different tribes, of different castes and the poor. In other countries, political governance has not matured enough to empower all people.
4. The majority of South Asians continue to live under poor economic management with over 5 per cent of fiscal deficit, a public debt of around 50 to 60 per cent of GDP, 12 to 14 per cent of inflation, and high unemployment and underemployment in the informal sector.
5. Although women have achieved a lot in terms of political, economic and social empowerment, they are still under-represented in decision-making roles in political and economic institutions. There has been achievement on the equity front but equality with men is still a distant dream.
6. Poverty is being reduced particularly in India and Bangladesh, yet the absolute number of poor people is still very high in South Asia with about half a

- billion poor people.
7. The region has an empowerment deficit in terms of poor delivery of public services in education, health and in all other areas of empowerment. South Asia is home to about 400 million illiterate adults out of which 250 million are women; one billion people without access to improved sanitation services; and over 160 million without access to drinking water.

Good governance from the perspective of human development is redefined as humane governance. The concept of good governance is broadened and refined to go beyond mere good political governance or good economic management. Humane governance must lead to broad-based economic growth and social development as a means to empower people.

This definition is based on the understanding that the costs of poor governance whether in terms of unenforceable property rights and contracts, deteriorating law and order, or widespread absenteeism by teachers and doctors, are largely borne by poor people. Hence, human development is placed at the centre of any governance agenda where humane governance is simply defined as good governance dedicated to securing human development.

In addition, the *humane* approach to governance gives particular attention to the relationship between good governance and human rights based on the understanding that a truly democratic government cannot exist unless civil and political rights are guaranteed for each and every citizen. Democratic institutions, when led by human rights values, create avenues for the public to participate in policy-making either through formal institutions or informal consultations. In such a set up the rule of law is considered a crucial tool for protecting human rights. Good service delivery mechanisms and anti-corruption institutions along with a strong judicial

and legislative framework are essential for upholding these rights.

Empowerment as a concept can also be understood as enhancing the ability of people through access to resources and assets, developing people's capabilities, and transforming institutions. People's empowerment can happen through multiple routes: political institutions such as the Parliament, bureaucracy and judiciary, can function in ways to either hamper or promote human development; economic management, particularly through the adoption of poverty reduction strategies and social protection mechanisms, can play a significant role in protecting the marginalized and poor; similarly, social empowerment, determined by the access to and quality of health, education and sanitation can significantly impact the standard of living of ordinary citizens. The private sector and civil society are critical partners with the government in addressing the concerns of the people.

In recent years South Asia has shown much progress towards economic growth, poverty alleviation and human development. However, many challenges remain, from the millions who remain outside the formal structures of political and economic governance, to the challenges of poverty, inequality, social exclusion, to urban slums and environmental degradation.

While economic governance in most of South Asia has served to make these economies *bigger*, it has failed to make them *better*. The weak performance of economic institutions and economic policies in the region in essential areas such as maintenance of macroeconomic stability, control of inflation, prioritizing of social services for the poor are the main reasons behind the failure of economic governance to expand opportunities for the vast majority of the people of South Asia. The lack of progress is even more evident when analysed through a gender lens—gender inequalities in the region interact and reinforce other socio-economic inequalities, to place women from poor and marginalized

groups at a greater disadvantage than the rest of the population.

What is the way forward for governance in South Asia if it is to fare better in empowering its people? As the Report highlights, the costs of poor economic governance are high in terms of its implications for equity, poverty and quality of life. Enhancing economic opportunities for the poor could start with, but not be limited to: shifting public expenditure away from wasteful expenditures of the state machinery to key priority areas like education, health, environment and infrastructure; sound fiscal and monetary policies, especially geared towards increasing direct taxes and reducing indirect taxes, and curbing inflation; and employment creation at the rural, agricultural and peri-urban areas. Improving political governance would entail focusing on strengthening key institutions like the electoral system, the Parliament and oversight bodies, the Executive and bureaucracy, and the efficacy of the decentralized tiers of governance that serve people at the grassroots level. India has done well in all these areas. Other countries need to follow suit. There is also a need for further enhancement of the role of civil society institutions, the private sector and media in holding governments accountable for their effectiveness in addressing the concerns of ordinary people in South Asia.

In terms of effective empowerment of people, the case of India can be viewed as a success story. India has taken massive strides towards reducing poverty and ensuring access to social services like education and health for its people, to empower them such that they can reap the benefits from a growing economy.

Education and health in India has received the greatest priority in budgetary allocations over past decades, resulting in a significant increase in a number of educational institutions and government hospitals. The effectiveness of this policy in enhanc-

ing human capabilities and enlarging their choices is reflected by a substantial increase in literacy rates, gross enrolment rates and reduction in drop-out rates. Similarly, interventions in health have reduced deaths owing to diseases despite high occurrences of illnesses, and increasing the average life expectancy of males and females. Complementing the enhancement in health facilities, improved access to safe drinking water and proper sanitation has significantly reduced infant and maternal mortality rates.

On the poverty front, India has witnessed a significant improvement in living standards as indicated both by the reduction in national poverty ratios and other comparative measures of poverty, such as the Poverty of Opportunity Index (POPI) and Multidimensional Poverty Index (MPI). To enhance economic empowerment, the state through several employment programmes like the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) and *Sanjay Gandhi Swarozgar Yojana* (SGSY) has ensured meaningful employment for its citizens. Over the years India has witnessed a significant increase in the coverage of such programmes, with specific attention being given to women to enhance their economic empowerment. The public food distribution system has also been extended substantially to ensure that people who fail to gain employment at the minimum wage can still have access to food.

Despite such recent successes, India still has a long road ahead. Though service delivery and infrastructure have improved, more than half the population still lack access to safe drinking water and proper toilets. Within education and health sectors, gender and rural-urban gaps continue to persist. There is still marginalization of the weaker members of society—the schedules tribes, scheduled castes and people in backward areas. Health facilities are still not available to all as the number of health centres is lower than the number of districts and villages, indicating that people still need to travel long distances to

avail health facilities. This shows that the expansion of infrastructure over the past years is still not sufficient to empower all, especially the disadvantaged social groups.

Overall, India has made significant progress on various aspects to create conditions for empowerment, especially in the social sector. There still exist some gaps that need to be addressed. The role of state institutions is vital in this regard to anchor development policies for empowerment and to ensure successful implementation of such policies. India needs strong institutions to support the socio-economic transformation the country is witnessing.

In Pakistan, several positive developments, such as the 18th Amendment to the Constitution and the 7th National Finance Commission (NFC) Award, have addressed a few long-standing grievances of the people. While these are steps in the right direction for empowering people, implementation issues have challenged many of the well-meaning reforms in the country.

The landmark rulings of the Parliament on the renaming of North-West Frontier Province (NWFP) to Khyber Pakhtunkhwa (KPK), creating Gilgit-Baltistan as a self-governing political entity, the passing of the 18th Amendment to the Constitution and the 7th NFC Award, have settled several long-standing issues concerning provincial autonomy (both fiscal and administrative), judicial appointments and independence of the election commission. The media including print, electronic and social networks have developed into a strong institution over the last one decade. It has not only increased access to information for everyone, but has developed as an effective accountability institution overlooking all state institutions: the Executive, Parliament and judiciary. These are all promising developments from the point of view of people's empowerment in the country.

Yet, all the trappings of political,

economic and social governance have not been able to deliver political voice, economic growth or social justice to a vast majority of Pakistanis. While the Parliament has debated at length on issues concerning defence, national security, corruption, energy, social sector spending etc., little has been done towards the implementation of the bills passed. Similar is the case with the judiciary where the lower courts have not been able to provide social justice to all, and especially to the poor.

On the economic front, often weak and ill-performing institutions have been unsuccessful in generating adequate economic opportunities for the people. Though there has been increase in pro-poor and social protection expenditure, development expenditure has always remained a fraction of current expenditure. Despite various reforms, successive governments have not been able to raise sufficient revenues or curtail state expenditures resulting in a high budget deficit level and associated debt burden. The taxation system is regressive as most tax revenue comes from indirect taxes, with less than two per cent of the population paying direct taxes.

Notwithstanding the government's goals to reduce inflation to single digit numbers, weaknesses in monetary management of the economy have proved to be truly disempowering for the poor. The State Bank of Pakistan, despite being an autonomous institution, has been unable to implement non-inflationary monetary policies due to heavy borrowings from the government. The economic scenario of low growth, high inflation and insecure energy supply has translated into increased poverty. The government has failed to release poverty estimates since 2005. Our estimates, based on wider criteria of measuring poverty of opportunity, indicate that poverty in Pakistan is around 29.2 per cent compared to 27.8 per cent in India. However, during the last few years the government has increased its efforts to address poverty by increasing spending on social protection programmes such as the Bena-

zir Income Support Programme (BISP).

For true empowerment of people, reforms must be initiated on multiple fronts—economic, political and social—and they must complement each other. Political empowerment would require bringing the government closer to the people through decentralization and making state institutions accountable to them. Empowering people economically would involve stimulating growth that is inclusive, with more employment opportunities for poor people. Fiscal and monetary policies should be framed keeping in mind the impact of these on the poor. Lastly, social safety nets should be designed to reduce insecurity and vulnerability of the poor to economic shocks, ill-health, natural disasters and other adverse shocks.

Despite some key reforms, poor governance in Pakistan has served to undermine the *efficient* and *equitable* delivery of key public services such as education and health that contribute to building the assets of the poor, their ability to earn decent livelihoods as well as empowering them to exercise their economic and political rights.

Efficient, equitable and just public service delivery contributes to enriching people's lives and enhancing their capabilities so that they can achieve their maximum potential. It is also important for sustaining the growth momentum—if men and women are not empowered with health and education, today's economic growth may be short lived as there will not be enough healthy and productive labour force to refuel the growth process in the economy. Recently, Pakistan has seen some positive developments, especially on the education front. The constitutional changes in the country brought about by the 18th Amendment have led to the recognition of education as a fundamental human right to be provided by the state. The country has also pledged to commit at least seven per cent of its GDP to achieve its Millennium De-

velopment Goals (MDGs) and Education for All (EFA) targets of achieving universal primary education by 2015. Pakistan's leaders also declared the year 2011 to be Pakistan's year of education, signaling that across the board, reforms should be implemented to improve access to education for all. Yet, it is paradoxical that all these verbal commitments for reform, policy proposals and constitutional changes on paper have failed to empower people. Poor governance and ineffective implementation are largely to blame: weak administrative structures, low budget allocations and even lower utilization, poor quality and widespread inequities are the key governance impediments in improving public sector delivery of education and health for the vast majority of Pakistanis.

While the government in Pakistan has made some efforts to prioritize education in the policy agenda, public sector delivery for health is still waiting to be pushed up the policy ladder. Access to health is perhaps the biggest challenge and constraint for people's empowerment in Pakistan, as the country is faced with a dual burden of communicable and non-communicable diseases on the one hand, and the challenge of increasing incidence of new diseases like HIV/AIDS on the other hand. Moreover, there are considerable disparities in access to and quality of both education and health services based on regional, rural-urban, gender and income lines. The increase in income and wealth disparities over the last decade has further exacerbated such inequities, and resulted in a growing share of private, out of pocket financing of both education and health. There is a need for better prioritization of expenditure allocations to reduce disparities in access especially for poor and socially marginalized sections of the society. For instance, majority of the allocation in the health budget in the country is for general hospitals and clinics that provide tertiary level facilities and are primarily located in the urban areas, where the poor cannot reach without bearing high logistic

costs.

The institutional machinery for public sector delivery of education and health in Pakistan largely exists—the problem is its efficacy in delivering for people’s empowerment. For the education sector, weak management and lack of accountability have resulted in poor quality of inputs in the education system leading to poor outputs that pervade the entire system: reduction in the number of functional schools and trained teachers, high drop-out and repetition rates and poor completion rates in primary education. Health systems governance in Pakistan is criticized for having parallel structures with overlapping responsibilities and authority, resulting in duplication, wastage of resources, and high administrative costs. Weaknesses in monitoring, evaluation and accountability mechanisms have led to corruption at all levels in the health system, from the regulatory level, to the drug supply and registration system, and finally to the service delivery level where it directly affects the poor. The recent dissolution of federal structures in the health system have raised important concerns for health sector governance in the country, especially with regard to the future of the vertical programmes, many of which have been critical in improving health outcomes for the country.

The last decade has seen the country witness some important reforms to make governance for public service delivery more responsive to the needs of the poor. The devolution reforms of 2001 and establishment of the district government system was a right step in bringing public service delivery closer to the people. However, the devolution process that started in 2001 was not given much time to mature; it was virtually paralyzed with the establishment of the new government in 2008. The recently enacted 18th Amendment to the Constitution of Pakistan, by devolving the subjects of education and health to the provincial governments has presented yet another opportunity to improve the effi-

ciency and equity of public service delivery for the people. Under this scenario, reinvigorating the district government system through active citizen and civil society involvement can serve to empower the people through greater equity, efficiency and accountability in service provision.

The story of people’s empowerment in Bangladesh is an intriguing one. The country has made some extraordinary progress in development and poverty reduction since independence. Yet it remains, in many ways, a paradox of success mixed with often weak and ill-performing governance.

Bangladesh’s long list of achievements is commendable, yet paradoxical—the country has been able to sustain a high average GDP growth rate of 5.8 per cent in the last decade despite global economic slowdown; it has emerged as the second largest manufacturer of apparels despite infrastructure limitations; it is on track to achieve its education and health related MDGs despite low public expenditure allocations. Bangladesh is also home to some of the largest and most innovative NGOs in the world that have played a considerable role in empowering its people, particularly women.

Bangladesh’s success at empowering its people is intriguing, especially keeping in mind the deficit of accountability and efficiency in the institutions for political and economic governance. Political governance in Bangladesh is characterized by an opaque political system including a weak Parliament; an election commission which until recently had limited credibility in conducting free and fair elections; and a judiciary, whose independence has often been curtailed by incumbent governments. Despite constitutional progress made to improve accountability and independence in the parliamentary and judicial processes, confrontational politics between the two ruling parties, lack of control and ability to check the powers of the Executive has left much of the Parliament paralyzed by cor-

ruption, nepotism and political tensions. Executive predominance in the system of political governance has also resulted in compromising the independence and accountability of the judiciary, particularly due to the Executive's role in appointment, tenure and removal of judges for both higher and subordinate courts.

On the economic governance front, Bangladesh has sustained high economic growth along with macroeconomic stability, despite frequently malfunctioning institutions and governance weaknesses. The government's public expenditure priorities are inclined towards the social sector with a focus on pro-poor spending to make the growth process more inclusive. This is augmented by sector-wise policies aimed at enhancing employment opportunities in the agricultural, manufacturing and service sectors to improve income-earning capabilities of people, which ultimately leads to reduction in poverty. The government, in partnership with the private and non-governmental sectors, has also extended appropriate safety nets to protect the poor and vulnerable. While these are positive aspects of economic governance in the country, there are several challenges that still remain. A low and stagnant tax to GDP ratio, the high incidence of tax evasion, and the burden of subsidies for state owned enterprises all threaten to increase the budget deficit and associated debt burden for the economy. Moreover, weaknesses in the role of the Bangladesh Bank in controlling inflation in the economy has served to reduce the purchasing power of the people, especially the lower classes in a scenario where real wages have not kept pace with increasing price levels. Notwithstanding the well-meaning social protection policies, there are problems in governance and implementation of these programmes that threaten the country's impressive poverty reduction record. These include uneven spending across rural-urban and between different regions in the country and inclusion and exclusion errors in the selection process biased against the poorest of the

poor.

The report card for governance for public service delivery of education and health also presents a mixed picture. Both education and health services for the population have considerably expanded over the years and tremendous progress has been made in improving gender equity. The role of the non-governmental sector and public-private partnerships in initiating model incentive programmes seen as global best practices for improving access to education and health deserves special acknowledgement here. However, meager public budget allocations, the lack of consistent policy direction, and by and large a failure of transparency and accountability have resulted in inequitable distribution and poor quality of public service delivery. There have been efforts such as decentralization for improving governance, however, these have largely been ineffective.

Bangladesh has taken some significant steps to establish a firm foundation to realize the architecture of humane governance. Progress in education, health, economic development and women's empowerment are a testimony to these efforts. But for a country that aims to achieve the status of a middle-income country by 2021, Bangladesh needs to remove the governance impediments that stand in its way to progress.

Governance in Nepal requires fundamental changes, while governance in Sri Lanka can improve with incremental changes. In both cases, a stable political structure upon which well-informed policies, institutions and mechanisms can function over time is a major determinant for people's empowerment.

The key to understanding Nepal and Sri Lanka's experience with governance for people's empowerment is that a positive outlook towards human development gauged through their efforts at poverty alleviation and outcomes in health and education is the way to overcome the effects

of conflicts. Political transformation is underway in Nepal and during this phase, consensus should prevail over differences in order to sustain the gains that have been made in recent years. Continuing with a low growth and low human development path will not serve the people of Nepal, especially the poor, who have survived years of political, social and economic exclusion. It is time for them to see a new and just Nepal, where the capabilities of public administration are strengthened and good institutions, which they can rely upon, are created.

In terms of economic governance in Nepal, there are challenges to monetary and fiscal management stemming from a pegged exchange rate, inflation and subsidies to public enterprises. Moreover, foreign aid brings with it, both necessary financing and dependency, that boosts government spending on one hand, and exacerbates debt on the other. With respect to human development, Human Development Index (HDI) values are increasing whilst remaining well below the South Asian average.

Nepal needs to create a momentum, especially in reducing poverty in rural areas. The scope and outreach of the Poverty Alleviation Fund has improved since its inception with better targeting and social inclusion of disadvantaged groups aimed at increasing the consumption capacity of the poor, their food security, income level and education status, however, a quarter of Nepal's population is still below the national poverty line. Public health and education infrastructure have improved to a considerable degree in Nepal motivated by a public policy push through increased public spending and a legal right to free education and health services.

Sri Lanka, on the other hand, has a strong track record in reducing poverty and improving its education and health outcomes, despite a tense political history. A decisive end to the conflict has enabled the country to handle matters in economic management reasonably well. HDI scores

for Sri Lanka have outpaced the South Asian average for two decades, and the country is an early achiever in several targets leading to the MDGs. Its education and health profile show sustained political commitment through cohesive education and health policies and programmes. However, Sri Lanka needs to improve upon the collection of taxes and prioritize public spending on human development, in order for its people to secure a better stake in the country's development process.

In South Asia, women's empowerment has been at the centre stage of development policies, with gender equality emerging as an important link to achieving all other MDGs. Although various governments in the region have enacted legal reforms and created the institutional machinery for promoting women's inclusion in the economic, political and social spheres, this somehow has not resulted in *empowerment* for the vast majority of women in South Asia, especially the poor and marginalized.

South Asia has come a long way with regard to the question of women's participation in economic, political and social spheres. The last decade and a half since the Beijing Conference has seen various governments bring about constitutional changes and enact policies to include equal representation for women. While institutional mechanisms to empower women largely exist in the region, their ability to work effectively to empower the majority of poor and marginalized women has been hampered by failures of governance. The region on the whole has made notable progress in addressing gender inequities by prioritizing women's economic, political and social empowerment in the policy agenda. However, there are stark intraregional disparities in women's progress in key development indicators, with Sri Lanka doing well on most counts.

Political empowerment of women has been largely facilitated by affirmative

action measures, specifically the establishment of quota systems at the national and local levels. South Asia is unique in the sense that almost every country in the region (except Nepal) has had a woman leader at some point in time, with Sri Lanka and Bangladesh having had two female leaders during the course of their political history. At the same time, the number of women in the Parliament has increased over the years in most countries, with Pakistan emerging as the leader in having the highest proportion of female parliamentarians in South Asia. Yet, the reality for most of the women at the grassroots level remains unchanged. Part of the reason is the region's patriarchal mindset, while the other part is the failure of governance to enhance the effectiveness of women's political participation. Many female parliamentarians who belong to the upper crust of the society have failed to mobilize efforts to change the plight of marginalized women at the local level.

Although women's economic empowerment has been a defining feature of South Asia's development discourse in the last two decades, overall economic opportunities for women still lag behind those of men. Women's work in South Asia has been characterized by job and income insecurity, as they are mainly employed in the informal sector with low wages and unsafe working conditions. In 2010, less than half of the region's women of the age group 15-64 were economically active. Discriminatory attitudes towards them have restricted their mobility, limiting employment choices and hindering control over assets.

Deficits in political and economic empowerment of women are both fueled and exacerbated by deficits in equality of access to health and education opportunities in the region. While access to education for females has improved considerably in countries like India, Bangladesh and Nepal, other countries are still struggling to achieve gender equality in education under the targets set in the MDGs and EFA. Despite improvement in gender parity in education enrolments, a majority of

girls in the region continue to face education exclusion on the basis of social caste and income lines. The gender dimension of health narrates a more painful story than the education one, with South Asian women bearing a heavier burden of lack of access than men. This is partly due to a failure of governance in the region in providing adequate health facilities, but also due to cultural and traditional value systems that put little thought to women's needs and concerns.

There is no doubt that the region has made significant progress in establishing the institutional machinery to advance work on achieving gender equality. What then are the impediments to successful empowerment for the majority of women in the region? While these institutions have worked to *accommodate* women, they have been largely ineffective in trying to *transform* the underlying power structures that would enable women to break out of disempowering and subordinate positions. Most of these institutions, like other institutions in the region, are characterized by ill-defined mandates, inadequate funding and lack of human resources. Moreover, the effectiveness of these institutions in most South Asian countries is largely contingent on their political environment. For instance, in the case of Pakistan, recent constitutional changes brought about by the 18th Amendment bring to question the overall structure of the national machinery for women's empowerment.

South Asia is largely on track for achieving a truly engendered human development. However, if progress is to yield meaningful results in transforming the reality for the majority of women, its governance system must be guided by certain key principles. Apart from continuing efforts to invest in legal, economic, political and social institutions for uplifting women, there is also a need for improving their effectiveness. Legal guarantees for women's political and economic participation must be translated into real opportunities for decision-making and employment for the

majority of women. Governments in the region need to strive for the establishment of a culture of equality, effectively backed by law, that focuses on enrichment of women's capabilities with a view to make them partners in the development process.

Central to the understanding of governance for people's empowerment and, particularly, humane governance is the notion that accountability creates the standards for effective, efficient and equitable service delivery.

The role of accountability is located within the domain of public service delivery, which is not only a major front in assessing South Asia's human development profile, but also in illustrating where governance deficits occur and who bears the burden of those deficits. The two channels of accountability, *answerability* and *enforceability*, have been used here to evaluate the state of service delivery in South Asia. The overall performance of countries in the region has been assessed through seven indicators: access, affordability, quantity, quality, equity, responsiveness and outcomes. The analysis moves away from the standard discourse of 'supply-side' and 'demand-side' issues that serve as barriers to service delivery, precisely because it is not the market that suffers from poor service delivery, but people.

In order to make service delivery more accessible, affordable, equitable, effective, responsive and outcome-oriented, governance deficits need to be removed in South Asia. Once these adjustments are made, the path towards people's political, socio-economic and legal empowerment will be paved. Accountability, which is provided by institutions and guided by principles and not principals (as in the classic context of principal-agent problems involving patronage politics) will create the conditions for public administration and civil service reforms. More accountability needs to be brought into the service delivery system slowly and systematically,

because it requires altering the nature of how things are done in South Asia. It is a question of commitment, time and resources on the one hand, and an overriding ethic and public service ethos, on the other hand that has to erase the corrosive effects of corruption prevalent in the public service delivery system.

Governments in the region need to be answerable for how policies are designed, how resources are allocated and utilized, how programmes are implemented and how much of all these issues are captured by corruption and patronage. At the same time, political institutions such as the Parliament, and legal institutions such as the judiciary and other institutions—supreme audit institutions, ombudsmen, the media and civil society—need to exercise enforceability when governance failures are identified in the service delivery chain through rigorous information collection and dissemination and thorough performance evaluation. From the starting point of the service delivery chain, policies need to be designed with an orientation towards equity and accountability. Politicians and policy makers need to know that they will be answerable for how decisions are made and how policies turn into practice. The allocation of resources should match priorities that are crucial for people's empowerment—this not only involves how much to allocate, but also how to disburse funds in a timely and predictable manner. Finances have to be used in an organized, efficient and accountable manner without leaving any space for wastages and leakages as a result of misappropriation and misallocation.

Implementation that involves several actors—government departments and agencies, ministries, the private sector and civil society organizations—needs to operate under well-defined relationships of accountability. Enforceability ought to be based on credible information, and in this regard, Right to Information Laws act as a necessary legislative step with positive consequences for public service delivery.

The use of ICT through e-governance and e-government initiatives is also crucial in addition to the instruments of public and social accountability that need to be utilized to highlight governance failures and suggest corrective measures.

In essence, it is a matter of leveling the playing field, because both state and non-state actors have to be involved in exacting accountability. The impetus from different stakeholders should create pressures on removing distortions in public expenditure and more importantly, in increasing people's 'voice' and 'choice' in service delivery. Therefore, the movement towards citizen report cards, public expenditure tracking surveys, complaint mechanisms, community scorecards and social audits is a step in the right direction.

At another level, while foreign aid and remittances also matter for service delivery, both involve funds coming from outside. Rather, it would serve South Asian countries better to strengthen sources of financing that are internal to the country and help create a better ground for ac-

countability. Unless the avenues for mutual accountability are improved between donors and recipient countries and remittances are put to best use, both sources of financing will not yield significant gains in improving public service delivery in South Asia.

These fundamental challenges, notwithstanding, South Asia has made progress in altering its public service delivery system, as encapsulated in an improvement in the legal status for education and health, a significant fall in the number of out of school children, and increased access to water, sanitation and electricity. By embedding accountability into the processes, institutions and mechanisms of public policy, better results can be achieved. Especially from the empowerment perspective, where governments are duty-bearers and citizens are right holders, the services they are entitled to can only be enhanced and enriched when they can demand better services and hold governments to account when services are failing them.

GOVERNANCE FOR PEOPLE'S EMPOWERMENT: A CONCEPTUAL FRAMEWORK

With humane governance, people are the ultimate end of governance...we must try to reflect people's values and aspirations—only then can we achieve an innovative breakthrough.

—*Mahbub ul Haq*

Governance for People's Empowerment: A Conceptual Framework

The lack of effective governance has emerged as one of the most fundamental human development challenges in South Asia

The human development paradigm places men and women, particularly the poor and vulnerable, at the centre of the development process where the ultimate aim of development is to build human capabilities, enhance human choice and create an environment where humans can live with dignity and equality; all of which cannot be achieved by pure economic growth. One of the fundamental pre-requisites for successful inclusive growth is the need to invest in enhancing the capabilities of the people so that they can both create and also take full advantage of the opportunities arising in the process of development. The lack of effective governance has emerged as one of the most fundamental human development challenges in South Asia. The multiple dimensions of human deprivation are now well understood. Social, political and economic factors, rooted in weak governance, have become the lynchpin for the consistently low levels of human development in South Asia. The 1999 South Asia Human Development Report (SAHDR) on *The Crisis of Governance*¹ explored this critical link between governance and human development in the hope to understand how good governance could improve development of the South Asian people. That report added a new dimension to the concept of governance—the concept of humane governance defined as “good governance dedicated to securing human development.” Thirteen years later we have revisited this important concept in a region that has undergone many transformations, and the Report looks at how governance—governing institutions, policies and mechanisms—has *empowered, or failed to empower* the people of South Asia.

Although the concept of good

governance has been on the agenda of development institutions for more than two decades, the link between good governance and people's well-being has not yet been firmly established. There is today an increasing recognition that conventional approaches to promoting voice and accountability have failed to bring about sustained policy change and improved development outcomes.² By focusing too much on strengthening state institutions and creating spaces for public consultation, power relations between citizens and the state, and the interactions and interfaces between them have been disregarded. Although increasing attention is now being given to strengthening the capacity of ordinary citizens to participate directly in policy-making, it is generally recognized that empowerment of people does not work on its own. To be empowered, citizens require capable and responsive decision makers and institutions.

The human development paradigm, pioneered in the 1990s by Mahbub ul Haq, calls upon enlarging people's choices, expanding their freedoms, and enhancing their capabilities. Development is no longer limited to growing incomes or outputs in terms of gross domestic product (GDP), but is widened to include human dimensions of development such as empowering people with education, health and good governance.

The 1999 SAHDR argued that since “the concept of governance [had] so far failed to match the radicalism of the notion of human development”, it was appropriate to add to it the components of humane governance to address the multidimensionality of human development.³ While the 1997 and 1998 SAH-

DRs documented the magnitude of human deprivation in the region, it was the 1999 SAHDR on governance that brought focus to the reasons for human misery and made the reader understand and conceptualize the relationship between the system of governance in a country and its people. The report called to maintain an enriched interface of the political, economic and civic dimensions of good governance on the primacy of people's political participation, human rights and freedom to meet basic economic and social needs. The report developed a policy agenda for governance dedicated towards securing human development along three lines: structures and processes that support the creation of a participatory, responsive, and accountable polity (good political governance); a competitive, non-discriminatory, and equitable economy (good economic governance); and a society in which people are given the ability to self-organize (good civic governance).

The United Nations Development Programme (UNDP's) *Human Development Report (HDR) 2002*⁴ elaborated on the concept of 'democratic governance' that is governance that promotes human development. Today, the UNDP strongly supports the view that sustainable development is only possible through democratic governance. In fact, democratic governance through political institutions that expand the power and voice of the people, and ensure the accountability of decision makers, is an important condition for promoting human development.⁵ The significance of good governance for development and eradication of poverty and hunger was also reinforced once again at the United Nations (UN) World Summit 2005 where world leaders agreed upon accountability, transparency and participation as the core elements of good governance.

Overall, the definition of good governance has consistently evolved with different development stakeholders moulding the definition to suit their own mandates. Even though the theoretical

and ideological basis of all these diverse views on governance remains the same, the approaches vary. What stays constant is agreement to the fact that good governance is a pre-requisite for sustained development. And even with a lack of consensus on a universal definition of governance, the objective of good governance continues to guide the reform agenda in many developing countries and regions, including South Asia. The challenge, however, remains for all countries in the region to create a system of governance that promotes, supports and sustains human development.

Governance in South Asia

The SAHDR 1999 addressed an issue that touched the core of all South Asian problems: poor governance. The report underscored how South Asian governments were "high on governing and low on serving; parliamentarians elected by the poor but aiding the rich, and societies asserting the right of some people while perpetuating exclusion of others", and called upon the policy makers to improve governance, particularly geared towards enhancing human development. Before the 1999 report, very few academicians, policy makers and practitioners looked at governance from the viewpoint of human development. Today, with a growing recognition of the multiple dimensions to human development, the need for good governance has become an imperative. The significance of good governance for development is globally recognized underpinning all policy and administrative reforms in the developed, developing and transition economies. Today, poverty alleviation isolated from good governance is unthinkable in development discourse. There is also an increasing body of evidence to show how the quality of governance is critically related to differentials in growth and human development.

Although subsequent reports by the Mahbub ul Haq Human Development Centre (MHHDC) touched upon the issue of governance, most focused on

The challenge remains for all countries in the region to create a system of governance that promotes, supports and sustains human development

People's empowerment can happen through multiple routes

the challenges to governance. This Report seeks to address governance from the point of view of people's *empowerment*. It looks at governance, through political, economic and social institutions for the purpose of empowering the people of South Asia. It assesses progress on several dimensions of governance, including the functioning of the Parliament, transparency of elections, performance of the judiciary, independence of media and civil society, and the impact of all these institutions on empowering people.

The inclusion and empowerment of the marginalized are considered a prerequisite of good governance and successful operations of democracy. In fact, the UNDP clearly highlights empowerment of the poor and vulnerable as one of the key aspects of sustainable human development.⁶ The expansion of people's capabilities and choices increases their ability to exercise those choices free of hunger, want and deprivation. It also increases their opportunity to participate in decision-making that affects their lives. It brings into question some of the fundamental assumptions concerning the interrelationship between power and human development. Such empowerment identifies the right of people to determine their choices in life and influence the direction of change through their ability to gain control over crucial material and non-material resources, bringing them on course to achieving human development.

People's empowerment can happen through multiple routes. Political institutions such as the Parliament, bureaucracy and judiciary, can function in ways to either hamper or promote human development. Economic management, particularly through the adoption of poverty reduction strategies and social protection mechanisms, can play a significant role in protecting the marginalized and poor. Similarly, social empowerment, determined by the quality of service delivery (in access to health, education and sanitation) can significantly impact the standard of

living of ordinary citizens. Within all these dimensions, the civil society and private sector have emerged as critical partners for voicing the concerns of the people. The Report looks at all these crucial elements to establish the progress made in countries of South Asia towards empowering their population.

Most will agree that South Asia remains a region rich in culture and tradition, but poor in governance for human development. Hosting three-fifths of the world's population, and positive growth rates, in the face of various political and financial upheavals, South Asia has shown much potential towards sustained economic growth, poverty alleviation and human development. Yet many challenges remain. A vast majority of people in the region remain alienated from the formal structures of political and economic governance. Social, economic and political factors remain equally responsible for human deprivation in the region. South Asia is unable to grapple with the challenges of poverty and deprivation, social exclusion, rapid urbanization, and environmental degradation caused by the very forces of development. The region has both the highest rates and largest numbers of malnourished children. Maternal mortality rates are high in some countries and the majority of births are not attended by skilled health professionals. Many women are forced to work in the informal sector, where the pay is low and conditions are poor. South Asia also faces the most daunting sanitation challenge than any other region in the world. Rapid urbanization across the region is also putting more strain on urban water and sanitation systems.

Of course one cannot and must not ignore the fact that serious developments are taking place at the national, regional and global level, continuously presenting new challenges to effective governance and poverty reduction. The political and economic landscape has been altered in ways unforeseen by governments and the international community. The first

decade of the 21st century experienced the global financial crisis and worldwide recession that caused the region to re-evaluate its planning and budgeting priorities and make major cuts in development spending. The region also experienced tsunami and floods of an unprecedented scale, posing grave challenges to governance. The rise of militancy, extremism and internal conflicts has made the implementation of good governance much harder. Also, rampant corruption and lack of accountability have invaded the emerging private sector and community-based and non-governmental organizations (NGOs).

Nonetheless, positive changes have also taken place, with the democratic process well underway in the region. With the promulgation of democratic governments in Afghanistan, Nepal and Bhutan, the region is on its way to full democratization. A very vibrant private sector has emerged in the region, with implications on multiple aspects of human development. Existence of independent media is an important reflection of a move towards a well-functioning democracy and free society. The civil society organizations have become important actors, at times supporting the role of the existing governments, while at others reinforcing corrective measures.

In this context, it is pertinent to discuss the various dimensions of governance as developed and practiced in the South Asian region. As human development is closely linked to political structures and forms of governance and there is a clear recognition of the state's responsibility to provide basic conditions that enable people to enjoy their 'right to life with dignity', it is crucial to put the existing state structures under scrutiny. This requires us to ask questions such as: what are the recent trends in governance? Is governance in South Asia able to deliver services to its citizens? Is local governance effective in the South Asian region? How do the institutions maintain accountability in developing a more just society and citizen friendly

governance? In short, what are the lessons to be learned, how and from where?

Conceptualizing humane governance

Good governance from the standpoint of human development is redefined as humane governance. This definition is based on the understanding that the costs of poor governance, whether in terms of unenforceable property rights and contracts, deteriorating law and order, or widespread absenteeism by teachers and doctors, are largely borne by poor people. Hence, human development is placed at the centre of any governance agenda where humane governance is simply defined as good governance dedicated to securing human development. This definition is based on the concept of good governance but broadened and refined to go beyond mere good politics or even good economic management, where governance must lead to broad-based economic growth and social development as a means to achieve greater human development.

Good governance requires the participation of people in the state, civil society and the private sector to build the capacity of all people, including the deprived and marginalized. A responsive government must maximize its interaction with its people and support an environment conducive to building a society in which no one feels humiliated. The upsurge of democratic demands in civil societies across the world has given support to this fundamental principle which is to ensure that political, social and economic priorities are based on broad consensus in society and that the voices of the poorest and the most vulnerable are heard during the policy-making and planning process. Overall, good governance has to be viewed by people as participatory and in their own interest where they take ownership of the process. Such governance has to be embodied in structures which are transparent and accountable to the people.

In addition, the *humane* approach

Good governance requires the participation of people in the state, civil society and the private sector to build the capacity of all people, including the deprived and marginalized

Humane governance is conceptualized in three interlocking dimensions: good political governance, good economic governance and good civic governance

to governance gives particular attention to the relationship between good governance and human rights based on the understanding that a truly democratic government cannot exist unless civil and political rights are guaranteed for each and every citizen. Democratic institutions, when led by valuing human rights, create avenues for the public to participate in policy-making either through formal institutions or informal consultations. In such a set up the rule of law is considered a crucial tool for protecting human rights. Good service delivery mechanisms and anti-corruption institutions along with a strong judicial and legislative framework are essential for upholding these rights. Efficient service delivery ensures that services are accessible and acceptable to all, while anti-corruption institutions guarantee transparency and accountability through monitoring governments' use of public funds and implementation of its policies. Humane governance also advocates the idea of a humble civil service by every branch of the government: the Executive, legislature, judiciary, military, and bureaucracy. They must serve with a sense of civility, duty and honour and respond to the needs of the people for a sustained and balanced development. Overall, this form of governance calls for enhancing the scope of the common people to influence laws, and promote their rights and privileges through a truly democratic regime and a genuinely empathetic public sector.

Humane governance is conceptualized in three interlocking dimensions: good political governance, good economic governance and good civic governance. From the systemic point of view, the concept of governance signifies more than its institutional or decision-making interpretation to include both internal and external political, economic and civic power and the inter-relationship between these three to indicate the rules by which society is governed. Political governance refers to politics and administration; economic governance refers to expanding economic

opportunities; and civic governance refers to involvement of people in governance through civil society, where governance should not only be confined to the activities of the government, but the private sector and civil society must also be considered as critical partners (see box 1.1). Slow progress in one area carries with it the risk of weakening progress in the others.

Economic governance

Overall economic growth is a key driving force for reducing poverty, but experience has shown that good economic governance and pro-poor choices are vitally important in the process of alleviating poverty. Economic governance includes decision-making processes that affect a country's economic activities and its relationships with other economies. Sound budgetary policies such as balanced budget with borrowing only for investment and not for consumption, stable interest rates reflecting the supply and demand for credit without deliberate sectoral distortions, and stable and realistic exchange rates flexible enough to reflect international conditions, are the bedrock of sound economic governance. Good economic management clearly has major implications for equity, poverty and quality of life. The costs of poor economic governance are very high.

The positive side of good economic governance is of course involved in enhancing the opportunities for the poor. This requires shifting public expenditure away from armaments and luxury consumption by government personnel (ministers, legislators and civil servants) to health, education, environment and infrastructure. Good economic governance also has the potential to impact the level and stability of demand for labour. The structure of taxation and spending is also a vital dimension of economic governance, which affects the poor. The reality almost everywhere in developing countries is that taxation is regressive. Indirect taxes contribute to a large and increasing proportion of to-

Box 1.1 From good governance to humane governance

Good political governance

It emphasizes the rule of law, accountability, and transparency. It seeks to achieve these goals through a constitutional framework that is not easily amendable, through free and fair multi-party elections and through a clear separation of powers among the Executive, judiciary and the legislative branches of the government. To achieve humane governance in such a setting, the menu of good political governance should also include:

- Decentralization and de-concentration of power to afford people ample opportunities to participate in decision-making;
- Accountability and transparency of elected representatives and public officials;
- Full access of all citizens to justice that is prompt and affordable;
- Elimination of all forms of discrimination against women and minorities; and
- Maintenance of peace and social cohesion within and between the states.

Good economic governance

It emphasizes the role of the state not only in securing macroeconomic stability, guaranteeing property rights, removing market distortions and eliminating rent-seeking opportunities, but is also concerned with investment in people and basic social structure, protection of natural environment and a progressive and equitable fiscal system to promote economic growth with social justice. To achieve humane governance, the conventional elements of good economic governance need to be supplemented by the following:

- Sufficient budgetary allocations to social priority areas such as basic education, primary healthcare, safe drinking water, adequate nutrition, family planning services and micro-credit schemes for the poor;
- A progressive taxation system;
- Efficient and well-targeted subsidies for the poor; and
- Equitable access to credit and land.

Good civic governance

It is the third dimension of humane governance. The realization of the importance of civil society as part of good governance is relatively recent and owes a great deal to the efforts and successes of non-governmental organizations (NGOs) and grassroots self-help organizations. The broader civil society groups including households, media, professional groups and business (both formal and informal), are increasingly seen as vital in securing fundamental human, political and economic rights. These rights are implicit in good economic and political governance but are rarely available to those excluded from the formal structures of power. These are women, the poor, and ethnic and religious minorities. The informal structures of civil society are important not only in supporting formal processes and keeping the rulers accountable but also for increasing the capacity of the people to fend for themselves through creating trust and cementing community relations.

Source: MHHDC 1999.

tal revenue. These taxes fall on commodities that the poor consume. Thus, if one were to do an audit of taxation by income deciles, the results would doubtless show that the poor bear a disproportionately high burden of taxation (see box 1.2).

Political governance

From the political point of view, good governance implies a state enjoying both legitimacy and authority derived from a democratic mandate, with a representa-

Box 1.2 Good economic governance

- Balance the budget; if possible reduce the national debt.
- Examine the distributional impact of the budget and the fiscal policy overall.
- Encourage collective private efforts in supplying microcredit.
- Reduce regressive taxes and subsidies.
- Cut government expenditure on current consumption; raise investment

in health and education infrastructure.

- Cut the costs of delivering public goods and (subsidized) private goods.
- Examine the price/cost structure of public enterprises, eliminate losses and /or sell off to private sector.
- Shift public expenditure at all levels away from armaments and luxury public consumption to human de-

velopment enhancing items—health, education, environment, infrastructure etc.

- Devolve revenues and tax collecting powers as much as possible to lower levels of government.
- Allow public debate on spending priorities at the lowest level of government.

Source: Desai 2000.

tive government and a commitment to protecting human rights. As one of the dimensions of humane governance, political governance is about managing the state, establishing transparency and accountability to the people, and ensuring rule of law.

The subject of political governance is incomplete without raising the necessary concerns with political decentralization and its impact on improving service delivery and political participation at the lowest levels. Today, there is also mounting pressure within countries for devolution and autonomy, and increasing activism on the part of civil society in its calls for better governance. All of these have added to the scope of political governance and at the same time made achievement of good governance more challenging.

The causes of poor political governance are often deep and institutionalized, particularly in South Asia. The complexity of government institutional structures often makes it beyond the country's financial and management capacities to effectively deliver through these institutions. This also makes such structures unable to take adequate account of local leadership tradition and effectively integrate customary political structures. Although the role of the media and civil society has greatly enhanced in the past decade, there is still a general inability of civil society to hold leaders accountable. In addition, the fact

that women are overall under-represented in political governance also implies that a significant proportion of the population goes unrepresented.

How can political governance be improved? Some important strategies that can be adopted include systematically strengthening three groups of key governance institutions: the electoral system, the Parliament and oversight bodies; the Executive and bureaucracy; and local government's integration with customary or traditional community leadership. In addition, much more can and should be done to support greater representation of women in political governance positions, and to build a sense of nationhood. Enhancing the role of civil society organizations in holding government more accountable for its performance, promoting the role of academia and the press in pressuring for better governance, and encouraging the private sector to engage with political leaders in more effective ways are also important for ensuring meaningful political governance (see box 1.3).

Civic governance

An important aspect of the discourse on governance includes cooperation between the state and civil society, and between the state and citizens where civil society acts as a galvanizing force for positive social

Box 1.3 Good political governance

- Update all electoral registers, and make sure voter participation is unimpeded by bureaucratic rules.
- Provide for institutions to deliver free and fair elections—not favouring the ruling party, free of violence and intimidation.
- Devolve political power to the lowest level so that citizens can participate in their own affairs in between elections.
- Equip the devolved level with resources.
- Increase women's participation in executive and legislative decision-making at all levels of government.
- Create independent (i.e., of the ruling party and the executive) an institution for detecting and eliminating corruption; prosecute corrupt officials, ministers, police and lower grade public sector employees.
- Reduce delays in the justice system, especially for corruption cases.
- Reduce the burden of bureaucratic rules and regulations on businesses (especially small business) and workers.
- Reward honest officials.
- Provide quick redress for violation of human rights, especially torture, rape, extrajudicial murder or incarceration, and discrimination on ethnic, religious or gender grounds.

Source: Desai 2000.

change.⁷ In fact, today civil society action is thought to be both a pre-requisite for good governance, as well as an indicator for it. A vibrant and active civil society is a critical element in human development, since it is the part of society that connects individuals with the public realm and the state. Civil society and its organizations represent different voices, perspectives and values in a pluralistic society.

Like civil society organizations, the private sector has also become an important vehicle responsible for articulating and aggregating the diverse demands of society. Countries across the globe have recently observed a continuous process of competition (and cooperation) between the private and public sectors. Traditional boundaries between the public and private sectors are increasingly getting blurred. The new tools of governance such as public-private partnership, contracting out, decentralization and devolution expect good management in public, private, and civil society organizations beyond traditional areas.

Civil society organizations can enhance democratization processes by increasing citizen representation, demanding the transparency of government transactions, and fostering the accountability of public officials. A strong civil society can play a disciplinary role in relation to the state by enforcing standards of public morality and responsibility. However, not every autonomous group can be considered as having a democratic disposition. Problems may also arise when civil society is perceived as a replacement of government in the performance of public duties.

Another rising medium for voicing people's concerns is the mass media that includes television, radio, newspapers, books and magazines. The media today has become the ears and eyes of society and serves as a model of social responsibility. The media also tends to exert a powerful influence on government by identifying and highlighting the impact of policies. Moreover, the media can act as catalyst be-

tween government and society by acting as a watch-dog.

Measuring humane governance

The Humane Governance Index (HGI), introduced in 1999, represents a composite measure of the three inter-linked dimensions of humane governance: economic, political and civic. The index was constructed to measure the extent of humane governance within a country. Since 1999, the HGI had not been updated so far due to data constraints. As more data now has become available, this Report has constructed a more comprehensive governance index for South Asia that will allow one to see what progress has been made in the HGI over time (see annex table 1.1).

The three composite indices were compiled using currently available indicators.

- *Economic governance* is assessed by measures of fiscal policy (budget balance as a percentage of GDP), monetary policy (annual inflation rate), trade policy (trade to GDP), social priority spending (public expenditure on both health and education as a percentage of GDP), and current account as a percentage of GDP.
- *Political governance* is assessed by measures of various political perception indicators that include corruption, bureaucracy quality, democratic accountability, ethnic tensions, government stability, law and order and socio-economic conditions.
- *Civic governance* is assessed by measures of freedom of expression (relating to the right of the governed to express their views on government policies and actions via the Press Freedom Index), political participation (relating to free and fair multi-party elections), civil rights and rule of law (relating to reliable and impartially enforced rules established in a legal and judicial system that ensures equity before law).

The media today has become the ears and eyes of society and serves as a model of social responsibility

The HGI is the average of the three indices of economic, political, and civic governance. The indices are not weighted due to the fundamental requirements of each of these three components to produce humane governance since such a form of governance can only be achieved through a combination of all three dimensions of economic, political, and civic governance. Hence, a simple mean of the economic, political, and civic governance indices was taken to form the HGI where a higher HGI indicates higher levels of humane governance and vice versa.

Drawing on the available data, the HGI has been constructed for 51 medium and low human development countries, including four South Asian countries. As an illustration, the newly calculated HGI values for four South Asian countries are presented in table 1.1.

It must be noted, however, that the HGI is a very preliminary, and admittedly crude, attempt to provide a quantitative measure of what is a complex, multifaceted concept of humane governance. Neither the absolute numbers nor the ranking should be taken as anything other than tentative and exploratory. To make an accurate quantitative measurement of humane governance, much more work needs to be done by many more people before it can become acceptable as a tool of analysis.

Empowerment through humane governance

Having elaborated on the definitional aspect of humane governance, it is also important to understand the channels through which humane governance can

empower people. Empowerment as a concept can also be understood in multiple ways, but for this Report we define it as enhancing the ability of humans through access to resources and assets, developing people's capabilities, and transforming institutions, to make well-informed choices and decisions regarding their development.⁸

Empowerment is considered a key component of pro-poor growth and of overall development effectiveness. Such an approach underscores the significance of accountability and governance in transforming the institutional environment within which poor people are to negotiate empowerment.

Empowerment also occurs across various domains, spheres and levels. Each dimension focuses on one of the mutually dependent processes that development practitioners and governments can support and facilitate to achieve empowerment for the poor. Types of empowerment can be classified into three categories. First is economic empowerment, which can be defined as the capacity of poor women and men to participate in, contribute to and benefit from growth processes on equitable terms, which are commensurate to the value of their contributions. Second is political empowerment, which refers to increasing equity of representation in political institutions and enhancing the voice of poor and marginalized communities so that they can engage in making decisions that affect their lives. Finally, comes social empowerment that includes taking steps to change society so that one's own place within it is respected and recognized on the terms on which a person wants to live.

Empowering poor people and providing them with greater control over their own development is closely linked to and reinforces efforts to build accountable and responsive government institutions that can meet the needs of poor people, something that can be achieved through the hu-

Empowerment is considered a key component of pro-poor growth and of overall development effectiveness

	Economic	Political	Civic	HGI value
India	0.317	0.606	0.723	0.549
Pakistan	0.252	0.393	0.409	0.351
Bangladesh	0.376	0.450	0.541	0.456
Sri Lanka	0.339	0.502	0.478	0.440

Source: See annex table 1.1.

mane governance agenda. Empowerment of people supports the development of inclusive political institutions through which poor people's interests can be meaningfully represented. Access to information, for example, is an important pre-requisite for citizens' ability to hold decision makers accountable. A free and independent media, civil society and the private sector can also strengthen the demand for accountability. They play a key role in providing, collecting and analysing information to inform advocacy as well as citizen engagement in social accountability mechanisms. Hence, all aspects of humane governance are interconnected with the dimensions of empowerment.

Broad trends in human development in South Asia

South Asia has recently undergone many developments that signal radical change. However, such improvements are not sufficient, for instance, to meet the Millennium Development Goals (MDGs) and other development goals. The region has the largest concentration of poor people, with more than 500 million people (a third of the region's population) living on less than US\$1.25 a day.⁹ With abject poverty, rising income inequalities and regional disparities remain issues of concern. Human deprivation is widespread in many parts of the region. Regional diversity born out of the multi-racial, multi-religious, multi-linguistic and multi-cultural composition, adds further to the complexity of ensuring effective governance.

Human Development Index (HDI): According to the latest HDI data published, the South Asian region falls at the bottom in the group of countries with medium human development (table 1.2). The region has only shown slight progress in human development since 1998 and continues to lag behind many other regions of the world. Further, the gap between the region

Table 1.2 Human Development Index (HDI) for South Asia, 2011

	Value	Rank
India	0.547	134
Pakistan	0.504	145
Bangladesh	0.500	146
Afghanistan	0.398	172
Nepal	0.458	157
Sri Lanka	0.691	97
Bhutan	0.522	141
Maldives	0.661	109
South Asia (weighted average)	0.535	...

Source: UNDP 2011a.

and the rest of the world does not seem to be reducing. The only region behind South Asia is Sub-Saharan Africa.

It is clear that human development has not kept up with the pace of economic growth in the region. Despite these low levels of human development, most countries in South Asia have failed to enhance public allocations for education and health. Economic recovery since 2002 has not led to any major improvement in public allocations to social services. Improvements in social indicators have been slow generally not only on the grounds of limited expenditure but also because of low levels of efficiency in the delivery of social services.

Economic growth: The region's recent economic growth at an average of 8.2 per cent between 2003 and 2008, slowing down only because of the global financial crisis, compares well with the rest of the world.¹⁰ In fact it is amongst the highest growth rates in Asia. Overall, the region has performed well on indicators such as economic growth, trade-to-GDP ratio, savings and investment rates, services sector growth, significant accumulation of foreign exchange, information technology and stock market development, and is now considered as a major emerging economic power.¹¹ South Asian economies generally continue to maintain their recovery momentum despite flagging growth in ad-

Human development has not kept up with the pace of economic growth in the region

vanced economies (table 1.3).

Such resilient growth has led to declining poverty rates and notable progress in human development. It has made improvements in addressing issues related to hunger and malnutrition, and child mortality, as well as improving maternal health and providing safe drinking water and sanitation facilities. However, with economies growing unevenly and migration and urbanization happening at a fast rate, the pressures on the well-being of the poor segments of these societies are gaining momentum.

Challenges to effective governance in South Asia

Rule of law: A weak tradition of the rule of law is a major impediment to good governance in South Asia. Rule of law refers to the extent to which rules are abided by all citizens of the state on an equal basis and hence becomes a basic tenet of a democratic state and condition for good governance. It requires an equitable political system including an independent judiciary and legislature, all of which have yet to evolve fully in all countries of South Asia. Every day we see glaring and shocking examples of the disrespect to the rule of law in some countries, as equality before the law and one law for everyone is a norm not very well appreciated in this part of the world. One can get away with violation of

law ranging from traffic violation to murder through money, social networks, and family connections. Mistrust between police and people are a major obstruction to the rule of law.

Judicial independence: Lack of effective access to justice for large segments of the population, case load and long delays, judiciary manned by inadequately trained judges and high level of corruption are some of the factors behind a weak judiciary in South Asia. In Pakistan and Bangladesh, cases on average take from 5 to 20 years to resolve because of too many cases and too few judges. Corruption is so rampant that a Transparency International (TI) survey in India showed that 63 per cent of the respondents had to bribe court officials in order to get a verdict in their favour. In addition, the separation of powers between the Executive and judiciary has not been truly implemented in most South Asian countries. Politicization of justice has also become more noticeable in the region. The engagement of political actors to influence the supreme judiciary has hampered access to justice.

Capacity and accountability of civil service: The civil service is the first level link between citizens and government for resource allocation, service delivery and access to resources. There are today significant gaps between planning and policy-making and implementation of policies. The politicization of civil service has led to lack of impartiality and erosion of this institution. The procedures for recruitment, promotion, transfers, training and other personnel-related policies are not transparent. Furthermore, the low salaries of civil servants diminish their motivation, inhibit efficiency, decline effectiveness and encourage corruption.

Economic management: With a recent spurt of high growth in the region, South Asian countries are getting bigger but without getting better. Key problems hindering

A weak tradition of the rule of law is a major impediment to good governance in South Asia

Table 1.3 GDP growth rates in South Asia, 2009-11

	2009	2010	2011
India	9.1	8.8	8.7
Pakistan	3.6	4.1	2.8
Bangladesh	5.7	6.1	6.2
Afghanistan	20.4	8.2	6.8
Nepal	4.4	4.6	4.0
Sri Lanka	3.5	8.0	7.0
Bhutan	6.7	7.4	6.7
Maldives	-6.5	9.9	3.7
South Asia (weighted average)	8.3	8.0	7.7

Sources: Kumar 2010 and World Bank 2012i.

effective economic management include, firstly, that the states are too big in un-productive areas and too small in essential areas and are over-extended in production and trade creating inefficiencies and wasteful expenditures. The governments are also unable to enforce economic policies effectively. The performance of the governments are weak in essential areas such as social service delivery and access, redistribution of resources, maintenance of macroeconomic stability and coordination of government policies across various sectors and levels.

Corruption: Corruption, both political and administrative, are rampant across South Asia. Although it is a universal phenomenon, the extent of corruption is unprecedented in several South Asian countries. Five (Afghanistan, Pakistan, Maldives, Bangladesh, Nepal) of the eight South Asian countries are ranked in the bottom third of TI Corruption Perceptions Index 2010.¹² TI findings further reveal that in South Asia the police and the judiciary are the most corrupt public institutions. For example, in Bangladesh, a household survey conducted by TI found that 80 per cent of all respondents had to pay bribes to obtain police clearance certificates. Such unfair use of public resources for personal gains is viewed as a major obstacle to good governance in the region. Some of the common manifestations include bribery, fraud, nepotism, misuse of public funds and utilities, state level kickbacks, money laundering, tax evasion, and illegal industrial licensing. Corruption is pervasive across all levels: individual, organizational and state.

Women in governance: Despite the increased presence of women in politics all across South Asia, the prevalence of extreme forms of gender discrimination still persists. Such discrimination has resulted in high levels of female mortality and the adverse (disproportionately masculine) sex ratios in the overall population. While the

situation is improving in Bangladesh and to some extent in Pakistan, India has not only failed to improve its sex ratios but has seen the phenomenon of adverse ratios spread to regions and social groups in which they were previously unknown. Restrictions on women's economic activities and the reliance on the male breadwinner leave women without male support in a very vulnerable position¹³. While gender inequalities are not confined to any particular class, they interact with other socio-economic inequalities to place women from poor and marginalized groups, particularly those who are older, widowed or disabled, at a greater disadvantage than the rest of the population.

Poverty: South Asia has been the fastest growing region since the 1990s. Investment as a percentage of GDP has also been consistently on the rise since the 1960s. Productivity in some parts of the region (such as India and Pakistan) is at par with China, Thailand and Korea. However, poverty has not declined much. China and Indonesia managed to halve poverty during the same period (figure 1.1). At the same time, service delivery in both health and education has remained weak. South Asia is spending less than Sub-Saharan Africa in both these areas.

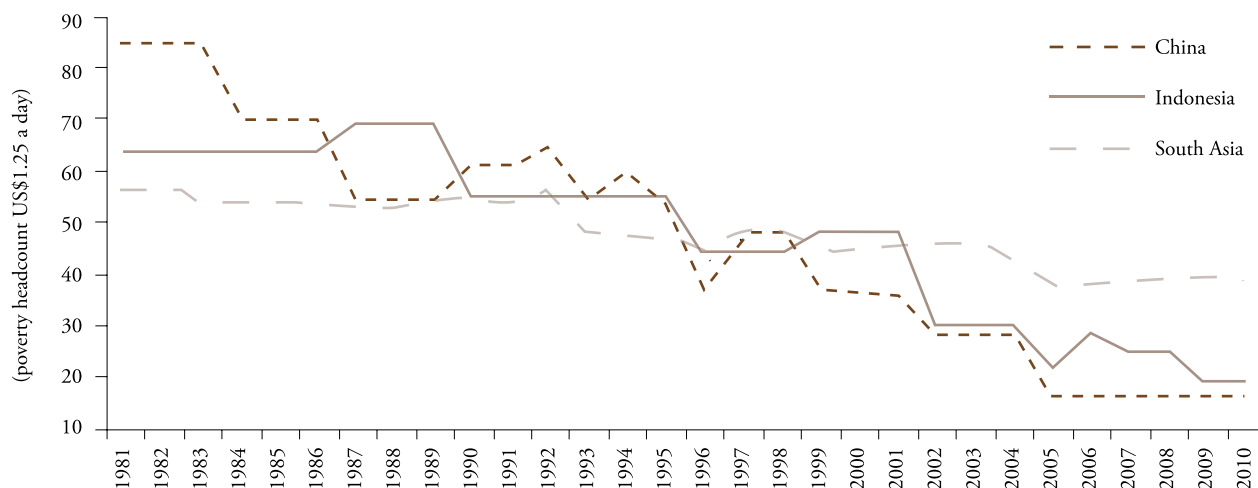
Most of the region's poor lack effective property rights. Poor people, in particular women and children, suffer unsafe working conditions because their employers often operate outside the formal legal system. They are often denied economic opportunities as their property and businesses are not legally recognized. They cannot access credit or investment, neither can they operate within global and local markets.

Empowering the South Asian people through improved governance

The quality of governance is critical to poverty reduction, human development and empowerment of people. Containing near-

Corruption is pervasive across all levels: individual, organizational and state

Figure 1.1 Poverty in South Asia, 1981-2010



Source: World Bank 2012g.

ly one-fourth of humanity, South Asia has enormous development potential. In fact, the region's recent record of governance and growth highlights how much faster the region could have grown if it had been able to tackle its governance problems.

Several reform initiatives of South Asian countries in the wake of globalization and emerging communication technologies testify to the region's commitment to improving governance. There are some great examples of potential. The success of macroeconomic performance in the region confirms that some parts of the state machinery in South Asia perform their tasks efficiently. The information and communications technology (ICT) revolution, especially the emergence of India as the centre of growth, entrepreneurships and innovation, has brought an exciting transformation in the region. In addition, there is today greater participation of women in economic and political activities. The ability of governments and NGOs in South Asia to take action in acute emergencies has improved appreciably. This is demonstrated, for example, by India's reactions to the tsunami and by Bangladesh's to its frequent flood disasters. The threat of widespread famine seems to have abated. Active civil society engagement in dealing with

such issues as education, health, access to credit and population growth are examples of successful participation of civil society in bringing change. South Asia has also seen an increase in information and advocacy campaigns to raise the voice of the poor.

Some other promising and exciting developments of the last decade have been the expanding role of civil society, media and the judiciary in challenging the elite capture of political processes. Economic growth has indeed created political space for much-needed policy and institutional reforms to accelerate and sustain growth, and tackle the region's long-standing problems of social and economic exclusion, illiteracy, ill-health, conflicts, corruption, and confrontational politics.

However, despite different programmes and policies of reforms and reorganizations to improve public administration, governance in many South Asian countries has failed to address adequately such issues as reducing poverty, ensuring equality of access to public services, providing security and safety to all citizens, and implementing numerous policies framed by many committed professionals to empower the ordinary citizens of this region. In every country, bureaucracies have

become increasingly politicized so that the quality of administration has deteriorated. Transparency in governance has remained poor and accountability weak.

The Report comes at a time when most countries of South Asia are witnessing governance inadequacies in providing justice and delivering basic services to all its citizens irrespective of class, caste, ethnicity and gender. The huge absolute number of the poor, malnourished and illiterates in the region is a testimony to the ineffective-

ness of the systems of governance despite good GDP growth rates of most countries. In this Report we have made our modest effort to lay out the facts about the institutions and policies of governance systems in South Asia. There are many positives to feel good about South Asia. But could the governments have done better? The various chapters of this Report present both sides and provide some modest suggestions for delivering humane governance in South Asia.

Annex table 1.1 Humane Governance Index (HGI) for countries* with medium and low human development, 2010

	Economic Governance Index	Political Governance Index	Civic Governance Index	Humane Governance Index		Human Development Index	
	Value	Value	Value	Value	Rank	Value	Rank by UNDP
Namibia	0.667	0.790	0.902	0.786	1	0.625	120
Botswana	0.628	0.697	0.886	0.737	2	0.633	118
Mongolia	0.553	0.640	0.797	0.663	3	0.653	110
Suriname	0.529	0.582	0.854	0.655	4	0.680	104
South Africa	0.492	0.567	0.875	0.645	5	0.619	123
El Salvador	0.525	0.660	0.700	0.628	6	0.674	105
Ghana	0.398	0.575	0.906	0.626	7	0.541	135
Moldova (Republic of)	0.672	0.449	0.706	0.609	8	0.649	111
Morocco	0.523	0.776	0.512	0.604	9	0.582	130
Tanzania (United Republic of)	0.395	0.652	0.713	0.586	10	0.466	152
Indonesia	0.466	0.611	0.675	0.584	11	0.617	124
Mali	0.496	0.483	0.769	0.583	12	0.359	175
Bolivia (Plurinational State of)	0.641	0.492	0.600	0.577	13	0.663	108
Senegal	0.538	0.492	0.688	0.573	14	0.459	155
Jordan	0.578	0.613	0.496	0.562	15	0.698	95
Philippines	0.458	0.634	0.573	0.555	16	0.644	112
Zambia	0.443	0.570	0.636	0.549	17	0.430	164
India	0.317	0.606	0.723	0.549	18	0.547	134
Malawi	0.451	0.509	0.684	0.548	19	0.400	171
Dominican Republic	0.364	0.547	0.731	0.547	20	0.689	98
Thailand	0.639	0.517	0.484	0.546	21	0.682	103
Burkina Faso	0.486	0.466	0.657	0.536	22	0.331	181
Nicaragua	0.528	0.508	0.559	0.532	23	0.589	129
Paraguay	0.583	0.337	0.657	0.526	24	0.665	107
Mozambique	0.384	0.529	0.631	0.514	25	0.322	184
Gambia	0.550	0.539	0.448	0.512	26	0.420	168
Kenya	0.442	0.437	0.596	0.492	27	0.509	143
Papua New Guinea	0.461	0.389	0.624	0.491	28	0.466	153
Uganda	0.412	0.496	0.554	0.487	29	0.446	161
Honduras	0.521	0.472	0.463	0.485	30	0.625	121

Humane Governance Index (continued)							
	Economic Governance Index	Political Governance Index	Civic Governance Index	Humane Governance Index		Human Development Index	
	Value	Value	Value	Value	Rank	Value	Rank by UNDP
Togo	0.557	0.356	0.522	0.478	31	0.435	162
Viet Nam	0.526	0.619	0.260	0.468	32	0.593	128
Algeria	0.516	0.536	0.352	0.468	33	0.698	96
Guatemala	0.458	0.397	0.543	0.466	34	0.574	131
Sierra Leone	0.226	0.509	0.634	0.456	35	0.336	180
Bangladesh	0.376	0.450	0.541	0.456	36	0.500	146
Angola	0.550	0.447	0.362	0.453	37	0.486	148
Guinea-Bissau	0.389	0.428	0.503	0.440	38	0.353	176
Sri Lanka	0.339	0.502	0.478	0.440	39	0.691	97
Egypt	0.313	0.543	0.443	0.433	40	0.644	113
Niger	0.402	0.327	0.522	0.417	41	0.295	186
Cameroon	0.429	0.461	0.288	0.393	42	0.482	150
Ethiopia	0.396	0.483	0.296	0.392	43	0.363	174
Syrian Arab Republic	0.440	0.560	0.164	0.388	44	0.632	119
Nigeria	0.341	0.315	0.427	0.361	45	0.459	156
Pakistan	0.252	0.393	0.409	0.351	46	0.504	145
Côte d'Ivoire	0.579	0.224	0.248	0.351	47	0.400	170
Yemen	0.324	0.478	0.215	0.339	48	0.462	154
Haiti	0.364	0.170	0.459	0.331	49	0.454	158
Guinea	0.259	0.372	0.355	0.329	50	0.344	178
Sudan	0.347	0.237	0.041	0.208	51	0.408	169

Note: *: The HGI has been calculated for 51 medium and low human development countries, categories defined by the UNDP. These countries were selected based on data availability for all the indicators used for the computation of the HGI as well as an extensive exercise of data cleaning.

Sources: Column 1: UIS 2012, WHO 2011a, World Bank 2012b, e and i and MHHDC staff computations. Column 2: MHHDC staff computations based on data in column 1. Column 3: The PRS Group 2012 and MHHDC staff computations. Column 4: MHHDC staff computations based on data in column 3. Column 5: Freedom House 2011, Reporters without Borders 2012, World Bank 2012j and MHHDC staff computations. Column 6: MHHDC staff computations based on data in column 5. Column 7: MHHDC staff computations based on data in columns 1, 3 and 5. Column 8: Calculated from row 7. Columns 9 and 10: UNDP 2011a.

GOVERNANCE FOR EMPOWERMENT: THE INDIAN STORY

The ultimate goal of human development is to build human capabilities and enlarge human choices.

—1999 SAHDR

Governance for Empowerment: The Indian Story*

Development has to be more concerned with enhancing the lives we lead and freedoms we enjoy

Socio-economic transformation has been the self-proclaimed goal of public policy since at least the end of World War II in the global south for the past six decades or more. In pursuit of this goal, a variety of models have been propounded—from the modernisation theory of the 1960s to the contemporary framework of governance. It is within this evolving debate that the question of empowerment must be located.

The idea of ‘development’ in the contemporary sense emerged from the ashes of World War-II, when the main concern was the mechanism to be adopted to expedite the reconstruction of war-ravaged Europe. With decolonization gaining ground since the late 1940s,¹ policy concerns turned to, and gradually focussed on, the exploration of mechanisms for speedy development of these newly emerging countries. A variety of policy options, programmes, mechanisms and institutional arrangements were explored for the purpose of both analysing the root cause of poverty in what fast came to be called the Third World, as well as recommending policy interventions.

A significant feature of the discourse on development in the new millennium, which had its roots in the critiques of the mainstream development models and experience in the mid-1990s, is that of entitlements. Beginning with Amartya Sen’s argument concerning ‘development as freedom’,² the place of development in realizing human freedoms led to a reformulation of the anchors of development in a new light. Sen argued that “[t]he usefulness of wealth lies in the things that it

allows us to do—the substantive freedoms it helps us to achieve ... Development has to be more concerned with enhancing the lives we lead and freedoms we enjoy.”³ Sen goes on to postulate forms of unfreedom and stresses on “both the processes that allow freedom of action and decision and the actual opportunities that people have, given their personal and social circumstances.”⁴ Freedom of individuals is thus seen as a basic building block that pays attention “particularly to the expansion of the ‘capabilities’ of persons to lead the kind of lives they value ... These capabilities can be enhanced by public policy, but also, on the other hand, the direction of public policy can be influenced by the effective use of participatory capabilities by the public.”⁵ This ‘capabilities approach’ to development analysis was quickly adopted by the United Nations Development Programme (UNDP) in its Human Development Reports and soon became the mainstay of a sizable proportion of development advocacy and analysis.⁶

Amartya Sen and his capabilities and entitlements approach has sparked off many threads of enquiry into various areas of development studies and analyses. An important strand of such analyses interlinks with the changing global political economy of development since the 1980s. Under these changes in the global political economy, an agreement on socio-economic rights was negotiated and adopted by the United Nations (UN) General Assembly in 1986 as a Declaration on the Right to Development, which defined the right to development as an inalienable hu-

* This is an edited version of a paper written by Amit Prakash of the Centre for the Study of Law and Governance, Jawaharlal Nehru University, India.

man right by virtue of which every human and all peoples are entitled to participate in, contribute to, and enjoy economic, social, cultural and political development, in which all human rights and fundamental freedoms can be fully realized.⁷

At the ground level, the discursive impact of the declaration has been more important than its direct policy impact. The right to development has emerged as a central anchor for much of the discussion on human rights and development issues. In fact, most of the development community speaks in terms of a human rights approach to development meaning that “policies and institutions chosen for achieving development should be based explicitly on the norms and values set out in the international law on human rights ...”⁸

An important thread of analysis emerged from Mahbub ul Haq’s pioneering work, the Human Development Reports of UNDP. These reports contributed a significant methodological innovation to measuring ‘development’. More importantly, the process of producing an annual global Human Development Report (which has since been adopted and adapted for a variety of geographical regions—national, sub-national and regional), also raised a series of questions about the processes and meaning of the idea of development.

Drawing from Mahbub ul Haq’s formulation, it has been argued that

[t]he ultimate goal of development is to build human capabilities and enlarge human choices: to create a safe and secure environment where citizens can live with dignity and equality...⁹

Therefore,

... the main reasons for South Asia’s colossal human deprivation are not just economic. These problems go hand in hand with social and political factors rooted in poor governance.¹⁰

This indeed marks a significant departure from the then existing mainstream approaches to development; the implications being important not only for outcomes for policies of development but also for the mechanisms to be adopted for the realization of the goals of such development. As stated in the Report on *Human Development in South Asia 1999*¹¹,

Humane governance is governance that is dedicated to securing human development. It requires effective participation of people in state, civil society and, private sector activities that are conducive to human development. It further enjoins the state, civil society, and the private sector to help build capacities which will meet the basic needs of all people, particularly women, children, and the poor. Humane governance will also ensure that human development is sustainable.¹²

The impact of this contribution by Haq to development thinking has been profound, not only on alternative approaches to the issue but also on mainstream liberal thinking on the matter. The idea of empowerment needs to be located within this evolving thread of discussion about both the mechanism and objective of development.

It is therefore argued that the concept of empowerment must address three related concerns: that of the location of the central anchor of development processes; the degree to which such a process leads to the expansion of capabilities of individuals and communities to make real choices about the processes; and the degree to which the first two enable individuals from the most marginalized communities to expand their capabilities and engage with a process of socio-economic change. It is this notion of empowerment that informs the assessment and analyses of the develop-

The idea of empowerment needs to be located within an evolving discussion about both the mechanism and objective of development

ment process in India over the past decade or so.

Accordingly, the first section that follows locates the relative prioritization of various aspects of empowerment indicators in the budgetary expenditure/allocation of the Union government over the past decade. Thereafter, the degree of progress on expansion of capabilities of individuals as denoted by average growth of various indicators of development has been analysed. The chapter ends with some tentative conclusions.

Financing for development: Prioritization of capacity expansion and empowerment?

The first issue in any discussion of assessing progress in development policy for empowerment is that of adequate finances being available for tangible progress. Very little progress can be made towards expanding capabilities of people to make real choices and benefit from any process and objective of development without sufficient public resources being devoted to the purpose. Annex table 2.1 therefore shows the proportion of public funds being devoted to various heads of expenditure. This table has been derived from the budget figures, but does not provide figures for actual expenditure in Indian rupees. Instead, the table provides the proportion of funds spent/allocated for various heads of expenditure. The rationale for this approach is two-fold. On one hand, there is no mechanism to assess how much of expenditure/allocation is sufficient for a particular head of expenditure. So an analysis of the actual money spent of allocation will serve little analytical purpose. Besides, it is more important to assess the relative prioritization of the various heads within the budgetary allocations/expenditures for that year rather than the actual expenditure as such an analysis will underline the discursive importance of empowerment in the governmental processes. The latter function can be fulfilled by calculating the proportion

of funds allocated/spent within the budget for a particular year and this is precisely what is being done here.

A careful examination of the table indicates that a vast majority of funds continue to be spent/allocated to economic services over the past decade with a rising curve. In 2002-03, 38.9 per cent of the actual expenditure incurred by the Union government was on economic services—a figure which rose to a high of 45.8 per cent in the year 2005-06. The same level of prioritization of economic services continues in the Union budget with a small proportional dip in the years that followed. However, the same proportion rose in the revised estimates for the year 2010-11 to 43.0 per cent and the budget for the year 2011-12 allocated 41.5 per cent of the grand total of expenditure to economic services. These economic services, comprised funds to support activities in the areas of agriculture and allied activities, rural development, irrigation and flood control, energy, industry and minerals, transport, communication, science, technology and environment, and general economic services. Within the head of economic services, the largest prioritization was to the heads of transport, followed by rural development. The former received budgetary support in the range of 11.0 per cent to 17.1 per cent of the grand total of the Union budget. In the year 2011-12, 13.5 per cent of the total was allocated to the transport sector. The head of rural development received budgetary support ranging between 7.2 per cent (2004-05) and 14.6 per cent (2008-09) of the grand total of the budget, with 10.5 per cent of the budget being allocated to this head in the year 2011-12. Agriculture and allied activities, which arguably is one of the most important sectors having an impact on people's empowerment, received budgetary support in the range of 2.8 per cent (2002-03) and 4.6 per cent (2005-06) of the budget. The allocated expenditure for this head in the year 2011-12 was 3.3 per cent of the budget. It is noteworthy that unlike most other

A vast majority of funds continue to be spent/allocated to economic services over the past decade with a rising curve

heads of expenditure/allocation in economic services, the proportions of funds allocated to agriculture and allied activities have remained more or less stagnant with a slight downward tilt. This would have serious implications for a vast majority of the population which resides in rural areas and depends substantially on agricultural areas for their livelihood.

Turning attention to the head of social services, which is central to expanding the capacity of citizens—in terms of both their ability to engage and benefit from the growing economy and also in terms of their ability to make empowering choices, the trend of expenditure/allocation has shown a rising curve. The lowest proportion of expenditure on the social sector was in the year 2002-03 with 20.4 per cent of the actual expenditure. Since that year, the funds allocated/spent on the social sector have shown a rising pattern with the 2011-12 budget allocating 32.9 per cent of the total planned expenditure to the social sector.

Looking at sub-heads of expenditure within the head of the social sector, education and health constitute the ones that received greatest prioritization in terms of proportion of total Union expenditure/budget. The proportion of funds spent/allocated to the head of education, art and culture has almost doubled over the past decade. While only 6.2 per cent of total Union expenditure was allocated to this head in 2002-03, the same proportion had risen to 11.0 per cent for allocation made for the year 2011-12 (annex table 2.1). This positive prioritization of the education sector has had a significant impact on the growth of both educational infrastructure as well as outcomes in this decade—an issue to which we shall return to in the sections that follow.

As far as expenditure/allocation to the head of health and family welfare is concerned, we can witness a largely rising trend but there are greater fluctuations without drastic declines. Thus, this sector remains one that has been prioritized

but financially, has been a case of lower commitment than education. This sector did not witness any drastic decline in the proportion of Union funds, but also did not witness any serious upward revision as well. In the year 2002-03, 4.9 per cent of the Union budget was spent on the head of health and family welfare, a proportion that had risen to 5.5 per cent of total Union budget in 2011-12. Thus, in terms of prioritization, the sector is marked more by stagnation than growth. Once again, this pattern is in consonance with the patterns of outcome and access indicators for health that have been discussed in the pages that follow.

Education

Education remains a central linkage in the debate on empowerment. In this respect, budgetary support, infrastructure as well as actual outcome/progress remain important in empowering citizens. Analysis of the budgetary prioritization of education over the past few years has been provided earlier.

Turning attention to the growth of educational infrastructure, table 2.1 shows the growth in primary and upper primary schools in India since 1950-51, which is the most important level in laying the foundation of education for the empowerment of the people at large.

A perusal of table 2.1 shows two distinct features. First, the growth in the

Table 2.1 Growth of recognised primary and upper primary schools in India, 1950-2007

	Primary	Growth over previous period listed (%)	Upper primary	Growth over previous period listed (%)
1950-51	2,09,671	...	13,596	...
1980-81	4,94,503	135.85	1,18,555	771.98
1990-91	5,60,935	13.43	1,51,456	27.75
2000-01	6,38,738	13.87	2,06,269	36.19
2005-06	7,72,568	20.95	2,88,493	39.86
2006-07	7,84,852	1.59	3,05,584	5.92

Source: GOI 2012e.

number of primary schools in the three-decade period 1950-81 was 135.9 per cent. However, over the two decades that followed (1980-2001), growth in the number of schools was around 13.4 per cent. Over the next five years, the number of primary schools grew at the rate of 21.0 per cent—a trend that was maintained over the next year.

In the case of upper primary schools, the first three decades recorded a growth of 772.0 per cent, but slowed down since to grow at a rate of 27.8 per cent and 36.2 per cent respectively over the next two decades. Quite like the case of primary schools, the next five years, 2000-01 to 2005-06, posted a growth of 39.9 per cent. Similarly, the trend of about six per cent growth continued between 2005-06 and 2006-07.

This trend is in consonance with the top-heavy model of development in the early years, vestiges of which continue till date. However, the growth in primary schools seems to be catching up in recent years, albeit at a rate much lower than the upper primary schools. Such a trend of growth of educational institutions is noticeable across almost all categories (table 2.2).

While the higher levels of institutions such as universities show a relatively modest growth from 272 in 2001-02 to 368 on 2006-07, research institutions almost doubled in number from 79 to 140 during the same period. A similar pattern emerges across colleges of general education and professional education. Polytechnics meant for vocational training, in particular trades and skills showed a more modest expansion. It is noteworthy that teacher training schools recorded a steep growth—more than doubling in this period under analysis. This is in consonance with the sharp growth in the number of primary and upper primary schools discussed earlier.

While budgetary and infrastructural arrangements are indispensable in creating an empowering public policy framework, the effectiveness of these steps is arguably far more important. The budget and schools must produce increased capabilities among people. An analysis of the output variables is, therefore, the focus of the rest of this section.

The first and foremost issue in any analysis of education is the question of literacy (table 2.3). In 2001, 76 per cent of the population was literate in the age-

Table 2.2 Growth of educational institutions in India, 2001-07

	Universities	Research institutions	Colleges for general education	Colleges for professional education	Other colleges	Polytechnics	Boards of senior secondary/secondary education	Schools for general education	Technical/industrial/arts and craft schools	Teacher training schools
2001-02	272	79	8,737	2,409	1,926	1,160	39	10,77,999	4,302	1,175
2005-06	350	140	11,698	5,284	2,513	1,274	41	12,34,242	5,465	2,021
2006-07	368	140	11,458	5,728	2,629	1,296	39	13,20,890	5,114	2,572

Source: GOI 2012e.

Table 2.3 Literacy rates for 15+ aged groups in India

	Year	Male	Female	Rural	Urban	Total
Literacy (%) in the age-group 15-24 years	2001	68	84	72	87	76
Literacy (%) in the age-group 15-24 years	2007-08	91	80	83	93	86
Literacy (%) in the age-group 15-49 years	2005-06	78	55	...	...	...
Literacy (%) in the age-group 15+ years	2007-08	77	55	60	82	66

Sources: GOI 2001 and 2010b and IIP and MII 2007.

group of 15-24 years old, a figure which rose to 86 per cent in 2007-08. A perusal of table 2.3 also shows that in this age group, there was a reverse trend: a larger proportion of female pupils were literate in 2001, but by 2007-08, 91 per cent of male pupils had become literate while only 80 per cent of female pupils were literate. The figure for the over-15 years age group is not comparable at the two points at which data is available owing to differing categories. All that can be deduced from the available data is a wide degree of continuing gender disparity in the literacy rates of this age group, which does not show any sign of being bridged.

Another piece of information that assists in assessing the progress of education in India is the proportion of young children attending school and the progress that may have been made in ensuring near-universal enrolment of children. Table 2.4 delineates this data over a number of years, albeit from different sources owing to the nature of available datasets.

In the mid-1990s, about two-thirds of the children attended formal education with a small skew in favour of boys, but a significant skew in favour of urban areas. The same pattern has continued over the last decade with progress being made in getting more children into the formal education system. However, the gender gap and rural-urban divide continues even if the difference is narrower.

In light of this pattern, it is germane to look at the gross enrolment rates (GERs)¹³ and dropout rates that produce such a pattern, as shown in table 2.5. Similar patterns of gender disparity in enrolment rates as also in dropout rates can be noticed, even if the same have narrowed over the past decade. In the year 2001-02, the GER for boys in classes I-V was 105, most likely a result of late entry into the system or having failed to be promoted. At the least, there seems to have been a significant effort to keep boys at school—something that is not noticeable in the GER for girls which stood at only 87 for the same

classes. This issue was compounded by the high dropout rates in the same classes with boys' dropout rates being 38 while that of girls being 40.

This pattern changes soon with the growth in educational infrastructure noted above. By the year 2007-08 the GER for classes I-V grew to 115. This growth was largely fuelled by the increase of GER for girls in these classes to 113—a significant increase compared with the GER for boys. Moreover, the increasing GER was also assisted by lower dropout rates. The overall dropout rate had dropped to 26, with the dropout rates for boys and girls being 26 and 25.

Thus, overall, more children were at school in classes I-V with a lower proportion of them dropping out. Simultaneously, gender gaps were also in the process of being bridged—at least at the level of primary schooling.

The picture at the secondary school level demonstrates a similar pattern. In the year 2001-02, GER was 60

Table 2.4 Percentage of children of age 6-10 years attending formal education

Census/Survey	All	Girls	Boys	Rural	Urban
NSSO Survey (1995-96)	69	63	73	65	83
Census 2001	69	66	72	66	79
NFHS Survey (2005-06)	83	81	85	81	88
NSSO Survey (2007-08)	88	87	89	87	91

Source: GOI 2011f.

Table 2.5 Gross enrolment ratio and dropout rates in school education in India, 2001-08

	Boys	Girls	Total
Gross enrolment ratio			
I-V (2001-02)	105	87	96
VI-VIII (2001-02)	68	52	60
I-V (2007-08)	116	113	115
VI-VIII (2007-08)	81	74	78
Dropout rates			
I-V (2001-02)	38	40	39
I-VIII (2001-02)	53	57	55
I-V (2007-08)	26	25	26
I-VIII (2007-08)	44	41	43

Sources: GOI 2012c and e.

only—less than two-thirds of eligible children were at school in classes VI-VIII with a skew against girl students. This was compounded by the fact that the dropout rate was 55, once again with a skew against girl students. Thus, more than half the students enrolled dropped out with a higher proportion of girl students dropping out these classes than boy students. By the year of 2007-08, the GER has climbed to 78 with only a small gap between boy and girl students. Turning to dropout rates, the improvement was small with a little less than half—43 per cent—students still dropping out of classes VI-VIII. Significantly, the dropout rate of girl students was lower at 41 compared with boys at 44.

Marginalization and education

While the progress in education is a crucial factor of empowerment across the population, it is far more central for socially marginalized communities. The centrality of education in building capabilities amongst the population is beyond debate and therefore, it is likely to be a factor that will determine the contours of marginalization for the weaker sections of society in the years to come. Thus, a brief look at the output indicators amongst the scheduled

tribes (STs) and scheduled castes (SCs) is important.

Table 2.6 shows the GER by level of education amongst the STs and SCs, respectively, at two points of time. As far as the STs are concerned, the GER at the primary level rose from 121.9 in 2004-05 to 129.3 in 2007-08. Similar increases were recorded at the upper primary and secondary levels. It is noteworthy that except for the primary level, the participation of pupils from the STs in the education system was far lower than the overall averages discussed above. This pattern indicates a perpetuation of marginalization of pupils from the STs in the education system, the infrastructural growth mentioned earlier notwithstanding.

Turning to the participation of the SCs in the education system, similar patterns can be noticed. The primary level GER for the SCs has grown over this period but the growth in GERs at the upper primary and secondary levels is slower, without reaching the levels of full enrolment. Another pattern that emerges from the perusal of table 2.6 is that the GER at the primary school level for both SCs and STs is higher than national averages. This high figure indicates that even those pupils that are enrolled at the primary level may not be performing well enough to be promoted to higher classes. The question of quality of instruction once most pupils have been enrolled thus remains an open one.

Similarly, the proportion of out of school children by social group such as the SCs, STs and other backward classes (OBCs), delineated in table 2.7, underlines the argument that the expansion of educational infrastructure over the past de-

Table 2.6 GER for the scheduled tribes (STs) and scheduled castes (SCs) by level of education, 2004-08

Primary		Upper primary		Secondary	
2004-05	2007-08	2004-05	2007-08	2004-05	2007-08
STs					
121.9	129.3	67.0	74.4	27.7	30.8
SCs					
115.3	124.9	70.2	76.3	34.7	39.0

Sources: GOI 2006 and 2010a.

Table 2.7 Out of school children (6 to 17 years) in India by social groups, 2007-08

Scheduled tribes (SCs)			Scheduled castes (STs)			Other backward classes (OBCs)			Others			All social groups		
Male	Female	Persons	Male	Female	Persons	Male	Female	Persons	Male	Female	Persons	Male	Female	Persons
21.7	28.4	24.8	21	25	22.8	16.6	22.2	19.2	12.7	16.3	14.3	16.9	21.8	19.2

Source: GOI 2010b.

cade may not be sufficient or may not be functioning efficiently to cater to the needs of educational empowerment of all social groups.

The national average of out of school children was 19.2 per cent with a skew against female students (21.8 per cent against 16.9 per cent for male students). This itself raises a question mark against the progress made towards educational empowerment, as after six decades of public policy, one-fifth of children were still out of school in 2007-08. The picture deteriorates drastically if one looks at the marginalized sections of the population. About a quarter of the children from the SCs were still not attending school in 2007-08 with a skew against female children from the SCs. Similarly, a quarter of female children from the STs were out of school. Similar figures (22.2 per cent) can be seen for female children from the OBCs.

Continuing with the question of gender imbalances in education for marginalized sections of the population, the SCs and STs, table 2.8 shows progress in this matter across the past three years. Two features can immediately be noted from this table. The improvement in gender parity amongst pupils from the SCs/STs at school during 2007-08 to 2009-10 was marginal. Further, far fewer girl students from the STs are at school compared with girl students from the SCs, the former recording a gender parity of only 0.57, indicating that only about half of the pupils from the STs at school were girls. The same proportion for the children from the SCs was about two-thirds.

Among the States, Uttarakhand not only had the highest gender parity amongst students from both SCs and STs, but by 2009-10, also had a higher enrolment of girls than boys in both SCs' and STs' categories. Among the major States, Rajasthan recorded the largest improvement in gender parity during the period but such an improvement was not significant. The State of Jharkhand with a large

population of STs in fact recorded a decline in gender parity among children at school during 2007-08 and 2008-09 and the improvement in the next year simply restored the older figures. Similarly, the figures for Orissa, another State with a large population of STs, reflected the absence of any improvement in gender parity in children at school.

Punjab, with the largest proportion of SCs, had a positive gender parity in 2008-09 but the same had declined by the year 2009-10. On the other hand, Uttar Pradesh, another State with a significant population of SCs, recorded a significant improvement in gender parity among children at school during the period 2007-08 and 2009-10.

Clearly, the expansion of educational infrastructure has a long distance to go before it is able to serve the task of equality of access to education for children, especially those belonging to marginalized groups such as the SCs and STs. This means that the large expansion of education notwithstanding, the degree to which such an expansion has improved access to education for marginalized sections is still debatable. Far greater strides are still needed to ameliorate this problem.

Health

The empowerment discourse prioritizes the issue of enhancing capabilities of individuals to access a variety of development goods and services. The central linkage in this debate is that of health, which in turn is crucial as both a process and an output component. Progress in the delivery of health services also offers a mixed picture.

Turning first to the expenditure incurred on health services in India in 2005-06 and 2008-09, figure 2.1 depicts the change (rather lack thereof). Health expenditure as a proportion of gross domestic product (GDP) remained at the figure of a little more than four per cent, with a slight downward skew. Public expenditure on health, once again as a proportion

The expansion of educational infrastructure has a long distance to go before it is able to serve the task of equality of access to education for children, especially those belonging to marginalized groups

Table 2.8 State-wise gender parity index of students from scheduled caste (SC) and scheduled tribe (ST) (18-23 years) in higher education in India, 2007-10

	Students from SCs			Students from STs		
	2007-08	2008-09	2009-10	2007-08	2008-09	2009-10
Andhra Pradesh	0.56	0.47	0.51	0.44	0.36	0.32
Arunachal Pradesh	0.67	0.67	0.73	0.68	0.67	0.70
Assam	0.66	0.64	0.53	0.45	0.47	0.51
Bihar	0.29	0.35	0.34	0.31	0.32	0.41
Chhattisgarh	0.76	0.62	0.64	0.60	0.78	0.59
Goa	0.86	0.96	1.02	0.76	0.86	1.44
Gujarat	0.76	0.74	0.66	0.70	0.66	0.58
Haryana	0.77	0.66	0.68	...	...	...
Himachal Pradesh	0.97	1.02	0.96	0.92	0.89	0.88
Jammu and Kashmir	0.69	0.73	0.85	0.69	0.70	0.79
Jharkhand	0.42	0.41	0.41	0.39	0.36	0.39
Karnataka	0.71	0.64	0.62	0.55	0.51	0.59
Kerala	1.46	1.27	1.28	1.03	0.87	1.05
Madhya Pradesh	0.68	0.73	0.75	0.50	0.47	0.57
Maharashtra	0.71	0.71	0.73	0.56	0.52	0.39
Manipur	0.60	0.80	0.81	0.61	0.67	0.71
Meghalaya	1.24	1.12	0.97	0.99	0.98	1.03
Mizoram	4.08	1.41	...	0.83	0.74	0.80
Nagaland	...	...	...	0.85	0.80	0.93
Orissa	0.40	0.40	0.40	0.20	0.20	0.24
Punjab	1.10	1.18	0.94	...	...	...
Rajasthan	0.53	0.54	0.55	0.45	0.46	0.49
Sikkim	0.59	0.52	0.70	0.79	0.78	0.87
Tamil Nadu	0.80	0.81	0.81	0.78	0.84	0.75
Tripura	0.79	0.70	0.69	0.67	0.61	0.65
Uttar Pradesh	0.60	0.61	0.74	0.50	0.49	0.59
Uttarakhand	0.92	0.87	1.52	0.70	1.04	1.31
West Bengal	0.47	0.62	0.69	0.38	0.58	0.67
Andaman and Nicobar Islands	...	...	...	1.10	0.95	1.10
Chandigarh	1.62	1.22	1.03	...	...	...
Dadra and Nagar Haveli	...	1.28	1.37	...	0.53	0.59
Daman and Diu	2.67	1.08	1.16	1.51	1.26	0.50
Delhi	0.63	0.52	0.73	...	...	...
Puducherry	0.96	1.05	1.04	...	...	...
India	0.65	0.65	0.69	0.54	0.56	0.57

Source: GOI 2012e.

of GDP, on the other hand, remained at around one per cent, with a small upward skew.

The absolute figure, however, will denote a rising curve owing to the rapid growth of GDP over these years. Howev-

er, “increasing public spending on health from about 1 per cent of GDP to 2-3 per cent of GDP by 2012”, is an unlikely target but “the central government has increased its health spending substantially in the last three fiscal years.” Moreover,

“States have not been able to fully utilize additional funding provided by the central government.”¹⁴

Looking at the outcome of these rising expenditures on health, figure 2.2 depicts the trend of growth in the number of government hospitals and beds over the past decade. Between 2000 and 2009, the number of government hospitals almost tripled in number from 4,571 to 11,613. However, the rate of growth in number of beds was more modest—from about 4,31,000 in 2000 to 5,40,000 in 2009.

These aggregate figures do not give a complete picture as they do not tell us if the expansion of hospitals mentioned above improves the capacity of the health infrastructure. It is therefore pertinent to examine the breakdown of this health infrastructure across various categories of hospitals and other medical establishments. Arguably, access of an average citizen to health facilities is a function of the density of local health infrastructure such as community health centres, primary health centres (PHCs) and sub-centres. It is through these local (often rural) health centres that primary healthcare—both preventive and curative—is delivered to a vast majority of people. Additionally, access to a better equipped hospital is also important for holistic access to health services. Annex table 2.2 accordingly delineates the details of such health centres/hospitals across all States in India.

At the all-India level, two features can immediately be noticed. The current number of health centres across all categories is lower than the number of corresponding administrative units. For instance, there are a total of 581 district hospitals while there are 617 districts across the country. Obviously, some districts do not have a full-fledged district hospital. Similarly, the number of villages are far larger than the number of PHCs, which burdens the residents of many of these villages to travel long distances to avail primary health facilities. Also, these average distribution figures do not yield

Figure 2.1 Health expenditure in India, 2005-09

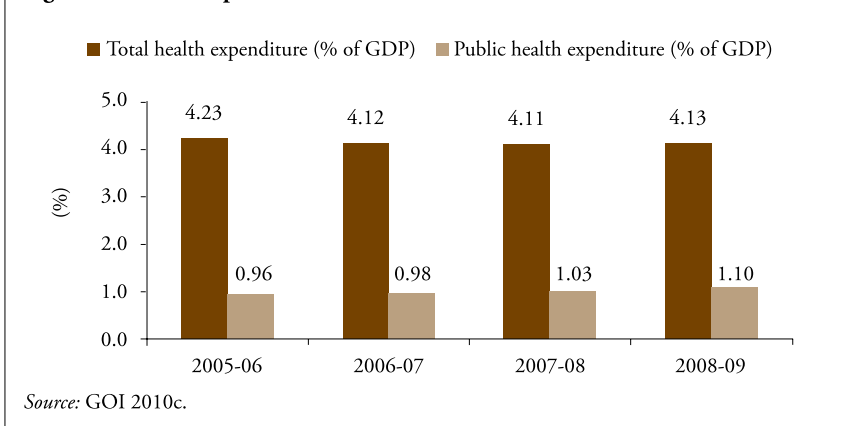
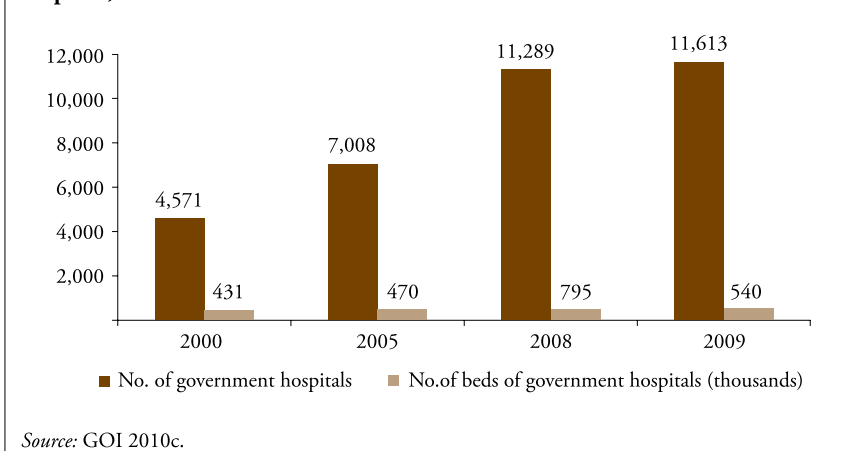


Figure 2.2 Growth in number of government hospitals and beds in government hospitals, 2000-09



any information about the relative density of such facilities at the ground level.

Turning to State-wise distribution of these health facilities, the largest number of district hospital (74) was in the most populous State of Uttar Pradesh. In fact, some districts in Uttar Pradesh have more than one district hospital as there are only 70 districts in the State. However, the density of sub-centres is poorer at 20,521, amongst 96,383 villages. Similar patterns may be noticed for other administrative units wherein the number of PHCs is lower than the number of administrative divisions/units at the relevant level. Furthermore, a similar situation can be seen across most major States in the country. Clearly, the expansion of health infrastructure requires many major strides to facilitate ac-

cess to health for all. Besides, it may also be kept in mind that the mere existence of a particular level of health infrastructure does not indicate anything about the level of services available/accessible to the average person.

It is in this light that some select output indicators for health services must be analysed to assess the degree to which health services are accessible to people. Table 2.9 shows the major cases and deaths due to various types of diseases over the first decade of the 21st century.

A perusal of the table indicates that while deaths due to acute diarrhoeal diseases have declined, the number of such cases reported has been steadily rising. Same has been the case with acute respiratory diseases. Besides, the number of deaths owing to these curable diseases remains high. On the other hand, cases reported as well as deaths owing to diseases such as malaria and viral hepatitis have shown a declining trend. Clearly, the expanding health infrastructure has been showing some impact in controlling diseases as well as deaths owing to these diseases, but the numbers remain high.

In many cases, both the occurrence as well as deaths owing to disease is a function of the overall health and immunity of the population, not merely availabil-

ity and access to health facilities. One good factor in the overall state of health of the population, especially children, is the state of nutrition. The profile of children and women suffering from malnutrition across the States of India has been presented in table 2.10.

A perusal of table 2.10 indicates that overall in the country an average of a little less than half the children below the age of 3 years (45.9 per cent) are underweight while an overwhelming four-fifths suffer from anaemia. Similarly, on average one-third of women have a low body mass index (BMI) while more than half of them suffer from anaemia.

Turning to State-wise differentiation, these figures demolish any correlations that may be built between the level of economic development and malnutrition among children and women. One of the largest proportions of children who were underweight (47.4 per cent) were in the relative economically prosperous State of Gujarat. In a similar trend, 71.9 per cent of the children in Maharashtra were suffering from anaemia (39.7 per cent being underweight). The two States arguably demonstrate a drastically divergent development profile and structure of economic development, but malnutrition amongst children was present in both these States. At

The expanding health infrastructure has been showing some impact in controlling diseases as well as deaths owing to these diseases, but the numbers remain high

Table 2.9 Number of cases and deaths due to diseases, 2000-09

	Acute diarrhoeal disease cases	Acute diarrhoeal disease deaths	Malaria cases	Malaria deaths	Acute respiratory infection cases	Acute respiratory infection deaths	Japanese encephalitis cases	Japanese encephalitis deaths	Viral hepatitis cases	Viral hepatitis deaths
2000	88,70,507	2,918	20,31,790	931	...	...	2,593	556	1,53,034	1,038
2001	92,89,558	2,787	20,85,484	1,005	...	...	2,061	479	1,49,262	1,147
2002	94,41,456	3,475	18,42,019	973	...	...	1,765	466	1,35,859	914
2003	1,05,10,476	4,709	18,69,403	1,006	...	...	2,568	707	1,51,287	1,006
2004	...	...	19,15,363	949	25,5,71,757	5,223	1,697	367	2,03,939	1,122
2005	...	...	18,16,569	963	...	...	6,669	1,682	...	...
2006	1,00,79,263	3,124	17,85,129	1,707	2,58,07,722	3,467	2,871	663	1,46,433	673
2007	1,09,93,639	3,603	15,08,927	1,311	3,61,71,496	6,948	4,110	995	1,10,055	544
2008	1,14,08,666	2,865	15,26,210	1,055	2,74,51,421	5,321	3,839	684	92,291	536
2009	1,12,24,319	1,762	15,33,169	1,068	2,65,44,613	2,813	4,482	774	1,10,586	586

Source: GOI 2012f.

the other end of the spectrum, Mizoram, with its stagnant economic development, recorded only 21.6 per cent of children as being underweight but 51.7 per cent suffering from anaemia.

Furthermore, this trend is not limited to children only as one of the highest proportions of women with low BMI (32.6 per cent) were also in the State of Maharashtra, with 49.0 per cent of the women suffering from anaemia. Mizoram, at the other end of the development spectrum, reported low proportions of women with low BMI (15.3 per cent) or suffering from anaemia (38.2 per cent). This pattern constitutes another nail in the coffin of any argument propounding a linear relationship between economic development, health and empowerment.

Turning to some standard measures of health in a country, the average life expectancy of people in the country has been on a rising curve for both males and females (table 2.11). What is noteworthy in this data is that notwithstanding shortcomings in the health infrastructure, average life expectancy has been rising on average by about one year every two years. Consequently, average life expectancy of the female population is projected to improve to 66.9 years during the period 2011-16 while that of life expectancy of the male population will improve to 68.8 years in the same period. Also, the male-female gap in life expectancy is narrowing.

Further, the infant mortality rate (IMR) has been seen as a good measure

Table 2.11 Life expectancy at birth in India by sex, 2000-16

	(years)		
	Female	Male	Combined
2000-04	63.1	62.1	62.6
2001-05	63.9	63.3	63.6
2001-06*	64.1	65.4	...
2002-06	64.2	62.6	63.4
2006-11*	65.6	67.2	...
2011-16*	66.9	68.8	...

Note: *: Projected values.

Sources: GOI 2000a and b and 2012f.

Table 2.10 State-wise malnutrition rate in India
(%)

	Children under 3 years		Women (15-49 years) body mass index (BMI) below normal (18.5)	
	Under-weight	Anaemia	BMI	Anaemia
Andhra Pradesh	36.5	79.0	30.8	62.0
Arunachal Pradesh	36.9	66.3	15.5	48.9
Assam	40.4	76.7	26.5	69.0
Bihar	58.4	87.6	43.0	68.3
Jharkhand	59.2	77.7	32.6	70.4
Goa	29.3	49.3	20.5	38.9
Gujarat	47.4	80.1	32.3	55.5
Haryana	41.9	82.5	27.8	56.5
Himachal Pradesh	36.2	58.8	24.3	40.9
Jammu and Kashmir	29.4	68.1	21.3	53.0
Karnataka	41.1	82.7	31.4	50.3
Kerala	28.8	55.7	12.5	32.3
Madhya Pradesh	60.3	82.6	40.1	57.6
Chhattisgarh	52.1	81.0	41.0	57.6
Maharashtra	39.7	71.9	32.6	49.0
Manipur	23.8	52.8	13.9	39.3
Meghalaya	46.3	68.7	14.7	45.4
Mizoram	21.6	51.7	15.3	38.2
Nagaland	29.7	...	15.9	...
Orissa	44.0	74.2	40.5	62.0
Punjab	27.0	80.2	13.5	38.4
Rajasthan	44.0	79.6	33.6	53.1
Sikkim	22.6	56.9	9.6	46.8
Tamil Nadu	33.2	72.5	23.5	53.3
Tripura	39.0	67.9	35.1	64.4
Uttar Pradesh	47.3	85.1	34.1	50.8
Uttaranchal	38.0	61.5	25.7	47.6
West Bengal	43.5	69.4	37.7	63.0
Delhi	33.1	63.2	10.6	43.4
India	45.9	79.2	33.0	56.2

Sources: GOI 2011e and 2012c.

of the state of health services in a country. Figure 2.3 delineates progress on this indicator over the past decade or so.

Trend-lines in the figure clearly show a declining trend in IMRs for both male and female babies. Furthermore, the gradient of the trend-lines for male IMR and female IMR is not very different, be-

sides narrowing towards 2009. This indicates that the rate of improvement in IMRs for males and females is not very different and also that the gap is narrowing. However, as the data labels in this figure show, the absolute figures for IMRs—male, female or combined—are still very high, requiring concerted policy attention to the matter.

Similar patterns are represented in figure 2.4 which delineates changes in IMRs by place of residence—urban or rural.

Between 2001 and 2009, the IMR

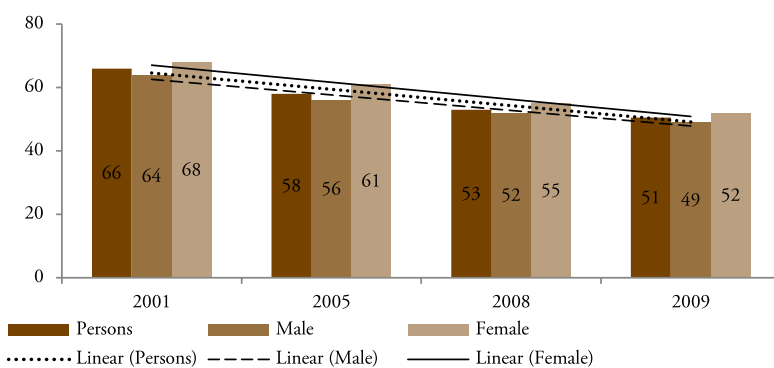
in rural areas declined from 72 to 55, while the same decline in urban areas was from 42 to 34. Thus, while the decline in rural IMR was sharper than in urban areas, it still remains at a much higher level as compared to urban areas. However, if these trends continue, the urban-rural gap will disappear in the near future.

One factor that significantly impacts the IMR is whether medical personnel are available to attend delivery. Table 2.12 delineates the trends in the proportion of deliveries that are attended by skilled personnel. While skilled medical personnel attended only a third of the deliveries in 1992-93, by the year 2007-08, the same proportion has improved to more than half. However, this also means that about half the deliveries are still not attended by skilled medical personnel, which no doubt adds its share to the high levels, even though IMRs are declining.

Marginalization and health

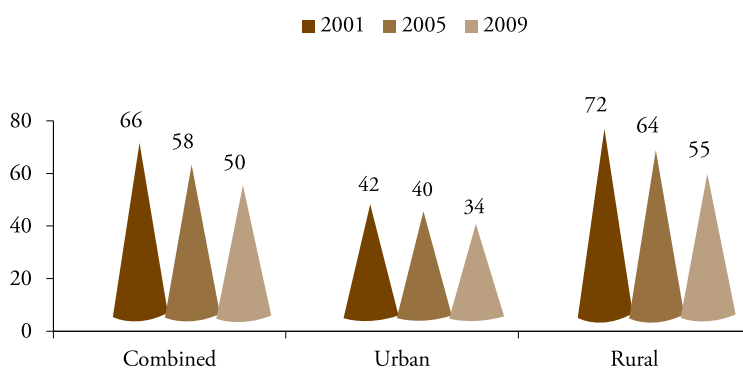
An important component of empowerment is equitable access to facilities by all especially by those historically marginalized. As was noted in the analysis of education, the ability of various social groups to benefit from improving educational infrastructure was differential, thereby impacting their capability to gain from public policy. The story is not much different with respect to the health sector. Table 2.13 summarizes IMRs by social groups,

Figure 2.3 Infant mortality rate (IMR) per 1,000 by sex in India, 2001-09



Source: GOI 2011a.

Figure 2.4 Infant mortality rate (IMR) per 1,000 by residence in India, 2001-09



Note: * 1991 to 2003 excludes Nagaland (rural) due to part-receipt of returns.

Source: GOI 2011a.

Table 2.12 Proportion (%) of delivery attended by skilled personnel

1992-93	33.0
1998-99	42.4
2005-06	46.6
2007-08	52.0

Sources: IIP 1994, 2000a, b and 2009 and IIP and MII 2007.

Table 2.13 Infant mortality rate (IMR) per 1,000 by social groups, 1998-99 and 2005-06

	Scheduled castes (SCs)		Scheduled tribes (STs)		Other backward classes (OBC)		Others	
	1998-99	2005-06	1998-99	2005-06	1998-99	2005-06	1998-99	2005-06
IMR	83.0	66.4	84.2	62.1	76.0	56.6	61.8	48.9

Sources: IIP 2000b and IIP and MII 2007.

which indicates that (a) the IMRs amongst the SCs and STs were far higher than the national average; but, (b) the rate of decline of IMRs amongst these social groups was higher than the national average. The benefits of expansion in health infrastructure cannot be seen to be reaching these sections of the population in an equitable manner. The impact of public health initiatives on empowering these social groups leaves much to be desired.

Maternal mortality rate (MMR) continues to be an important aspect of health empowerment. As shown in table 2.14, national averages record a secular decline in the MMR over the past two decades or so. Uttar Pradesh was among the States with the highest MMR at the end of 2012. States such as Assam, Madhya Pradesh/Chhattisgarh, Bihar/Jharkhand and Orissa, are projected to continue with highest MMRs in the recent future.

The birth rate for India is another factor that has recorded a secular decline over the past decade (table 2.15). This is another indicator where the rate of decline in rural areas is sharper than urban areas. However, owing to far higher threshold levels, the birth rate of rural areas remains higher than those of urban areas. Overall, the average birth rate remains a little over the replacement rate but if the same trend continues, especially in rural areas, this goal may be met sooner than later.

Similarly, the national death rate of the country has recorded a steep decline over the last three decades. Once again, the rural death rates have declined more sharply than that in urban areas (table 2.16).

Service delivery and infrastructure

The effectiveness of services delivered by the public sector is an important component of any holistic idea of empowerment. The effectiveness of such services is of intrinsic value in socio-economic transformation and is a pre-requisite for expansion of capabilities of the people. One important component of this discourse is that

Table 2.14 Selected State-wise maternal mortality ratio in India, 1997-2012
(per 1,00,000 live births)

	1997-98	1999-01	2001-03	2004-06	2007-12
Assam	568	398	490	480	163
Bihar/Jharkhand	531	400	371	312	123
Madhya Pradesh/ Chhattisgarh	441	407	379	335	126
Orissa	346	424	358	303	119
Rajasthan	508	501	445	388	148
Uttar Pradesh/Uttaranchal	606	539	517	440	172
Andhra Pradesh	197	220	195	154	65
Karnataka	245	266	228	213	76
Kerala	150	149	110	95	37
Tamil Nadu	131	167	134	111	45
Gujarat	46	202	172	160	57
Haryana	136	176	162	186	54
Maharashtra	166	169	149	130	50
Punjab	280	177	178	192	59
West Bengal	303	218	194	141	64
Others	...	276	235	...	...
India	398	327	301	254	100

Sources: GOI 2011c and d.

Table 2.15 Estimated birth rate in India, 2001-09

	(per 1,000 population)		
	Rural	Urban	Combined
2001	27.1	20.3	25.4
2005	25.6	19.1	23.8
2009	24.1	18.3	22.5

Source: GOI 2011a.

Table 2.16 Estimated death rate in India, 1970-2009

	(per 1,000 population)		
	Rural	Urban	Combined
1970	17.3	10.2	15.7
1980	13.5	8.0	12.4
1990	10.5	6.8	9.7
2001	9.1	6.3	8.4
2005	8.1	6.0	7.6
2009	7.8	5.8	7.3

Source: GOI 2011a.

of access to clean and safe drinking water, which is in turn also linked to the health

status of the population.

Table 2.17 provides data about access of households to drinking water by source in recent years. In 2002, 40.5 per cent of the households had access to piped drinking water, which had grown to only 43.1 per cent in 2008-09. This increase was accompanied by a decline in the proportion of families accessing drinking water from almost all other sources. It must be underlined here that the small increase in tap water as a source of drinking water still leaves out more than 55 per cent of the population without any secure source of safe drinking water, while other sources of clean potable water have declined. This makes for a situation of poor access to clean and safe drinking water for a majority of the people, with serious implications for public health, especially for water-borne diseases.

A similar issue of available toilet facility, which has implications for the health of the people, is that of access to

modern toilets which is tabulated in table 2.18. About half the population did not have access to toilets at all in 2008-09, which was lower than 2002, but still quite high.

Moving on to delivery of infra-structural facilities in terms of electricity distribution, table 2.19 shows changes in availability of electricity for domestic use in 2002 and 2008-09. Overall, three-quarters of the population had access to electricity for domestic use, up from only two-thirds in 2002. Clearly, advances have been made but quite some distance still needs to be travelled. The urban-rural divide in terms of access to electricity for domestic use was narrowed but still remained rather wide in 2008-09. While only 53 per cent of the rural households had access to electricity for domestic use in 2002, by 2008-09, two-thirds of the households had such access.

Annex table 2.3 shows the State-wise progress made in achieving the target to full electrification of households that are below the poverty line (BPL). This table

Table 2.17 Distribution of households by source of drinking water, 2002-09

(%)

Tap		Tube well/ Hand pump		Well		Tank/Pond (reserved for drinking)		Other tank/ Pond		River/Canal/ Lake		Spring		Others	
2002	2008-09	2002	2008-09	2002	2008-09	2002	2008-09	2002	2008-09	2002	2008-09	2002	2008-09	2002	2008-09
40.5	43.1	42.3	43.7	14.3	9.3	0.7	0.6	0.3	0.3	0.8	0.5	0.6	0.5	0.6	2.1

Sources: GOI 2002a and 2009.

Table 2.18 Distribution of households by type of toilet facility, 2002-09

(%)

Septic tank/Flush		Pit		Service		No latrine	
2002	2008-09	2002	2008-09	2002	2008-09	2002	2008-09
28.5	35.4	7.8	12.2	2.6	1.4	59.8	49.2

Sources: GOI 2002a and 2009.

Table 2.19 Distribution of households with electricity for domestic use, 2002-09

(%)

Rural		Urban		Combined	
2002	2008-09	2002	2008-09	2002	2008-09
53.0	66.0	91.6	96.1	63.9	75.0

Sources: GOI 2002a and 2009.

summarises the data of the lead programme charged with this objective—the *Rajiv Gandhi Grameen Vidyutikaran Yojana* (RGGVY), the Rajiv Gandhi Village Electrification Scheme. As this table indi-

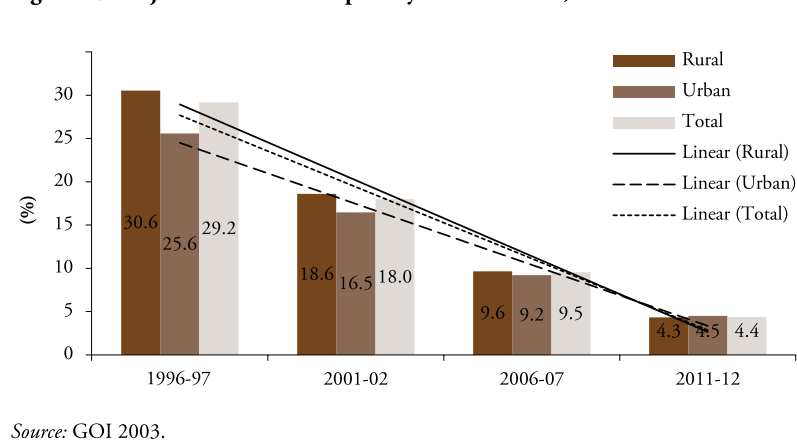
cates, the cumulative achievements under this programme have been about three-quarters of the targets for the period 2009-10 to 2011-12. Turning to State-wise achievements of targets for electrification of BPL households, the highest cumulative achievements have been recorded by Uttar Pradesh, Uttarakhand, Tamil Nadu and Andhra Pradesh. The first three met or exceeded their targets for the three years while Andhra Pradesh met 98 per cent of its targets. The laggards in this process were Manipur, Kerala and Nagaland.

Poverty

The entire discussion about growth in infrastructure must meet the central objective of all public policy—improvement in the living standards and capabilities of people in general, especially that of women and marginalized sections. Poverty constitutes a serious handicap to expansion of capabilities of people. Hence, it is important to make an assessment of progress in the amelioration of poverty. Figure 2.5 provides an overview of progress and projections of poverty ratios in India during the period 1996-97 and 2011-12. The overall poverty ratio is projected to decline from 29.2 per cent in 1996-97 to 4.4 per cent in 2011-12. Urban-rural disparity is present, as in all other indicators, albeit this gap is projected to narrow with a skew in favour of rural areas. This is most likely to be a function of rising urbanization in the country, bringing greater numbers of poor people to urban areas. The urban poverty ratio is projected to decline to 4.5 per cent in 2011-12 from 25.6 per cent in 1996-97. The rural poverty ratio on the other hand is projected to decline to 4.3 per cent from 30.6 per cent in 1996-97.

The poverty ratio across some of the major States in the country has been tabulated in table 2.20. The lowest poverty ratios are projected to be in Punjab (0.2 per cent) followed by Gujarat, Kerala, and Rajasthan. The threshold level for Punjab was the lowest at 8.0 per cent in 1996-97, un-

Figure 2.5 Projections of national poverty ratios in India, 1996-2012



Source: GOI 2003.

Table 2.20 State-wise projected poverty ratios in India, 1996-2012

Major States	1996-97	2001-02	2006-07	2011-12
Andhra Pradesh	17.4	11.1	5.4	2.4
Assam	26.5	10.7	3.8	2.1
Bihar	44.1	27.5	14.1	6.5
Gujarat	17.1	9.1	3.9	1.3
Haryana	18.4	10.2	5.0	2.6
Himachal Pradesh	22.4	14.0	7.3	3.1
Karnataka	30.7	17.9	8.7	3.5
Kerala	21.2	11.4	4.8	1.4
Madhya Pradesh	33.4	22.0	12.8	6.8
Maharashtra	32.7	20.7	11.4	5.4
Orissa	40.2	22.9	10.8	4.6
Punjab	8.0	3.0	0.9	0.2
Rajasthan	20.3	10.9	4.7	1.5
Tamil Nadu	30.7	18.1	9.0	3.6
Uttar Pradesh	32.5	21.9	12.9	6.9
West Bengal	25.1	13.5	6.3	2.9
India	29.2	18.0	9.5	4.4
India (weighted)	29.0	17.7	9.2	4.4

Source: GOI 2003.

doubtedly a major outcome of the Green Revolution in the earlier decades. However, Gujarat with a poverty ratio of 17.1 per cent in 1996-97 has no doubt made major strides to have a projected poverty ratio of only 1.3 per cent by 2011-12.

Debate about poverty measures

In this discussion about the level of poverty and progress that may have been made for

An important component of service delivery for empowerment of people is that of availability of gainful employment

its amelioration, what cannot be lost sight of is the fact that the poverty line is itself a subject of debate over the recent past. This debate is germane to this discussion owing to the facts that (a) the proportion of the population that lives in poverty is a function of the methodological tools that are used to define poverty; and (b) increasingly, scholarly opinion is of the view that poverty is not simply a matter of income deprivation but must include other aspects as well. While the methodology used to assess the proportion of population in poverty is important (and, different methodologies yield different results); what is more important in this discussion is what factors are included in the assessment of poverty.

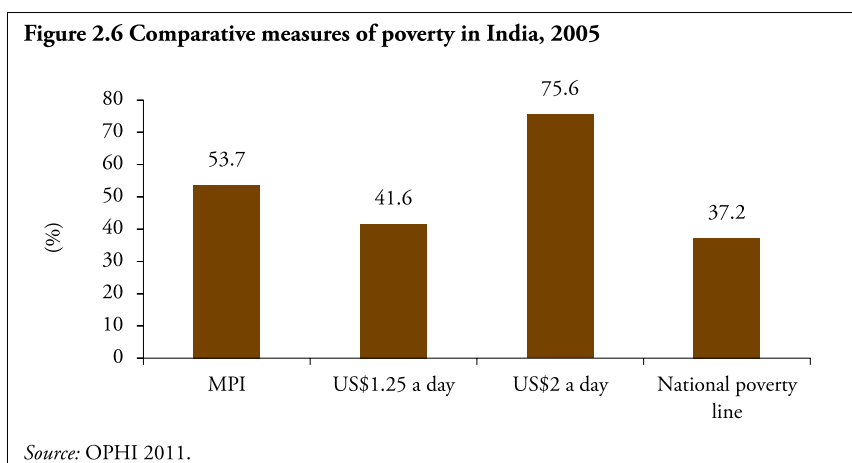
It is in this context that the Multidimensional Poverty Index (MPI) in the UNDP's *Human Development Report 2010*¹⁵ is important to note. This MPI followed Mahbub ul Haq's construction of the Human Deprivation Measure (HDM) of 1998, which later became the Poverty of Opportunity Index (POPI) and used by the Mahbub ul Haq Human Development Centre. In this Report, the POPI has been calculated for four South Asian countries (India, Pakistan, Bangladesh and Sri Lanka) (see chapter 3). The MPI includes ten indicators classified into three clusters to assess the proportion of the population in poverty: education (years of schooling and school attendance); health (child mortality and nutrition); and standard of living (cooking fuel, sanitation, water, electric-

ity, floor and asset ownership). Figure 2.6 shows comparative results about the proportion of the population in poverty.

A perusal of figure 2.6 indicates that the national poverty line is perhaps the most optimistic of the four measures compared while a US\$2 per day assessment puts three-quarters of the population below this definition of poverty. However, a pure economic measure of US dollar per day may not suffice to capture the actual impact of poverty on the population. Thus, the best measure is the MPI, which combines multiple aspects of poverty and puts more than half of India's population as living in poverty. The trouble with this index is that comparability is limited owing to both difficulty in mobilizing older datasets to make this assessment, as also in harnessing existing knowledge to make such a comparison. Further, the changes of the MPI in India over the past 5-7 years cannot be easily measured owing to its dependence on outcomes only.

It is in this light that another important link in the chain of socio-economic transformation required for addressing poverty is that of providing employment to people. While the growing economy has undoubtedly a role to play, it is often the case that the very poor are unable to provide marketable skills to benefit from economic growth. Better health and education, as has been discussed above, will certainly contribute to this but, at the same time, robust public support is necessary to generate employment for the poor. This will not only reduce poverty but also make an unquestionable contribution to expanding real choices for the people. Such an expansion of choices will most certainly enhance their capabilities to engage with the development process and socio-economic transformation that is underway on more equal terms.

An important component in this chain of service delivery for empowerment of people is that of availability of gainful employment, especially in the lean months. Significant strides have been



made in this respect with the enactment and implementation of the National Rural Employment Guarantee Act (NREGA) 2005, later renamed the Mahatma Gandhi NREGA (MGNREGA). An overview of the progress in implementation of this Act and employment generation under its auspices has been provided in table 2.21. As is clear from the table, the employment programmes under the MGNREGA was rolled out in 200 most vulnerable districts of the country in 2006-07 and was progressively expanded to cover the rest of the country with 619 or the 640 districts (as per Census 2011)—districts being covered by the programme in 2009-10. The total number of job cards issued had been a progressively growing number but the rate of growth in issuance of job cards between 2008-09 and 2009-10 had become slower. The same pattern applied to employment provided to households. In fact, the number of person days of jobs created in the period 2008-09 and 2009-10 declined from 216.3 crores in 2008-09 to 200.0 in 2009-10. This is more serious in light of the fact that the number of districts covered had risen to 619 in 2009-10 from 615 in 2008-09, indicating thinner ground coverage. Thus, while a vast ground was covered in generating employment, the slowing down of the growth of number of jobs provided, as also the total person-days of jobs created, is a trend that is not positive. However, gender equity-wise, the overall performance of MGNREGA was rather encouraging. The proportion of employment provided to women grew from 40 per cent in 2006-07 to 48 per cent in 2009-10.

While the MGNREGA is an integral part of ameliorating the distress, especially in the lean months, the provision of employment at minimum wages will not suffice unless there are public mechanisms to make food available at low prices. This is a gap that is filled up by the public distribution system (PDS), the details of whose performance is shown in table 2.22. While 41.5 million tonnes of food was distribut-

Table 2.21 Performance of the MGNREGA, 2006-10

	2006-07	2007-08	2008-09	2009-10
No. of districts	200	330	615	619*
Total job card issued (crores)	3.8	6.5	10.0	10.9
Employment provided to households (crores)	2.1	3.4	4.5	4.3
Person days (crores)	90.5	143.6	216.3	200.1
Women	0.4	0.4	0.5	0.5

Note: *: Upto December 2009.

Source: GOI 2003.

Table 2.22 Public distribution system (PDS) Government of India vs National Sample Surveys (NSS), 2004-10

	2004-05	2009-10
Distribution of food via PDS ration shops (million tonnes)	41.5	48.9
PDS food received by population, NSS (million tonnes)	13.2	25.3
% leakage of food via PDS ration shops	68.2	48.3
Food Subsidy-Ministry of Finance (INR crores)	24,479	59,621
Food subsidy according to NSS (INR crores)	8,474	38,875
PDS corruption estimate (INR crores)	16,005	20,746

Source: Bhalla 2012.

ed by the PDS in 2004-05, it had risen to 48.9 million tonnes in 2009-10 of which only about half, 25.3 million tonnes, was received by the population. Thus, leakage of the food distributed by the PDS was substantial. In 2004-05 a huge amount—68.2 per cent of food distributed by PDS—had leaked!

The proportion of food that leaked from the PDS had fallen drastically by 2009-10, but still half the food being distributed by the PDS was leaking into the open market and was not available to the needy. Further, it might also be underlined that an estimated half of the food subsidy was lost in corruption.

Returning to the MGNREGA, the employment generated under the MGNREGA is geared towards an expansion of physical infrastructure with attention to projects dealing with rural connectivity, flood control and protection, water conservation and water harvesting, drought proofing, micro-irrigation works, provision of irrigation facility to land, renovation of traditional water bodies, land development, etc. The idea behind

There has been a lot of public policy effort devoted to the generation of self-employment across the country with special attention to building capabilities of marginalized sections and women

prioritization of these works is to ensure that the employment generated under the MGNREGA will improve prospects of economic activity in the countryside and in the process expand the capabilities of people to adopt economic activities which are not dependent on public programmes. The performance of the MGNREGA on all these various heads has been tabulated in annex table 2.4. Over the two years for which data was available, there was an improvement in the percentage of works completed. While in 2008-09, only 43.8 per cent of the works were completed, in 2009-10, this figure had improved to 48.9 per cent. However, more than half the works undertaken under this scheme were not completed.

Turning to the States, the largest proportion of works undertaken under MGNREGA being completed was in Gujarat where 88.9 per cent of works undertaken were completed (not including the small Union Territory of Puducherry where 97.3 per cent of works were completed). The largest proportion of works was completed in smaller States such as Mizoram, Manipur, Lakshadweep, Sikkim and Uttarakhand.

Amongst the major States, West Bengal and Uttar Pradesh, which were noted earlier to have high poverty ratios, reported about two-thirds of the works commissioned under the MGNREGA being completed. Surely, this has some impact on the projected decline of poverty ratios in the current year in these two States.

The poorest performance in completion of works under the MGNREGA was reported by Orissa, followed by Karnataka, Tripura and Tamil Nadu. Clearly, the MGNREGA is being seen as a scheme to provide merely current employment and its other component of building rural capabilities for employment generation leaves much to be desired. However, these are still early days and much is expected from this scheme as far as rural economic empowerment is concerned.

Apart from guaranteeing avail-

ability of employment during the lean months, there has been a lot of public policy effort devoted to the generation of self-employment across the country with special attention to building capabilities of marginalized sections and women. Annex table 2.5 accordingly shows the performance of the flagship self-employment generation scheme: the *Sanjay Gandhi Swarozgar Yojana* (SGSY), Sanjay Gandhi Self-employment Scheme. First and foremost is the issue of utilization of funds allocated to this scheme wherein the pattern of utilization has been fluctuating: from 48.9 per cent of the funds being utilized in 1999-2000, the peak was 85.9 per cent of funds utilization in 2005-06. Since then, there has been a declining curve in the utilization of funds allocated to this scheme. The average utilization of funds allocated to the scheme across the years has been at 76.3 per cent.

Allocation and utilization of funds must produce concrete results in terms of assisting various sections of the population. In term of women's empowerment, the proportion of allocation of the funds under SGSY is decent. Of the total number of self-help groups (SHGs) formed under this scheme, 67.6 per cent were women SHGs. Besides, the pattern of proportion of women SHGs is a rising curve with 71.9 per cent of all SHGs funded under this scheme being women SHGs in 2008-09.

Similarly, the proportion of the population from the SCs/STs assisted under SGSY was on average 46.7 per cent—a figure that has remained largely stable over the years. In terms of assisting minority groups, the average is 3.9 per cent, but the same figure for 2008-09 was 14.8 per cent. Similarly, the percentage of women assisted under this scheme was 56.7 per cent with a skew in favour of women in recent years. A similar pattern applied to disabled persons in which the average has been 1.4 per cent but there has been a rising skew in their favour in recent years.

The expansion of rural infrastructure under MGNREGA and public policy

efforts to generate employment under both MGNREGA and SGSY links up with a variety of other schemes for the same purpose. Funds for self-employment require an expansion of rural infrastructure in order to be able to provide opportunities to self-employed entrepreneurs to take advantage of the scheme. *Pradhan Mantri Gram Sadak Yojana* (PMGSY), Prime Minister's Village Roads Scheme is one of the flagship schemes geared towards the expansion of rural infrastructure. Arguably, village roads are far more important in expanding capabilities of rural folk than national highways. Consequently, the datasets summarising the performance of PMGSY is shown in annex table 2.6.

In this respect, two issues are important in performance assessment of PMGSY with regard to the construction of rural infrastructure: that of the proportion of works completed and the output of these works in terms of the length of roads constructed. At the all-India level, about two-thirds of the works were completed, which accounted for completion of only 61.8 per cent of the planned village road length.

State-wise, the largest proportion of works completed was in the State of Nagaland, where 93.6 per cent of the planned village road length was completed and 87.2 per cent of such works were completed. Goa also recorded similar figures but the target for Goa was small, in accordance with its size. Among the major States, Rajasthan performed the best in terms of both number of works completed as also in the village roads constructed. In Rajasthan, 92.9 per cent of works were completed, which led to 86.9 per cent of planned roads being constructed. Similar patterns were recorded for Haryana and Uttar Pradesh.

Among the poor performers in this respect are Jammu and Kashmir with 28.7 per cent of the works being completed, accounting for only 25.4 per cent of the targeted village road length being completed, followed by Tripura and Kera-

la. The rest of the poor performers are the same States that have performed poorly in other indicators: Bihar, Jharkhand, Orissa, Assam and Uttarakhand.

Institutions of governance

While the outcome indicators discussed before are important in assessing the progress of empowerment in India, the idea of empowerment requires attention to the processes and institutions that anchor such transformation.

In the Indian case, an assessment of the role of processes and institutions is not an easy task on account of the fact that (a) the design aspect of these institutions is well known but this aspect does not capture the role that they play (or fail to play) in promoting empowerment of the people; and (b) an assessment of the role of actual functioning of institutions of governance in promoting empowerment requires a detailed analysis of each individual institution in all its socio-political and economic complexities in the multi-plural context of India. Furthermore, (c) each institution of governance operates at multiple levels, at least at the two levels of the Union and the State, each being mediated by the contextual factors relevant to that level. Such an exercise would be a matter of long-term study, and even then only some selective aspects can be covered—something that is clearly beyond the scope of this chapter.

However, selective aspects of some of the institutions can be presented, primarily drawn from existing secondary studies addressing some of the particular issue areas. To that extent, this analysis can only be a limited one but some degree of assessment can be made in the operation of these institutions of governance, especially with respect to progress and impediments in their functioning as institutions of empowerment.

Executive

Every indicator discussed earlier is a func-

In India, the idea of empowerment requires attention to the processes and institutions that anchor transformation

tion of the degree of effectiveness of the Executive to implement policies of social change. To that extent, both the gains and shortfalls in the success of policies of empowerment are a reflection on the Executive.

A couple of observations, however, must be made with respect to the functioning of the Executive. First is the increasing role of those institutions and processes in governance that are not directly accountable to the Parliament. The regulatory bodies that are being created for various sectors (such as telecom, electricity, insurance, etc.) are a case in point. “Regulation of economic activities is often justified as a policy instrument to minimize the effects of market failures, i.e., the situations when the firms operating in the market may fail to achieve overall welfare...”¹⁶ Overall welfare is usually interpreted in terms of promotion of economic efficiency with very little attention paid to the accountability of these institutions to the democratic process of the country. In fact, this central role of non-elected, technocratic bodies in economic and social transformation policies has a long history in the country. The Planning Commission, set up by “a Resolution of the Government of India in March 1950 in pursuance of declared objectives of the government to promote a rapid rise in the standard of living of the people by efficient exploitation of the resources of the country, increasing production and offering opportunities to all for employment in the service of the community”¹⁷ is the first such institution that is not directly accountable to the Parliament but to the Executive. While the Commission played a central role in the economic management of the country through its “responsibility of making assessment of all resources of the country, augmenting deficient resources, formulating plans for the most effective and balanced utilization of resources and determining priorities”,¹⁸ the overall narrow technocratic bias on the policies, which largely distrusts ‘non-spe-

cialist people’ to look after their own affairs is rooted in this approach. Some of this may, however, be poised for a change with the increasing vitalization of institutions of local governance—a subject to which we shall return to.

Transparency

The second major observation with respect to the Executive is that of the growing role of the Right to Information Act (RTIA) 2005. “Advocates of the RTIA argue that the law can help purge inefficiency and corruption from government, control bureaucratic power, and increase the political influence of marginalized citizens.”¹⁹ The RTIA was a result of a long-drawn citizen’s campaign for greater transparency in administration and embodies the hopes of the citizenry for making the government more accountable. The record of implementation has been a mixed one. While there have been great strides in seeking information from various governmental agencies, chiefly the Executive, there is an increasingly noticeable lack of capacity in these agencies to handle the huge flux in the demand for information. Besides, in line with Executive agencies the world over, there is very little effort by these agencies at proactive disclosure; not to mention a constant struggle between the activist citizenry and the bureaucracy to reduce the information covered under the ambit of the RTI.

Further, given the central role that access to information may play in determining the terms of empowerment of the citizens, the MGNREGA mandates that all information must be proactively provided by the Executive with respect to this employment generation scheme to reduce gaps in both capacity and accountability. The jury is still out on the efficacy of this design although in terms of design aspects, this is a model to be adopted for other policies of socio-economic change.

The RTIA was a result of a long-drawn citizen’s campaign for greater transparency in administration and embodies the hopes of the citizenry for making the government more accountable

Judiciary

The design aspect of the judiciary in India is that of an independent judiciary, which although appointed by the President, all judges hold office until they reach the age of superannuation with removal from their position only possible through a complicated process of impeachment by the Parliament. Besides, the expenses of the higher judiciary are a 'charged' item implying that they are not voted upon in the annual budget presented before the Parliament. Owing to these design aspects, there is little scope of the Executive or the legislature being able to directly influence the functioning of the judiciary.

However, repeatedly questions are raised about the accountability of the judiciary, since, once appointed, the judges administer their own affairs. This is one matter which is not easy to handle without compromising the integrity and independence of the judiciary.

Nonetheless, the issue that affects the citizenry most directly is that of judicial delays and pendency. It not only adds to the costs of seeking justice, in some aspects the old adage rings true: justice delayed is justice denied. A look at the pendency/disposal of cases in the various high courts across the country is therefore instructive (see table 2.23).²⁰ The limitations of this dataset notwithstanding, it can be noted from the table that a total of 42 lakh cases were pending in the high courts of India in 2011.

Part of the reason of this pendency of cases, apart from initiation of new cases, is the chronic issue of unfilled judicial vacancies in the major courts (figure 2.7).

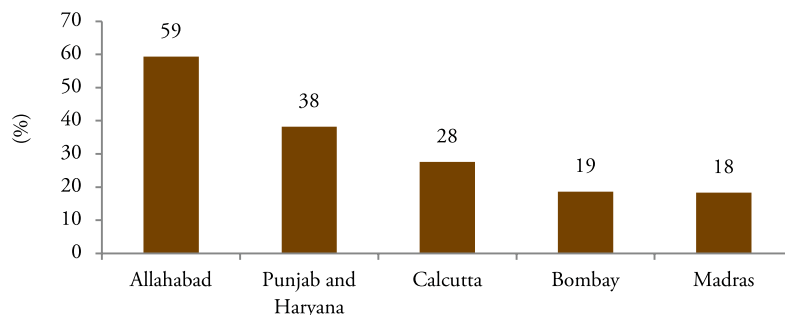
These delays in the judicial system obviously constitute a handicap in the empowerment of citizens. The delay in the judicial system amount to the denial of citizens' rights as many issues before the higher courts consist of a variety of writs seeking judicial directions to the Executive for an enforcement of their rights.

Table 2.23 Filing and resolution of cases in India, 2011

	Supreme Court (thousands)	Higher courts (lakhs)	Subordinate courts (crores)
Pending (start of year)	56	40	2.7
Fresh cases filed	78	19	1.8
Cases resolved	79	17	1.7
Pending (end of year)	55	42	2.8

Source: CPR 2011.

Figure 2.7 Vacancies in major high courts in India, 2011



Source: CPR 2011.

Parliament and State level legislatures

The Indian Parliament is an institution that embodies both the stability of the democratic process in India and also its dynamic nature. It is for this reason that it is not easy to assess the role played by the Parliament in buttressing the empowerment of citizens. To some extent, the very design of the institutional structure of the Parliament is geared towards ensuring a maximalist orientation of popular empowerment. Besides, all that has been discussed earlier in terms of both developmental policy as well as initiatives for expansion of people's choices is a function of the role of the Parliament.

The design issue is discussed first. The Indian Parliament consists of two houses—the *Lok Sabha* (Lower House) and the *Rajya Sabha* (Upper House); 542 seats in the former are elected directly by the people across the country in territorial constituencies on the basis of a single transferrable vote. The principle of draw-

If the policies reflect the expectations of a wider cross-section of people, it is more likely to encourage empowerment of the citizenry than those that reflect fewer views

ing these constituencies is that all members elected to the *Lok Sabha* must represent a roughly equal number of citizens. Besides, a certain proportion of seats in the *Lok Sabha* are reserved for the SCs and STs. The *Rajya Sabha* is elected by an electoral college comprising elected members of the legislative Assembly of the States in accordance with the system of proportional representation by means of the single transferable vote. Unlike other federal countries, all States do not have an equal representation in the *Rajya Sabha* but a proportional representation depending on population.

A similar system is replicated in all States in which the legislature (*Vidhan Sabha*) is directly elected by the people of those States from territorial constituencies. Not all States have an Upper House—the *Vidhan Parishad*.

Thus, the very design of the Parliament and State legislatures is geared towards an expansion of popular representation and, thereby, plays the role of embodying the very spirit of popular democracy in India.

Additionally, the recent political process in the country has expanded this representation in which many more opinions have been elected than in the past—a fact that has been reflected in the large numbers of political parties that participate in the elections and are elected to the Parliament. In 2009 General Elections, 364 parties contested the polls of which 39 were elected.²¹ Thus, many members were elected from small regional parties, further pluralising representation of all sorts of political opinion in the house.

One implication of this pluralisation of the *Lok Sabha* is that the government has to necessarily depend on a number of parties for its survival. Some analysts have seen this as an example of constraints within which the government must function, making it less able to take purposeful steps for reform of the system. While this may well be the case, the same story has another side: the plurality of political opinion in the Parliament also ensures that

decisions arrived at reflect a wider opinion and, thereby, policies are more likely to be in tune with popular expectations. Therein lies the enhancement of empowerment: if the policies reflect the expectations of a wider cross-section of people, it is more likely to encourage empowerment of the citizenry than those that reflect fewer views.

Decentralisation and local governance institutions

One component of the debate on empowerment discussed at the beginning of this chapter is that of the ability of the people to participate in the decision-making process, which expands choices for the people.

Annex table 2.7 provides data with respect to the existence of various tiers of local government including numbers, membership of women as well as marginalized sections of the population.

In this respect, it must be noted that the existence of local bodies have had a constitutional mandate since the 73rd Amendment Act 1992. Besides, the same constitutionally mandated local bodies were also extended to Scheduled Areas under the *panchayats* (Extension to Scheduled Areas) Act 1996. In addition, the membership of women (one-third) and marginalized sections of the population such as the STs and SCs are also mandated by a system of reservation in proportion with their share in the population of a particular area. This reservation of seats for women and marginalized sections also extends to the positions of heads of various *panchayats* at all three levels. Elections to various local bodies have been held in all States, while in some cases three rounds of such elections have been held.

There is not much critique that can be levied on the design of *Panchayati Raj* Bodies, given the structural facilitation of wide-ranging representation of all sections. The problem that is arising with the *panchayats* are two-fold: (a) the degree to which actual funds and functions have

been transferred to the actual control of these bodies; and (b) the degree to which traditional structures of local governance play a role in structuring the functioning of these constitutional bodies. A large number of studies are emerging on both these aspects but by their very nature, there are contextual issues and overall generalizations cannot be made.²² However, given sufficient time and autonomy of operation, *panchayats* are poised to play the single most important role in empowerment of people in India, particularly women, the poor and the marginalized. One such initiative to empower the *panchayats* to act as anchors of citizens' empowerment has been the anchoring of the MGNREGA in the *panchayats* system. While efficiency gains of such a step cannot be ignored, the gains that are resulting in terms of empowerment of citizens is far more important.

In the end...

The story of empowering the citizens of India has only just begun. Hence, a conclusion of any discussion of a review of policies and performance on this front can only hope to indicate future possibilities.

The preceding discussion has thrown up two central patterns: (a) significant progress has been made on various aspects to create conditions for empowerment, especially in the social sector. However, the goal is somewhere in the

future. Many gaps still exist that must be addressed on the road to empowerment, which in a sense is itself a shifting goalpost. However, the very nature of the debate ensures that assiduous efforts be devoted to chasing this very worthwhile goal; (b) the role of the state in both anchoring development policies for empowerment and also the successful execution of such policies cannot be ignored. The sectors which have been underlined and prioritized in public funding mechanisms have shown good progress. Thus, the role of public mechanisms in both financing and implementing development programmes designed to expand people's capacities cannot be overstated.

Within this process lies the centrality of popular participation in expanding the real choices available to people, which must be anchored on local popular and democratic institutions.

Having reviewed the processes and outcome indicators of some of the significant variables in the empowerment of people, it may be concluded that all indications exist of a robust path having been established. There has been a significant expansion of capabilities of people, but many milestones are still sometime in the future. Concerted efforts will need to be devoted to buttress this process to ensure a continuous expansion of capabilities and their empowerment.

There has been a significant expansion of capabilities of people, but many milestones are still sometime in the future

Annex table 2.1 Union budgetary prioritization of various sectors and services in India, 2002-12
(% of grand total)

	2002- 03	2003- 04	2004- 05	2005- 06	2006- 07	2007- 08	2008- 09	2009- 10	2010- 11	2011- 12
A. Expenditure on Central Plan by head of development	60.2	59.3	60.9	75.2	73.2	70.0	72.0	72.2	75.6	76.0
1. Economic Services	38.9	37.7	36.7	45.8	44.5	40.1	41.1	42.3	43.0	41.5
1.1 Agriculture and Allied Activities	2.8	3.1	3.6	4.6	4.5	4.3	3.7	3.6	3.6	3.3
1.2 Rural Development	10.7	10.0	7.2	11.2	9.7	9.7	14.6	12.7	11.7	10.5
1.3 Irrigation and Flood Control	0.2	0.2	0.2	0.3	0.3	0.2	0.2	0.1	0.1	0.1
1.4 Energy	3.8	4.0	4.4	3.3	4.2	3.0	3.0	3.1	2.6	2.7
1.5 Industry and Minerals	2.6	2.4	2.2	3.2	3.5	3.2	3.1	3.2	3.1	3.3
1.6 Transport	13.4	13.3	13.4	17.1	16.5	14.0	11.0	14.7	14.7	13.5
1.7 Communication	1.5	0.5	0.5	0.5	0.4	0.4	0.4	0.3	0.2	0.9
1.8 Science, Technology and Environment	2.9	3.1	3.9	3.9	3.8	3.6	3.2	3.3	3.2	3.7
1.9 General Economic Services	1.1	1.1	1.4	1.7	1.6	1.6	2.0	1.3	3.8	3.6
2. Social Services	20.4	20.6	23.2	28.5	28.3	29.5	30.6	29.5	32.3	32.9
2.1 Education Art and Culture	6.2	6.4	8.1	10.9	12.4	11.8	11.4	10.9	10.8	11.0
2.2 Health and Family Welfare	4.9	4.8	5.3	5.9	5.8	6.3	5.8	5.8	4.9	5.5
2.3 Information and Broadcasting	0.3	0.2	0.2	0.3	0.2	0.2	0.2	0.2	0.2	0.2
2.4 Welfare of SCs/STs and other backward classes (OBC)	1.0	0.9	1.0	1.2	1.2	1.3	1.3	1.5	1.8	1.9
2.5 Labour and Labour Welfare	0.1	0.1	0.1	0.1	0.1	0.3	0.3	0.3	0.3	0.3
2.6 Social Welfare and Nutrition	2.1	1.9	2.0	3.0	2.9	2.8	3.7	2.9	2.8	2.9
2.7 North Eastern Areas	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	5.2	5.3
2.8 Other Social Services	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
3. General Services	0.9	1.0	0.9	0.8	0.4	0.4	0.3	0.4	0.4	1.6
Central Plan on Revenue account	44.3	42.9	44.3	58.4	60.4	58.4	60.5	58.9	61.3	60.8
Central Plan on Capital account	15.9	16.3	16.6	16.8	12.8	11.6	11.5	13.2	14.3	15.2
B. Central Assistance for State Plans	38.4	39.7	38.1	23.8	25.7	28.7	26.7	26.1	23.5	22.9
1. Normal Assistance (including hill areas)	37.4	38.6	37.6	23.4	25.3	28.4	26.5	25.9	23.4	22.8
2. North Eastern Council Plan	0.6	0.5	0.5	0.5	0.5	0.3	0.2	0.2	0.2	0.2
3. Rural Electrification	0.5	0.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
C. Central Assistance to UT Plans	1.4	1.1	1.1	1.0	1.1	1.4	1.3	1.8	0.9	1.1
(a) UTs with legislature	0.7	0.5	0.5	0.4	0.2	0.5	0.4	0.9	0.3	0.4
(i) Puducherry	0.2	0.2	0.2	0.3	0.1	0.1	0.1	0.8	0.3	0.3
(ii) National Capital Territory of Delhi	0.5	0.3	0.3	0.1	0.1	0.4	0.3	0.1	0.0	0.1
(b) UTs without legislature	0.7	0.6	0.6	0.6	0.8	0.9	0.9	0.9	0.6	0.7
(i) Andaman and Nicobar Islands	0.4	0.3	0.3	0.4	0.5	0.6	0.6	0.5	0.2	0.3
(ii) Chandigarh	0.2	0.1	0.1	0.1	0.2	0.2	0.2	0.2	0.1	0.2
(iii) Dadra and Nagar Haveli	0.1	0.1	0.0	0.1	0.0	0.1	0.0	0.1	0.1	0.1
(iv) Lakshadweep	0.1	0.1	0.1	0.0	0.1	0.1	0.0	0.1	0.1	0.1
(v) Daman and Diu	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.1	0.1
Total- Central Assistance to States and UT Plans	39.8	40.7	39.1	24.8	26.8	30.0	28.0	27.9	24.4	24.0
On Revenue account	19.9	21.4	21.8	21.1	23.5	26.3	24.8	24.8	21.5	21.6
On Capital account	19.9	19.4	17.3	3.7	3.3	3.8	3.2	3.1	2.9	2.4
Grand Total	100	100	100	100	100	100	100	100	100	100

On Revenue account	64.2	64.3	66.1	79.5	83.8	84.6	85.3	83.7	82.8	82.4
On Capital account	35.8	35.7	33.9	20.5	16.2	15.4	14.7	16.3	17.2	17.7

Source: GOI 2012h.

	Administrative structure*			Rural health infrastructure			
	No. of districts	No. of blocks	No. of villages	District hospitals*	Community health centres**	Primary health centres**	Sub-centres**
Andhra Pradesh	23	1,127	26,614	20	167	1,570	12,522
Arunachal Pradesh	16	69	3,862	14	44	116	592
Assam	27	219	26,247	20	108	844	4,592
Bihar	38	533	45,356	26	70	1,776	8,858
Chhattisgarh	16	146	20,179	16	144	715	4,776
Goa	2	11	369	2	5	19	171
Gujarat	25	170	18,569	25	281	1,084	7,274
Haryana	20	119	6,764	21	93	437	2,465
Himachal Pradesh	12	75	17,495	12	73	449	2,071
Jammu and Kashmir	14	107	7,537	14	85	375	1,907
Jharkhand	22	211	32,621	22	194	321	3,947
Karnataka	27	176	29,406	24	324	2,193	8,143
Kerala***	14	152	1,452	14	226	697	4,575
Madhya Pradesh	48	313	53,857	47	333	1,155	8,869
Maharashtra	35	358	43,711	35	376	1,816	10,579
Manipur	9	36	2,391	7	16	72	420
Meghalaya	7	39	6,180	3	28	105	401
Mizoram	9	26	817	8	9	57	370
Nagaland	11	52	1,278	11	21	123	397
Orissa	30	314	51,349	32	231	1,279	6,688
Punjab	20	141	12,673	20	129	394	2,950
Rajasthan	32	237	41,353	28	367	1,503	10,951
Sikkim	4	0	452	4	0	24	147
Tamil Nadu	30	385	17,244	29	256	1,277	8,706
Tripura	4	40	1,040	2	11	76	579
Uttar Pradesh	70	813	96,383	74	515	3,690	20,521
Uttarakhand	13	95	16,826	16	55	239	1,765
West Bengal	19	341	40,782	15	334	922	10,356
A and N Islands	2	7	501	2	4	19	114
Chandigarh	1	0	22	1	2	0	16
D and N Haveli	1	1	72	1	1	6	38
Daman and Diu	2	2	23	2	2	2	26
Delhi	9	14	165	9	0	8	41
Lakshadweep	1	1	24	1	3	4	14
Puducherry	4	15	92	4	3	24	53
India	617	6,345	6,23,706	581	4,510	23,391	1,45,894

Notes: *: Data as on 1st January 2008. **: Data as on March, 2009. ***: There is a reduction in number of sub-centres and primary health centres in Kerala due to Standardization of Health Institutions during 2009 as reported by the State.

Sources: GOI 2008 and 2012a.

Annex table 2.3 State-wise target and achievement of below the poverty line (BPL) households' electrification under *Rajiv Gandhi Grameen Vidyutikaran Yojana* (RGGVY) in India, 2009-12

	2009-10			2010-11			2011-12*			Cumulative achievement under RGGVY		
	Target	Achievement	Per cent achievement	Target	Achievement	Per cent achievement	Target	Achievement	Per cent achievement	Target*	Achievement	Per cent achievement
Andhra Pradesh	5,92,200	5,66,518	96	85,000	2,58,751	304	96,855	52,559	54	27,00,896	26,56,600	98
Arunachal Pradesh	2,820	967	34	5,000	9,205	184	10,638	7,849	74	40,810	18,021	44
Assam	2,06,800	1,89,816	92	2,65,000	3,52,237	133	3,15,819	1,22,457	39	9,83,587	6,97,228	71
Bihar	3,10,200	5,60,985	181	6,60,000	6,41,016	97	7,17,358	81,853	11	27,25,282	18,25,951	67
Chhattisgarh	1,03,400	1,45,990	141	1,75,000	1,96,552	112	3,34,460	34,961	10	7,78,075	4,68,397	60
Gujarat	1,60,740	85,931	53	95,000	4,20,126	442	1,38,987	60,639	44	8,48,398	7,61,323	90
Haryana	80,355	69,453	86	40,000	90,535	226	33,139	9,062	27	2,24,073	1,92,887	86
Himachal Pradesh	564	148	26	1,000	3,637	364	4,364	3,843	88	12,448	8,020	64
Jammu and Kashmir	8,460	14,163	167	20,000	8,452	42	19,793	8,770	44	99,925	39,371	39
Jharkhand	5,78,100	5,55,289	96	4,15,000	3,59,213	87	4,66,502	46,524	10	18,05,317	12,07,682	67
Karnataka	2,36,880	1,34,949	57	35,000	48,861	140	72,281	32,716	45	8,80,199	8,17,308	93
Kerala	5,740	6,131	107	...	1,117	...	18,517	...	...	54,614	17,238	32
Madhya Pradesh	2,38,001	75,477	32	2,45,000	2,11,816	86	6,58,498	1,59,164	24	13,78,256	5,23,582	38
Maharashtra	3,29,000	4,29,026	130	2,50,000	4,03,387	161	1,50,000	93,349	62	13,44,087	11,27,764	84
Manipur	3,760	1,640	44	20,000	4,397	22	37,976	2,125	6	1,07,369	11,518	11
Meghalaya	4,230	17,832	422	20,000	12,880	64	27,502	6,692	24	1,09,478	38,668	35
Mizoram	6,580	378	6	5,000	8,129	163	8,910	2,498	28	27,417	11,005	40
Nagaland	3,760	4,368	116	10,000	13,434	134	18,097	6,720	37	69,899	24,522	35
Orissa	7,61,400	6,50,678	85	12,90,000	14,35,007	111	10,60,424	2,07,769	20	31,99,270	24,37,582	76
Punjab	37,600	19,507	52	20,000	28,890	144	...	...	...	1,48,860	48,397	33
Rajasthan	2,58,500	2,08,695	81	1,33,000	2,55,939	192	1,33,399	48,504	36	11,44,590	10,06,243	88
Sikkim	940	66	7	1,000	7,121	712	3,271	1,614	49	11,458	8,801	77
Tripura	6,110	22,085	361	55,000	36,886	67	49,066	10,854	22	1,23,037	69,825	57
Tamil Nadu	1,41,000	3,83,533	272	75,000	1,15,044	153	-	10	...	4,98,873	4,98,883	100
Uttar Pradesh	37,600	1,57,263	418	...	15,818	...	...	18,820	...	8,71,920	8,90,740	102
Uttarakhand	37,600	72,382	193	...	19,596	...	...	3,405	...	2,25,270	2,28,675	102
West Bengal	5,47,660	3,45,198	63	7,80,000	9,25,309	119	8,24,144	2,58,086	31	26,45,310	16,24,993	61
India	47,00,000	47,18,468	100	47,00,000	58,83,355	125	52,00,000	12,80,843	25	2,30,58,718	1,72,61,224	75

Note: *: Revised coverage (provisional).

Source: GOI 2011b.

Annex table 2.4 Physical outcomes under MGNREGA

	Work (assets) completed											% of works completed
	Total works taken up	Rural connectivity	Flood control and protection	Water conservation and water harvesting	Drought proofing	Micro irrigation works	Provision of irrigation facility to land owned by	Renovation of traditional water bodies	Land development	Any other activity approved by MRD	Total	
2008-09	2,774,679	225,069	62,554	248,167	75,443	66,173	238,088	92,519	189,517	16,639	1,214,169	43.8
2009-10	4,617,032	355,022	95,954	629,833	115,885	151,655	360,831	162,762	342,465	45,075	2,259,482	48.9
Andhra Pradesh	1,025,080	15,616	4,367	187,625	21,100	75,321	48,839	35,320	144,485	0	532,673	52.0
Arunachal Pradesh	1,505	340	162	21	6	65	0	3	21	53	671	44.6
Assam	22,392	5,661	1,309	492	540	248	28	283	839	3	9,403	42.0
Bihar	158,905	32,426	5,212	8,698	7,591	6,649	1,495	7,689	2,575	290	72,625	45.7
Chhattisgarh	93,284	12,552	331	5,368	2,287	1,665	10,143	7,624	12,631	0	52,601	56.4
Goa	470	102	73	10	0	0	0	28	86	1	300	63.8
Gujarat	296,717	6,799	2,858	222,699	4,232	334	3,645	3,748	2,224	17,112	263,651	88.9
Haryana	7,705	1,372	163	1,184	185	289	7	416	406	41	4,063	52.7
Himachal Pradesh	62,473	14,207	4,283	5,426	798	3,506	1,401	2,906	2,880	492	35,899	57.5
Jammu and Kashmir	29,426	6,335	4,446	1,926	270	2,165	315	1,123	2,066	15	18,661	63.4
Jharkhand	160,813	17,632	229	19,286	1,414	921	18,033	5,510	12,566	176	75,767	47.1
Karnataka	567,055	10,370	7,737	22,156	15,403	9,534	24,555	6,190	27,069	6,603	129,617	22.9
Kerala	149,108	2,618	28,033	6,778	3,040	9,356	3,008	12,696	10,585	709	76,823	51.5
Madhya Pradesh	555,310	21,145	1,605	18,797	18,504	2,980	126,816	5,017	49,755	0	244,619	44.1
Maharashtra	24,926	356	346	7,305	602	40	611	552	801	0	10,613	42.6
Manipur	14,141	2,904	3,342	1,109	1,938	609	0	299	772	518	11,491	81.3
Meghalaya	10,115	2,693	251	1,391	937	237	11	374	340	115	6,349	62.8
Mizoram	3,330	2,004	3	121	257	2	0	5	306	36	2,734	82.1
Nagaland	8,823	1,162	462	1,600	693	679	69	262	663	7	5,597	63.4
Orissa	199,622	11,835	228	3,512	790	262	1,391	6,070	85	838	25,011	12.5
Punjab	11,836	1,887	309	232	877	510	1	1,558	649	361	6,384	53.9
Rajasthan	203,247	19,909	787	10,935	2,118	2,718	46,008	7,811	1,965	0	92,251	45.4
Sikkim	2,137	180	93	197	780	58	0	5	119	0	1,432	67.0
Tamil Nadu	54,008	4,837	143	2,599	0	3,880	0	9,433	17	0	20,909	38.7
Tripura	182,000	12,119	748	10,398	1,483	5,259	672	2,313	12,151	3,281	48,424	26.6
Uttar Pradesh	547,362	105,596	13,981	57,823	16,192	13,059	68,472	28,391	42,583	14,391	360,488	65.9
Uttarakhand	36,973	1,409	5,118	10,295	2,461	2,653	506	1,241	968	26	24,677	66.7
West Bengal	183,500	40,860	9,218	21,674	9,927	8,630	4,805	14,923	11,814	7	121,858	66.4
Andaman and Nicobar	511	79	113	89	2	26	0	1	44	0	354	69.3
Chandigarh	0	0	0	0	0	0	0	0	0	0	0	0.0
Dadra and Nagar Haveli	46	17	4	1	0	0	0	0	0	0	22	47.8
Daman and Diu	0	0	0	0	0	0	0	0	0	0	0	0.0
Lakshadweep	3,295	0	0	86	1,444	0	0	93	1,000	0	2,623	79.6
Puducherry	917	0	0	0	14	0	0	878	0	0	892	97.3

Note: MRD indicates Ministry of Rural Development.

Source: GOI 2011g.

Annex table 2.5 Physical and financial progress under <i>Sanjay Gandhi Swarozgar Yojana (SGSY), 1990-2009</i>												
S. No.		1999-2000	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	Total
A. Financial Progress (crores)												
1	Funds available	1,962.0	1,608.2	1,299.6	1,178.2	1,214.9	1,511.2	1,558.5	1,724.6	2,394.2	3,003.1	17,454.3
2	Funds utilized	959.9	1,117.9	970.3	921.1	1,043.4	1,290.8	1,338.8	1,424.2	1,966.0	2,285.4	13,317.8
3	% utilization to funds available	48.9	69.5	74.7	78.2	85.9	85.4	85.9	82.6	82.1	76.1	76.3
4	Credit disbursed to self-help groups (SHGs)	187.3	256.6	318.3	459.1	707.8	1,027.7	1,275.4	1,803.3	2,090.7	2,513.4	10,639.7
5	Credit disbursed to individual Swarozgaris	869.2	1,202.8	1,011.3	725.2	594.3	630.5	547.8	487.9	669.6	1,016.7	7,755.2
6	Total credit mobilized (4+5)	1,056.5	1,459.4	1,329.7	1,184.3	1,302.1	1,658.2	1,823.2	2,291.2	2,760.3	3,530.1	18,394.9
7	Subsidy disbursed to SHGs	124.6	167.9	209.9	282.5	444.4	586.1	671.2	771.5	991.0	1,150.9	5,400.0
8	Subsidy disbursed to individual Swarozgaris	417.1	533.9	455.7	323.4	269.0	272.7	233.6	199.6	298.1	591.3	3,594.5
9	Total subsidy disbursed (7+8)	541.7	701.9	665.6	605.9	713.4	858.8	904.8	971.1	1,289.1	1,742.3	8,994.5
10	Credit subsidy ratio	2.0	2.1	2.0	2.0	1.8	1.9	2.0	2.4	2.1	2.0	2.1
11	Investment	1,598.2	2,161.3	1,995.3	1,790.2	2,015.5	2,517.0	2,728.0	3,262.3	4,049.4	5,272.3	27,389.4
12	Ratio of investment on individuals to SHGs	0.2	0.2	0.4	0.7	1.3	1.8	2.5	3.8	3.2	2.3	1.4
13	Per capita investment	17,113	21,481	21,284	21,666	22,472	22,555	23,699	19,281	28,765	29,932	...
B. Physical progress (in number)												
1	Help groups formed	292,426	223,265	434,387	398,873	392,136	266,230	276,414	246,309	306,688	563,530	3,400,258
2	Women SHGs formed	176,263	153,285	296,175	221,085	233,136	191,666	213,213	176,712	231,670	404,972	2,298,177
3	% of women SHGs	60.3	68.7	68.2	55.4	59.5	72.0	77.1	71.7	75.5	71.9	67.6
4	No. of SHGs passed grade I	125,402	214,011	176,002	189,634	204,987	219,604	210,639	222,029	251,163	322,322	2,135,793
5	No. of SHGs passed grade II	74,234	101,291	54,040	94,754	90,673	105,839	91,920	156,353	116,878	138,641	1,024,623
6	SHGs taken up economic activities	29,017	26,317	30,576	35,525	50,717	68,102	80,130	137,931	181,386	114,452	754,153
7	SHGs Swarozgaris assisted	347,912	318,803	364,676	414,419	577,532	788,573	873,485	1,472,066	1,154,269	1,470,032	7,781,767
8	Individual Swarozgaris assisted	585,956	687,349	572,792	411,848	319,363	327,355	277,631	219,860	253,503	291,392	3,947,049
9	Swarozgaris assisted under Special Project	...	...	...	...	...	...	...	...	291,523	100,451	391,974
10	Total Swarozgaris assisted (7+8+9)	933,868	1,006,152	937,468	826,267	896,895	1,115,928	1,151,116	1,691,926	1,699,295	1,861,875	12,120,790

Continued												
S. No.		1999-2000	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	Total
11	% of SHGs Swarozgaris assisted	37.3	31.7	38.9	50.2	64.4	70.7	75.9	87.0	67.9	79.0	64.2
12	Swarozgaris from SCs assisted	278,938	310,886	284,040	249,556	274,893	352,864	383,124	600,364	561,052	601,299	3,897,016
13	Swarozgaris from STs assisted	134,944	137,850	143,619	130,260	138,909	149,115	165,407	241,291	251,783	274,530	1,767,708
14	Total Swarozgaris from SCs/STs assisted	413,882	448,736	427,659	379,816	413,802	501,979	548,531	841,655	812,835	875,829	5,664,724
15	Minorities Swarozgaris assisted	...	...	...	...	...	...	...	60,494	142,399	275,121	478,014
16	Women Swarozgaris assisted	416,690	409,842	385,891	382,613	470,740	606,141	662,764	1,247,132	1,083,905	1,206,513	6,872,231
17	Disabled Swarozgaris assisted	8,529	6,737	6,059	6,118	8,504	12,680	14,793	31,864	36,113	42,315	173,712
18	% of SCs/STs assisted	44.3	44.6	45.6	46.0	46.1	45.0	47.7	49.8	47.8	47.0	46.7
19	% of minorities assisted	...	...	...	...	...	...	...	3.6	8.4	14.8	3.9
20	% of women assisted	44.6	40.7	41.2	46.3	52.5	54.3	57.6	73.7	63.8	64.8	56.7
21	% of disabled assisted	0.9	0.7	0.7	0.7	1.0	1.1	1.3	1.9	2.1	2.3	1.4

Source: GOI 2011g.

Annex table 2.6 Physical and financial progress under Pradhan Mantri Gram Sadak Yojana (PMGSY)								
<i>(in crores, length in Km)</i>								
	Value of proposals cleared	Amount released (up to 28.01.2010)	No. of road works	Length of road works	No. of road works completed (up to Dec. 09)	Length of road works completed (up to Dec. 09)	% of road works completed up to Dec. 09	% length of road works completed up to Dec. 09
States								
Andhra Pradesh	3,915	2,654	6,196	20,481	5,141	15,484	83.0	75.6
Arunachal Pradesh	1,613	697	687	3,706	438	2,314	63.8	62.4
Assam	8,798	3,575	4,643	15,901	1,565	7,324	33.7	46.1
Bihar (RWD)	8,591	1,339	5,788	18,972	856	2,042	14.8	10.8
Bihar (NEA)	8,355	2,823	3,428	18,913	749	6,083	21.9	32.2
Chhatisgarh	6,466	4,077	5,320	25,509	3,084	14,690	58.0	57.6
Goa	10	10	90	178	72	159	80.0	89.1
Gujarat	1,422	894	3,082	7,909	2,360	5,728	76.6	72.4
Haryana	1,518	1,075	420	4,589	316	3,780	75.2	82.4
Himachal Pradesh	2,420	1,264	2,100	12,166	1,310	8,210	62.4	67.5
Jammu and Kashmir	2,243	720	885	4,772	254	1,212	28.7	25.4
Jharkhand	2,386	1,097	1,930	9,191	707	4,084	36.6	44.4
Karnataka	3,198	2,044	3,204	16,138	2,432	10,528	75.9	65.2
Kerala	719	321	953	2,089	455	868	47.7	41.5
Madhya Pradesh	13,280	7,918	12,471	55,323	7,318	32,770	58.7	59.2
Maharashtra	4,668	2,988	4,891	20,464	3,699	13,663	75.6	66.8
Manipur	637	319	954	2,424	638	1,869	66.9	77.1
Meghalaya	314	159	409	1,101	330	809	80.7	73.5
Mizoram	708	365	191	2,487	98	1,622	51.3	65.2
Nagaland	377	320	249	2,675	217	2,503	87.2	93.6
Orissa	9,933	4,839	7,519	29,284	3,482	13,378	46.3	45.7
Punjab	1,564	1,134	761	4,498	647	3,569	85.0	79.4
Rajasthan	8,889	6,825	11,705	50,781	10,878	44,110	92.9	86.9
Sikkim	764	444	380	2,894	152	2,218	40.0	76.6
Tamilnadu	2,036	1,089	4,970	10,054	3,118	5,975	62.7	59.4
Tripura	1,566	739	959	3,051	472	1,239	49.2	40.6
Uttar Pradesh	10,059	7,767	15,708	41,542	13,501	33,284	86.0	80.1
Uttarakhand	1,220	521	624	4,708	293	2,521	47.0	53.5
West Bengal	4,667	2,870	2,327	13,580	1,434	8,501	61.6	62.6
Grand total	112,334	60,885	102,844	405,381	66,016	250,537	64.2	61.8
Union Territories								
A and N Islands	32	11	18	0	0	...	...	...
Dadar and Nagar Haveli	37	14	156	182	0	...	...	...
Daman and Diu	10	10	0	0	0	...	...	...
Delhi	5	5	1	0	0	...	...	...
Lakshadweep	5	5	0	0	0	...	...	...
Puducherry	12	10	78	88	77	69	98.7	78.0
Total (UTs)	101	54	253	270	77	69	30.4	25.4
Total	112,435	60,939	103,097	405,651	66,093	250,605	64.1	61.8

Source: GOI 2011g.

Annex table 2.7 Number of elected representatives of Panchayati Raj institutions

	<i>Gram Panchayat</i>				<i>Intermediate Panchayat</i>				<i>District Panchayat</i>			
	Total	SCs	STs	Women	Total	SCs	STs	Women	Total	SCs	STs	Women
2001	2,739,666	371,868	258,998	685,155	140,200	18,517	7,252	...	14,617	1,830	1,197	3,460
2002	1,630,327	238,437	231,984	548,794	72,156	12,495	8,302	23,596	10,927	1,690	1,368	3,605
2004	2,065,882	346,002	233,765	838,227	109,324	22,333	8,210	47,455	11,708	2,201	1,322	4,923
2006	2,656,476	490,986	314,324	975,116	156,609	32,898	11,340	58,094	15,694	2,734	1,649	5,779
2008	2,645,883	485,825	304,350	975,057	156,794	32,968	11,406	58,191	15,613	2,729	1,723	5,810
States												
Andhra Pradesh	208,291	31,243	16,662	68,736	14,617	2,586	1,093	4,919	1,095	196	87	364
Arunachal Pradesh	6,485	0	6,485	2,561	1,639	0	1,639	577	136	0	136	45
Assam	22,898	1,254	782	8,977	2,148	80	86	791	390	10	18	135
Bihar	117,397	16,941	784	64,152	11,537	2,307	91	5,671	1,157	192	9	577
Chhattisgarh	157,250	17,200	65,552	53,045	2,977	316	1,257	1,005	321	37	124	109
Goa**	1,509	0	181	514	0	0	0	...	50	0	0	20
Gujarat	109,209	7,615	21,245	36,400	4,161	297	815	1,394	817	58	175	274
Haryana	66,588	14,320	0	24,406	2,833	617	0	962	384	82	0	135
Himachal Pradesh	22,654	6,095	1,176	8,864	1,676	416	105	596	251	64	19	92
Jharkhand*	0	0	0	0	0	0	0	0	0	0	0	0
Karnataka	91,402	16,997	9,880	39,318	3,683	678	347	1,519	1,005	184	84	373
Kerala	16,139	1,750	208	5,705	2,004	212	17	694	339	35	4	119
Madhya Pradesh	388,829	57,752	104,204	133,508	6,851	1,105	1,913	2,378	836	153	233	310
Maharashtra	223,857	24,624	26,863	74,620	3,922	430	470	1,307	1,961	215	264	654
Manipur**	1,675	37	39	730	0	0	0	0	61	2	2	28
Orissa	85,367	14,805	22,166	31,121	6,233	1,056	1,728	2,208	854	146	220	301
Punjab	88,132	27,440	0	30,875	2,622	840	0	866	209	69	..	68
Rajasthan	113,713	24,140	20,248	40,044	5,494	1,098	1,025	2,108	1,040	194	193	391
Sikkim**	891	52	399	356	0	0	0	0	95	5	47	38
Tamil Nadu	109,308	22,156	827	36,824	6,524	1,358	47	2,313	656	139	3	227
Tripura	5,352	1,408	291	1,852	299	78	15	106	82	23	4	28
Uttar Pradesh	703,294	174,842	673	273,229	65,669	16,453	52	24,674	2,698	655	2	1,122
Uttarakhand	53,988	10,413	1,858	20,319	3,152	596	105	1,079	360	68	10	119
West Bengal	49,545	14,492	3,628	18,150	8,563	2,422	601	2,953	720	198	53	248
Union Territories												
A and N Islands	759	0	0	261	67	0	0	25	30	0	0	10
Chandigarh	162	27	0	53	15	4	0	6	10	3	0	3
D and N Haveli**	114	3	105	45	0	0	0	0	11	0	10	4
Daman and Diu**	77	1	12	30	0	0	0	0	20	1	2	7
Lakshadweep**	85	...	82	32	0	0	0	0	25	...	24	9
Puducherry***	913	218	0	330	108	19	0	40	...	...	...	...

Notes: *: Elections to the Local Bodies are yet to be conducted. **: Intermediate *Panchayat* does not exist (2 Tier). ***: District *Panchayat* does not exist.

Source: GOI 2011g.

GOVERNANCE FOR PEOPLE'S EMPOWERMENT IN PAKISTAN

Governance, if it is to promote human development, has to be not just pro-people or people-centred. It has to be owned by the people.

—1999 SAHDR

Governance for People's Empowerment in Pakistan

Political empowerment of people depends upon the effective functioning of political institutions, particularly the Parliament, Executive and judiciary

As has been mentioned earlier in this Report, the 1999 South Asia Report on *The Crisis of Governance* broadened the concept of good governance by introducing the concept of humane governance which is defined as good governance dedicated to people's empowerment. It requires effective participation of people in state, civil society and private sector activities that are conducive to people and their well-being. Building on that concept, we argue in this Report that in the context of Pakistan the concept of good governance has to go beyond the conventional definition to people-centred political and economic governance that empowers all people irrespective of class, caste, gender and faith.

In this chapter the institutions of governance are examined from the perspective of people's empowerment—how the institutions of political, economic and civil society have been providing ordinary Pakistanis with access to justice, income, credit and voice. The chapter is divided in three parts: part 1 analyses the legislature and judiciary; part 2 looks at the institutions of economic management; and part 3 assesses the poverty alleviation programmes in Pakistan. All three parts judge the performance of governance from only one criterion—how effective it has been in delivering services to people in order to empower them.

Governance of political institutions

Political empowerment of people depends upon the effective functioning of political institutions, particularly the Parliament, Executive and judiciary. If the Parliament is composed of people with integrity and

knowledge; the election commission performs its role of selecting and overseeing the election of the right kind of people; the Executive performs its role to serve people and not rule over them; and the judiciary is empowered with qualified people and adequate resources to enable it to provide justice to all people efficiently and timely, the political institutions of the country will have delivered a humane governance and the people will have been empowered. But that is not the fate of most of the 180 million people in Pakistan.

Parliament

In a democracy the Parliament serves people's interests and welfare by performing a number of roles including engaging in debates and passing legislations on issues of public concern, approval of national budget, and oversight of Executive policies and actions. An effective, efficient and accountable Parliament plays a significant role in people's empowerment by passing the right laws and overseeing the work of the Executive.

Legislative role

The legislative performance of the Parliament has improved over the years. The 13th National Assembly of Pakistan passed on average 20 private and government bills during three years (2008-09, 2009-10 and 2010-11). This ratio is double than the number of bills passed by the 12th National Assembly.¹ Similarly, the Senate of Pakistan passed 8, 16 and 25 bills during the first three years (2008-11) respectively. However, a comparison of the situation

with neighbouring democracies shows that the Parliament of Pakistan has not performed as well as, for example, the Indian Parliament (see figure 3.1).

Besides legislation, an important function of the Parliament is to debate issues of public concern. Over the last few years, a number of such issues were discussed in the Parliament including defence budget, judicial restoration, national security and terrorism. However, decision-making based on these debates remained minimal. A large number of questions raised in the debates remained unaddressed. This discourages parliamentarians to raise issues of public concern and erodes public trust over efficiency and effectiveness of the Parliament.

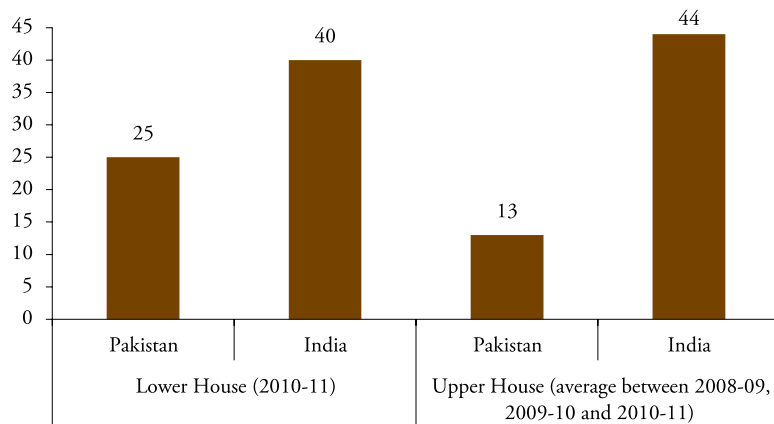
Overall, in recent years the Parliament has made some landmark achievements such as the 18th, 19th and 20th Amendments to the Constitution. All these amendments, along with the 7th National Finance Commission (NFC) Award, have strengthened democracy by improving provincial autonomy, strengthening the process of judicial appointments, enhancing independence of the Election Commission of Pakistan (ECP), and defining rules for the appointment of a neutral interim government.

However, the Parliament has been unable to institutionalize an effective accountability mechanism. A bill titled as 'Holder of Public Offices (Accountability) Bill 2009' is pending in the National Assembly since April 2009. The Parliament's inability to reform the budgetary process is a major issue in the monitoring and accountability role of the Parliament. Finally, the weak control of the Parliament over national security and foreign policy remains an area of concern.

Monitoring the actions of the Executive

The Parliament has in place several mechanisms to monitor the policies and actions of the Executive. For example:

Figure 3.1 Government bills passed by the Parliaments in India and Pakistan, 2008-11



Sources: PILDAT 2011b and c.

- An important function of the Parliament is to hold the Executive accountable for the policies that it implements. This oversight function is carried out through the parliamentary committees of the National Assembly and the Senate for each ministry of the government. These committees have the powers to examine the policies and administration of the ministry concerned, including its attached corporations. Currently there are 28 Standing Committees in the Senate and 34 Standing Committees in the National Assembly to monitor the activities of various ministries.
- Both the National Assembly and the Senate have a committee on Government Assurance which is responsible for taking note of the commitments of the government committed by its ministries in the Parliament, and to report on the implementation of these commitments.
- The National Assembly also has a Public Accounts Committee (PAC) which examines federal government's audited accounts through reports by the Auditor General and makes recommendations.

The state of parliamentary oversight over foreign policy is said to be poor. Despite enormous challenges including the complicated Pak-US relations, Pak-Afghan stress, Pak-Iran issues and Pak-India tensions, the role of the National Assembly Standing Committee on Foreign Affairs to oversee foreign policy has remained limited.

Some other committees also submitted reports; however their recommendations were not implemented. For instance, the recommendations of the Standing Committee on Railway related to huge corruption, of the Housing Committee on massive financial fraud in the National Assembly Employees Cooperative Housing Society, and of the Standing Committee on Education on the case of the parliamentarians' fake degrees.

A number of measures need to be adopted to make the functioning of the Parliamentary Standing Committees more effective. First, the members of these committees should be appointed on the basis of their capability, and should be provided with training in their respective areas. Second, the duplication of Standing Committees in both houses of the Parliament needs to be replaced with a single committee representing both the National Assembly and the Senate for each ministry/department, as in India. This would result in efficiency, economy and better performance.

Role of the Parliament in the budget process

Besides legislation and Executive oversight, another role of the Parliament is oversight of the budget process and approval of the budget. As a representative of people, Parliament has the responsibility to ensure that the budget matches the needs of the majority of people with available resources. In Pakistan, the role of the Parliament in analysing and scrutinizing the annual national budget remains ineffective with a minimal role for parliamentary committees in the budget process. Historically,

Pakistan's budget process has been the sole responsibility of the Executive leaving little scope for parliamentary accountability.

The total working days of the budget session in Pakistan are one of the lowest in the world. Over the last one decade, the annual budget in the National Assembly of Pakistan has been discussed on average for 12 days only, which is considered a very short time compared to other democracies in the world. According to the Inter-Parliamentary Union, a national Parliament requires at least 3 to 4 months for effective consideration of the budget.² The Indian Parliament spends 75 days in the budget process, whereas the Parliaments in Canada and US take 4 and 8 months respectively for the budget sessions.³

A number of measures need to be considered to make the Parliament a more effective body to scrutinize the budget for making it pro-poor. These include: extension in the duration of the parliamentary budget session to 3 months; arrangement of pre-budget sessions during November-December to include legislators' suggestions in the budget preparation; a proactive role of the Standing Committees of both houses in the budget process; and holding of public hearings by involving civil society organizations, think tanks and experts, etc.

Election Commission of Pakistan (ECP)

Free, fair, credible and transparent elections are mandatory for the functioning of a representative democracy. Article 218 of the Constitution of Pakistan provides for an independent and autonomous election commission with the objective to conduct fair elections to the National Assembly, Senate, provincial assemblies, presidential appointment, and local governments. The ECP, however, is stated to be poorly administered, insufficiently resourced, with inadequately trained staff.⁴ Its lack of independence, effectiveness and accountability has severely affected its capacity to

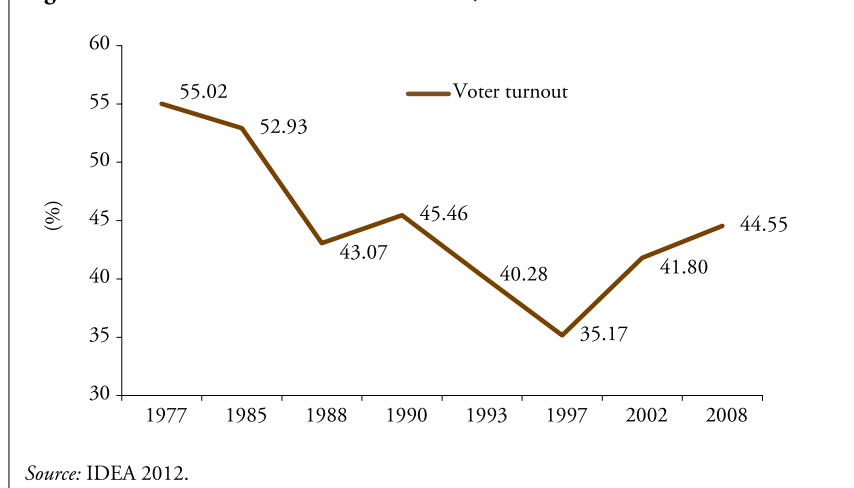
In Pakistan, the role of the Parliament in analysing and scrutinizing the annual national budget remains ineffective with a minimal role for parliamentary committees in the budget process

oversee a credible election and an orderly political transition. For example:

- Electoral rigging and corrupt practices during elections have become a part of political culture in Pakistan.
- The erosion of public trust is clear from a low voter turnout in Pakistan. The voter turnout in Pakistan has decreased from 55.02 per cent in 1977 general elections to 44.55 per cent in 2008 general elections (see figure 3.2).
- According to a report of the Institute for Democracy and Electoral Assistance (IDEA) on *Voter Turnout since 1945: A Global Report*, average voter turnout in Pakistan has been 45.3 per cent which is lowest compared to 74.3 per cent in Sri Lanka, 59.4 per cent in India, and 58.2 per cent in Bangladesh.⁵ The report further highlights that out of 169 countries surveyed, Pakistan ranked at 164 in terms of voter turnout, while Sri Lanka ranked at 79, India at 141 and Bangladesh at 143. This clearly shows the lower public confidence in the effectiveness of the ECP.
- The election tribunal system in Pakistan is characterized by lack of transparency and substantial delays. This leads to corruption, patronage and misuse of official powers to harass and blackmail opponents.
- Under the Representation of the People Act 1976, election tribunals must issue decisions within four months of the receipt of a petition. However, this does not happen in practice. Petitions are not resolved within the specified time with a large number of them remaining unresolved for a long time.

Over the last four years, there have been several efforts to improve the efficiency of election tribunals which include the Five-Year Strategic Plan 2010-15, Electoral Disputes Resolution Project, etc., however, the issue of case delays remains undressed. For instance, at the end of 2011,

Figure 3.2 Trends in voter turnout in Pakistan, 1977-2008



out of 107 election petitions filed after the 2008 general elections, 2009 Senate elections and subsequent bye-polls, 29 petitions have not been disposed of.⁶

Accountability of the ECP

The independence of an election commission along with its transparency and accountability makes an election credible and improves public confidence in its effectiveness. Recently, there have been efforts towards improving the independence of the ECP. For instance, in 2000 the ECP was given financial independence through transfer of certain budgetary powers from the Ministry of Finance to the Chief Election Commissioner. Similarly, the 18th and 20th Amendments to the Constitution increased the independence of the ECP by improving the selection procedure of the Chief Election Commissioner and four Members as well as the appointment of the interim government.

However, there have not been similar efforts towards creating a proper system to make the ECP accountable to people. One may challenge the ECP decisions in the courts, but this process is not systematic. There are some accountability mechanisms specific to the ECP but they are related to financial matters with the PAC. The ECP publishes various reports but they are not made public. There is a

The 18th Amendment has enhanced the independence of the ECP by improving the selection procedure of the Chief Election Commissioner

credibility gap when it comes to the overall performance of the ECP such as to make decision making of the ECP public, and enhance efficiency and general performance. There is a lack of an official mechanism to scrutinize the effectiveness of the ECP in conducting elections honestly, fairly and transparently.⁷

The Parliament can play a significant role in making the ECP transparent and answerable for its performance through a parliamentary committee system. Such an oversight may include more detailed scrutiny of its financial system, and scrutiny of its activities, decisions and internal accountability mechanisms. Various mechanisms may be used to make parliamentary oversight more useful such as: regular reporting of the ECP to the Parliament and making them immediately public; appointment of a permanent and full time parliamentary committee to monitor the ECP's activities; and drafting of clearly defined rules for parliamentary oversight over the ECP.

A way towards improving the effectiveness and accountability of the ECP

Some of the issues related to the effectiveness and accountability of the ECP have been addressed through the 18th and 20th Amendments to the Constitution, Five Year Strategic Plan 2010-15 and Elections Laws Bill 2011. The 18th Amendment has enhanced the independence of the ECP by improving the selection procedure of the Chief Election Commissioner and four ECP Members. They are now appointed through consultations between the Prime Minister and leader of the Opposition in the National Assembly, and subsequently approved by a parliamentary committee. However, as the jobs are of an administrative nature, the requirement that the Members of the ECP be judges, sitting or retired, need not be mandatory. Similarly, the 20th Amendment has refined the procedure for the appointment of a neutral caretaker government for the holding of

election and related administration. Such a government will be set up with consensus among all political parties in the Parliament. The five Year Strategic Plan 2010-15 has also addressed some of the issues related to transparency, effectiveness and accountability of the ECP.

- a. There is a need for clearly defined and practical rules regarding spending limits on election expenditures. Two issues need to be addressed: legally allowed level of spending on election campaign, and penalty for candidates exceeding the limit. The current spending limits on candidates' campaigns are unrealistic. For example, the spending limit for a candidate contesting provincial assembly elections is PKR1 million while in the 2008 General Elections, on average candidates spent PKR10 million on election campaigns.⁸
- b. There is a need to place a legal bar on the President and the Governors to support any political party. Also, there is a need to check the misuse of government resources by public officials during elections.
- c. The information related to the candidates should be made available on the website at least one month before the elections. Also, polling stations and booth wise election results, for the public as well as the media, should be on the website.
- d. Electoral dispute mechanisms must be made more efficient by appointing more competent judges to address the issue of case delays.
- e. The ECP should clearly define job descriptions and employment policies, and arrange proper training of the ECP staff along with strong internal accountability.
- f. New and authentic electoral rolls need to be prepared as soon as possible. Also voting should be made compulsory to make the government truly representative.⁹ Access to all voters, especially

- in remote areas and for women, must be made easy.
- g. The ECP should be made accountable to the Parliament.

Judiciary

Although Pakistan has a huge judicial system consisting of lower courts, high courts and Supreme Court, the system has not been able to deliver social justice to all. The majority of people, especially the poor, marginalized and deprived, do not have access to justice. Recently, higher courts have performed well and earned public confidence; however the issue of long delays persist.

Lower courts

Subordinate courts directly affect the common man as he has to deal with them often. In Pakistan, about 75 to 80 per cent of the cases are handled by these courts.¹⁰ But people do not have trust in lower courts as these courts are not equipped with adequate human and financial resources to uphold the rule of law. This results in an increase in crime and human rights violations. According to the *Lahore District Courts Litigant Survey 2010-11*, four out of every five respondents were found to be dissatisfied with the courts.¹¹ Out of them 51.5 per cent expressed that they would not like to bring their disputes to the courts in the future. This clearly indicates low public confidence over courts, and ineffectiveness of the lower judiciary in Pakistan. This encourages people, especially the poor and marginalized, to look for alternative dispute resolution mechanisms, or to take the law into their own hands.¹²

JUSTICE DELAYED

Lower courts in Pakistan remain highly backlogged, resulting in delaying justice to the poor. About 1.2 million cases are pending in these courts (see table 3.1). Moreover, every year thousands of new cases are

filed, putting more pressure on the already small number of judges. A civil case can take up to 10-20 years to deliver the final judgment, mainly due to complicated judicial procedures.¹³ The situation is almost the same in the case of criminal courts due to an ineffective criminal justice system. The main factors responsible for the huge backlog of cases and delayed justice are: insufficient number of judges; defective investigation; widespread corruption; ineffective property rights; complexity and inefficiency of court processes, mechanisms and systems; and legal and procedural flaws.

The judiciary in Pakistan is facing the problem of a shortage of judges along with their insufficient training and inappropriate reward structure. There are only 2,000 judges for a population of about 175 million. It is not possible for a judicial officer to provide justice in 100 to 200 cases daily.¹⁴ A judge needs time for fair decision. A large number of courts have become inactive due to this shortage of judges. For instance, in 2011 out of 437 district courts in Sindh 88 were inactive due to a shortage of judges.¹⁵ Moreover, judges are provided insufficient pre- and in-service training. Recently, there have been some efforts to address issues related to recruitment and salaries of judges. For instance, the Punjab government has tripled the salaries of judges.¹⁶ However, the benefits are not yet visible. Courts are still facing the problem of a shortage of judges. There is a need to hire more judges, train them professionally and link their promotions to performance. Also, the government ought to increase the budget to improve the overall infrastructure of the courts.¹⁷

Poor performance of police and weak prosecution has also resulted in a

The judiciary in Pakistan is facing the problem of a shortage of judges along with their insufficient training and inappropriate reward structure

Table 3.1 Pending cases in Pakistan, 2010

Courts	No. of pending cases
Subordinate courts	1,212,996
High courts	165,250
Supreme Court	17,878
All courts	1,397,871

Source: HRCP 2011b.

Now an independent judiciary is playing an active role as an important pillar of governance

very low conviction rate in Pakistan, which is between 5 to 10 per cent only.¹⁸ Defective investigation is attributed to political interference in the functioning of police, absence of strong mechanism for accountability, lack of resources for investigation and insufficient cooperation among investigating agencies.

A huge backlog of cases in the presence of lengthy and complicated judicial procedures encourages corruption and favouritism. It makes the judicial system favourable for the rich and erodes public confidence. Public perception surveys show lack of public trust over the judiciary. According to TI Pakistan's National Corruption Perception Survey 2010, two-thirds of the respondents who interacted with the judiciary encountered corruption. Despite so many reform efforts to address the issue of corruption, the situation has further deteriorated. According to the same survey, in 2011 people perceived the judiciary as the 4th most corrupt government department.

Every day a large number of new petitions are filed in courts, putting more pressure on judges in the presence of a huge backlog of cases. These cases can be significantly minimized by clearly defining land ownership laws.

Inadequately defined and outdated judicial laws and procedures encourage the lawyers and the petitioners to abuse the lengthy court process. Lawyers use weaknesses of laws as well as procedural delays as legitimate tools to benefit their clients. English is the judiciary's official language while only 2 per cent of the population can understand it.¹⁹ In a survey conducted at Lahore District Courts, about 72 per cent of the respondents stated that they have no recourse to any persons who are knowledgeable in the court processes.²⁰

National Judicial Policy 2009 has tried to make the judicial system more responsive to citizens' needs by putting enormous pressure on (civil and criminal) courts to dispose of cases within a fixed time period.²¹ The policy has identi-

fied inadequate budget and infrastructure as main reasons for case backlogs. In civil cases, there is a need to improve laws and rights related to rent and land ownership to minimize the number of cases filed. In criminal cases, there is a need to put more focus on the pre-trial phase to improve the conviction rate. Laws that discriminate on the basis of religion and gender such as the Blasphemy Law, anti-Ahmadi Laws, *Hudood* Ordinances and *Qisas* and *Diyat* Law need to be repealed.

Higher courts

The credibility of higher courts for the provision of justice has improved significantly after the restoration of judges as a result of the powerful movement by lawyers, media and civil society. Now an independent judiciary is playing an active role as an important pillar of governance.

The 18th Amendment to the Constitution has further strengthened the independence of the judiciary by making judicial appointments fair. Earlier higher court judges were appointed by the President of Pakistan. Now they are appointed by a Judicial Commission (having representation from the judiciary, lawyers, and the federal government) and a Parliamentary Committee. Further, the 19th Amendment to the Constitution increased the role of the judiciary for such appointments. It increased the number of senior judges in the Judicial Commission from two to four. Also, the Parliamentary Committee now has to state reasons for rejecting the Judicial Commission's nominations. However, judicial appointments are still the bone of contention between the judiciary and Executive.

The independence of the Supreme Court of Pakistan has improved its effectiveness. From the implementation of National Reconciliation Ordinance (NRO) case to the fair investigations and hearing of Memo scandal, to the corruption cases such as Hajj scam, National Insurance Company Limited (NICL) case, Pakistan

Steel, the Bank of Punjab Scandal, etc., and appointments and promotions in the National Accountability Bureau (NAB) and civil services, the Superior Court of Pakistan has been passing orders, giving directions and seeking changes. However, the government has remained hesitant to implement judicial orders resulting in a conflict between the judiciary and the Executive.

Recently, higher courts in Pakistan have been involved in taking suo motu notice. The Supreme Court of Pakistan has taken suo motu notice in matters related to police excesses, government's illegal actions and institutional corruption. The courts have initiated these cases on the basis of media reports or letters sent by common citizens. However, according to some legal experts, excessive use of such type of power by the superior court may politicize the courts and create rifts between the institutions of governance.

Reforms

There is a need to reform the judicial system in order to ensure access to justice to all without any discrimination based on ethnicity, religion or gender. There have been various efforts to improve access to justice. However, lower public confidence over the judicial system, especially lower courts, indicates the poor impact of reform efforts. The focus of reform efforts has been the enhancement of judicial efficiency and speedy justice while the social and structural constraints affecting access to justice have been ignored.

Executive

The Executive in Pakistan consists of prime minister, cabinet and civil services. Prime minister and cabinet are public representatives and are elected through elections whereas civil servants are appointed to implement government policies for providing services in areas such as health, education, law and order, land administration, tax-

tion, etc.

However, civil service in Pakistan is perceived to be corrupt. The public perception about government agencies like land administration, police and taxation is in general negative. Political manipulation of the Executive branch has reduced public confidence over its ability to provide public services effectively.

Overstaffed bureaucracy

Despite privatization and liberalization, the public sector still employs a huge number of people compared to other South Asian countries. For instance, in Pakistan there is one civil servant (at the federal and provincial level) for every 67 persons while in India one civil servant serves at an average 110 citizens.²² Over the years, despite the state's reduced role in economic activities, the size of the bureaucracy has increased in Pakistan. Such an increase in the bureaucracy and its huge size is attributed to the nature of appointment of civil servants. A small percentage of them is recruited on merit while a huge number is selected on the basis of quotas for different provinces, gender, rural-urban areas, and other socio-economic groups.

Almost all the cabinets, federal as well as provincial, are large. According to some estimates, in 2011 about 100 federal level ministers, advisors and special assistants were enjoying ministerial level perks and benefits.²³ The same situation prevailed in provincial assemblies.

The large size of the bureaucracy, including the federal and provincial cabinets, imposes heavy costs on a country which has a huge fiscal deficit. In 2011, the cost of running the Prime Minister Secretariat was PKR1.5 million per day, increasing from PKR0.6 million per day in 2008. The budgetary allocation for Prime Minister's foreign trips were costing the public exchequer PKR3 million per day. The cost of the cabinet division also increased from PKR4 million per day in 2008 to PKR8 million per day in 2011.²⁴

Political manipulation of the Executive branch has reduced public confidence over its ability to provide public services effectively

Recruitment, training, posting, wages and accountability

While recruitments in basic pay scale (BPS) 16 and above are made by federal and provincial public service commissions, lower level appointments are decided by departmental selection committees.²⁵ There are several problems in the recruitment system: inadequate job descriptions and qualifications; selection procedures not conducive to consider the aptitude, knowledge and skills required for the relevant jobs; and inability of civil service to attract competent candidates.

Once selected, the candidates are provided pre-service as well as in-service training. Some candidates are also sent abroad for this purpose. These training opportunities are mostly provided to Central Superior Services (CSS) qualified candidates only. Every year the Federal Public Service Commission (FPSC) appoints about 700 candidates as specialists or technical persons compared to 150-200 CSS-qualified candidates; however specialists are provided few opportunities for either pre-service or in-service training. The next step is proper evaluation and placement of candidates after training.²⁶ A large number of candidates are not appointed for the posts relevant to their trainings.

Postings, transfers and promotions of bureaucrats have frequently become subject to regime change in Pakistan. Both military and civilian governments have used the institution for their own benefits. Civil servants with political affiliations are prized while honest officers become demoralized.

Compression of salaries over time has affected recruitment and retention at the officer level. Under the present compensation structure, 85 per cent of government salary goes to the staff working in grades 1-16, accounting for 90 per cent of total civil servants while 15 per cent of the wages go to the employees in grades 17-22, accounting for 10 per cent of total civil servants.²⁷ The lower level staff is

being paid competitively with the private sector. However, the higher level officers get salaries that are lower than the private sector.²⁸ According to the *Pay and Pension Committee 2004* public sector wages at a senior level were lower than the private sector. Recently, the government increased salaries considerably in some public sector departments, but the real wages declined due to double digit inflation. This has made the government unable to attract, motivate and retain talented people. Currently, bureaucrats are receiving perks and privileges in the form of transportation, housing, land, etc. Monetization of such benefits can result in efficiency gains and significant financial benefits for the government.

Reforms

Over the last 65 years more than 30 commissions and committees have been constituted to reform the civil service, but very few of their recommendations have been implemented (see table 3.2).

There is a need to reform the civil service to benefit all civil servants. Excessive role of politicians and the military in appointments, promotions and placement of bureaucrats is a reason for poor implementation of civil service reforms. There is a need to convince them that a strong, independent, accountable and effective civil service institution is essential for an improvement in the governance system in Pakistan.

Role of media in people's empowerment

Over the last one decade the media in Pakistan has become a strong institution and an active player in articulating people's concerns. Since 2002, deregulation of the media including print, electronic and social media has resulted in a significant impact on the society. All these modes have seen a rapid progress, ensuring wider access to information for everyone. Today, there are 130 daily newspapers and 850

Postings, transfers and promotions of bureaucrats have frequently become subject to regime change in Pakistan

Table 3.2 Civil service reform efforts in Pakistan

Committees/Commissions	Features
Report of the Pay and Services Commission: 1959-1962	The report was quite comprehensive in its coverage of the issues facing the services, structure and organization of the central and provincial governments.
Report of the Standing Organization Committee (M. Shoaib) 1962	A report was submitted on reorganization of the functions and structure of the central government, in the light of the new constitutional provisions.
Report of the Working Group on the Re-organization of the Service Structure in Pakistan 1969	The report looked at the applicability of the Fulton Report, which was presented in the UK to reform the British Civil Service.
Administrative Reforms Committee 1972	The Committee's major contribution was to abolish the reservation of key posts in federal and provincial governments for the members of Civil Service of Pakistan (CSP) cadre and the replacement of the CSP cadre by a District Management Group and the Secretariat Group, in which all occupational groups would be represented. A unified service structure with different occupational Groups, introduction of national pay scales in Grades 1-22 and removal of constitutional guarantees for civil servants, were implemented in 1973.
Report of the Civil Services Commission 1978-1979 (S. Anwar-ul-Haq) 1979	The objective was to revisit the 1973 Administrative Reforms and make recommendations. The Commission chose to leave the basic thrust of the 1973 reforms intact.
Report of the Economy Commission 1992	The Commission recommended reduction in the number of Divisions in the federal government and abolition of 75 organizations that were found to be redundant. It offered specific proposals regarding each attached department, autonomous body and subordinate office under the federal government.
Report of the National Commission (Hamid Nasir Chattha) 1996	The Commission emphasized the need for reducing the number of Divisions in the Federal Secretariat. About 21 organizations were proposed for abolition, liquidation and privatization, while 22 were required to merge into other existing organizations. However, these decisions were not fully implemented.
Report of the Committee on Downsizing of the Federal Government (Hafiz Pasha) 1997	The Committee's proposals went well beyond those of Chattha Commission in reducing the number of Ministries / Divisions, but these proposals were never implemented.
Report of the Commission on Administrative Restructuring (Fakhar Imam) 1999	The Commission was formed mainly for right sizing the federal government and identifying surplus personnel. It provided a framework for administrative restructuring of the federal government and its communication linkages with the provincial governments.
Report of the Committee on Restructuring and Rightsizing of the Federal Ministries/ Divisions (Shahid Amjad Chaudhry) 2001	Its main contribution was rationalizing officer to staff ratio to an average of 1: 2.5. The surplus staff was to be surrendered to a central pool and also given the option for early retirement, computer training at government expense and separation incentive. Although this ratio was observed for some time, they soon fell into disuse.
Devolution Plan of 2000	The reforms abolished the posts of Commissioner, Deputy Commissioner and Assistant Commissioner and transferred the powers historically and traditionally enjoyed by these officers to elected Nazims at the District, Tehsil and Union levels. The executive magisterial powers, under which the Deputy Commissioner exercised checks and balances on the police officers, were also taken away, and the administrative reporting relationship was also assigned to District Nazim.
National Commission for Government Reforms 2008	The report largely focused on federal government but did provide insight on provincial and district government reforms. It recommended administrative restructuring, human resource management, simplification of existing rules and improvements in service delivery.
18 th Amendment to the Constitution 2010	It will have an impact on the very structure of federal and provincial civil services. It aims to build the capacities of provincial bureaucracies and improve public service delivery.

Sources: GOP 2008d, Shafqat 2011 and Wilder 2009.

publications. Local TV channels have increased from 2 in 1999 to 89 in 2011.²⁹ Also there are 2,346 cable operators and 28 foreign channels including British Broadcasting Corporation (BBC), Cable News Network (CNN), Sky, Star, etc.³⁰ New modes of media such as internet and cell phones have also emerged as parallel means of information sharing. Broadband inter-

net services are now available in more than 170 cities and the number of internet users is about 25 million, with 5.5 million of them using Facebook.³¹ Mobile phone connections have crossed 111 million users, making Pakistan the fastest growing cell phone market in Asia. All these numbers of print, electronic and social media are increasing every day, indicating a great

potential for a change in national politics and activism.

Power of the media

Besides creating awareness among people about their economic, political and social rights, the media is also playing the role of a watch-dog and an effective accountability mechanism for all state institutions including the Parliament, judiciary, election commission and Executive. By providing information about political developments to both literate and illiterate people, it has succeeded in influencing public opinion and national politics. The evidence is clear from the media's role in information sharing during the Lawyer's movement in 2007.

Over the last couple of years, the media has highlighted a number of issues related to human rights, resulting in administrative or judicial action. The media has also exposed several cases of misuse of power by politicians and bureaucrats and their involvement in corruption cases. This includes Rental Power Projects, Pakistan Railways, NICL scam, Hajj corruption, Pakistan Steel Mills, Pakistan International Airlines (PIA), etc. This helped the higher judiciary in taking suo moto notice as well as investigating these cases. Such an active role has increased the popularity and influence of the media in public, making the media, especially electronic media, an active player in politics.

Constraints on the media

Along with their increasing power, the journalists have also been victims of violence which has impeded the freedom of the media. The safety of journalists in Pakistan has deteriorated since the country became a frontline state in the war on terror in 2001. Since then, a large number of journalists have been arrested, tortured, threatened and killed. According to the Pakistan Press Foundation, between January 2002 and November 2011 about

42 journalists were killed, out of them 29 were deliberately targeted and murdered.³² With every journalist who was killed, a large number of journalists were unjustly detained, abducted, beaten and injured.³³ This has made Pakistan the world's most dangerous country for journalists.

Violence against media personnel is severally affecting the quality and freedom of press in Pakistan. All stakeholders including the media, civil society organizations, academic institutions and government need to devise a mechanism for the safety of journalists. This should include the formation of an independent commission for monitoring the prosecution and investigation of the cases of violence and killing of journalists.

Accountability of the media

An effective accountability mechanism is essential to ensure the media's independence, impartiality, freedom and objectivity and reduce sensationalism. There have been voices within the media and outside for accountability of the media. In a race for 'breaking news' electronic media take all sorts of liberties with facts, run pictures and videos of incidents, interfere during the police investigation at the scene of a crime, and cross a line of decency in talk shows.³⁴ All these and similar incidents have led to a public debate about media ethics and code of conduct.

Some government organizations are working for the accountability of print, electronic and social media such as Press Council of Pakistan, Pakistan Electronic Media Regularity Authority (PEMRA) and Pakistan Telecommunication Authority (PTA). However, they remain ineffective. There is an absence of a single collective code of conduct that all media voluntarily agree to follow and an oversight complaints commission. Individual and broadcast houses have formed their own codes of ethics; however, there is a lack of implementation.³⁵ Also, the practice of appointing an internal ombudsman is not

Over the last couple of years, the media has highlighted a number of issues related to human rights, misuse of power by politicians and bureaucrats and their involvement in corruption

followed by most of the media groups.

The government needs to formulate a comprehensive code of conduct for print, electronic and social media by extensive discussions with journalists, civil society, media specialists, think tanks and academicians. Also, there is a need to appoint an independent authority with representation from the media, judiciary, Parliament, Executive, and civil society to ensure the implementation of rules and enhance effectiveness of the media.

Decentralization: Vertical and horizontal

Decentralization is considered to improve governance and service delivery by involving people in decision-making in a country with vast ethnic diversity. It is considered to be the best way of giving people a voice and making the leaders and service providers work as responsive state functionaries. However, it does not automatically generate such results. In societies with unequal distribution of land, wealth, income and access to human capital, it may result in elite capture especially at the local level.³⁶ So, an effective decentralization from central to provincial to the local level based on strong accountability can ensure public welfare and improved provision of public services only if it comes with pro-poor growth policies and equitable distribution of land and resources.

Pakistan is a federal state with various tiers of government—central, provincial and local. There has been tension between the federal and provincial governments over a number of issues such as vertical distribution of legislative, fiscal and administrative powers, criteria for horizontal distribution of financial resources, creation of more provinces, and representation of minority ethnic groups in central institutions.

The recently announced 7th NFC Award and 18th Amendment to the Constitution is an effort to address such grievances by altering many of the privileges of the

Centre and is believed to improve the welfare of people. However, there is a doubt over effectiveness of the devolution process due to a number of challenges which are: insufficient capacity of provincial governments due to insufficient fiscal and human resources; inability to create more provinces; and failure to further devolve powers from provincial to local governments.

The 7th NFC Award and 18th Amendment to the Constitution

The 7th NFC Award and 18th Amendment have changed the governance structure in Pakistan by restructuring the functional and fiscal balance between the central and provincial governments. They have changed the structure of the federation by making a number of changes such as increase in provincial powers, improvement in vertical and horizontal distribution of resources, and increased recognition of ethnicity in the federation.

VERTICAL DECENTRALIZATION

The 18th Amendment has devolved a large number of fiscal, administrative and legislative functions and powers to the provinces. The 1973 Constitution included two lists of subjects, federal and concurrent, each having 67 and 47 subjects respectively. The Federal Legislative List (FLL) contained functions that are performed by federal government while the Concurrent Legislative List (CLL) included subjects over which both federal and provincial governments could legislate. The 18th Amendment has abolished the CLL based on persistent demand from provinces. The vast majority of powers on the CLL have now been transferred to the provinces, resulting in devolution of 17 ministries from the Centre to the provinces. Also, the Amendment has made changes in the FLL which has two parts. Part I now contains subjects that are under the sole control of the Centre, while part II includes a large number of subjects such as ports, census,

The 7th NFC Award and 18th Amendment have changed the governance structure in Pakistan

There is also a need to encourage provinces to increase their share in collecting more taxes

public debt, and national planning and national economic coordination that are the joint responsibility of the federal and provincial governments through the Council of Common Interests whose duty is to promote joint supervision of federal resources and collective dispute management.

Besides administrative and legislative decentralization of powers from the federal to provincial level, there has also been decentralization of fiscal powers. There have been significant changes in resource distribution mechanisms between federal and provincial governments to meet increased fiscal needs of provinces especially after the devolution of 17 ministries. Historically, vertical fiscal imbalances have been very high in Pakistan. For instance, in 2006 the federal government was collecting 93 per cent of the resources of the federation, and provinces only remaining 7 per cent. Similarly, the share of federal government in public expenditure was 72 per cent and of provinces only 28 per cent.³⁷ The 7th NFC Award of 2009 came into force on 1st July 2010. It increased the share of provinces in the federal divisible pool from 46.75 per cent in 2006 to 56.0 per cent in the first year of its implementation and to 57.5 per cent in the next year.³⁸ Later on, the 18th Amendment went one step further by providing a constitutional guarantee that the overall share of the provinces in any NFC Award cannot be lower than the existing Award. It thus ensured that provincial share in the federal divisible pool will now increase and never decrease over time.³⁹ This clearly indicates that both the 7th NFC Award and 18th Amendment have reduced the vertical imbalances in resource distribution between federal and provincial governments. As a result the share of provincial governments in public expenditures has increased to 36 per cent, indicating more decentralization of fiscal powers and an increased role of provinces.

A comparison of Pakistan with other federal systems reveals that this share is still very low and there is a need for more

decentralization of fiscal powers and an increased role of provinces. For instance, in India, US, Spain and Mexico, the provincial governments spend 45-55 per cent of public spending. The ratio is even higher in Switzerland, Canada, Belgium and Germany where provincial spending is 60-70 per cent.⁴⁰ This shows the need for more decentralization of fiscal powers in Pakistan. For this, there is also a need to encourage provinces to increase their share in collecting more taxes.

HORIZONTAL DECENTRALIZATION

Besides vertical imbalances in Pakistan, there have also been horizontal imbalances in the distribution of fiscal resources. Since 1973, the revenues from the federal divisible pool have been distributed among provinces only on the basis of population. This was benefiting Punjab, and creating unrest among other three smaller provinces, especially in Balochistan which was relatively underdeveloped. Sindh, Balochistan and Khyber Pakhtunkhwa (KPK) have a very strong demand to change the criteria for the division of financial resources. For instance, people in Sindh argue that resource allocation should be based on the province's contribution to national revenue. Similarly, KPK and Balochistan have demanded that backwardness should be part of the criteria for distribution of resources. The 7th NFC Award incorporated all these demands. Now provincial resource allocation is not based solely on population, but a combination of indicators. In the revised formula, 82 per cent of the resources are allocated to provinces according to population, 10.3 per cent for poverty, 5 per cent for revenue generation, and 2.7 per cent for inverse population density.⁴¹ Figure 3.3 clearly shows that the share of Punjab in total federal transfers has decreased while that of Sindh, KPK and Balochistan has increased.

Also, the 18th Amendment has recognized the ethno-linguistic identity of provinces by renaming NWFP to KPK

which was an old demand by the Push-tuns. Moreover, the 18th Amendment has addressed the issue of under-representation of certain groups such as Balochis and Sindhis in the Army and bureaucracy.

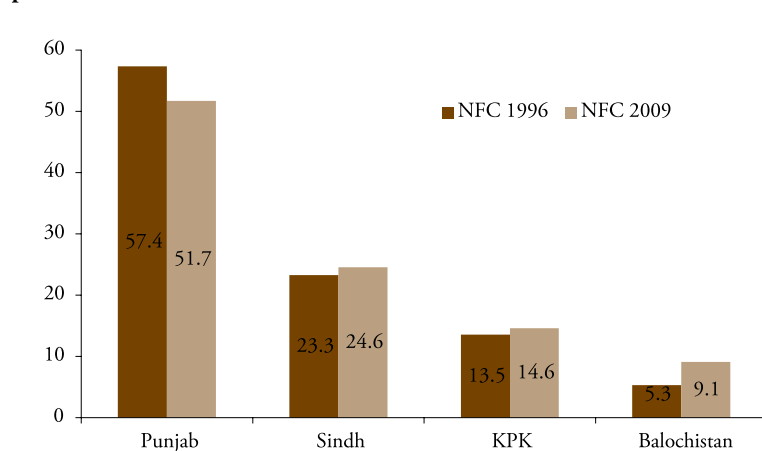
Challenges

Although both the 7th NFC Award and 18th Amendment to the Constitution have resulted in decentralization of fiscal, administrative and legislative powers from federal to provincial governments, there are a number of challenges that need to be addressed to enable this process of decentralization and devolution of powers to improve public service delivery and empower people.

The first challenge includes the capacity issue of the provinces to improve the functioning of devolved ministries for improved provision of service delivery. There is hope that the 18th Amendment would improve governance and public service delivery by ensuring more inclusion of indigenous people and making public service providers accountable. However, there is also fear that if these devolved powers and authorities are not managed carefully, it could result in the deterioration of public service delivery especially for the poor and marginalized. There is a need to improve provincial capacity for effective policy-making, better management and improved public service delivery.

Currently, tax collection by the provinces is less than one per cent of gross domestic product (GDP) which is very low compared to other federal systems.⁴² It is attributed to lack of political will and outdated tax collection machinery. After the 18th Amendment, provinces have been transferred the responsibility to collect sales tax on services and taxes on property with the aim to increase consolidated tax to GDP ratio.⁴³ However, provincial governments have failed to raise additional resources due to inadequate efforts to tax agriculture, real estate and services. There is a need to motivate and encourage provincial

Figure 3.3 Horizontal distribution of fiscal resources from the divisible pool in NFC Awards 1996 and 2009



Source: IPP, BNU 2011.

governments to increase their tax revenues especially by imposing taxes on agriculture which is a provincial subject. The Council of Common Interests may play a significant role in this context by fixing tax collection targets for provinces. Also, tax collection efforts should be related with benefits from the increased share in the divisible pool.

The next and most important step is to improve provincial level managerial, policy-making and oversight capacity by effective human resource development. For this there is a need of civil service reforms that should include recruitment of technical experts and policy makers; providing them with training for effective management and delivery of public services; and establishing an oversight mechanism with the aim to improve efficiency.

The second challenge is the creation of more provinces to address the grievances of deprived groups. Recently, a debate has been initiated for the creation of a number of new provinces such as making the FATA a new province or merging it with KPK, Hazara province from north east KPK, Seraiki province from southern Punjab, merger of the Pushto-speaking population in the north of Balochistan to KPK or creation of a separate Pushtun province, and Jinnahpur in Sindh. There

The country has failed to form a sustainable representative local government system

are two main reasons for these demands: ethnicity, and inability to provide public services.⁴⁴ Firstly, minority ethnic groups question the dominance of majority ethnic groups over political power, government jobs, development funds, and other opportunities. Secondly, a province may become so large in terms of population that it becomes very difficult to provide adequate public services. The system of governance remains ineffective in provincial capitals, as can be seen in Punjab and Sindh, and fails to deliver at the regional and district levels. Also, it becomes very difficult for those living in far areas to come to provincial capitals to conduct routine work involving provincial government departments.

The irony is that the creation of more provinces with the objective of increased public welfare may lead to further devolution. However the 18th Amendment has made the creation of more provinces very difficult by giving this right to provincial assemblies. The rising unrest and disappointment among ethnic groups about deprivation, under development and exploitation is a great threat for the federation. There is a need to initiate a serious discussion about the creation of more provinces based on broader political consensus. The ultimate objective should be the welfare and empowerment of people.

The third challenge is the creation of a local governance system along with federal and provincial tiers of governance. The local government elections were scheduled to take place in 2009 but they were postponed for security reasons. The provinces instead are using the Commissionerate system for local level governance.

Historically, a number of local government systems have been experimented with in Pakistan. However, the country has failed to form a sustainable representative local government system. This failure is attributed to a complicated relationship between civil and military governments. Military led governments used the local government system as a way to gain legitimacy. Each civilian gov-

ernment that has followed has denied or marginalized local governments and did not explore these systems for their potential for grassroots service delivery. The local governance system of 2001 has been derailed on the basis of the argument that it was the legacy of a military government. No alternative local governance system has been offered despite the fact that Article 140 A, included in the Constitution after the 18th Amendment, stipulates that provincial governments are responsible to establish a local government system and to devolve political, administrative and financial control to the elected representatives of local governments.⁴⁵ Over the last four years, new legislation for establishing a local governance system has been hindered by differences on the nature of the system among provinces. This attitude defeats the objective of the 18th Amendment and recent devolution efforts.⁴⁶

There is no doubt that the local governance systems of 1959, 1979 and 2001 were not perfect and not truly representative and participatory, but they did indicate the right direction. Pakistan has to move in the same direction to have a governance system through community participation. And this requires a truly representative government at all levels—federal, provincial and local. Pakistan can have a local governance system by combining good features of the 1959, 1979 and 2001 Local Government Ordinances as well as good practices from successful regional federations.⁴⁷

Institutions of economic management

Good economic management lies at the heart of good governance. It can deliver economic growth with social justice, leading to economic empowerment and social development. From an equity aspect, good economic management empowers people especially the poor, as it increases access to resources to expand their assets and capabilities. On the other hand, poor economic governance either hinders growth or pro-

vides benefits of growth only to the few. Poor governance bears heavily on the poor as they have fewer resources than the better off to endure negative consequences.

This section on economic management in Pakistan addresses the growth policy from the perspective of whether it is inclusive; the monetary policy to assess the impact of inflation and public debt on the poor; and the taxation policy. In addition, the perpetual energy crisis is also analysed as a special case due to its significant influence on economic growth, with severe consequences for the poor and the vulnerable.

State of Pakistan's economy

Pakistan's economic situation has been characterized by stop-go cycles with periods of high growth followed by a sharp slowdown. For example, Pakistan's average annual growth rate was 6.8 per cent in the 1960's, 4.8 in the 1970's, 6.5 in 1980's, 3.42 in 1990's and 5.02 in 2000s.⁴⁸ After displaying significant economic resilience since 2000, especially between 2003-04 and 2006-07 when the GDP growth rate averaged around 7.3 per cent, Pakistan's economy was exposed to multiple adverse shocks: the rise in global oil prices, the fall-out of the global economic recession, the earthquake and the unprecedented calamity caused by the 2010 floods. These external and internal pressures have resulted in the slowdown of economic activity in Pakistan since fiscal year (FY) 2006-07. The economy however, rebounded at the end of 2010 and continued to grow in 2011—albeit at a slow pace. The high growth period indicates that the country possesses abundant economic and development potential, provided that it addresses certain macroeconomic and social imbalances that challenge its economy and prevent economic growth from being inclusive and sustainable. Some of these are highlighted in table 3.3 and addressed below.

Poor fiscal management

Fiscal policy is used not only to raise revenue, but also to equalize opportunities between the rich and poor by taxing the rich to cover current expenditure and to provide subsidies and social safety nets to the poor. In Pakistan the opposite is true. Budget deficit is incurred not to benefit the poor or to increase the productive capacity of the country, but to cater to the rich and powerful by spending on non-development expenditure.

Pakistan's fiscal position has been deteriorating over the last few years with a budget deficit as a percentage of GDP averaging around 5.8 per cent during the period 2006-10. Though it declined from 7.6 per cent in 2007-08 to the current deficit of 6.6 per cent, it is still high compared to the target of 4 per cent agreed with the International Monetary Fund.⁴⁹ Pakistan's fiscal performance is among the worst in the region. There is a persistent gap between revenues and expenditures and over the last decade, expenditures have fluctuated around 19 per cent and revenues have stagnated to around 13-14 per cent of GDP, making fiscal deficit a permanent feature of the economy.⁵⁰

The cost of running the civil administration witnessed an increase of 23.4 per cent in FY 2010-11.⁵¹ Similarly, the government was unable to reduce subsidies which rose to PKR395.8 billion—three times higher than the budgeted amount set for 2010-11. The beneficiaries of these subsidies were hardly the poor as they were mainly for compensating the deficits of Public Sector Enterprises (PSEs).

However, the critical point to

	1990s	2000s	FY 2010
GDP growth rate (%)	4.6	3.9	3.8
Inflation (%)	9.7	3.6	11.7
Total revenue (% of GDP)	17.1	13.5	14.0
Tax revenues (% of GDP)	13.4	10.7	10.1
Total expenditure (% of GDP)	24.1	18.8	19.9
Budget deficit (% of GDP)	6.9	5.4	6.3
Trade deficit (% of GDP)	4.4	1.9	6.5

Source: GOP 2011c.

make is that more important than the size of public expenditure is its efficiency and effectiveness. A high level of public spending might not be as bad as it seems provided expenditures are made in the right direction. Public expenditures that form the basis for long-term growth are in fact necessary ingredients for human development and poverty reduction. Unfortunately, this has not been the case in Pakistan. In 2011-12, while current expenditures that includ-

ed the cost of running the civil administration, interest payments on loans, subsidies for energy and food items, expenditure on defence and security etc., accounted for 84 per cent of the total government expenditure, development expenditure was significantly low at 16 per cent (tables 3.4 and 3.5).

The economic function of the government is more than maintaining a stable macroeconomic environment; its primary

Table 3.4 Federal government expenditure in Pakistan, FYs 2004-12 (PKR billion)

	2004	2005	2006	2007	2008	2009	2010	2011	2012*
Current expenditure	714	784.7	918.8	1033.5	1,516.30	1,649.20	2,017.30	2,295.90	2,314.90
General public service	448.4	469	563.7	634.8	881.7	1,132.60	1,471.70	1,655.60	1,660.00
Defence affairs and services	180.5	216.3	241.1	252.6	277.3	311.3	378.1	444.6	495.2
Public order and safety affairs	14	17.5	20.4	22.9	26.1	27.3	37.4	58.7	59.6
Economic Affairs	54.8	62.2	67.6	91.2	293.4	136.7	80.6	80	50.3
Environment Protection	0.1	0.1	0.1	0.2	0.2	0.2	0.4	0.4	0.6
Housing and Community Amenities	0.9	0.9	0.9	1.1	1.1	1.4	1.8	1.7	1.6
Health Services	3	3	4	4.8	5.3	5.5	6.7	7.5	2.6
Recreation, Culture and Religion	2	2	2	2.9	3.1	4.6	4.5	4.2	4.2
Education Affairs and Services	10	12	17	21.9	24.3	24.6	31.5	40.3	39.5
Social Protection	1	1	2	1.2	3.8	5	4.4	2.9	1.2
Development Expenditure	120	149	239	299	365.2	355.1	444.3	321.3	452
Total Expenditure	834	934	1,158	1,333	1,882	2,004	2,462	2,617	2,767

Note: *: Budget estimate.

Sources: GOP 2006a, 2008a, 2011a and 2012a.

Table 3.5 Sectoral shares in federal government expenditure in Pakistan, FYs 2004-12 (% of total expenditure)

	2004	2005	2006	2007	2008	2009	2010	2011	2012*
Current expenditure	85.61	84.01	79.34	77.53	80.57	82.30	81.94	87.73	83.66
General Public Services	53.76	50.21	48.68	47.62	46.85	56.52	59.78	63.26	59.99
Defence Affairs and Services	21.64	23.16	20.82	18.95	14.73	15.53	15.36	16.99	17.90
Public Order and Safety Affairs	1.68	1.87	1.76	1.72	1.39	1.36	1.52	2.24	2.15
Economic Affairs	6.57	6.66	5.84	6.84	15.59	6.82	3.27	3.06	1.82
Environment Protection	0.01	0.01	0.01	0.02	0.01	0.01	0.02	0.02	0.02
Housing and Community Amenities	0.11	0.10	0.08	0.08	0.06	0.07	0.07	0.06	0.06
Health Services	0.34	0.35	0.38	0.36	0.28	0.27	0.27	0.29	0.09
Recreation, Culture and Religion	0.24	0.24	0.21	0.22	0.16	0.23	0.18	0.16	0.15
Education Affairs and Services	1.15	1.32	1.44	1.64	1.29	1.23	1.28	1.54	1.43
Social Protection	0.08	0.10	0.13	0.09	0.20	0.25	0.18	0.11	0.04
Development Expenditure	14.33	15.95	20.64	22.43	19.40	17.72	18.05	12.28	16.34
Total expenditure	100	100	100	100	100	100	100	100	100

Note: *: Budget estimate.

Sources: GOP 2006a, 2008a, 2011a and 2012a and MHHDC staff computations.

responsibility is to improve welfare of the society. Fiscal policy is a major instrument for generating growth that maximizes people's welfare.

There are two sides of fiscal policy: revenue generation and expenditure management. On the revenue generation side, only 10 per cent of GDP comes from taxes, and that too are mostly from indirect taxes. Very few people in Pakistan (it is reported that out of 180 million population only less 1.5 million) pay income tax. Years of work by Mahbub ul Haq to impose agricultural income tax was not accepted by the feudal class, and even today that debate is still going on.

Non-tax revenues have never been a major component of government revenue portfolio. Historically they have remained within 2-3 per cent of GDP, with some increase during 2006-08, mainly due to privatization of some government enterprises.

Regarding government expenditure, on a positive note there has been a significant improvement in pro-poor budgetary spending, which has increased from 426 billion in FY 2006-07 to 1,245 billion in FY 2010-11. As table 3.6 indicates, all the components of pro-poor spending reflect this increasing trend; noteworthy amongst these are social security and wel-

Table 3.6 Pro-poor budgetary expenditure (federal and provincial) in Pakistan FYs 2007-11 (PKR billion)

	2007	2008	2009	2010	2011
Community Services	76.6	104.6	121.8	124	128.1
Roads, Highways and Bridges	60	84.8	99.6	98.5	99.6
Water Supply and Sanitation	16.6	19.8	22.2	25.5	28.5
Human Development	231.8	283.6	368.6	428	537.5
Education	162.1	182.6	240.4	259.5	322.3
Health	53.2	61.1	83.7	94.4	106.0
Population Planning	7	13.3	5.3	7	4.9
Social Security and other Welfare*	4.5	18.9	29.1	54.6	55.2
Natural Calamities and Disasters	5	7.7	10.1	12.5	49.1
Rural Development	101.8	112.6	136	159	159.6
Agriculture	74.8	83.5	88.9	104.8	115.5
Land Reclamation	2.3	3.1	2.7	2	3.7
Rural Development	22.2	23.3	16.4	20.4	19.1
Peoples Works Programme-II	2.5	2.7	28	31.8	21.3
Safety Nets	9.3	61.3	236.9	245.1	235.9
Subsidies	5.5	54.9	220.6	234.9	230.5
Food Support Programme	3.5	4.4	12.4	0	0.0
Peoples Works Programme-I	0	1.4	3.3	8.4	5.0
Low Cost Housing	0.3	0.6	0.6	1.8	0.4
Governance	7.2	10.2	113.9	154.6	184.0
Administration of Justice	5.1	7.8	9.2	11	14.2
Law and Order	2.1	2.4	104.7	143.6	169.8
Grand total	426.7	572.3	977.2	1110.7	1245.1

Notes: *: It also includes Benazir Income Support Programme and Pakistan *Bait-ul-Mal*.

Sources: GOP 2011a and 2012c.

The failure of PSEs in Pakistan largely lies in poor management

fare spending [that include Benazir Income Support Programme (BISP) and Pakistan *Bait-ul-Mal* (PBM)] and subsidies. All of these have increased rapidly since 2007-08 (also see annex tables 3.1 and 3.2).

Loss-making PSEs

Pakistan's economy is burdened with the continued existence of loss-making PSEs. There are instances of successful PSEs in China, Singapore, Korea, Germany and India, where these organizations have contributed significantly to the country's economic progress through capital formation, employment generation, provision of infrastructural facilities, and raising of finances etc. In India for example, central PSEs account for over 22 per cent of the country's GDP, around 6 per cent of total employment in the organized sector and over 20 per cent of direct and indirect tax collection. Similarly, in China state owned enterprises (SOEs) have played a pivotal role in building the economy and account for 36 per cent of the country's GDP.⁵² The success of PSEs in India and China poses a sharp contrast to Pakistan, where around 255 PSEs covering the major economic sectors including banking and finance, industry, trade, communications, water, power, oil and gas, mining, urban and regional development, and insurance are making continuous losses, draining national resources and increasing national debt. In 2009-10 alone, the government allocated PKR245 billion to support PSEs, and over the last four years, the government has spent around PKR957 billion to keep these PSEs functional.⁵³ The question that arises is why are PSEs successful elsewhere and are not functioning efficiently in Pakistan?

The failure of PSEs in Pakistan largely lies in poor management. Political interference, administered pricing systems and corruption are some of the reasons. On the financial side, government backing and

state patronage provide implicit exemption from practising discipline as needed by private entities. They also rely on the government to provide guarantees to back their credit-worthiness. In most of the service domains, they are the sole service providers and face limited competition.

There is also a political dimension in the failure of these PSEs as most of them are run on politically motivated patron-client relationships. Starting from the top of the hierarchy, key management positions are usually occupied by retired politically affiliated government officials or influential people with political backing. Moving down the hierarchical ladder, the officers and other employees in these PSEs are also appointed on the basis of political patronage. As a result, the PSEs are overstaffed. Their workers enjoy job security, relatively decent pay and very little pressure to perform. There are also financial irregularities including non-transparent procurement, inaccurate records of state land and buildings, unfair payment practices etc.

Several governments in the past have tried to reform the PSEs. The latest efforts resulted in establishing a National Commission for Government Reforms (2006) and National Governance Plan which (apart from other suggestions) proposed restructuring of all PSEs to improve service delivery, enhance transparency and avoid fiscal burden on the exchequer. However, nothing substantial has been done as yet in this regard.

Successful reforms, nonetheless, are not impossible. China has made successful interventions like the formation of a single regulatory body with significant powers to manage SOEs, freeing them from multilayered bureaucratic controls; initiation of the modern enterprise system to ensure corporate level governance; more transparency and higher competence; and launching of the 'going global' strategy for expanding markets and instilling competition within SOEs.

The burden of debt

During FYs 2000-07, modest growth in public debt together with strong growth in GDP, led to a significant reduction in public debt to GDP ratio to 55.4 per cent by the end of FY 2006-07. Since then, however, higher fiscal deficit has deteriorated the debt profile substantially with an increase in debt both in absolute and relative terms. The debt to GDP ratio increased to 60.9 per cent of GDP during FY 2010-11 (see figure 3.4).

Public debt to GDP ratio for the last three years has averaged around 60 per cent. During FY 2010-11, the government borrowed an additional PKR1,788 billion raising the total public debt to PKR10,709 billion.⁵⁴ The negative repercussions of public debt could be moderated by increasing productive expenditures like increasing allocations for health, education, research and training, which has not happened in Pakistan. Recently, debt has been used to support the budget deficit mainly because of increased security spending, flood related expenditures and soaring import bills due to higher oil prices required for energy generation.

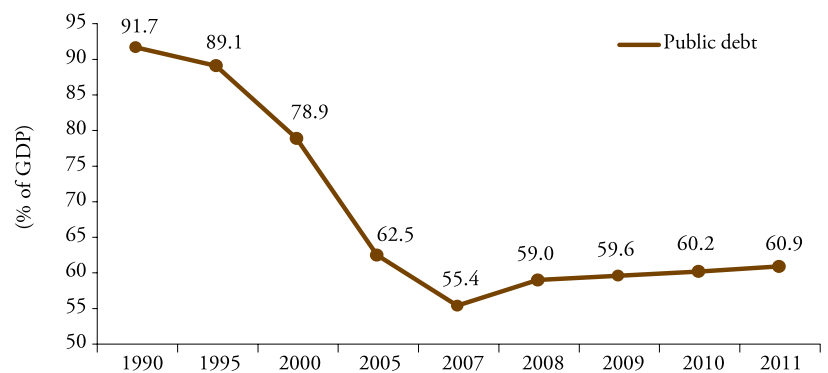
Borrowing can drive the development process and economic growth of developing countries, provided that public debt is sustainable. This would be the case only if the primary balance (fiscal deficit before interest payments) is low and the real growth in revenue is higher than the real growth in debt. However, in the case of Pakistan, the primary balance has traditionally been in deficit (apart from a surplus year in FY 2003-04) reaching 2.5 per cent of GDP in FY 2010-11. Similarly, the real growth in debt has been higher than the real growth in revenues. As a consequence, public debt has outpaced government revenues and this ratio has deteriorated over a period of time. For FY 2010-11 public debt was 4.7 times of government revenue making the debt burden unsustainable.⁵⁵

High and unsustainable levels of debt have serious repercussions for the

economy in terms of high debt servicing costs. In Pakistan interest payments have become a major component in the government expenditure profile.⁵⁶ This means a further squeeze on the government's development expenditure and reduction in its ability to use fiscal policy to promote economic growth and people's empowerment.

The state of Pakistan's economy shows that the country is facing constraints in maintaining macroeconomic stability and sustaining economic growth. All the key indicators of economic progress are either in decline or have stagnated. Much of this is attributed to weak economic governance and a gradual decline in the capacity of key institutions to manage the economy.

Figure 3.4 Public debt in Pakistan, 1990-2011



Sources: GOP 2011c and 2012b.

Economic policies and institutions to empower people

Sound economic management, which is vital for good economic governance, both fosters and is fostered by strong institutions. They provide the overarching framework and guiding principles needed for the formulation of coherent and consistent policies. In this regard, the state has a critical role in creating institutions of economic management and in ensuring that policies formulated by these institutions are implemented and enforced.

Pakistan has put in place a substantial number of institutions to manage various sectors of the economy. The Plan-

The focus of economic policy-making in Pakistan has gradually shifted from long-term objectives to more narrowly defined short-term goals

ning Commission is mandated to frame growth policy and to ensure that all sectors of the economy contribute towards economic development. The State Bank of Pakistan through its monetary policy ensures macroeconomic stability. Regulatory authorities are in place to oversee various sectors of the economy, to regulate the private sector and to help influence market outcomes for people's welfare.

Despite these institutions, the state of the economy is still in disarray. This argues for a closer look at these institutions, how they function, what are their constraints and how to reform them in order to improve the economic and social development of the country and its people.

Growth policies for people's empowerment

Pakistan's economy has significantly lost its growth momentum compared to the previous two to three decades. The economic sluggishness is more visible in recent years in unemployment, inflation, stagnant or declining income (in real terms), poverty and falling human development indicators.

The focus of economic policy-making in Pakistan has gradually shifted from long-term objectives to more narrowly defined short-term goals.⁵⁷ This is because of the receding influence of the Planning Commission and the subsequent dominance of other ministries, especially the Ministry of Finance. For example, policies like those concerning poverty reduction are now being taken over by the Ministry of Finance through the formulation of Poverty Reduction Strategy Papers (PRSPs). It has severe implications for pro-poor growth and empowerment policies as the Ministry of Finance is more inclined to work under short-term budget horizons.

A significant constraint that hinders the role of the Planning Commission in framing pro-poor policies is the influence of international financial institutions (IFIs) in setting policy objectives. Pakistan, because of its borrowings from IFIs, has

to abide by the conditionality that apparently focuses on improving economic governance. The primary objective of the conditionalities is to address macroeconomic imbalances by restraining the budget deficit. The focus on demand management without adequate attention to their impact on growth, social spending and on income distribution has negative implications for the poor and vulnerable in society. IFIs' adjustment programmes through various channels force reduction in social spending from which the poor generally benefit—particularly public infrastructure development projects like roads, water, power, health and education etc. In order to achieve the budget deficit targets, the government decreases subsidies, reduces expenditure on investment and infrastructure, and curtails the Public Sector Development Programme (PSDP).

There is no dearth of policy documents in Pakistan. The Planning Commission has recently produced numerous documents on economic planning; the nine point economic strategy titled 'Stabilization with a Human Face' in 2008 revised in 2010 as 'Medium-Term Development Imperatives and Strategy for Pakistan', 'The New Vision for Pakistan: Investing in People 2010' and more recently 'The Pakistan Framework for Economic Growth 2011'. The government is also committed to a broader policy document 'Vision 2030'—a strategic policy planning tool. Many of these policies lack consistency and, rather than complementing each other, are contradictory in nature. 'Stabilization with Human Face' and the 'Medium-Term Development Imperatives' have focused more on inclusive growth targeting rural development, removal of infrastructural bottlenecks, balanced regional development, employment generation, enhanced social protection and on investing in people, demanding active state involvement in the growth process. In contrast, the Pakistan Framework for Economic Growth criticizes earlier growth policies based on public sector projects and arbitrary incentives that

diminished the development of a vibrant and competitive market place.

The new growth strategy is targeted to achieve sustainable macroeconomic growth but does not focus on human development. The Framework mentions the role of the state in protecting the rights and interests of the people and in ensuring provision of public goods without specifying the strategy to ensure that the benefits of this growth reach the poor. The strategy also neglects the important role that agriculture and manufacturing sectors play in both job creation and poverty alleviation.

Creative cities are an important component of the growth policy, especially at a time when the urban population is increasing at a rapid pace. However, growth would be exclusive without developing the manufacturing and agriculture sectors. The Planning Commission needs to inform its Growth Framework by incorporating specific measures for revival of these two sectors rather than leaving them at the mercy of market forces.

State Bank of Pakistan and monetary policy

The State Bank of Pakistan's primary function of price stability is seriously compromised by the government's heavy and unscheduled borrowing from the State Bank of Pakistan to cover deficit. It not only leads to high inflation and volatility in interest rates, it also constrains the State Bank of Pakistan's ability to promote growth. High inflation and constrained economic growth are not good recipes for social welfare and human development.

INFLATION: A REGRESSIVE TAX THAT DISEMPOWERS THE POOR

Inflation in Pakistan has been significantly high at double digits for three consecutive years. Though supply side factors like floods, rising oil prices and agricultural commodities have played an important

role, massive government borrowing from the State Bank of Pakistan has added to inflationary pressure. High budget deficits financed through increasing money supply results in inflation and slow down of economic growth. This theoretical relationship holds true for Pakistan as official documents indicate that the three important monetary variables, debt as percentage of GDP, broad money supply (M2) and inflation closely follow each other.⁵⁸

The social and economic costs of inflation are huge: it erodes the real value of money, reduces the purchasing power of the poor, and acts as a regressive tax against the poor. High and volatile inflation also impedes economic growth and reduces earning opportunities.

Government borrowing influences monetary policy, as inflation and economic growth are linked through interest rates. Government borrowing necessitates a proactive response from the State Bank of Pakistan to reduce the demand for money and to ease inflation by increasing the interest rate. The State Bank of Pakistan has maintained high interest rates since 2005, but in the current economic scenario they are doing more harm than good. Higher interest rates increase the cost of borrowing for the private sector, which discourages the demand for private sector credit, thus stifling private investment, employment generation and economic growth. While emerging economies like China and India have reduced interest rates to boost investment and economic activity, the State Bank of Pakistan is forced to keep interest rates high.

High interest rates are also supposed to act as a deterrent to increased government borrowings from the State Bank of Pakistan. This is not the case; in fact it further worsens the situation. The increase in interest rates exacerbates interest payments on government debt, leading to an even higher fiscal deficit.

Inflation in Pakistan has been significantly high at double digits for three consecutive years

BUDGET DEFICIT: BORROWING FROM COMMERCIAL BANKS AND CROWDING OUT

In recognition of the negative consequences of borrowing from the central bank on both monetary and financial stability, the government has recently started borrowing from commercial banks to finance its budget deficit. Commercial banks also have an incentive in lending to the government as investments in government securities are risk-free and carry no capital requirements for credit risk. However, borrowing from commercial resources is more costly for the government. There is also the crowding out effect, government borrowing crowds out private borrowing. Private sector credit has a critical role in serving as an engine for economic growth. It provides money for innovation and a stimulus to the economy by funding productive investment.

The negative repercussions of public debt on economic growth and development are obvious and the government too is not oblivious of it. The Fiscal Responsibility and Debt Limitation Act 2005 was an attempt to ensure prudent debt management. Through this Act, it was envisaged that total public debt would be gradually reduced over the period of a decade. The Act gained initial success with a decrease in debt to GDP ratio to below 60 per cent for FYs 2005-06 and 2006-07, and the revenue balance posted a surplus for FY 2005-06. Thereafter, the fiscal situation took a reverse turn with both the targets deviating from the proposed Act.⁵⁹

Pakistan's overwhelming fiscal challenges, particularly the revenue-expenditure gap lie in the structural weakness of its tax system

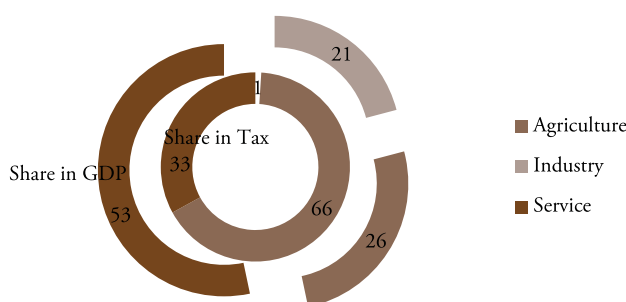
Taxation and Federal Board of Revenue (FBR)

Pakistan's overwhelming fiscal challenges, particularly the revenue-expenditure gap lie in the structural weakness of its tax system. Unfortunately, despite several reforms to improve the effectiveness of the tax collection system, the taxation system is still regressive, favouring the rich against the poor and salaried classes. It has failed to uniformly tax all segments of society as evident from massive concessions prevalent in the system. Tax administration remains weak and hence the revenues collected are not sufficient to meet the government's financial needs. The failure of reform efforts indicates that the system has inherent weaknesses that are discussed below.

CONCESSION ORIENTED SYSTEM

The system of taxation is extremely concession oriented extending exemptions to certain sectors and individuals. There is a misallocation of the tax burden in favour of agriculture and services sectors at the cost of manufacturing (figure 3.5). This can be seen by comparing tax contribution vis-à-vis their share in the economy. Agriculture, which accounts for around one-fifth of GDP merely contributes one per cent in the country's total tax revenues. Similarly, Pakistan has failed to cash in on the rapid growth experienced by the services sector in terms of its contribution to tax revenues. Services that constitute around three-fifths of GDP account for only one-third of tax revenues collected. The shortfall is recovered from the industrial sector which contributes around three times more in tax revenue than its share in GDP. A detailed sub-sector analysis reveals that important services like construction, transport, telecommunication, wholesale and retail trade, and food and beverages have been favoured as their tax receipts are lower than their share in GDP.⁶⁰ Such distortions in tax policy create efficiency losses as investment decisions get influenced by tax

Figure 3.5 Misallocation in taxing economic activity



Note: Data for share in taxes is for FY 2006-07 while data for share in GDP is for FY 2010-11.
Sources: GOP 2011c and World Bank and AYSPS 2009.

incentives as opposed to economic considerations, resulting in misallocation of resources and lower levels of output. Though it is not necessary that GDP share has to match revenue share as some sectors can be taxed more for economic or social reasons, it does indicate towards the inequity that is built in taxation policies. In addition, it highlights a potential for widening the tax base if equitable policies are adopted.

Apart from the sectoral misallocations, there are other exemptions that result in a narrow tax base. These amount to PKR166.772 billion, an equivalent of 3 per cent of the total tax revenue collected.⁶¹ The most prominent of these include tax on income from capital gains from both physical and financial assets which until very recently has been totally excluded from the tax network. This accounts for significant revenue losses especially during the years when stock and property markets were rising. The list also includes multiple exemptions for federal general sales tax (GST) on goods and a large number of services, limited coverage of sales on wholesale and retail trade, zero ratings of domestic sales of export oriented sectors, tax exemptions on agricultural input and machinery, etc. Following an open trade policy, there has been significant reduction in duty rates on imports and excisable goods worsening tax revenue efforts. The government has also not enforced taxes on foreign remittances.

POOR MOBILIZATION OF PROVINCIAL TAX BASE

A weak provincial tax mobilization effort is another indicator towards poor policy-making on the part of FBR resulting in a narrow tax base. Provinces account for around 36 per cent of all government expenditures; however, their tax contribution is merely 3.6 per cent.⁶² While the federal government carries much of the burden of revenue collection, provincial governments are responsible for delivering most public services, underlining an inherent disconnect between tax collectors and service

providers. It also undermines the advantage of fiscal decentralization as tax payers cannot hold elected provincial representatives accountable for the quality of service delivery they receive.

The underlying reason for low revenue generation at the provincial level is the mismatch between weak administrative skills of provincial governments and hard-to-administer taxes that they have been assigned. While the federal government is responsible for more buoyant tax sources, provincial governments as per the Constitution are assigned taxes accruing from agricultural income, capital gains on physical assets, consumption of services, motor vehicles and urban property. Much of this tax base comprises the rural and informal sector making it difficult to administer and collect revenues. Furthermore, political factors also play their role as provincial politicians are subject to pressures from strong interest groups (agriculture and property owners) to hold off increasing taxes on these sources. Resultantly, almost no tax is imposed on agriculture and physical assets. One indication of weak provincial capacity to collect taxes is that the federal government has been forced to assign itself the task to administer GST on services—a provincial tax base. Though it has met some success as telecommunication, banking and insurance sectors have been incorporated into the tax net, it has created a lot of distributional issues between the centre and provinces, and among provinces.

As far as the provinces are concerned there is limited incentive for provincial governments to develop effective tax revenue structures. Through the NFC Awards the federal government provides significant revenues to provinces on an annual basis. This has increased over time from PKR244.6 billion in 2004-05 to PKR710.6 billion in 2009-10. Such transfers provide little or no incentive to provinces to develop their own tax system, undermining any efforts for fiscal decentralization.

Provinces account for around 36 per cent of all government expenditures; however, their tax contribution is merely 3.6 per cent

COMPLEX TAX SYSTEM

The taxation system is extremely complex. Tax payers are subjected to different types of taxes—direct income tax (corporate and individual) and a multitude of indirect taxes including GST, federal excise duties, withholding tax, and custom duties. According to some estimates, a few years back more than hundred different taxes were in operation: 20 federal taxes, 19 provincial taxes, 14 local taxes and 24 other levies and surcharges.⁶³ These taxes combined with exemptions, other preferential treatments, and ad-hoc changes to the structure of taxes make it extremely difficult for tax payers.

The imposition of indirect taxes adds to the complexity and arbitrariness of the tax system. The internal structure of taxation in Pakistan is more biased towards easy to administer but inequitable indirect taxation. In 2009-10, 60.6 per cent of the tax revenue was generated through indirect taxes compared to 39.4 per cent from direct taxes.⁶⁴ Despite the increase in direct taxes that has been witnessed over the years, its pace of growth has been slow. A significant share of indirect taxes is obtained from sales tax; the share of sales tax and excise duty on domestic goods is significantly higher than that on sales tax on imports and federal excise duty on imports. Similarly, the government generates substantial revenues from sales tax on edible items and medicines, withholding tax on utility bills and almost every item of daily consumption. This disproportionately shifts the burden of tax payment on ordinary Pakistanis.

Complexity of the tax system is further increased by frequent changes in taxation policy, which in the case of Pakistan are mostly done through Statutory Regulatory Orders (SROs), notifications and amendments that bypass debate in the Parliament. This gives immense power to FBR, which can amend laws without reference to the Parliament. A case in point is the Income Tax Ordinance of 2001 which,

since its implementation, has undergone two thousands amendments of which more than four hundred were made in the first month alone. Similar is the case with the implementation of GST which was implemented through an Amendment in the earlier Act of 1951 as part of the finance bill, side-stepping debate. As a result, it is still facing difficulty in implementation. Such frequent changes create confusion both in the minds of tax collectors and tax filers.

WEAK TAX ADMINISTRATION

Tax administration in Pakistan remains weak as indicated by a sizeable tax gap—unpaid tax liability, an indicator of poor quality tax administration. Estimates from the World Bank's study in 2007-08 reveal that the tax gap in Pakistan amounts to three-fourths of actual tax receipts.⁶⁵ Only 1.5 per cent of the population are registered tax payers possessing National Tax Numbers (NTN) indicating a large unaccounted economy and inability of the tax administration system to collect revenues. FBR lacks capacity to audit tax returns and enforce payments which further reduces incentives to comply. In an effort to provide incentives to tax filers and increase compliance, FBR introduced a universal self assessment mechanism, however it did not back it up with a strong audit mechanism resulting in little revenue gains. In 2009-10, amongst the companies registered with FBR, half filed tax returns and amongst those that did file tax returns, two-thirds declared either zero or negative taxable income.⁶⁶

Tax policy is very closely related to tax administration. No matter how strong policies are to generate resources efficiently and equitably, a proper administration needs to be in place to ensure compliance. This particular aspect of Pakistan's taxation system needs to be improved before any positive impact of any policy reform can be witnessed.

The internal structure of taxation in Pakistan is more biased towards easy to administer but inequitable indirect taxation

Decentralized governance for people's empowerment: Role of the state and provinces in implementing policies

The 1973 Constitution declared Pakistan a constitutional federation, with provinces and other federal units having representation in central legislature, with significant economic and social development responsibilities at the sub-national level. This Constitution visualized transition of responsibilities to provinces over a span of 10 years, gradually enabling them to develop capacity to handle the additional responsibility. The envisaged progress was not achieved in the desired fashion; however the 18th Amendment, enacted in March 2010 and the 7th NFC Award 2009 are steps forward in bringing a paradigm shift from centralized governance to a more participatory and consultative one by bringing government closer to the people.

However, there are significant doubts over provincial capacity to plan, deliver efficiently and demonstrate transparency in undertaking these additional responsibilities. Firstly, there was a problem of sequencing in undertaking these two reforms. The 7th NFC Award was agreed prior to the 18th Amendment with provinces having little knowledge of the responsibilities they would be assigned in the near future. According to some estimates, the provincial liability will increase by PKR45.6 billion once all the ministries and divisions devolve as per the 18th Amendment. In addition, the provinces would have to undertake additional 166 of the 232 development projects that were previously administered by the centre. This would increase provincial liability to PKR363 billion. Comparing this to the revenue gain of PKR222 billion for the provinces through 7th NFC Award indicates that the provinces will not be able to finance the additional responsibilities that were assigned through the 18th Amendment.⁶⁷ Some corrective measures have been taken which include provisions like federal employees of the devolved ministries will be the liability of

the federal government, the federal government will provide funds for vertical programmes especially those concerning population and health. The Higher Education Commission will be funded by the federal government, projects based on the Prime Minister's directives will be financed by the federal government and the provinces will be allowed to discontinue devolved projects if they deem them unwanted.

In addition to the revenue-expenditure gap, there are significant concerns about provincial capacity in terms of skills, knowledge and experience to undertake new responsibilities. Issues have started emerging in the very first year with provinces unable to plan and utilize their development budget allocations. In KPK, a sizeable number of district and tehsil/municipalities have failed to get their annual development programme approved. As a result, project utilization for the first three months in KPK is drastically low (4.8 per cent) as only PKR22 million of the released 456 million has been utilized.⁶⁸ Similar is the case with other provinces. The Sindh government has increased development allocation to each Member of National Assembly (MNA) from 10 million to 60 million, the Balochistan government has allocated over 50 per cent to unidentified development projects etc., raising significant concerns over lack of planning and wasteful allocation.⁶⁹

On the financial front, it has already been mentioned that provincial governments are facing a revenue shortage of around PKR141 billion. It was anticipated that provincial governments would raise the deficit amount through their own resources. This has not been the case in any of the provinces, at least not until now. The 7th NFC Award has failed to provide any provision to encourage provinces to raise their own resources through increasing tax revenue efforts. In fact provisions like increased provincial transfers and allowing provinces to borrow from domestic and external sources discourage provinces to raise domestic revenues due to unfavour-

There are significant concerns about provincial capacity in terms of skills, knowledge and experience to undertake new responsibilities

The current power crisis is largely because of poor vision, dismal policies and weak management

able political repercussions.

There is a lot to achieve from decentralization, both administrative as under the 18th Amendment and financial as under the 7th NFC Award. Decentralization is associated with increased efficiency, transparency and accountability. As local governments are closely associated with their subjects they are more aware of the problems, issues, and circumstances. Similarly, it also enhances accountability and transparency as they are subject to immediate scrutiny by the beneficiaries. Thus decentralization possesses a potential to achieve economic stability, sustained growth and equitable access to public service provision. On the other hand, decentralization can underperform on the public service delivery and regulatory fronts and, hence, on pro-poor growth if not administered properly.

Power crisis: An example of governance failure

Pakistan is currently facing a severe power crisis, something that is undermining its economic and social progress. Meeting the energy needs of the population may not be a sufficient condition for ensuring pro-poor growth, but it certainly is a necessary one. Unhindered access to some form of energy is important for people to earn a livelihood. Insufficient electric supply invokes huge costs on the economy in terms of loss in growth potential and for society in terms of discomfort and reduction in economic opportunities.

The current power crisis is largely because of poor vision, dismal policies and weak management. Despite restructuring the power sector by creating National Electric Power and Regulatory Authority (NEPRA) as a regulatory watchdog, separating generation and distribution affairs by forming generation companies (GENCOs) and distribution companies (DISCOs), and mandating payment coordination under the Central Power and Purchase Company (CCPA), the power sector is still

facing a crisis. The sector has been marked by a severe lack of generation capacity, significant inefficiency in electricity distribution and transmission, rising electricity tariffs largely due to poor energy mix, inappropriate pricing causing unsustainable circular debt etc. Poor governance lies at the core of its deteriorating performance. Some of the critical issues facing the power sector and the failure of the authorities to address them are:

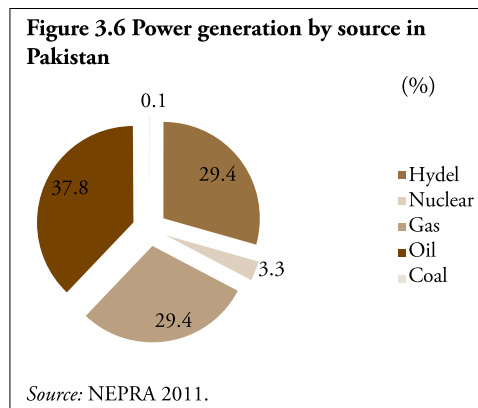
- Inter-corporate debt commonly known as circular debt. It has emerged due to non-payment of electricity subsidies by the government, default on payments by energy consumers, and build-up of payables and receivables within various stakeholders in the power sector—GENCOs, DISCOs and the fuel suppliers (oil and gas). The debt is incurred when power generating companies fail to pay back to fuel suppliers, who themselves are defaulters to fuel refineries and international suppliers. Within this chain, the state is also involved as they have provided sovereign guarantees to Independent Power Producers (IPPs) to procure generated electricity. The solution is obvious but requires tough actions. The government in the first place would need to remove all subsidies on electricity—a tough political decision to make especially in view of upcoming elections. Similarly, it would have to withdraw provision of free electricity to various institutions and ensure all government departments pay their dues. Similarly, all the DISCOs need to ensure full repayment of service charges from the consumers and try to reduce transmission and distribution losses.
- High transmission and distribution losses are another important problem in Pakistan's power sector. These losses amount to around 21.3 per cent of the total power generation across the nine DISCOs.⁷⁰ In comparison transmis-

sion and distribution losses for South Korea are only 3.6 per cent, for China 8.0 per cent and for Organization for Economic Cooperation and Development (OECD) countries 7.0 per cent, indicating the extent of inefficiency in Pakistan.⁷¹ Transmission losses largely accrue because of inadequate or ageing infrastructure consisting of old generation plants, low voltage transmission lines, and weak grid stations. The infrastructure, especially in the public sector lack adequate and timely maintenance resulting in lower efficiency.

- The primary structural factor that has created the power crisis in Pakistan is the shift from low cost hydro generation to high cost thermal generation. Back in the 1960s the share of hydro electricity was around 60 per cent which has now been reduced to less than 30 per cent. Compensating for this reduction, the share of thermal sources in electricity generation has increased to around seventy per cent (figure 3.6). Of the thermal sources, oil has been a major source of power generation with a share of 37.8 per cent, followed by gas (29.4 per cent) in the total energy mix. Coal and nuclear sources that have vast potential have minor shares of 0.1 per cent and 3.3 per cent respectively. An increased reliance on thermal sources of energy has drastically increased the cost of electricity generation in Pakistan.

The issues discussed above, the circular debt, high transmission and distribution losses and excessive reliance on furnace oil clearly indicate that the crisis in the power sector is mostly a crisis of governance. Simply creating a regulatory authority is not a solution in itself. At the moment there are a host of institutions operating in the power sector with conflicting interests, and lacking coordination and co-operation resulting in significant delays in framing and implementing policies. These institutions have failed to develop a long-

term strategy for ensuring a steady increase in energy supply, and making the sector attractive for private investors. There is a need to ensure good governance and effective functioning of these institutions. The government should maintain a strategic presence, by designing policies and regulations to provide incentives and encourage competition. The government must ensure that all energy resources are utilized effectively, keeping in view the long-term sustainability of resources, coordinate pricing on the basis of cost of production from various sources, and above all, promoting transparency, good governance and accountability within the power sector. The private sector on the other hand, should play a leading role in developing energy projects.



Poverty alleviation for people's empowerment

The multifaceted challenge of poverty and inequality in Pakistan

Poverty in Pakistan is a multifaceted problem, deeply rooted in the country's socio-political and economic structures of governance. Pakistan saw a significant decline in poverty between 2001-02 and 2005-06 from 34.5 to 22.3 per cent (table 3.7).⁷² However since 2008, as a result of slow economic growth, high inflation, precarious energy situation, and the violent conflicts within the country, resources got diverted from development to non-development

Poverty in Pakistan is a multifaceted problem, deeply rooted in the country's socio-political and economic structures of governance

purposes and poverty has increased.⁷³ The earthquake of 2005 and the floods of 2010 and 2011 have contributed to further exacerbate the poverty situation in the country.

The Government of Pakistan uses the traditional headcount poverty ratio to measure the incidence of poverty at the national level. To compare poverty estimates over time, an official poverty line was determined in 2002, based on caloric intake of 2,350 calories per person per day, translated into a poverty line of PKR673 in 1998-99 prices. This poverty line is adjusted whenever poverty estimation is conducted, accounting for inflation during the intervening years. It is worth noting that the last official estimates for poverty released by the government are more than 6 years old, having been estimated in 2005. According to these estimates, the proportion of people living below the poverty line was 22.3 per cent in 2005.

Comparing the calorie-based poverty rates between 1998-99 and 2005-06 show that Pakistan made some progress on the poverty front (table 3.7). However, such income poverty measures may be misleading as they ignore the multiple deprivations the poor suffer because of their vulnerability to multiple shocks. The use of Poverty of Opportunity Index (POPI), pioneered and developed by Mahbub-ul-Haq, allows one to look at multiple di-

mensions of human deprivation such as lack of access to income, education and health as opposed to a simple headcount ratio. Table 3.8 compares income poverty, measured by the percentage of the population living below PPP US\$1.25 per day, with the measure of poverty estimated using POPI for four South Asian countries. It shows that income poverty only tells part of the story. The incidence of poverty for Pakistan, as measured by POPI at 29.2 per cent, is much higher than the income poverty (US\$1.25 a day) at 22.6 per cent. This implies that individuals living above the income poverty line may still suffer deprivations in education, health and other living conditions.⁷⁴ It is also interesting to see that countries like India that perform better with respect to poverty of education opportunities, have a lower incidence of poverty as measured by POPI, despite suffering from a greater incidence of income poverty compared to Pakistan.

Pakistan's poverty profile is not only marked by a large number of people suffering multiple deprivations, but is also spread unevenly between rural and urban areas of the country. As seen from figure 3.7, the incidence of rural poverty has grown to be almost twice the incidence of urban poverty by 2005-06. The high poverty ratio in rural areas can be traced to the low growth in the crop sector, as compared to the high growth rates in manufacturing and service sectors which are primarily urban based.⁷⁵ The pace of poverty reduction also varied across provinces between FYs 1998-999 and 2005-06. Poverty in Punjab and KPK steadily reduced between FY1998-99 to FY2005-06, while in Sindh and Balochistan it recorded a sharp increase in FY2001-02 and FY 2005-06.

The nexus between poverty and inequality is well established. The increasing incidence of unevenly distributed poverty in Pakistan is compounded by the problem of growing inequality as well. Two measures are commonly used to examine levels and trends in inequality: Gini-coefficient and income or consumption share

	1998-99	2001-02	2004-05	2005-06
Pakistan	30.6	34.5	23.9	22.3
Urban	20.9	22.7	14.9	13.1
Rural	34.7	39.3	28.1	27.0

Sources: GOP 1999, 2002, 2005a and 2006b.

	Bangladesh	India	Pakistan	Sri Lanka
Poverty of health opportunities	16.3	13.4	11.6	7.8
Poverty of education opportunities	39.6	32.7	41.3	9.0
Poverty of income opportunities	43.3	32.7	22.6	7.0
Poverty of opportunity index (POPI) value	35.2	27.8	29.2	7.8

Sources: UIS 2012, UNDP 2010c, UNPD 2012, World Bank 2012b, e and i and MHHDC staff computations.

by quintiles. Figure 3.8 shows the Gini-coefficients and consumption quintiles for the 2000-11 periods. The Gini values show no change in inequality in rural areas and overall, however, they show an upward trend in urban areas (also see table 3.9).

Structural causes for poverty: Governance and institutional factors

Economic growth is a driving force in reducing poverty, but experience has shown that good governance and pro-poor policies are vitally important in the process of alleviating poverty. Pakistan has improved its performance with respect to its standing on certain governance indicators critical for pro-poor growth such as ‘voice and accountability’ and ‘regulatory quality’ over the last decade (see *Profile of Governance in South Asia*). However, there are numerous other challenges to be addressed as far as political stability, control of corruption and effectiveness of the government is concerned. The efficacy of various dimen-

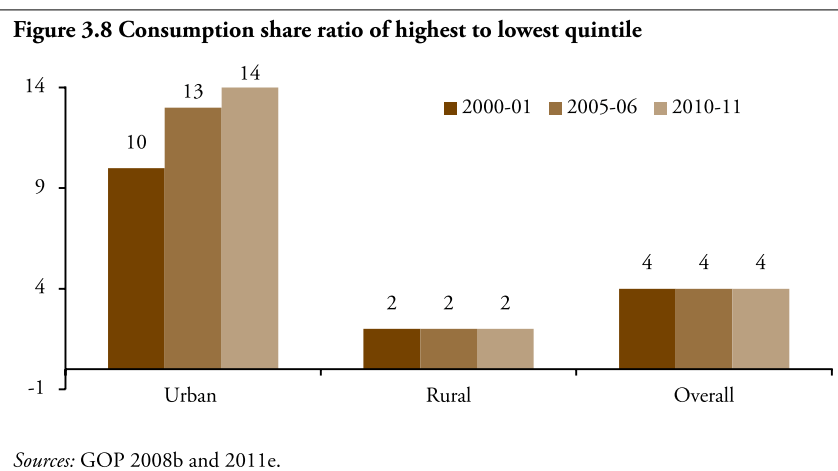
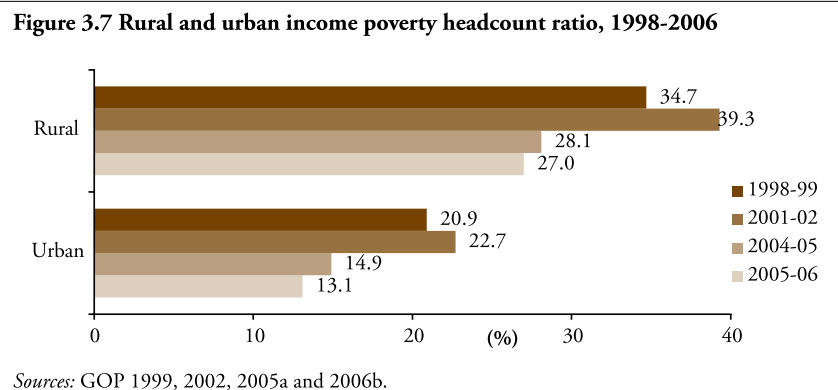


Table 3.9 Pakistan’s progress towards poverty related Millennium Development Goals (MDGs)	
Targets	Country performance
Target 1A: Halve, between 1990 and 2015, the proportion of people whose income is less than US\$1.25 a day.	The proportion of the population living below the official poverty line was 26.1 per cent in FY1990-91. After having increased significantly to 34.5 per cent in FY 2000-01, poverty declined to 23.9 per cent in FY 2004-05 and further to 22.3 per cent in FY 2005-06, according to the latest available government data. The slowdown in growth starting in FY 2007-08 and the rise in food prices has threatened the trend reduction in poverty.
Target 1B: Achieve full and productive employment and decent work for all, including women and young children.	Having increased to 8.3 per cent in FY 2001-02, the unemployment rate fell sharply to 5.3 per cent in FY 2006-07 following a period of high economic growth. The unemployment rate for 2010-11 has increased to 6.0 per cent, higher than that of the previous year (5.6 per cent). However, youth unemployment continues to be consistently higher than the average unemployment rate. Also, despite the decline in the unemployment rate, the issues of underemployment and disguised unemployment particularly in the agriculture sector need to be addressed. Therefore, achieving full and productive employment remains a major challenge for Pakistan.
Target 1C: Halve, between 1990 and 2015, the proportion of people who suffer from hunger.	The results of the latest <i>National Nutrition Survey 2011</i> indicate that about 58 per cent of the households in the country are food-insecure and, among them, 28.4 per cent are food-insecure without hunger, 19.8 per cent with moderate hunger and 9.8 per cent are food insecure with severe hunger. In urban areas, 52 per cent are food insecure, compared with rural areas where 60.6 per cent are food insecure. The food security data of <i>National Nutrition Survey 2011</i> has shown little improvement since the last data on food insecurity assessment done by the United Nations (UN) in Pakistan.

Sources: ADB 2008b, AKU et al. 2011 and GOP 2011d.

sions of governance and its role in creating and supporting both economic and non-economic institutions is vital for ensuring that the poor benefit proportionately more from the country's economic growth (see box 3.1).

Economic governance and its impact on poverty

The extent to which economic growth reduces poverty depends on growth being politically, geographically, socially, and economically more inclusive and equitable. The quality of economic governance is

critical to poverty reduction. Good economic governance facilitates participatory, pro-poor policies as well as sound macro-economic management. Economic governance in the case of Pakistan has performed relatively poorly in recent years. Pakistan's economy sustained an average growth rate of seven per cent between the FYs 2004-07. However, this growth momentum slowed down in FY2007-08 because of a number of factors, both domestic as well as external, as mentioned in the previous section.

Low growth in the agricultural sector is a major driver of rural poverty in

Box 3.1 The dimensions and determinants of poverty in Pakistan

Demography and large families: There is ample evidence that the incidence of poverty is greater in households with large family size compared to households with fewer family members.

Assets and sources of income: The poor usually lack income, assets, job opportunities and access to markets. While urban poverty is characterized by lack of access to decent employment opportunities, rural poverty is hinged on unequal distribution of assets among which land is considered the most important. The proportion of the rural households who do not own any agricultural land—i.e., the rural landless—is estimated to be around 50 per cent in Pakistan as compared to 11 per cent in India, and 10 per cent in Bangladesh. There also exists a significant and large difference in the amount of land per capita owned by poor and non-poor households. Similar differences exist in the ownership of livestock, housing, and other assets. Access to financial services in both urban and rural areas is also considered a barrier to financing decent livelihood and entrepreneurial activities aimed at income generation.

The inequality, poverty and growth nexus: The relationship between growth, poverty and inequality is complex and

multidimensional, and this complexity holds in Pakistan. In general, the rise in inequality weakens the poverty reduction effect of economic growth.

Education and skills: Lack of access to quality education and marketable skills is a common characteristic of the poor in Pakistan. Data on poverty indicates that there is a strong correlation between illiteracy (or, the level of education) and the incidence of poverty. Among severely deprived, education is the most important factor followed by health.

Access to basic needs, safe drinking water and sanitation: The poor often lack access to resources and opportunities to fulfill their basic needs, which are essential for survival such as food, clothing, shelter and health, etc. They also lack access to clean drinking water and proper sanitation facility. According to Pakistan Millennium Development Goals Report 2010, around 35 per cent of Pakistan's population is without access to clean water source and 37 per cent without sanitation.

Freedom of action and choice: The poor lack the fundamental freedom of action and choice available to the better-off section of society. They face deprivation in

all spheres of life—i.e., social, political and economic. They are also powerless to influence key decisions affecting their lives.

Social structures and hierarchies: In rural Pakistan, social inequalities and hierarchies, based mainly on class, caste, and religion are maintained and preserved in the guise of traditions and customs. These include unequal relationships such as those between a *Pushtun* and a *Gujjar* or a *Khan* and his tenant in KPK, a *Syed* and a *Kammi* in Punjab, a *Mir* and a *Bheel* in Sindh, and between a man and a woman everywhere in the country. Such social inequalities lead to social exclusion of certain communities, and help to perpetuate and reinforce the conditions that keep these communities poor.

Proneness to vulnerability: The poor are also characterized by proneness to vulnerability. They are vulnerable to ill-health, inflation, natural disasters, environmental degradation, and to other social, political and economic disturbances.

Gender disparity: Poor women are generally more deprived of basic facilities than men. Poverty among women results in poverty of opportunity—i.e., less access to education, health and jobs.

Sources: Gazdar 2004, GOP 2010e and Mohmand and Gazdar 2006.

Pakistan. The services sector on the other hand played a vital role in economic progress during the last few years and consequently has emerged as one of the driving forces of economic growth. The reduction of poverty heavily depends on the macro-economic environment and GDP growth in the country. Any policy intervention aimed at reducing poverty cannot reach the masses unless it is supported by a stable economy.

During the last few years inflationary pressures have intensified causing serious threats to macroeconomic stability, pushing a greater number of people into poverty. In FY 2008-09, the observed inflation rate was 20.8 per cent. This rate fell down to 11.7 per cent in the FY 2009-10; then again witnessed an increase, rising to 14.1 per cent in FY 2010-11.⁷⁶ Food inflation has an immediate impact on pushing the vulnerable sections of the population below the poverty line.

The country's performance in generating and sustaining employment is also important for poverty reduction. The efficiency of the growth-poverty linkage crucially depends on how the labour market responds to different types of growth paths. Pakistan witnessed a decline in the unemployment rate from 8.3 per cent in 2001-02 to 5.2 per cent in 2007-08 due to high GDP growth. However, unemployment increased from 5.5 per cent in 2008-09 to 5.6 and 6.0 per cent in 2009-10 and 2010-11, respectively.⁷⁷

Governance of non-economic institutional factors and its impact on poverty

While high and sustained economic growth rates are important for overall reduction in poverty, the non-economic institutional factors are also important in determining the 'spread' of the benefits of growth and the relative access to opportunities of the different socio-economic groups in the country. Research literature has revealed that there is a strong association between poverty and social gaps in Pakistan. The

term 'social gap' describes the gap between Pakistan's social development indicators relative to comparator countries with similar levels of income and similar rates of growth.⁷⁸ Addressing such social gaps is, therefore, a matter of addressing the structural and institutional barriers that result in a lack of access to social services for the poor, and hence the ability of the poor to benefit from growth and escape poverty.

In the context of South Asia, Pakistan's performance has been poor in important social development indicators such as literacy, primary school enrolment, basic health indicators, and access to social and physical infrastructure. One obvious reason for this is inadequate public sector social spending. However, even after controlling for spending gap relative to comparator economies, Pakistan's social gaps still persist.⁷⁹

Moreover, access to key basic services is strongly associated with a household's poverty situation. In Pakistan, studies have found that households closer to basic community services such as the nearest primary school, hospital/clinic, family planning facility, or public transport are in general richer than those isolated from these services.⁸⁰

These findings suggest that Pakistan's social gaps are rooted in governance failures to provide basic facilities to the poor. The inequality of outcomes between poor and non-poor cohorts in table 3.10 points to processes of socio-political exclusion, which make the poor particularly under-provided and this, in turn, appears to further mute the ability of the marginalized groups to hold governments and government functionaries accountable.

Governance for poverty reduction and social protection

Government's poverty reduction strategy

During the last decade and a half, the Government of Pakistan has designed three poverty reduction strategies with the aim

Pakistan's social gaps are rooted in governance failures to provide basic facilities to the poor

of alleviating poverty. Such policies generally advocate achieving broad-based economic growth while maintaining macro-economic stability; improving governance, devolution, and social and economic justice; investing in human capital and improving public service delivery; and targeting the poor and vulnerable and reducing inequalities. Although the policies under the poverty reduction strategies have been instrumental in steering the reins of eco-

nomie growth to be more inclusive for the poor, their success has been hampered by external factors like the global economic environment and Pakistan's geopolitical role in the world.

An analysis of the outcome of successive poverty reduction strategies by the Government of Pakistan indicates that the government's pro-poor budgetary expenditures in many sectors have been increasing over time (see figure 3.9). Pro-poor budgetary and non-budgetary expenditures have not only increased in absolute terms but have shown an increasing trend as a percentage of GDP over the last decade.

Over the time frame covered in PRSP I, there has been a gradual improvement in most social indicators such as literacy, primary enrolment, children's immunization, and access to health services. Incidence of disease, access to drinking water, and unemployment rates have also shown some improvement. However, PRSP II, the latest PRSP, was implemented over a much more turbulent period (2008-10). The increasing poverty in the PRSP II period has demonstrated the limitations of the PRSP approach when overall economic growth is not forthcoming.

An analysis of PRSP I and PRSP II budgetary expenditures indicate that government spending on pro-poor sectors is following an increasing trend. However, analysts have also pointed out that much of the expenditure items in the PRSP budgets may be in sectors where the poor or the vulnerable may not be the direct beneficiaries.

Social protection programmes in Pakistan

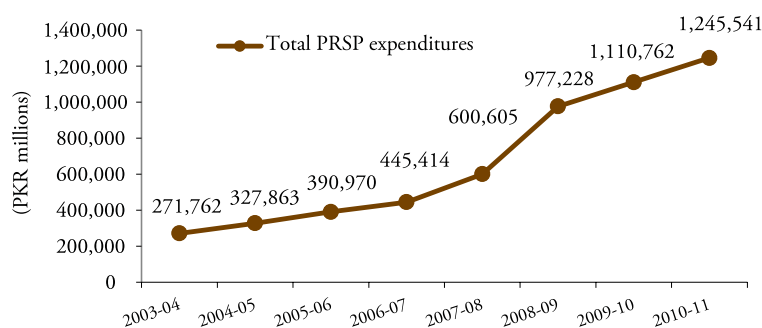
Historically, the Government of Pakistan has incorporated both direct and indirect measures as a part of its social protection strategy. The direct provisions include direct transfers such as *Zakat* and the PBM; employment-based guarantees of income such as by the Employees' Old Age Benefit Institution (EOBI), the Workers Wel-

Table 3.10 Access to social services and poverty, 2004

	Poor (%)	Non-poor (%)
Overall net primary enrolment		
Total	36.6	59.3
Male	43.0	66.0
Female	30.2	52.3
Access to drinking water		
Piped	18.7	28.2
Open source	24.0	18.6
Access to drainage system		
Underground	7.8	17.2
Open drain	29.8	34.3
No drain	52.4	48.5
Access to toilet		
In home	40.9	61.0
Outside home	59.1	39.0
Access to utilities (% of people living in households connected to)		
Electricity	52.2	76.0
Gas	10.9	22.9
Telephone	7.4	22.2

Source: Cheema 2007.

Figure 3.9 Total Poverty Reduction Strategy Paper (PRSP) expenditures (PKR million budgetary and non-budgetary) FYs 2003-11



Sources: GOP 2012c and IMF 2010.

fare Fund (WWF); and provincial social security benefits. Indirect provisions include subsidies on electricity, price of flour, other food items and housing.⁸¹ In addition, there are special programmes to construct infrastructure using labour-intensive methods which generate income for the poor and increase the productive capacity of the country by adding to its capital stock (see box 3.2).

The last decade has seen a multi-fold increase in both the annual disbursements and the number of beneficiaries of various social protection programmes in Pakistan (figure 3.10). Pakistan drafted its first National Social Protection Strategy in 2007, the first comprehensive official statement with regard to social protection based on a detailed review of existing programmes and interventions.⁸² However,

little progress was made towards the implementation of this strategy until 2008. After 2008, there has been a paradigm shift in the fiscal allocations for social protection programmes, coinciding with a change in government and increased public concerns about the adverse impact of the economic crisis on poverty. Two factors were particularly important in propelling the policy shift to large-scale direct social assistance programmes by the newly elected government in 2008. The first concerned the political mobilization for change of government and the election campaigns of political parties, which had focused attention on economic inequality under conditions of growth. The second factor was the acuteness with which the economic crisis affected the Pakistani economy. There was a widely held view that inflationary pres-

Box 3.2 An overview of existing social protection programmes in Pakistan

Direct income transfers

Zakat: The institution of *Zakat* plays a significant role in mitigating the suffering of the poor segment of the society, and derives from the religious injunction to Muslims to donate one-fortieth of their wealth to charity. About 25 per cent of the *Zakat* budget is given through institutions while the remaining 75 per cent is disbursed directly to individuals through local *Zakat* Committees. *Zakat* is disbursed under different programmes, such as: financial assistance (Guzara Allowance), educational stipends, healthcare, Eid grant, assistance to leprosy patients, national level health institutions, and marriage assistance.

The Pakistan Bait-ul-Mal (PBM): The PBM has made a significant contribution towards poverty reduction by providing assistance to destitute widows, orphans, invalids, the infirm and other needy persons. The PBM disburses to the needy under a wide variety of programmes that encompass food support, child support, rehabilitation of child labour, vocational

training, support to medical centres, and others. The PBM, which disbursed PKR6 million to 25,000 beneficiaries in its initial year (1992), disbursed PKR5.52 billion to around 2 million households in 2007-08.

Benazir Income Support Programme (BISP): This programme was started in 2008-09 to provide cash grants of PKR1,000 per month to families with a monthly income of less than PKR6,000. Families in low income brackets spend between 50-70 per cent of their income on food. At current flour prices, PKR1,000 a month amount is sufficient to finance 20-25 days of flour needs for a 5-6 member family. BISP has also initiated three graduation programmes i.e., *Waseela-e-Haq* (microfinance for entrepreneurship development), *Waseela-e-Rozgar* (vocational training for improved livelihoods) and *Waseela-e-Sehat* (Life, accident and health insurance). BISP aims to cover about 15 per cent of Pakistan's population or 40 per cent of the poor.

Punjab Food Support Scheme (PFSS): The

PFSS is a provincial programme, also initiated in 2008. It was originally designed to provide food stamps for the poorest households, but has now been converted to a cash grant of PKR1000 per household per month. In this sense it is exactly like the BISP, except run for the Punjab province. The targeting relies on local government officials (district and union councils) and political appointees to propose an initial list of beneficiaries. The subsidy is aimed at households who do not have a bread earner, widows, orphans, disabled and abandoned elderly people.

Labour market programmes

People's Works Programme: Such programmes aim to increase the income of the poor by special efforts to create additional employment. These efforts comprise programmes to boost employment directly by providing temporary employment to workers through labor-intensive construction projects in the public sector.

Microfinance programmes: By improving access to microcredit, such programmes

aim to indirectly create additional employment. Almost half of the beneficiaries of microfinance programmes are female. The major share of advances goes to the livestock sector, followed by microenterprises and agricultural inputs.

Pensions and other social insurance programmes

Employees' Old Age Benefit Institution (EOBI): The EOBI established under EOB Act 1976, maintains the Employees' Old Age Benefits Fund. It provides old age benefits to insured persons employed in industrial, commercial and other organizations in the private sector. The sources of revenue for the fund are the contributions and any other payments made by the employers, income from investment of the money of the institu-

tion and donations. An insured person with 15 years of contribution is entitled to a monthly old-age pension—over 60 years for men and over 55 years of age for women.

Workers Welfare Fund (WWF): This was established in 1971 with an initial allocation of PKR100 million provided by the federal government. The underlying objectives of WWF include the financing of housing projects for the workers and welfare measures including education, trainings, skill enhancement, apprenticeship, marriage, death grants and post-matric scholarships for the welfare of workers. The number of beneficiaries of the WWF and the total annual disbursements under this scheme is small relative to other social insurance programmes.

Nutritional support programmes

The Punjab Sasti Roti Programme: This programme aims to provide bread at an affordable price for the poor. This requires providing flour to participating bread makers at subsidized prices. Out of about 13,000 bread makers surveyed in the Punjab, over 5500 joined the programme.

Food Support Programme of the PBM: The Food Support Programme of the PBM is a social safety net that targets the poorest of the poor in order to provide relief from the increase in wheat prices that has occurred since August 2000. Since its inception, the programme has disbursed about PKR23 billion.

Source: GOP 2012c.

tures on essential commodities had hit the poorest badly.

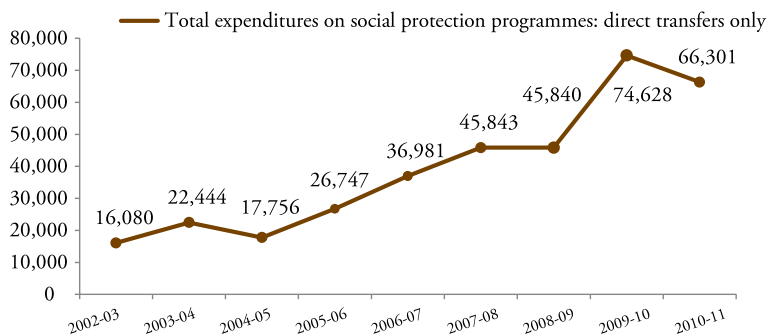
Governance issues in targeting, monitoring and evaluation of social protection programmes

Despite the existence of a number of social safety net programmes, historically these

have catered to a very small segment of the poor. Moreover, these have been characterised as 'fragmented, duplicative and sometimes ceremonial', falling far short of needs and of their own potential.⁸³ Despite the multifold increase in social protection expenditure in the last decade, these programmes suffer from fragmented governance, poor targeting, underutilization and corruption.

Social protection programmes in Pakistan are implemented in a fragmented manner. The country lacks a dedicated social protection agency or department with a mandate to coordinate between and oversee all social security and safety net programmes. The primary implementing agencies for the major public safety net programmes are the Ministry of Religious Affairs for *Zakat* and *Usbr* (*Zakat* Programme); the *Bait-ul-Mal* Food Support Scheme; the Employees' Old Age Benefit Institution Social Security Offices (social security); and the BISP Secretariat. The lack of a consolidated social protection platform creates a number of problems: duplication of efforts, identical beneficiaries

Figure 3.10 Total expenditures on social protection programmes* in Pakistan, FYs 2002-11



Note: *: Total expenditures on social protection programmes include *Zakat*, *Bait-ul-Mal*, BISP, Punjab Food Support Programme, People's Works Programme 1, People's Works Programme 11, EOBI and People's *Rozgar* Programme.

Sources: GOP 2012c and IMF 2010.

on recipient lists of multiple programmes, jurisdictional concerns, etc. Recently, there has been a growing recognition that various social protection programmes should be consolidated under one roof. A recently enacted bill in Parliament on the BISP suggests that a council be set up for the administration of the programme, but BISP planners are already considering the option of extending its portfolio to eventually encompass all other safety net programmes.⁸⁴

While Pakistan implements a wide array of social protection programmes, the effectiveness of these programmes needs to be improved. Social protection programmes in Pakistan face important constraints in terms of coverage, targeting, and implementation, and inability to respond to vulnerability, which will need to be overcome in order that they can more effectively protect the poor.

Moreover, in case of food subsidy programmes run by the government, such as the Punjab *Sasti Roti* Scheme, it is impossible to determine the number of beneficiaries and their socio-economic characteristics. The numbers can be large or small and beneficiaries can be rich or poor for the simple reason that the schemes are mostly untargeted. Without a beneficiary list and a system of verification, the non-poor also become beneficiaries of these schemes.

The distribution of cash grants by the government is often plagued with the problems of corruption and patronage. For example, it has been documented that eligibility criteria or the process of selecting beneficiaries in the *Zakat* distribution system is not transparent and often, provision seems based on access to influential patrons or willingness to pay a bribe. Decisions regarding who receives benefits are mostly guided by local power relationships. There is no documented mechanism for the distribution of *Zakat* funds. BISP also experienced similar issues before the poverty scorecard was introduced on the insistence of international donors to improve targeting and monitoring.

Conclusion and policy recommendations

Empowerment is a multidimensional concept, with no one strategy as a proven panacea for enhancing people's capabilities. The policy change has to come on various fronts—economic empowerment, political empowerment and measures to provide a sense of security for the poor. Economic empowerment would entail the expansion of economic opportunities for poor people by stimulating overall growth in the economy, and by building up their assets and increasing the returns on these assets, through a combination of government and private sector initiatives. Empowering the poor politically would involve making state institutions more accountable and responsive to poor people, strengthening the participation of poor people in political processes and local decision-making, and removing the social barriers that result from discrimination along the lines of gender, ethnicity, race, and social status. Lastly, the poor also need enhanced security through governance that provides social protection and helps reduce their vulnerability to ill-health, economic shocks, policy-induced dislocations, natural disasters and other adverse shocks.

Pakistan's history is replete with examples of poor governance, which erodes the capacity of communities and individuals, especially the poor and disadvantaged, to meet their basic human needs. There have also been multiple initiatives to improve governance for the economic and political empowerment for the poor, but these have had mixed results. The chapter shed light on various dimensions of both good and bad governance in the country and explored the underlying causes. This section aims to give policy prescriptions in the light of the previous analysis and, more importantly, situate these within the conceptual framework of humane governance for people's empowerment in Pakistan.

Social protection programmes in Pakistan face important constraints in terms of coverage, targeting, and implementation

Political empowerment

The architecture of good political governance entails instilling the practice of free and fair elections, an impartial judiciary protected by a separation of powers and a constitution not easily amendable by any of the branches of the government.⁸⁵ The role of the ECP is crucial for ensuring accountability and transparency of elected representatives and public officials. In Pakistan, the recent amendments to the Constitution have contributed to improving financial independence and the selection procedure for the Chief Election Commissioner for the ECP. However, the ECP still has a long way to go before it can establish itself as an independent, transparent and effective institution for conducting free and fair elections. There is scope for the Parliament to play a significant role in making the ECP more effective through a parliamentary committee system. Appointing a permanent parliamentary committee for detailed scrutiny of ECP finances and decisions and making ECP activities available for public and media scrutiny are some of the measures that can be adopted for improved transparency.

The role of the Parliament of Pakistan and the judiciary are equally important for political empowerment of the people. The recent constitutional amendments passed by the Parliament have served to strengthen the country's democracy by enacting reforms for improving provincial autonomy, strengthening the process of judicial appointments and improving the independence of the ECP. However, there are weaknesses in the Parliament's accountability mechanism, undermining its ability to exercise sufficient oversight over the Executive. In this regard, there is a need to enhance the role of the Parliamentary Standing Committees. Previously, there has been little action taken against the implicated public officials based on the reports published by these committees on various corruption cases. Moreover, parliamentarians and public officials should

maintain complete record of their assets, business and financial holdings with the ECP in order to make them accountable to the people of Pakistan. Also, there should be no immunity for parliamentarians against strong intervention by auditors, ombudsmen and law enforcing agencies. There is also a need to involve the public in parliamentary proceedings, in the form of regular public hearings and media presence in the Parliamentary Standing Committee meetings. This can help raise political awareness among the people and improve the accountability and performance of elected representatives.

Pakistan's judicial system, especially the higher courts, has improved significantly in terms of its independence and effectiveness. However, the lower courts are in need of reformation in order to improve access to justice for the masses. The huge backlog of cases, low conviction rates, partial judgments and corruption in the country's legal system has truly disempowered the people. The government, in conjunction with international agencies, has started programmes to reduce these delays and to improve access to justice. These programmes not only add to the hardware of the judicial system — in the shape of more and better court buildings and computers— but also to its software in the form of more and better trained and better paid judges and support staff, and revisions to procedures to speed up the legal process. There is a need to sustain such efforts to provide access to justice that is prompt and affordable for the poor.

To support political change across all fronts, there is a need for civil service reforms as well. The overstuffed bureaucracy with its associated extravagant expenditures, and political nepotism in hiring and transfer decisions of the civil service officers have undermined the efficiency of this pillar of political governance. The government should enact reforms to bring about a strong, independent, accountable and effective civil service institution to support political governance in the country. More-

The government should enact reforms to bring about a strong, independent, accountable and effective civil service institution to support political governance in the country

over, as discussed earlier in the chapter, the focus on decentralization needs to be sustained to afford people ample opportunities to participate in making decisions that affect their life. The 18th Amendment to the Constitution of Pakistan and the latest NFC Award have laid out the necessary legal framework for this to take place. However, the real challenge lies in the implementation of the decentralization reforms. Only if decentralization is practiced successfully, “it has the potential of contributing to a more people-centred framework of governance by decreasing the distance between the citizens and the state, enabling the government to be more responsive to local needs and to make better use of scarce resources for basic human priorities.”⁸⁶ If decentralization simply transfers power from the ‘political elites’ in the central government to regional and local elites, without any participation at the local level, it will fail to empower the people of Pakistan.

Economic empowerment

Expanding opportunities for the poor in Pakistan would require stimulating the economic growth path of the country. Sound fiscal and monetary management of the economy are two core strategies for stimulating growth and harnessing its power to make it pro-poor at the same time.

Policy changes on the fiscal front should focus on reducing the fiscal deficit, by controlling government expenditures on one hand, and improving government revenue collection on the other hand. Cutting down on government expenditures is almost synonymous with cutting down on the size of the huge public sector and reforming the loss making PSEs. Reforming these institutions would require freedom from political and bureaucratic influence and a pattern of operation similar to private firms. Successful reformation of PSEs has been achieved in India and China, thus privatization is not the only solution. Reducing expenditure is just half the work done. It needs to be backed by efforts to

increase government revenue through taxation. The government, while doing so, would need to make the taxation structure progressive, to safeguard the interests of poor and salaried classes. All sectors of the economy should be equally taxed without discrimination. Moreover, tax administration needs to be strengthened to avoid tax evasion. On the same note, efforts should be made to mobilize the provincial tax base as this would enable people to see the benefits of taxes in enhancing public service delivery and thereby would reduce incentives for tax evasion.

Earlier efforts to curtail the fiscal deficit like Federal Responsibility and Debt Limitation Act 2005 have been implemented by the government and to good effects, however the limitations were not adhered to for long. Sound fiscal management requires sustained commitment by the government to abide by the targets set under this act and to follow them stringently.

Policy changes on the monetary front are equally crucial for economic empowerment of the masses because of its link with inflation and growth. There is an urgent need to strengthen the governance mechanism to ensure a stable monetary regime. In this regard, the independence of the State Bank of Pakistan to formulate a non-inflationary monetary policy along with management of interest rates to stimulate economic growth is crucial.

Apart from changes on the fiscal and monetary fronts, the government needs to lay down a comprehensive plan to generate growth in employment generating sectors of the economy—agriculture, industry and services. This requires a removal of institutional barriers stalling the growth process, including political instability and energy shortages. As discussed earlier the crisis of the power sector is basically the crisis of governance. Solving the problem of circular debt lies at the heart of solving the power crisis. This would require some accounting and capital infusion by the government and a review of

Apart from changes on the fiscal and monetary fronts, the government needs to lay down a comprehensive plan to generate growth in employment generating sectors of the economy

The limited reach of existing social insurance schemes in an economy dominated by informal employment is a challenge

subsidy and pricing policies. The subsidies are inappropriately targeted and ineffective in supporting lowest income groups. The government would also need to focus on recovering cost of electricity by reducing transfer and distribution losses. All consumers of electricity, especially government departments should ensure full compliance with regard to payment of electricity dues. On the supply side the government would need to realign the energy mix to reduce the cost of production. In the short run, purchasing electricity or sources of energy from abroad is inevitable. However, the focus should be on having the cheapest generation mix. In the long run, the focus should be on maximizing the use of indigenous sources of energy and reduce reliance on imported sources especially furnace oil.

Lastly, there is a need to re-emphasize that there is more to good economic governance than a narrow focus on growth and sound fiscal and monetary management. In order to secure an equitable outcome to the economic processes, the state should make adequate budgetary allocations for social priority areas that promote human development, especially education and health (see chapter 4).

Enhancing security for the poor

The broad macroeconomic policies for ensuring growth can take a long time to trickle down its benefits to the poor and vulnerable sections of the society. Thus, in addition to good economic governance against the backdrop of political stability, there is a need for providing security for the poor in the form of social protection programmes. The recent economic crisis coupled with high inflation in Pakistan has reversed the downward trend in poverty that the country experienced in the early 2000s. Pakistan faces immense challenges in terms of poverty reduction as the poor lack the basic human, physical, and productive assets for empowerment, and have limited or no access to essential social services such as health, education and water

supply and sanitation. The recent floods and droughts in the country also reveal the vulnerability of Pakistani households to natural disasters, where the poor are often the hardest hit.

One of the main areas of policy focus should be the scale of social protection programmes and more importantly, their ability to target the poorest of the poor. Although total spending on social protection programmes has increased manifold since 2008, it is still inadequate relative to the scale of the problem. Apart from increasing the scale, there is a need to improve the efficiency of various programmes to better target the poorest sections of the society.

The limited reach of existing social insurance schemes in an economy dominated by informal employment is a challenge. Existing social security schemes in Pakistan do not cover workers from the agriculture sector, the self-employed and the informal economy. Also, most social protection programmes in the country, apart from the recently initiated BISP, take a generic approach to poverty reduction with little focus on gender equity. Women find low coverage in the generic worker clusters, and the broader support programmes as these interventions are designed for the formal economy, where women are a small minority. Most of the women are engaged in the informal sector or unpaid employment, thus there is a need to document and regularize the informal economy to extend protection to women.

Pakistan has a wide array of social protection programmes running under different departments. There is a need to consolidate these programmes under one overarching department, rather than running them under different implementing agencies. This would help the government curtail fragmentation, improve the quality of social protection spending, and have a higher impact.

Making the poor live off charity cannot be sustained indefinitely. There is a need for economic governance to focus on employment generating activities in vari-

ous sectors of the economy. Initiating employment generation schemes in the flood-affected areas would help reinstate the lost livelihoods of the people affected by the devastating floods in the country. In the same vein, access to affordable microcredit and improvement in land ownership and tenancy rights can contribute to improving the livelihoods of much of the rural population in the country.

Exploring complementarities

To sum up, it is imperative for policy makers to realize that all three strategies for empowerment have important complementarities among them. Economic growth cannot take place amidst political

instability. Similarly, the presence of political stability and high economic growth do not automatically ensure security for the poor and their protection from vulnerability to shocks. Good economic and political governance also requires strong institutions, both formal and informal, such as contract enforcement and property rights. The policy shift for empowering the poor should pervade all aspects of governance, and its implementation should reach all levels from the top right down to the local level. Effective decentralization, as discussed before, is a crucial mechanism for achieving such a broad based reformation of governance for empowering the people of Pakistan.

Annex table 3.1 Pro-poor budgetary expenditure (federal and provincial) in Pakistan, FYs 2007-11*(% of grand total)*

	2007	2008	2009	2010	2011
Community Services	18.0	18.3	12.5	11.2	10.3
Roads, Highways and Bridges	14.1	14.8	10.2	8.9	8.0
Water Supply and Sanitation	3.9	3.5	2.3	2.3	2.3
Human Development	54.3	49.6	37.7	38.5	43.2
Education	38.0	31.9	24.6	23.4	25.9
Health	12.5	10.7	8.6	8.5	8.5
Population Planning	1.6	2.3	0.5	0.6	0.4
Social Security and other Welfare*	1.1	3.3	3.0	4.9	4.4
Natural Calamities and Disasters	1.2	1.3	1.0	1.1	3.9
Rural Development	23.9	19.7	13.9	14.3	12.8
Agriculture	17.5	14.6	9.1	9.4	9.3
Land Reclamation	0.5	0.5	0.3	0.2	0.3
Rural Development	5.2	4.1	1.7	1.8	1.5
Peoples Works Programme-II	0.6	0.5	2.9	2.9	1.7
Safety Nets	2.2	10.7	24.2	22.1	18.9
Subsidies	1.3	9.6	22.6	21.1	18.5
Food Support Programme	0.8	0.8	1.3	0.0	0.0
Peoples Works Programme-I	0.0	0.2	0.3	0.8	0.4
Low Cost Housing	0.1	0.1	0.1	0.2	0.0
Governance	1.7	1.8	11.7	13.9	14.8
Administration of Justice	1.2	1.4	0.9	1.0	1.1
Law and Order	0.5	0.4	10.7	12.9	13.6
Grand total	100	100	100	100	100

Note: *: It also includes Benazir Income Support Programme and Pakistan Bait-ul-Mal.

Sources: GOP 2011a and 2012c.

Annex table 3.2 Annual change in pro-poor budgetary expenditure in Pakistan, FYs 2008-11

(%)

	2008	2009	2010	2011
Community Services	36.55	16.44	1.81	3.28
Roads, Highways and Bridges	41.33	17.45	-1.10	1.08
Water Supply and Sanitation	19.28	12.12	14.86	11.79
Human Development	22.35	29.97	16.12	25.58
Education	12.65	31.65	7.95	24.21
Health	14.85	36.99	12.78	12.31
Population Planning	90.00	-60.15	32.08	-30.56
Social Security and other Welfare*	320.00	53.97	87.63	1.05
Natural Calamities and Disasters	54.00	31.17	23.76	292.92
Rural Development	10.61	20.78	16.91	0.37
Agriculture	11.63	6.47	17.89	10.22
Land Reclamation	34.78	-12.90	-25.93	83.45
Rural Development	4.95	-29.61	24.39	-6.33
Peoples Works Programme-II	8.00	937.04	13.57	-33.02
Safety Nets	559.14	286.46	3.46	-3.75
Subsidies	898.18	301.82	6.48	-1.88
Food Support Programme	25.71	181.82	-100.00	
Peoples Works Programme-I		135.71	154.55	-39.89
Low Cost Housing	100.00	0.00	200.00	-79.28
Governance	41.67	1016.67	35.73	19.03
Administration of Justice	52.94	17.95	19.57	29.30
Law and Order	14.29	4262.50	37.15	18.24
Grand total	34.12	70.75	13.66	12.10

Note: *: It also includes Benazir Income Support Programme and Pakistan *Bait-ul-Mal*.

Sources: GOP 2011a and 2012c.

EMPOWERING PEOPLE WITH EDUCATION AND HEALTH IN PAKISTAN

If men and women are not empowered with health and education, today's economic growth may not be sustainable tomorrow as there will not be enough healthy and productive labour force to refuel the growth process.

—2004 SAHDR

Empowering People with Education and Health in Pakistan

In Pakistan, the reduced role of government in the social sector, combined with high indebtedness, constrained the public provision of education and healthcare

Education and health are the two most critical components of human development and people's empowerment. Illiteracy and ill-health stand in the way of people's empowerment to play their role in political, economic and civic life, including within the community and home. Two previous Reports on *Human Development in South Asia 1998 and 2004*¹ presented an in-depth analysis of these topics. Building on those analyses, this Report goes forward to assess how far Pakistan has progressed in providing education and health to ordinary Pakistanis and, in that process, empowering them to be their own agents of development.

The goals of the education and health sectors are affected by policies and developments in many other economic and social policies and institutions. During 1980s and 1990s, many developing countries implemented structural adjustment programmes under the guidance of the World Bank and International Monetary Fund (IMF). This resulted in reducing the role of the state in many areas that directly or indirectly impacted education and health. In Pakistan, the reduced role of government in the social sector, combined with high indebtedness, constrained the public provision of education and healthcare. With the private sector filling the gap, education and health became more of a privilege than a right. This resulted in huge out of pocket expenses from the budget of the poor contributing to an increased incidence of poverty. The past decade also saw an increase in income inequality between the rich and poor. The vertical health programmes gained popularity in the government at the expense of the comprehensive vision of various United Nations (UN)

declarations for tackling the socio-economic determinants of illiteracy and ill-health.

Pakistan has made considerable progress in improving its human development profile in recent years; however, in comparative terms its performance has not kept pace with the South Asian averages (see *Human Development Indicators for South Asia*). High growth rates in the first half of the last decade did not result in improving Pakistan's social development indicators compared to those of its neighbours. Human development in Pakistan has been hampered by considerable inequality in social development outcomes across not only poor and non-poor households, but also along rural-urban, gender, class and social hierarchy lines. Moreover, progress in social development is closely linked to poverty levels. This chapter provides an analysis of Pakistan's progress in education and health, highlighting the governance impediments to improvements in access to and quality of services provided. The chapter ends with some key policy suggestions for improving governance for delivery of quality education and health to the vast majority of Pakistanis.

Education

State of education in Pakistan

Access to education remains a significant challenge in Pakistan. Net enrolment rates in primary education have improved over the past decade (see figure 4.1), but access remains far from universal, and there are significant regional, rural-urban, and gender disparities. Compared to other South Asian countries, Pakistan is lagging behind

in key education indicators, with one of the lowest primary net enrolment rates and the largest number of out of school children in the region (table 4.1). Access issues are even larger at higher levels of education. Tertiary enrolment rates are estimated at about 4 per cent of the eligible age cohort (17-23), and less than 8 per cent of the workforce has received formal training. In addition, the quality of education is poor at all levels of education, drop-out rates are high, and learning achievements low.

There are many problems in the public sector education system in Pakistan, both on the supply as well as on the demand side. On the supply side, the lack of adequate number of schools and trained

Figure 4.1 Improvement in net enrolment rates in Pakistan, FYs 2001-11



Sources: GOP 2006c and 2011e.

Table 4.1 Pakistan: Key education indicators compared to other South Asian countries

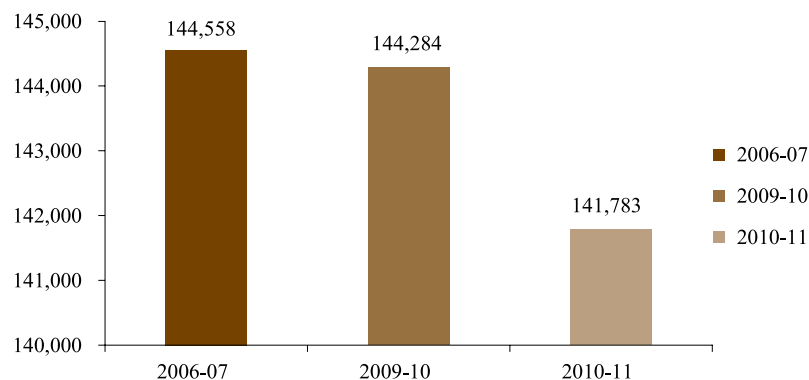
	Adult literacy rate (% aged 15 and above) (2005-09*)	Net primary enrolment (%) (2008-11*)	Percentage of children reaching grade 5 (% of grade 1 students) (2006-10*)	Children not in primary schools (million) (2008-11*)	Pupil teacher ratio (primary) (2009-11*)
India	63	92	68.5	2.278	40**
Pakistan	56	74	61.5	5.125	41
Bangladesh	56	86	66.2	1.835	43
Afghanistan	...	...	...	...	44
Nepal	59	...	61.7	...	30
Sri Lanka	91	94	98.6	0.102	24
Bhutan	53	88	95.5	0.011	25
Maldives	98	96	...	0.001	12

Notes: *: Data refer to recent year available. **: Data refer to 2004

Source: MHHDC 2012, *Human Development Indicators for South Asia*.

teachers throughout the country are two of the most difficult barriers to education. Figure 4.2 and table 4.2 show Pakistan's performance in terms of availability of schools and number of trained teachers. Both the number of functional public schools in the country and the percentage of trained teachers have registered a decline. Poor inputs translate into poor outputs that pervade the entire education system: teacher absenteeism; a high drop-out rate, particularly in primary education; high repetition rates and poor completion rates in elementary education; and inequalities between the genders, regions and social groups. Weak management and

Figure 4.2 Number of functional public schools in Pakistan, FYs 2006-11



Sources: GOP 2008c and 2012c.

Table 4.2 Percentage of trained teachers in primary and middle schools

	2008-09		2009-10		2010-11	
	Primary*	Middle	Primary*	Middle	Primary*	Middle
Punjab	100	100	95	88	94	87
Sindh	92	94	92	96	94	96
KPK	100	100	100	100	99	100
Balochistan	99	94	99	97	99	97
AJK	81	94	87	94	81	94
FATA	99	100	65	88	68	89
FANA	69	87	97	98	94	93
Federal capital	96	97	92	91	92	91
Pakistan	97	98	95	91	95	91

Note: *: Primary schools include Mosque schools.

Source: GOP 2012c.

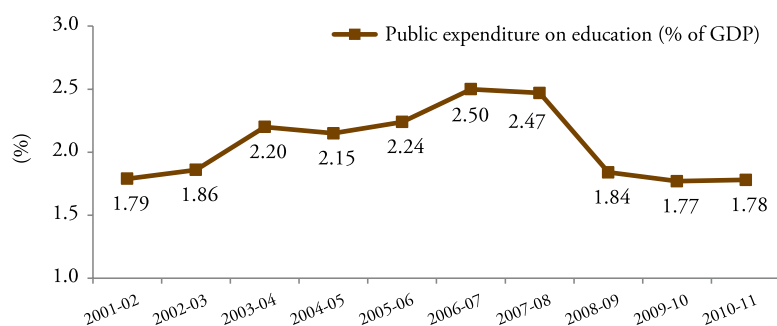
the resultant lack of accountability and effectiveness in service delivery further compound the problems. On the supply side, financing is the crucial factor that affects all aspects of the public service delivery of education in Pakistan. Pakistan was committed to spending at least 4.0 per cent of GDP on education, but budgets have fallen in recent years—from 2.5 per cent in FY 2006-07 to 1.8 per cent in FY 2010-11 (see figure 4.3).

Pakistan is undergoing a demographic transition as exhibited by the slowing down of its population growth rate. Evidence from East Asia shows that these countries successfully capitalized on the demographic dividend arising out of their fertility transition by making timely investments in primary and then in secondary education, which resulted in a large

pool of young and productive labour force ready to be trained for technical and higher education. While the demographic transition provides a window of opportunity for increasing economic growth, it does not guarantee it unless accompanied by social and economic policies that allocate resources to train and make efficient use of human capital. This suggests that appropriate government policies for education and training of the youth are pre-requisites to reap the benefits of the demographic dividend. With a population of 180 million people, almost half of which are less than 18 years of age, Pakistani youth can yield a demographic dividend steering the country on a sustained growth path, provided timely investments are made in education.²

Administration, management and financing of the education system

Pakistan is a federal country with four provinces, which are further divided into districts. Since its inception, public provision of education has primarily been the responsibility of the federal and provincial governments, with the latter being the operational tier for most education related issues. However, since 2001, in an attempt to improve service delivery at the grassroots level, the Government of Pakistan has been decentralizing authority from the provinces towards the districts (see box 4.1). After

Figure 4.3 Trend in public expenditure on education (% of GDP), FYs 2001-11

Sources: GOP 2010d and 2012c.

Box 4.1 Decentralization reforms of 2001: Well-meaning reforms hampered by implementation problems?

The decentralization of education in 2001 was seen as a panacea for improving public service delivery of education and enhancing citizen participation. However, in reality the effectiveness of the well-meaning reforms has been frustrated by implementation problems. The federal and provincial governments enacted the new system into application without first strengthening the infrastructure of the district and other local level governments. Thus, the kind of devolution that resulted can be best described as a case of ‘delegation of responsibility without delegation of authority’ to the districts. The lack of managerial and fiscal autonomy with the districts translated into pervasive problems for the whole system: high rates of absenteeism for teachers appointed at the provincial level with political nepotism, and shortage of supplies and malfunctioning equipment in schools because most of the procurement takes place at the provincial level. Moreover, districts were empowered with little financial autonomy, largely being dependent on provincial governments for funds and having limited revenue-generating abilities of their own. There are many cases where there was a duplication of tax authority between the provinces and districts. Property tax is one such example. An-

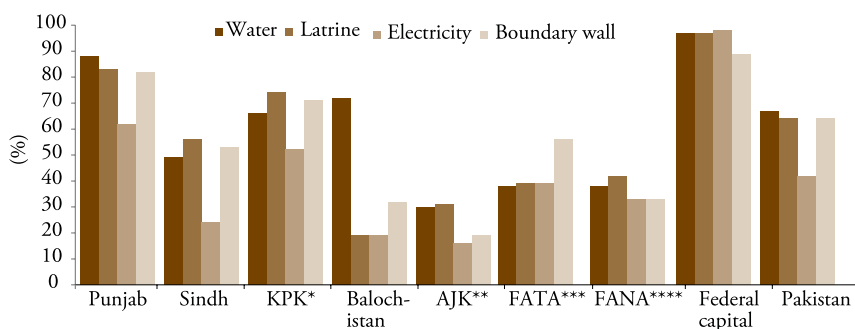
Source: GOP 2012b.

other major problem with regard to revenue generation at the district level was that many urban areas generate more revenues than rural or underdeveloped areas. While part of this problem is addressed by the equalization grants from the provinces, it still leads to further dependency of these areas on the provinces.

Out of the education budget available with the districts, most of the expenditures are for salaries, leaving very limited funds for other expenses. The result is inadequate repair and maintenance of schools (many built over 40 years ago),

lack of adequate furniture, equipment, electricity and sometimes even drinking water for the students. In Pakistan more than 66 per cent of the schools comprise only two rooms to accommodate all grades between 1-5. Figure 4.4 shows that a significant proportion of public schools in Pakistan are not equipped with basic facilities. Moreover, there are regional disparities in the number of schools with basic facilities, with the less developed regions like AJK, FATA and FANA lagging behind Punjab, Sindh, KPK and the Federal capital.

Figure 4.4 Proportion of public schools with basic facilities in Pakistan, FY 2010-11



Notes: *, KPK means Khyber Pakhtunkhwa. **, AJK means Azad Jammu and Kashmir. ***, FATA means Federally Administered Tribal Areas. ****: Federally Administered Northern Areas means FANA. Source: GOP 2012b.

2001, the district rather than the province, became the operational tier of governance and the focus of all education development activity. At the district level education departments were established with responsibility for administering the system. The district was responsible for all expenditure on education including planning, directing and evaluating the education system, and for the salaries of teaching and non-teaching personnel. In addition to the resources transferred by the federal and provincial governments, the district had to generate additional resources.

Even after the decentralization reforms of 2001, although the districts

became the operational tier for public service delivery of education, the federal government continued to be the overall policy-making, coordinating, and advisory authority in the field of education steering the policy in key areas such as curriculum design, setting of teacher salary levels, teacher accreditation and evaluation of pupil achievement. However, the recent 18th Amendment to the Constitution of Pakistan (2011) has been a real game-changer in the scenario of public sector provision of education. With the passage of the 18th Constitutional Amendment and abolition of the Concurrent List, education has now become a provincial subject. With the ex-

ception of setting standards for higher education and Pakistani students going abroad and foreign students coming to study in Pakistan, the federal government has retained no other authority over education matters.

A positive change brought about by the 18th Amendment is the insertion of Article 25A in the Constitution of Pakistan that guarantees the right to free and compulsory education for all children of age 5 to 16 years. This free and compulsory education is to be provided by the 'state', which by definition includes both federal and provincial governments. However, at the same time education has been declared a provincial subject. This has created confusion and overlapping of responsibilities between the two tiers of government. Is it the exclusive responsibility of the provinces to ensure that Article 25A is implemented in letter and spirit, or will the federal government also be responsible to either fully or partially support the provision of this Constitutional Right to all children in the country?

The more challenging issue that emerges in the implementation of Article 25A is that of capacity of the provinces to implement the law in letter and spirit. Pakistan is committed to 'Education for All' (EFA) Goals, as well as several other UN conventions relating to education. Will the provinces ensure the achievement of these goals or does the federal government need to perform the task of implementing the UN goals in Pakistan? Moreover, how will the provinces generate additional resources for public service delivery of universal primary education as stipulated under the new law? And how would their progress be monitored? Policy makers at all levels in the government are still grappling with these issues.

With the passage of the 18th Amendment, provinces are now free to have their own education policies to reflect the socio-cultural diversities of the country. While this is supposed to give the

provinces greater autonomy in terms of language of instruction and curriculum, ad hoc policy changes at the provincial level can further exacerbate the problems for public sector provision of education.

The 18th Amendment, by recognizing the right to free and compulsory education for all and by giving more autonomy to the provinces has brought many opportunities for expanding access to and improving quality of public service delivery of education. However, it also presents enormous challenges for the effective reorganization of governance to realize these opportunities. The mere passage of Article 25A, and declaring free and compulsory education as a constitutional right on paper, is clearly not enough. The real challenge for Pakistani policy makers is to transform the well meaning Article 25A of the Constitution from a legal clause on paper to a reality for disadvantaged and marginalized sections of Pakistan.

Assessment, monitoring and accountability of public provision of education

Financing of education

Pakistan's progress on the education front has suffered from policy failures in assigning low priority to education in policy and planning documents, and low financing allocated for education in successive budgets. Education is a long-term investment and its benefits emerge over generations. Parliamentarians and political parties, with their short-term horizon, have historically focused their attention on projects with immediate returns. As a result, the education sector has been facing a shortage of financial resources. Public expenditure on education as a percentage of GDP is the lowest in Pakistan compared to other countries of the South Asian region (see *Human Development Indicators for South Asia*). Although public expenditure on education has been increasing in absolute amounts, it has shown a decline as a percentage of

A positive change brought about by the 18th Amendment to the Constitution of Pakistan guarantees the right to free and compulsory education for all children

GDP in the last few years (figure 4.3). The trend in budgetary allocation to education as a percentage of total government expenditure is also not encouraging (figure 4.5).

Pakistan is committed to spend at least 4.0 per cent of the GDP on education to meet its EFA Goals and Millennium Development Goals (MDGs). The Fiscal Responsibility and Debt Limitation Act 2005 required doubling of the expenditure on education as a percentage of GDP within 10 years, which comes to an increase from 2.15 per cent in FY 2004-05 to 4.2 per cent by FY 2014-15. The *National Education Policy 2009* also requires the allocation for education to rise to 7.0 per cent of GDP by 2015. Despite these commitments, the highest allocation that the country has made was in FY 2006-07 when the education expenditure as a percentage of GDP was 2.5 per cent.³

The shortage of finances is not the main issue for the poor performance of the education sector in Pakistan. The more difficult issue to comprehend is the inefficient and inadequate use of the limited resources allocated to education. In FY 2009-10, only 80 per cent of the combined federal and provincial budgetary allocation for education was used, and this was even lower than the utilization rate in FY 2008-09. What is worse is the fact that in FY 2009-10 the Punjab government utilized only 39 per cent of the development component of the Punjab education budget. The other provinces had a much higher rate of utilization of the development component of their education budgets.⁴

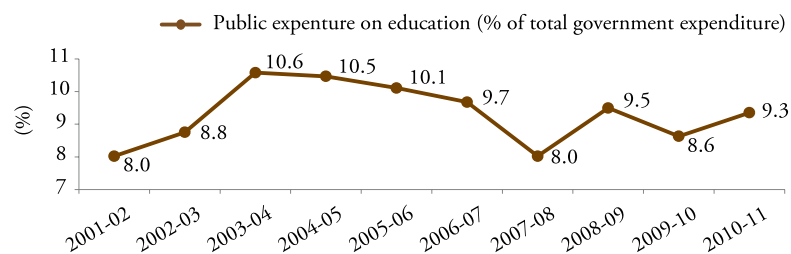
It is also important to look at how the budget allocation for education is prioritized between various subsectors. Figure 4.6 shows that between FY 2008-09 and FY 2010-11, about half of the total education budget was allocated to the primary and secondary education sectors combined, with the highest priority being assigned to the primary education sector, reflecting the government's priority to meet its EFA Goals and MDGs (see box 4.2).

Access to education: Issues of inequality, quality and curriculum

Education opportunities in Pakistan, as in other South Asian countries, are diverse and unequally distributed based on regions, locations, gender, class etc., (see box 4.3). Moreover, the increase in income and wealth disparities over the previous decade has further exacerbated and helped perpetuate the inequality in access to education.

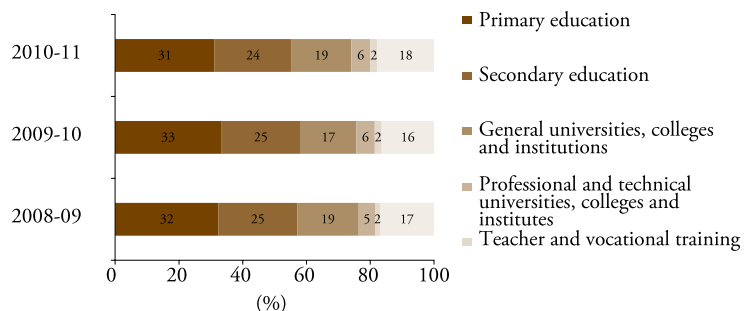
While setting targets for improvements in access to education is crucial to bring about a change in Pakistan's grim educational landscape, the quality of education imparted in Pakistani schools is an issue of equal significance. A household survey assessed learning outcomes of school going (5-16 years) children in 85 rural districts across Pakistan and found that a majority of children could not read class II level text in Urdu, regional languages, or English, or solve basic level arithmetic problems. The survey found that only 41.8 per cent of the children assessed could read

Figure 4.5 Trend in public education expenditure (% of total government expenditure), FYs 2001-11



Sources: GOP 2008a, 2009a, 2010b and 2012a.

Figure 4.6 Percentage distribution of education expenditures by sub-sectors, FYs 2008-11



Source: GOP 2012c.

Box 4.2 Is Pakistan meeting its education objectives?

Targets

The Government of Pakistan has declared education in general and EFA in particular, its top priority. Human development through education and training forms one of the key pillars of Pakistan's strategy for poverty reduction. Pakistan is also a signatory to international commitments like the MDGs signed by the world leaders in the year 2000, and the Dakar Framework of Action for Education For All (EFA) (April 2000).

In the new *National Education Policy 2009*, following key targets have been envisaged:

1. Achieving universal and free primary education by 2015.
2. All children, boys and girls, shall be brought inside school by the year 2015.
3. Achieving universal and free secondary education by 2025.
4. Achieving EFA Goals and MDGs by 2015.
5. Achieving 86 per cent literacy rate by

Sources: GOP 2009b and 2011e and World Bank 2012b.

2015.

6. Increasing allocations for education up to seven per cent of GDP by 2015.
7. Provincial and district governments shall allocate a minimum of four per cent of education budget for literacy and non-formal basic education.
8. Food based incentives shall be introduced to increase enrolment, improve retention and raise completion rates, especially for girls.

Pakistan's performance

Table 4.3 below sheds light on Pakistan's performance in meeting its education

Table 4.3 Pakistan's progress in meeting its education goals

Literacy rate (% aged 10 years and above) (FY 2010-11)	58
Primary net enrolment rate (FY 2010-11)	56
No. of out of school children (2010)	5,125,373
Gender parity index for gross combined enrolment ratio (2008)	0.83

Sources: GOP 2011e and World Bank 2012b.

goals. Pakistan's commitment to universal primary education by 2015 under the EFA Framework appears elusive based on current performance, as participation is low and drop-out rates continue to be high. There are persistent gender and rural-urban disparities. Girls continue to remain under-represented in the education system, both public and private. Pakistan has been a laggard in achieving gender equality in primary education, with the second lowest gender parity index in the South Asian region. The EFA Goal of achieving gender parity in education by 2015 clearly seems unachievable.

at least a sentence in Urdu or in their regional languages, while merely 25.8 per cent children were able to read English sentences. The children's arithmetic was even more abysmal as 40.1 per cent children could solve two-digit subtraction sums, while only 23.6 per cent children could do three-digit division sums.⁵

Apart from factors such as the quality and quantity of teachers and inadequacy of infrastructure in public schools, a major factor affecting the quality of education in Pakistan is the use of irrelevant curriculum at the national level. The persistent charges against the curriculum in use have been that it is: exclusionary, ideologically driven, generating negative stereotypes with outmoded content and resistance to change; all of which leads to

irrelevance and poor learning outcomes. Curriculum reforms have been underway since 2006. Despite reform efforts, in the nearly six years since the revised curricular guidelines were created, textbooks comprehensively incorporating the revisions prescribed by these 2006 guidelines have not been prepared. The existing textbooks have been reprinted since 2006 with only minor adjustments.⁶

Alternatives to public provision of education

Private sector education in Pakistan: Growth and opportunities

Over the past decade, the private sector has emerged as a key provider of educa-

Box 4.3 Inequality in access to education in Pakistan: Disparities in access based on regional, rural-urban, gender and income differences

In Pakistan, a rural child is 32 per cent less likely to go to school and 50 per cent more likely to be illiterate than an urban child. Using the gender perspective to analyse the same statistics, rural males in Pakistan are 19.5 per cent less likely to attend school, while rural females are 47 per cent less likely to attend school as compared to their urban counterparts. Out of those who do attend schools, the drop-out rates are higher for females in rural areas: for every two urban females, only one rural female completes primary or higher level of education, whereas the ratio is 1.4:1 when urban males and rural males are compared. Thus, the rural-urban gap exacerbates the gender inequality in access to education, with the gender parity index in urban areas being 1.01 as compared to 0.68 in rural areas. Table 4.4

shows that access to education as depicted by net enrolment rates varies across provinces, by gender and across the rural-urban divide. The differences are most stark for the least developed province of Balochistan.

Both demand side and supply side factors work to play their role to deepen the rural-urban and particularly the gender divide in education. On the demand side, rural poverty and demand for child labour are important determinants, while on the supply side factors like limited number of schools, greater distance from residence to schools, low quality and quantity of teachers, and inadequate public infrastructure in rural areas limits access to public education and hence deepen the rural-urban divide.

Apart from rural-urban dispari-

ties in terms of enrolment and completion rates, rural areas perform lower on learning outcomes as well. For rural areas, on a test based on grade 2 level curriculums for Urdu and English, only 57 per cent and 40 per cent of grade 5 students surveyed passed the test. For a grade 3 level test of mathematics, only 37.3 per cent of the grade 5 students surveyed passed in rural areas. Students in urban areas surveyed perform 10-15 percentage points better for the same tests.

The differences between rural and urban access to education are quite alarming, particularly given their potential of exacerbating gender disparities. Education policy in the future needs to correct location disparities, which in turn would have positive multiplier effects on gender and income disparities.

Table 4.4 Primary, middle and matric enrolment rates in Pakistan, FY 2010-11

	Urban			Rural		
	Male	Female	Total	Male	Female	Total
Primary net enrolment rate (class 1-5 and age 5-9)						
Pakistan	67	65	66	57	48	53
Punjab	69	69	69	60	55	58
Sindh	63	62	63	54	39	47
KPK	63	58	61	56	43	50
Balochistan	69	58	64	53	29	42
Middle net enrolment rate (class 6-8 and age 10-12)						
Pakistan	27	31	29	19	14	17
Punjab	29	34	31	21	17	19
Sindh	26	30	28	18	8	13
KPK	27	21	24	19	12	16
Balochistan	21	19	21	16	3	11
Matric net enrolment rate (class 9-10 and age 13-14)						
Pakistan	16	20	18	10	8	9
Punjab	17	25	21	11	11	11
Sindh	17	16	16	8	3	6
KPK	9	12	10	7	5	6
Balochistan	13	8	11	7	1	4

Source: GOP 2011e.

Sources: GOP 2009c and 2011e and SAFED 2012.

tion services in Pakistan both in absolute terms and relative to the public sector. The number of private schools in the country increased by an enormous 69 per cent between FY 1999-2000 and FY 2007-08, as compared to a mere 8 per cent increase in the number of public schools over the same period. The number of teachers also doubled in private educational institutions during this period.⁷ In 2011, about 23 per cent of all children enrolled in the rural areas of the country were estimated to be in private institutions (figure 4.7). Moreover, contrary to popular belief, in Pakistan the growth of private sector education institutions is both a rural as well as urban phenomenon (figure 4.8).

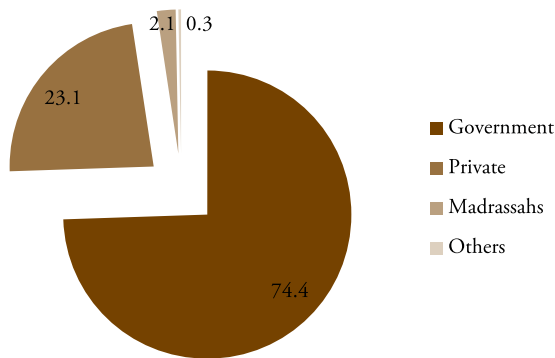
Although both rural and urban areas have registered an increase in the share of private sector institutions, there are disparities across different provinces and regions in the extent of the role of the private sector for education provision. On one end of the spectrum are regions like Gilgit-Baltistan and Azad Jammu and Kashmir (AJK), with 40 per cent and 33 per cent private sector involvement respectively, while on the other hand there are regions such as Sindh with only 9 per cent and Balochistan with 7 per cent private school enrolment. Punjab and Khyber Pakhtunkhwa (KPK) lie in between the two extremes with 31 per cent and 28 per cent private sector enrolments respectively.⁸

The rise of private schooling has a significant impact on enrolment in public schools. Between 1999-2000 and 2007-08, public sector's percentage share of enrolment decreased by 3, 19 and 10 per cent at primary, middle and high levels respectively because the private sector was able to attract a greater number of children.⁹ Supply side issues with public education along with the rise of low-fee private institutions have pushed enrolments away from the public sector and towards private sector education.

Given the alarming rise in private enrolments in Pakistan, one important question that arises is regarding the quality of education imparted at these institutions. In 2011, the percentage of children in grade 5 who could read at least class 2 level Urdu Language story was 45 per cent in public schools as compared to 57 per cent in private schools.¹⁰ Even after controlling for family background, socio-economic and regional factors, it has been estimated that children going to private schools in Pakistan perform about four percentage points better at reading and mathematical assessments than children going to public institutions.¹¹

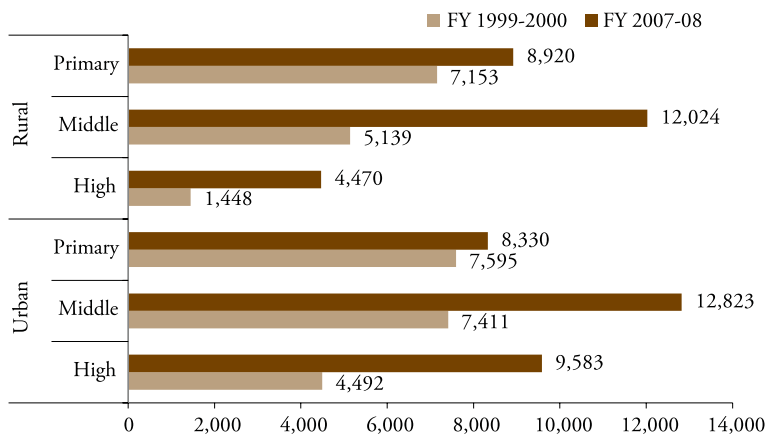
The massive growth in private sector education provision, along with evidence on better learning outcomes for stu-

Figure 4.7 Percentage of children in different types of school, 2011



Source: SAFED 2012.

Figure 4.8 Private educational institutions in rural and urban areas of Pakistan, FYs 1999-2008



Source: I-SAPS 2010.

dents enrolled in these schools, has thrown up many important questions. Of particular significance is the need for government regulation of rapidly increasing private sector education. The question of regulation of private sector education is increasingly an important one in national education policy debates. The proponents of regulation make a convincing case, largely based on the likelihood of lack of equity in educational opportunity. On the other hand, the detractors argue that when the state cannot guarantee the establishment and maintenance of minimum standards in public schools, how could it conceivably regulate a complex private sector? A number of regulatory laws are already in place in Pakistan for private sector education; however, little information is available about the status of their implementation.¹²

How effective are public-private partnerships (PPPs) for education in Pakistan?

The Government of Pakistan has been lending support to private sector institutions since the 1990s through the formation of national and provincial level education foundations. The foundations support private sector education through PPPs. The allocations of federal and provincial governments for promotion of the PPPs through education foundations have increased significantly over the past few years. In FY 2009-10, the Punjab government alone allocated PKR4 billion for this purpose. In total, PKR4.9 billion were allocated for the education foundations in 2009-10, up by 28 per cent over FY 2007-08.

To what extent are these PPPs effective for meeting the growing demand for education? The real contribution of PPPs measured in terms of expansion in access to education remains questionable. Various PPP initiatives have met with success at increasing enrolments and ensuring adequate quality, but there has been a failure to scale up successful PPP models in Pakistan. For instance, in the case of Sindh

Education Foundation's Adopt-a-School Programme, only 222 schools out of a total of 28,854 government primary schools in Sindh have been adopted. Similarly, the School Voucher Scheme of Punjab Education Foundation has reached only 12,000 students. Lack of initiative to expand outreach of successful PPP models has in effect limited their efficacy in increasing access to education.

Another issue is the inability of PPPs to properly address the challenge of equity. Programmes like Adopt-a-School remain concentrated in the urban areas or remote areas having a strong industrial base as it is difficult to find adopters in very poor or remote geographical settings. Moreover, the capacity of education foundations to conceptualize and implement innovative PPP models varies dramatically across the provinces. The two provinces with lower education indicators, Balochistan and KPK have less active foundations. This difference is due to different funding flows, and different scale and quality of private sector education providers (see box 4.4).

Health

The health profile of Pakistan

Health is perhaps the biggest challenge and constraint for people's empowerment in Pakistan. The health sector is facing, on one hand, the dual burden of communicable and non-communicable diseases and, on the other hand, the challenges of new and resurging diseases like HIV/AIDS and tuberculosis.

Pakistan is facing a myriad of health challenges:

- The country has made international headlines as being one out of the four countries in the world where polio has still not been eradicated. Moreover, Pakistan ranks 6th among the world's 22 high tuberculosis (TB) burden countries, contributing up to 43 per cent of the disease in the East-

Health is perhaps the biggest challenge and constraint for people's empowerment in Pakistan

Box 4.4 Looking towards public private partnerships (PPPs) as the anchor of education reforms in Pakistan

Public financing-private provision has emerged as a dominant instrument employed to improve access to education in many developing countries in South Asia including Pakistan. Such partnering with private institutions usually takes place in the form of voucher schemes, provision of cost per pupil, grants-in-aid, etc. In Pakistan, the major breakthrough in the support to private sector was made during the early 1990s with the formation of national and provincial level education foundations.

Given the growing trend in public-private partnerships (PPPs) in Pakistan, it is important to ask how effective are these PPPs in expanding access to education in Pakistan? Most private institutions assisted by the education foundations are given financial incentives based on increasing enrolments. For example, in order to ensure that children from poor households can access the private schools of their choice, the Punjab Education Foundation has created voucher schemes and programmes through which

private schools are paid for each child they enrol. The voucher scheme provides vouchers to children from urban slums in Lahore. Its design also includes strategies to support school improvement and quality education. Likewise, Balochistan Education Foundation has initiated programmes that ensure access for low-income families. For example, the Foundation pays subsidies to private schools on the basis of per child enrolment. Such programmes have also been designed to increase access for girls from low-income families, e.g., through the Quetta Urban Girls Fellowship Programme. Such programmes point to the efficacy of PPPs in improving access to education. However it is difficult to measure the full extent to which such programmes have increased access to schooling in all provinces due to incomplete documentation and deficit of data.

Do education foundations in Pakistan also assure quality of education in their partner private institutions? In Pakistan there is no uniform or harmo-

nous quality assurance framework for PPPs. All of the national and provincial foundations have devised their own methods for measuring quality of their partner schools. Two common measurable quality inputs focused by all education foundations are in-service teacher training and the provision of teaching aids. However, not all provincial education foundations conduct regular quality tests. Moreover, there is serious deficit of independent evaluations about the impact of existing quality assurance measures instituted by these foundations.

Though it has been nearly two decades of Pakistan's experimenting with PPPs for education, there is a need for more rigorous research on their impact. There exists very little evaluation information about these programmes and most of the data that does exist is generated by the programme owners themselves, thus stressing the need for cautious interpretation.

Source: Bano 2008.

ern-Mediterranean region, according to the World Health Organization (WHO).¹³ Respiratory infections and diarrhoeal diseases remain the major fatal diseases in Pakistan despite the fact that they could be prevented at relatively low costs. Hepatitis is endemic in the general population with more than 12 million people being infected with the hepatitis B or C virus.

- Malnutrition among the population also remains widespread and its rates have not changed significantly over the last two decades. There are nine million malnourished children in Pakistan which constitutes as the second highest prevalence of underweight children in South Asia.¹⁴
- The inadequate health facilities and the high pace of population growth

in the country contribute to the slow progress in improving infant and maternal mortality rates, combating HIV, malaria and other communicable and non-communicable diseases. All of these factors make achievement of the health related MDGs seem out of reach (see table 4.5).

Table 4.6 shows Pakistan's key health indicators relative to other developing countries in the South and South East Asian region. Pakistan has emerged as the worst performing country, with the highest infant and under-five mortality rates, in part due to poor access to safe water and sanitation facilities (see box 4.5).

The challenge posed by infectious diseases in Pakistan is exacerbated by natural disasters such as droughts and

Table 4.5 Pakistan's progress in achieving health related MDGs

	Mortality rate, under-five (per 1,000)*	Mortality rate, infant (per 1,000 live births)*	Maternal mortality ratio (modeled estimate, per 100,000 live births)**	Births attended by skilled health staff (% of total)***
1990	124	96	490	19
1991	122	95	...	
2001	99	79	...	23
2002	98	78	...	23
2003	96	77	...	...
2004	95	76	...	...
2005	94	75	290	31
2006	92	74	...	...
2007	91	73	...	39
2008	90	72	260	...
2009	88	71	...	...
2010	87	70	...	...
MDG 2015 target	41	32	123	>90

Notes: *: MDGs Goal 4: reduce by two-thirds, between 1990 and 2015, the under-five mortality rate. **: MDGs Goal 5a: Reduce by three-quarters, between 1990 and 2015, the maternal mortality ratio. ***: MDGs Goal 5b: Achieve Universal Access to reproductive health by 2015.

Sources: UN 2012b and World Bank 2012e.

Table 4.6 Pakistan's key health indicators compared to other developing countries, 2010

	Life expectancy at birth, total (years)	Mortality rate, infant (per 1,000 live births)	Mortality rate, under-five (per 1,000)	Population growth (annual %)
Pakistan	65.2	69.7	86.5	1.8
India	65.1	48.2	62.7	1.4
Sri Lanka	74.7	14.2	16.5	0.9
Bangladesh	68.6	38.0	47.8	1.1
Nepal	68.4	41.4	49.5	1.8
China	73.3	15.8	18.4	0.5
Thailand	73.9	11.2	13.0	0.6
Philippines	68.5	23.2	29.4	1.7
Malaysia	74.0	5.4	6.3	1.6
Indonesia	68.9	27.2	35.3	1.0

Sources: MHHDC 2012, *Human Development Indicators for South Asia* and World Bank 2012e.

floods, together with conflicts in the region, resulting in the growing tide of internally displaced persons. This has further contributed to the burden of infectious diseases in the country by worsening environmental degradation, exacerbating malnutrition, and over-whelming the already overstretched health facilities in Pakistan.

Administration, management and financing of public health system in Pakistan

Administration and management for health service delivery

Pakistan has a mixed healthcare delivery system including both state and non-state providers, and for profit and not for profit

Box 4.5 Water and sanitation access in Pakistan

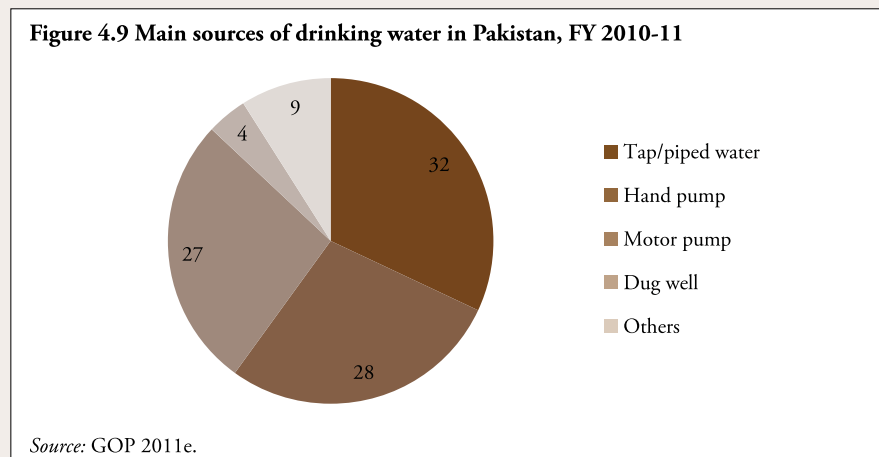
Unsafe drinking water and sanitation are one of the main causes of high infant and child mortality in Pakistan. Rural populations and poor households are particularly vulnerable to water borne diseases. It is estimated that almost 60 per cent of all the diseases in Pakistan are water-borne. Thus, improved water and sanitation facilities would help in reducing the incidence and expenditure on health. Pakistan has made considerable progress in this regard. Ninety two per cent of the population has access to improved drinking water source, up from 83 per cent in 1990, while 48 per cent of the population has access to improved sanitation facilities compared to 36 per cent in 1990. One drawback in assessing Pakistan's progress with regard to improved water sources is that the available data relates to sources of water supplies rather than on their safety levels. The notion of 'safe water' is determined by statistical agencies on the basis of water source. For example, the tap water and water from the hand pump is considered safe in the Pakistan Social and

Living Standards Measurement (PSLM) Survey. Nevertheless, based on this definition of 'safe' water source, the latest surveys indicate that about 60 per cent of the population has access to safe drinking water in the country (figure 4.9).

To improve access to safe water the Government of Pakistan has planned to install 6,620 water filtration plants all over the country. During FY 2009-10, 370 new water filtration plants were

installed which made the cumulative number 1,145 inclusive of those plants installed in FY 2008-09. However, the close of the FY 2009-10, only 679 plants (including those installed in FY 2008-09) were functional. The remaining 466 plants were not functional because of the lack of provision of electricity in the rural areas and other technical maintenance problems all over the country.

Figure 4.9 Main sources of drinking water in Pakistan, FY 2010-11



Sources: GOP 2011e, IMF 2010 and World Bank 2012e.

organizations. Prior to the passage of the 18th Amendment, the subject of health was a part of the Concurrent List, hence the responsibility was shared by both the federal and provincial governments, the latter being the operational tier for most health related issues. The role of the federal government, through the Ministry of Health, involved the overall policy-making, coordination, technical support, research, training and seeking of foreign assistance. The local government reforms and the ensuing devolution of powers resulted in an enhanced role for the district governments for public service delivery of health after 2001. The governance of the health system is criticized for having parallel structures with overlapping responsibilities and authority for providing healthcare for the masses (see box 4.6).

The recent dissolution of federal

structures for healthcare services raises concerns about the future of vertical programmes previously run by the federal ministry. A number of federal programmes such as the Lady Health Worker (LHW), Expanded Programme on Immunization (EPI), Maternal Newborn and Child Health (MNCH), National AIDS/HIV, Stop Tuberculosis, Malaria Rollback, Blindness Prevention, and National Hepatitis have been devolved to the provinces.¹⁵ Many of these vertical programmes, such as the LHW Programme have been critical in improving health outcomes and are crucial to meeting the MDGs and various other international health commitments.

Trends in public financing of health

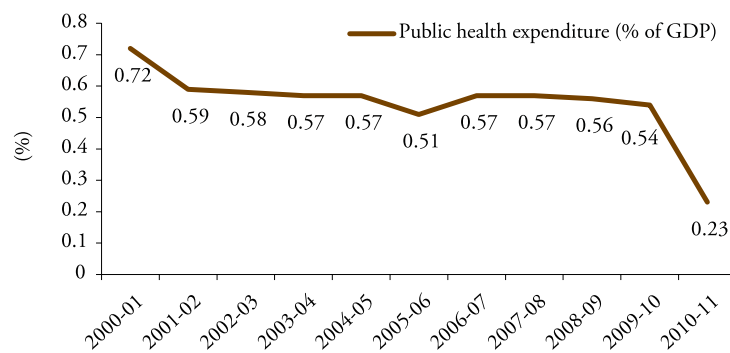
In Pakistan, unlike the case of education, there is no move towards recogniz-

ing health as a fundamental human right to be provided by the state. The share of health expenditure as a percentage of GDP has remained more or less static at around 0.5-0.7 per cent, between FY 2000-01 and FY2009-10. Health expenditure as a percentage of GDP was at its lowest (0.23 per cent) in FY 2011,¹⁶ reflecting the low priority for the sector (figure 4.10).¹⁷ If we analyse the trend in public health expenditure allocations as a percentage of the total government budget, it gives us a slightly optimistic picture, demonstrating a slow but steady increase in the last decade (figure 4.11). The analysis of health financing of the last decade (FYs 2000-10) indicates that a major share of financial resources in the public sector is provided by the government, with about 7 per cent of total government allocation coming from foreign assistance.

With reference to the ratio between development and non-development budget, comparison of last several years shows a major dominance of non-development budget. Moreover, the gap appears to have been widening over the years (see table 4.7).

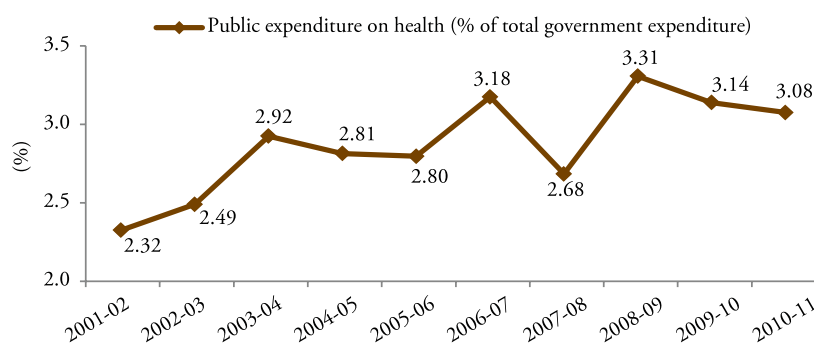
Health financing in Pakistan is plagued with problems of low budgetary

Figure 4.10 Public health expenditure (% of GDP) in Pakistan, FYs 2000-11



Source: GOP 2011e.

Figure 4.11 Health expenditure (% of total government expenditure), FYs 2001-11



Sources: GOP 2008a, 2009a, 2010a and 2011a.

Box 4.6 Overlapping of responsibilities between federal, provincial and district governments in public service delivery of health in Pakistan

Pakistan's public health system is characterized by multiple parallel systems of service delivery and accountability. Prior to the dissolution of the federal Ministry of Health (MOH), as stipulated by the 18th Amendment to the Constitution, this institution was primarily responsible for national health policy, health legislation, quality of healthcare and health planning and educational standards in the medical and nursing, dental, pharmaceutical, and paramedical professions. However, the MOH also managed a number of major 'vertical' preventive programmes, heavily supported by international donors. The MOH was frequently criticized on grounds that federal responsibility for

these programmes led to confusion and overlapping of responsibility, considerably undermining accountability at provincial and local government levels.

Moreover, the MOH was not the sole federal institution responsible for public service delivery of health in Pakistan. The Cabinet Division, which forms part of the Prime Minister's Secretariat, also ran several country-wide health initiatives such as the People's Primary Healthcare Initiative (PPHI) which was initiated in 69 districts in the three provinces of Sindh, Balochistan, KPK/FATA and Gilgit-Baltistan. Such dispersion of responsibility inevitably leads to implementation and accountability issues.

The presence of parallel and independent structures to achieve similar health goals is a source of wastage and inefficiency at the district level as well. For example, in district Khairpur of Sindh, there exist the Executive District Officer (EDO) Health, People's Primary Health Initiative, the Family Planning Initiative and the Population Welfare Department—all pursuing the goal of better reproductive health, with little or no coordination between the departments. Such duplication of efforts has resulted in incoherent planning, wastage of resources and high administrative costs for public service delivery of health in Pakistan.

Sources: Lead, Pakistan 2011a and b.

Table 4.7 Public health expenditures in Pakistan, 2000-11

	Public health expenditure (PKR billion)		
	Development expenditure	Current expenditure	Total expenditure
2000-01	5.94	18.34	24.28
2001-02	6.69	18.72	25.41
2002-03	6.61	22.21	28.81
2003-04	8.50	24.31	32.81
2004-05	11.00	27.00	38.00
2005-06	16.00	24.00	40.00
2006-07	20.00	30.00	50.00
2007-08	27.22	32.67	60.00
2008-09	33.00	41.10	74.00
2009-10	38.00	41.00	79.00
2010-11	19.00	23.00	42.00

Source: GOP 2011c.

Table 4.8 Healthcare facilities in Pakistan, FYs 2008-11

	FY 2008-09	FY 2009-10	FY 2010-11
Registered doctors	133,925	139,555	144,901
Registered dentists	9,013	9,822	10,508
Registered nurses	65,387	69,313	73,244
Population per doctor	1,212	1,183	1,222
Population per dentist	18,010	16,914	16,854
Population per bed	1,575	1,592	1,701

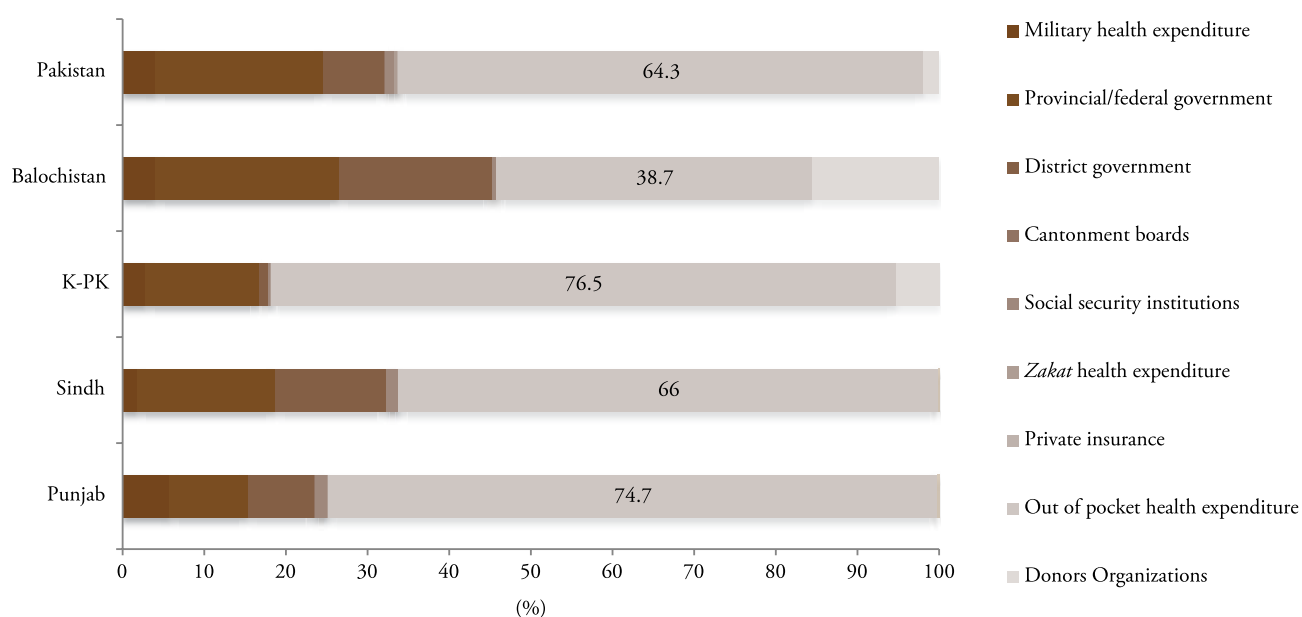
Source: GOP 2011c.

allocations, high private out of pocket expenditures, dominance of non-development spending, and inequities in access and total health expenditures per capita between provinces on one hand and rural and urban areas on the other hand.

Figure 4.12 shows that the major source of financing for healthcare comes from private out of pocket payments made directly to the providers at the point of care. It is interesting to note that provinces like Balochistan which have the lowest share of out of pocket payments (38.7 per cent) in total health expenditure tend to spend more in federal/provincial and district expenditures. The situation is similar in Sindh.¹⁸ Social security institutions and *Zakat* health expenditure form a negligible portion of total health expenditure across provinces.

Social costs of low budgetary allocations for public health

The meager allocation for health sector budget by the government results in a lack of adequate health facilities for the growing population of the country (see table 4.8). According to the available health data,

Figure 4.12 Health expenditures by heads (% of total health expenditures), FY 2007-08

Source: Lorenz and Khalid 2011.

the population versus health facilities ratio works out to be 1,222 persons per doctor, and availability of one dentist for 16,854 people and one hospital bed for 1,701 people.

Catastrophic expenditures are more likely to occur in rural areas and increase with the number of women per household. Lower income households appear to be increasingly at risk of becoming poor due to healthcare expenses even though they spend less than rich households and generally appear to have less access to care, and often need to forego healthcare (see figures 4.13 and 4.14). Household coping strategies, as a response, are reported to range from borrowing and selling assets to ignoring illness and non-treatment.

Governance issues in health service delivery

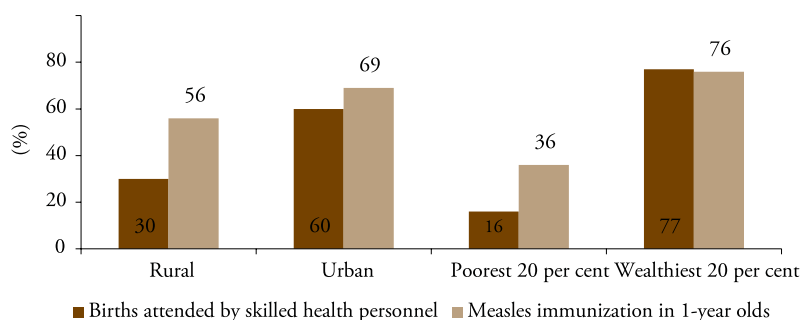
The governance for healthcare concerns the actions and means adopted by a society to organize itself in the promotion and protection of the health of its population.¹⁹ In the broadest sense, this includes the institutions—the formal and informal rules that shape behaviour—and the organizations that operate within these rules to carry out the key functions of a health system. *The World Health Report 2000*²⁰ proposed stewardship as one of the four main functions of the health system, along with financing, creating and managing resources, and service delivery. While analysing the governance of Pakistan's health system using this framework, it is found to be deficient in each of these functions, plagued with lack of accountability and rampant corruption at multiple levels of the system.

User dissatisfaction

The governance of Pakistan's health system has failed to satisfy the needs of its growing population both in terms of access and quality. A survey indicated that only 33 per cent households were satisfied with

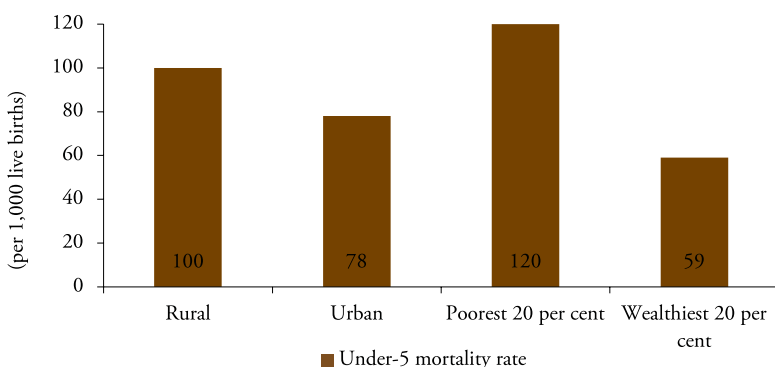
government health services, with 28.5 per cent households dissatisfied and another 29 per cent with 'no access' to government provided health (see table 4.9 and figure 4.15). Across provinces, dissatisfaction was found to be relatively much higher than

Figure 4.13 Inequities in access to basic health services in Pakistan, 2006



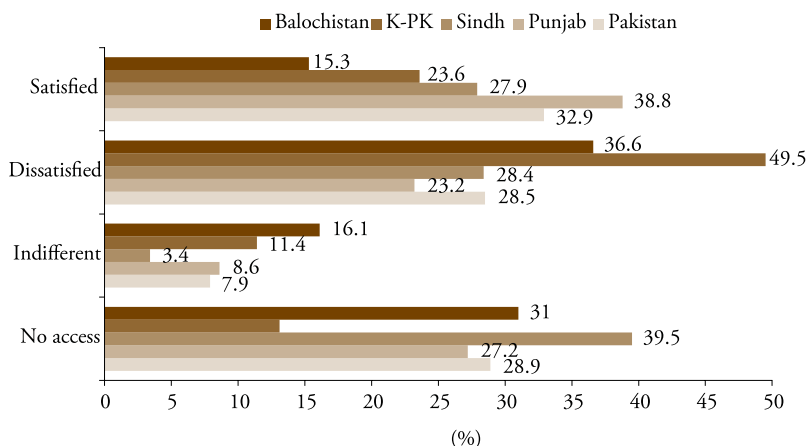
Source: WHO 2011c.

Figure 4.14 Inequities in child mortality rates in Pakistan, 2006



Source: WHO 2011c.

Figure 4.15 Relative satisfaction levels from government healthcare, 2009-10



Source: UNDR, Pakistan 2010.

	2000-01	2004-05	2009-10
Satisfied	23	27	33
Dissatisfied	45	...	29
Indifferent	8
No access	32	23	29

Source: UNDP, Pakistan 2010.

satisfaction in the least developed provinces of Balochistan and KPK.

With regard to the poor quality of public service delivery of health, survey results indicated that only 17 per cent of the public health facilities in Pakistan were rated clean by respondents, whereas the percentage of facilities without water and electricity stand at 29 and 23 per cent respectively. In the least developed province of Balochistan, as many as half the total public health facilities were without water and electricity.²¹

Corruption in the health sector

In addition to lack of facilities to cater to the needs of the burgeoning population, the other two most pressing problems for governance of the health system in Pakistan, corruption and lack of accountability, feed into each other. Corruption is seen to be endemic to the public health sector and pervades all levels of governance of the health system in Pakistan. This is supported by the results of a recent survey by Transparency International, which revealed that out of the 39 per cent population who used the public health system, about 15 per cent was compelled to pay a bribe.²² The problem of corruption pervades all levels in the governance of healthcare ranging from the overarching governance and regulatory level, drug supply and registration, to service delivery, and in the public private interface for healthcare.

CORRUPTION AT THE GOVERNANCE AND REGULATORY LEVEL

Political and bureaucratic leakage, fraud,

abuse and corrupt practices are likely to occur as a result of poorly managed expenditure systems, lack of effective auditing and supervision, organizational deficiencies and poor fiscal controls over flow of public funds. At the governance level, other forms of corruption also exist such as deliberate lack of oversight by public officials, unfair hiring practices and nepotism, inattention to staff accountability for misconduct, preferential treatment to well-connected individuals etc.²³

CORRUPTION IN THE DRUG SUPPLY AND REGISTRATION SYSTEM

Corruption in drug supply and registration has a direct bearing on the performance of the health system and can reduce access to essential medicines, particularly for vulnerable groups. This practice involves both the regulators and the private sector and may involve any step along the drug supply chain, starting from registration, licensing and accreditation to the setting of prices, marketing of drugs and sale and procurement.

The pharmaceutical sector is plagued with the problem of pervasive corruption. The process for procurement of medicines for the public sector is often marked by collusion among bidders to reduce competition and to influence the selection process. Moreover, Pakistan has a flourishing alternate healthcare, herbal and other medicines sector, with as many as 130,000 practitioners in the country prescribing these. Currently, such extensive use of traditional medication remains outside the purview of the Drug Act of 1976. A draft bill on regulating traditional medicines has been in the pipeline for the last 10 years without any action on the part of the government.²⁴

Within the governance framework of Pakistan's health system, drug quality is yet another issue with far reaching implications for the economy. Pakistan is included in the list of 13 countries where the production and sale of counterfeit medi-

cations is on the rise. About 40 to 50 per cent of medicines being sold in the country are counterfeit, which might cause prolonged illness or even death of patients.²⁵ According to the WHO, Pakistanis spend about 77 per cent of their health budget on medicines, half of which might be counterfeit, thus posing a tremendous risk for the health of the masses.

The 18th Amendment to the Constitution of Pakistan, by making health an exclusive provincial subject, has given provinces the responsibility of drug registration and regulation. This has raised several concerns as drug registration and regulation were traditionally held as federal subjects, especially for the import and export of drugs. Almost one year has passed since the federal Ministry of Health has been dissolved, but it is only recently that an independent Drug Regulation Authority has been created on paper, without any effective implementation yet.

CORRUPTION AT THE SERVICE DELIVERY LEVEL

At the service delivery level, staff absenteeism and dual job holding is amongst the most serious issues in the health system of Pakistan; this undermines service delivery and leads to closed/underutilized public health facilities, which in turn undermines the equity and health objectives of the publicly financed healthcare. In a minority of cases, absenteeism is unavoidable; for example, rural health workers often need to travel to larger towns to receive their payments, fetch supplies or drugs and are sometimes delayed by poor infrastructure or weather. However, in most cases absences are frequently motivated by responsibilities at a second job. Other than absenteeism, there are also other staffing issues that can undermine productivity at public health facilities. For example, lower productivity can occur through shaving off hours, late arrival and early departure, and frequent and long breaks. Absenteeism is symptomatic of an ineffective government

and translates into high cost for the public sector with little output, and undermines the quality of healthcare across the board by relying on ill-trained providers for care and under-investing in the quality of future providers.²⁶

Under the law of the country, all publicly employed doctors are forbidden from practicing privately and many of them receive non-practicing allowances as part of their non-salary allowances. That notwithstanding, most of them run lucrative private sector clinics while working in hospitals and often use the public sector leverage to boost practices in private facility settings. A number of unethical practices such as refusing to see patients in hospitals and referring them to private clinics are well-established and are almost regarded as a conventional norm. Provider-driven over-consumption of health services, over-prescription, and over-use of diagnostics as well as violation of ethical guidelines in clinical practice are also well-established.

Moreover, quackery is rampant at the public service delivery level. Non-qualified healthcare providers, who pass themselves as qualified and provide services that they are not qualified to provide, dominate healthcare delivery in the peri-urban and rural areas; technicians, paramedics and female health workers are known to provide services they are not legally meant to and sometimes even impersonate doctors. Unfortunately, there are gaps in regulating such practices and no attempts have been made to date to mainstream their role into the delivery of care by accrediting them to provide certain key services for which they are adequately qualified.

Weak monitoring and evaluation mechanisms

Corruption at all levels of governance in the health system of Pakistan has been allowed to flourish due to a weakness in the accountability structure and an absence of a result-based culture for public service delivery of health.

At the service delivery level, staff absenteeism and dual job holding is amongst the most serious issues in the health system of Pakistan

Monitoring and evaluation are key federal and provincial responsibilities and careful attention to their operational ability will be critical for enhancing accountability. The government has recently initiated the District Health Information System (DHIS) in order to improve data collection for health at the district level. However, progress in this area has been slow, with Punjab being the only province with active regular reporting at the district level.²⁷

Governance of the public private interface for healthcare delivery

Pakistan's private healthcare system supplies more than 80 per cent of outpatient care, making it a critical resource to harness in order to improve accessibility and affordability of healthcare services for the masses. However, the private sector was allowed to spread largely in a policy vacuum. There is a need to regulate the private, for-profit healthcare facilities on one hand, and scale up PPPs with NGOs in order to improve public service delivery of health on the other hand.

Harnessing the private sector for bringing about structural reforms in the management and efficient service delivery of healthcare, and even to share the costs of primary healthcare seems like an integral part of any restructuring initiative by the policy makers. The decentralization of health services in Pakistan has set the stage for the correct implementation of 'contracting-out' agenda at the grass root level with a greater level of involvement from the community.

Policy conclusions

A continuing theme in the *South Asia Human Development Reports* is the centrality of people in all development policies. The human development paradigm focuses on widening people's choices and enriching their lives. This paradigm has four essential components: productivity, equity, empow-

erment and sustainability. The productivity component requires investment in people and an enabling macroeconomic environment, so that people can achieve their maximum potential. The equity component stresses on equal access to education and health opportunities for male/female, rural/urban and rich/poor. The empowerment component focuses on enriching people through adequate education and health facilities so that they are able to earn decent livelihoods as well as exercise their economic and political rights. Lastly, the concept of sustainability means not only environmental sustainability but also the sustainability of growth. If men and women are not empowered with health and education, today's economic growth may not be sustainable tomorrow as there will not be enough healthy and productive labour force to refuel the growth process.²⁸

The review of governance impediments to empowering people through access to health and education in Pakistan paints a rather dismal picture. The preceding analysis shows that governance in the country has not been able to enhance the capability and improve the opportunity for a vast majority of its population through provision of and access to education, healthcare as well as water and sanitation. This section aims to explore the policy imperatives for enlarging people's choices through improving public service delivery of health and education to better situate Pakistan's economic growth process in the human development paradigm for people's empowerment.

Improving governance for public service delivery of education

Public service delivery of education in Pakistan suffers from problems of inequity in access, inefficiency and poor quality. Despite international commitments to spend at least 7 per cent of the GDP for achieving EFA Goals, the country has managed to spend only about 2 per cent of its GDP, with over 90 per cent of this meager alloca-

Pakistan's private healthcare system supplies more than 80 per cent of outpatient care

tion going towards recurrent expenditure. The result is slow pace of growth in public educational opportunities in a society where population is increasing at a high rate, contributing to missing facilities in schools, a rise in the population of illiterates and the mushrooming of a parallel system of private education. Increasing the government budgetary allocation for education seems like a necessary condition for improvement in education outcomes, especially in the light of the 18th Amendment to the Constitution which has provided the legal right to education. However, higher allocations for education alone cannot guarantee better outcomes. Increased resources for education will become meaningless in the face of wrong priorities, improper implementation, financial leakages and ineffective provision. Thus, what is needed alongside a larger pool of resources is a more effective utilization of these for empowerment of the poor.

Drawing on global literature on education reform, revamping Pakistan's education landscape should be based on building capacity on one hand, and improving education governance by ensuring accountability on the other. Capacity building measures can entail several aspects. Harnessing the power of the private and non-government sector both for expanding the number of schools and for reforming non-functional or poorly performing government schools can be one of the drivers of change. The Punjab Education Foundation model is particularly illustrative of this. Obviously, this strategy would require government oversight and planning to strike the right balance between the public and private educational institutions and to set accountability measures to ensure standardization of curriculum, education quality and equity in access.

It is also important to realize that, however much the non-governmental sector may expand, the vast majority of schools will remain under the public umbrella. This makes it essential to improve

the quality of management and administration in the public education system. It involves capacity-building at various levels: at the school level it requires building the capacity of head teachers to improve performance, at the district level administrators should be trained to manage implementation of provincial and federal policies, and at the federal and provincial level policy makers should have enough capacity to design effective policies aimed at empowering people. Equally important, political leaders need to ensure that all key appointments are based not on patronage but on merit and performance. The recent shift in some provinces to the selection of teachers based on merit alone needs to extend to teacher transfers and, indeed, to district administrators.

Another aspect of capacity building should focus on ensuring that teachers have the skills necessary to teach the curriculum. This requires high quality professional development and curriculum materials, especially good textbooks and teacher guides, to enable each teacher to teach each lesson well. Moreover, the government also needs to take measures to provide basic facilities to support learning—water, electricity, toilets, boundary walls, desks, chairs and good textbooks. Too often the failure to provide supporting facilities is attributed solely to the absence of resources; in reality it should also be attributed to the absence of effective administration. For instance, among low-cost private schools in Karachi, over 95 per cent have electricity whereas, among the public schools, only 50 per cent do, even though the capital investment in the latter is many times greater than the former.²⁹

Alongside capacity building measures for the education system, there is a need to improve the overall governance of this sector by putting accountability mechanisms in place. These mechanisms should be geared towards improving access and quality of education in Pakistan. First, there should be clear standards for all students in Urdu or the mother tongue, in

Revamping Pakistan's education landscape should be based on building capacity on one hand, and improving education governance by ensuring accountability on the other

Healthcare governance in Pakistan needs to consciously distribute the increased number of facilities to reduce rural-urban gaps in service delivery

English, and in Mathematics and Science. Systematic rankings should be established for measuring performance of both public and non-government schools. The KPK School Report Card, on which work started before the floods, was a bold attempt to do just this for that province.³⁰ In addition, there is a need to measure student learning outcomes to identify gaps and bring about improvements in the curriculum, teaching and classroom support practices, as well as in the development of learning aids. The National Education Assessment System, with support from the World Bank and USAID, has been successful in measuring student-learning outcomes and such initiatives need to be scaled up.

The starting point for any change has to be led by mass mobilization through political leadership, sustained political will and commitment from the policy makers. National public advocacy campaigns are needed so that every community and, indeed, every parent, becomes aware of what they should expect of the schools in their local area and can in turn hold them accountable. The Devolution Reforms of 2001 and the establishment of citizen community boards for the involvement of the people at the grass root level was a right step in this direction. However, the devolution process was not given much time to mature and for the benefits to unfold. There is a need for reinvigorating and strengthening the district government system to improve accountability of public service delivery of education. Thus the pressure for change should come as much, preferably more, from the citizens as it does from the government.

Improving governance for healthcare provision

Pakistan's healthcare system suffers from serious shortcomings in the coverage and quality of provision, and considerable inequities between rural/urban, men/women and poor/non-poor. The healthcare system in the country is beyond quick fixes and in

need of a deep-rooted reform.

Healthcare provision by the public sector is resource constrained, with allocations falling as low as 0.23 per cent of GDP in FY 2010-11. The social costs for low budgetary allocation for health reflect in the increased morbidity, mortality and disease burden among the population, particularly among the vulnerable groups. While there is a need for increasing public expenditure on health, there is also a need for better prioritization of expenditure allocations to various subsectors. Majority of the allocation in the health budget is for general hospitals and clinics that provide tertiary level facilities and are primarily located in urban areas, with only a negligible amount for women and children's health. There is also a need for more effective utilization of the health budget, most of which is spent on current expenditures, with very little left for development purposes. Apart from increasing the budgetary allocation and improving utilization rates, healthcare governance in Pakistan needs to consciously distribute the increased number of facilities to reduce rural-urban gaps in service delivery, especially for the poor and socially marginalized sections of the society. Focusing on women's reproductive health in rural areas can mitigate the rural-urban gap. Introduction of mobile health services that reach far-flung rural areas could also be a step in removing the rural-urban bias.³¹

The lack of prioritization in budgetary allocation of primary healthcare facilities in Pakistan needs to be addressed. Lack of medical equipment and supplies of medicines, staff absenteeism and corruption characterize basic health units all over the country, leading to low utilization rates of such facilities by the public. There is a need for effective supply chain and inventory management systems in place at the district level that facilitate the timely availability of key health inputs. Moreover, the government should reorient its focus by improving primary healthcare facilities as opposed to secondary and tertiary facilities which by virtue of their location in urban

centres, are not available to the rural poor due to the long distance they have to travel and the logistical cost they have to bear. Within primary healthcare facilities, the government should focus on preventive rather than curative care. Providing extensive primary level facilities would ensure that diseases are controlled at the first level at a lesser cost than would be required if the diseases were ignored and dealt with at the tertiary level.

Governance of the health system in Pakistan should also focus on capitalizing on the potential of the private sector to improve access and quality of healthcare in the country. Recent experience with contracting out of public health facilities suggest that these have been successful in improving management, service delivery and utilization of existing government facilities. However, while the private sector offers tremendous potential for improving

access, it leads to considerable inequity, often charging exorbitant prices that only the rich and/or the well-insured can afford to pay. There is a need to balance the ease of availability of private sector facilities and their profit making motive with equity and efficiency considerations.

There is also a need for scaling up the outreach of social insurance schemes for providing health insurance for the poor. Currently, financing from social security and *Zakat* fund is less than 1.5 per cent of total health expenditure, with about 80 per cent being financed through out of pocket expenses. Such out of pocket expenses put considerable pressure on households at the time of illness and are one of the major contributors to pushing them below the poverty line. Scaling up of social insurance initiatives is thus an imperative, however these programmes need to be properly monitored to check their misuse.

There is a need for scaling up the outreach of social insurance schemes for providing health insurance for the poor

GOVERNANCE FOR PEOPLE'S EMPOWERMENT IN BANGLADESH

Effective economic and political governance also requires strong institutions.

—1999 SAHDR

Governance for People's Empowerment in Bangladesh*

The country remains, in many ways, a paradox of success mixed with often-weak and ill-performing governance

Introduction

Governance for empowering people is one that is geared towards the removal of all institutional barriers that limit their choices and prevent them from taking action to improve their well-being. It involves not only improving economic opportunities for people, but also enhancing their popular participation, promoting democratic accountability and transparency. As poverty is often synonymous to powerlessness, injustice and exclusion, empowering people means also promoting human rights, increasing the range of civil society interaction and freedom of association, reinforcing the rule of law and the impartial administration of justice and giving the poor more voice and control over the type, quality, and delivery of services they receive.¹

Bangladesh has made some extraordinary progress in development and poverty reduction since its independence. Yet the country remains, in many ways, a paradox of success mixed with often-weak and ill-performing governance. For Bangladesh to reach its ambition of becoming a middle-income country by 2021, it will have to actively improve its governance and human development performance. This chapter seeks to explore the paradox, the gaps and the way forward.

Globally, transparent and accountable democracies are seen as nations with successful human rights records and more favourable economic conditions, with fewer incidences of corruption. While there is no particular description and definition of good governance that is appli-

cable and universal, there is still a general consensus on how it relates and manifests itself in terms of political and institutional best practices. Those bundled set of values are, to adopt full respect for human rights, enforcement of the rule of law, effective participation, political pluralism, political empowerment of the people, and transparent and accountable processes and institutions.

Therefore, good governance and human development are interdependent, as the evidence of good governance is how a government delivers and performs with regard to human rights, and its commitment in delivering and guaranteeing the right to health, food, education, and security. This is an effectively pro-poor, rights-based approach to governance, which can be measured in performance indicators to which political and institutional actors can be held accountable. To achieve this there must be an enabling and cooperative environment that seeks to establish frameworks, policies, and programmes etc., which prompt and further these development efforts.

Through a series of well thought out policies and strategies, Bangladesh has been able to remain largely economically stable and achieve continuous and steady macroeconomic growth. It is also continuing to lower its population growth, work towards increased women's participation and empowerment, and achieve better food security and food management. Nonetheless, despite these great strides in reducing poverty figures, much will still need to be done to reach the Millennium

* This is an edited version of a paper written by Dr Manzoor Hasan, formerly of Institute of Governance Studies, Bangladesh Rural Advancement Committee (BRAC) University, Dhaka.

Development Goals (MDGs) target of halving poverty and the proportion of malnourished and hungry people. While the country is becoming increasingly vulnerable to climate change and disasters, better public management, disaster preparedness and emergency response systems have decreased the number of casualties, while better food and aid management have decreased the shocks felt by those most affected. However, significant improvements need to be made in terms of disaster mitigation and rebuilding/recovery efforts for the purpose of reinstalling infrastructure, homes, assets and property losses suffered by the most vulnerable. The non-governmental organizations (NGOs) which have had a markedly strong impact and effect on the socio-economic culture of Bangladesh continue to work and experiment with multidisciplinary approaches.

In the following sections we address governance as a means of achieving empowerment of people in Bangladesh, and as a product of the state of public affairs through direct and indirect management. It is in creating a transparent, sound and enabling environment for civil and private engagement, human rights, access to basic needs and increase in capacity of its citizens that the citizens of a country can be empowered.

We believe that the citizens, including the poorest and most vulnerable, must be able to engage directly or indirectly, with greater access to information and be able to input, promote and push for current and future needs, while the political institutions and leadership reflect a high caliber of integrity and concern. To strengthen and add weight to this, there must be a high level of literacy, health and employment, and a civil society organized and clear on its ability and means to act.

There is an interdependent link between good governance and human development, and can be seen through aspects such as health, education, political engagement, and the ability to access services. Through access to health and edu-

cation services which have a direct impact on human development, productivity and dignity, improvements made in this area contribute to the well-being of any society.

Section 2 analyses the Bangladesh Election Commission (BEC's) role historically and currently as an institution of accountability, and how it has been shaped and marred by political turbulence over the decades. There are lapses between the high degree of independence it enjoys constitutionally and the efficiency and effectiveness with which it is able to perform its duties. While positive signs are beginning to show in the internal workings of the BEC, time will tell, perhaps in this coming election, whether new leadership is able to navigate pre-existing hurdles.

Similarly, the section examines the constitutional progress made in the parliamentary and judicial processes in increasing accountability and accessibility for citizen and civic groups to engage and participate. Rife with a perverse usurpation of power by the two ruling parties, lack of control, or ability to check Executive's powers has left much of the Parliament paralyzed by corruption, nepotism and political tension.

Section 3 looks at institutions of economic management, and examine how the economy has managed to grow steadily over the past two decades despite political mayhem. An important tool examined in shaping growth is fiscal policy. It had, in the past served towards public spending in social and poverty alleviation plans while managing a minimal budget deficit in comparison to the current situation with increased tax evasion and an increasing budget deficit. In addition, the section also provides an in-depth look at how the country's agriculture sector has shifted with market-based reforms and some gaps that still remain to be met in productivity, improved research and technology, and greater responsive capacity to climate change and farmer's needs.

Section 4 focuses on education and health, giving a mixed report on the

It is in creating a transparent, sound and enabling environment for civil and private engagement, human rights and access to basic needs that the citizens of a country can be empowered

With rising inequality and greater economic growth, the challenge still remains in creating a pro-poor growth policy

country's performance in this sector, with a mix of high enrolment rates and girls' participation, and low retention rates and increasing disparities. These failures are partially due to a low education budget, a lack of coordination between funding bodies and a lack of equity in access to and quality of education. However, positive steps have been taken to improve some of these issues, namely by strengthening openness and information sharing, including a Citizen's Charter, to help locally monitor school performance.

Section 5 looks at governance and its role in poverty reduction, the scope and severity of vulnerability and challenges the Government of Bangladesh, donors and civil society actors face in pursuing poverty reduction strategies. With rising inequality and greater economic growth, the challenge still remains in creating a pro-poor growth policy while embracing the private sector, and allocating resources while ensuring overall fiscal discipline. Social safety net programmes which face challenges in their coverage and targeting are still largely seen as having positive impacts such as increase in assets and employment and school attendance. Governance problems persist, however, in citizens' ability to access these services and efforts to strengthen local governance.

Effectiveness and accountability of political institutions

Political governance refers to a country's voice and accountability, political stability and government effectiveness. Political governance is essentially about managing the state and establishing a practice of accountability to the people, which includes the process of electing leaders to office, the interface between the political and bureaucratic arms of government, the strength of oversight bodies and the role of civil society in influencing the quality of governance.² The nature of political governance in Bangladesh has been characterized by a weak Parliament; an election commission

which, until recently, has had limited credibility in conducting free and fair elections; and a judiciary, whose independence had often been curtailed by incumbent governments. The result is an opaque political system, which is truly disempowering for the masses.

Bangladesh Election Commission (BEC)

As an institution of accountability, the BEC has had a chequered history, with its first 20 years being marred by military and dictatorial rule and little control over the process. Since 1991, when Bangladesh stepped into a democratic era, serious questions have been raised regarding BEC's independence, accountability and its ability to deliver free and fair elections. After a period of intense political debate a neat but short-lived governance innovation was put into practice in 1991, creating a neutral non-partisan caretaker government responsible for holding national elections. The caretaker government was formalized constitutionally in 1996, only to be reversed in 2011 in the face of opposition and full responsibility was returned to the BEC.

The election commission's role is to establish and reinforce a high degree of accountability within political parties and politicians by generating credibility and trust in the election process and outcome. The election commission's other critical role is to hold political parties accountable for their actions by enforcing laws and rules.

One of the major weaknesses in political governance in Bangladesh is the inability of the BEC to ensure free and fair elections. Major allegations include partisan roles played by the BEC, gross electoral irregularities and malpractices, inability of the BEC to contain the political parties from nominating musclemen and black money holders, and having no control over the law enforcing and intelligence agencies.³ In order to evaluate the role of the BEC in ensuring political empowerment

of the people of Bangladesh, it is necessary to look at the extent of its independence, accountability, transparency, and efficiency as an institution.

Independence

The BEC enjoys legal safeguards in the Constitution and was created to operate as an independent body. However, the incompetence and partial behaviour of the BEC during the 4th and 6th parliamentary elections and some bye-elections gave rise to the demand for a neutral and non-political arrangement. Thus, a caretaker government was appointed for overseeing the election process along with the BEC ever since 1991. At the same time steps were taken to bring about crucial legal changes in the BEC framework to improve its ability to conduct free and fair elections in the country.

During the period 2008 to 2012 the BEC supervised a number of elections helping the BEC to regain its credibility and professionalism, notably the leadership's ability to act independently and impartially. The selection process of the new BEC has been relatively transparent. As it has become customary, the Opposition has raised some reservations regarding the selection process and reiterated demands to restore the caretaker government, as a pre-condition to participate in the next general elections to be held in 2013. The forthcoming period till the next general elections will be a testing time for the BEC and its new leadership in upholding its independence as established by the previous Commission.

Fiscal autonomy

The BEC lacks fiscal autonomy as it has to rely on various government ministries and agencies for financial support in order to undertake its functions. There was a lack of clarity in the relationship between the BEC and various agencies, but since the separation of the BEC Secretariat from the

Prime Minister's Office the possibility of Executive influence has diminished considerably.

Moreover, there is considerable political influence in the process of appointing the Chief Election Commissioner and the Commissioners (formerly three and presently five). The Constitution includes details on the provisions for the appointment, eligibility, functions and removal of the Election Commissioners; but despite such a provision no law has been enacted stating the conditions and process for appointing the Election Commissioners. Therefore, the Prime Minister through the President can play a role in the appointment process, and the scope of political influence remains quite high, thus undermining the credibility and autonomy of the BEC as an institution.

Accountability

Given the crucial role of the BEC in ensuring transparency of the electoral process in Bangladesh, it is pertinent to look into the mechanisms for ensuring accountability of this institution. According to Article 118(4), the Chief Election Commissioner and the Commissioners can only be removed by constituting a Supreme Judicial Council, which is to be prompted by the President and the Council to be led by the Chief Justice of the Supreme Court of Bangladesh. Other than this mechanism, which has never been activated, the only other sanction is informal public opinion, which has been growing in significance. Since 1991 the operation of the BEC has received much attention from mass media and civil society organizations. In 2006, the BEC came under intense public scrutiny regarding the neutrality of the Commission and the accuracy of the electoral roll, resulting in the appointment of the caretaker government for overseeing the electoral process. However, since then the Commission has been subject to changes in its legal and administrative structure, leading to a dramatic improvement in the level

The forthcoming period till the next general elections will be a testing time for the BEC and its new leadership in upholding its independence

of accountability. The new Election Commissioners are generally quite receptive to public opinion and the media, seeking feedback from a wide spectrum of the society when formulating policies and plans for the Commission. Even more significant is the desire on the part of the Commission to accept criticisms and to amend existing practices.

Internally, the *Election Commission Secretariat Act 2009* placed the Secretariat of the BEC under the supervision of the Commissioners, reducing the influence of the Executive, particularly the Prime Minister's Office through deputed civil servants. According to the Act, the Secretary, who is the head of the BEC Secretariat, will directly report to the Chief Election Commissioner, thus establishing clarity in terms of internal accountability between the Secretariat and Commission. However, given the fact that the Secretary is deputed from the Civil Service, (s)he is beyond full control of the Chief Election Commissioner.

Efficiency

There has been significant improvement in the efficiency of the BEC since 2007. Prior to this the Secretariat had preponderous influence in various decision-making processes, as field officers were seen as an inferior class of bureaucrats, and the Secretariat further augmented that relationship. Such attitudinal issues affected the morale and ultimately the level of efficiency. This is further exacerbated by other factors, such as, quota restrictions in promotion policy because of the *Election Commission (Officers and Staff) Rules 1979*. Furthermore, BEC's employees of class III and IV are not required to sit for promotional examinations, thus making the lower echelon of the BEC both heavy and below average in terms of capacity.

Since 2007 there have been improvements; a strategic plan has been put together and manifested in several ways—particularly in the way the various parlia-

mentary bye-elections, municipality and local government elections have been conducted efficiently and transparently.

Effectiveness

The ultimate goal for the BEC is to hold elections that are acceptable to the various stakeholders—political parties, the media, civil society organizations and most importantly, the citizens of Bangladesh. The BEC has had a chequered history in delivering free and fair elections (national and local) over the years but effectiveness beyond 1991 had improved primarily because of the caretaker government overseeing the election process. The period prior to 11 January 2007 revealed the weaknesses of the BEC in its worst form: political partisanship in the appointment of the Chief Election Commissioner and Commissioners, defective electoral roll in the form of more than million 'ghost' voters, and unaccounted for expenditure. In response, the new BEC and the military took on the herculean task of producing a new electoral roll containing photo identification. The General Elections of 2008 are considered to be one of the well-executed examples of the election management process.

A particular weakness in the process is the resolution of election petitions by the BEC and aggrieved candidates. Through such resolution of disputes it is believed that the electoral management system can be further strengthened. Unfortunately, the judiciary, on which the BEC depends for such resolution, has been very slow in delivering its judgments and pursuing such cases in court. The BEC receives very little support from Members of the Parliament in introducing new laws and strengthening existing ones, which would have increased the level of transparency of political parties and candidates participating in elections.

Parliament and legislature

According to the Constitution of 1972,

The General Elections of 2008 are considered to be one of the well-executed examples of the election management process

Bangladesh follows the British parliamentary system, incorporating checks and balances between the three major organs of government—the legislature, Executive and judiciary. Thus, an elected executive, who is accountable to the electorate every few years, is also answerable to Members of the Parliament. The Parliament is the forum where the Executive has to report their activities, and if the latter fails to command the confidence of the Parliament then the government has to resign, theoretically. The role of the judiciary is equally critical as it has the mandate to scrutinize the legislative process and legislation. The judiciary is the cornerstone of the rule of law, and it is accountable to the collective conscience and integrity of judges and lawyers.

Consensus-building and policy-making are two distinctive roles of the Parliament, as it is the venue where the country's body politik comes together.⁴ To what extent the Parliament has been able to achieve these ends is a matter of debate and some would say that “the Parliament has become merely the law approving body”⁵ rather than acting as the supreme oversight institution.

Evolution of Parliament's role

The initial period from 1971 to 1990 witnessed insignificant parliamentary practice, with the 4th Amendment to the Constitution setting a trend towards the Executive domination at the expense of both parliamentary and judicial accountability. Much of the period between 1975 and 1991 also experienced military or quasi-military administration, which further undermined the development of a parliamentary form of government and institutional development. The breakthrough came in 1991, when a popular uprising resulted in establishing an elected government led by the Bangladesh Nationalist Party (BNP). Since 1991 there have been various efforts to instill a greater sense of parliamentary accountability over the Executive and there-

fore, a heightened sense of empowerment of the citizens of Bangladesh.

Since 1991, and incrementally, the committee system of the Parliament has been activated and broadened. The committees are now headed by Members of the Parliament, even Opposition Members, instead of ministers. An independent parliamentary secretariat has been established. Following the tradition of Westminster politics a question hour has been introduced when the Prime Minister can be interrogated on any issue of concern and this can be broadcasted by print and electronic media. Another Westminster feature incorporated in the workings of the Parliament is the collective and individual responsibility of ministers. As individual ministers are responsible for the activities of their respective ministries, an example of vertical accountability, so are the ministers collectively responsible for the overall performance of the cabinet as a whole to the Parliament and the nation during the five year tenure of a Parliament. Every five years the electorate/voters get the opportunity to pass their judgment on the performance of the government—a form of horizontal, as opposed to the vertical form of accountability.

There are other means of parliamentary oversight of the Executive. In the context of Bangladesh there have been some notable developments in this regard. Among them are the Prime Minister's question time and the Parliamentary Standing Committees. However, a closer look reveals that the Prime Minister's position has remained dominant.

There have been numerous developments since 1991. The most significant development was the 12th Amendment to the Constitution, which brought about the following changes: the Parliament was given back its rule-making power; reduction of interval between two parliamentary sessions; Parliamentary Standing Committees given a more prominent role; and the formation of Parliamentary Secretariat. At the same time several provisions in the

The Parliament has become merely the law approving body rather than acting as the supreme oversight institution

Despite the fact that committees have become more active, the participation and deliberation of Members of the Parliament have remained rather low

Constitution have remained which have been adversely affecting the functioning of the Parliament: (i) Articles 70 and 76(1); (ii) giving the President the power to make Ordinances negating the role of the Parliament; and (iii) the underplay of the role of the selected committees in making new laws.⁶

The Parliamentary Rules of Procedure have given Members of the Parliament many opportunities to question ministers and the government of the day, at least in theory. Rules 41-58 give Members of the Parliament the *locus standi* to ask ministers questions; Rule 59 provides for short notice questions and Rules 61-70 allow other discussions. If the performance of the Executive is unsatisfactory, the House can raise motions of no-confidence under Rule 159. The Rules (77-78, 81-87, 90-91) also allow Members of the Parliament to scrutinize and discuss new legislation. Another set of very important rules are 72-74, which allow Members of the Parliament to put forward their own pieces of legislation and policies. Furthermore, Article 76 of the Bangladesh Constitution has provided for accountability of the Executive by way of Parliamentary Committees, known as the Standing Committees, Special Committees and Ad-hoc Committees. In terms of accountability, an innovation has taken place since the 7th Parliament: a minister cannot be the chair of any parliamentary committee but a Member of the Parliament belonging to the Treasury Bench. In the present Parliament (9th), chairs of two Standing Committees of the Ministries of Environment and Fisheries have been given to the Opposition.

An analysis of the 8th Parliament from the point of view of Executive accountability vis-à-vis the Standing Committees on Ministries reveals various facts. In the 8th Parliament, there were 37 such committees but the working of such committees revealed certain weaknesses. These committees did not follow the rules of procedures and failed to produce reports (only one committee produced three reports—

the best performance). Despite valiant attempts by some committees they failed to hold the Executive accountable, for example, the Standing Ministerial Committee of the Ministry of Communication failed to produce a report on the alleged charges of corruption involving the importation and distribution of compressed natural gas (CNG) auto rickshaws.⁷ Even when reports are produced, which are few and far between, there has been very little interest in scrutiny and debate of these reports by the House.

Parliamentary Committees' proceedings are conducted, where senior government officials can be summoned to give evidence behind doors, with no access for the media and advocacy groups, thereby limiting their capacity to act as a watchdog. Despite the fact that committees have become more active, the participation and deliberation of Members of the Parliament have remained rather low. In other words, the convention of committee practice is in its infancy and the Executive does not consider the committees to be much of a 'watch-dog' as they are neither obliged to report to the House nor do they have the authority to summon the Executive to appear to give crucial evidence of its performance.

Executive preponderance

Despite a skillfully balanced Constitution of 1972, Bangladesh has swayed more and more towards a system dominated by the Executive. The 4th Amendment in 1975 set the tone, but despite the later repeals through legal amendments, the commitment and mind-set of Bangladesh's leadership has been unequivocal. This has been mainly due to the unholy alliance between elected and selected public officials. "At the initial stage, laws are prepared, processed and drafted by the Executive, legislative initiatives are taken by the cabinet and arrangements for a bill-to-be-drafted are undertaken by the drafting section of the Ministry of Law, Justice and Parliamentary

Affairs.”⁸

Two other elements are Private Members’ Bill and the Ordinance making power of the President. Only two Private Members’ Bills have been accepted from 1991 to 2012. More laws have been enacted by way of Ordinance (Article 93(1)) in the 5th and 7th Parliaments.⁹

“Concentration of enormous power in the hands of the Prime Minister has made it difficult for the legislature to keep vigil on the government.”¹⁰ The practice of boycott has become endemic and has become a perverse parliamentary norm in Bangladeshi politics. The ramifications of this are manifold. “First, it resulted in a ‘parliamentary autocracy’ where ruling parties did not take into account the contribution of the opposition. Second, lack of control on the Executive’s function turned the role of the legislators undemocratic. Third, as policy decisions were taken by the cabinet and only passed as law by the Parliament, politicians failed to interpret the law properly. Fourth, this Executive dominance culminated in deep political tension where the opposition clearly displayed their inertia in joining parliamentary sessions, thus giving rise to confrontational politics. Finally, an ineffective Parliament has allowed donors to exert undue influence on policy decisions of the government.”¹¹

In the context of confrontational politics

Development of institutions is a function of politics. On one hand, consensus politics is conducive to constructive development of institutions; and on the other hand, confrontational politics result in dysfunctional institutions. Like other institutions, the Parliament in Bangladesh has become a victim of the vicious cycle of ‘winner-take-nearly-all’ politics of the two major political parties and their ancillary minor parties. Despite four credible parliamentary elections (1991, 1996, 2001 and 2008) with high electoral turnout, politics in Bangladesh has served and preserved a

very narrow vested interest group. This interest group, irrespective of political parties and ideology, perceives politics as a form of investment in politicians ensuring a high return through undermining of formal rules and institutions. Therefore, for the vested group a ‘rubber-stamp’ Parliament is much more preferable than vigilant Members of the Parliament keeping a check on the Executive. The last two decades of electoral politics have provided lip service to the development of parliamentary rules and norms. Bangladesh has repeatedly witnessed the failure of parliamentary leadership to steer the country toward sustainable development by fostering independent and accountable institutions.

Judiciary

The Constitution of Bangladesh has laid down basic principles to govern the functioning of the judiciary. In turn the judiciary “can potentially restrain and hold to account the Executive, government and other state institutions including the legislature, as well as politically and economically powerful actors, and thus is fundamental to rule-based governance.”¹² In Bangladesh, in the early years after independence, the judiciary enjoyed a good reputation due to its relative integrity and independence, but after 40 years that perception has changed significantly to being severely dented mainly because of the Executive’s pre-dominance within the system of governance.

Independence

The 1972 Constitution enshrined the principle of the rule of law as to be found in the common law tradition. The intention of the drafters was to lay down a clear set of principles to bring about a balance among the three major organs of the state through the establishment of independent institutions and transparent processes. In 1975 the 1st Amendment to the Constitution came when major changes were

Concentration of enormous power in the hands of the Prime Minister has made it difficult for the legislature to keep vigil on the government

brought about to Part IV of the Constitution. There have been many such amendments after that which have had far reaching consequences for the independence of the judiciary. These and other changes gradually shifted the governance paradigm in Bangladesh in such a way that has resulted in concentration of power in the Executive at the expense of the legislature and the judiciary. The objective of the sections below will be to assess the performance of the judiciary in the light of these constitutional amendments to analyse the extent to which it has been able to empower citizens of Bangladesh through the generation of greater accountability within the society.

APPOINTMENT, TENURE AND REMOVAL OF JUDGES

The Constitution of 1972 (Article 95) gave the President the authority to appoint the Chief Justice and the judges of Bangladesh. The judges of the Supreme Court were to be appointed by the President after due consultation with the Chief Justice. The cardinal principle that was being put forward was that the independence of the judiciary could be upheld if the personnel were chosen in the most objective manner without any partisan consideration. However, in 1975 the constitutional requirement that the appointment of the Chief Justice is solely to be made by the President was removed and the power of appointment of Chief Justices and judges is today exercised effectively by the Prime Minister, as the President acts in accordance with the Prime Minister's advice under Article 48(3) of the Constitution.

Similar to judge's appointments, their removal from office is a critical factor in terms of the judiciary's independence vis-à-vis the Executive. The Constitution of 1972 (Article 96) stated that the removal of a judge from his/her position required a resolution of the Parliament supported by two-thirds of the Members of the Parliament. The resolution had to be based on two grounds: proven misbehaviour and

incapacity. The 4th Amendment simplified the process to the extent that the President, on advice from the Prime Minister, can now remove any judge on grounds of misbehaviour or incapacity after providing a 'show cause' notice against the action. Since 1977, a modified process of termination has been applicable. An ad hoc Supreme Judicial Council headed by the Chief Justice and composed of two most senior judges have to sit as a disciplinary body. This body has the power to make recommendations, but ultimately it is the Prime Minister via the President who can remove any judge. In the history of Bangladesh this provision has rarely been used, and is considered to be most ineffective in terms of a credible redress mechanism in the event of misbehaviour and incapacity of judges.

The most blatant political interference has been via the issue of judges' tenure. The 1972 Constitution allowed judges to remain in office till the age of 62, but after a couple of amendments the present retirement age is 67. The 14th Amendment extended the retirement age to 67, which also was the source of intense political differences between the two major political parties that resulted in an extended period of caretaker government from 2007 to 2009.

SUBORDINATE COURTS

The Constitution of 1972 (Article 114) judiciously designated the Supreme Court to be the supervisory body of the subordinate courts and provisions were formulated to ensure the independence of the lower judiciary from the Executive. However, all these safeguards were later removed by the 4th Amendment and the subordinate courts were firmly placed within the control of the Executive. Since the 4th Amendment, the appointments, promotions and transfers of officers in the judicial service and magistrates have been in the hands of the Executive. This has undermined the independence of the lower courts as an effec-

Since the 4th Amendment, the appointments, promotions and transfers of officers in the judicial service and magistrates have been in the hands of the Executive

tive tier in the judicial system for ensuring justice for the people of Bangladesh.

Accountability of the judicial system

In Bangladesh there are two types of accountability mechanisms: internal review of judgments by way of appeal to higher courts, and external scrutiny from the media and civil society. This provides clients with the opportunity to challenge both the administrative efficiency and also the intellectual capability of the judges.

In the lower courts, the other internal mechanism is that of the Annual Confidential Reports (ACRs) to be written by senior judges in the hierarchy for the lower rungs of the judiciary. For example, for the Assistant Judges up to the Additional District Judges, the ACRs are written by the District Judges. The ACRs of the District Judges and Additional District Judges are written by the Supreme Court Judges. However, this has led to the culture of lobbying, patronage and cautious behaviour on the part of subordinates so as not to alienate their seniors.

External accountability comes in the form of media and civil society scrutiny. However, given the fact that very little information is placed in the public domain, such external accountability mechanisms have limited effectiveness. The use of such external accountability is further compounded by the existence of the *Contempt of Court Act 1926*. There are a number of examples where contempt laws have been used to protect judges against accountability pressures from citizens, on the basis that they would interfere with the judges' ability to function properly and would thereby have an impact on public confidence.

Institutions of economic management

Bangladesh's economy has experienced steady growth since the early 1990s, where the gross domestic product (GDP) per capita growth has been steady and remark-

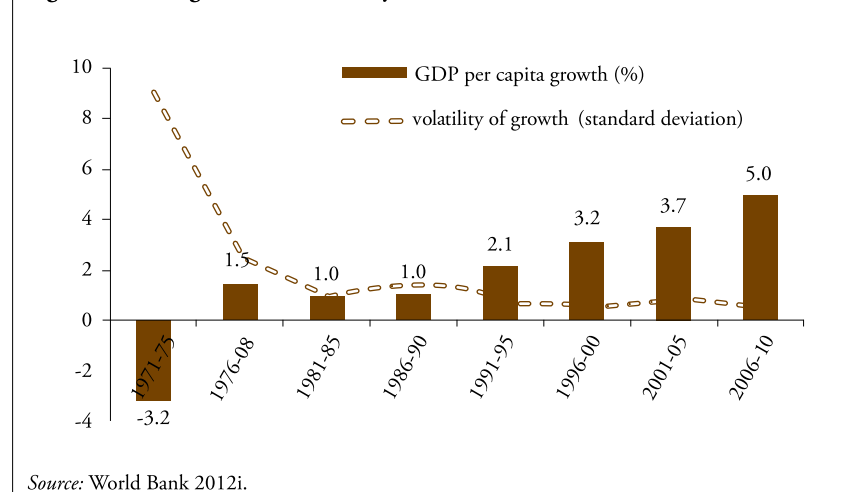
ably stable in the first two decades—a sharp contrast with its post-independence performance, particularly during 1970s and early 1980s (figure 5.1). In fact, Bangladesh has been one of the best performing economies among the Least Developed Countries and many developing countries, and the country now shows much promise to be a middle-income economy in less than a decade if it manages to sustain the high growth path.

The main drivers behind the accelerated growth path of Bangladesh's economy since the early 1990s include a stable macroeconomic environment supported by demographic transition and, more importantly, strong export growth in readymade garments (RMG) sector. The garment industry has flourished in Bangladesh because of the confluence of a number of favourable factors: the early relocation of garment producers and marketing intermediaries from East Asian countries to Bangladesh to evade import quotas in the US and European markets; easy transfer and spread of garment industry-specific managerial and production skills; preferential access of Bangladesh's garment exports in the major markets of the West; and a flexible exchange rate policy along with other government policies to facilitate exports.

Interestingly, Bangladesh has been able to achieve high economic growth and considerable progress in social develop-

The main drivers behind the accelerated growth path of Bangladesh's economy include a stable macroeconomic environment and strong export growth in RMG sector

Figure 5.1 GDP growth and volatility in GDP Growth, 1971-2010



ment despite poor governance. Recent studies show increasingly compelling evidence that good governance matters to growth. Bangladesh, however, has emerged as an outlier in cross-country comparisons relating governance to economic growth. Although the country has been able to sustain a relatively high and stable growth path up till now, there is a growing consensus that without further institutional reforms and substantive improvement in its governance quality and institutional efficiency, the country may not be able to sustain such performance.

How has the role of various institutions in promoting economic growth and the country's economic growth policies, been devised and implemented by various institutions and organs of the state? Institutions of economic growth, if functioning efficiently, are crucial for generating equitable economic opportunities for the people, which is a central theme in the humane governance framework. Creating economic opportunities for people requires careful policy deliberation on various fronts—sound fiscal and monetary policies, efficient state institutions, employment generation in key sectors of the society and a focus towards shaping the growth process for an equitable distribution of the benefits for all.

Fiscal policy

Fiscal policy is an important tool to steer an economy towards a higher growth path

without skyrocketed inflation or intergenerational transfers of the burden of public debt.¹³ It is perhaps the most critical instrument to redistribute income, transferring wealth from relatively wealthy to the poorer sections through cash transfers, subsidies and other social safety net programmes. As a study¹⁴ observed, the government budget is probably amongst the most fundamental instruments that has a determining influence on development performance. In the case of Bangladesh the objective of fiscal policy is no different than most developing countries. However, it is one of the most fiscally centralized countries in the world—its divisions, districts and sub-districts do not constitute separate autonomous government levels, but rather are upwardly accountable administrative extensions of the central government at the regional level.¹⁵

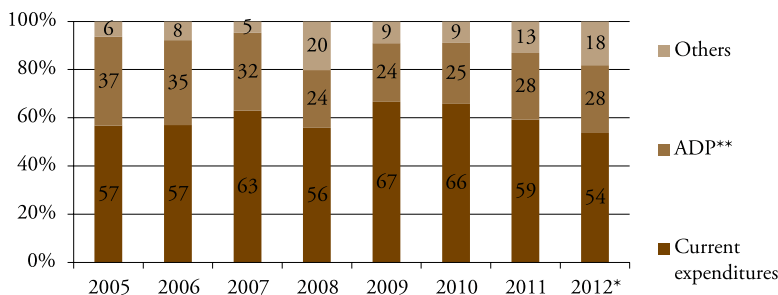
Amidst weak institutions and poor governance, the Bangladesh economy has achieved macroeconomic stability and fiscal discipline, in the recent decade. Fiscal deficit as a percentage of GDP has fluctuated between four to five per cent. As a result, the country's debt to GDP ratio has been relatively lower than comparable economies.

Public expenditure priorities

The composition of public expenditure shows the government's priorities towards pro-poor and people-centred policies and strategies. Analysis of the government's expenditures over the years indicates that the social sector remains a leading priority in the budget allocations out of both current and development budgets. While this is a positive aspect of economic governance in the country, a disappointing trend has been in terms of decline in development expenditures in the last decade. The incumbent Grand Alliance Government has worked to reverse this trend in the last three budgets, with the share of development budget gradually increasing (see figure 5.2).

Between fiscal year (FY) 2005 and

Figure 5.2 Trends in total expenditures by type, fiscal years (FYs) 2005-12



Notes*: Budget estimate. **: ADP means Annual Development Programme.

Sources: GOB 2006, 2007, 2008, 2009a, 2010a and 2011a and MHHDC staff computations.

FY 2011, current expenditure has been doubled, with almost one-third of it allocated annually for defence and interest payments on public debt (table 5.1). This allocation decreased from 32 per cent in FY 2010 to 28 per cent in FY 2011, but it again rose to 31 per cent in FY 2012 due to an additional provision of BTK34 billion for defence and BTK23 billion for interest payments on domestic debt. The main factor behind this increase is the decline in foreign financing and, as a result, a greater dependence on domestic sources for financing the budget deficit. Out of current expenditures, the allocation for the social sector increased from 29 per cent in FY 2005 to 35 per cent in FY 2011; however, it decreased to 33 per cent in FY 2012. The main aim for an improved allocation for social expenditures over the last few years is to improve human development through better health and education and to widen social safety nets through increased spending on social security and welfare programmes.

In the case of development expenditures, provision for the social sector has increased significantly over the last two decades, which shows the government's commitment towards poverty reduction through provision of education and health. The share of social sector expenditure in the Annual Development Programme increased from almost one-tenth in FY 1990 to more than one-fourth in FY 2010, but it has decreased over the last two years which shows more focus towards infrastructure and economic sectors (table 5.2). Allocation of the Annual Development Programme for various sectors seems to be promising, however, problems remain in the quality of the implementation of various development projects. Moreover, there is a problem of underutilization in the Annual Development Programme allocations. For instance, during FY 2011 actual utilization of the Annual Development Programme remained at 92 per cent. The Government of Bangladesh has taken various steps to improve the Annual Develop-

ment Programme's utilization and implementation. In this context a task force has been formed to monitor the Annual Development Programme implementation status of ten large ministries in the country.

Table 5.1 Sectoral shares in current expenditures, FYs 2005-12

	2005	2006	2007	2008	2009	2010	2011	2012*
Social sector	28.6	30.5	31.9	29.7	30.9	31.9	35.4	32.6
Interest on public debt	20.6	21.7	21.8	22.9	21.2	22.2	18.9	20.5
Public services	15.0	12.2	10.2	8.6	9.9	6.8	7.9	11.3
Defence	9.3	9.6	9.9	8.6	8.6	10.3	8.6	10.2
Public order and safety	8.0	8.1	9.2	8.3	8.1	8.4	8.2	8.3
Agriculture sector	6.2	5.6	6.7	11.7	13.1	12.3	12.4	9.8
Transport and communication	7.0	6.8	5.4	6.1	4.2	4.1	4.2	3.9
Local government and rural development	3.4	3.2	3.4	2.7	2.4	2.3	2.5	2.2
Housing	1.5	1.4	1.2	1.1	0.9	1.0	0.9	0.9
Others	0.4	0.8	0.5	0.4	0.6	0.7	0.9	0.4
Total (in %)	100	100	100	100	100	100	100	100
Total (in BTK billion)	315.9	348.1	420.6	522.5	626.8	670.1	771	878.5

Note: *: Budget estimate.

Sources: GOB 2006, 2007, 2008, 2009a, 2010a and 2011a and MHHDC staff computations.

Table 5.2 Sectoral shares in Annual Development Programme Plan, FYs 2005-12

	2005	2006	2007	2008	2009	2010	2011	2012*
Agriculture	3.1	5.1	6	6	6.1	6.4	6.6	5.9
Rural development and institutions	13.1	14.6	15.9	14.1	15.6	14	13	9.6
Water resources	4.8	3.1	2.7	4	3.8	4.2	3.5	3
Industries	2.6	1.6	1.3	1.2	2	1.7	1.2	1.5
Physical planning, water supply and housing	7.1	6.9	6.4	7.2	10.8	10.5	9.5	12.3
Infrastructure	42.9	33.9	30.1	29.1	24.5	27.7	33.1	35.6
Social sectors	17.5	23.1	24.5	24.7	26	25.9	23.4	21.9
Others	8.9	11.7	13.1	13.7	11.2	9.6	9.7	10.2
Total (in %)	100	100	100	100	100	100	100	100
Total (in BTK billion)	205	215	216	225	230	255.5	358.8	460

Note: *: Budget estimate.

Sources: GOB 2006, 2007, 2008, 2009a, 2010a and 2011a and MHHDC staff computations.

Resource mobilization

Bangladesh's current fiscal stress is owed to short- and long-term fundamental problems in the sector. The country's low tax to GDP ratio is attributed to the complex tax structure, low tax compliance, administrative weakness, untaxed agricultural sector, tax exemptions and tax holidays. The fiscal authorities rely heavily on trade taxes and the low level of domestic taxes.

Bangladesh's tax to GDP ratio has been very low as compared to other South Asian countries, registering a slow and marginal increase in the last decade (see *Human Development Indicators for South Asia*). Between FY 2000 and FY 2010 the tax to GDP ratio remained in the range of six to nine per cent, but during the last two years it has improved significantly. It increased by 26.5 and 21.2 per cent during FY 2011 and FY 2012 respectively, primarily due to the implementation of an extensive reform programme in the National Board of Revenue (NBR).

Total tax revenue experienced more than nine fold increase over the last 12 years, along with a declining share of taxes on international trade as a result of trade liberalization (see table 5.3). The

share of direct taxes (taxes on income and wealth) has improved from almost one-fifth to one-fourth between FY 2001 and FY 2011. In nominal terms, it increased from BTK35 billion to BTK194 billion during this time period. Although a direct tax system seems to be progressive, however, it is facing a number of problems such as low coverage, tax evasion and a large informal economy. A high share of indirect taxes (three-fourths) in total taxes is an indicator of the government's reliance on regressive taxation which hurts the poor disproportionately.

Budget deficit and debt management

Budget deficits and debt levels in Bangladesh have increased over recent years owing to price hikes in international commodity markets, rising costs of subsidies, infrastructure financing and increased welfare spending. Devaluation of the Bangladeshi currency has further exacerbated the problem. Bangladesh's public sector extends beyond the central government, encompassing a large state owned enterprises (SOEs) sector and a dominant public financial sector. Most of the SOEs incur substantial operating losses but are also supported by

Table 5.3 Trends in the sources of tax revenue in Bangladesh, FYs 2000-12

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012*
Taxes on income and wealth	17	19	19	18	18	19	21	23	25	26	27	26	...
Taxes on international trade in commodities and transactions	55	53	52	51	50	51	45	42	42	40	37	35	...
Taxes on domestic trade in commodities and transactions	27	27	29	30	31	30	33	34	32	33	35	38	...
Other taxes	1	1	1	1	1	1	1	1	1	1	1	1	...
Total (in %)	100	100	100	100	100	100	100	100	100	100	100	100	...
Total (in BTK billion)	151	188	202	236	262	299	340	392.5	480.1	555.3	624.9	790.5	957.9
Tax revenue (% of GDP)	6.4	7.4	7.4	7.8	7.9	8.1	8.2	8.3	8.9	9.0	9.0	10.0	10.7

Note: *: Budget estimate.

Sources: GOB 2012a and MHHDC staff computations.

Box 5.1 The burden of state owned enterprises (SOEs) in Bangladesh

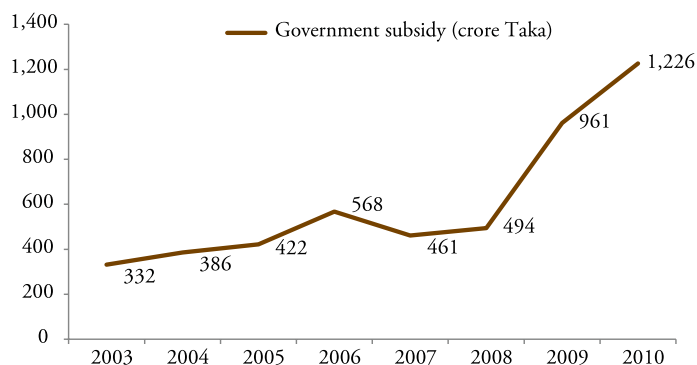
In Bangladesh, the public sector, in the form of SOEs, exercises a large presence in industry, power, gas and water, transport and communication, trade, agriculture, construction, and services sectors. Over the last seven years governmental support for them has increased by almost four-fold, thus reflecting a decline in their performance and efficiency (see figure 5.3).

In 1972 these industries were nationalized after people's demand for pro-poor development. Some of the industries succeeded in contributing to economic growth and employment generation. However, most of them failed due to corruption and mismanagement and turned into loss-making units, causing heavy burden on public revenues. In 1982, the government adopted the New Industrial Policy under World Bank's Structural Adjustment Reform Programme and took quick steps to privatize the SOEs. Resultantly, since 1980 more than 500 enterprises have been privatized. A number of evaluation studies revealed that the process of privatiza-

tion did not address the problems. For instance, in 1997 a study, conducted for 205 privatized industrial units, found that only 55 per cent of them were operational with 41 per cent closed and 5 per cent having become non-operational. Bangladesh's experience with ineffective privatization reveals the drawbacks of conducting the process in haste and without proper sequencing. The privatization process of SOEs in Bangladesh remains incomplete due to delays and complicat-

ed procedures, problem of proper valuation, land disputes, delay in registration of land and assets, etc. Apart from privatizing loss-making units, there is a need for government policies to strengthen the SOEs that remain in the public sector. Policies will include improving management, commercializing these enterprises, improving labour policies and eliminating all bureaucratic interventions. SOEs should be profitable enterprises and be able to compete effectively in the market.

Figure 5.3 Government subsidies for state owned enterprises (SOEs) in Bangladesh, FYs 2003-10



Source: GOB 2010b.

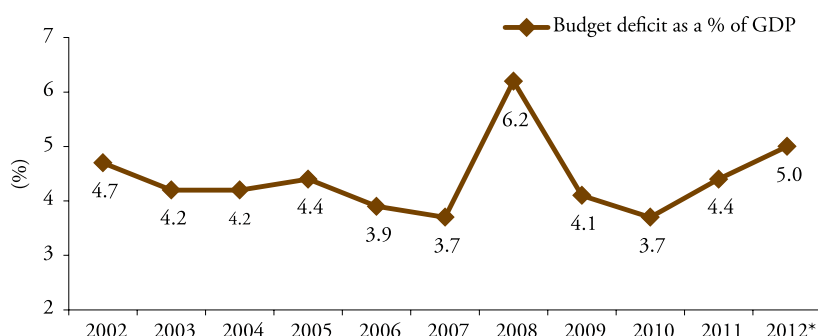
Sources: GOB 2010b and 2011e and GOB and UNDP 2009.

state subsidies (see box 5.1). Moreover, due to less than projected GDP growth in the current fiscal year, revenue collection could also decline concomitantly, further exacerbating the fiscal problem. As a result, the fiscal authorities are heavily relying on the banking sector to finance the deficit. All these developments have been threatening to destabilize the country's macroeconomic indicators, including functioning of its monetary sector and crowding out of private investment.

The budget deficit decreased from 4.7 per cent to 3.7 per cent between FY 2002 and FY 2007, showing improved economic management only to rise to 6.2 per cent after the global financial crisis in 2008 (see figure 5.4). However, economic management in the economy was successful in curtailing this high deficit in later years.

Financing of the budget deficit has undergone significant changes over the last few years. The share of domestic financing increased while that of foreign financing decreased between FY 2007 and

Figure 5.4 Budget deficits in Bangladesh, FYs 2002-12



Note: *: Budget estimate.

Source: GOB 2011a.

FY 2011 (figure 5.5). In addition, owing to institutional bottlenecks the government is unable to utilize allocated aid money and other foreign assistance. As a result, the fiscal authorities have little choice but to borrow from the banking sector.

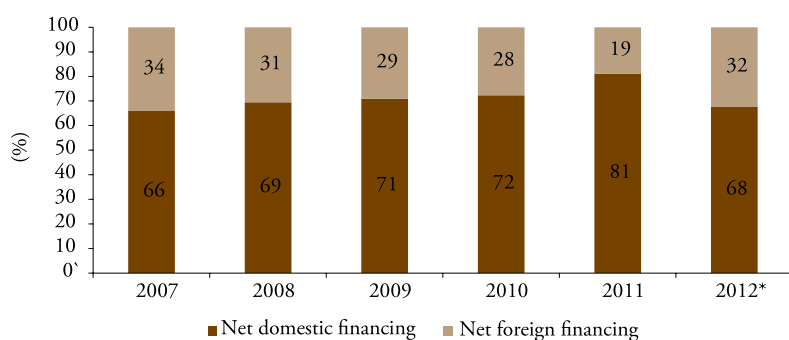
The external debt burden has gone up from US\$16 billion in FY 2000 to US\$25 billion in FY 2010. One important aspect is the composition of external debt. During this time period, the share of long-term debt has decreased (97 per cent to 86 per cent), while the share of short-term debt (2.2 per cent to 12.0 per cent) and IMF credit (1 per cent to 3 per cent) has increased (see *Profile of Governance in South Asia*).

In the face of shortage of resources and declining share of grants and concessional foreign loans, domestic borrowing from banking and non-banking sources is the option for financing the budget. Resultantly, domestic borrowing for deficit financing has increased significantly (see table 5.4). This can have significant implications for people by creating inflationary pressures and crowding out private investment, which can have a dampening effect on investment, employment and poverty reduction. Also, it can affect budgetary allocations for pro-poor sectors as the government uses almost one-fifth of current expenditure for interest payments on public debt.

As far as the institutional structure of the fiscal sector is concerned, the Ministry of Finance and the Planning commission are responsible for planning, allocating, managing and monitoring of public finances. Generally, the Ministry of Finance oversees recurrent expenditures of the budget and Planning Commission focuses on Annual Development Programmes. This institutional structure has served the country well for the purpose of maintaining aggregate fiscal discipline and allocating resources to broaden strategic priorities.

To sum up, fiscal policies in the past served the purpose of using substan-

Figure 5.5 Trends in financing the budget deficits in Bangladesh, FYs 2007-12



Note: *: Budget estimate.

Sources: GOB 2011a and MHHDC staff computations.

Table 5.4 Trends in net government borrowing from domestic sources in Bangladesh, FYs 2007-12

(BTK billion)

	2007	2008	2009	2010	2011	2012*
Banking system	65.3	104.0	107.0	-20.9	183.8	189.6
Non-banking sources	35.0	20.0	35.0	179.1	64.4	82.5
Total net domestic borrowing (in BTK billion)	100.3	124.0	142.0	158.2	248.2	272.1
Total net foreign borrowing (in BTK billion)	51.8	87.6	58.3	60.4	57.8	130.6
Total net domestic borrowing (% of GDP)	2.1	2.3	2.3	2.3	3.2	3.0
Total net foreign borrowing (% of GDP)	1.1	1.6	0.9	0.9	0.7	1.5

Note: *: Budget estimate.

Sources: GOB 2011a and MHHDC staff computations.

tial public spending in various social and economic sectors to help alleviate poverty and address other social concerns. However, recent developments in the fiscal sector, owing to higher subsidy costs and successive governments' failure to minimize large tax evasion and reform the tax system, threaten to increase the budget deficit, raise inflation and interest rates, and dampen growth prospects.

Monetary policy

In the 1970s and 1980s, monetary policies in Bangladesh were inward oriented, with the central bank's direct control over the interest rates, credit and exchange rates. Non-existence of a market-oriented monetary policy regime and weaknesses in the money and capital markets contributed to a rather repressed financial system in the country in the first two decades after independence.

However, the situation began to change in the 1990s due to a number of reform measures. With the abolition of directed lending, gradual liberalization of interest rates, and adoption of flexible exchange rate, the monetary policy regime in Bangladesh is now more market oriented, but with considerable central bank oversight.

Role of the Bangladesh Bank

The primary objective of monetary policy of the Bangladesh Bank, the central bank of Bangladesh, is to maintain price stability accompanied by sustained output growth. Going beyond its central role, the Bangladesh Bank, in recent years, has given special emphasis to 'inclusive growth', extending financial services to farmers and the poorer sections of the society. The Bangladesh Bank also regulates and supervises a large part of Bangladesh's financial system, including the banking sector.

Monetary policies of the Bangladesh Bank in the last decade have been quite effective in achieving steady growth.

However, the monetary authority has been less than successful in controlling inflation, owing partly to the Bangladesh Bank's continued accommodative monetary policy and high government borrowings (see box 5.2).

There are institutional weaknesses in the Bangladesh Bank and its role in the financial management of the economy. The Bangladesh Bank's role was questioned during the stock market crash in 2011. Excessive exposure of a number of commercial banks at the equity market and the Bangladesh Bank's expansionary monetary policy are believed to have played a significant role in fuelling the stock market boom in 2009 and 2010 that was eventually busted leaving millions of investors bankrupt. Liquidity stress following the equity market crash in 2011 has been exacerbated by high government borrowing that squeezed liquidity both in the money and capital market leading to higher and volatile interest rates. Higher borrowing cost could dampen investment leading to lower GDP growth rates. In recent years, heavy government borrowing has become a barrier to enforcing sound monetary instruments.

As a regulatory and supervisory authority of banks and a number of other financial institutions, the Bangladesh Bank's independence has come under scrutiny following the stock market crash in 2011. In fact, the independence of another key regulator, the Securities and Exchange Commission, has also been questioned given its nexus with businesses and political authorities. Its alleged poor regulatory and supervisory roles in many instances owes to political interferences from the Ministry of Finance and from the Executive, undermining the credibility of the Bangladesh Bank.

Despite institutional weaknesses, the Bangladesh Bank has made significant efforts in initiating and expanding financial inclusion programmes to extend credit and banking services to the poor and underserved sections of the society. Its fi-

The monetary policy regime in Bangladesh is now more market oriented, but with considerable central bank oversight

Box 5.2 Role of the Bangladesh Bank in managing inflation

The Bangladesh Bank's monetary policy has had mixed results in controlling inflationary pressures in the economy (figure 5.6). Inflation in the country reached an all time high of 9.9 per cent in FY 2008 due to the global food and financial crises. This was curbed successfully in FY 2009, only to revert back to an increasing trend. Recent inflationary pressures in the economy can be attributed to a myriad of factors: higher food prices in domestic markets, rising international commodity prices including food, fuel and fertilizer, higher than targeted money supply growth and devaluation of the Bangladeshi Taka.

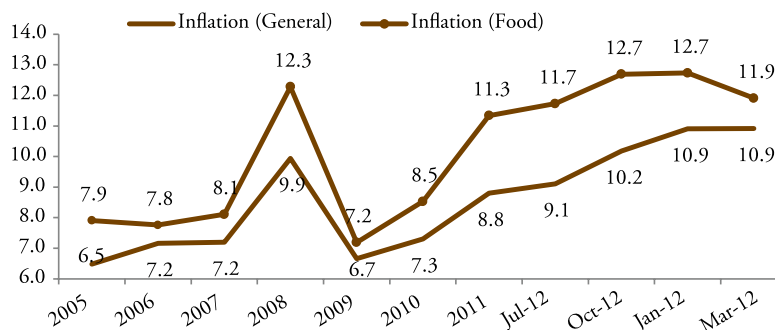
What is worrisome for Bangladesh is that the rate of increase in food prices has outpaced the increase in the general price level. During FY 2011, the Bangladesh Bank followed a number of policy measures to control inflation such as increasing Cash Reserve Requirements (CRR) and Statutory Liquidity Requirements (SLR) as well as raising the interest rate on repo. However, these measures have not been successful in lowering the inflation rate. The rising prices of necessities including both food and non-food items have significantly decreased purchasing power of the people especially of the lower classes. This is particularly true in a scenario when real wages have not kept pace with the increasing prices (figure 5.7). As in FY 2011, the growth rate in real wages has been lower than

Source: GOB 2011a.

inflation in all sectors of the Bangladeshi economy including agriculture, fishery, construction and manufacturing. This

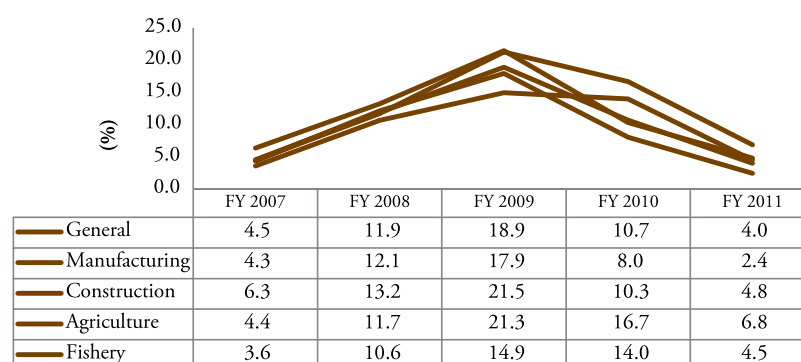
clearly shows a decrease in real incomes of people, especially the poor and marginalized.

Figure 5.6 Trends in food and general inflation in Bangladesh, FY 2005-March 2012



Source: GOB 2011a.

Figure 5.7 Trends in growth rate of real wages (1970=100) in Bangladesh, FYs 2007-12



Source: GOB 2011a.

financial inclusion programme has resulted in the creation of over 13 million farmers' accounts (costing less than 10 cents per account), promoted credit to share croppers in partnership with the Bangladesh Rural Advancement Committee (BRAC) and ensured at least half of the newly opened bank branches are located in rural areas. A recent report produced by the World Bank shows that the banking facilities for the poor in Bangladesh are far better than those in India and Pakistan.¹⁶

Sector-wise growth and employment creation: Creating economic opportunities

Generating productive employment is one of the key channels for creating economic opportunities for the people. Productive employment enhances the income-earning capabilities of the people, which ultimately leads to a reduction in poverty. Bangladesh's economy has experienced an average GDP growth rate of 5.4 per cent since the dawn of the new millennium, but poverty

reduction has been modest and unevenly distributed in favour of urban areas. The challenge for economic governance of the country is to harness the high growth and spread it evenly among all the sectors of the economy for economic empowerment of the poor and underserved.

Although Bangladesh's economy remained primarily agrarian for the first two decades after independence, with agriculture contributing to 44.9 per cent of GDP in FY 1979, structural transformations in the economy eventually paved the way for an increase in the share of the industrial and services sectors (table 5.5).

While the share of agriculture in GDP has declined considerably over the years, agriculture is still the major employer in the economy, accounting for about 44.6 per cent of employment in FY 2009.¹⁷ The services sector is the next largest contributor (43.4 per cent in FY 2009) to total employment, with the sub-sectors of trade, hotels and restaurants having the largest shares. The manufacturing sector contributes only about 12 per cent (FY 2009) to total employment in the country, with RMG being the major contributor.

Economic governance institutions in the country should pursue active policies in the agriculture, industry and services sectors in order to enhance employment opportunities for people and make the growth process pro-poor. Low income responsiveness to basic food items, land constraints and difficulties in penetrating the world agricultural export markets limit the ability of agriculture to grow at the same pace as manufacturing or services. Therefore, much of the high productivity and high income jobs will need to come from a labour-intensive manufacturing sector based on domestic and export markets and from organized services. However, the government also needs to pursue policies for diversification and commercialization of agriculture to enhance the income-earning opportunities of workers in the rural economy, which is critical for sustained poverty reduction.

Table 5.5 Sectoral shares in GDP, FYs 1979-2009

	(%)		
	Agriculture	Industry	Services
1979	44.9	18.2	36.9
1989	37.1	17.1	45.8
1999	25.3	25.7	49.0
2009	20.6	29.7	49.7

Source: GOB, *Statistical Yearbook of Bangladesh* (various Issues).

Growth, institutions and governance: Agricultural sector

The agriculture sector contributes about one-fifth to the country's GDP, sustains the livelihoods of about half of the labour force, remains a major supplier of raw materials for agro-based industries and of paramount importance regarding the country's food security. Hence, improvement in agricultural performance and acceleration in its growth are critical in reducing rural poverty.¹⁸ Moreover, steady performance of the agricultural sector is the key to sustain Bangladesh's rapid urbanization as 'surplus labour' from rural areas can only be released through productivity growth in agriculture.

The agriculture sector encompasses crops, fisheries, livestock, and forestry sub-sectors. Almost all the sub-sectors registered steady growth in the past two decades (see table 5.6). Rice production has tripled from 11 million tonnes (milled rice) to about 32 million tonnes. Over three-fourths of the rice area is now cropped with improved varieties developed, in association with international research centers, by Bangladesh Rice Research Institute (BRRI) and Bangladesh Institute of Nuclear Agriculture (BINA).¹⁹

The agriculture sector is being considered a fairly successful case of market-based reforms that were initiated in the 1980s and 1990s, focusing on the withdrawal of food and agricultural subsidies. In the 1970s, nearly one-third of the entire development budget was allocated to agricultural input subsidies. The reforms have gradually shifted the role of a centrally planned input management system to an

Table 5.6 Growth performances of agriculture sub-sectors, FYs 1980-2011

	1980-1990	1991-2000	2000-05	2005-09	2010	2011(P*)
Growth (% change)						
Agriculture(A+B)	2.5	2.8	3.3	4.2	5.2	5.0
A. Agriculture and forestry	2.6	1.5	3.6	4.2	5.6	4.8
i) Crops and horticulture	2.7	1.1	3.2	4.0	6.1	5.0
ii) Animal farming	2.1	2.5	4.5	4.4	3.4	3.5
iii) Forest and related services	2.7	3.5	4.7	5.4	5.2	5.4
B. Fishing	2.3	8.1	2.6	4.1	4.1	5.4
Share (% of GDP)						
Agriculture(A+B)	31.2	26.7	23.9	21.4	20.3	20.0
A. Agriculture and forestry	26.5	21.4	18.5	16.6	15.8	15.5
i) Crops and horticulture	20.2	16.1	13.7	12.0	11.4	11.2
ii) Animal farming	4.0	3.4	3.0	2.9	2.7	2.6
iii) Forest and related services	2.2	2.0	1.9	1.8	1.7	1.7
B. Fishing	4.8	5.3	5.4	4.8	4.5	4.4

Note: *: P means provisional values.

Source: GOB 2011e.

open market system, with a reduced role for the government.

Despite market-based reforms there has been, in many instances, market failure in the sector that led to various public agricultural institutions, including the Ministry of Agriculture and Ministry of Food, to offer affordable and timely delivery of agricultural inputs (irrigation, fertilizer etc.) and price support for rice, a major agricultural output of the country. Public institutions like the Bangladesh Agricultural Research Council (BARC) and the Bangladesh Agricultural Research Institute (BARI) play a significant role, conducting high quality research on various aspects of agriculture. Donor involvement in the sector declined markedly with rapid privatization in the sector. However, given the sector's importance with regard to poverty, particularly in the rural areas, donors have had an indirect involvement with the sector through the Poverty Reduction Strategy Paper (PRSP). The PRSP recognizes that to achieve the GDP growth rate of 7.0 per cent per year, agriculture must grow by at least 4.0 to 4.5 per cent per year.²⁰

Another significant development

in the agriculture sector is the evolution of the supply chain and marketing in recent decades. To tap the fortune at the 'bottom of the pyramid', corporations and cooperative societies invested in agricultural inputs, processing and marketing, given the development of both local and global supply chains for agricultural commodities. Entities like BRAC among others, are some of the successful cases that are heavily involved from sowing to marketing stages of the various agricultural commodities, prompting diversification and commercialization of agriculture.

Following the market-based reforms, agriculture production has increased significantly. Also, marketization and modernization of agriculture has helped increase rural farm wages. However, Bangladesh has yet to achieve self-sufficiency in food grain production. Though there is a goal to achieve it by 2012, it is still a net importer of rice, wheat, pulses, edible oils, spices, fruits, sugar and milk products. The import cost on account of food now accounts for over one-fifth of the export earnings of the country.²¹ While food intake has increased over the years, the nation still has a significant deficit in

nutrition.²² A substantial gap remains between the consumption level of quality food items such as pulses, oils, fish and livestock products and the level of intake has remained substantially below the level recommended by nutritionists for achieving balanced nutrition.²³

High food inflation owing to both soft and hard commodity price hikes in international markets has emerged as a major challenge in Bangladesh since mid-2000s. There are some fundamental issues such as decreasing agricultural land (by one per cent per year), deteriorating soil fertility and detrimental effects of climate change, among others, posing medium- to long-term food security challenges for Bangladesh.

Against this backdrop, the *National Agriculture policy 2010* was devised by the Ministry of Agriculture to undertake and guide development activities in the crops sub-sector. To produce more food for an increasing population, and raw materials for agro-industries, there is a need for increasing agricultural growth through higher productivity, including increased yield, agricultural intensification and diversification, and value addition. The 6th Five Year Plan (2011-15) also identified some specific challenges, particularly to raise productivity, in the agricultural sector.

As far as institutional development in the agriculture sector is concerned, while the Ministry of Agriculture is the key entity that oversees the sector, there are a number of institutes namely BARC, BARI, BINA and BRRI that offer institutional support to continue the growth momentum and raise productivity in the sector.

Manufacturing and trade: Steering the country's growth path

Bangladesh's industrial sector constitutes manufacturing, construction, mining and utilities, with manufacturing being the dominant industrial activity. In the 1970s

and 1980s, manufacturing sector performance was constrained by the dominance of poor performing nationalized enterprises, inward looking trade policies and inadequate private investment due to poor incentives. The policy regime for manufacturing improved significantly in the 1990s, based on investment deregulation, trade liberalization, better exchange rate management and improved financial sector performance. The emergence of the private sector driven, export-oriented RMG sector as a dominant economic activity considerably altered the structure of the manufacturing sector. Along with a growing share of GDP, the manufacturing sector quickly dominated the export market and contributed to an expanding share of exports.²⁴ Together with remittances, the RMG sector has emerged as an economic powerhouse in Bangladesh (see box 5.3).

As can be seen from table 5.7, Bangladesh's economy is characterized by export concentration in the RMG sector. This makes the economy vulnerable and a sudden decline in demand for Bangladeshi garments can send shock waves throughout the economy. Thus, a major challenge for economic governance and trade policy of the country is to create a well-diversified portfolio of exports. There are several emerging export areas which demonstrate high potential such as agro-based products, light engineering goods, footwear and leather, pharmaceutical, software and information and communications technology (ICT), ship building industries etc.

Another challenge in the manufacturing sector is its contribution to employment creation. Although this sector is the dominant contributor to export earnings, its ability to create jobs in the economy has been much weaker. The share of manufacturing in total employment remained virtually stagnant at around 8 per cent well until the 1990s. This share began to rise slowly once the job creation effects of the RMG sector began. As a result, the employment share has now grown to 12 per cent. Nevertheless, this is still short of

High food inflation owing to both soft and hard commodity price hikes in international markets has emerged as a major challenge in Bangladesh since mid-2000s

Box 5.3 Readymade garments (RMG) sector in Bangladesh: A success story

The RMG sector in Bangladesh is one of the largest employers after agriculture. The RMG industry has transformed Bangladesh's economy from a jute exporting to an RMG exporting economy. From about 0.1 per cent of Bangladesh's total exports in FY 1981, the RMG industry accounts for about 77.1 per cent of the country's total export earnings in FY 2010, making Bangladesh one of the 10 largest apparel exporters in the world.

The success of Bangladesh's RMG exports is in a part attributable to availability of cheap labour, preferential treatment received from the European Union (EU) under the Generalized System of Preferences (GSP) scheme and substantial quotas available in the US (as against quota restrictions imposed on its principal competitors, e.g., China, In-

dia, Pakistan, Sri Lanka, and Thailand). Bangladesh had the largest annual growth rate of almost 17 per cent in garment export during the 1990s. This may be largely due to the lowest wage rate among all the countries in the region, in addition to other factors such as technological upgradation and trade-union free export processing zones (EPZs). Although Bangladesh has no natural resource endowments like cotton, abundant cheap labour ensured competitive prices and thus acted as a primary incentive to accelerate the rapid growth of the RMG sector. Even after the phasing out of the Multifiber Arrangement (MFA) in 2004, the RMG sector has continued to grow and create economic opportunities for the people of Bangladesh.

The RMG sector in Bangladesh

has made a significant contribution not only to economic growth and export earnings in the country, but also to poverty reduction. The majority of its workers come from poorer households and poorer districts of Bangladesh, have low levels of education, and their families are often landless and in food deficit for some parts of the year. Around 90 per cent of the garment workers are female, mostly coming from the underprivileged social classes. Moreover, studies indicate that the wages that women are able to earn in the garment industry are higher than in the available alternative forms of employment. The fact that many workers remit part of their income to the countryside suggests that it is indeed being used to support their families.

Sources: Kabeer and Mahmud 2004, Khosla 2009, Hossain 2012 and Sultana *et al.* 2011.

Table 5.7 Structure of Bangladesh's manufacturing sector, FYs 1981-2010

	1981	1991	2001	2010
Size of the manufacturing sector				
Total (% of GDP) of which	11.8	12.9	15.6	18.5
- large and medium scale	8.0	9.15	11.13	13.1
- small scale	3.18	3.7	4.46	5.3
Growth rate (% , annual average)				
Total	2.0	5.0	6.9	7.6
- large and medium scale	2.9	4.9	7.0	7.3
- small scale	1.0	5.1	5.8	7.9
Employment				
share of total employment	8.7	10.1	9.9	12.0
Exports				
% of GDP	4.1	6.8	10.6	17.2
manufacturing share (% of total exports)	65.5	78.9	92.1	90.9
Readymade garments sector (% of total exports)	0.1	38.9	56.1	77.1

Source: GOB 2011e.

the role that the manufacturing sector can potentially play in creating livelihood opportunities for the people of Bangladesh.

In addition to economic liberalization and deregulation, some other factors have led to the rise of the manufacturing sector in Bangladesh. Demographic changes (higher working age population,

investable surplus, better performance of agriculture and steady urbanization) partly explain better performance of the manufacturing sector. There has been a structural shift from a predominantly agrarian economy to a more organized manufacturing sector.

Bangladesh, despite being a late

comer in industrialization, fares better than other Asian countries as well as the developing economy average in terms of industrial performance (table 5.8). Manufacturing value added in the past decade registered seven to nine per cent annual growth. Nevertheless, manufacturing value added per capita is still much lower than the developing country average. As the 6th Five Year Plan observed that “in comparison with Bangladesh’s increase in GDP share of manufacturing from 12.0 per cent in 1990 to 17.8 per cent in 2010, Vietnam increased its share of manufacturing from 12.3 per cent in 1990 to 21.0 per cent in 2008; Malaysia from 24.0 per cent to 28.0 per cent over the same period.”²⁵

To augment the share of industry in GDP to 40 per cent and employment to 25 per cent by 2021, the *Industrial Policy 2010* aims at raising the growth rate of the GDP to 8 per cent by 2013, and further to 10 per cent between 2017 and 2021. It provides a policy and institutional framework that creates and sustains a momentum of accelerated industrial growth, employment generation and improvement in living standards. It recognizes the dominant role of the private sector in industrial development, lays emphasis on both export-oriented and import-substituting industries and raising their competitiveness in both domestic and international

markets, and proposes to give special incentives and support measures to assist women entrepreneurs and for promoting agro-based and food-processing industries.

Bangladesh’s market-based industrial, foreign direct investment (FDI) and trade reform measures in the 1980s and 1990s, and the subsequent growth momentum in the external sector are facilitated by a number of institutions. However, its investment and regulatory environment has not improved in line with its external sector reforms. To protect the interest of foreign and local investors it signed the Paris Convention on Intellectual Property in 1991 and the Foreign Private Investment Act of 1980 guarantees protection against expropriation.

It has instituted a number of local institutions to support and promote its external sector growth. The Ministry of Industries and the Ministry of Commerce are designed to promote industrial growth and trade promotion.

The *Industrial Policy 2010* seeks to develop the programmes of different training institutes under different ministries engaged in more dynamic and effective human resource development.

There are a plethora of institutions that are responsible to promote trade, investment and industrialization of the country such as the Board of Investment,

Table 5.8 International comparison of industrial performance

	Year/Period	Bangladesh	Asia	Developing countries
Manufacturing value added, average annual real growth rate (%)	2000-05	6.73	6.23	6.7
	2005-09	8.73	5.13	7.35
Non-manufacturing GDP, average annual real growth rate (%)	2000-05	5.16	5.18	4.96
	2005-09	5.75	5.15	6.07
Manufacturing value added per capita, at constant (2000) US\$ prices	2000	49.63	173.95	252.32
	2005	62.84	213.03	320.14
	2009	82.32	245.57	399.21
Manufacturing value added (% of GDP), at constant (2000) US\$ prices	2000	14.69	17.25	19.8
	2005	15.7	17.77	20.95
	2009	17.28	17.85	21.65

Source: UNIDO 2012.

Export Promotion Bureau, Bangladesh Tariff Commission and National Productivity Organization, among others.

Role of the Planning Commission

The Bangladesh Planning Commission, established in 1972, is responsible for the formulation of five year plans and perspective plans, among others. The Planning Commission was an integral part of Bangladesh's previous economic philosophy (socialism was one of the four pillars of state principles), its role has not declined over the decades even as the country sharply shifted towards a market-based economy. The role of the Planning Commission is focused on three broad sets of functions: 1) to prepare the short-, mid- and long-term plans in the form of Annual Development Programme, Five Year Plan and Perspective Plans; 2) to make recommendations as well as being involved in the process of deliberation on a range of policies and institutional changes which are necessary for the implementation and realization of the Plan objectives; and 3) to coordinate the economic policies, both short- and long-term, to be undertaken by various ministries.²⁶

The Commission formulates the country's medium-term (5 years) macro plan within the framework of a long-term (15-20 years) perspective. It is also responsible for designing the Three Year Rolling Investment Programme (TYRIP) in consistence with the Five Year Plan. The Planning Commission was also actively involved in the formulation of the PRSP. Another routine but critical task of the Commission is to prepare the Annual Development Programme within the framework of the TYRIP and Five Year Plan. It also designs project proposals for the Executive Committee of National Economic Council (ECNEC) and the Minister for Planning. Another key task of the Planning Commission is to evaluate various plans and their impact on economic development.

Given the nexus between low growth and high poverty, economic planning in Bangladesh emphasizes on higher economic growth irrespective of sectors. However, as the concentration of poor are relatively higher in the rural areas, poverty alleviation and social sector development have been centre stage in development planning in Bangladesh. Agriculture, water resources and rural development have received much priority in sectoral resource allocation—ranging 26 per cent to 35 per cent—in all the five year and other plans formulated by the Planning Commission. While planning is the first and a critical step to design various programmes targeting poverty alleviation and equitable distribution of income, no planning is worthwhile unless it is effectively implemented.

Spending in the social sector has been sustained, and financing for rural development, notably in rural infrastructure has increased and support for targeted poverty reduction programmes, including social safety nets for the poor has continued.²⁷ While it requires an in-depth study to establish a causal link between the government's social sector spending and better performance of Bangladesh's social sector indicators, the social sector and rural development remain the government's strategic priorities in resource allocation.²⁸ For instance, the shares of public expenditure on both health and education in total budget expenditure have increased steadily from the early 1980s to the late 1990s. Some development experts have given credit to the government for raising the share of the social sectors in the total budget, as also for implementing a pro-poor stance in the allocations of public social spending.

Delivery of education

The report card on Bangladesh's education sector presents a mixed picture. Drastic increase in enrolment rates, high participation of girls, and model incentive programmes seen as global best practices, reflect the positive and enabling profiles that

The Planning Commission's role has not declined over the decades even as the country sharply shifted towards a market-based economy

underscore major strides made during the last quarter of a century. However, poor retention rates, widening inequities and a weak resource base highlight systemic and institutional gaps, and put a spotlight on disconcerting issues that threaten to derail a promising future. Bangladesh is currently ranked 112 out of 127 countries in the 2011 Education for All Development Index.²⁹

Globally, there has been a significant paradigm shift in universalizing education, with the focus moving away from a welfare and service delivery approach to an understanding that education is a human right. Recent conventions and frameworks such as Education for All (1990), the Dakar Framework for Action (2000) and the MDGs (2000), all reflect and acknowledge this transition to a rights-based approach. Bangladesh is a signatory to these global initiatives and some of the recent pronouncements and policy statements from the government reinforce its commitment to view education as a human right.³⁰ Yet, this policy 'shift' has been criticized as being purely rhetorical, with little to no actual implications on the ground.

For many analysts, governance, or the lack of it, is an important theme informing and influencing all discourses related to the education sector in Bangladesh.³¹ Primary and secondary education provision in Bangladesh is largely financed by the government and delivered through a combination of government and regulated private schools. Therefore, sector governance and government education policy in particular, are likely to have important consequences for educational access and quality.

We now look at some of the critical factors that impinge on the overall governance framework in the education sector in Bangladesh, focusing on, but not limited to issues such as resource constraints, access, quality and curriculum, and issues in decentralizing management for improved accountability and transparency of the system.

Financing of education

The government continues to be the main provider and financier of primary education. About 47 per cent of schools are government primary schools. Registered non-government primary schools, which are privately operated but heavily subsidized, represent about one-fourth of existing schools. The remaining schools are NGO, religious and other non-government schools. In addition to direct financing, the government has introduced demand-side interventions. These include stipend and fee waiver programmes, incentives for the private sector to provide education services, and the recently introduced community-based programmes with increased provision for out of school children.³²

Notwithstanding the government's efforts to improve access to education through incentive programmes, Bangladesh's education budget has been meagre over the years with respect to its requirement particularly in improving quality of education (table 5.9). A comparative picture for South Asia based on latest available figures reveals that Bangladesh has some catching up to do to emerge as a frontrunner.

One reason for the meager allocation for education is that budget allocations, both recurrent and development, have been largely based on an incremental budgeting process that uses past alloca-

Bangladesh's education budget has been meagre over the years with respect to its requirement particularly in improving quality of education

Table 5.9 Key education financial indicators in South Asia, 2010

	Public expenditure on education	
	% of GDP	% of total government expenditure
India	3.1*	10.7***
Pakistan	2.4	9.9
Bangladesh	2.2**	14.1**
Nepal	4.7	20.2
Sri Lanka	2.1**	8.1**
Bhutan	4.0	9.4
Maldives	8.7**	16.0**

Notes: *: Data refer to 2006. **: Data refer to 2009. ***: Data refer to 2003.

Source: MHHDC 2012, *Profile of Governance in South Asia*.

Out of the recurrent budget for education, more than 97 per cent is spent on staff compensation

tions as its starting point. The planning and budgeting process in the country is further complicated by the existence of two ministries of education. Secondary schools and *Madrassahs* with primary sections are funded and regulated by the Ministry of Education whereas the remainder of the primary system is funded through the Ministry of Primary and Mass Education. This leads not only to a lack of coordination in terms of budget prioritization but also in levels of funding for primary schools that are financed and regulated by both ministries. For example, per student government funding in registered non-government schools controlled by the Ministry of Education is more than twice as high as those funded by the Ministry of Primary and Mass Education.³³

Another important issue with regard to financing of education is the allocation for various functions within the education sector. For instance, out of the recurrent budget for education, more than 97 per cent is spent on staff compensation.³⁴ Similarly, the development budget for education is dominated by a high share of incentive payments in the form of stipends both at primary and secondary levels. Expenditures for stipends in both primary schools and for girls in secondary schools and free tuition for girls add up to one-third of total development expenditure in the education sector. There are concerns as to whether such a large share of stipends in the meager development budget of the education sector means that other essential inputs will be starved out. Also, there is little evidence on the efficacy of stipend programmes compared to direct investments in improving inputs to enhancing access and quality of education in the country.

Improving access and equity in education

Since 1990, Bangladesh has enacted laws and implemented innovative programmes that are seen as pioneering initiatives in the South Asian region. Some of the notable

steps to improve the supply of education in the country include: the *Compulsory Primary Education Act 1993* which made the five-year primary education programme free in all government schools and declared education for girls in rural areas free up to grade 8; the establishment of the Ministry for Primary and Mass Education in 1992 which set the objective of ensuring universal access to primary education as well as the elimination of gender and poverty-gaps; and more recently, the Primary Education Development Programme (PEDP II) which aims to increase access, quality and efficiency across the board in the primary education sector. Moreover, the government has also initiated demand-side interventions such as the Female Stipend Programme and the Food for Education Programme.

These are steps in the right direction. But the country still has a long way to go before the education related MDGs and EFA targets can be realized. Inequities in access to education stand out, especially along economic lines. As a recent paper notes, primary net enrolment rates were 14 percentage points lower for the poor compared to the non-poor in Bangladesh.³⁵ Inequality in enrolment widens as children move up the education system with children in non-poor households twice as likely to be enrolled in secondary schools as their poor counterparts. In case of government's recurrent primary education spending, about 50 per cent of the primary school age population is classified as poor, but they only receive 47 per cent of public primary recurrent expenditure. The gap between the proportion of public spending going to the poor and the poor's share in the population grows as students progress from primary to tertiary education. It is estimated that at higher secondary only 11 per cent of public spending goes to the poor despite the poor representing 31 per cent of the higher secondary school age population.³⁶

Education sector governance in Bangladesh has not been able to ensure equity in its Primary Education Stipend

Programme, which suffers from noticeable errors of inclusion and exclusion. At one level, the programme excludes children attending schools not recognized by the government (e.g., NGO schools and some *Madrassahs*) and those living in urban areas. At another level, over 45 per cent of participants live in non-poor households and outside of the target group. This results in 46 per cent of stipend resources being captured by the non-poor. One interesting reason for the bias in selection comes from the fact that although the programme was meant to address the economically disadvantaged, it was effectively used to reward the academically deserving. Selecting talented students favours the more affluent and leads to the capture of substantial government resources.³⁷ As far as the gender gap is concerned, the government's policies have been successful in ensuring access to primary education for both boys and girls. However, the government has been less successful in retaining girls in the education system for longer, with the number of girl students declining significantly through secondary school.³⁸

There are no allocation rules or formulae that include specific allocations in the recurrent budget for poor students or backward regions, which exacerbates the inequality issue. It is also difficult to disaggregate the budget in a way that would allow a meaningful assessment of its targeting effectiveness. For example, allocations to different *upazilas* (sub-districts), which could be correlated with other *upazila* level information to assess the equity of public spending, are not published despite being relatively easy to generate from government accounting systems. The lack of clear rules and mechanisms to track funds therefore makes it impossible to hold the government to account for policy aimed at addressing inequality.

Ensuring quality

The quality of the teaching-learning process, the school environment and children's learning achievements are also major chal-

lenges for governance of education in Bangladesh. Some key factors behind the quality issue are poor qualifications and lack of teacher motivation. Only 58 per cent of primary school teachers in Bangladesh are trained (table 5.10). The traditional and dominant way of teaching in most schools tends to focus on memorizing facts. There is little emphasis on developing analytical, practical or vocational skills. This results in several issues such as low achievement rate, high drop-out and high repetition rate. Currently, it takes an average of 8.6 years (8.7 for boys and 8.5 for girls) for a child to complete the five-year primary school cycle.

The public education system in Bangladesh also suffers from a high pupil-teacher ratio. A comparison of pupil-teacher ratios with other countries in the South Asian region indicates that Bangladesh is a clear laggard, with the highest pupil teacher ratio in the region (table 5.11). In 2008, it was estimated that 88 per cent of schools

The government's policies have been successful in ensuring access to primary education for both boys and girls

Table 5.10 Percentage of trained primary school teachers in South Asia, 2011

Pakistan	84*
Bangladesh	58**
Nepal	81
Bhutan	92***
Maldives	77

Notes: *: Data refer to 2010. **: Data refer to 2009. ***: Data refer to 2008.

Source: World Bank 2012b.

Table 5.11 Pupil-teacher ratio among South Asian countries, 2010

	Pupil teacher ratio (primary level)
India	40*
Pakistan	41
Bangladesh	43
Nepal	30**
Sri Lanka	24
Bhutan	25**
Maldives	12

Notes: *: Data refer to 2004. **: Data refer to 2011.

Source: MHHDC 2012, *Human Development Indicators for South Asia*.

The main hindrance in monitoring quality of education and holding schools accountable is the lack of systematic assessment systems in the country

were meeting the minimum requirement of 46 students per teacher. However, it is important to note that the number of students per grade can vary significantly. For example, in 2007, the pupil-teacher ratio was 80:1 to 100:1 in 69 *upazilas* and more than 100:1 in 23 *upazilas*. This is an improvement from 2005 when 124 *upazilas* reported classrooms with more than 100 students. Shortage of teachers and school facilities explains that the pupil-teacher ratio is still not adequate.³⁹

Furthermore, students get only relatively limited contact hours with their teachers at primary schools as most of these schools run a double shift and have limited classrooms. Students in grades 1-2 attend in the morning and grades 3-5 attend in the afternoon. It is estimated that primary school students in Bangladesh get only 500 hours annually to interact with teachers in grades 1-2 whereas the international standard is 900 contact hours per year for grades 1-5.⁴⁰ These contact hours are grossly inadequate for the students to learn core subjects and force them to depend on private tuitions as a coping mechanism, which incidentally are way beyond the means of most poor families.

Education quality issues are further compromised by the existence of multiple curricula, which hamper the development of clear evaluation standards for assessing the quality of education. Moreover, Bangladesh has 11 types of primary level educational institutions ranging from government primary schools, registered non-government primary schools, non-registered non-government primary schools, experimental schools attached to Primary Teacher Institutes, *Ebredayee Madrassahs*, Kindergarten Schools, NGO schools, community schools, primary sections of high school *Madrassahs* and primary sections of high schools.

The main hindrance in monitoring quality of education and holding schools accountable is the lack of systematic assessment systems in the country. Like many developing countries, Bangladesh

does not systematically collect learning achievement tests that are nationally representative of primary school students. Some independent studies have attempted to evaluate learning achievement of students in primary schools, however, they are not nationally representative. In the Directorate of Primary Education there is an education management information system, but it does not have up-to-date data and its publications are not regular, thus limiting its effectiveness in providing inputs for any policy on quality improvement.

Transparency and accountability: Towards a decentralized system

Since 1971 the government has been implementing policies to decentralize the management and administration of primary education. In this regard, the *Primary Education Act of 1981* established *upazila* education officers and School Management Committees (SMCs) at the local level.⁴¹ In theory, SMCs are expected to incorporate participation from people at the local level to ensure effective management and functioning of the school and serve as the main vehicle for ensuring accountability of the school to parents and the community. Each committee consists of the head teacher of the school, one male and one female patron of education, one donor of land to the school (if any), a teacher of a nearby high school (selected by the *upazila* education officers), a teacher representative from the school, and five parents. However, education decentralization through the formation of SMCs has been ineffective in ensuring a transparent and accountable education system in the country.

In practice, efficacy of the well-meaning SMCs has been compromised by political influence in its membership decisions and functioning, resulting in the key responsibility of school management and improvement being frequently placed in the hands of the uneducated or well-connected. SMCs have little role to play in education because the elaborate adminis-

trative network of the education bureaucracy has firm control over all government primary schools. SMCs lack any say in the performance of teachers and have limited communication with *upazila* education officers. Because of these shortcomings, 85 per cent of all SMCs are reported to be inactive.⁴²

The government has taken some recent initiatives that seem promising in improving accountability of schools. In this regard, the introduction of the ‘Citizen’s Charter’ is a positive step to inform citizens about the performance of schools. Moreover, according to the Article 6 of the *Right to Information Act 2009*, the schools and education management offices are legally bound to disclose all information regarding objectives, plans, achievements, duties and responsibilities of teachers and officers, decision-making processes, income and expenditures of schools, etc., on their own. The results of the Citizen’s Charter and right to information could be monitored and posted publicly in the form of Citizen’s Report Cards. However, the efficacy of these reform measures still needs to be assessed.

Despite the rhetoric about decentralization in education, the centralized nature of management of both government and government-assisted institutions has not changed much over the years. In recent years, increased politicization of education management has led to greater centralization, with many small decisions that should ideally be disposed off at the *upazila* level, are referred to the highest level in the central ministry. It is clear that in order to improve quality, transparency and accountability, the decentralized governance units need to be strengthened with not only more authority but also greater fiscal independence. The success of the decentralization process will also depend greatly on ensuring that systematic transfer of funds takes place and personnel at the local levels receive relevant training on financial management.⁴³

Delivery of health

Bangladesh has made significant strides in the health sector since the 1970s. Life expectancy has increased by over 50 per cent, from about 45 years in the early 1970s to 69 years currently. The infant mortality rate has gone down to 52 in 2007. Maternal mortality ratio has also declined to 315 in 2001. However, formidable challenges remain. Only one-fifth of deliveries are assisted by skilled birth attendants, there are only three nurses/midwives for 10,000 people, and almost half the country’s children aged between 6 months and 5 years are chronically malnourished (table 5.12). There is also a significant rural-urban divide in healthcare service provision. For instance, the majority of the health workforce, when all health providers are taken into account, is located in rural areas. The majority of qualified providers, however, are located in urban areas. This means that the majority of the rural population is relying on the informal sector for healthcare services. In Bangladesh, as in other South Asian countries, the main source of financing healthcare is out of pocket payment at the point of service, which currently exceeds 60 per cent of total health expenditure. This frequently leads to catastrophic health expenditures and, according to a report, accounts for 22 per cent of all shocks in the lives of poor households in Bangladesh.⁴⁴ Thus, improving poor people’s abil-

Table 5.12 Progress in key health status indicators in Bangladesh, 1993-2007

	1993	1996	1999	2003	2007
Infant mortality rate (per 1,000 live births)	87	82	66	65	52
Under-five mortality rate (per 1,000 live births)	133	116	94	88	65
Maternal mortality ratio (per 100,000 live births)*	452	444	320	315	...
Prevalence of underweight children under-five	...	56.3	47.7	47.5	46.0

Note: *: last year for which maternal mortality rate data is available is 2001

Source: World Bank 2010b.

ity to access 'good health at low-cost' has a potential poverty-alleviating effect.

These contrasting profiles of hope and despair need to be located and interrogated within the context of governance of the health system in Bangladesh. In this section, governance of the health system in Bangladesh is assessed in terms of its ability to provide a coherent vision for the health goals of the country in the shape of a consistent national health policy; the extent to which the size, profile and pattern of health financing is able to improve access and quality of health service delivery for the masses; and the factors that undermine the role of key regulatory bodies in the country for ensuring transparency, accountability and efficiency in the public service delivery of health.

Management of the health system

In Bangladesh health services are delivered by multiple providers, including public, private, non-governmental organizations (NGOs) and traditional healers. Although the public sector has countrywide health infrastructure in place for service delivery, in practice the private sector provides majority of healthcare services for the masses. The structure of the public healthcare system is hierarchically arranged in line with the country's administrative set-up ranging from the central level to the local level. The

Ministry of Health and Family Welfare is the highest authority, headed by a Cabinet Minister, and bears the responsibility of formulating and implementing health policies and coordinating all activities related to health and family planning (see box 5.4).

An appraisal of the policies and reforms during the last 40 years reveals that political quick-wins focusing on visible indicators prevailed over substantive systemic reforms that were needed (table 5.13). Policy discontinuity, yet another legacy of confrontational politics, also played a role in side-stepping significant reform opportunities related to financing the sector and providing safety nets to vulnerable population as a protection from catastrophic expenditures.⁴⁵

Despite efforts at decentralization after the Health and Population Sector Programme in 1998, the management and administration of the health system in Bangladesh have retained their centralized character. A decentralized administrative structure exists but in practice it is an example of deconcentration of government functions rather than devolution. In theory, the Ministry of Health and Family Welfare is involved in overall policy-making, allocation of resources, regulation and monitoring and evaluation, whereas the service delivery functions are entrusted to the local level facilities. In practice, howev-

Box 5.4 Lack of a consistent health policy direction in Bangladesh

Since independence the health sector had been suffering from a debilitating deficit of policy direction. The sector had virtually been running on the preferences of international donor agencies, which were manifested in the long-term Five Year Plans. The country's unstable political environment also made the national policy makers unable to adopt a cohesive, pragmatic and an acceptable national health policy of its own. With the restoration of parliamentary democracy in 1991 the pathway of adopting a national health

policy became smoother. In 1997, the country approved its first health sector strategy known as the Health and Population Sector Strategy and in 1998 a sectoral programme in line with the Health and Population Sector Strategy called the Health and Population Sector Programme was undertaken. In 2000, about three decades after independence, Bangladesh had its National Health Policy for the first time. The sad part is, instead of formally adopting it for implementation, subsequent governments attempted

to either abandon or redraft the existing policy causing enormous disruptions to the health sector programmes. Since 2000, two more attempts were undertaken with regard to National Health Policy formulation, first in 2006 and the next in 2008. Finally, in 2011 the current Parliament approved the *National Health Policy 2011*. These frequent policy revisions affect sectoral commitments towards future visions and goals, cause discontinuity and obstruct implementation, which is a hazard to stewardship.

Table 5.13 A summary of health policies and initiatives in Bangladesh

Phase	Policy Intentions	Outcomes
1971-77	<ul style="list-style-type: none"> • Bifurcation of health and family planning 	<ul style="list-style-type: none"> • More access to family planning services
1977-78	<ul style="list-style-type: none"> • Effective drugs to be made more accessible, in principle, reaching urban poor with payment 	<ul style="list-style-type: none"> • National Essential Drug Policy promulgated • Introduction of user fee • Urban primary healthcare brought under Ministry of Local Government and Rural Development
1988-98	<ul style="list-style-type: none"> • Vertical approach to health service delivery • Elimination of user fees • Introduction of community health insurance scheme • Health and Population Program Project (HAPP-4), HAPP-5 and Health and Population Sector Strategy (HPSS) 	<ul style="list-style-type: none"> • Success in malaria control, population control, TB and leprosy control • Success in reducing overall mortality and morbidity and total fertility rates
1998-2005	<ul style="list-style-type: none"> • Shift from door to door services to one stop community clinics • Health and Population Sector Program (HPSP) launched • Separation of health and family planning wings at upazila level and below 	<ul style="list-style-type: none"> • Greater coverage of vulnerable population in rural areas by focusing on decentralized administrative levels
2005-2010	<ul style="list-style-type: none"> • Nutrition included in new sector programme (Health, Nutrition and Population Sector Program) • Greater focus on non-governmental providers • Demand-side financing 	<ul style="list-style-type: none"> • Greater coverage of poorer areas • Greater choices for poor mothers • Reduced demand side barriers

Source: Bangladesh Health Watch 2012.

er, the local service providers have limited authority, with their functions and staffing decisions often being interfered by higher levels of governance. Moreover, the local service providers are still largely dependent on the central government for funds.

The government's efforts at improving access, utilization and quality of healthcare provision in the country have been operationalized through various initiatives, notably the Health and Population Sector Programme (1998-2003) and the Health, Nutrition and Population Sector Programme (2003-11). The effectiveness of these programmes has been marred by governance issues. For example, while the Health, Nutrition and Population Sector Programme was able to target the poorest sections of the population through its Essential Services Package, it lacked an effective monitoring and evaluation mechanism. Moreover, the programme covered rural areas only, thus neglecting urban pov-

erty and health problems in the country. Weak institutional mechanisms, lack of resources and accountability deficits contributed to lack of efficacy of such government initiatives at improving access to health in the country.

Financing of healthcare: Implications for efficiency and equity

Despite various policy innovations, reforms in the health sector were constrained by a number of factors of which resource constraint is the most critical one. In Bangladesh, health financing is a combination of public, private out of pocket/community and donor contributions. Households are the main source of financing for healthcare, comprising 64 per cent of total health expenditure in 2007 (table 5.14). The share of households in total health expenditure has increased over the years.

Correspondingly, the share of the

Table 5.14 Health expenditure by financing agent (% of total health expenditure), 1997-2007

	Public sector	Households
1997	36	57
1998	34	58
1999	32	59
2000	31	59
2001	31	59
2002	30	59
2003	28	61
2004	29	60
2005	26	64
2006	28	62
2007	26	64

Source: GOB 2010c.

public sector has declined during the preceding decade, from 36 per cent in 1997 to 26 per cent in 2007. In the case of public sector financing, the Ministry of Health and Family Welfare is the primary channel for funding by the Government of Bangladesh, accounting for about 97 per cent of total public financing in Bangladesh.

The current public and private sources of health finance combined are insufficient to achieve full coverage with even a package of basic services.⁴⁶ Currently, expenditure for health accounts for 3.5 per cent of GDP which is substantially lower than the neighbouring countries of India, Maldives and Nepal. The per capita

health expenditure per year in Bangladesh is US\$23.3 which is far less than the World Health Organization (WHO's) standard for developing countries (US\$35) and lower than all South Asian countries, except Pakistan. Similarly, public health expenditure as a percentage of GDP is also low at 1.1; only Pakistan reports a lower figure in the region. And, as discussed earlier, out of pocket health expenditure is very high for Bangladesh compared to other countries in the region (see table 5.15).

Public spending on health had been increasing in a consistent manner from 1973 to at least until 1997. Since 1997-98, actual health expenditures have declined from 7.8 per cent of total government expenditure to 6.7 per cent in 2006-07 (see table 5.16). Although during the last five years, average annual economic growth has exceeded five per cent, total government expenditure allocated to the Ministry of Health and Family Welfare has gone down. *Public Expenditure Review of the Health Sector 2006-07* admits that spending per capita slightly dropped in 2006-07 and the Government of Bangladesh's contribution to the Ministry of Health and Family Welfare's development spending per capita declined by one-third.⁴⁷ On the other hand, it further notes that the contribution of development partners in the development budget increased by 14 per cent and it exceeded the Government of Bangladesh's contribution.

Table 5.15 Key health expenditure statistics in South Asia

	Health expenditure per capita (current US\$)	Health expenditure, total (% of GDP)	Health expenditure, public (% of GDP)	Out of pocket health expenditure (% of total expenditure on health)
	2010	2010	2009	2010
India	54.2	4.1	1.4	61.2
Pakistan	21.8	2.2	0.9	50.5
Bangladesh	23.3	3.5	1.1	64.1
Nepal	29.8	5.5	2.1	48.3
Sri Lanka	70.0	2.9	1.8	44.9
Maldives	382.5	6.3	5.2	28.3

Source: World Bank 2012e.

Table 5.16 Ministry of Health and Family Welfare (MOHFW) budget and spending, 2003-08

	MOHFW budget (% of total government budget)	MOHFW spending (% of total government spending)
2003-04	6.9	6.3
2004-05	5.7	5.4
2005-06	6.9	6.8
2006-07	7.4	6.7
2007-08	6.7	...

Source: Begum et al. 2010.

Frequent underutilization and decline in health spending by the Ministry of Health and Family Welfare especially during 2003-04 to 2006-07 are due to several reasons: lack of expertise at the Ministry of Health and Family Welfare; deficiencies in the procurement system established by the World Bank for funding the Health and Population Sector Programme; and diversion of health sector allocation to other priority areas in response to floods in the country. The *Annual Programme Review 2009* of the Health, Nutrition and Population Sector Programme explains the reduction of public sector health spending as “Government of Bangladesh had to allocate additional resources to the Ministry of Food and Disaster Management budget in response to floods and high food prices.”⁴⁸

Closely linked to the issue of budget allocation is the profile and pattern of expenditure. There is always a big gap between recurrent and capital expenditures, with recurrent expenditure consuming 79 per cent of the total health budget. The share of spending on capital items increased from 17 per cent in 2006-07 to 21 per cent in 2008-09. This is perhaps due to the construction and renovation of community clinics.⁴⁹

The pattern of public health spending is also not equitable in access to health, especially for the poor and underserved. Overall per capita health expenditure has been highest for the richest districts and lowest for the poorest districts in contrast to government policy to allocate more resources to the poorer areas.⁵⁰ Moreover, despite many pro-poor budgetary strategies, richer people access facility-based services more than poor people thereby receiving a greater share of government subsidies channeled to these facilities. Table 5.17 provides utilization of government health facilities by different segments of the population.

Most of public spending on health in Bangladesh has focused on delivering essential services to the poor. During the Health and Population Sector Programme

period (1998-99 to 2002-03), the proportion of government health expenditure going to the Essential Services Package rose as targeted to over 65 per cent. In the existing policy framework for the Health, Nutrition and Population Sector Programme, the Ministry of Health and Family Welfare has maintained its earlier prioritization of Essential Services Package delivery, now known as Essential Services Delivery, which will continue to receive major sectoral resource allocations. Essential Services Delivery is composed of the following components: reproductive health, child health, limited curative care, urban health services, healthcare waste management, and support services and coordination. In recent years the share of Essential Services Delivery operational plan has declined from 19.7 per cent of actual spending in 2008 to 17 per cent in 2009 to invest in curative services and physical facilities.⁵¹ Demand-side financing (subsidies for seeking care) that provides for transport and maternity care is operational in 33 poorest *upazilas* but is still in an early stage of implementation.

Public spending on health targets about half of total expenditures to the *upazila* level and below where the services are mostly used by the poor. However, the extent to which the allocated amount reaches the poor is a matter of debate. Although services at the union level are free, services at the *upazila* level involve some costs with a provision of exemption for the poor. In most cases informal mechanisms

Overall per capita health expenditure has been highest for the richest districts and lowest for the poorest districts

Table 5.17 Utilization of curative services at government facilities by consumption quintiles

	Equivalised consumption quintile (%)
Poorest quintile	14
Second quintile	16
Third quintile	16
Fourth quintile	28
Richest quintile	26
Total	100

Source: Begum and Ensor 2007.

are followed by the facilities for determining the poverty level of the patient. *Bangladesh Health Facility Survey 2009* notes that only 8.77 per cent of the *Upazila* Health Complexes (UHCs) and 34.21 per cent of the district hospitals surveyed followed the written government guidelines for user fee exemption.⁵²

Governance issues in public service delivery of health

While a national health policy sets the overall direction for the health sector of the country, the stewardship function of the government adopts good regulations and the tools for implementation to ensure accountability and transparency. Therefore, the roles of regulatory and statutory bodies are mandatory to ensure good governance in the health sector.

As already mentioned, Bangladesh has had difficulty in crystallizing a coherent and consistent national health policy. Moreover, the regulatory regime in the health sector of Bangladesh is also a crowded terrain with six entities playing key roles. The Bangladesh Medical and Dental Council (BMDC), Bangladesh Nursing Council (BNC), State Medical Faculty, Bangladesh Pharmaceutical Council and Bangladesh Board of *Unani* and *Ayurvedic* Systems of Medicine have evolved to play the stewardship role in health sector governance in Bangladesh. In addition to this, a Parliamentary Standing Committee is also supposed to perform important supervisory functions of the government to ensure transparency and accountability in the health sector. However, these regulatory bodies are far from being efficient and have virtually no effect in controlling or curbing systemic problems that plague the health sector.

Lack of independence and accountability of regulatory bodies

Health sector regulatory bodies are con-

cerned with medical education and training, professional practices and administrative management to ensure state of complete physical, mental and social well-being of the common people. Analysis of the functioning of key regulatory bodies in the health sector points to issues of efficacy and independence, especially in the role of the BMDC. It has become general knowledge that the BMDC is virtually a non-functional body except for its registration function. It has failed to promote and protect patient's rights for which it was primarily created. During 2007 and 2008 the BMDC accepted 25 and 17 complaint letters respectively to initiate investigations against medical and dental practitioners. Although the BMDC does not have enough human resources to respond to all complaints and investigate properly it is still surprising that the BMDC could not finalize a single investigation report since 1994. In other words, it neither has capacity nor is it functioning effectively. According to the Act, the Council's tenure is for three years but for the last 18 years elections for the BMDC have not taken place. The BMDC cannot initiate independent investigations against doctors working in government/public hospitals. In those cases the BMDC can only issue show-cause notices to the directors of the hospitals concerned and the hospitals' decisions are binding on the BMDC. The BMDC is administered by professional doctors and in the case of investigations and regulations, these doctors have been playing a key role. Therefore, independent investigations and judgments are difficult to obtain due to professional bias in favour of their fellow doctors. Moreover, in terms of medical education and recognition of institutions, it seems that the role of the BMDC has already been taken over by the Ministry and Director's office of Medical Education of Directorate General of Health Services (DGHS).⁵³

The rest of the regulatory bodies in the country demonstrated similar fea-

Analysis of the functioning of key regulatory bodies in the health sector points to issues of efficacy and independence

tures in terms of poor functionality, capacity and accountability, democratic deficit and inadequate independence from the government. The BNC emerged as the regulatory body for nursing professionals in 1983 with the power, mandate and functions enshrined in the BNC Ordinance in 1983. Like the BMDC, the BNC has to seek approval from the Ministry for council formation. Further, the *BNC Ordinance 1983* empowered the Council to elect the President from the council members provided that the Secretary of the Ministry of Health and Population Control shall be the first President of the Council. Till now all the newly-formed councils have elected the secretary of the concerned Ministry as the president of the Council. As a result any potential or qualified professional has not been given the opportunity to play a leadership role in the Council. The State Medical Faculty is the authority for approving all medical courses in the country. But in reality the authority of the State Medical Faculty has been superseded by other government's organizations/autonomous bodies like the Ministry of Health and Family Welfare and the Bangladesh Technical Education Board.

Ultimately, their poor governance compromises the realization of the rights of people. While not much is happening to improve conditions of these regulatory bodies, the 9th Parliamentary Standing Committee has shown signs of promise. The previous Parliamentary Committees have had limited efficacy in improving accountability in governance of the health system in the country and largely failed to make the Ministry of Health and Family Welfare comply with its recommendations. In the 8th Parliament, 217 decisions were made by the Parliamentary Standing Committee on Health but only 55 decisions, less than 30 per cent, were implemented.⁵⁴ The tendency to bypass committee recommendations by the Ministry has created lack of institutional accountability and transparency and perpetuated

irregular practices and corruption in the health sector.

Resource constraints in improving efficiency

All regulatory bodies in Bangladesh suffer from an efficiency crisis. Though the BMDC is mandated to ensure standards of education and training as well as prevent malpractices of medical and dental practitioners, the process of registering complaints is cumbersome and not people friendly. The process of trial against alleged dental or medical practitioners is too lengthy in which the aggrieved person(s) is unwilling to cooperate and respond to the BMDC investigation process. The BMDC also does not adopt any revalidation process of the registration to review a doctor's performance and complaints of the patients over a certain period of time; generally the BMDC gives permanent registration to doctors. The BNC is also handicapped with the lack of efficiency to promote standard nursing in Bangladesh. The nurses-patient ratio in Bangladesh is 1:15 as against the international standard of 1:4. However, each year only 1,300 nurses come out of the 38 government nursing institutes and 10 private institutes. Rather than increasing the number of educational institutions, the BNC has increased entry requirements for obtaining a diploma in nursing. This has certainly restricted entry of potential female students from rural areas to obtain nursing diploma certificates. Similarly, the Parliamentary Standing Committee on Health has been less effective to ensure people's right to access to health.

One key reason for the low efficacy in operations of key agencies involved in health sector governance in Bangladesh is the lack of resources and shortage of staff. The BMDC is severely understaffed and has no resources to conduct independent enquiries to follow up on complaints. Similarly, the BNC has been encountering shortages of manpower to carry out its ac-

One key reason for the low efficacy in operations of key agencies involved in health sector governance in Bangladesh is the lack of resources and shortage of staff

tivities especially in the field of monitoring, inspection and investigation of misconduct by the nurses. The Disciplinary Committee of the BNC has very little power and limited budget to perform its regular activities. The State Medical Faculty also lacks manpower to monitor health technical education and prevent fake registration among educational institutions. The low efficiency of previous Parliamentary Standing Committees for ensuring accountability is also in part due to a lack of research staff and policy aides.

Governance for poverty alleviation

An improved poverty profile

Bangladesh has made important gains in the fight against poverty. While the country was considered a ‘basket-case’ only three decades ago, Bangladesh today is definitively out of the shadow of famine. Despite the country’s vulnerability to natural disasters such as floods, droughts and cyclones, Bangladesh has established a credible record of sustained growth within a stable macroeconomic framework. At a comparatively low level of development, it has also earned the distinctions of a major decline in its population growth rate and is almost ready to graduate out of the low human development category of countries according to the United Development Programme (UNDP’s) rankings.⁵⁵

The incidence of poverty has declined by more than half in the last three decades (table 5.18). Poverty reduction has always been at the center stage of the government’s economic policy. Alongside government led initiatives, the private sector and NGOs have introduced innovative anti-poverty instruments such as microcredit and the village phones that are now renowned as successful models the world over. As detailed in box 5.5, Bangladesh has made commendable progress in achieving its poverty related MDGs.

Factors facilitating poverty reduction

High growth and pro-poor policies

Bangladesh’s economy has been able to sustain a high average GDP growth rate of 5.8 per cent fueled by the rapidly expanding RMG sector between 2000 and 2010. While concerns for poverty in other countries may have attained significance in response to external circumstances, Bangladesh has always lived with poverty—a fact that has never been overlooked in the country’s development plans.⁵⁶ Thus, poverty reduction has always been at the core of Bangladesh’s development policies including its various five year plans, the PRSP, and more recently the Outline Perspective Plan for 2010–2021. The government’s poverty reduction strategy is essentially two-pronged: maintaining macroeconomic stability, and ensuring pro-poor economic growth. Importance has also been placed on the external sectors, particularly to promote trade and remittances, and at the same time support growth through a burgeoning private small and medium enterprises (SMEs) sector. There is also a strong emphasis on the growth of agricultural and rural off-farm activities, and accelerating poverty reduction through microcredit. The state is committed to extend its continued support for the development of education, health, women and children. The poverty reduction strategy also high-

Bangladesh has always lived with poverty—a fact that has never been overlooked in the country’s development plans

Table 5.18 Headcount poverty rate, FYs 1974–2010 (%)

	Rural	Urban	National
1974	82.9	81.4	...
1982	73.8	66.0	...
1992	61.2	44.9	58.8
1996	55.2	29.4	51.0
2000	52.3	35.2	48.9
2005	43.8	28.4	40.0
2010	35.2	21.3	31.5

Source: GOB, *Household Income and Expenditure Survey* (various issues).

Box 5.5 Bangladesh's progress in achieving Millennium Development Goals (MDGs) for poverty

Bangladesh has made decent progress in achieving MDGs concerning eradication of extreme poverty and hunger. As table 5.19 indicates poverty in Bangladesh

has reduced rapidly during the last two decades, and the country is on track to achieve MDG targets set for 2015. However, the reduction in poverty has not

been replicated in reducing hunger especially amongst children as 45 per cent of the children under-five are still underweight.

Table 5.19 MDG 1 progress in Bangladesh

Goal/targets	Base year	Current status (2010)
Goal 1: Eradicate extreme poverty and hunger		
Target 1.A: Halve between 1990 and 2015, the proportion of people below poverty line		
Poverty head count ratio	56.6	31.5
Poverty gap ratio	17.0	6.5
Share of poorest quintile in national consumption	6.5	5.2
Target 1.B: Achieve full and productive employment and decent work for all including women and young children		
Growth rate of GDP per person employed	1.1	3.8
Employment to population ratio	48.5	59.3
Target 1.C: Halve, between 1990 and 2015, the proportion of people who suffer from hunger		
Prevalence of underweight children under- five	66.0	45.0
Proportion of population below minimum level of dietary energy consumption (1,805 kcal/day)	28.0	19.5

Source: GOB 2012c.

lights the importance of good governance in realizing the goals and targets aimed at poverty reduction.

Remittances: Helping the poor in poverty alleviation

Remittances are another significant driver of poverty reduction in the country. In 2009 the formal inflow of remittances averaged around US\$10 billion and they are forecasted to increase to US\$17.8 billion by 2015. With a share of around 11 per cent of Bangladesh's GDP, remittances are the single largest source of foreign exchange reserves, even higher than foreign aid and FDI, necessary for economic growth and macroeconomic stability.

Several studies document the contribution of inward remittances to poverty alleviation. Firstly, they provide additional

income for consumption. Several studies have pointed out that consumption of goods and services in Bangladesh is higher for families with migrant income. The role of remittances for consumption becomes more important as they provide a safety net mechanism during natural calamities, like floods, in the country. Secondly, by generating demand for goods and services, remittances have increased the demand for domestic goods, generating employment opportunities, hence contributing towards poverty reduction. The flow of remittances, however, is mostly localized in Chittagong and Dhaka divisions. Chittagong receives 42.0 per cent of total remittances followed by Dhaka (35.0 per cent), Rajshahi (7.6 per cent), Sylhet (7.0 per cent), Khulna (4.7 per cent) Barisal (2.7 per cent) and Rangpur (0.7 per cent).

*Non-government organizations (NGOs):
Partners in the development process*

Compared to countries with similar territorial and demographic size, Bangladesh has a huge number of registered NGOs, some of which like Grameen Bank and BRAC are the largest and best-known in the world, with their programmes being replicated in many other countries.⁵⁷ These NGOs cover diverse developmental functions for empowerment of the rural poor—ranging from non-formal education, basic healthcare, water and sanitation to leadership training and income-generation activities, the most common practice being the provision of collateral-free credit or loans to the landless and the underprivileged. NGOs in the country have also been pioneers in introducing innovative instruments for improving the livelihoods and empowerment of the rural poor (see box 5.6).

Since the mid-1980s, the govern-

ment has also formed partnerships with NGOs in various sectors with a view to enhance human development and social empowerment in rural areas. The scope of partnership between local government and NGOs has expanded in such areas as non-formal education, immunization programmes, social forestry and disaster management. In particular, public financing and partnerships with NGOs have been effective in contributing to expansion and delivery of primary and secondary education, especially reducing the gender gap.⁵⁸

High microfinance penetration

The meteoric rise of microfinance has had helped Bangladesh, notably Bangladeshi women enormously in terms of their employment and other economic opportunities, particularly in the countryside. Bangladesh has the highest penetration of microfinance in the South Asian region, with a network of 16,000 branches

Box 5.6 Infrastructure for socio-economic empowerment of the poor: The Grameen Phone story

About 80 per cent of the population of Bangladesh live in villages. Prior to 1997 there was no telephone network in rural areas. Even in the rest of the country the level of connectivity was poor with less than 0.39 per cent teledensity. A policy shift towards liberalization of the telecommunications sector improved the scenario with a number of telephone companies investing in the country. The US-based entrepreneur Iqbal Quadir first floated the idea of providing mobile telephones to the rural people of Bangladesh based on a shared access model.

The objective of the Grameen Phone, literally meaning ‘village phone’ has been to provide rural people with access to telecommunications services under a shared-access business model. This has created new opportunities for Grameen Phone operators (popularly known as ‘Phone Ladies’) to become mobile phone owners without having any

prior savings. The Phone Ladies rent out the use of mobile phone sets to villagers in order to earn an income. Under the shared access model, the Grameen Phone has brought an information revolution by bringing information technology to the poor and giving telecom access to rural people. The programme has now spread to more than 50,000 villages, in 61 out of 64 districts of the country (2007). In 2011, the Grameen Phone had reached about 36.5 million subscribers, which makes over a quarter of the total population of 142 million for the country.

Grameen Phone’s success has been lauded as a model for a novel approach to improving economic opportunity and connectivity and empowering citizens in poor countries, through profitable investments in technology. There is also the potential to turn telephones into production goods, especially through lowering transaction costs that can ben-

efit the village poor in expanding economic opportunities and earning better livelihoods. Studies have found that the Grameen Phones also seem to have perceptible and positive effects on the empowerment and social status of phone-leasing women and their households, enhancing their role in a number of key decisions such as family planning and children’s education. Access to telephone services is also seen to empower small traders and farmers in the village over the middlemen by providing them with timely and relevant information about market prices and helping them decide when and where to market their produce, thus strengthening their position in the market chain. Moreover, Grameen Phones offer additional non-economic benefits such as improved law enforcement, more rapid and effective communications during disasters and stronger kinship bonding.

Sources: GOB 2011c and Yusuf and Alam 2011.

Box 5.7 Role of *Palli Karma-Sahayak* Foundation (PKSF) in improving access to credit for the poor

The PKSF, with its partner organizations, has played a remarkable role in alleviating poverty through its microcredit activities since its inception. It was set up by the Government of Bangladesh in 1990 as an apex non-profit organization to provide loans to the NGOs which in turn would provide collateral free credit to their poor members, and to provide advisory services and training to NGOs for enhancing their institutional capacity. PKSF, by acting as a wholesaler to microfinance institutions, offered a significant increase in the space available for NGO activities

and encouraged many new microfinance institutions to surface in smaller geographical territories. As of June 2010, it disbursed a cumulative loan amounting to BTK9,426.14 crores, to its 262 partner organizations that have distributed BTK55,156.94 crores by revolving it.

PKSF usually provides loan facilities to partner organizations only in the rural microcredit sector. At present, eight categories of microcredit programmes are being implemented under the mainstream microcredit activities such as (a) rural microcredit, (b) urban

microcredit, (c) microcredit for the poorest of the poor, (d) microenterprise credit, (e) seasonal credit, (f) agriculture sector microfinance, (g) Programme Initiatives for 'Monga' Eradication to manage microcredit in Rangpur district, and (h) initiating programme titled 'Learning and Innovation Fund to Test New Ideas' to provide credit facilities for poor-friendly programmes. Apart from a mainstream microcredit programme, PKSF is implementing some other special programmes.

Source: GOB 2010b.

and 21.6 million active borrowers in 2008 (table 5.20).

The publicly supported programmes of credit for the poor in Bangladesh, include provision through formal institutions such as the Bangladesh Agricultural Bank, subsidized credit through the formal public commercial banks, specialized programmes for SMEs through the SMEs Foundation, special credit programmes for agriculture and SMEs managed by the Bangladesh Bank, and a range of microcredit schemes supported through the *Palli Karma-Sahayak* Foundation (see box 5.7).

The NGOs in Bangladesh, apart from running independent programmes of their own, also play an important role in assisting the government in the implementation of various microcredit programmes. According to Microcredit Regulatory Authority statistics, upto June 2010, Grameen Bank and four large microfinance institutions [(BRAC, Association for Social Advancement (ASA), Thengamara Mohila Sabuj Sangha (TMSS) and Buro Tangail)] have disbursed BTK252.94 crores with a recovery rate of 90.8 per cent, with around 3 crore poor beneficiaries. The total number of active borrowers has almost doubled between 2005 and 2009.⁶⁰

Social safety nets: Providing security against vulnerability

The social safety net programmes in Bangladesh are aimed at protecting the vulnerable, disabled, socially excluded, asset-poor and disaster-prone people who cannot lift themselves out of poverty. At present the government, in collaboration with the non-government sector, runs about 84 different social safety net programmes under four main categories (see table 5.21).

The government's commitment to improving security for the poor and vulnerable can be assessed from the fact that

Table 5.20 Microfinance penetration in South Asia

	Number of active borrowers, 2008 (in millions)	% of women borrowers	% of working age population under microfinance coverage	Gross loan portfolio, 2008 (US\$)
Afghanistan (14)	0.3	69.0	2.1	113.2 million
Bangladesh (22)	21.6	92.0	22.0	2.1 billion
India (75)	16.2	95.0	1.1	2.1 billion
Pakistan (20)	1.1	71.0	1.1	162.9 million
Sri Lanka (12)	1.0	59.0	4.0	288.8 million
Nepal (27)	0.6	98.0	3.4	101.8 million

Source: Islam and Dogra 2011.

Type	Programme examples
Employment generation	Employment Generation for Hardcore Poor (EGHP) Rural Employment and Rural Maintenance Programme Food-for-Work (FFW) Vulnerable Group Development Test Relief (TR)
Conditional transfers	Primary Education Stipend Programme School Feeding Programmes
Transfers	Old Age Allowance Honorarium for Insolvent Freedom Fighters Allowances for the Financially Insolvent Disabled
Emergency or seasonal relief	Vulnerable Group Feeding (VGF) Gratuitous Relief (GR); Test Relief (TR) Open Market Sale (OMS)

Source: CPD 2011.

budgetary allocations as a share of the total budget have increased from 8.4 per cent in FY 2007 to 14.8 per cent in FY 2011. As a share of GDP, allocations for social safety nets have almost doubled in the last five years, reaching 2.5 per cent in FY 2011.⁶¹ The 6th Five Year Plan (2011-15) aims to increase the budgetary allocation for social safety net programmes to 3.0 per cent of GDP by 2015.

Challenges ahead

Notwithstanding specific areas of progress, however, aggregate poverty rates remain dauntingly high. While the country has made considerable progress in its poverty related MDGs, over 45 million people in the country still live below the poverty line and 26 million people constitute the extreme poor. Moreover, a large proportion of the poor still suffer from multiple deprivations, which are not reflected in the headcount ratios based on income. Analysing poverty through the lens of the Poverty of Opportunity Index (POPI), developed by Mahbub ul Haq in 1998, shows the multiple dimensions of human deprivation such as lack of income, education and health, and exposes the full extent of the poverty problem in Bangladesh.

Uneven spatial distribution of poverty reduction

The decline in income poverty in the country has not been evenly distributed between rural and urban areas and across various districts. While the prevalence of poverty is significantly higher in the rural areas, the pace of poverty reduction has been higher in rural areas as compared to urban areas between 2005 and 2010. However, urban areas have experienced faster reduction in extreme poverty than the rural ones. With regard to the spatial distribution of poverty, the western regions of the country experience a relatively higher incidence of poverty compared to the eastern side. Rangpur has the highest incidence of poverty (42.3 per cent) followed by Barisal (39.4 per cent), Khulna (32.1 per cent), Dhaka (30.5 per cent), Rajshahi (29.7 per cent), Sylhet (28.1 per cent) and Chittagong (26.2 per cent).

Growing inequality

Increased growth has brought with it the problem of growing inequality in the country especially in the rural areas. Inequality as measured by the Gini coefficient has increased from 0.451 in FY 2000 to 0.458 in FY 2010. The rural income Gini coefficient increased from 0.393 to 0.431, whereas the urban income Gini coefficient registered a decline between the years 2000 to 2010 (table 5.22). The existing poverty-inequality scenario in Bangladesh is hardly surprising given the fact that in the last two decades, across other South Asian countries with high growth rates, poverty

Table 5.22 Gini index of per capita income, 2000-10

	2000	2005	2010
National	0.451	0.467	0.458
Urban	0.497	0.497	0.452
Rural	0.393	0.428	0.431

Source: GOB, *Household Income and Expenditure Survey* (various issues).

has been reduced but it has also been accompanied by a rising share of inequality.

Governance impediments to poverty alleviation

Notwithstanding the government's commitment to poverty alleviation on paper in each of its development plans, its actual budgetary allocations for pro-poor growth should be analysed. Under the government's PRSP approach, poverty reducing expenditures are defined as "spending that would benefit the poor, such as direct services or indirect services." Thus, many of these expenditures may not be directly pro-poor, but pro-growth in nature.⁶²

Following the above definition, poverty reducing expenditure as a percentage of total expenditure and as a percentage of GDP has remained somewhat stagnant over the last five years (table 5.23). Out of the various poverty reducing sectors, the top five sectors that are most beneficial for the ultra poor include education, health, social services, food and agriculture. When comparing public expenditure on these sectors alone, there has been a gradual rise in their share in total expenditure, having increased from 39.4 per cent in 2002 to 49.7 per cent in 2010.⁶³

As already mentioned, the government has consistently increased budgetary allocations for social safety net programmes for the poor. However, despite the increased allocations for social safety net programmes over the years, there are several challenges in improving the efficacy of such programmes in reaching the poorest and vulnerable sections of the society. The key challenges include coverage issues, targeting beneficiaries, leakages and disparity in regional distribution.

The disbursement of social safety net spending in Bangladesh also suffers from unequal regional distribution. In 2005, Barisal and Rajshahi divisions, with the highest incidence of poverty, did not have correspondingly higher numbers of social protection beneficiaries. In contrast,

Sylhet division, with the second lowest poverty incidence had the highest proportion of social protection recipients. There has been considerable progress in improving these regional disparities. Khulna, Barisal and Rajshahi divisions have experienced a considerable rise in the coverage of social safety net programmes in 2010, which is also one of the reasons for the large decline in poverty in these regions.⁶⁴

Social safety net programmes also suffer from inclusion and exclusion errors. For instance, data indicate that 27 per cent of the Vulnerable Group Development beneficiaries are not poor and almost 47 per cent of beneficiaries of the Primary Education Stipend Programme are non-poor and incorrectly included in the programme due to faulty and arbitrary selection procedures. Moreover, there are considerable leakages in most social safety net programmes, ranging from 10-12 per cent for the Female Stipend Programme to 26 per cent for the Food for Work Programme. Poor governance and the large number of intermediaries involved in the transfer for benefits to the poor are cited as key reasons for such leakages.⁶⁵

As far as the poverty alleviation impact of these programmes is concerned, general beneficiary perceptions can be labeled as positive. While social safety net programmes have generally been successful in consumption smoothing, the design of some social safety net programmes have been criticized for its inability to bring

The key challenges include coverage issues, targeting beneficiaries, leakages and disparity in regional distribution

Table 5.23 Poverty reduction expenditure in Bangladesh, 2007-10

	Poverty reducing expenditure (% of total budget)	Poverty reducing expenditure (% of GDP)
2007	56.3	8.3
2008	57.0	8.3
2009	58.3	9.5
2010	60.1	9.9
2011	57.5	9.7

Source: GOB 2011b.

about structural changes in the economy to eradicate poverty.

Over the years microcredit programmes have helped address poverty by providing loan in small amounts without collateral, and have been a source of empowerment for the poor, particularly women. However, microcredit programmes in Bangladesh face several challenges in reaching the poorest of the poor. The most pressing issue in the design of these programmes is the prevalence of high interest rates which tend to push the poor in a vicious cycle of microcredit, where they are borrowing from one microcredit organization to repay another. Moreover, impact assessments have shown that the rate of graduation to above the poverty line among the microcredit borrowers served is low, indicating persistent dependency on microcredit.

Improving governance for poverty alleviation

Bangladesh has made significant gains in poverty reduction, largely driven by a favourable mix of government policies, private initiatives and community mobilization. The NGO sector in the country has successfully demonstrated that innovative anti-poverty experiments can be successfully scaled up into nationwide programmes. Government partnership with NGOs in scaling up successful initiatives has targeted the multidimensionality of poverty, including the delivery of credit to the previously unbankable poor, development of non-formal educational programmes to cater to poor children (particularly girls from low income households), and the utilization of rural community health workers to provide doorstep health services.

However, the country still has a long journey to cover and the government's commitment and efforts need to be bolstered in order to accelerate the poverty alleviation process. Just as poverty is multidimensional, the battle against poverty has to be waged on many fronts. It needs

to be guided by the overarching objective of generating economic growth with a focus on human development and improving governance. The nature of pro-poor growth should focus on generating gainful employment for men and women sought in a productivity-enhancing manner and diversifying agriculture including critical sub-sectors such as fisheries, poultry and dairy as well as through effectively reaping the potential of the agro-processing, rural and urban services, ICT, manufacturing including RMG, and overseas employment sectors. There is little dispute that the 'good governance' issue is critical to a more effective growth and poverty reduction strategy. This would involve strengthening economic and political institutions for empowerment of the poor, in addition to improving accountability of public service delivery of key services such as education and health. The governance for poverty alleviation and social safety net programmes, in particular needs to be strengthened to improve project designs, targeting criteria, efficiency, leakages and disparity in regional distribution. Such bottlenecks slow down the progress of the well-meaning poverty alleviation programmes, thereby diminishing their expected benefits, and leading many to question their effectiveness in poverty alleviation.

Conclusion

Bangladesh has gained prominence for its success in the midst of severe obstacles—the oft-mentioned conundrum that many have tried to explain in order to describe the present predicament of Bangladesh. Bangladesh has achieved some very impressive social and economic goals since its independence, and this chapter has highlighted some. Unlike most other South Asian countries, Bangladesh is on track to achieve the education and health related MDGs (see annex table 5.1). Bangladesh is the second largest manufacturer of apparel in the world despite serious infrastructure limitations. Bangladesh has mastered

Microcredit programmes have been a source of empowerment for the poor, particularly women

the art of disaster management, and has consistently reduced the casualty figures, from millions to thousands, over the last four decades. Bangladesh is home to some of the largest and innovative NGOs in the world which have played a catalytic role in transforming lives of many millions, particularly women. Bangladesh has made remarkable strides to advance the cause of girls and women, which has secured for them a position of relative strength within the wider society—a remarkable feat in the South Asian context. The list of successes is much longer and this chapter has documented some of the notable ones. It also has to be acknowledged that many of these achievements have been due to close collaboration between the public and non-profit sectors. These facts need to be appreciated, bearing in mind Bangladesh's long-lasting confrontational political milieu.

The conundrum that we allude to is the environment in which much of the success has been achieved. Since its independence in 1971 Bangladesh has been through a difficult political process which has not offered predictability and consistency. The key policy areas of health, education, energy and infrastructure have lacked long-term vision; and the governance environment has not been particularly enabling. The *Human Development in South Asia 1999* Report on 'The Crisis of Governance' states "There is a growing perception in many parts of South Asia that corruption has floated upwards—from petty corruption in the 1950s, to mid-level corruption in the 1960s and 1970s, to corruption at the very highest levels of the state in the 1980s and 1990s." Corruption in Bangladesh has now become institutionalized. The citizens of Bangladesh suffer the curse of corruption without respite and irrespective of political affiliation. It is also indisputable that the achievements, as catalogued throughout, have been stunted severely by the man-made pandemic of corruption—the cancer that has debilitated the core fabric of the society in Bangladesh.

The institutions of accountability have been battered by political interference, particularly since the advent of democracy in 1991. Contrary to the basic tenet of 'checks and balances' where the three organs—the Parliament, judiciary and Executive—are supposed to have a synergistic relationship respecting each other's independence, the Executive, more by design rather than default, has become over-dominant in the body politic of Bangladesh. This has severely undermined the accountability of the major institutions vis-à-vis the general public as they have come under implicit control of the Executive. Whether it is the civil service, or the police, or the lower judiciary, the autonomy of these institutions has been seriously compromised by partisan interference. This development has been compounded by anti-incumbency electoral politics of Bangladesh. Since 1991, the two major political parties have alternated in office, and every time a particular political party has come to power with the sole objective of capturing the state machinery, the Opposition political party has been totally excluded. In other words, the perceived stake is high enough to ensure that the Opposition is excluded—more or less totally—from the available resources and positions at the disposal of the political party in power. This becomes a further incentive for the state employees to 'align' themselves with their political masters. Consequently, the dividing line between state institutions and political activities has become very opaque, almost non-existent. In such a situation, many state institutions and their employees identify themselves with the political party in power. Ultimately, this results in ordinary citizens becoming 'voiceless' and 'powerless'; in deterioration of quality of service received by the citizens; and rise of petty corruption within service delivery institutions. Since 1991, corruption has become institutionalized despite aggressive anti-corruption public awareness campaigns by the print and electronic media and civil society organizations. This

Many of the achievements have been due to close collaboration between the public and non-profit sectors

has given rise to intense frustration and cynicism among a wide cross section of the populace.

The good news is that since the publication of the *1999 South Asia Human Development Report* and its advancement of humane governance, Bangladesh has taken some significant steps in the right direction. As the chapter on Bangladesh has documented, the picture that we get is that of a 'glass-more-than-half-full'. On all counts—education, health, economic development and women's empowerment—Bangladesh has moved in the direction of humane governance.

Both education and health services have expanded but the final outcome is an ambiguous one with a mix of high enrolment rates and girls' participation but with low retention rates. The disturbing factor is increasing disparities which signal larger systemic failures. The Bangladeshi economy has managed to grow steadily over the past two decades despite both resource constraints and political mayhem. Fiscal policy has generally served public spending in social and poverty alleviation plans while managing a minimal budget deficit, in comparison to the current situation with increased tax evasion and an increasing budget deficit. The country's agriculture sector has improved with market-based reforms although some gaps are yet to be met through productivity, and greater responsive capacity to climate change and farmers' needs.

The challenge still remains in creating an effective pro-poor growth policy while embracing the private sector, and allocating resources while ensuring overall fiscal discipline. Social safety net programmes, which face challenges in their coverage and targeting, are still largely seen as having positive impacts such as increase in assets and employment and school at-

tendance.

Bangladesh has come a long way in making a start to putting in place the 'vision and architecture of humane governance'. Bangladesh has rightly started by establishing a formidable foundation by focusing on educational and gender equity; simultaneously through public-private partnerships appropriate safety nets have been cast to protect the poor, but many more are outside the net mainly due to a poor selection process; and the private sector has generated millions of new jobs but due to poor governance in energy and infrastructure sectors millions remain unemployed or underemployed. Bangladesh's demographic figures suggest that there is a 'window of opportunity' about to be opening up in terms of productive population coming to the labour market. Inadequate attention is being given to this issue other than just focusing on the remittance dividend as a result of the export of cheap labour to the Arab states and the South East Asian countries.

If the vision, foundation and architecture are there, what is lacking in the scheme of things in Bangladesh? Bangladesh's Achilles heel is the conflict-ridden politics which has taken the crisis of governance from one precipice to another. Due to overwhelming patience and perseverance of the people of Bangladesh the country has repeatedly pulled back from this precipice but the cost in terms of lost opportunity is becoming unbearable. The question is whether the present leadership in Bangladesh will wake up to the warning bells or will the country have to hobble along until there are some fundamental reforms in Bangladeshi politics. This is going to be the formidable governance challenge facing Bangladesh and its people in the years to come.

Bangladesh's Achilles heel is the conflict-ridden politics which has taken the crisis of governance from one precipice to another

Appendix table 5.1 Millennium Development Goals (MDGs)

	Base year (1990-95)	2000-02	Current (2005-10)	Target (2015)	Status
Goal 2: Achieve Universal Primary Education	Goal will probably be met				
Target 3: Ensure that all boys and girls complete a full course of primary schooling					
Net enrolment ratio in primary education	61	83	91	100	On Track
Percentage of cohort reaching grade 5	43	...	55	100	Need attention
Adult literacy rate	37	39	58	...	Needs attention
Goal 3: Promote Gender Equality and Empower Women	Goal will probably be met				
Target 4 : Eliminate gender disparity in primary and secondary education preferably by 2005 and at all levels by 2015					
Ratio of girls to boys in primary and secondary education (%)	77	104	106	100	Achieved
Ratio of girls to boys in tertiary education (%)	37	32	32	100	Needs attention
Ratio of literate females to males (% of ages 20 -24)	65	77	85	100	Needs attention
Share of women employed in the non- agricultural sector (%)	19	...	25	50	Needs attention
Goal 4: Reduce child mortality	Goal will probably be met				
Target 5: Reduce by two thirds by 2015 the under-five mortality rate					
Under-five mortality rate (per 1000)	146	82	54	50	On Track
Infant mortality rate (per 1000 live births)	92	56	41	31	On Track
Immunization, measles (% of children under 12 months)	54	69	82	100	On Track
Goal 5: Improve Maternal Health	Goal will probably be met				
Target 6: Reduce by three quarters, by 2015, the maternal mortality ratio					
Maternal Mortality Ratio (per 100,000 live births)	574	400	194	143	On Track
Births attended by skilled health staff (% of total)	5	12	24	50	Needs attention
Goal 6: Combat HIV/AIDS, malaria and other diseases	Goal will probably be met				
Target 7: Have halted by 2015 and begin to reverse the spread of HIV/AIDS					
Contraceptive Prevalence Rate (% of women ages 15-49)	40		60	72	Needs attention
Target 8: Have halted by 2015 and begin to reverse the incidence of malaria and other major diseases					
Deaths of malaria per 100,000 population	1.4	...	0.4	0	Needs attention
Incidence of tuberculosis (100,000 people)	264	233	225	Halving	Needs attention
Tuberculosis cases detected under DOTS (%)	21	34	74	75	On Track
Goal 7 : Ensure Environmental Sustainability	Goal will probably be met				
Target 9: Integrate the principles of sustainable development into country policies and reverse the loss of environmental resources					
Productive forest area (%) (70 % tree density)	9	10	13	20	Needs attention
Consumption of ozone depleting CFCs (per capita tonnes)	195	0	128	0	Needs attention
Proportion of terrestrial and marine areas protected	1.6	--	1.7/0.5	5	Needs attention
Carbon dioxide (CO ₂) emissions (tonnes per capita)	0.1	0.2	0.3	...	Needs attention
Target 10 : Halve, by 2015, the proportion of people without sustainable access to safe drinking water and sanitation					
Proportion of urban population with access to safe drinking water	98.8	82	99.9	100	On Track
Proportion of rural population with access to safe drinking water	93.1	72	79	96.5	Needs attention
Proportion of urban population with access to sanitary latrines	56.2	56	88	85.5	On Track
Proportion of rural population with access to sanitary latrines	15.3	29	85	55.5	On Track
Target 11: By 2020, have achieve a significant improvement in the lives of at least 100 million slum dwellers					
Proportion of households with access to secure tenure	...	...	36.4	...	Insufficient data

Continued					
	Base year (1990-95)	2000-02	Current (2005-10)	Target (2015)	Status
Goal 8: Develop a Global Partnership for Development	Goal will probably be met				
Target 12 : Develop and implement strategies for decent and productive work for youth					
Youth unemployment rate (% of total labour force ages 15 24)	2.9	8	13.4	...	Needs attention
Target 13 : Make available the benefits of new technologies, especially information and communication					
Fixed line and mobile telephones (per 100 people)	0.2	1.3	13.6	50	On Track
Internet users (per 100 people)	...	0.2	3.4	...	Insufficient data

Source: GOB 2011e.

GOVERNANCE FOR PEOPLE'S EMPOWERMENT: NEPAL AND SRI LANKA

States should remember that democracy is built on strong institutions, the rule of law, and a stable framework to resolve political conflict.

—1999 SAHDR

Governance for People's Empowerment: Nepal and Sri Lanka

In both countries, humane governance is inextricably linked to power relations and efficacy in leadership

Introduction

This year's Report has looked at country cases of India, Pakistan and Bangladesh with respect to governance for people's empowerment in a systematic way, covering political ground through the effectiveness of political institutions, economic underpinnings through matters related to economic management and factors underlying challenges and successes in human development primarily through poverty alleviation, health and education. While these countries face multiple constraints and opportunities because of their size and population, smaller countries in the region, specifically Nepal and Sri Lanka, need to be held in a unique regard. This is partly due to positive developments in their recent history that have ensued after years of prolonged conflict, and partly because of Nepal and Sri Lanka's outlook towards human development.

In terms of humane governance, Nepal is trying to address its fundamental elements, as exemplified in the country's efforts to develop a constitutional framework. However, a delicate peace process and unstable power-sharing amongst political parties, with differing goals and objectives, may have long-term ramifications on the empowerment of its people. Nepal faces a formidable challenge in restructuring the state by creating and strengthening good institutions that enhance the capabilities of public administration in addition to the responsibility of empowering its people. It needs to provide an environment that is peaceful and respectful of people's rights whilst removing pronounced deprivations in well-being as gauged through their poverty, education and health pro-

files. By replacing these deprivations with opportunities, better lives and livelihoods can be secured, well-informed choices can be made and voices that have value can be expressed.

At another level, Sri Lanka with its impressive record in poverty reduction and improvement in health and education outcomes has displayed sustained political commitment towards human development. While these can be gauged by Human Development Index (HDI) trends and progress made towards the Millennium Development Goals (MDGs), the path towards people's empowerment in Sri Lanka rests on the basis of governance—firstly, in questioning the concentration of political power and secondly, in people securing a better stake in the country's development process.

In both countries, humane governance is inextricably linked to power relations and efficacy in leadership. Power-holders, who focus on effective policy-making and institution-building, will be better placed to empower people in Nepal and Sri Lanka. Good leadership, which goes hand in hand with embracing the underlying ethics and ethos of humane governance lies in trusting constitutional rule and allowing political processes and institutions to work so that power is transferred smoothly and peace is consolidated, in spite of the nature, intensity and duration of conflict.

Nepal

Political governance in Nepal

Nepal changed its state structure from being a constitutional monarchy to a republic.

lic in 2008, after witnessing tumultuous historical and political events. The path towards democracy has been difficult and cumbersome, the burden of which has been borne by the polity and the economy. According to the Interim Constitution that has been operational since 2007, the President is head of state. A ballot of the Constituent Assembly chooses the Prime Minister, while the Prime Minister chooses the cabinet with consent from party members and coalition partners. The Constituent Assembly has 601 Members, 26 of which are appointed by a Council of Ministers and 575 of which are elected. The Supreme Court acts as the court of appeal and review, with powers of original jurisdiction, and presides over 16 appellate courts and 75 district courts.¹

Executive

Executive power is vested in the Council of Ministers, which has the responsibility to issue general directives and to control and regulate the administration of Nepal. Under the Prime Minister's chairmanship, the Council of Ministers is collectively responsible to the Parliament. Ministers with individual portfolios are individually responsible for the performance of their ministries to both the Prime Minister and the Parliament.²

Parliament

Under the Interim Constitution, the Constituent Assembly has exercised the powers of the Parliament.³ It has primarily been responsible for drafting a new constitution that outlines the contours of political restructuring of the state and the form of a federal system of governance, but unfortunately has not been able to promulgate one through mutual consent as yet.

Judiciary

In line with the Interim Constitution, which upholds the rule of law and guaran-

tees an independent judiciary, powers have been granted to courts for matters related to justice. The Supreme Court is entrusted with power to interpret the Constitution and protect fundamental rights of Nepal's citizens. The Constitution acknowledges three tiers of the judicial system—the Supreme Court, the Court of Appeal and the District Court. The Supreme Court is the apex court, which oversees all other courts and judicial institutions apart from the Constitutional Assembly court. Except for procedural differences, no distinction is made between criminal and civil courts. Cases are first put forward to the District Court, following which appeals are made to the Court of Appeal. Complementing the traditional legal courts, the Constitution allows the establishment of special courts tailored to hear special cases, such as the Revenue Tribunals, Administrative Court, Labour Court, Debt Recovery Tribunal and Debt Recovery Appeal Tribunal in addition to one special court functioning under respective laws. These institutions fall under the judicial control of the Supreme Court.⁴

Nepal's Commission for the Investigation of Abuse of Authority (CIAA)

Under the Interim Constitution, the CIAA has been empowered to investigate cases against public officials indulging in the abuse of authority through corruption and poor conduct. As an apex constitutional body, it has a joint role of an ombudsman, investigator and prosecutor. For acts of improper conduct, the CIAA advocates concerned authorities to take departmental action, while acts of corruption fall under legal proceedings, unless the Constitution separately provides for protection of certain public officials.⁵

It is clear that as a state in transition and one that is recovering from a decade long civil war that culminated in 2006, Nepal is carving out the structures and institutions of political governance. It is too early to gauge what the outcome

As a state in transition and one that is recovering from a decade long civil war that culminated in 2006, Nepal is carving out the structures and institutions of political governance

In the midst of a fragile political environment, economic governance is also tenuous in Nepal

will be and whether it will lead to political empowerment for a majority of its people, still marred by discrimination and exclusion based on caste, creed, ethnicity and religion. Having missed four consecutive deadlines to promulgate a new constitution, the Constituent Assembly is crippled by divided interests over the number of provinces in a new federal state, the adoption of a presidential or prime-ministerial model of government in addition to the nature of the electoral system (proportional representation or first-past-the-post or a hybrid of the two) at local, provincial and federal levels.⁶ These are critical decisions that need to be made, but cannot be made in haste. Political parties have to be judicious in their approach in coming towards a consensus, because popular aspirations are at stake—the demand for a single province for Madhesis comprising 50 per cent of Nepal’s population, for instance. People’s voices must be heard and their choices must be taken into consideration, before definitive decisions are made to alter the political set-up. Box 6.1 provides a timeline of key events that have led to Nepal’s current political landscape.

Economic governance in Nepal

State of Nepal’s economy

In the midst of a fragile political environment, economic governance is also tenuous in Nepal. Economic growth stood at

3.5 per cent in fiscal year (FY) 2010-11, weakened by political uncertainties, a fall in tourism receipts and severe fuel and electricity shortages that disrupted industrial growth. Inflation has been high in Nepal, mainly because of its pegged exchange rate with India, and also due to elevated food and fuel prices. The budget deficit in Nepal also increased to 2.4 per cent of gross domestic product (GDP) in FY 2010-11, as revenue collection as a share of GDP declined. Slow growth in customs receipts and value-added tax were major contributing factors. The current account deficit stood at 0.9 per cent of GDP in FY 2010-11. Exports of carpets and pashmina from Nepal to international markets boosted export growth. Net capital inflows offset the current account deficit, while official foreign exchange reserves increased to US\$3 billion.⁷ Table 6.1 shows the major indicators determining Nepal’s economic performance.

Monetary and fiscal management of Nepal’s economy

Monetary policy for FY 2011-12 was designed to reflect the macroeconomic situation in Nepal in 2011, indicating high inflation, low economic growth, balance of payments problems and liquidity shortages in the financial sector.⁸

Nepal’s monetary policy, designed by the Nepal Rastra Bank, Nepal’s central bank, attempts to promote economic growth by maintaining stable prices and a healthy financial sector. A major policy focus is keeping the Nepali rupee’s peg to the Indian rupee, by conducting open-market operations to adjust the supply of money in support of the peg while keeping inflation under control. These twin objectives are somewhat difficult to achieve, especially when inflation in India is mirrored by inflation in Nepal.

Fiscal management is not at its best in Nepal, with one-fifth of budget expenditure going towards subsidies to public enterprises in FY 2011-12. Such

Indicators	2008-10*
Budget deficit/surplus (% of GDP)	-2.4**
Inflation, average annual rate (%)	10
Current account deficit/surplus (% of GDP)	-0.9**
Public health expenditure (% of GDP)	2.1
Public education expenditure (% of GDP)	4.7
Trade-to-GDP ratio	46.8
Central government debt-to-GDP ratio	43.8
Unemployment rate (%)	2.7

Notes: *: Data refer to recent year available. **: Data refer to fiscal year 2011.
Sources: ADB 2012, EIU 2012a and World Bank 2012i.

Box 6.1 Timeline of key events leading to Nepal's political set-up

Multi-party politics

- 1980 Agitation for reform compels King Birendra to allow direct elections to the National Assembly, but on a non-party basis.
- 1985 Nepali Congress Party (NCP) commences a campaign on civil disobedience to restore the multi-party system.
- 1990 Pro-democracy agitation is led by NCP and leftist groups. Security forces attempt to control street protests that result in deaths and mass arrests. The King succumbs to pressures and agrees to a new democratic constitution.

Political instability

- 1996 The Communist Party of Nepal launches the People's War, wanting to abolish the monarchy.
- 2001 Members of the royal family, including King Birendra, the Queen and close relatives get killed by Crown Prince Dipendra. In July, Maoist rebels extend a campaign of violence. Prime Minister Koirala quits over the violence and is succeeded by Sher Bahadur Deuba. After a four-month truce with the government, Maoists launch attacks on army and police posts in November.

Emergency

- 2001 A state of emergency is declared after more than 100 people are killed in four days of violence. King Gyanendra orders the army to control Maoist rebels. Several hundreds are killed in government and rebel operations in subsequent months.
- 2002 In May, the Parliament is dis-

solved. Sher Bahadur Deuba heads the interim government while renewing the state of emergency. In October, the King dismisses Deuba and calls off elections indefinitely.

- 2003 A ceasefire is declared between the government and the rebels in January.

End of truce and direct royal rule

- 2003 Rebels pull out of peace talks with the government and resume violence resulting in frequent clashes between students/activists and police.
- 2005 King Gyanendra dismisses the government and assumes direct control. He declares a state of emergency in order to defeat Maoist rebels. In November, the rebels and major opposition parties agree on a programme to restore democracy.
- 2006 In April, after weeks of violent strikes and protests, the King agrees to reinstate the Parliament. Maoist rebels call a three-month ceasefire. In May, the Parliament curtails the king's political powers through unanimous voting.

Peace deal and political participation

- 2006 In November, Maoists and the government sign the Comprehensive Peace Agreement, declaring a formal end to a 10-year conflict.
- 2007 In January, under the Interim Constitution, Maoist leaders are elected to the Parliament. Violent ethnic protests calling for regional autonomy strike southeast Nepal. In September, Maoists quit the interim government, demanding that monarchy be abolished.

In December, the Parliament approves the abolition of monarchy, upon which Maoists agree to re-join government.

- 2008 In April, former Maoist rebels win the largest bloc of seats to the new Constituent Assembly, but not with an outright majority. In May, Nepal becomes a republic. In August, Maoist leader Prachanda forms a coalition government, while the Nepali Congress goes into opposition.
- 2009 In May, Prime Minister Prachanda resigns. Maoists leave the government because other parties oppose the integration of former rebel fighters into the national army. Communist leader Madhav Kumar Nepal becomes the new Prime Minister.
- 2010 Governing coalition and Maoist opposition agree to extend the deadline for drafting the new constitution to May 2011. Prime Minister Madhav Kumar Nepal quits under Maoist pressure in June.
- 2011 In February, Jhala Nath Khanal is elected premier, ending a seven-month political deadlock. In May, the Constituent Assembly fails to meet the deadline for drafting the new constitution. In August, the Parliament elects the Maoist party's Baburam Bhattarai as Prime Minister, who promises to come to a consensus over the new constitution and the Maoist fighters' issue.
- 2012 According to the Supreme Court, the final deadline by which a new constitution must be promulgated is May 27, 2012. Should the deadline be missed, the legislature must be dissolved and elections held for a new Constituent Assembly.

Sources: BBC 2012a, EIU 2012a and UNDP 2009.

subsidies may be re-evaluated and policies realigned to match priorities in human development. Enlarging the tax base is also critical to decrease heavy reliance on foreign aid, which currently finances three-fifths of government capital spending.⁹

Policies for pro-poor growth

In the Immediate Action Plan for Economic Development and Prosperity laid out by the government in 2012, four priorities

have been articulated, namely, peace, constitution, good governance and prosperity, with a focus on investment promotion, broad based economic growth, employment and social security.¹⁰ Programmes and projects suggested to match the priorities have displayed very ambitious targets, especially because they have to be initiated within the budget for the current fiscal year. The extent to which these targets will be met and outcomes achieved seems shaky in the presence of Nepal's political

Box 6.2 Nepal's economic plans

In Nepal's economic history, ten Five Year Plans (FYPs) have been implemented in addition to two Three Year Interim Plans (TYIP), with the second TYIP currently under implementation. The first four FYPs emphasized development of infrastructure, especially roads and electricity. Under the 5th and 6th FYPs, emphasis shifted towards agriculture and industry. In the 5th FYP (1975-80), three primary objectives were laid out: (i) increase in production of goods related to people's needs; (ii) maximum use of labour; and (iii) regional balance and unification. Poverty reduction was explicitly stated as a development objective since the 6th FYP (1980-85). It adopted the basic needs approach with three underlying objectives: (i) accelerating the growth rate; (ii) promoting productive employment; and (iii) fulfilling basic needs of the people. The 7th FYP (1985-90) continued emphasizing upon these objectives and in so doing, introduced decentralization of the planning and implementation of development projects. Poverty alleviation was a major objective of the 8th FYP (1993-97), the first national plan formulated after the restoration of multiparty democracy in 1991. Yet its primary emphasis was on accelerating growth.

The 9th FYP (1998-2002) adopted poverty alleviation as its sole objective, however, the focus continued to be human development for growth and not vice-versa. Unlike previous plans, it

established long-term goals for improving development indicators in all sectors based on their individual contributions to reducing poverty. One of the goals of the 9th FYP was to lower poverty incidence from 42 per cent to 32 per cent by the end of the plan period in 2002, with a long-term goal of reducing this to 10 per cent within the coming two decades. In addition to these targets, the FYP identified several other variables relating to 'human poverty' (literacy, infant mortality, maternal mortality, and average life expectancy at birth) as opposed to 'income poverty', and set target levels for each of them. The 9th FYP intended to reduce poverty through (i) sustained and broad-based growth; (ii) development of rural infrastructure and social priority sectors; and (iii) specific programmes targeting the poor. In addition to integrating the 'moderately poor' into the mainstream and providing targeted assistance to extremely poor households, the 9th FYP included components to benefit the poor, the two most important ones being macroeconomic stability and restructuring of government finances to increase the flow of resources to the social sectors.

Finally, the 10th FYP (2002-07) was adopted as the Poverty Reduction Strategy Paper (PRSP) for Nepal. The 10th FYP set a target to reduce the poverty level from 38 per cent to 30 per cent. The strategy of the 10th FYP was to implement self-employment creat-

ing, income earning, and social protection programmes that directly benefit economically, geographically, and socially disadvantaged groups and castes, disabled and helpless people, and people living below the poverty line. The 10th FYP came very close to meeting the target of overall poverty reduction. The poverty head count ratio came down to 31 per cent although gains were distributed unevenly.

The 1st TYIP (2007-10), preceding the current one, attempted to lay the foundation for economic and social transformation by building a prosperous, modern, and just Nepal through the establishment of peace and reduction of unemployment, poverty and inequality in the country. The plan's strategy included (i) giving special emphasis to relief, reconstruction, and reintegration; (ii) achieving employment-oriented, pro-poor, and broad-based economic growth; (iii) promoting good governance and effective service delivery; (iv) increasing investment in physical infrastructure; (v) emphasizing social development; and (vi) adopting an inclusive development process and carrying out targeted programmes. The 1st TYIP showed a fundamental change in development orientation by using a rights-based framework and adopting a gender equality and social inclusion policy in programme implementation.

Sources: Acharya 2010 and ADB, DFID and ILO 2009.

restructuring. Box 6.2 provides a brief history of Nepal's economic plans and its outlook towards poverty reduction.

Human development profile of Nepal

Deprivations in well-being, with persistent poverty and inequality, poor health and education run contrary to what the human development paradigm has advocated. In the *Human Development Report 2010* that marked 20 years of United Nations Development Programme (UNDP's) experience with advancing human development and its complementary measure, the HDI, Nepal emerged as one of three success stories in improving its HDI (see figure 6.1). Progress has been attributed to major public policy efforts in health and education,¹¹ with an enormous scope for improvements in all dimensions of human development. Despite these efforts, however, Nepal continues to underperform in contrast to regional performance in South Asia.

Nepal's progress towards the MDGs

Nepal's progress towards the MDGs is slow on three major fronts, especially with regard to Goal 1 (eradicating extreme poverty and hunger), Goal 2 (achieving universal primary education), and Goal 5 (improving maternal health) as depicted in table 6.2. To this end, Nepal has made concerted efforts by legalizing the right to education and health, as will be discussed in the following sections, in addition to initiating poverty alleviation programmes.

Poverty and poverty alleviation programmes

Poverty has received considerable attention in successive government plans in Nepal as highlighted in box 6.2. Orienting growth policies with a pro-poor focus has also been stated in the Three Year Interim Plan (TYIP) covering 2010-11 to 2012-13. The plan is assigning priorities to agricultural development, tourism, industry and trade in order to garner better employment op-

Figure 6.1 HDI trends for Nepal and South Asia, 1980-2010

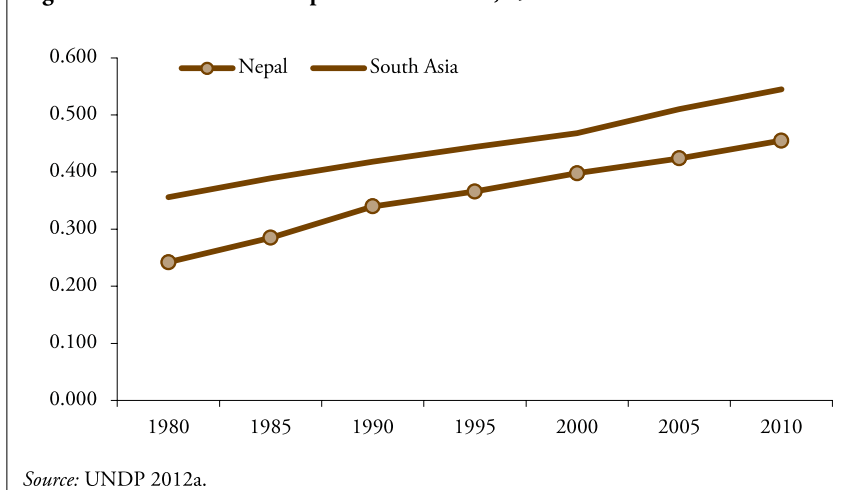


Table 6.2 Nepal's progress towards the MDGs

Goal	Progress
1a. US\$1.25 per day poverty	Slow
1b. Underweight children	Slow
2a. Primary enrolment	...
2b. Reaching last grade	Slow
2c. Primary completion	Slow
3a. Gender primary	On track
3b. Gender secondary	On track
3c. Gender tertiary	Slow
4a. Under-five mortality	On track
4b. Infant mortality	Slow
5a. Maternal mortality	Slow
5b. Skilled birth attendance	Slow
5c. Antenatal care (1 or more visits)	Slow
6a. HIV prevalence	Early achiever
6b. Tuberculosis incidence	On track
6c. Tuberculosis prevalence	No progress/ regressing
7a. Forest cover	No progress/ regressing
7b. Protected area	Early achiever
7c. Carbon dioxide emissions	Early achiever
7d. Ozone depletion potential (ODP) substance consumption	Early achiever
7e. Safe drinking water	Early achiever
7f. Basic sanitation	Slow

Source: UNESCAP, ADB and UNDP 2012.

Nepal needs to take a long-term view in raising its human development profile and poverty is a fundamental barrier to social and economic empowerment that the country must overcome

portunities for the people of Nepal.¹² With political re-organization currently underway, Nepal needs to take a long-term view in raising its human development profile and poverty is a fundamental barrier to social and economic empowerment that the country must overcome.

In 2011, the poverty head count ratio according to the national poverty line stood at 25.2 per cent and the poverty gap stood at 5.6 per cent.¹³ The goal of the ongoing interim plan is to reduce poverty to 21 per cent. As table 6.3 shows, Nepal has come a long way in reducing poverty in terms of the poverty head count ratio since 1996.

Table 6.4 provides poverty indicators for Nepal, using national data sources. All measures point towards the fact that poverty is mostly a rural phenomenon and therefore, policies to alleviate poverty need to target people located in rural areas.

POVERTY ALLEVIATION FUND (PAF)

The PAF in Nepal has been established under the Poverty Alleviation Fund Act in 2006 and operates autonomously.¹⁴ Sources of funding include grants from the

	Poverty head count ratio (%)	Total (millions)
1996	41.8	9.3
2004	30.9	8.3
2011	25.2	7.6

Source: World Bank 2012i.

Areas	Poverty head count ratio	Poverty gap	Squared poverty gap
Urban	7.6	1.7	0.6
Rural	28.5	6.9	2.4
Nepal	25.4	6.1	2.1

Source: GON 2011b.

World Bank and the International Fund for Agriculture Development (IFAD) and the government itself. PAF is guided by six core principles. The first, *antyo daya*, targets the poor at the bottom rung of the economic ladder, rather than those at the margin. The second, *samabeshi*, incorporates social inclusion by ensuring the participation of disadvantaged groups such as Dalits, Janajatis and women. The third, *paradarshita*, allows transparency by making every community organization display PAF activities on a board in their community. The fourth, *mang anusar*, points towards a demand-driven approach where programmes are designed to meet the needs and requirements of the target population. The fifth, *pratakchhya bhuktani*, enables direct funding by transferring finances directly into the account of the community organization. The sixth concerns the sustainability of community organizations, beyond the length of the PAF programme.¹⁵

Major activities of the Fund include social mobilization, income generation and microenterprise promotion, installation of physical and economic community infrastructure and human resource development. Out of Nepal's 75 districts, PAF operates in 40 of the most deprived ones. For the FY 2009-10, the PAF was allocated NPR2.7 billion, out of which 91 per cent was spent on various projects.¹⁶ Till March 2011, programmes have benefitted 5,65,221 target households. An effectiveness assessment survey carried out by Tribhuwan University found that the Fund's programme contributed positively towards the consumption capacity of the poor, their food security, income, school-going trends and the empowerment of women.¹⁷

Nepal's education policy and programmes

Public education infrastructure was very limited in the 1950s in Nepal, with the country having a literacy rate of 2 per cent, 321 primary schools and 11 high schools.

Under the auspices of the 1971 National Education System Plan, the government took financial responsibility for covering the full cost of primary education and three-quarters of costs for vocational education. Nevertheless, the public education system failed to look at deep-seated discrimination in schools and overlooked educational quality. The 1990 Constitution guaranteed the universal right to education and introduced policies for social inclusion to reverse the bias against educating girls and disadvantaged groups. Over time, the National Education Commission has taken initiatives to guide policy and programme implementation related to primary education.¹⁸

Nepal is committed to the global 'Education for All' (EFA) strategy, to which end it operationalized the National Plan of Action (NPA) 2001-15 in 2001. Nepal intends to meet the MDG targets relating to education by 2015 ensuring that all children, particularly girls and children from ethnic minority groups have access to free, compulsory and good-quality primary education, as stipulated in the Interim Constitution.¹⁹ The current TYIP echoes the same aspirations and extends the goal further by expanding access to quality education at the secondary level, in addition to a focus on vocational and technical education.²⁰

In order to improve the education sector, public spending on education in terms of GDP has increased from 3.0 per cent in 2000 to 4.7 per cent in 2010, while public spending on education as a proportion of total government spending in 2010 stood at 20.2 per cent.²¹ Although plans and policies are indicative of commitment, realities on the education front paint a mixed picture. The education profile of Nepal is characterized by disparities on the basis of gender, location and wealth on the one hand, and rising net attendance ratios on the other, as depicted in table 6.5.²²

EARLY CHILDHOOD DEVELOPMENT CENTRES

Table 6.5 Net attendance ratios at the primary level, according to background characteristics in Nepal, 2011²³

	Net attendance ratios			
	Male	Female	Total	Gender parity index
Residence				
-Urban	94.8	92.7	93.8	0.98
-Rural	91.9	85.4	88.7	0.93
Ecological zone				
-Mountain	93.5	93.0	93.2	0.99
-Hill	92.1	89.2	90.7	0.97
-Terai	92.1	83.0	87.7	0.90
Development region				
-Eastern	94.0	89.1	91.6	0.95
-Central	89.8	78.4	84.1	0.87
-Western	91.5	90.1	90.9	0.98
-Mid-western	93.4	91.1	92.3	0.98
-Far-western	95.0	92.2	93.7	0.97
Wealth quintile				
-Lowest	86.1	81.8	83.9	0.95
-Second	90.9	81.8	86.5	0.90
-Middle	93.3	88.2	91.0	0.95
-Fourth	95.9	89.3	92.6	0.93
-Highest	97.5	94.3	96.0	0.97
-Total	92.2	86.3	89.3	0.94

Source: GON, New Era and ICF International Inc. 2012.

In line with Nepal's Preliminary Child Education (PCE) regulations, the government has initiated Early Childhood Development (ECD) centres to promote pre-primary education. While school-based centres holding pre-primary classes are managed by the government, community based centres are supported by non-governmental organizations (NGOs). For the school year ending in 2010, a total of 26,773 ECD centres had been established.²⁴

Nepal's health policy and programmes

Public health infrastructure was restricted in Nepal in the 1970s, with the country having 58 hospitals, 277 medical doctors and 2,098 hospital beds. Under a democratic orientation in 1990, new policies and initiatives were launched, notably

The Interim Constitution of Nepal declared free health services as a fundamental right of its people

the *National Health Policy 1991*, aimed at increasing access to primary healthcare infrastructure to rural areas and providing preventive health services that would reduce infant and child mortality. By introducing female community health volunteers (FCHVs) and birth attendants, efforts towards polio eradication and family planning were made. Successive plans have attempted to reform the health sector with growing emphasis on the quality of healthcare services and access to poor and vulnerable groups.²⁵

The Interim Constitution of Nepal declared free health services as a fundamental right of its people. The current Nepal Health Sector Programme Implementation Plan (NHSP-IP) for the period 2010-15 is a continuation of earlier plans, whilst refining its focus to incorporate gender and social inclusion.

Among the MDGs, Nepal has made decent progress in lowering infant and maternal mortality rates. Data from the *National Demographic and Health Survey 2011* show that neonatal mortality has declined by 27 per cent over the 15-year period preceding the survey, from 45 to 33 deaths per 1,000 live births. The corresponding declines in post neonatal, infant and under-five mortality over the 15-year period are 48, 34 and 38 per cent respectively. The maternal mortality ratio

(MMR) decreased substantially between 1996 and 2006 in Nepal, from 539 to 281 deaths per 100,000 births. Improvements in maternal health services have been key in reducing the country's MMR.²⁶

Some of the key drivers in improving Nepal's health profile are the following programmes.

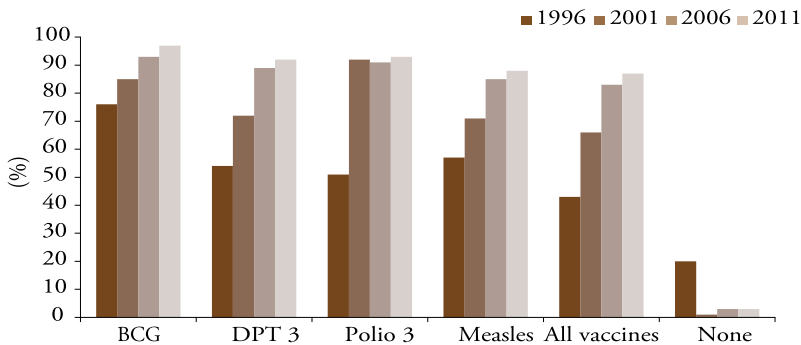
TUBERCULOSIS (TB) PROGRAMME: Potential TB patients have been given free medication using the Directly Observed Treatment, Short-Course Method. In FY 2010-11, 15,442 new TB patients were identified and 89.7 per cent of them received successful treatment.²⁷

FAMILY PLANNING, SAFE MOTHERHOOD: Family planning services including contraceptives and sterilisation have been extended in order to bring the population growth rate of Nepal to a replacement level. Under the Safe Motherhood Programme, free childbirth services and transport expenses and access to pre- and post-natal care have been given.²⁸

SOCIAL SECURITY PROGRAMME: Under the provision for free health services to all, Nepal has established the following: free distribution of 25 kinds of medicines from sub-health posts, 35 from health posts, and 40 each from Primary Health Centres and District Hospitals; free treatment from District Hospitals or health institutions with a 25-bed capacity; free delivery service from all government health institutions; and free heart and kidney ailment treatment to children below 15 years of age and citizens above 75 years of age.²⁹

IMMUNIZATION: Vaccination coverage in Nepal has improved over the past 15 years, doubling from 43 per cent in 1996 to 87 per cent in 2011, as shown in figure 6.2.

Figure 6.2 Trends in vaccination coverage among children (12-23 months) in Nepal, 1996-2011



Source: GON, New Era and ICF International Inc. 2012.

The way forward for Nepal

Nepal needs to prioritize and sequence its policies in a manner that positive outcomes in poverty alleviation, health and education translate into the empowerment of its population. The country needs to take concrete steps in moving away from social, economic and geographic exclusion and tap into its vast potential for human development by creating a political foundation that accommodates people's voices and choices, without compromising on the fundamentals of humane governance. At the same time, Nepal needs to realize that efforts towards peace and social harmony require a long-term perspective and, without effective leadership and the formation of strong political institutions, conflicts may erupt in the future that can very easily reverse the gains that have been made so far and bring the country back to a low growth-low human development path.

In terms of economic management, Nepal needs to reconsider its approach towards public sector enterprises that are a burden on the economy and configure ways to channelize those funds to productive uses with tangible benefits. Developments can occur in the electricity sector, given Nepal's hydropower sources in addition to better road networks connecting the country. Investments in agriculture with cohesive policies for rural income and employment generation can lift impoverished people out of debilitating conditions and provide them with better opportunities to shape their own lives and develop their capabilities.

Sri Lanka

Political governance in Sri Lanka

Sri Lanka's unitary state structure is based on the French model, with an Executive presidency. The President is the head of state, having Executive powers and elected for a term of six years by universal adult suffrage.³⁰ A Constitutional Amendment

in 2010 has abolished term limits for the presidency and in so doing, skewed the balance of power between political institutions. This move has also reinforced Sri Lanka's style of governance, which is centralized in many respects.

Executive

According to the Constitution, the President heads the Cabinet of Ministers, charged with the direction and control of the government while being collectively responsible and answerable to Parliament. The President appoints the Prime Minister from among the Members of Parliament.³¹

Parliament

The Constitution states that the President may summon or dissolve Parliament from time to time, provided that one year has passed after a legislative election. As a body charged with making laws, the national legislature is unicameral, with 225 Members directly elected for six years under a system of modified proportional representation. Under the 13th Amendment to the Constitution, passed in 1987, powers have been devolved to nine directly elected provincial councils.³²

Judiciary

The Constitution entrusts the administration of justice to protect, vindicate and enforce people's rights to the Supreme Court, the Court of Appeal, the High Court and other courts of First Instance and tribunals. The Supreme Court and the Court of Appeal are both superior courts and have all the powers attributed to them, with the former serving as the highest and final superior court of record. It has jurisdiction over constitutional matters, protection of fundamental rights, final appellate and consultative jurisdiction and breach of the privileges of Parliament. The Chief Justice, the President of the Court of Appeal and other judges of the two superior courts are

Sri Lanka's unitary state structure is based on the French model, with an Executive presidency

appointed by the President.³³

Box 6.3 shows a timeline of key events that have led to Sri Lanka's current political landscape.

Economic governance in Sri Lanka

State of Sri Lanka's economy

Matters related to economic management have been dealt with reasonably well in Sri

Lanka. In FY 2010-11, the economy grew at 8.3 per cent, capturing the benefits that ensued after a decisive end to the conflict. Inflation remained in single digits in FY 2010-11, at an average of 6.7 per cent. In FY 2011-12, inflation is expected to average 5.8 per cent as a result of the flexible exchange rate regime adopted by Sri Lanka that has depreciated the currency in addition to considerably loose local credit conditions.³⁴ Indicators showing Sri Lanka's

Box 6.3 A historical time-line of political governance in Sri Lanka

Sinhala Nationalism

- 1949 Many Tamils are deprived of citizenship and the right to vote. Sinhalese nationalism is on the rise.
- 1956 Solomon Bandaranaike is elected. Sinhala is declared the sole official language. Tamil parliamentarians protest against new laws. Violence leaves more than hundred Tamils dead.
- 1958 Thousands of Tamils are displaced. Riots against Tamils kill more than 200 people.
- 1959 Bandaranaike is assassinated by a Buddhist monk. Srimavo, his widow, succeeds him, whilst continuing the nationalisation programme.
- 1965 Party in opposition—United National Party wins elections and tries to undo the nationalisation programme.
- 1970 Srimavo comes back to power and extends the nationalisation programme.

Ethnic tensions

- 1971 Uprising by Sinhalese Marxists (mainly students and activists).
- 1972 Buddhism is given status of country's primary religion, stirring Tamil antagonism.
- 1976 Liberation Tigers of Tamil Eelam (LTTE) is formed with rising tensions in Tamil dominated areas.
- 1977 Separatist Tamil United Libera-

tion Front (TULF) party wins all seats in Tamil concentrated areas.

- 1983 Thirteen soldiers are killed in LTTE ambush, sparking riots leading to several hundred Tamil deaths. Start of war between the state and LTTE. Tigers call it 'First Eelam War'.

Civil war intensifies

- 1985 First attempt at peace talks between government and LTTE fails.
- 1987 Troops push back LTTE into the northern city of Jaffna. Government signs accords creating new councils for Tamil areas in the north and the east and urges India to deploy an Indian peacekeeping force. The 13th Amendment to the Constitution includes provisions for the establishment of a system of Provincial Councils. The Amendment incorporates the provisions of the *Official Languages Act 1987* and declares Tamil an official language of Sri Lanka.
- 1988 Left wing and nationalist Sinhalese Janatha Vimukthi Peramuna (JVP) begins campaign against Sri Lanka's agreement with India.
- 1990 Indian troops leave after a failed intervention in the north. Violence between Sri Lankan armed forces and separatists increases. 'Second Eelam War' commences.
- 1991 LTTE is implicated in Rajiv Gan-

dhi's assassination in Southern India.

War and diplomacy

- 1993 President Premadasa is killed in a bomb attack by LTTE.
- 1994 President Kumaratunga comes to power promising to end war. Peace talks are initiated with LTTE.
- 1995 Rebels sink naval craft, fuelling 'Third Eelam War'.
- 1995- War continues across the north and the east. Several bomb and suicide attacks are held wounding President Kumaratunga and targeting holy Buddhist site and Sri Lanka's international airport.

Peace moves

- 2002 Government and Tamil Tiger rebels sign a ceasefire mediated by Norway.
- 2003 Tigers pull out of talks, yet the ceasefire continues to hold. Sri Lanka experiences devastating floods.
- 2004 Tamil Tiger commander, Karuna, leads a split in the rebel movement, going underground with supporters. The Tiger offensive seizes control of the east. The tsunami destroys coastal communities.
- 2005 A deal is reached with Tamil Tiger rebels to share nearly US\$3 billion in tsunami aid among Sin-

halas, Tamils and Muslims. State of emergency is declared after foreign Minister's assassination. In November, Mahinda Rajapaksa, Prime Minister at the time, gains presidency.

Mounting violence

2006 Tense clashes in the northeast since the ceasefire in 2002. Peace talks in Geneva fail.

2007 Police forces oust hundreds of Tamils from the capital, citing security hazards.

2008 Government pulls out of the 2002 ceasefire agreement and launches

a massive offensive. The military captures an important Tamil Tiger naval base of Vidattativu in the north. Fierce fighting continues.

2009 Government troops capture the administrative headquarters of the Tigers, the town of Kilinochchi. The President urges rebels to surrender. International concern over the humanitarian situation of civilians causes a stir.

Defeat of the Tamil Tigers and re-election of the President

2009 In March, former rebel leader, Karuna, takes oath as Minister of Na-

tional Integration and Reconciliation. In May, government declares Tamil Tigers' defeat. Tigers issue a statement of laying down arms.

2010 Incumbent Rajapaksa wins presidential elections in January, but his main rival, General Fonseka, contests the outcome. Rajapaksa dissolves Parliament, calling for elections in April. The ruling coalition wins a landslide victory. In September, a Constitutional Amendment removes term limits of the presidency.

Sources: BBC 2012b and MHHDC 1999.

economic performance are tabulated in table 6.6.

In terms of foreign direct investment (FDI) and remittances, there has been a positive influx in both, thereby raising expectations about foreign exchange earnings in tourism, apparel and information technology industries. The cornerstone for investment lies on four major pillars: public spending on infrastructure (destroyed by the civil war), reconstruction in the north and the east, business investment and rising property investment.³⁵

Monetary and fiscal management of Sri Lanka's economy

The Central Bank of Sri Lanka (CBSL) decided to keep monetary policy rates low in order to expand credit to boost economic growth in 2011. However, in the first half of 2012, the CBSL raised policy interest rates, increasing the repurchase (repo) rate by 25 basis points and the reverse repo rate by 75 basis points in April, when both rates had already been increased in February. This tightening was pursued to contain the sharp rise in lending to the private sector and in the money supply.³⁶

In 2011, reducing expenditure as a share of GDP narrowed the budget defi-

cit, even though the proportion of government revenue in GDP fell as well. The deficit was estimated at 6.9 per cent of GDP. Reducing the deficit is a key conditionality of the International Monetary Fund (IMF) assistance package currently underway. In 2012, the IMF completed a seventh review of Sri Lanka's performance under a programme supported by the Stand by Arrangement (SBA), worth US\$2.6 billion that was put in place in July 2009. In addition to the US\$1.7 billion previously released, a further US\$426 million has been disbursed because of the ongoing reforms undertaken by the government, including the dismantling of CBSL's trading-band

Table 6.6 Sri Lanka's economic performance

Indicators	2008-10*
Budget deficit/surplus (% of GDP)	-6.6
Inflation, average annual rate (%)	5.9
Current account deficit/surplus (% of GDP)	-2.9
Public health expenditure (% of GDP)	1.8
Public education expenditure (% of GDP)	2.1
Trade-to-GDP ratio	52.5
Central government debt-to-GDP ratio	85.0
Unemployment rate (%)	7.6

Note: *: Data refer to recent years available.

Sources: ADB 2012, EIU 2012b and World Bank 2012i.

The way Sri Lanka has configured its own path to human development is commendable and merits attention

system that managed Sri Lanka's exchange rate previously.³⁷

The government has projected a rise in fiscal inflows and a subsequent fall in public spending to reduce the budget deficit even further to 4.8 per cent of GDP, a rather optimistic figure. The underlying assumption is that lower tax rates and a less complicated payment system will encourage receipts. However, poor efforts in tax collection, significant tax evasion and the relatively low-income base of the population point towards the opposite direction. Curtailing public spending will not be easy due to pressures already facing the government in increasing expenditure on the civil service and on defence.³⁸ Should these take precedence, public spending on priority areas for human development will suffer.

Policies for pro-poor growth

Sri Lanka is rigorously pursuing the Development Policy Framework for 2010-16, with the intent of raising GDP growth and doubling income per capita. But, a well-intentioned policy framework coupled with the government's minimal measures to reduce bureaucratic hurdles and improve the investment climate is a challenge Sri Lanka needs to overcome. Increasing investor confidence relies heavily on predictable policies, a conducive and stable environment, and strong legal, regulatory and institutional standards.

Policies implemented between 2005 and 2009 fell under the rubric of *Mahinda Chintana-towards a New Sri Lanka*. During this phase, Sri Lanka sustained economic growth of about 6 per cent according to official figures, income per capita rose from US\$1,062 in 2004 to US\$2,053 in 2009, access to electricity, safe drinking water, telecommunication and road access witnessed positive developments, school enrolment and general literacy were raised, in addition to improved health outcomes through lower infant mortality and higher life expectancy.³⁹

In the phase between 2010 and

2016, Sri Lanka is following the *Mahinda Chintana: Vision for the Future*. It aspires to achieve the MDGs ahead of time and has also specified targets for the Mahinda Chintana Goals to be achieved by 2016. These include, eradication of hunger and hard-core poverty, universalization of secondary education for all, reducing child malnutrition from a third to between 12 and 15 per cent, increasing life expectancy to 80 years, increasing access to clean water in urban areas to 90 per cent, and raising forest coverage to 43 per cent.⁴⁰

Human development profile of Sri Lanka

Sri Lanka has been an exceptional performer in the region, with its HDI value leading the way consistently since 1980 as indicated by the trends in figure 6.3. The way it has configured its own path to human development is commendable and merits attention. A closer look at its poverty, health and education profile will elucidate the successes Sri Lanka has already made, and the challenges that lie ahead.

Sri Lanka's progress towards the MDGs

Sri Lanka has been a front-runner on the road towards 2015 that leads to the achievement of the MDGs. Table 6.7 shows where Sri Lanka stands in terms of accomplishing the MDGs.

Poverty and poverty alleviation programmes

Poverty indices for Sri Lanka show a 41 per cent drop in the poverty level, from 15.2 per cent reported in 2006-07 to 8.9 per cent in 2009-10 (see table 6.8). The poverty level is measured by using the head count ratio, which presents the total number of persons living under the poverty line as a percentage of the total population. The value of Sri Lanka's official poverty line was LKR3,028 for the *2009-10 Household Income and Expenditure Survey* period.⁴¹ In terms of poverty status by sector, Sri Lanka's rural and estate sectors are the most

impoverished (see table 6.9).

Using the Poverty of Opportunity Index (POPI) developed by the Mahbub ul Haq Human Development Centre, which takes a multidimensional approach to poverty accounting, shows that Sri Lanka's POPI value is 7.8 per cent for 2010 (see table 6.10), a considerably lower value as compared to POPI values for large South Asian countries such as Bangladesh, India and Pakistan.

FROM JANASAVIYA TO SAMURDHI

The *Janasaviya* (Self-help) Programme was a targeted income transfer programme aimed to provide consumption support.

Table 6.7 Sri Lanka's progress towards the MDGs

Goal	Progress
1a. US\$1.25 per day poverty	Early achiever
1b. Underweight children	No progress/regressing
2a. Primary enrolment	Early achiever
2b. Reaching last grade	Early achiever
2c. Primary completion	Early achiever
3a. Gender primary	Early achiever
3b. Gender secondary	Early achiever
3c. Gender tertiary	...
4a. Under-five mortality	Slow
4b. Infant mortality	Slow
5a. Maternal mortality	Slow
5b. Skilled birth attendance	Early achiever
5c. Antenatal care (1 or more visits)	Early achiever
6a. HIV prevalence	On track
6b. Tuberculosis incidence	On track
6c. Tuberculosis prevalence	Early achiever
7a. Forest cover	No progress/regressing
7b. Protected area	Early achiever
7c. Carbon di-oxide emissions	No progress/regressing
7d. Ozone depletion potential (ODP) substance consumption	Early achiever
7e. Safe drinking water	Early achiever
7f. Basic sanitation	Early achiever

Source: UNESCAP, ADB and UNDP 2012.

Figure 6.3 HDI trends for Sri Lanka and South Asia, 1980-2010

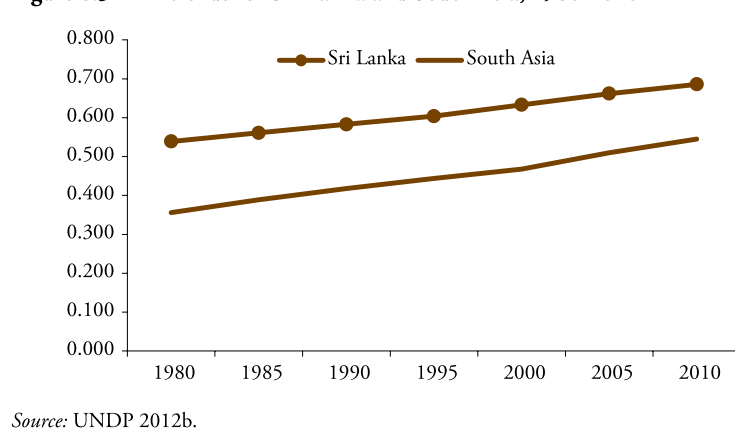


Table 6.8 Poverty head count ratio in Sri Lanka, 1990-2010

	Poverty head count ratio (%)
1990-91	26.1
1995-96	28.8
2002	22.7
2006-07	15.2
2009-10	8.9

Source: GOS 2011b.

Table 6.9 Poverty status by sector in Sri Lanka, 2009-10 (%)

	Head count ratio	Poor households	Poverty gap index
Urban	5.3	3.8	1.2
Rural	9.4	7.5	1.8
Estate	11.4	8.9	2.1

Source: GOS 2011b.

Table 6.10 Poverty of opportunity in South Asia, 2010 (%)

	Bangladesh	India	Pakistan	Sri Lanka
Poverty of health opportunities	16.3	13.4	11.6	7.8
Poverty of education opportunities	39.6	32.7	41.3	9.0
Poverty of income opportunities	43.3	32.7	22.6	7.0
Poverty of Opportunity Index (POPI) value	35.2	27.8	29.2	7.8

Sources: UIS 2012, UNDP 2010c, UNPD 2012, World Bank 2012b, e and i and MHHDC staff computations.

A combination of effective leadership, good health infrastructure and relative wealth have aided Sri Lanka in making sufficient progress in health

Through the Janasaviya Trust Fund with financing from the World Bank, credit facilities were developed to help the poor start microenterprises. In 1995, the *Janasaviya* Programme was replaced by the *Samurdhi* Programme, consisting of a large income transfer component, a series of pro-poor credit schemes, including the Grameen-type *Samurdhi* Bank scheme based on group savings and group collateral, and a small rural infrastructure component.⁴² According to the Samurdhi Authority of Sri Lanka, a total of 1,573,207 families have benefitted from the programme until 2010.⁴³ In 2011, expenditure on the *Samurdhi* Programme declined marginally to LKR9.0 billion from LKR9.2 billion in 2010 with a gradual decline in the number of families entitled to the income supplementary programme, reflecting the reduction in overall poverty.⁴⁴

Sri Lanka's education policy and programmes

Sri Lanka's education profile is highly commendable. The literacy rate for adults stands at 91 per cent, whilst the youth literacy rate stands at 98 per cent. Net enrolment rates for both girls and boys in primary education stand at 94 per cent and Sri Lanka has been an early achiever in education-related MDGs. Public expenditure on education as a percentage of GDP stood at 2.1 per cent in 2009. While 8.1 per cent of government spending went to the education sector as a whole in 2010, secondary education received 56 per cent of the share, followed by 31 per cent for the primary level and 13 per cent for the tertiary level.⁴⁵

Under the Education Sector Development Framework and Programme (ESDFP), the major focus areas in education are located in (i) increasing equitable access to basic (grades 1 to 5) and secondary (grades 6 to 13) education, (ii) improving the quality of education, (iii) enhancing economic efficiency and equity of resource allocation, and (iv) strengthening service delivery and monitoring and evalu-

ation.⁴⁶

In terms of pro-poor education policies, the current government has begun to provide education to children from low-income neighbourhoods, remote villages, plantation and conflict-affected areas in addition to children who are destitute, abandoned or working.⁴⁷ The government aims to obtain full participation in school by reducing the number of out of school children, which stood at 0.102 million in 2010 and extending the mid-day meal programme for malnourished children at school.⁴⁸

Sri Lanka's health policy and programmes

Sri Lanka has been hallmarked as one of South Asia's success stories in providing healthcare to its people. Major health indicators for the country surpass the averages for countries with similar levels of income. Free healthcare has been remarkably successful. A combination of effective leadership that envisaged health as a political necessity, smaller scale, good health infrastructure and relative wealth have aided Sri Lanka in making sufficient progress in health. The country's average life expectancy of 75 years parallels many developed countries and outperforms the rest of South Asia. By making immunization a core element of Sri Lanka's primary healthcare programme for children, the country has achieved a 99 per cent vaccination rate.⁴⁹ However, public expenditure on health as a percentage of GDP was 1.8 per cent in 2000 and remained at 1.8 per cent in 2009. As a proportion of government expenditure, public health spending in Sri Lanka stood at 5.8 per cent in 2010.⁵⁰

The challenges to health that Sri Lanka faces can be daunting in the future. The major ones include: (i) changing disease and demographic patterns that need to be matched by adequate and timely measures; (ii) cultivating and managing human resources catering to health; (iii) responding to the needs and requirements of vulnerable groups, particularly in the es-

tates, and remote rural areas; and (iv) improving overall responsiveness and quality of health care provided.

The demographic transition is associated with an increasing burden of non-communicable diseases (NCDs) and an ageing population. The percentage of people aged over 60 is increasing in Sri Lanka, given improvements in life expectancy, yet so are health problems related to ageing. The major NCDs with a significant disease burden in Sri Lanka consist of cardiovascular diseases, diabetes mellitus, chronic respiratory diseases, chronic renal disease and cancers. NCDs are estimated to account for 65 per cent of all deaths according to the World Health Organization (WHO).⁵¹

Although public health has taken off well in Sri Lanka, the system itself is facing problems related to organization and management, financing and mechanisms for service delivery. Management issues stemming from centralized standards and norms allowing limited flexibility at the peripheral level to decide on finance, staffing and resource utilization, in addition to emergency and disaster-related situations, need to be addressed.⁵²

Conclusion

Sri Lanka has a strong track record in human development, in terms of its efforts

towards poverty alleviation, education and health. Like Nepal, poverty in Sri Lanka has a rural face and therefore, resources need to be allocated for improving conditions in rural and estate sectors. Sri Lanka's orientation towards development should be tailored according to its needs and in this regard, infrastructure in rural areas merits a closer look. The current development strategy has specified some elaborate plans regarding rural infrastructure, which require continued financial commitment.

Moreover, Sri Lanka's growth process needs to be more inclusive so that people can demand a greater stake in the political process and in matters related to economic management of the country. Public spending priorities in education and health are low, while expenditure on civil service and defence is on the rise. There is certainly room for improving budgetary allocations in respective categories.

While Nepal's experience with governance requires fundamental changes, Sri Lanka can perform well with incremental changes. In both cases, the policies, institutions and mechanisms that govern economic performance in the presence of stable political structures will generate better opportunities for people. In terms of empowerment, Nepal's steps are slow, yet significant while Sri Lanka has advanced well on its path.

While Nepal's experience with governance requires fundamental changes, Sri Lanka can perform well with incremental changes

POLICIES AND INSTITUTIONS TO EMPOWER WOMEN IN SOUTH ASIA

No nation can develop half-free and half-chained. Empowerment of women—through their full participation in education, employment and political and social life—is vital for this purpose.

—*Mahbub ul Haq*

Policies and Institutions to Empower Women in South Asia

To deliver humane governance to all people in South Asia, it is imperative to focus on the empowerment of women who form the majority in this region

Introduction

South Asia has witnessed remarkable economic and social development in recent decades. The indicators of human development, including indicators for women, have shown progress across the region. Civil society has emerged as a vibrant agent for advocacy and reform on behalf of women. The pressure for improving governance for women's empowerment in public and private institutions has led to women's progress in the economic and political arena. Women's empowerment has become a priority concern from both developmental and equity perspectives with gender equality emerging as an important link to achieving all other Millennium Development Goals (MDGs). The economic crisis of 2008 has further shifted emphasis towards delivering more gender friendly and inclusive growth. The democratic movement of recent decades has also intensified public awareness of women's rights.

Yet as has been repeatedly underlined in the previous reports of the Mahbub ul Haq Human Development Centre, the burden of deprivation and discrimination borne by South Asian women, particularly in poor areas and in poor income brackets, continues till today. Humane governance, as defined by Mahbub ul Haq, is concerned with people and their dignity and welfare. To deliver humane governance to all people in South Asia, it is imperative to focus on the empowerment of women who form the majority in this region.

The previous South Asia Human Development Reports (SAHDRs) have documented the magnitude of discrimination faced by South Asian women from cradle to grave. Women do not have equal

access to education and healthcare, and they do not have equal opportunity to participate fully in economic and political life in their society. For example:

- South Asian women remain at the fringes of key processes towards participation and decision-making. Women continue to bear the heaviest burden of poverty in the region. Displacements due to disasters and armed conflicts have further fueled inequality and insecurity for girls and women across South Asia.
- All the countries of South Asia have quotas and reservations for women in Parliament either at the national or local levels or both.¹ However, female participation in the Parliament still remains quite low. As of 2011, women held only 13 per cent of the seats in South Asian Parliaments. The representation of women in the Parliament varies from 5 per cent in Sri Lanka to 33 per cent in Nepal.
- The region also remains the only one in the world where men outnumber women in the total population, confirming the widespread practice of gender-based discrimination. As a result of discrimination against girls in feeding, immunization and healthcare practices, as well as female foeticide and infanticide, there are fewer women than men in South Asia, which is against the biological norm. The outcome of gender discrimination in health is more visible when gender differences in the under-five mortality rate and proportion of underweight and immunized children are taken into account.

- In addition to gender discrimination in healthcare practices, South Asian women are also less likely to get education than men. The majority of girls in South Asia are deprived of this opportunity. In 2009, only 50 per cent of South Asian women were literate. To put it another way, there were about 250 million illiterate women in South Asia in 2009.
- Women's work in South Asia is also characterized by job and income insecurity, as they work mainly in the informal sector characterized by low wages and unsafe and hazardous working conditions. Employers usually prefer women workers as they are easier to hire and fire and less demanding in terms of wages or job security. In 2010, less than half of the women in the age group 15-64 were economically active in the region.
- Women are also unable to break through the glass ceiling. At a professional level, the majority of women work at the lowest ranks of their occupations.

Clearly, something is not right if 50 per cent of the region's population is facing extreme deprivation at multiple levels. Committing to equality through national constitutions and policies has obviously not meant the same as delivering it on ground. While in some cases institutional mechanisms have not been put in place at all to empower women; in other instances we see examples of governance failures even where mechanisms do exist. State interventions to protect women through an integrated service delivery approach remain weak. This chapter proposes to address two issues: firstly, how has the nature of governance impacted development of South Asian women in recent years and, secondly, what institutional arrangements have been made specifically to empower women.

Women in South Asia 15 years after the Beijing Conference

Key development indicators

While the United Nations Development Programme (UNDP's) *Human Development Report (HDR) 1995*,² launched just before the Fourth World Conference on Women, had set the parameters for a discussion on women's development and empowerment issues, the Beijing Platform for Action,³ adopted at the Conference, remains the most comprehensive global policy framework for full realization of gender equality, women's human rights, and empowerment of women and girls. Since then, it has been a long road for the women of South Asia. While there have been significant positive changes towards fulfilling the commitments made in the Platform, a host of challenges still remain.

In the *HDR 1995*, the UNDP introduced two new indices as complements to the Human Development Index (HDI). The Gender-related Development Index (GDI) and Gender Empowerment Measure (GEM) were introduced to assess the progress of women. More recently, the Gender Inequality Index (GII) has been introduced in order to address some of the conceptual and methodological limitations of the GDI and GEM. What can these indices tell us about the progress of women in South Asia? The rankings are far worse today, pulling the region down into the 'low human development' category. The most recent GII shows South Asia trailing far behind other regions in the critical measure of gender equality (see table 7.1).⁴

The slow progress on key development indicators has perpetuated gender disparities in the region, which today stand far below the world averages (see table 7.2). Intra-regional disparities are stark, with Sri Lanka doing well on most counts.

Underlying the slow progress on some of the key development indica-

The slow progress on key development indicators has perpetuated gender disparities in the region, which today stand far below the world averages

	Value	Rank
India	0.617	129
Pakistan	0.573	115
Bangladesh	0.550	112
Afghanistan	0.707	141
Nepal	0.558	113
Sri Lanka	0.419	74
Bhutan	0.495	98
Maldives	0.320	52
South Asia (weighted average)	0.604	...
Sub-Saharan Africa	0.610	...
Latin America and the Caribbean	0.445	...

Source: UNDP 2011a.

tors are the social, institutional and power structures operating at the household level. To measure some of these factors, the Organization for Economic Cooperation and Development (OECD) has developed the Social Institutions and Gender Index (SIGI) (see table 7.3). Gender discrimination in social institutions is very high across South Asia, making the region one of the worst performers in the SIGI rankings.

The situation is particularly disappointing in Afghanistan, the lowest ranking country in the region.

Overall, gender-based violence as a form of discrimination against women has become increasingly visible in South Asia and is now being acknowledged globally. Women in the region continue to face discrimination in access to information, goods, services, productive resources and assets and food. They also face the burden of social and cultural practices and traditions that limit their mobility and access to real economic opportunities. Social institutions limit women's access to education and healthcare. Although many women in the region work in farming, social institutions often exclude women from direct access to land. Access to justice is also limited.

Areas of special concern

While some progress has been made in the region to address these inequities, such as legislating to combat violence against

	Maternal mortality ratio (per 100,000 live births) (2008)	Adolescent fertility (2011*)	Parliamentary representation (seats in Parliament, % female) (2009)	Female population with at least secondary education (% aged 25 and older) (2010)	Female labour force participation (%) (2009)
India	230	86.3	11	26.6	32.8
Pakistan	260	31.6	22	23.5	21.7
Bangladesh	340	78.9	19	30.8	58.7
Afghanistan	1,400	118.7	28	5.8	33.1
Nepal	380	103.4	33	17.9	63.3
Sri Lanka	39	23.6	5	56.0	34.2
Bhutan	200	50.2	9	16.2	53.4
Maldives	37	12.2	6	31.3	57.1
South Asia (weighted average)	266	79.9	13	26.5	34.6
Sub-Saharan Africa	619	119.7	20	22.2	62.9
East Asia and the Pacific	79	73.7	20	48.1	64.2
Latin America and the Caribbean	80	19.8	19	50.5	51.7
World	176	58.1	18	50.8	51.5

Note: *: Annual average for 2010 to 2015.

Sources: MHHDC 2012, *Human Development Indicators for South Asia* and UNDP 2011a.

Table 7.3 Social Institutions and Gender Index (SIGI)* and its components for South Asia, 2009

	SIGI index**	SIGI ranking (country rank out of 146 countries)	Family code	Civil liberties	Physical integ- rity	Son preference	Ownership rights
India	0.318	129	0.61	0.60	0.17	0.75	0.52
Pakistan	0.283	115	0.38	0.60	0.28	0.75	0.52
Bangladesh	0.245	112	0.58	0.60	0.04	0.50	0.52
Afghanistan	0.582	141	0.72	0.82	0.52	1.00	0.68
Nepal	0.167	113	0.37	0.30	0.30	0.50	0.52
Sri Lanka	0.059	74	0.23	0.30	0.17	0.00	0.35
Bhutan	0.163	98	0.21	0.30	0.35	0.75	0.00

Notes: *: The SIGI draws on 12 social institutions variables, grouped into five categories or sub-indices. First, family code refers to institutions that influence the decision-making power of women in the household. Second, physical integrity comprises different indicators on violence against women, including the existence of female genital mutilation. Third, son preference reflects the economic valuation of women, based on the variable missing women, which measures gender bias in mortality due to sex selective abortions or insufficient care given to baby girls. Fourth, civil liberties capture the freedom of social participation of women. Fifth, ownership rights cover women's rights and de facto access to several types of property. **: The index value 0 corresponds to no inequality and 1 to complete inequality. Where no women are affected the score is 0. For countries where most women are affected the score is 1.

Sources: MHHDC 2012, *Profile of Governance in South Asia* and OECD 2011b.

women, improving migration procedures, providing better social safety nets, introducing gender-responsive budgeting, and increasing economic incentives for women, new concerns have emerged. Sudden changes in the economy and society are throwing up new challenges and deepening the existing gender crisis.

Women and gender-based violence

Gender-based violence is widely used in the region primarily to maintain women's subordinate status. From forced marriages in Afghanistan and honour killings in Pakistan to foeticide in India and trafficking in Nepal, South Asian women face violence at home, in the workplace, in the community and on the street, due to the lack of effective implementation of laws prohibiting such gender-based violence and discrimination. In fact, according to a United Nations (UN) Women report, the problem is so grave that South Asian women experience crimes such as domestic violence, rape, sexual harassment, incest and acid attacks, every three minutes.

Violence against women is committed at an interpersonal level and at the level of institutions and the state. Interpersonal violence includes forms of abuse

such as economic, psychological, sexual, emotional, physical, and verbal threats and actions. On the other hand, institutional and structural forms of violence are due to structural inequality or institutional discrimination that maintains women in subordinate positions. Examples include laws and policies that maintain men's advantage over women in places of employment and in terms of educational opportunities; and in limiting women's access to resources, places of worship, protection by the police and other government services and benefits.⁵

According to a new poll, conducted by TrustLaw, a legal news service run by the Thomson Reuters Foundation, Afghanistan is reported as the world's most dangerous place for women.⁶ Pakistan is ranked third where, according to the Human Rights Commission of Pakistan, around a thousand women and girls die in honour killings annually. India is ranked fourth primarily due to female foeticide, infanticide and human trafficking. The practice of early marriage, also considered a form of sexual violence, remains common, with more than 30 million girls in South Asia being married before the age of 18.⁷ Forced and unregistered marriages not only increase the vulnerability of women to

	Sex ratio
India	94
Pakistan	97
Bangladesh	98
Afghanistan	93
Nepal	102
Sri Lanka	103
Bhutan	89
Maldives	98

Source: UN 2012a.

Meaningful progress in reducing gender-based violence is dependent on finding ways to effectively address the linkages of violence with reproductive health, poverty and conflicts as well as natural disasters

violence, but also make them more prone to health risks, including exposure to HIV/AIDS.

Due to such gender-discriminatory practices, an increasing number of women are disappearing. Recent estimates show that approximately 90 million women are 'missing' from South Asia:⁸ 6 million from Bangladesh, 67 million from India and 9.7 million from Pakistan (see table 7.4).⁹

It is obvious that gender-based violence is endemic to patriarchal societies, where at the intersections of clashes, women's bodies become battlegrounds. However, structural forms of violence are not adequately addressed in either policies or plans. The usage of 'culture', 'religion' and 'tradition' as tools for controlling women and subjecting them to violence needs to be understood in order to formulate appropriate and effective policies and recommendations to counter the rise in violence against women. Several measures have been adopted over the years to improve state responses to gender-based violence. However, meaningful progress in reducing gender-based violence is dependent not just on government responses to violence, but also on understanding, documenting, and finding ways to effectively address the countless direct linkages of violence with reproductive health, poverty and conflicts as well as natural disasters. The basic challenge remains the effective implementation of existing laws and procedures and the quality of services provided by the state.

Women and internal displacement

WOMEN AND CONFLICTS: The gender and development discourse cannot ignore women who have been forced to suffer the consequences of armed conflicts, both as displaced persons and as residents of conflict zones. The impact of conflicts should be assessed both in terms of ongoing conflicts and post-conflict situations. The disappearance of male family members, an increase in widows and female-headed households, women's vulnerability to sexual violence, and enhanced levels of poverty among female survivors of war are some of the results of conflicts on women. Many women are sometimes forced to assume the responsibility as head of the household and have to fend for their families, a task for which they are ill-prepared. The war in Sri Lanka has also changed the demographic profile of North-East Sri Lanka, leaving many widows and women headed families destitute. A detailed study on the impact of armed conflicts on the women in Nepal also reveals the manifold ways in which women have participated in, suffered and survived the conflicts,¹⁰ highlighting how women continue to suffer the economic, psychological and social consequences of conflicts even many years after the end of hostilities. Provision of education, particularly for girls, has also suffered in conflict zones of northern areas in Pakistan where educational infrastructure for girls has been destroyed.

WOMEN AND NATURAL DISASTERS: Since 2005, displacement caused by natural disasters, in addition to those caused by ongoing conflicts, has become an urgent issue for South Asia. The majority of the displaced tend to be women and children. These women are not only more vulnerable to sexual violence but also prone to suffer from increased levels of poverty due to lack of economic opportunities. Disasters disrupt and at times altogether destroy the social capital and

support networks that the poor and marginalized, including women and children, depend on for survival. Hence the impact of such displacement on girls and women in both the immediate as well as longer-term basis, needs serious consideration. While valuable lessons have been learnt at some level, institutionalization has lagged behind. It is both unfortunate and counterproductive that, for example, gender appropriate or sensitive responses developed in the 2004 Tsunami and subsequent recommendations, did not come into play automatically as standard operational procedures less than a year later in the Pakistan earthquake disaster of 2005.¹¹ It was nevertheless encouraging that in June-July 2009, facing emergency displacement of an estimated two million people due to military operations against armed militants in Swat and other northern areas, authorities in Pakistan built on the lessons of 2005.

A concern with regard to rehabilitation in conflict zones is the lack of security faced by those providing relief and rehabilitation. Although the plight of these women victims and displaced females has been considered in many international forums over the last few years, perpetrators of crimes against humanity continue to enjoy immunity under domestic security laws. Civil society organizations (CSOs) working for the betterment of women, or social welfare, have been directly attacked, as have all those involved in any development work in conflict areas. In addition, women have remained poorly represented or altogether absent, from decision-making bodies in such conflict zones. With respect to displaced persons, the notion of support needs to expand from relief to incorporate rehabilitation, while ensuring that rehabilitation programmes identify and respond to women's specific needs.

Women and food security

South Asia, along with Sub-Saharan Africa, continues to suffer from high levels of hunger.¹² The Report on *Human Develop-*

*ment in South Asia 2010-11*¹³ highlights this as an urgent area of regional concern. To address women's food insecurity, policies need to cover several areas to include expansion of food availability for women and children, improvement of economic, physical and social access to food for women along with improvement of utilization of food by women. What is also often overlooked in policy formulation is the increasing number of de facto female heads of households struggling to earn a livelihood and ensure food security for their families without access to credit, technology or extension services. The global food crisis and food insecurity underscore the importance of a strong agriculture sector and equitable access to the poor, especially women, to resources to ensure sustainable economic growth. A well-functioning rural non-farm and farm sector is necessary to generate employment and subsequently reduce poverty.

Women and financial crisis

The global financial crisis and the rise in fuel and food prices have left 100 million more people without adequate food, with women and children bearing the heaviest burden, says a 2009 United Nations Children's Fund (UNICEF) report.¹⁴ The ensuing economic crisis has aggravated the feminization of poverty in the region and without immediate and relevant government response, South Asian women are bound to sink further into poverty and malnutrition. Women remain most at risk since they lack access to assets or resources to cope with shocks. The vulnerability of women is further intensified by lack of skills and education.

There are a number of reasons why women have suffered disproportionately in such crisis situations. Firstly, in case of the financial crunch, women are usually the first casualties of unemployment. Also, as women represent a large proportion of workers in the informal economy, their poverty deepens when formal sector work-

The impact of displacement on girls and women needs serious consideration

ers switch to the informal economy during a crisis, thus depressing the wages of the informal economy.

Secondly, reduced wages and job losses due to the economic slow-down often force families to send women to work outside the home to bring in extra income. While becoming a formal breadwinner can enhance the status of women within the household, it also means they may have less time for childcare. Women are expected to reduce their own nutritional intake in order to satisfy male members' needs. In addition, when domestic responsibilities devolve to girl children, it is often at the cost of their education. There are reports from several countries (Bangladesh and India) of reduced household expenditure on health, leading to increased risk of maternal mortality, and reduced expenditure on education leading to the withdrawal of girls from school.¹⁵

Thirdly, decreasing incomes also affect the quality and quantity of food consumed especially by women who eat last in many South Asian households. Fourthly, apart from the obvious impact on women, loss of household income also directly leads to increase in domestic abuse. Lastly, the financial crisis puts a constraint on the funds available for dispensation as micro-

credit, which has been a significant and effective driving tool for women's economic empowerment in the region. There has been evidence from South Asia of the impact being felt on the microfinance programmes by a fall in the supply of loan funds and/or higher interest rates.¹⁶

Political empowerment

Women and political participation

In terms of women's participation in politics and public decision-making, South Asia presents a unique situation. Almost every country in the region, with the exception of Nepal, has had a woman leader at some point in time, a phenomenon unparalleled in other regions of the world. In fact, Sri Lanka and Bangladesh have had the distinction of two women leaders in the course of their political history. However, on the whole women across South Asia continue to be poorly represented or altogether absent from decision-making bodies.

Although the achievement of gender balance in political institutions remains elusive, the struggle for enhancing representation of women in decision-making in South Asia has not been without success. Affirmative action in countries like India, Pakistan, Bangladesh and Nepal has enabled a large number of women to become part of the political institutions. Although women's share in South Asia's national Parliaments has increased over the decades,¹⁷ they are still far from achieving equal representation in governance bodies (see table 7.5). The Women's Reservation Bill to secure 33 per cent of seats in the Indian Parliament has been passed by the *Rajya Sabha* (Upper House of the Indian Parliament), in March 2010.

Currently, Pakistan has one of the highest proportions of female parliamentarians in South Asia even though they mostly belong to the upper crust of the society. These seats in the National Assembly are allocated to the political parties propor-

Table 7.5 Women's political participation in South Asia

	Share of women in ministerial positions	Seats in the Parliament (Lower House) held by women (%)		Seats in the Senate (Upper House) held by women (%)
	2010	1997	2009	2009
India	10	7	11	9
Pakistan	8	3	22	17
Bangladesh	16	9	19	...
Afghanistan	7	...	28	27
Nepal	8	5	33	...
Sri Lanka	6	5	5	...
Bhutan	0	2	9	24
Maldives	7	6	6	...
South Asia (weighted average)	10	7	13	10

Source: MHHDC 2012, *Profile of Governance in South Asia*.

tionally from the provinces according to the electoral result.¹⁸ Parties nominate and ultimately elect the women to the special seats.¹⁹ The most striking progress has been in Afghanistan where affirmative measures have enabled women to jump from no representation at all to 28 per cent of the Parliament.

Although Sri Lanka has a better record of gender equality than other South Asian countries, it has not transferred greater political participation to Sri Lankan women. It is also the only country in the region not to have reserved quotas for women at any level. Today in Sri Lanka, women's participation is only 5.0 per cent in the Parliament, 4.1 per cent in provincial councils and a negligible 1.8 per cent in local government; perhaps amongst the lowest in the world.²⁰ A shift to an electoral system based on proportional representation in 1989, which elsewhere has generally proven more favourable to women, brought no significant change in the numbers of elected women. Women's groups in Sri Lanka continue to strongly advocate for a greater representation of women in the government.

The greatest progress in this regard has been made in Nepal. Women had never comprised more than six per cent of Nepal's parliamentarians before 2008, which was when the country became the youngest South Asian democracy following the abolition of the 240 year old monarchy. With support from the UN and other international agencies, women's groups in Nepal successfully managed to secure

33 per cent of reserved seats in the newly established Constituent Assembly following the elections in April 2008. Women ended up obtaining 30 seats (12.5 per cent of the available 240 seats) through the FPTP (First Past the Post) elections,²¹ and 161 seats (close to 48 per cent of the 335 seats available) in the Proportional Representation (PR) elections.²² In addition, six women were nominated by the three major political parties to comply with the quota, which meant that women held 197 of 594 seats in the new Constituent Assembly (see table 7.6).

Inspired by the 33 per cent *Panchayati Raj System*²³ introduced in India in the 1990s, steps have also been taken to ensure and bolster women's presence in the local government structures across South Asia. In fact, in contrast to the national (Parliament) level, women's entry into governance bodies at the local level has been at a much larger scale. In India, for instance, reserved seats allowed over a million women to enter local governance bodies.²⁴ This engagement is thought to have a positive impact for women by bringing decision-making closer to them. In Pakistan, a legislation in 2000 provides for 33 per cent reservation of seats for women in local government (in urban areas and districts), allowing women the opportunity to exercise political power and build local alliances. Similarly in Nepal, the *Local Self Government Act 1999* states that among the candidates in elections to Municipal Councils, 40 per cent must be women.²⁵ The Local Self-Governance Act, and later

In India, reserved seats allowed over a million women to enter local governance bodies

Table 7.6 Women's representation (number of seats) in the legislature, 2008-10*

	Lower House			Upper House		
	Total	Female	Female (%)	Total	Female	Female (%)
India	545	59	11	233	21	9
Pakistan	342	76	22	100	17	17
Bangladesh	345	64	19	...	...	...
Afghanistan	249	69	28	102	28	27
Nepal	594	197	33	...	...	...

Note: *: Data refer to most recent year available.

Source: MHHDC 2012, *Profile of Governance in South Asia*.

The quota system is seen as having increased the presence, not the power of women in government

supporting legislation, established a minimum of 20 per cent mandatory representation of women at the ward level and 30 per cent in users' committees.²⁶

There is evidence from India to suggest that women in local government roles make decisions with better outcomes for communities than men when charged with budget decisions. They also appear to be more competent representatives than men, obtaining more resources for their constituencies despite having significantly lower education and relevant labour market experience.²⁷ Nonetheless, within the context of existing systems of political patronage and culture in the region, a decentralized government can be just as discriminatory, operating along the fault lines of gender, unless mechanisms are put in place to ensure adequate representation of women. Policy and legal frameworks that define the way decentralization occurs have important bearings on gender responsive local governance.

Quota systems

As described above, South Asian governments have taken significant steps to increase women's political participation, particularly through the establishment of quota systems at both national and local levels. In fact, the quota system is among the measures that have come to define the commitment of states to the idea of gender equality in the political arena. Since the basic purpose of a quota system is to recruit women into a political position in order to limit their isolation in politics, it has remained the most common way of increasing the representation of women in formal politics. Quotas are often advocated based on the premise that enhancing women's presence in politics is beneficial for women as a group.

While impressive, the quota system is seen as having increased the presence, not the power of women in government. Quotas have definitely guaranteed women access to governance structures

even if in relatively low numbers, but it is debatable whether quotas have really addressed the issue of women's empowerment in the region. A key concern in interpreting evidence of increased representation in countries adopting this system is that they may be doing so in response to changing attitudes about women, however the correlation between quota-induced increases in women's leadership and positive policy outcomes may not be directly related.²⁸

A greater numerical presence of women also does not necessarily secure the representation of the diverse interests of women, especially those of South Asia's very large constituency of underprivileged women with little influence or resources. From a class perspective, existing trends are not optimistic: in India for instance, the majority of female members of the Parliament are from upper class/caste backgrounds, as is also the case in Pakistan, Bangladesh and Sri Lanka where female legislators come from feudal or elite backgrounds.

While the quota system for women is a good tool to enhance their political participation, it has become clear that by itself this is insufficient for women's effective participation. Strengthening women's participation in politics requires affirmative action at many levels: national, State/provincial (where there is a federal system) and local. Political will has to be created at each level. Favourable actions are needed beyond quotas and reservations to strengthen women in power and decision-making.

Obstacles to effective political participation

Despite the presence of women in national legislatures and local governments, many feel that in reality there is only limited space for South Asian women in politics. Women continue to face obstacles that undermine reform efforts—a result of a number of intertwined and overlapping factors. As these factors are overlooked by policy

makers, reform attempts remain either futile or are able to achieve limited success. What are these impediments that are restricting the effective political participation of women in South Asia?

Irrespective of decades of lobbying, advocacy and awareness-raising, the region continues to deal with deep-rooted patriarchal mind-sets that have noticeably limited opportunities for women's participation in public life. The cultural notion that men are better equipped and suited to enter politics and participate in the public sphere is prevalent across the region making it much more difficult for women, especially from rural backgrounds, to break the accepted norm.

An important factor that has influenced women's role and their ability to participate in politics is the view that the increase in women's representation is primarily a response to legal requirements, and not a result of the political parties' determination to improve gender equality in political structures and decision-making. Even though quota systems have been introduced in most countries in South Asia and have actually enhanced women's presence in the legislatures, underlying attitudes still remain averse to the idea of women entering the political arena. Part of the problem is that even though quotas have been important in establishing a public role for women, they have had limited impact. Widely seen as an empty and symbolic gesture, they have not been matched by sufficient investment in women's leadership skills or by challenging the inequality of women in other areas including education and economic opportunities. This perception often ends up weakening the credibility of female candidates and members of the Parliament, further discouraging parties to invest in women members. Subsequently, women's representation in other decision-making positions that are central to translating laws and policies into practice remains poor. In Nepal, despite provision for 33 per cent women's representation in all government sectors, there

is only nominal representation of women in the institutions set up to integrate the Maoists and in the Transitional Justice Committee.²⁹

Political parties in the region show a lack of commitment to work towards strengthening women's roles as political leaders. These parties often remain reluctant to nominate women or tend to field women from constituencies they are likely to lose from or where male candidates are not willing to contest. For example, while all political parties in Sri Lanka have a women's wing, they have existed mainly in order to mobilize the female constituency at election time and support the men in their parties. Women play a really important role during election time gathering support for their parties, but are subsequently overlooked for nomination. Overall decisions in political parties continue to be made by a handful of senior and high-caste male leaders and women's position within the political parties is determined primarily on the basis of their loyalty and kinship to particular leaders, rather than their capabilities and performance.³⁰

Even where women make it to important positions, they toe the party line and promote its agenda without much freedom to interfere or promote their own concerns. Having attained positions at highest echelons, female political leaders in South Asia have shied away from reforms, legislation and policy-making to improve the status of women. Their efforts to initiate gender reforms often fall victim to party politics in a landscape dominated by male party members. The greatest of female leaders in Sri Lanka, Pakistan and India have marked their names in history but certainly not for their sensitivity to gender. In Nepal, despite the presence of women's wings in most political parties and also an inter-party women's alliance where women occasionally gather to discuss political issues, women politicians had found it hard to raise issues of particular concern to women in the Constituent Assembly, as gender-related issues are not considered a

Women's position within the political parties is determined primarily on the basis of their loyalty and kinship to particular leaders, rather than their capabilities and performance

Female labour force participation in the region remains much lower than in many other regions of the world

priority.³¹ A considerable part of female members of the Parliament feel a high degree of loyalty to their political parties, and thus find it difficult to articulate their own agendas.

At the local level, the barriers for rural/poor women are even greater. They are discouraged from entering electoral politics. Elected women councillors at the local (village) level are frequently obliged to depend on influential male members, forced to defer to men in order to receive funding, and are often not in a position to oppose policy set by others. Hence, women still do not actively participate in local-level decision-making and are struggling to make their voices heard. A 2011 report from the Afghanistan Research and Evaluation Unit (AREU) on local governance concluded that while the state-run National Solidarity Programme and the Community Development Councils have contributed to the process of changing male attitudes to women, female participation remains nominal, with women having very little control over resources.³²

In spite of these challenges, there is no doubt that the trend towards increasing women's representation in national and sub-national Parliaments has opened up new opportunities for women to participate in decision-making in South Asia. And this is a change that must be celebrated.

Economic empowerment

Although women's economic empowerment has been a defining feature of South Asia's development discourse in the last two decades, overall economic opportunities for women still lag behind those of men. Policies oriented towards economic empowerment are particularly essential for the region's women as they remain more vulnerable than men to poverty, having not only lower incomes but also lower ability to access economic opportunities. Discriminatory attitudes have restricted their mobility, limiting employment choices

and hindering control over assets. In this section, we assess the economic empowerment of women in the region mainly through their participation in the economy through two channels: their level of participation in the labour force and their access to productive resources such as credit and land.

Measuring economic participation

Although economic participation on the whole is easy to measure, economic opportunity is hard to define and conceptualize in tangible terms.³³ The Economic Intelligence Unit of The Economist has made an attempt in this regard. It has defined women's economic opportunity as "a set of laws, regulations, practices, customs and attitudes that allow women to participate in the workforce under conditions roughly equal to those of men, whether as wage-earning employees or as owners of a business."³⁴ According to the recently constructed Women's Economic Opportunity Index by the Unit, Sri Lanka comes first in the region (table 7.7).

South Asian women's economic participation in the labour market is assessed from three angles: labour force participation, gap in average earnings of men and women, and the ratio of females to males in top professional, technical and managerial jobs. All three are important indicators of how well women are economically empowered in the region.

Labour force participation

Female labour force participation in the region remains much lower than in many

Table 7.7 Women's Economic Opportunity Index, 2010

	Score	Rank
India	42.7	84
Pakistan	29.9	108
Bangladesh	32.6	104
Sri Lanka	47.5	73

Source: EIU 2010.

other regions of the world. It stands at 33 per cent, far lower than in sub-Saharan Africa (61 per cent).³⁵ The lowest economic activity rate in the region is reported for Pakistan (table 7.8). Even Sri Lanka shows only 34 per cent economic activity rate for women, despite the high rate of female literacy and educational attainments.

There are two reasons for women's low economic activity rates in the region. The most obvious reason is a general trend of a reporting bias that tends to underestimate the economic contribution of women. Taking the example of Pakistan, where women form a significant part of the workforce in agriculture, livestock, fisheries and forest-related activities, their activities are often ignored. Pakistani women are not recognized as 'farmers' and hence they are excluded from all development schemes and services intended for farmers while their economic contributions remain unaccounted for. Even though the agricultural policy states that women must be included, it focuses on promoting cash crops for export and excludes anybody possessing less than five acres of land with the emphasis being primarily on large landholdings. However, reforms are underway in many parts of South Asia, such as Nepal that has seen a significant jump in the proportion of economically active women,³⁶ reflecting the efforts of the Central Bureau of Statistics to ensure that women's work is recognized.³⁷ Similar reforms in other countries of the region are bound to help strengthen the documentation of women's economic participation.

While lack of clarity in measuring women's employment is one factor in explaining the low level of female employment, the other important factor is the lack of recognition of work in the informal or unpaid sector. Several studies [such as by International Labour Organization (ILO) and United Nations Development Fund for Women (UNIFEM)] have suggested that the stagnant rate of female participation in the region is perhaps the result of the growing informal nature of women's

Table 7.8 Measuring female economic opportunity in South Asia

	Female economic activity rate (%) (2010)	Female unemployment rate (%) (2005-10*)	Ratio of estimated female to male earned income (2006)
India	32.8	5.1	0.32
Pakistan	21.7	8.7	0.30
Bangladesh	58.7	7.4	0.46
Afghanistan	33.1	9.5	...
Nepal	63.3	2.4	0.50
Sri Lanka	34.2	7.7	0.39
Bhutan	53.4	5.3	0.51
Maldives	57.1	23.8	...
South Asia (weighted average)	32.8	5.8	0.34

Note: *: Data refer to most recent year available.

Sources: MHHDC 2012, *Human Development Indicators for South Asia* and *Profile of Governance in South Asia* and UNDP 2011a.

work. It is well-known that occupational choices for an average South Asian woman are quite limited, and this is mainly due to social and cultural constraints leading to an inherent gender bias in the labour market. Male employers' pre-conceived notions concerning women's primary role as homemakers significantly reduce women's labour power. In addition, lack of supportive facilities, such as childcare, transport and accommodation in the formal sector also discourages women from gaining formal employment. As a result women end up being concentrated in the informal sector characterized by low wages, low status and lack of upward mobility.

Women are more likely to engage in irregular, flexible forms of work as unpaid family workers. In fact, the phenomenon of home-based work, which allows women to combine domestic unpaid labour with paid employment, is increasing in the region. There are now 50 million home-based workers in South Asia, of whom four out of five are women.³⁸

Wage gap

A second aspect of measuring the level of economic participation is the gap between the average female and male earned-in-

come, known as the wage gap. Despite the ratification of the *ILO Convention No. 100 on Equal Remuneration*, the principle of equal remuneration for men and women for work of equal value is often not reflected in national legislations in South Asia.³⁹ Non-equal treatment of groups based on caste, religion, and gender also continue to be reported from countries in this region.

The ratio of women's earned income to men's earned income in South Asia remains low, ranging from 0.30 in Pakistan to 0.51 in Bhutan (see table 7.8). Given the gendered segmentation of labour markets, women are usually offered the lowest paid jobs in the factories, or services sector, with little chance of mobility. Even though 85 per cent of workers in garment factories, the largest national employer in Bangladesh, are women, the collective national earned income of women is almost half that of men as a whole.⁴⁰

While this differential in earnings can largely be explained due to a gender bias, some other factors are also present. Since women on average are less educated than men in South Asia, they find it harder to get employment that pays them as well. With growing evidence to indicate that education can play a significant role in reducing gender gaps in earnings, access to education can become a significant factor in reducing the wage gap. In fact, in Pakistan women get far more economic returns on education than men in all occupations

except agriculture.⁴¹ Similarly in India, the wage gap between those with a tertiary education and those without is widening significantly, indicating an important role for education in reducing the wage disparities across gender.⁴²

Female to male ratio in managerial/professional jobs

The ratio of women to men among legislators, senior officials and managers, and technical and professional workers is presented in table 7.9.⁴³ Women in South Asia end up constituting only a small proportion of positions at such a level of senior management. Only 8 per cent of South Asian women workers are in positions of decision-making as legislators, senior officials and managers. The employment structure is also such that the major proportion of women's employment is concentrated in low productivity sectors with low incomes and minimal job security. Hence, women occupy a low share in not only government and public sector employment, but also in regular wage and salary employment.

Overall in the region more than 60 per cent of the women, compared to 40 per cent of the men, are employed in agriculture.⁴⁴ Most of the economically active women, except in Maldives and Sri Lanka, are employed in this sector. Substantial proportions also work in manufacturing and services sectors. In the organized industrial sector women are concentrated at lower levels of the manufacturing chain working as unskilled wage labourers. Many of them are engaged at piece-rates, taking contract work home with no job security, pension provisions or social security. In the technology-centric industries such as the software sectors in Sri Lanka and India, women again occupy the lower end of the sector in terms of earnings.

Discrimination at workplace: Formal and informal legal structures

South Asian women are more prone to suf-

Access to education can become a significant factor in reducing the wage gap

Table 7.9 Selected indicators of women's participation in South Asia, 2006

	Female professional and technical workers (% of total)	Heads of universities (% female)	Women's share of legislators, senior officials and managers (%)
India	...	19.6	...
Pakistan	26	...	3
Bangladesh	22	6.4	10
Nepal	20	0.0	14
Sri Lanka	48	21.8	21
Maldives	...	14.3	...
South Asia (weighted average)	25	17.8	8

Source: MHHDC 2012, *Profile of Governance in South Asia*.

fer from multiple gender-based discrimination that impacts their contribution to the economy and access to productive resources. In India and Nepal, these problems are further compounded by caste discrimination. *Dalit* women experience these disadvantages more acutely because of their caste;⁴⁵ they have the lowest access to institutions and income earning opportunities. Generally, forms of discrimination range from sexual harassment at the workplace, to informal structures operating at the lowest levels inhibiting women's full participation in the economy.

Sexual harassment

With more women entering the labour market in the region, there is also a greater occurrence of sexual harassment at the workplace. Weak and inadequate laws make it difficult for women to report and register such cases. Particularly vulnerable are home-based workers that form a fast-growing part of the workforce in South Asia.⁴⁶ This work almost always takes place outside of formal systems of labour or social regulation, without basic rights to a minimum wage, social security or a pension.

Overtime, however, sexual harassment in both the formal and informal sector is being increasingly recognized as a violation of human rights and human dignity, undermining equality of opportunity and treatment between men and women. Hence, South Asian governments are taking positive steps to strengthen legislative frameworks to ensure security at the workplace. A bill against sexual harassment in public workplaces, drafted by the Ministry of Women, Children and Social Welfare in Nepal, was approved by the cabinet in October 2009 and was to be put before the Parliament. The Government of Pakistan also recently promulgated the *Protection against Harassment of Women at the Work Place Act 2011*. Similarly, the Indian Parliament passed the *Protection of Women against Sexual Harassment at Workplace*

Bill 2010 to ensure a safe environment for women at work places, both in public and private organized or unorganized sectors.

Labour legislation

Pakistan formulated a new labour policy in 2002, after a lapse of 30 years. Pakistan's current *National Policy for Development and Empowerment of Women 2002*, listing measures to provide safety nets and housing schemes for poor women, with the recommendation that women's access to institutional credit is eased, remains weak in implementation. Although it seeks to augment women's capacity to earn by increasing their access to livelihoods, providing them equal opportunities and improving facilities for education, training and skill-development, the necessary legislative and institutional support is missing. Bangladesh has most recently revamped its labour laws but does not provide for a general anti-discrimination provision in its Labour Act, 2006.⁴⁷

Legislating for the informal economy has been a challenge for countries in South Asia. The labour laws of the region normally only refer to the category 'worker' and only in some instances, such as the provision dealing with hours of work, safety, entitlement to leave, make a distinction between workers on the basis of sex. Several conditions of work such as days off, leave, weekly holiday are determined by the law or through collective agreements with the unions.

India and Pakistan have taken some steps towards improving labour legislation. India has enacted the *Unorganized Workers Social Security Act 2008* applicable to a broad group of unorganized workers, from both the formal and informal sectors, who lack protection. The *Labour Protection Policy 2009* of Pakistan seeks to protect workers in the informal economy, the self-employed, contract workers, seasonal workers and home workers by extending benefits currently available to other workers. Yet, one of the more blatant forms of

Legislating for the informal economy has been a challenge for countries in South Asia

Only 11 per cent of South Asian women own land

discrimination to be seen in these policies is the complete exclusion of unpaid family workers from the scope of legislation or policies.

Informal structures

Formal legal structures in the region acknowledge some of the discriminatory conditions that affect women at work. Non-legal factors or other forms of non-formal regulations also play an important role in determining the levels of discrimination faced in the workplace, and these too constantly change as notions of equality, fairness, and discrimination acquire different meanings socially.⁴⁸ For instance, the relationship of domination and subordination between men and women in South Asia, maintained through a strict sexual division of labour and demarcation of space into private and public domains, restricts women's physical mobility and inhibits women's access to opportunities to enhance their basic capabilities, for example in education, health and skill development. With lesser access to opportunities for quality education, women are not able to derive benefits from productive labour market and from technological advancement. In fact, differences in education, skills and social mores contribute to socially embedded forms of discrimination that are not just confined to the workplace.

Collective bargaining

The barriers that restrict women from organizing and participating in the unions in the registered establishments to bargain collectively for better pay and conditions include discouraging, patriarchal and patronizing attitudes of male trade union leadership, male co-workers, domestic workload and responsibilities, societal attitudes, restrictive mobility, and lack of access to information on human and labour rights. Also, lack of access to information on market dynamics, macroeconomic state policies and impact of globalization

restricts women's worldview, undermines their confidence and renders them unable to assert their rights. In the informal sector, i.e., home-based work, these factors, combined with the lack of interaction among women workers due to isolated and atomized work places, hinder women to organize for collective bargaining.

Right to productive assets

Right to land and property

Discriminatory patterns of land ownership extend right across the South Asian region. Women are not allowed ownership as easily as men, nor are they granted land commensurate with their economic contributions and right to ownership. This unequal access to resources is usually structurally maintained by institutional factors such as differential inheritance, land tenure and property ownership practices.

Overall, only 11 per cent of South Asian women own land.⁴⁹ A large majority of poor women in the region are rural and dependent on agriculture, a critical productive asset and source of livelihood. Yet, these women are generally excluded from both nominal, as well as effective, land ownership. Almost 74.8 per cent of rural women in India are agricultural workers but only 9.3 percent own land.⁵⁰ Women are also systematically excluded from other forms of access to land, through tenancy or leasing.

This exclusion is not only the result of strong patriarchal control over land as part of the informal institutional structure, but is reinforced through formal systems of law. In South Asia, inheritance is often the vehicle that grants women property rights.⁵¹ These rights are mostly governed by formal and customary laws where the primary formal laws are personal laws which tend to be heavily influenced by customs and religion.

The fact that multiple laws intersect on the question of women's property rights is problematic while existing mecha-

nisms to enforce these rights also remain limited. For instance in Afghanistan, while Islamic law protects a woman's access to property other than land, customary law traditionally deprives women of economic assets, leaving them dependent on their husbands, fathers or brothers (if unmarried) throughout their lives.⁵² Overall, legislation in South Asia provides only weak support for the financial independence of women. Most women in the region have restricted social mobility and are thus less capable, willing, or able to enforce the land rights they do have. In addition, they also lack financial resources to buy or lease land on their own. Moreover, women who inherit land or obtain it from the government are unable to cultivate it effectively because of the small size of their plots and the male bias in agricultural services limiting their access to credit, inputs, information and new technologies.

Hence, there remains considerable scope for legal reform on the issue of women's property rights to land in South Asia. Land policies need to clearly recognize and address gender inequity in access to land. There is growing recognition in the region of the fact that owning agricultural land can significantly strengthen the economic and social well-being of women and their families.⁵³ The Indian 10th Five-Year Plan, for example, contains progressive provisions with respect to the government's allotment of land acquired under ceiling-based land reform.⁵⁴ Women have been made the primary beneficiaries of such land transfers. In fact, novel approaches to enhancing women's access to land are being adopted in several parts of the region. Some programmes have promoted women's collective rather than individual ownership of land and assets, as for example in Andhra Pradesh, India, where poor low-caste women in groups of 5 to 15 have purchased or leased land through government schemes for subsidized credit and grants, and are now farming these productively in 75 villages.⁵⁵ In Nepal, a tax exemption has been introduced to give

incentives to families to share property with their wives, daughters and sisters. As a result, between 2001 and 2009, women's land ownership has increased threefold.⁵⁶

Access to credit

Access to financial services, such as credit, low-cost loans, deposit facilities, micro savings and insurance, is vital for pursuing many livelihood options, and can be particularly important for women seeking to generate and sustain a reliable and independent income. For women in self-employment, access to credit can be a particularly critical input for enhancing production and productivity.

The role of microfinance in the process of women's empowerment is well documented all around the world. Through the innovations of Grameen Bank and Bangladesh Rural Advancement Committee (BRAC) in Bangladesh, microfinance institutions (MFIs), whether in the form of non-governmental organizations (NGO)-run credit groups or the Indian variety of self-help groups (SHGs), have now become a permanent feature of women's livelihood programmes in the region. While the earlier phase of such programmes was associated with NGOs, more recently there has been increased state involvement in channeling funds.

These programmes are considered as important institutional devices with the explicit goal of socio-economic empowerment of women and alleviation of rural poverty where women have suffered the fallout from extraordinarily high inflation and plummeting growth. Microfinance penetration figures clearly show that a great percentage of the borrowers in the region are women. In the case of Bangladesh, 92 per cent of borrowers are women, 95 per cent in the case of India, 71 per cent for Pakistan, 59 per cent for Sri Lanka, 98 per cent for Nepal and around 69 per cent for Afghanistan.⁵⁷

Women with access to micro-credit have used it in innovative ways. In

Women with access to microcredit have used it in innovative ways

parts of Bangladesh, women have taken land on lease through loans from MFIs. In other places, they have used capital from MFIs and training in aquaculture to take control of the management and income from fishponds. In Andhra Pradesh, India, women in self-help groups have leased land through funds accumulated by the group.⁵⁸

At the same time, it is important to keep in mind that the South Asian experience with microcredit has been mixed. While women's access to credit via MFIs has been lauded, its utility to help women move out of poverty is now increasingly

being questioned. While advocates have cited the improved level of consumption and living expenditure as a key benefit, other studies suggest increasing indebtedness.⁵⁹ One of the fundamental problems with microcredit is that they fail to address the care economy (unpaid work in the domestic sphere, such as looking after children and the household) leading to a double burden for women. There are also serious questions related to the interest rates charged and the degree to which the poorest can access such programmes. However, studies from India and Bangladesh have found that microfinance has resulted in granting women more decision-making power within the household.⁶⁰

Formal access to credit through the banking sector is still limited for women in South Asia. For example, in the case of Bangladesh, deposits by women make up 27 per cent of total formal sector deposits but their share in formal credit stands at 1.8 per cent. Further, according to a more recent study, women-led small enterprises represent less than two per cent of the loans of formal institutions.⁶¹

Social development

Health

As documented in the Report on *Human Development in South Asia 2004*⁶², South Asian women bear a heavier burden of lack of access to healthcare services than men, not only because of lack of adequate facilities but also because of cultural and traditional values and systems that put little thought to women's needs and concerns. A high maternal mortality rate remains one of the major health challenges in South Asia (see table 7.10). The region alone accounts for two thirds of maternal deaths in the Asia-Pacific region with 109,000 women dying every year due to complications in pregnancy and childbirth (see box 7.1).⁶³

Less than half the births in the region are attended by skilled health person-

Table 7.10 Selected health indicators in South Asia

	Maternal mortality ratio (per 100,000 live births) (2008)	Births attended by trained health personnel (%) (2006-09*)	Women's share of adults (15+) with HIV (%) (2009)
India	230	53	38
Pakistan	260	39	29
Bangladesh	340	24	31
Afghanistan	1,400	24	...
Nepal	380	19	33
Sri Lanka	39	99	...
Bhutan	200	71	...
Maldives	37	97	...
South Asia (weighted average)	266	48	...

Note: *: Data refer to recent year available.

Sources: MHHDC 2012, *Human Development Indicators for South Asia* and UN 2012a.

Box 7.1 Maternal health

- In South Asia, one woman dies after every 5 minutes from complications related to pregnancy or childbirth.
- Globally, the South Asian region has the highest rate (27 per cent of all infants) of low birth weight babies i.e., birth weight less than 2,500 grams.
- 48 per cent of all children under five in South Asia suffer from severe and moderate stunting.
- 16 per cent of women in South Asia are anaemic.

Sources: UNICEF 2009b and 2011.

nel. The Indian National Family Health Survey suggests that women are not often empowered to seek prenatal care. Afghanistan has less than 20 per cent of pregnant women receiving any form of prenatal care. However, overall progress made by countries such as Bangladesh, India, and Nepal is significant and encouraging. Pakistan has also taken concrete steps to improve reproductive healthcare (see box 7.2).

Overall, the major causes for the unsatisfactory health status of South Asian women are lack of antenatal care, a shortage of health personnel, poor nutrition, unhygienic conditions, and lack of sanitation facilities and affordable health-care facilities. The public health sector in the entire region also suffers from a lack of funds, inadequate infrastructure, insufficient management of the health system and inadequate political commitment to provide healthcare to everyone.

HIV/AIDS is another looming threat facing South Asia. There has been an alarming increase in the number of women living with HIV in the region (see table 7.10). It is well documented and understood how women tend to remain more vulnerable to HIV infection from reasons ranging from their gender to their socio-cultural and economic status. Most women and girls living with HIV in the region

have been infected through unprotected sex with their husbands or intimate sexual partners. In particular, migrants' spouses and regular partners of migrant workers, as well as women migrants themselves, are at an increased risk of HIV infection and many of them remain unaware of their own and their partner's HIV status, or unaware of the methods to prevent themselves from getting infected. Contraceptive prevalence rate is low in most South Asian countries.

The malnutrition crisis in South Asia is also a significant problem among women of reproductive age. The World Health Organization's global database on Body Mass Indices estimates that over a third of adult women in Bangladesh, India and Pakistan are underweight, and the prevalence of iron deficiency anaemia ranges between 55 per cent and 81 per cent across the region. Besides threatening their own health and productivity, malnourished women are likely to affect the health of future generations. Women whose nutritional status was poor when they conceived or who did not gain enough weight during pregnancy may deliver babies with low birth weight. These infants in turn may never recover from their early disadvantage. This can also impact their level of learning achievement and on reaching their full potential. In a region that

Box 7.2 Lady health workers (LHWs)

Pakistan's LHWs' programme has trained over 1,00,000 women to provide community health services in rural areas. The programme has played a big role in revitalizing the primary healthcare system and helping to overcome the gendered division of public and private space that are a major obstacle to women's access to basic services, including education, and employment opportunities. However, there are a number of shortcomings that need government intervention to ensure that it meets its objectives.

In Pakistan, a typical district health infrastructure comprises basic

health units, rural health centres and a referral hospital. However, in many rural settings, staffing levels are inadequate and referral systems function poorly. A significant percentage of births take place at home, usually attended by a *Dai* (midwife). Pakistan's under-five mortality remains the highest among the South Asian countries except Afghanistan (see *Human Development Indicators for South Asia*).

Women from local communities, with at least 8 years of formal education, undergo 6 months of training to deliver care in the home, and each LHW is responsible for a population of about

1,000 (i.e., approximately 200 families). LHWs act as liaisons between the formal health system and the community to disseminate health education messages on hygiene and sanitation, provide essential drugs for treatment of minor ailments like diarrhoea, malaria, acute respiratory tract infection, intestinal worms and contraceptive materials to eligible couples.

The LHWs have had a social impact as well. They are developing into community leaders, particularly in rural areas, in a context that offers few spaces in the public domain to women.

Source: Jalal 2011.

is already resource constrained, ignoring women's access to good healthcare, can really impact the productivity of their future labour force.

A large body of research has attempted to explore the links between women's autonomy and their use of reproductive health services in the region, but the evidence remains unsettled. Despite the consistent finding that broad socio-demographic characteristics such as education and economic status have a profound impact on reproductive health services, the relationship between women's decision-making power and their use of reproductive health services is inconclusive.⁶⁴ Nonetheless, for women who are normally the principal points of contact for reproductive health programmes, often the decisions that lead them to seek such services, are outside their own control and may occur in the context of families or households.⁶⁵

Education

Most countries in the region are struggling to achieve the targets of the MDGs and Education for All (EFA) as a range of economic, social and cultural factors specific to regions and countries across South Asia deprive women and girls of their rights to basic education. These include; but are not restricted to, lack of resources, uneven

capacities and unpredictable emergencies (e.g., natural disasters, conflicts and post-conflicts). In India, 37 per cent of girls from scheduled castes or tribes do not attend school, compared with the deprivation of only 26 per cent of girls who belong to Hindu castes.⁶⁶ In Pakistan, among the poorest rural households, only one girl for every three boys attends school.⁶⁷

Despite these factors, there are clear signs of progress in education for girls in South Asia over the years. Improving girls' education has been one of the major success stories of the region in the past decade. While the gender gap in educational achievement continues, in India and Nepal the good news is that there is significant improvement in narrowing the gender gap in enrolment at all levels (see table 7.11).

In the case of Afghanistan, the country's new Constitution of 2004 guarantees women equal rights, including the right to education, although the reality in Afghanistan continues to look a great deal different particularly in rural areas. Even though the international community has made the provision of schools for Afghan girls a priority, security concerns and patriarchal traditions continue to challenge efforts to ensure equal rights to education. Today, about 2.5 million girls attend school in the country; most of them are allowed only to complete primary education.⁶⁸ Afghan girls traditionally marry very young, and only 10 per cent attend secondary school, compared to 21 per cent of boys. In fact, in three-quarters of all Afghan districts, there are still no secondary schools for girls.⁶⁹

Poverty and gender discrimination are the two most important barriers preventing girls from attending and achieving in schools across South Asia. In poor households with limited resources, boys are more likely to be sent to schools than girls. The deeply ingrained gender roles in society tend to intensify these barriers for girls.

Gender discrimination is often institutionalized within the education system

Poverty and gender discrimination are the two most important barriers preventing girls from attending and achieving in schools across South Asia

Table 7.11 Educational attainment in South Asia, 2008-11*

	Literacy rate	Female to male ratio		
		Enrolment in primary education	Enrolment in secondary education	Enrolment in tertiary education
India	0.68	0.96	0.79	0.70
Pakistan	0.58	0.84	0.79	0.85
Bangladesh	0.84	1.08	1.05	0.56
Afghanistan	0.37	0.67	0.48	0.16
Nepal	0.65	0.82	0.91	0.40
Sri Lanka	0.97	1.01	1.05	0.50
Bhutan	0.60	1.01	0.98	...
Maldives	1.00	0.98	1.15	2.40

Note: *: Data refer to recent year available.

Sources: Haussman *et al.* 2011, UNICEF 2012a and World Bank 2011c.

through the taught curricula. It is embedded in textbooks, lessons and classroom interactions. Bias takes the form of women's invisibility, perpetuation of a gendered division of labour, emphasis on stereotypes of feminine or masculine attributes and gendered linguistic biases. Social realities are also often distorted to reflect bias. In the Sindh province of Pakistan, women are invisible as teachers in school textbooks even though they constitute more than half of secondary school educators.⁷⁰

Access to education has also been greatly hampered by the recent influx of natural disasters and ongoing conflicts in the region. In the aftermath of ongoing conflicts and natural disasters, many schools have been destroyed and temporary structures have been set up. Recent fighting in northern parts of Pakistan has damaged schools, destroying almost 60 per cent of all schools in the Swat district.

However, in the midst of such calamities there are real opportunities to improve the education situation of girls and women. Lessons from humanitarian crises such as in Afghanistan have shown that seeds for real social change can be sowed in the most difficult of times and that the social disruption that occurs amidst displacement can open doors for girls and women to access education. This is largely due to disrupted family and community structures, which give women new roles and sometimes, new freedom in the household, and to increased provision of educational services through civil society mobilization and support of government actors.⁷¹

Institutions and their effectiveness

Humane governance, through good effective institutions, can promote the status of women. These institutions play an important role in protecting and safeguarding the rights of women in a country.

Marginalization of women in politics and policy-making, and in structures of power and governance flows from, and is influenced by, the structural inequalities

of gender across the region, reflecting the power relations that shape social, political, economic and cultural life. These relations manifest themselves in all spheres of life. Thus, addressing gender inequities requires a transformation of the underlying power structures, to be achieved through *good governance* and the creation of the *right institutions*.

In addition to formal institutional frameworks, informal structures also play their role in determining women's progress in the region. These informal structures include family structure, organizations and entities at the household level. They are shaped by existing social and cultural norms, often bypassing legal or formal institutional structures. These informal structures are not always supportive of women's empowerment and often tend to perpetuate existing gender inequalities in the society. It is here that humane governance must intervene to counter the negative implications of these structures.

Formal institutional framework

Institutional mechanisms

In harmony with the Constitutional and the Committee on the Elimination of Discrimination against Women (CEDAW's) norms and political commitments, each country in South Asia has developed gender equality action plans, established gender management systems and institutions, and engaged in law reform initiatives. The region has, in general, vibrant women's groups, which have often engaged constructively with governments in formulating legislation and policy, and delivering services and programmes to carry forward the agenda of equality for women. However, the reality of continuing discrimination is in stark contrast to these achievements. With over 15 years since the Beijing Conference, it is time to make some concrete assessments of how far the South Asian governments have gone towards achieving these objectives.

Addressing gender inequities requires a transformation of the underlying power structures, to be achieved through good governance and the creation of the right institutions

Significant progress has been made in establishing national machineries in the region. In fact, several countries in the region have extensive institutional arrangements and frameworks for protecting and promoting women's interests, with most having established women ministries (see table 7.12).

The Afghan Ministry of Women's Affairs, established as part of the Presidential Cabinet in 2005, is considered a particular achievement stemming from the advocacy campaigns of Afghan women's groups supported by international organizations. India also created in 2006 a full-fledged Ministry of Women and Child Development. Bhutan, Nepal and Pakistan have, in addition to full-fledged ministries, also set up women's departments.

Pakistan has also formulated a Standing Committee on Women in the National Assembly. A National Policy for Women's Development and Empowerment was also prepared and launched in 2002. Some earlier measures, for example the Beijing follow-up units and coordinating committees, have as yet not been integrated into the existing government structures. However, focal points in ministries and departments have been established, though not uniformly effective.

In the case of Nepal, Gender Equality and Social Inclusion Units have been formed in the Ministries of Health and Population, and Agriculture and Cooperatives, Education, and more recently, the Ministry of Local Development.⁷²

Central agencies have also taken initiatives to guide the government in its approach to gender mainstreaming. The Ministry of Finance established the inter-ministerial Gender-Responsive Budget Committee with the mandate to design a methodology to monitor sectoral budget allocations and public expenditures from a gender perspective and to assess the impact of development policies on women and men.

Commissions have been set up in several South Asian countries to strengthen the state's support for women's development. In 2000, the National Commission on the Status of Women (NCSW) was set up in Pakistan. However, the NCSW lacks a criteria-based transparent selection process of members as well as the administrative arrangements, resources and authority to make it a truly autonomous body.⁷³ Moreover, the NCSW and Ministry of Women Development have duplicating roles, while ministries and departments often lack the capacity and accurate data to make informed decisions. Similarly, the National Women's Commission, established in 2007, in Nepal is also a key actor in promoting and protecting women's rights. Although the Commission set up in Nepal is in principle an autonomous body, it has been highly politicized since its formulation. Other problems include an unclear mandate, overlapping of responsibilities with the ministry, and limited resources.

In addition, other reform initiatives and mechanisms have also been intro-

Table 7.12 National machinery for women in South Asia, 2011

	National machinery
India	National Commission for Women, Ministry of Women and Child Development
Pakistan	Federal Ministry for Women Development; National Commission on Status of Women
Bangladesh	Ministry of Women's and Children's Affairs
Nepal	Ministry of Women, Children and Social Welfare; National Women's Commission
Maldives	Ministry of Gender and Family
Sri Lanka	Ministry of Child Development and Women's Empowerment; National Committee of Women
Afghanistan	Ministry of Women's Affairs
Bhutan	National Commission on Women & Children, Planning Commission

Source: ISST and UNIFEM 2007.

duced to advance work on gender equality. For example, the Government of Pakistan launched the National Gender Reform Action Plan in 2005 in order to strengthen the government's efforts to implement national and international commitments to gender equality. Because of this, gender development sections have been established in strategic ministries and focal persons have been appointed to ensure that gender is mainstreamed in the policies, plans and programmes of these organizations.

Overall, the achievements of these institutional mechanisms have been uneven. The emphasis on women and family or women and children are bound to imply that the concerns addressed by national women's machineries focus on women's role as mothers and caregivers, rather than as individuals, who are entitled to certain inviolable rights. Hence, the situation becomes akin to *accommodation* rather than *transformation*, whereby strategies to address women's interests are made to accommodate dominant cultural and social prescriptions on gender, rather than to introduce measures enabling women to break out of disempowering and subordinate positions.⁷⁴

The institutional machineries, set up for women's empowerment, suffer from three broad weaknesses, which make them ineffective in tackling underlying gender inequalities. These weaknesses include: ill-defined mandates, inadequate funding and lack of adequate human resources. The mandate for the existing machinery is all too often inadequately defined, making it difficult for them to effectively fulfill their objectives.⁷⁵ National machineries tend to function as administrative offices rather than active advocates for gender equality, spending more time on projects rather than on policy reforms for gender equality. The title held by many of the national machineries link women's concerns with other social issues or sectors, including child and community development, social welfare and invalids. Often greater clarity is required in defining roles and responsibilities

of existing structures and eliminating overlapping terms of reference to consolidate progress and maximize utilization of scarce resources.

Moreover, most governments in South Asia, have sector-specific departments and line-ministries such as health, education, labour, education etc. These are usually ill-equipped to address cross-cutting gender concerns. They also sometimes do not have the mandate or the expertise to deal with gender outside of their specific sectors. Within this scenario, establishing focal points in different ministries is often of little use.

These issues are compounded by funding that is insufficient and often not secure. Institutional mechanisms are also hampered by lack of human resources. Too frequently, national machineries are not supported by national resources but depend on external support such as international donor agencies. This raises serious questions of both national ownership and sustainability.⁷⁶ It may reinforce any prevailing perception that women's empowerment and gender equality are foreign imposed agendas. Also, when national governments do not contribute financial support for women's machineries and mechanisms, this may indicate deficient political support.

The effectiveness of the institutional machinery in most South Asian countries is heavily contingent on their respective political environments. The entire region has been witness to a number of political uncertainties in the recent past and all these events have posed structural impediments to the effective implementation of gender-oriented policies. Apart from the structural flaws, for these policies to be effective they need to have coherence and be institutionalized within existing government structures so that they can survive changes of government. Otherwise, progress may not be secure. Political instability in the region often leads to setbacks and changed priorities. For example in the case of Pakistan, a change of government down-

The institutional machineries, set up for women's empowerment, suffer from three broad weaknesses: ill-defined mandates, inadequate funding and lack of adequate human resources

graded the existing Ministry of Women and then merged it with Social Welfare and Special Education, making the supporting offices such as the provincial women's development departments redundant. Recent constitutional changes are bringing into question the overall structure of the national machinery in some countries such as Pakistan (see box 7.3).

Legal and justice systems

Providing protection to women is primarily the responsibility of the state. A well-functioning legal and justice system is critical to ensure women their rights. Appropriate legislation and accessible justice systems must provide accountability, stop abuse of power and set norms about what is acceptable.⁷⁷

LEGAL FRAMEWORK

In terms of legal obligations, the constitutions of most South Asian countries accept

equal rights for all citizens, rejecting any discrimination on the basis of gender. All South Asian countries are signatories to international conventions on women rights [such as CEDAW, International Conference on Population and Development (ICPD)], along with the Beijing Action Plan, which strongly recommends the reservation of quotas to facilitate women to enter into the mainstream political process. While Sri Lanka and Nepal have signed and ratified CEDAW without entering any reservations, the record of India, Pakistan and Bangladesh is ambiguous. With increasing awareness, women's organizations, women members of political parties, NGOs and civil society in general have started demanding equal rights, in all spheres of life as per these international conventions and their own constitutions. These efforts have resulted in conventions such as the South Asian Association for Regional Cooperation (SAARC) Convention on Preventing and Combating Trafficking of Women and Children for Prostitution, 2002.

Box 7.3 The 18th Amendment and impact on women in Pakistan

With the passage of the 18th Amendment, there is confusion in the relevant ministries, departments as well as among stakeholders over the legislative competency of the federal legislature and the existence of a coordination mechanism at the national level on the subject of women. The subjects of marriage and divorce, infants and minors, adoption, population planning and social welfare, and welfare of labour now fall exclusively within the legislative domains of the provincial assemblies. Furthermore, the implications of the 18th Amendment for service delivery and fiscal space for women are worrisome. The 1958 West Pakistan Maternity Benefit Ordinance, which served to protect the rights of working women, was repealed as a federal law and was to be re-enacted as a provincial law. Yet with the pending incorporation of the law in provincial legislation, it effectively was no longer in

effect in Pakistan.

As far as the devolution of the Ministry of Women Development (MOWD) is concerned, there was a general view that this would bring positive changes. The Constitution of Pakistan already provides the basic framework within which all provinces can work for the rights of women. Although the MOWD has made several efforts to address women's concerns, its contribution to promoting women's rights should not be overstated. Many of the activities that MOWD had been executing in the provinces, such as the establishment of women's crisis centres across the country, can be handed over to the provincial departments to avoid duplication.

Family planning programmes provide one example of the challenges involved. Funds for family planning formerly came out of the federal budget.

With the dissolution of the Ministry of Health, funds will now need to come from the National Finance Commission (NFC) Award allocations coming from the federal pool. Nothing was provided for family planning because that was coming from the federal government. In the coming years, the cash-strapped provinces will have to reallocate funds from other departments to finance family planning services, and this will be met with resistance from the heads of other departments. Some corrective actions are under way: the most recent development is a renewed realization about family planning and a renewed commitment to provide family planning services through the lady health workers (LHWs) and the departments of health, which are bound to make a significant difference to service delivery in the next few years.

Source: Jalal 2011.

While none of the South Asian countries have any constitutional barriers to gender equality, personal laws governing inheritance, marriage and other social contracts are, in most cases, inherently discriminatory. There are also instances where formal laws discriminate based on sex by deferring to customary or religious law. In some cases the existing legislation also contains contradictions and loopholes, making it inherently gender biased.

Global data shows that where laws are in place against domestic violence, its prevalence is lower and fewer people think it is acceptable. However, since violence against women occurs within the private domain, it has not been widely legislated in the region. Only four countries (Sri Lanka, India, Nepal and Bangladesh) have laws to prohibit domestic violence.⁷⁸ Laws on inheritance and property rights are also inadequate as only four out of eight South Asian countries have equal inheritance laws between men and women for land and property.⁷⁹

However, positive changes have been underway in several countries of the region. Significant steps have been taken in the region to control gender-based violence. Countries like India, Pakistan and Nepal have made a considerable breakthrough by ensuring legislation for women survivors and victims of violence.

LAW ENFORCEMENT: JUDICIARY AND POLICE

Many experts are now convinced that a gender sensitive judicial system can be a catalyst for empowering women and ensuring their rights. Given the weak legal framework and supporting legislation, access to justice remains a huge challenge in South Asia. Outside major cities, the formal justice system does not function effectively. Even in places where it is functional, women have little access to it.

A weak judiciary, along with a weak legal framework, results in an enduring culture of impunity for crimes against

women and abuses of women's rights unless procedures and mechanisms to investigate, report, prosecute and provide remedy are strengthened. Afghanistan has recently launched a National Programme for Law and Justice for All (2010) to review and revise laws, operational procedures, development and security of judicial institutions and their personnel, and strengthening of people's access to justice. In order to strengthen reporting and filing of such incidents, India has also created a new corps of protection officers under the 2005 Protection of Women from Domestic Violence Act, who can file domestic incident reports and help victims to access courts and support services. But the *Third Monitoring and Evaluation Report 2009* on the implementation of this law in India reveals that it has not yet gained the desired level of social acceptance and women still find themselves waging a losing battle.⁸⁰

The institution of police remains one of the weakest links in the support system for women in the region. Police response ranges from being ineffectual reflecting the institutional inadequacy of a system that is not people friendly to being deliberately discriminatory and abusive where the survivor may face harassment for coming forward because of the patriarchal mind-set of the personnel who may also sometimes act as agents of the accused parties. However, the increased awareness of women's rights has brought to the forefront the need for women-friendly policing to protect women against police behaviour.

It is also disappointing that women are not coming into the judiciary and police force in greater numbers. Currently, in South Asia, women make up just about 9 per cent of judges, 4 per cent of prosecution staff and 3 per cent of police.⁸¹ Representing only 1 per cent of the police force, women are terribly under-represented in the police forces of Bangladesh and Pakistan.⁸² In the case of India, recent years have seen a substantial increase in the number of women officers.

Personal laws governing inheritance, marriage and other social contracts are inherently discriminatory

The discourse on social protection has gained momentum in recent decades. While there is no single definition of social protection, it is widely understood as a combination of policies and programmes aimed to reduce vulnerability and enhance capacity to manage risk in times of social and economic crises, and reduce poverty. Social protection programmes in South Asia target three categories of women: those employed in the formal sector, those in need of social assistance due to poverty, and those in need of employment. Social protection to women is further bound up with two sets of developments: the first is recognition of women as workers, because statistics tend to underestimate women workers; and the second is the extension of social protection to all workers and not just those in the organized sector, as women constitute a significant portion of the informal economy.

With economic transformation, poverty programmes have become more minimalist, focusing on reduction of poverty among the absolute poor. Women are perceived in poverty programmes as vulnerable groups needing assistance rather than people with human capacity and a right to national resources including land. Thus, poverty programmes in the region do not reflect an understanding of the need to perceive women as a large segment of the population that has a right to basic needs such as health and education that are necessary to move out of poverty and obtain economic empowerment including a livelihood.

Women specific programmes in the region include direct cash transfers, microfinance loans, marriage and education stipends and employment generation, amongst others. Poverty-related cash transfers are especially popular in South Asia, mainly because of the political mileage offered by these programmes and instant visibility of results. Experiences from cash transfer and conditional cash transfer

programmes throughout the world have shown that transferring cash to women in households can increase their decision-making power. A recent example is the Benazir Income Support Programme, launched in Pakistan in 2009, aiming to cover over five million poor households, primarily by providing cash grants to female heads of households. There are other examples of more comprehensive programmes aimed at targeting multiple beneficiaries. One example includes the Sri Lankan *Samurdhi* Programme, created in 1995, which provides food stamps for women, youth and disadvantaged groups, public works and youth employment opportunities, and credit schemes.⁸³ India's National Rural Employment Guarantee Scheme is also aimed at providing employment to both men and women, with the aim of maintaining equity in pay (box 7.4).

Role of informall/alternate institutions

Role of the civil society and grassroots organizations

Across the region and for decades now, women's groups and NGOs have been addressing gender concerns in partnerships with governments and otherwise. In fact, it is one of the outstanding features of South Asia that civil society has often been at the forefront of change: whether it is in conflict resolution and building peace, or seeking to build solidarity between home-based women workers across the region. Today, as was true some decades ago, the relationship between the women's movement and governments of the region continues to be complementary in many ways.

Hence, an alternative to state-led growth in the form of bottom-up empowerment has emerged, envisaging an expanding role for civil society along with the private sector. This is partly based on the advantages attributed to these organizations as being less bureaucratic, less conservative, closer to their constituency, and

Women are perceived in poverty programmes as vulnerable groups needing assistance rather than people with human capacity

Box 7.4 India's MGNREGA and gender equality

India's Mahatma Gandhi (MGNREGA) is a permanent programme that creates public works. The programme guarantees 100 days of minimum employment to rural households. Enacted in 2005, it now reaches over 50 million households across the country. The programme is unique in many regards, including the simultaneous passage of the Right to Information Act, which enhances civil society's oversight of transparency and accountability in monitoring of the programme. The cost of the programme, which reaches over 40 million households, is less than 1 per cent of India's gross domestic product. Although countless schemes have provided temporary employment on public works programmes at the government's discretion, no national Indian policy or legislation

has ever before provided any guarantee of employment. Now, within fifteen days of a valid application, the government must provide work or unemployment allowance. Countless activists, politicians, and academics have hailed the MGNREGA as vital legislation for improving the situation of rural workers.

MGNREGA includes design features to tackle some of the challenges women face in the rural economy. MGNREGA mandates a 33 per cent participation rate for women. Under the programme, women receive the same compensation as men. The Act states that women should be represented in local-level committees, and the social audit process as well as state- and central-level councils. Many female respondents said

that MGNREGA work was the only paid work opportunity for them. The acceptability of MGNREGA work by society and women themselves derives from several factors: it is locally available, the working hours are regular and predictable, there is less chance of work conditions being exploitative, the work is considered socially acceptable and dignified, and it is better paid than other work. Participation in the scheme has meant that women are coming out of their homes, not only to work but also to visit banks and panchayat offices, which they may not have done previously. This enhanced mobility comes with the higher status of being income-earning workers.

Sources: Holmes *et al.* 2011, Kelker 2009, MacAuslan 2008 and UNDP 2010b.

therefore more in touch with the needs and limitations of the communities. The enhanced interaction of the CSOs with communities at the grassroots level has led to promoting innovative participatory strategies and a restricted scope for marginalizing the issue of women's subordination. Further, the independent view of and critique by civil society also act as catalysts for policy change. With the help of these organizations, the advocacy for women's land rights, political representation, and women's rights as workers have been able to cross borders and draw in women across the region in support for change. Civil society also puts pressure on governments to meet their international and national commitments on women's rights and to enact gender-sensitive labour legislation.

Recently, the region has also seen the emergence of new advocacy groups and a changed perspective in older organizations. There is also a quantitative and qualitative increase in activism focusing on enhancing women's share in power and decision-making at all levels, including in the family, community and other structures of

social organizations. Women's groups have actively lobbied in a variety of social sectors including government departments, political parties, grassroots organizations and other institutions of civil society. The sheer range of NGO interventions in South Asia is definitely broader than that of governments in the region. Most NGOs in India and Bangladesh have established networks of members and affiliated bodies and, due to grassroots membership and comparatively less bureaucratic structures, they have been quicker to react than governments in acute situations. Today, more organizations have joined the bandwagon to provide not only economic services (such as microfinance), but also facilitate the achievement of women's political and social goals.

Governments and civil society have very successfully deployed regional review mechanisms, as a strategy to address the Beijing Platform for Action (BPFA) and CEDAW. These participatory review meetings between governments and women's groups take place biennially and have entailed a process of introspection, gap

identification, addressing challenges and developing a common South Asian agenda of priorities for action. In addition, this process has successfully facilitated cross regional peer learning and sharing of best practices.

The way forward

Drawing on the conclusions of the *Human Development in South Asia 2000* and *2003 Reports*⁸⁴, it is proposed that to put South Asia on a track towards achieving truly engendered human development, governance needs to be guided by three key principles. First, equality of rights between women and men in legal, economic, political and cultural spheres should be preserved as fundamental rights, and also enforced and implemented. Second, women's capabilities must be built through investments in their education, health and nutrition. And lastly, economic and political opportunities must be provided to women through an appropriate and relevant policy environment and affirmative action by both state and non-state actors. However, today after almost four decades since the first Women's Conference, a look at women's situation in the region clearly shows that these principles have been only selectively applied with much inconsistency throughout South Asia. Experience from the region has also shown that development planning, generally based on statistical data, lacks a rights-based approach. While social and economic development is easy to achieve, underlying gender systems remain inequitable.

Governments and their policies

must adopt transformational attitudes towards gender equality and for enhancing women's space for greater participation and involvement in decision-making. Policy makers must also look beyond the simple approach of increasing the number of women in the political sphere as implying gender equality. Legal guarantees for women's political and economic participation must be translated into real opportunities for decision-making and employment. Governments need to strive for the establishment of a culture, effectively backed by law, which allows women to progress and to make meaningful contributions in politics, economics and social development. A combination of women's representation, a legal framework supported by effective implementation, and a culture of equality is required to ensure that women's development is real.

What is important to remember is that democratic institutions by themselves do not guarantee gender equality. It is unrealistic to even expect democratic governance alone to fix the long-standing socio-cultural problems that reinforce inequality. For women's empowerment, policy interventions and legislative measures are needed to be accompanied by actions that support women's capacities to engage politically, socially and economically, supported by the ability and willingness of institutions to respond to women's demands. These include support for women's organizations and other civil society actors to monitor the implementation of policies, and to hold the state and other authorities accountable to deliver on their commitments to women.

A combination of women's representation, a legal framework supported by effective implementation, and a culture of equality is required to ensure that women's development is real

ACCOUNTABILITY FOR PUBLIC SERVICE DELIVERY IN SOUTH ASIA

Good governance is not possible without transparency and accountability since they ensure that the state is open to regulation and public scrutiny.

—2007 SAHDR

Accountability for Public Service Delivery in South Asia

The lack of ‘answerability’ and ‘enforceability’ in governance structures of South Asia has undermined accountability for effective public service delivery

Introduction

An effective provision of public services matched by strong accountability is a fundamental feature of the humane governance framework, primarily because it ensures positive outcomes in human development. Nonetheless, service delivery continues to be a major challenge for the public sector in South Asian countries. In recent decades, countries within the region have produced mixed results on the service delivery front, whether it is in the health, education, water and sanitation, energy or the law and order sectors, often benefitting the rich at the expense of the poor.

Despite significant gains that South Asia has made towards the Millennium Development Goals (MDGs), encapsulating several dimensions of service delivery in the targets to be achieved by 2015, overall progress is impeded by one common denominator—the lack of accountability as far as governance for people’s empowerment is concerned. While successive governments have recognized the importance of providing better quality and affordable public services, not only seeing basic service provision as a principle ‘right to life’ and priority, but also a prime responsibility towards citizens and electorates, most countries have failed to deliver services to those who need them the most and need them most urgently.

Progress made so far, has been equally matched by failures that stem from a variety of reasons ranging from rigid or unclear policies and legislation, which do not cater to a vast majority of the population to policies that have been enacted without due diligence paid to proper implementation—where monitoring, evalu-

ation and feedback are seldom embedded in the public service delivery system to ensure the intended results and desired impact. In this respect, the linkages made between policy makers and politicians to service providers and end users have been rendered weak or ineffective, thereby questioning accountability ‘to whom’ and ‘for what’.

The lack of ‘answerability’ and ‘enforceability’ in governance structures of South Asia has also undermined accountability for effective public service delivery. These structures have been modified over time to reflect what has worked in other developing and developed countries in the form of public sector reforms, e-governance and e-government initiatives, public-private partnerships (PPPs) and decentralization of power and authority to lower tiers of government. Yet, a suitable combination of political will, public service ethos and absorptive state capacity to adjust to stronger mechanisms of accountability for improved service delivery has been missing in the region.

The public service delivery domain in South Asia requires efficient and effective channels of accountability, together with a high level of importance and urgency attached to it, both from the perspective of the state and the citizens of the region. Minimal accountability offered by the state and demanded by South Asian citizens so far, has skewed the provision of basic services in favour of richer households at the expense of the poor, widened gender gaps and the rural-urban divide, giving way to resource ‘capture’, political patronage and corruption and translating into futile empowerment-oriented policies and practices.

While ‘governance’ has received considerable coverage in *South Asia Human Development Reports (SAHDRs)*, particularly the ones from 1999, 2005, 2006 and 2007 that have clearly articulated the links between governance failures and lack of human development, it is certainly time to revisit the ‘governance’ issue from the ‘empowerment’ perspective, with accountability serving as the binding glue and service delivery, a major front in South Asia’s human development profile.

Conceptualizing accountability

Although accountability has featured countless times on all debates related to governance in South Asia, there appears to be confusion over the term. Hence, it

is used both loosely and broadly. Governments, civil society, the private sector and mass media stress upon accountability as a fundamental component of good governance and aspire to achieve it as though it were an ‘end’ in itself, rather than embedding it into their regular processes, therefore, box 8.1, serves to provide more clarity into the definition and elaboration of the term.

Accountability for effective public service delivery

In order to understand the importance of accountability with respect to effective public service delivery, the ‘critical test’ South Asian countries need to conduct include, but are not limited to, the fol-

Box 8.1 The role of accountability in governance

Accountability is a central tenet of the humane governance framework and is of particular importance to creating standards for effective, efficient and equitable service delivery. It is both a primary aspect of good governance and a prime function of good government. The concept of accountability includes two distinct, yet inextricably linked stages: answerability and enforceability. Answerability is tied to the obligation of the government, its agencies and public officials to provide accessible, accurate, timely and transparent information about their decisions and actions and to justify them to the public in addition to the institutions of accountability that provide oversight. Enforceability refers to the ability of the public or the institutions of accountability to sanction the offending party or remedy the contravening behaviour. In essence, accountability involves (i) not only an agreed process for giving an account of actions taken, but also being held to account, (ii) a systematic approach to operationalize that process, and (iii) a focus on explicit results and outcomes.

Accountability, in its ability to evaluate the continuous functioning and

performance of public officials or public bodies ensures that they are working to their maximum potential, providing value by delivering services, instilling confidence and gaining public trust and being responsive to people’s needs and requirements.

Horizontal vs. vertical accountability

The Parliament, the judiciary and relatively autonomous powers that can call into question, check abuses by other public agencies and branches of government and eventually punish them exercise horizontal accountability. It embodies checks and balances that are internal to a state. Vertical accountability is the means through which citizens, mass media and civil society enforce standards for good performance of public officials and institutions. Elections are the most obvious form. Others include direct civic engagement, lobbying and mass mobilization.

Political vs. legal accountability

The Parliament and the judiciary serve as horizontal constitutional checks on the

power of the Executive. The Parliament holds the Executive politically accountable and the judiciary holds the Executive legally accountable. Both provide continuous oversight to keep the government accountable throughout its term in office. The Parliament and the judiciary are also aided by other institutions, mostly, supreme audit institutions, anti-corruption commissions and ombudsmen, in promoting rigorous political and legal accountability.

Social accountability

Social accountability rests primarily on civic engagement, a process where ordinary citizens and/or civil society organizations participate directly or indirectly in demanding and securing greater accountability. Social accountability initiatives include participatory planning and budgeting, administrative procedures acts, social audits, public expenditure tracking and citizen report cards which all involve citizens in the control and oversight of government.

Sources: Brown *et al.* 2008, OPM and CIPFA 2004 and Stapenhurst and O’Brien 2005.

lowing measures of performance: access, affordability, quantity and quality, equity, responsiveness and outcomes as defined in box 8.2. Governments need to see how they are faring in all these aspects with regard to service provision and then, respond appropriately by exacting accountability that empowers people, especially the poor, and make the public service delivery system more accessible, affordable, equitable, effective, responsive and outcome-oriented.

Bringing more accountability into public service delivery is a cumulative and systematic process, and one that takes great commitment in terms of time, effort and resources at one level, whilst following ethically sound and reliable standards of performance, at another. Governments have to be answerable in terms of accounting for sufficient budgetary allocations and financing of public services whilst adhering to stringent conditions in identifying leakages in the system, especially those stemming from corruption and capture. They have to be willing to bear the consequences when found responsible for perpetuating

governance failures and performing poorly in delivering services or on the contrary, reap the benefits of improved performance that result from well-defined policies and mechanisms for implementation. Institutions that are political, legal or civic in nature also have to be empowered to provide necessary judgment and enforcement, when South Asian governments are put to the 'critical test' outlined in box 8.2. In this sense, information is key.

Information that is valid, reliable and relevant both regarding the state of service delivery and the providers (state or non-state) responsible for delivering them in the first place, has to be accessible by major stakeholders. Although the poor are not considered major stakeholders in contemporary development practice, because they assert very little interest and exert very low influence in decisions and actions related to service delivery, they are right-holders, and therefore, have the right to demand better services that they are entitled to and to hold governments to account when given the necessary information to act upon. The media is a powerful source and

Box 8.2 The 'critical test' for effective public service delivery

Access: Effective public service delivery systems rely heavily on 'access', which is the ability of citizens and service users to avail the facilities, entitlements or rights provided by the government, both swiftly and with relative ease.

Affordability: A well-functioning service delivery system provides affordable and low cost services to intended recipients. Costs should reflect efficiency in resource allocation and service provision and not the price for bribery and corruption.

Quantity and quality: The extent of services provided should reach all areas and end users and not exclude many for the benefit of some. Adequate and regular services should be delivered to people, whilst meeting and maintaining good quality and reliability standards.

Equity: Equitable service delivery, both in terms of policy and practice, across demographic (gender, age, ethnicity, caste), socio-economic (class, income) and geographical (urban, rural) categories should be ensured. Since governments cater to large and varied populations, equity and fairness in access to services, benefits and rights are fundamental. Therefore, discrimination, exclusion or favouritism based on demographic, socio-economic or geographical factors should be prohibited.

Responsiveness: Governments should respond to the needs and preferences for public services identified by citizens. A major problem that citizens encounter in their interactions with government agencies is the latter's inability to provide services based on their needs and preferences

coupled with their inability to resolve difficulties that emanate from low quality, inadequate or unaffordable service provision. Responsiveness includes efficient mechanisms for grievance redress that result in amicable, time-bound and cost effective resolutions of the problem.

Outcomes: Outcomes are important for gauging the level of human development that stem from service delivery interventions. Outcomes ought to be measured in order to identify problem areas, gauge the extent to which service quality has improved or deteriorated, improve allocation of resources to maximize efficiency, strengthen the linkages between public agencies and the public by making them more accountable, and increase public trust and confidence in the government.

Sources: Hasan and Thampi 2011 and Shah 2005.

a strong mode of communication in this respect. It disseminates and discloses information to the wider citizenry and provides a platform for dialogue and participation between policy makers, providers and civil society in propagating greater accountability in service delivery.

Figure 8.1 combines the key measures of performance in service delivery outlined earlier, with the need for accountability as enshrined through answerability and enforceability that would lead to positive outcomes in human development, and in so doing empower people in South Asia.

Current state of service delivery in South Asia

Access

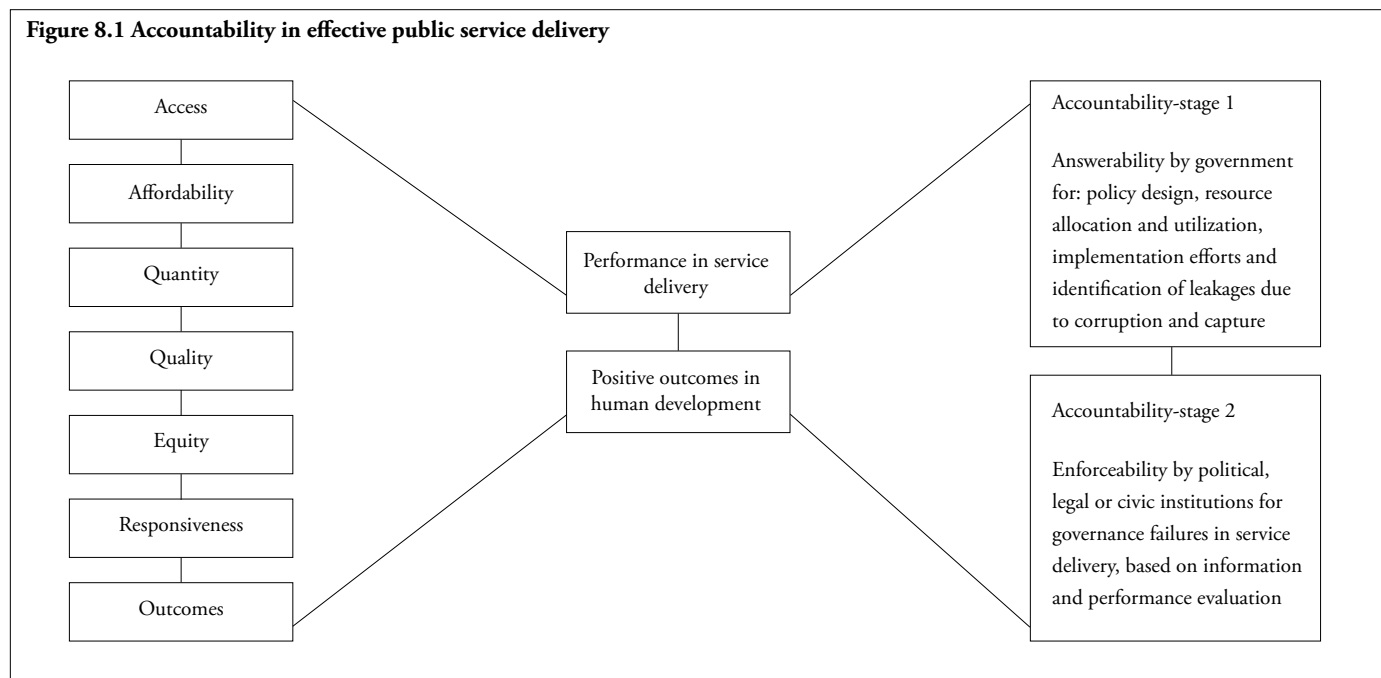
Access is a major issue in service provision in South Asia, for both providers and end users of basic services. The absence of physical infrastructure spread over reasonable distances is a problem that is characteristic of rural areas in the region.¹ It is difficult for both services to reach people and for people to reach services due to infrastructural constraints. Rural areas suffer the brunt of poor service delivery, because

it fails to reach out to those who need them the most. Furthermore, when state administrations are physically disengaged from villages because they are set up in urban or semi-urban areas, the rural-urban divide causes disparities in access to services.

Coupled with that, many front-line service personnel in the areas of health and education prefer not to work in villages due to harsh living and working conditions, poor salary structures and inadequate incentives, thereby contributing to under provision of services.

At another level, access is limited to certain groups and communities. Social exclusion based on caste, religion, ethnicity and socio-economic disparities serve as barriers confining services to people who are considered 'exclusive'. In India, for instance, caste-based exclusion dominates, whilst in Nepal, exclusion comes from spatial and social inequalities.²

Gender also limits access as highlighted in chapter 7 of this Report. Women, particularly in the health area and young girls in the education sector, are excluded due to social and cultural biases, whilst they tend to be overexploited when it comes to collecting water that covers large distances.³



Affordability

Affordability of public services is of major concern to the poor in South Asian countries. For instance, the high costs of connection together with rising costs of water and electricity tariffs is a major reason why many poor households have no water services or electricity available to them. Construction of latrines is also expensive, thereby encouraging open defecation in most rural areas. In Nepal, private moneylenders provide assistance to poor households at interest rates of 12 per cent to 36 per cent to build their own latrines.⁴ With mounting debts that fall on the poor, the added costs of basic services is a major burden that many are willing to bear for the hope of a better standard of living, but are unable to do so because they cannot afford to.

Even when services are provided for free, the costs associated with those services are problematic for the poor. Where primary education is free, the costs of attending school such as uniforms, textbooks and materials, transport and the opportunity cost of labour serve as a disincentive to send children to school.⁵

Out of pocket health expenditures are also very high in South Asia, making it increasingly difficult for the poor to afford health services (see table 8.1).

Table 8.1 Out of pocket health expenditure (% of private expenditure on health) in South Asia, 2010

India	86.4
Pakistan	82.0
Bangladesh	96.5
Afghanistan	94.0
Nepal	72.4
Sri Lanka	81.2
Bhutan	90.8
Maldives	71.6

Source: MHHDC 2012, *Profile of Governance in South Asia*.

Quantity and quality

The quantity and quality of public services provided are also important in gauging the state of service delivery in South Asia. The lack of teachers, classrooms, desks and textbooks serve as a core limitation, especially for the number of children enrolled in public schools. Inadequate facilities hinder Pakistan's public education system. Only around 36 per cent of public schools are in satisfactory condition, with most schools experiencing a shortage of basic facilities. Less than two-thirds of Pakistan's schools have adequate water and sanitation facilities, while only 39 per cent have electricity.⁶ The public health system in Pakistan is also plagued by quantity and quality issues. Public health facilities are typically under-resourced, under-staffed, poorly maintained, administratively inefficient, and regularly under-perform.⁷

High rates of absenteeism amongst teachers and health professionals reflect poor quantity and quality standards in basic service delivery. Teachers and health personnel face a lack of devotion, motivation and insufficient pay in addition to poorly constructed recruitment, promotion and retention policies.

Quantity and quality indicators are also questionable in the water and electricity sectors. Infrequency, irregularity of service and unavailability of service personnel point towards the limited service hours of water and electricity systems in India, Pakistan and Bangladesh.⁸ Pakistan's inability to meet its energy needs is also a result of poor planning. Heavy line losses of electricity are due to old and defective energy grids, and approximately a third of these losses result from theft.⁹

Equity

Equity considerations are seldom visible in policy design and implementation with regard to service delivery in South Asia. While governments call for a pro-poor orientation in their strategies for human

Even when services are provided for free, the costs associated with those services are problematic for the poor

development, the rich are usually favoured over the poor, urban areas over rural areas and males over females. Caste, ethnicity and religion also contribute to inequities in service provision.

Furthermore, patronage networks between politicians, bureaucrats, providers and service users do not result in fair play in service delivery. Almost always, equity is clouded by the politics of power, and those who exercise more influence, benefit from better services as opposed to those who do not.

Responsiveness

In terms of responsiveness, whether it is gauged by the government's response to the needs and preferences of intended recipients of services, or effective methods of grievance redress when services are of a low quality, unaffordable, inadequate or irregular, bribery takes precedence over people's needs and concerns. A significant price has to be paid by the poor to receive services, when governments are reluctant to meet their obligations, as stipulated in laws, rights and entitlements.

Outcomes

Outcomes of service provision have several consequences for human development in South Asia. They point out the results of government policies, programmes and initiatives, their subsequent impact and also lay the foundations for further improvements and adjustments in policy formulation and implementation. Outcomes in service delivery technically reflect the performance of various actors involved in the process—namely, policy makers, politicians, public officials and service providers, but without strong and clearly defined relationships of accountability across the actors, it is difficult to assess who to attach blame or provide credit to in case of poor or effective service delivery respectively.

Outcomes are difficult to monitor and evaluate, especially (i) when there

are multiple sources of financing provided by central governments, State or provincial governments, or donors and resources get diverted; (ii) when there are multiple providers, which are directly in contact with service users, such as teachers, doctors and nurses who use discretion without adequate supervision, resort to quick fixes and temporary solutions without being accountable to service users; and (iii) when patronage ties and corrupt practices go undetected.

Despite these complex problems, South Asian countries have still managed to make commendable progress, in terms of: a) improving the legal status of free education in South Asia (table 8.2); b) reducing the number of out of school children in the region (table 8.3); c) improving people's access to better water sources

Those who exercise more influence, benefit from better services as opposed to those who do not

Table 8.2 Legal status of education in South Asia

	Compulsory education (age group)	Legal guarantee of free education
India	6-14	Yes
Pakistan	5-16	Yes
Bangladesh	6-10	Yes
Afghanistan	7-15	Yes
Sri Lanka	5-14	Yes
Bhutan	6-15	Yes
Maldives	6-12	Yes

Source: UNESCO 2011a.

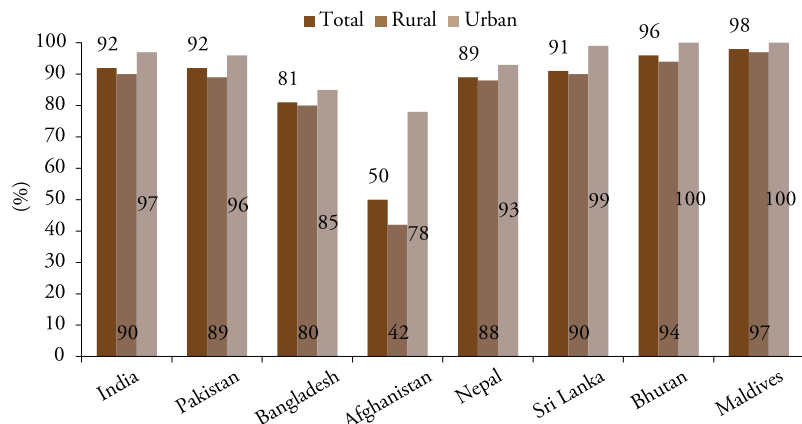
Table 8.3 Number of out of school children of primary school age in South Asia, 2010

India	2,278,322*
Pakistan	5,125,373
Bangladesh	1,835,269**
Sri Lanka	102,107
Bhutan	10,635***
Maldives	1,252***

Notes: *: Data refer to 2008. **: Data refer to 2009. ***: Data refer to 2011.

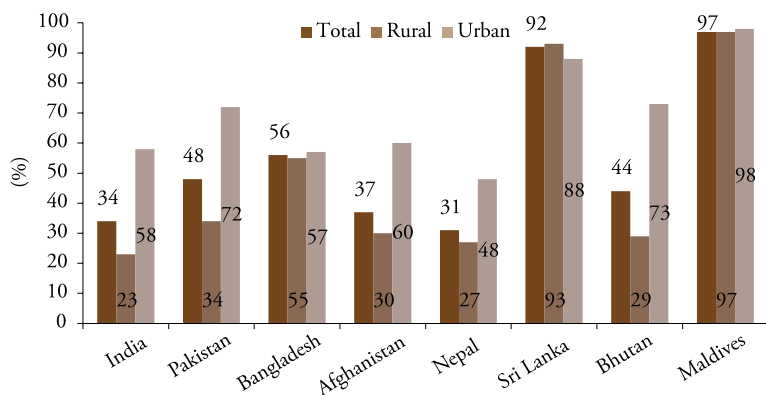
Source: MHHDC 2012, *Human Development Indicators for South Asia*.

Figure 8.2 Percentage of population with access to improved water source in South Asia, 2010



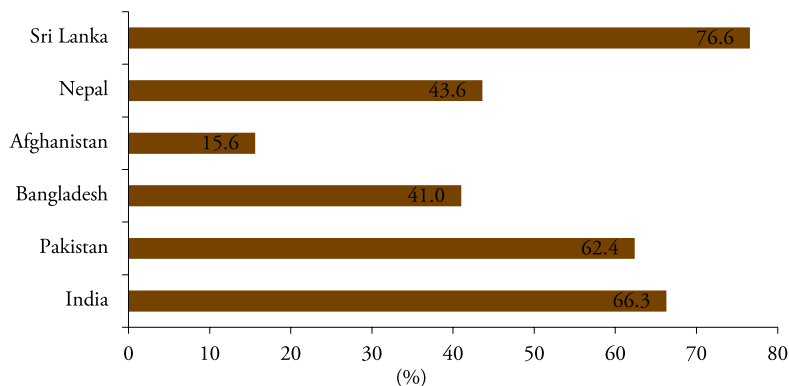
Source: World Bank 2012e.

Figure 8.3 Percentage of population with access to improved sanitation facilities in South Asia, 2010



Source: World Bank 2012e.

Figure 8.4 Percentage of population with access to electricity in South Asia, 2009



Source: World Bank 2012i.

and sanitation facilities (see figures 8.2 and 8.3); and d) greater access to electricity (see figure 8.4).

In terms of education policy, most of the progress witnessed in South Asia has been led by policy changes in India, where the number of out of school children fell from 20.7 million to 2.3 million between 2002 and 2008.¹⁰ This remarkable drop has been credited to the *Sarva Shiksha Abhiyan*, a government initiative for universal primary education that was launched in 2001. In 2010, Pakistan was home to the highest number of out of school children (5.1 million) in the region (table 8.3).

Accountability through ‘answerability’

A sound public service delivery system relies on a strong framework of accountability. Governments have to be answerable for appropriate policy design, adequate resource allocation and utilization of funds and subsequent implementation efforts, whether decentralized service delivery or provision by non-state actors are at work, whilst accounting for leakages in the system that emanate from ‘elite capture’ or corruption.

Policy design

In order to minimize at least, or to avoid altogether, the possibility of skewed service provision, policies have to be designed with a strong orientation towards equity and accountability. Too often, policies are advocated with a pretext for alleviating poverty and reducing socio-economic disparities, yet little is done in bringing such policies into practice. When policies are well-conceived and their purpose is to deliver, sufficient budgetary allocations need to be made and funds need to be accounted for, from programme inception to ultimate impact.

Resource allocation and utilization

In 1999, the *South Asia Human Develop-*

ment Report (SAHDR) stated that, “the real concern for human development is not the level of public expenditure, but their composition; not the size of public spending, but its effectiveness.”¹¹ In essence, public expenditure for service delivery is not simply a case of numbers. It is more than that and holds critical importance in governance. It is not only the allocation of funds devoted by respective governments, but also the timely disbursal and predictability in the flow of funds that generates confidence in the government. More importantly, the use of funds in an organized, efficient and accountable manner by respective ministries, departments and service providers ensures that resources are well-spent and are being utilized for the purposes and priorities they are intended for. If funds are misappropriated, performance in service delivery suffers greatly. Table 8.4 displays public spending on health and education in South Asia.

According to *Pakistan Economic Survey 2010-11*¹², a considerably high portion of the education budget is spent on recurrent heads, mainly in terms of salaries as opposed to the meager amount spent on quality improvements, such as teacher training, curriculum development, supervision and monitoring.

Box 8.3 provides a snapshot of how India is delivering on its commitment to education, using the *Sarva Shiksha Abhiyan* as a primary tool.

Implementation

Implementation lies at the core of sound policy design and appropriate financing for public services and therefore, South Asia has witnessed a progressive move towards decentralization as a preferred choice for delivering services. Since outcomes are poor when resources, financial and otherwise, do not reach frontline service providers, decentralization serves to close the gap between central governments that provide resources and those who consume services locally.

Table 8.4 Public spending on health and education in South Asia

	Public spending on health (2009)		Public spending on education (2010)	
	% of government expenditure	% of GDP	% of government expenditure	% of GDP
India	3.6	1.4	10.7*	3.1***
Pakistan	3.6	0.9	9.9	2.4
Bangladesh	7.4	1.1	14.1**	2.2**
Afghanistan	1.6	1.6	...	...
Nepal	7.9	2.1	20.2	4.7
Sri Lanka	5.8	1.8	8.1**	2.1**
Bhutan	10.5	4.5	9.4	4.0
Maldives	8.6	5.2	16.0**	8.7**

Notes: *: Data refer to 2003. **: Data refer to 2009. ***: Data refer to 2006.

Source: MHHDC 2012, *Profile of Governance in South Asia*.

Decentralization: Decentralization, responsiveness and accountability are inextricably linked. Decentralization allows public services to be matched more closely with local needs and preferences, thereby creating sufficient grounds for responsiveness and accountability to improve. The underlying assumption is that decentralization strengthens citizen’s voice with a view towards improving service delivery.

However, decentralization is a huge undertaking and one that requires clear roles and responsibilities for different tiers of government in addition to well-defined relationships of accountability. In administrative deconcentration, state functions are transferred from higher to lower levels of government, without the former losing control over policy-making and budgets. In fiscal decentralization, influence over budgets and financial decisions are ceded from higher to lower levels. And in devolution, both resources and political authority are transferred to lower levels of authority, which are largely independent of higher levels of government. Hence, the effect of decentralizing service delivery depends on the method chosen for financing local governments. If expenditure decentralization is not accompanied by revenue decentralization, the expansionary effect of decentralization on service levels is limited.¹³

Box 8.3 The *Sarva Shiksha Abhiyan* (SSA): Universal primary education in India

The SSA, which is the Government of India's flagship elementary education programme, was launched in 2001. It aims to provide universal primary education to children between 6-14 years of age. SSA has now become the central vehicle for delivering the Right to Education, witnessing a considerable increase in its budget from the government. It has more than tripled in the last 7 years from INR7,166 crores in fiscal year (FY) 2005-06 to INR25,555 crores in FY 2012-13 (see table 8.5). Elementary education is a major priority, accounting for 52 per cent of the total allocation for education in FY 2012-13, whilst SSA is the largest scheme, accounting for 67 per cent of the total elementary education budget.

Analysis of SSA expenditure is based on: a) planned allocations and b) funds available. In FY 2010-11, not all allocated funds were released. Across India, only 72 per cent of the State share and 65 per cent of Government of India's share were released.

SSA allocation can be broadly categorized into: a) teachers (including

salaries, training and teaching inputs); b) schools (comprising school infrastructure and maintenance); c) children (consisting of mainstreaming out of school children, special trainings and entitlements such as uniforms and textbooks); and d) others (comprising administration, community training and mobilization, Learning Enhancement Programme, and an innovation fund of INR1 crore grant given to every district). In FY 2010-11, allocation for teachers stood at 40 per cent of the total SSA budget in India. School infrastructure accounted for 36 per cent of allocations and allocations to children stood at 14 per cent.

Although India is close to achieving SSA's goal of universal enrolment and expanding education infrastructure, learning achievement levels pose a significant challenge. The Programme for International Student Assessment (PISA) 2009 surveyed 74 countries, including two Indian States of Tamil Nadu and Himachal Pradesh to assess the extent to which 15-year-old students have acquired essential knowledge and

skills. The two States ranked 72nd and 73rd out of the 74 countries tested, in both reading and mathematics, thereby, achieving extremely low results.

Although most States have met the access norm of a primary school within 1 km of a habitation stipulated in the Right to Education Act, there are 1,756 and 11,734 habitations without access to primary schools within 1 km in Bihar and Uttar Pradesh respectively. Access to separate girls' toilet facilities is low. As of September 2009, 36 per cent of schools across India did not have a functional toilet and 25 per cent lacked a separate toilet for girls. In 2008, 48 per cent of primary schools had a pupil teacher ratio greater than 30, which is above the prescribed ratio in the Right to Education Act.

Table 8.5 Allocation for education and SSA in India, FY 2012-13

	(crores)
	FY 2012-13
Allocation for education	74,056
Allocation for SSA	25,555

Source: Kapur and Chowdhury 2012.

Non-state providers—civil society: When services fail to reach intended recipients under government provision, civil society fills an important capacity gap in service delivery. Over the years, South Asia has seen a rise in the number of non-governmental organizations (NGOs) and community-based organizations that have stepped in to deliver services to communities, especially because of their ability to provide information in understanding the needs and preferences of poor people. Their diversity of skills and technical expertise has proved to be very useful in introducing new paradigms of service delivery, such as Bangladesh Rural Advancement Committee (BRAC's) non-formal education programme, which has educated large cohorts of the underprivileged in Bangladesh.

In spite of success, many civil

society organizations in South Asia face human resource, financial and legal constraints. Activities can be suspended due to lack of financial autonomy and inadequate legal status. Where foreign resources provide the necessary support, a heavy handed reliance on them works towards the detriment of civil society. In many cases, international support is combined with imposing donor agendas onto national and local NGOs, thereby raising concerns about local empowerment and ownership.¹⁴ Public funding also comes with an unfortunate caveat of political support for the government, however, upon sufficient credibility and trust based on services rendered to the community, civil society organizations can function without compromising their independence.¹⁵

Non-state providers—private sector: The private sector is also well-suited to deliver services in South Asia. The service delivery front has been increasingly led by ventures between the public and private sectors in the form of PPPs.

Using the best practices of the two sectors, PPPs have incorporated elements of public accountability and social responsibility, together with their values of managerial efficiency, entrepreneurship, resources and technology.¹⁶

Identification of leakages

Corruption: Most commonly defined as the abuse of public office for private gain, corruption seeks to hinder relationships of accountability in the service delivery chain. Its outreach and scale is very high in the public service delivery system in South Asia and pervades the health and education sector, in addition to public utilities and the justice system.

Corruption in health: In the health sector, corruption occurs at several levels—from grand corruption, where funds are diverted during the construction of new hospitals or health centres, to petty corruption in the form of bribery to health workers or administrators for performing routine duties. Health service staffing is also prone to corruption, whereby positions can be bought at the time of hiring and excessive absenteeism goes undetected and unpunished. Corruption is also prevalent in the pharmaceutical industry—from drug development to supply.¹⁷

Corruption in education: Corruption is also widespread in education systems in South Asia. It comes in the form of procurement frauds for material and labour used in school construction, over-invoicing in the purchase of textbooks, desks, blackboards and other supplies as well as fraudulent contracts for cleaning services and meals. In many countries, ‘ghost teachers’ are recruited and ‘ghost institutions’ are cre-

ated to channel funds into corrupt hands. Bribes are also taken from families to enrol their children in schools.

Corruption in public utilities: Kickbacks on contracts related to electricity and water supply are common in the region. Bribes are the norm among corrupt officials when accepting bids or approving completion of contractual obligations by construction companies. In the presence of monopoly providers, as is often the case, with electricity, water and sanitation, officials exploit the fact that consumers have no options to ‘exit’. At the lower end, staff colludes with clients for informal service provision. These can include, carrying out repair work for extra charges, which are pocketed instantaneously and not recorded, making illegal connections or falsifying meter readings.¹⁸

Corruption in the justice system: Police and the judiciary have resorted to harassment and bribery in many cases, whilst disregarding their duties of protecting people and guaranteeing rights. Police corruption is largely related to falsification of evidence, extortion, fraud and illegal transactions.

A seminal study by Transparency International, focusing on corruption in South Asia, found bribery to be a common practice across nine service providers. Table 8.6 illustrates bribery by institutions across six countries in the region, showing the percentage of respondents of the survey, which had come into contact with each of the nine providers and paid them a bribe in the past one year. The police was predominant in taking bribes in Bangladesh, India and Pakistan. In each of the countries, bribes were paid by respondents to speed service delivery, receive a service they were entitled to or to avoid any trouble with the authorities.¹⁹

Although governments have clearly articulated legislation against corruption in South Asia, formal rules are often bypassed in favour of informal ones. Bribery is commonplace in service delivery, with adverse consequences for the poor who

Although governments have clearly articulated legislation against corruption in South Asia, formal rules are often bypassed in favour of informal ones

Table 8.6 Bribery* across institutions in South Asia, 2011
(%)

	Education system	Medical services	Utilities	Police	Judiciary	Registry and permit services	Tax revenue	Land services	Customs
India	23	26	47	64	45	62	51	63	41
Pakistan	17	20	49	63	29	52	43	63	50
Bangladesh	15	18	36	75	64	49	40	48	12
Nepal	12	10	9	24	21	25	29	31	45
Sri Lanka	17	6	5	32	19	16	63	30	33
Maldives	3	3	5	2	2	6	3	7	9

Note: *: % of respondents who have come into contact with each of the nine service providers that reported that they had paid a bribe to that institution in the past 12 months.

Source: Hardoon and Heinrich 2011.

are not only powerless and voiceless, but are also subject to ill-treatment in state institutions and exclusion from services, despite their entitlements.²⁰ Bribery creates avenues for discrimination and also determines service quality on the basis of those who can afford to pay versus those who cannot. Corruption, in other words, reduces availability and increases the cost of public services.

Priority areas for human development, especially health and education, are neglected and resources diverted to those areas where rent-seeking opportunities are greater and the possibilities for detection are lower.²¹

Corruption thrives in the absence of answerability, with public officials either having high discretion and authority or receiving meager salaries, with both kinds being tempted by perverse incentives.

Corruption needs to be tackled strictly and uncompromisingly with enforcement. Channels for political, legal and social accountability authenticated by citizens' voice and an effective media, in addition to public disclosure laws and scrutiny of public sector performance are critical in curbing the forces of corruption that seep through all levels of service provision. Hong Kong's Independent Commission against Corruption (ICAC) and Singapore's Corrupt Practices Investigation Bureau (CPIB) are exemplary, in this respect.

South Asian countries need to commit themselves towards changing attitudes and management culture, establishing a strong public service ethos based on merit-based recruitment and promotion policies that are free from political patronage and a rule-based bureaucracy with adequate financial controls that prohibit the use of arbitrary and highly discretionary use of public resources. In this regard, the institutions of public accountability such as ombudsmen and supreme audit institutions need to remain independent and exercise rigorous scrutiny and prepare the ground for the judiciary to sanction offending individuals and agencies.

Accountability through 'enforceability'

Enforceability for governance failures in service delivery has to be based on credible information and well-defined mechanisms for performance evaluation.

Information

Information needs to be relevant, accurate, up-to-date, timely and reliable. Legislative changes brought about by Right to Information (RTI) Acts are a necessary first step and South Asian countries are well underway in having enacted such laws. The recent insertion into Pakistan's Constitution made in 2010 through Article 19A states that, "every citizen shall have the right to

have access to information in all matters of public importance subject to regulation and reasonable restrictions imposed by law.”²² Although citizens are in better legal standing to request information, governments have to stay committed to their support of RTI and ensure that public officials fulfill their obligations.

Box 8.4 provides an interesting example of the use of RTI in India, and how it can be used as an effective substitute to bribery in order to improve access to basic services.

While randomized experiments of the nature highlighted in box 8.4 are useful, their scale and outreach are limited. Information and communications technology (ICT) and the extension of e-governance and e-government initiatives are also gaining momentum in permitting transparency and the RTI. Service provision can be greatly enhanced with the use of new technology by governments and service providers by making them more accountable and responsive. The Central Vigilance Commission in India, for instance, uses its website as a public platform to name officers against whom corruption investigations have been ordered or those who have been sanctioned.²³

The media is also key in mobilizing citizens and in creating the pressure for reforms. A free press and independent media stand to raise awareness about miscon-

duct by public officials, based on credible sources of information. The reaction to people’s awareness about corrupt individuals and networks can lead to voting against incumbents, protests and civil unrests. In addition to exposing corruption, the media can formulate opinion and change mindsets to stand against corruption. Nepal’s Civil Society Anti-corruption Project is a good example of using local radio listener clubs and other civil society organizations to encourage anti-corruption activities.²⁴

Performance evaluation

Public accountability: Improvements in service delivery rest upon rigorous performance evaluation, carried out by institutions of public accountability, such as Public Accounts Committees (PACs) of respective legislatures and Supreme Audit Institutions (SAIs) that oversee public expenditure and analyse structural weaknesses and leakages in the system. Article 170 of Pakistan’s Constitution stipulates that, “audit of accounts of federal and provincial governments and accounts of any authority or body established by, or under the control of the federal or provincial government shall be conducted by the Auditor General, who shall determine the extent and nature of such audit.”²⁵

Social accountability: In recent years, meth-

Box 8.4 Transparency, Right to Information (RTI) Act and corruption in India vis-à-vis public services

RTI is tailored around transparency and accountability, with positive consequences for public service delivery. In 2010, a randomized experiment was conducted to see whether laws safeguarding freedom of information could improve access to basic services that are normally attained through bribery. Individual applicants were randomly assigned to one of three mechanisms utilized in requesting benefits while testing their effect on the time it took for applicants to receive services.

In the first treatment group,

participants followed up on their applications by filing an information request under the RTI Act. In the second group, applications were presented with a letter of support from a local non-governmental organization (NGO). In the third group, bribery was used as a weapon of choice by the applicants. The results were remarkable in that 94 per cent of those who filed information requests or paid a bribe to a local obtained benefits over the course of one year, as opposed to 21 per cent in the NGO and control groups. Bribe payers

received benefits in a median of 82 days, while individuals using the RTI had to wait an extra 38 days. Applicants that did not exercise either method received access to benefits after 343 days.

The results raise an important point, primarily, that the use of freedom of information laws can be an effective and reasonable substitute for bribing officials, provided that citizens are aware of their rights and are willing to go an extra mile in exercising them, without resorting to bribery.

Source: Olken and Pande 2012.

ods of social accountability have been developed as a counterweight to public accountability. Citizens have been utilizing a variety of ways to exact accountability and bring it into mainstream discussion. The prerogative lies on the part of citizens and clients to increase their voice and enhance their choice in service delivery.

- 1) *Citizen report cards*, pioneered by the Public Affairs Centre in Bangalore, India, have found a way to publicly expose poor performance in service provision and create the necessary pressure to improve public services.
- 2) *Public expenditure tracking surveys* (PETS), first used to examine expenditures on education in Uganda, have been in practice to inform the public about the extent of funds that actually reach frontline service providers.
- 3) *Complaints mechanisms* in the form of hotlines offer a channel for recording complaints against service providers, and holding them directly accountable.
- 4) *Community monitoring* is practiced to ensure ongoing performance of public agencies based on stipulated rules and guidelines in addition to observable factors such as doctor or teacher attendance and quality of construction in schools and hospital facilities. Community monitoring is useful in shedding light on corruption or diversion of public resources.
- 5) *Community scorecards* are a mixture of citizen report cards, community monitoring and social audits. They are used to gauge the level of satisfaction gained by service users, who also take part in organized meetings involving providers and other stakeholders that evaluate their own performance and create an action plan incorporating scorecard outputs.
- 6) *Public hearings* pioneered by the *Mazdoor Kisan Shakti Sangathan* (MKSS) in India, take place in a public forum where relevant stakeholders such as

public officials, elected leaders, contractors and clients come together in the sharing and verifying of information over budgets and expenditures on public programmes. Public hearings have worked successfully in propagating the right to health movement in India and for advocating reforms to increase the poor's access to health-care.²⁶

- 7) *Social audits* have also served as effective tools in ensuring that performance monitoring and evaluation of the state with regard to public services are carried out and have occasionally been institutionalized, in the case of India's National Rural Employment Guarantee Scheme (NREGS), for instance.

Although social accountability mechanisms are useful in exposing corruption and other governance failures in service delivery, they work best when coupled with traditional accountability processes that require formal investigations, inspections and audits embedded in political and legal institutions.

Box 8.5 provides the case of Bangladesh's Promoting Governance, Accountability, Transparency and Integrity (PRO-GATI) Programme that has been funded by the United States Agency for International Development (USAID), combining several social accountability methods and interaction with civic institutions such as the media and political institutions including the Parliament.

Implications of foreign aid and remittances on service delivery

Aid and service delivery

Foreign aid and service delivery are closely interlinked in the sense that the former provides the necessary financing for the latter, when public funding is limited. Development assistance is provided bilaterally or through multilateral aid agencies to all South Asian countries to a greater or lesser

Methods of social accountability have been developed as a counterweight to public accountability

Box 8.5 Promoting governance, accountability, transparency and integrity in Bangladesh

The USAID-funded Promoting Governance, Accountability, Transparency and Integrity (PROGATI) Programme was launched in 2007 to reduce corruption across various sectors in Bangladesh, by working with the media, civil society, public institutions, and the Parliament. The programme brings together a critical mass of leaders to guide the reform process, builds relations between civil society and the government, and creates opportunities to keep these groups engaged in sustainable communication. It uses the citizen scorecard to track medical stock availability, monitor service quality, foster performance budgeting, and strengthen citizen voice and community oversight in local health facilities. The scorecard is a six-step process combining social audit, citizen monitoring, and citizen report card techniques. Over one month, the citizen scorecard:

- Targets an intervention area and forms an oversight committee;
- Raises awareness within the community, including among health providers, about the citizen scorecards and the process;
- Researches recent events affecting the delivery of health services in the district;
- Collects the data needed for the scorecard;
- Reports on the results in a public hearing; and
- Continues to convene structured discussions about health service delivery among citizen monitors, government health officials and healthcare providers.

The report of results in a public hearing is covered by local media and at-

tended by senior officials with the power to address the problems highlighted. At one level, the scorecard process engages individuals with the authority to fix the identified problems—such as stock shortages or absentee staff—and places them in a situation where they are publicly obliged to take action.

At another level, health clinic staffers respond directly to citizen reports and/or feel pressured to change their behaviour at a time when they receive greater attention from their supervisors, the government and the media. The process creates positive incentives for front-line healthcare providers to engage in basic client-friendly behaviour, such as reporting to work and not seeking bribes. The improved behaviour in turn, leads to more and better health services provided by the facility.

Source: Seligman 2011.

degree, with the overriding objective of improving service delivery with more money available for public spending on health, education and water and sanitation.

However, foreign aid can pose multiple challenges to recipient countries if aid flows are volatile, reliance on such resources is high and absorptive capacity is low. Ministries charged with managing service delivery can face organizational challenges when needed to administer and oversee higher budgets. Table 8.7 illustrates the level of aid intensity in South Asia.

Box 8.6 provides a picture of a major caveat in foreign aid as far as accountability is concerned, namely principal-agent problems that emanate in all stages of aid delivery.

Donors tend to bypass relationships of accountability in recipient countries. At one level, donors influence spending patterns and budgetary processes of the government, and at another level, they work directly with provider organizations and set up separate project management

units. This divide causes coordination failures, which can otherwise be resolved by harmonizing and aligning foreign aid policies with recipient countries' procedures and practices, whilst strengthening their institutions.

Table 8.7 Aid intensity in South Asia, 2010

	Net official development assistance (ODA)	
	% of GNI	% of central government expense
India	0.2	1.1
Pakistan	1.6	9.7
Bangladesh	1.3	12.1*
Afghanistan	42	80.9
Nepal	5.2	34.6**
Sri Lanka	1.2	9.3***
Bhutan	9.2	42.6*
Maldives	6.1	5.4*

Notes: *: Data refer to 2009. **: Data refer to 2005.

***: Data refer to 2008.

Source: MHHDC 2012, *Profile of Governance in South Asia*.

Box 8.6 Principal-agent problems in foreign aid

The dynamics of foreign aid are complicated by principal-agent problems. This is because of the disconnect between people providing the financing, taxpayers from donor countries, and intended beneficiaries of aid programmes, mostly poor people in developing countries. Aid programmes rely on a long and complicated nexus of principals and agents, in

both donor and recipient countries. The objectives, incentives and information available to principals and agents are not always in conjunction with the objectives of taxpayers and beneficiaries. In domestic public programmes, taxpayers and beneficiaries are the same people, and therefore, have a clearer picture about the success or failure of projects and are

in a better position to hold agents to account. This is not the case with foreign aid. Hence, many aspects of aid delivery get clouded along the way—from programme design to implementation, compensation to incentives, and allocation of funding to overall impact.

Source: Radelet 2006.

Budget support

Budget support is one way of enhancing financial and management capacity of recipient countries, building national ownership, increasing accountability for performance, ensuring the predictability of resources and reducing the volatility of aid flows. Several donors have therefore, resorted to budget support to South Asian countries, but like other developing countries, proper government institutions are not in place to handle such support.

Remittances and service provision

Remittances, unlike foreign aid, have direct linkages between those providing finances and those receiving them. Because remittances are directly transferred to families and friends of migrant workers, they are better targeted to recipients' needs. Remittances are directly correlated to house-

hold investments made in education and health—both of which matter greatly for positive outcomes in human development. In Sri Lanka, studies analysing household surveys have shown that children of remittance-receiving households tend to have a lower school drop-out ratio and are better positioned to pay for private tuition. They also have higher birth weight.²⁷ Table 8.8 shows the level of remittances and workers' compensation in South Asia.

Conclusion

Accountability that is embedded in answerability and enforceability will pave the way for people's empowerment in South Asia. It bears a strong association with voice and the extent to which politicians, policy makers and service providers can be held to account by citizens. Voice can be manifested in decision-making processes, policy implementation and delivery of services and can also be expressed through complaints, lobbying and protests, the latter being highly visible in the case of poor electricity provision in Pakistan, for instance. Strengthening voice is both a responsibility of the state and its citizens and a measure of their responsiveness.

In terms of legal empowerment, legislation is critical, but so are implementation and enforcement. Information disclosure is essential for citizens' empowerment and so is their understanding of legal rights. Political empowerment is also crucial and requires openness, participation

Table 8.8 Workers' remittances and compensation of employees, received in South Asia, 2010
(% of GDP)

India	3.1
Pakistan	5.5
Bangladesh	10.8
Afghanistan	...
Nepal	22.1
Sri Lanka	8.4
Bhutan	0.317
Maldives	0.214

Source: World Bank 2012i.

in national institutions, and inclusionary policies and practices.

On the administrative side, reforming the civil service and making them 'principled agents' are necessary for better accountability in public service delivery in the region. Public administration reforms need to inculcate core values of humane governance in functions of the civil service. Moreover, the state's delegation to sub-national tiers of government and non-state

providers for the purposes of service delivery need to be smooth and well-defined.

Increasing state capacity in order for the state to perform well in governance must include capacity for monitoring and evaluation, performance management and accountability for results. It must also involve budget and expenditure management and strong enforcement mechanisms to fight corruption.

Technical Note on the Computation of the Humane Governance Index (HGI)

The HGI-2010

Chapter 1 conceptualizes humane governance by building a governance architecture that consists of economic, political and civic dimensions. The HGI quantifies humane governance with the use of numerous indicators of economic, political, and civic governance (see the table).

Economic governance is assessed by measures of fiscal policy (overall budget deficit/surplus), monetary policy (inflation rate), trade openness (current account deficit/surplus), social priority spending (public expenditures on both health and education), and liberalization of the economy (trade to GDP ratio).

Political governance is assessed by measures of various political perception indicators including corruption, bureaucracy quality, democratic accountability, ethnic tensions, government stability, law and order, and socio-economic conditions. These indicators are used to assess political governance within countries.

Civic governance is assessed by measures of press freedom, civil rights, political rights, and rule of law.

Methodology

The HGI is constructed as a simple average of the indices calculated for the three pillars: economic, political, and civic governance. The intention is to establish a parallel to the Human Development Index (HDI)—maintaining simplicity while ensuring compatibility with the theoretical underpinning of the humane governance concept presented in chapter 1 of the Report.

The HGI has been calculated for 51 medium and low human development countries, categories defined by the UNDP. These countries were selected based on data availability for all the indicators used for the computation of the HGI as well as an extensive exercise of data cleaning. There were a few problems with the data that had to be addressed before-

hand. First, the entire data was transformed to the same range: from 0 to 1. To achieve this, the following transformation was used for each indicator:

$$\text{Dimension index} = \frac{[(\text{actual value} - \text{minimum value}) / (\text{maximum value} - \text{minimum value})]}{0 \leq 1}$$

Calculation of Economic Governance Index

Six indicators shown in the table have been used for the computation of this index by assigning equal weight to each of them. The main data sources for these indicators are United Nations Educational, Scientific and Cultural Organization (UNESCO's) Institute for Statistics; World Health Organization (WHO's) Global Health Observatory Data Repository; and World Bank's Education Statistics, Health, Nutrition and Population and World Development Indicators Databases. In the first stage the whole data was transformed in the range 0 to 1. Inflation rate index was deducted from 1 to harmonize the data with the other five indicators. A simple average of all these six indicators yielded the Economic Governance Index.

Calculation of Political Governance Index

Seven indicators shown in the table are used for the computation of this index by assigning equal weight to each of them. The main data source for these indicators is The Political Risk Services Group's International Country Risk Guide (ICRG) ratings. In the first stage the whole data was transformed in the range 0 to 1. A simple average of all these seven indicators yielded the Political Governance Index.

Calculation of Civic Governance Index

Four indicators shown in the table are used for the computation of this index by assigning equal weight to each of them. The main data sources for these indicators are Freedom

House, Reporters without Borders and World Bank's Worldwide Governance Indicators. In the first stage the whole data was transformed in the range 0 to 1. Press freedom, civil rights and political rights indices were deducted from 1 to harmonize the data with other indicators. A simple average of all these four indicators yielded the Political Governance Index.

Calculation of the HGI

The HGI was computed by assigning equal weight to each of the three indices: economic, political and civic governance.

The whole process can be summarized in four steps:

Step 1: Transform the whole data from 0 to 1 range by using the dimension index.

Step 2: Deduct some of the indicators, e.g., inflation rate, from 1 to harmonize the whole data set i.e., an increasing value means positive developments and vice versa.

Step 3: Take simple averages of each of the components to find out economic, political and civic governance indices.

Step 4: Compute HGI by taking a simple average of the three sub-indices.

Illustration with an example

The illustration for the calculation of the HGI uses data for Pakistan.

Economic Governance Index:

- Inflation = $[13.9 - (-0.764) / 16.635 - (-0.764)] = 0.842$ ----- = $1 - 0.842 = 0.158$
- Budget deficit/surplus (% of GDP) = $[(-5.0) - (-11.2) / 3.1 - (-11.2)] = 0.434$
- Current account deficit/surplus (% of GDP) = $[(-0.773) - (-25.1) / 8.737 - (-25.1)] = 0.719$
- Public health expenditure (% of GDP) = $(0.858 - 0.858) / 8.199 - 0.858 = 0.0$
- Public education expenditure (% of GDP) = $[2.372 - 0.7] / 9.117 - 0.7 = 0.200$

- Trade to GDP ratio = $[32.32 - 32.32] / 165.337 - 32.32 = 0.0$

$$\text{Economic Governance Index} = [(1/6) * 0.158 + (1/6) * (0.434) + (1/6) * 0.719 + (1/6) * 0.0 + (1/6) * 0.200 + (1/6) * 0.0] = 0.252$$

Political Governance Index:

- Corruption = $[2.0 - 1.0 / 3.5 - 1.0] = 0.400$
- Bureaucracy quality = $[2.0 - 0.0 / 3.0 - 0.0] = 0.667$
- Democratic accountability = $[3.0 - 1.0 / 6.0 - 1.0] = 0.400$
- Ethnic tensions = $[1.0 - 1.0 / 6.0 - 1.0] = 0.0$
- Government stability = $[5.0 - 5.0 / 10.5 - 5.0] = 0.0$
- Law and order = $[3.5 - 1.5 / 5.0 - 1.5] = 0.571$
- Socio-economic conditions = $[5.0 - 0.0 / 7.0 - 0.0] = 0.714$

$$\text{Political Governance Index} = [(1/7) * 0.400 + (1/7) * 0.667 + (1/7) * 0.400 + (1/7) * 0.0 + (1/7) * 0.0 + (1/7) * 0.571 + (1/7) * 0.714] = 0.393$$

Civic Governance Index:

- Press freedom = $[56.17 - 7.0 / 91.5 - 7.0] = 0.582$ ----- = $1 - 0.582 = 0.418$
- Political rights = $[4 - 1 / 7 - 1] = 0.500$ ----- = $1 - 0.500 = 0.500$
- Civil rights = $[5 - 2 / 7 - 2] = 0.600$ ----- = $1 - 0.600 = 0.400$
- Rule of law = $[(-0.8) - (-1.5) / 0.7 - (-1.5)] = 0.318$

$$\text{Political Governance Index} = [(1/4) * 0.418 + (1/4) * 0.500 + (1/4) * 0.400 + (1/4) * 0.318] = 0.409$$

The HGI:

$$\text{HGI} = [(1/3) * 0.252 + (1/3) * 0.393 + (1/3) * 0.409] = 0.351$$

Table Indicators used for the computation of Human Governance Index (HGI), 2010

Dimension	Indicators	Indicators definition
1. Economic governance	1. Inflation 2. Budget deficit/surplus (% of GDP) 3. Current account deficit/surplus (% of GDP) 4. Public health expenditure (% of GDP) 5. Public education expenditure (% of GDP) 6. Trade to GDP ratio	1. Inflation is the annual average growth of the consumer price index. 2. Budget deficit/surplus is revenue (including grants) minus expense, minus net acquisition of nonfinancial assets. 3. Current account deficit/surplus is the sum of net exports of goods and services, net income, and net current transfers. 4. Public health expenditure is recurrent and capital spending from central and local governments, external borrowing and grants (including donations from international agencies and non-governmental organizations), and social (or compulsory) health insurance funds. 5. Public expenditure on education is current and capital expenditures on education by local, regional, and national governments, including municipalities. 6. Trade is the sum of merchandise exports and imports.
2. Political governance	1. Corruption 2. Bureaucracy quality 3. Democratic accountability 4. Ethnic tensions 5. Government stability 6. Law and order 7. Socio-economic conditions	1. Corruption is an assessment of bribery within the political system. It is concerned with actual or potential corruption in the form of excessive patronage, nepotism, job reservations, 'favour-for-favours', secret party funding, and suspiciously close ties between politics and business. 2. It is a composite index assigning high points to countries where the bureaucracy has the strength and expertise to govern without drastic changes in policy or interruptions in government services. 3. Democratic accountability is a measure of how responsive government is to its people, on the basis that the less responsive it is, the more likely it is that the government will fall, peacefully in a democratic society, but possibly violently in a non-democratic one. 4. Ethnic tension is an assessment of the degree of tension within a country attributable to racial, nationality or language divisions. 5. Government stability is an assessment of both the government's ability to carry out its declared programme(s), and its ability to stay in office. 6. Law and order are assessed separately. The law sub-component is an assessment of the strength and impartiality of the legal system, while the order sub-component is an assessment of popular observance of the law. 7. This is an assessment of the socio-economic pressures at work in society that could constrain government action or fuel social dissatisfaction. It comprises three subcomponents: unemployment, consumer confidence and poverty.
3. Civic governance	1. Press freedom 2. Civil rights 3. Political rights 4. Rule of law	1. Reporters without Borders' Press Freedom Index measures the state of media freedom. It reflects the degree of freedom that journalists, news media and citizens enjoy in each country, and the efforts made by the authorities to respect and ensure respect for this freedom. It is based on a questionnaire with 43 criteria that assess the state of press freedom in each country. It includes every kind of violation directly affecting journalists and news media. 2. Press Freedom's Civil Liberties Index is based on an evaluation of four sub-categories: freedom of expression and belief; associational and organizational rights; rule of law; and personal autonomy and individual rights. A numerical rating from 1 to 7 is assigned, with 1 representing the most free and 7 the least free. 3. Press Freedom's Political Rights Index is a composite index and comprises of sub-categories: electoral process; political pluralism and participation; and functioning of government. A numerical rating from 1 to 7 is assigned, with 1 representing the most free and 7 the least free. 4. World Bank's Rule of Law Index captures perceptions of the extent to which agents have confidence in and abide by the rules of society, and in particular the quality of contract enforcement, property rights, the police, and the courts, as well as the likelihood of crime and violence. Its values range between -3 to 3.

A cautionary note

The HGI may not be the perfect index. No single number can hope to capture all the essential elements of humane governance. Governance is a dynamic concept, difficult to bring under empirical discipline.

The HGI is essentially a policy index,

serving as a handy tool for informed policy-making. The HGI is not meant to replace the existing measures of governance; it attempts to broaden and advance the current thinking on governance. It is hoped that this index would stimulate similar endeavours to quantify governance.

Notes

Chapter 1

1. MHHDC 1999.
2. GSDRC 2012.
3. Haq 1999.
4. UNDP 2002
5. Fakuda-Parr 2003.
6. UNDP 1997.
7. Roy 2007.
8. GSDRC 2012.
9. World Bank 2012h.
10. ADB 2008c.
11. Ibid.
12. TI 2011.
13. Kabeer 2009.

Chapter 2

1. The process of decolonization began quite early after the end of the World War II with the independence of India and Pakistan in 1947 and Sri Lanka in 1948. However, the decolonization of Africa in the 1960s forms the bulk of the process of decolonization.
2. Sen 2000.
3. Ibid., p. 14.
4. Ibid., p. 17.
5. Ibid., p. 18.
6. For instance, GOI 2002b., and the various UNDP-led global, national and regional Human Development Reports.
7. The Declaration on the Right to Development was adopted by the General Assembly in its Resolution 41/128 on 4 December 1986 (see UN 1986).
8. Osmani 2005.
9. MHHDC 1999, p. 2.
10. Ibid.
11. Ibid.
12. Ibid., p. 28.
13. Gross enrolment rate (GER) is the total enrolment in a specific level of education, regardless of age, expressed as a percentage of the official school-age population corresponding to the same level of education in a given school-year and is widely used to show the general level of participation in a given level of education. It indicates the capacity of the education system to enrol students of a particular age-group. While a high GER generally indicates a high degree of participation, whether the pupils belong to the

official age-group or not, GER can be over 100 per cent due to the inclusion of over-aged and under-aged pupils/students because of early or late entrants, and grade repetition.

14. Peter *et al.* 2010, p. 1-19.
15. UNDP 2010c.
16. Kodwani 2000.
17. GOI 2012d.
18. Ibid.
19. Roberts 2010, p. 926.
20. This information is not complete as such data is not available for all high courts, most notably, Allahabad; which covers the most populous State of Uttar Pradesh.
21. GOI 2012b.
22. See Jayal *et al.* 2006 and Prakash 2012.

Chapter 3

1. PILDAT 2011b.
2. SDPD 2008.
3. SDPD 2008 and PILDAT 2011b.
4. ICG 2011.
5. IDEA 2002.
6. *Pakistan Today* 2011.
7. DRI 2011.
8. PILDAT 2011a.
9. Jabbar 2011.
10. ICG 2008.
11. Siddique 2010.
12. Khan 2004.
13. ICG 2008.
14. Sattar 2009.
15. Patel 2011.
16. ICG 2010b.
17. Siddique 2011.
18. ICG 2010b.
19. TI 2007.
20. Siddique 2010.
21. GOP 2011b.
22. GOP 2008d.
23. Hassan 2011.
24. Saleem 2011.
25. ICG 2010a.
26. GOP 2008d.
27. Ibid.
28. Ibid.
29. Khan 2009 and *The Express Tribune* 2012b.
30. Khan 2010.
31. PILDAT 2012.
32. PPF 2011.

33. PILDAT 2011a.
34. *The Express Tribune* 2012a.
35. AIBD 2009.
36. MHHDC 1999 and Ahmed K. 2011.
37. Adeney 2012.
38. IPP, BNU 2011 and *The Nation* 2010.
39. Gazdar 2010.
40. Adeney 2012 and Anderson 2010.
41. Adeney 2012 and IPP, BNU 2011.
42. Ahmed S. 2011.
43. Pasha 2011.
44. Rais 2012.
45. Alam 2011.
46. Rumi 2011.
47. See Cheema *et al.* for an evaluation and features of 1959, 1979 and 2001 Local Government Ordinances.
48. GOP 2011c.
49. Ibid.
50. Ibid.
51. GOP 2011a.
52. ICC 2010.
53. GOP 2010c.
54. GOP 2012b.
55. Ibid.
56. GOP 2011a.
57. Pakistan failed to produce the regular 5-year plans between 1998 and 2005 and then again was without one for two year between 2010 and 2012.
58. GOP 2010c.
59. GOP 2012b.
60. World Bank and AYSPTS 2009.
61. GOP 2011c.
62. Ibid.
63. Shaheen 2011.
64. GOP 2011c.
65. World Bank and AYSPTS 2009.
66. Pasha 2010.
67. IPP, BNU 2011.
68. Amir 2012.
69. Nabi and Shaikh 2010.
70. GOP 2011a.
71. Malik 2012.
72. GOP 2002 and 2006b.
73. GOP 2010a.
74. UNDP 2011a.
75. GOP 2010e.
76. GOP 2012c.
77. GOP 2011c.
78. Cheema 2007.
79. Easterly 2003.
80. Based on data from GOP 2005b, which has rich data on access to key facilities and infrastructure, there is a positive relationship between lack of access to basic social services and poverty headcount.
81. IMF 2010.
82. Gazdar 2011.
83. Heltberg and Ninno 2006.
84. Khan and Qutub 2010.

85. MHHDC 1999.
86. Ibid.

Chapter 4

1. MHHDC 1999 and 2005.
2. Population estimates for the year 2009 under the moderate fertility decline scenario showed that there were about 40.32 million children aged 5-14 years and about 36 million youth population aged 15-24 years who, together, accounted for about 45 per cent of total population. See Mahmood 2011.
3. HRCP 2011a.
4. I-SAPS 2011.
5. SAFED 2012.
6. Hussain *et al.* 2011.
7. I-SAPS 2010.
8. Ibid.
9. Ibid.
10. SAFED 2012.
11. Amjad 2011.
12. I-SAPS 2010.
13. WHO 2012b.
14. DFID and AusAID 2010.
15. Golding *et al.* 2011.
16. GOP 2011e.
17. Sabih *et al.* 2010.
18. Lorenz and Khalid 2011.
19. Dodgson *et al.* 2002.
20. WHO 2000.
21. UNDP, Pakistan 2010.
22. TI, Pakistan 2011.
23. Nishter 2007.
24. Nishter 2010.
25. Karim 2009.
26. Nishter 2010.
27. WHO, Pakistan 2012.
28. MHHDC 2005.
29. Barber 2010.
30. Ibid.
31. MHHDC 2005.

Chapter 5

1. Bonfiglioli 2003.
2. IGS, Bangladesh 2009.
3. Akram and Das 2006.
4. IGS, Bangladesh 2009, p. 33.
5. Ibid.
6. Ibid., p.36.
7. Ibid., p. 43.
8. Ibid., p 39.
9. Ibid., p. 40.
10. Ibid., p. 41).
11. Ibid.
12. Ibid., p. 53.
13. Heller and Rao 2006.
14. Ahmed 2005.
15. World Bank 2010b.
16. *The Financial Express* 2012.

17. GOB 2011e.
18. GOB 2010d.
19. GOB 2011e.
20. IMF 2005.
21. GO 2011e.
22. GOB 2011d.
23. GOB 2011e.
24. Ibid.
25. Ibid.
26. GOB 2012b.
27. World Bank 2010a.
28. Ibid.
29. UNESCO 2011b.
30. See for instance, Mujeri 2010.
31. See CAMPE, *Education Watch Report* (various issues), Kibria 2001 and World Bank 2000.
32. World Bank 2008.
33. Al-Samarrai 2009.
34. GOB 2011e.
35. Based on 2005 data on net enrolment rates in Al-Samarrai 2008.
36. Ibid.
37. Al-Samarrai 2009.
38. UNICEF 2009.
39. Ibid.
40. Ibid.
41. Austin *et al.* 2008.
42. Ibid.
43. MHHDC 2008.
44. World Bank 2007.
45. Bangladesh Health Watch 2012.
46. Islam 2003.
47. Begum *et al.* 2010.
48. GOB 2009b.
49. Begum and Bhushan 2011.
50. Begum *et al.* 2010.
51. GOB 2009b.
52. Khan and Hotchkiss 2010.
53. Bangladesh Health Watch 2010.
54. Alamgir *et al.* 2006.
55. IMF 2005.
56. MHHDC 2007.
57. Begum *et al.* 2004.
58. Haque 2004.
59. GOB 2011e.
60. GOB 2010b.
61. CPD 2011.
62. Ibid.
63. Ibid.
64. GOB 2011e.
65. Ibid.
66. MHHDC 1999.
7. ADB 2012 and EIU 2012a.
8. GON 2011a.
9. ADB 2012 and EIU 2012a.
10. GON 2012.
11. UNDP 2010c.
12. GON 2010 and 2011b.
13. World Bank 2012i.
14. GON 2011b.
15. PAF, Nepal 2010.
16. Ibid.
17. GON 2011b.
18. UNDP 2004.
19. GON, New Era and ICF International Inc. 2012
20. GON 2010.
21. MHHDC 2012, *Profile of Governance in South Asia*.
22. GON, New Era and ICF International Inc. 2012.
23. Recent data for net enrolment rates are not available for Nepal, hence we have used net attendance ratios.
24. GON, New Era and ICF International Inc. 2012.
25. UNDP 2004.
26. GON, New Era and ICF International Inc. 2012.
27. GON 2011b.
28. Ibid.
29. Ibid.
30. EIU 2012b.
31. GOS 2010b.
32. Ibid.
33. Ibid.
34. ADB 2012 and EIU 2012b.
35. Ibid.
36. Ibid.
37. Ibid.
38. Ibid.
39. GOS 2010c.
40. Ibid.
41. GOS 2011b.
42. GOS 2011a.
43. GOS 2010a.
44. GOS 2011a.
45. UIS 2011.
46. GOS 2010c.
47. ADB 2009.
48. ADB 2009 and MHHDC 2012, *Human Development Indicators for South Asia*.
49. WHO 2012a.
50. MHHDC 2012, *Profile of Governance in South Asia*.
51. WHO 2011b.
52. GOS 2010c.

Chapter 6

1. EIU 2012a.
2. GON 2007.
3. Ibid.
4. GON 2007 and 2008.
5. GON 2007.
6. EIU 2012a.

Chapter 7

1. India has 33 per cent reserved seats in all local bodies. Pakistan has 33 per cent seats reserved in the National Assembly in addition to 33 per

- cent reserved seats at the local levels. Bangladesh reserves 15 per cent of total seats at the national Parliament and 33 per cent at the local bodies. Nepal reserves 5 per cent of the seats at the lower house and 3 per cent at the upper house in addition to 20 per cent of the local bodies. Sri Lankan Cabinet has also approved the principle of reservation of one-third of the seats to women at the local level. UNIFEM 2005.
2. UNDP 1995.
 3. It is an internationally agreed plan for achieving equality for women across 12 critical areas: poverty, education and training, health, the economy, power and decision-making, human rights, armed conflict, institutional mechanisms, the environment, violence against women and the girl child
 4. Asia Society 2011.
 5. Manjoo 2011.
 6. TrustLaw spoke to 213 gender experts from five continents and ranked countries on the basis of overall perceptions of danger including six risks. These risks are, health threats, sexual violence, non-sexual violence, cultural or religious factors, lack of access to resources and trafficking. Gopalakrishnan 2011.
 7. UN 2011.
 8. Sen 2003.
 9. Islam and Dogra 2011.
 10. ICTJ 2010.
 11. Shaheed 2009.
 12. IFPRI 2011.
 13. MHHDC 2011.
 14. UNICEF 2009a.
 15. Gosh 2009.
 16. Floro *et al.* 2009.
 17. IPU 2012.
 18. Constitution, Article 51 [1, 1A, 4(d)].
 19. IDEA 2008, p. 113.
 20. Kodikara 2011.
 21. Voting takes place in single-member constituencies. Voters put a cross in a box next to their favoured candidate and the candidate with the most votes in the constituency wins.
 22. With the proportional representation system several members of the Parliament are to be elected per constituency. Basically every political party presents a list of candidates and voters can select a list that is they vote for a political party. Parties are assigned parliamentary seats proportionally to the number of votes they get.
 23. The grass-roots units of self-government—*Panchayat Raj* is a system of governance in which *Gram Panchayats* are the basic units of administration. It has 3 levels: village, block and district.
 24. Kazi 2010.
 25. Local Self Government Act, Article 76.
 26. ADB 2008a.
 27. Munshi and Rosensweig 2008.
 28. Pande and Ford 2011.
 29. Falch 2010.
 30. Ibid.
 31. Ibid.
 32. Oxfam International 2011
 33. Conceptualization adopted by Haussman *et al.* 2011.
 34. EIU 2010.
 35. World Bank 2011c.
 36. Partly due to the predominance of subsistence agriculture and partly due to male migration from the hills.
 37. ADB 2010.
 38. Homenet South Asia 2007.
 39. Concluding observations of the Committee on the Elimination of Discrimination against Women, Sri Lanka, 4 February, 2011—United Nations.
 40. UNGEI 2010.
 41. EIU 2010.
 42. ADB 2007a.
 43. Haussman *et al.* 2011.
 44. Desai 2009.
 45. For example see World Bank and DFID 2006.
 46. UNIFEM 2009.
 47. Sankrana 2010.
 48. Ibid.
 49. Agarwal 2011.
 50. UN Women South Asia 2011.
 51. Scalise 2009.
 52. OECD 2011a.
 53. Agarwal 2011.
 54. Gazdar and Quan 2004.
 55. Agarwal 2010
 56. UN Women 2011.
 57. This is based on the number of microfinance institutions (MFIs) reporting to the Microfinance Information Exchange. Figures in parentheses show the number of reporting MFIs in the respective countries. For time-series data, see Mixmarket 2011.
 58. ISST and UNIFEM 2007.
 59. Ibid.
 60. Chhachhi 2009.
 61. UN 2009.
 62. MHHDC 2005.
 63. UNESCAP 2009.
 64. World Bank 2011a.
 65. Ibid.
 66. Lockheed and Lewis 2007.
 67. UNGEI 2010.
 68. Lockheed and Lewis 2007.
 69. Ibid.
 70. Ram 2008.
 71. Winthrop 2009.
 72. UNFPA 2007.
 73. To strengthen the National Commission on the Status of Women (NCSW) mandate and function as well as to elicit wide feedback, two civil society organizations (CSOs) (Shirkat Gah Women's Resource Centre and Aurat

Foundation) held provincial, national and international consultations and submitted recommendations to the NCSW.

74. Torres 2009.
75. Shaheed 2009.
76. Ibid.
77. UN Women 2011.
78. Ibid.
79. Ibid.
80. Rozan, Pakistan 2011.
81. UN Women 2011.
82. ADB 2007b.
83. UNICEF 2009a.
84. MHHDC 2000 and 2004.

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2. Ibid.
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4. Wan and Francisco 2009.
5. Joshi 2006.
6. Abbas 2011.
7. Ibid.
8. Wan and Francisco 2009.
9. Abbas 2011.
10. World Bank 2012b.
11. MHHDC 1999.
12. GOP 2011c.
13. Bardhan and Mookherjee 2006.
14. UNDP and UN-OHRLS 2006.
15. Ibid.
16. Ibid.
17. UNDP 2008.
18. Ibid.
19. Haroon and Heinrich 2011.
20. Narayan *et al.* 2000.
21. MHHDC 1999.
22. GOP 2010f.
23. UNDP 2008.
24. Ibid.
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27. UNDP 2011b.

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Human Development Indicators for South Asia

Contents

Note on Statistical Sources for Human Development Indicators

Key to Indicators

Table 1: Basic Human Development Indicators

- Total population
 - Annual population growth rate
 - Life expectancy at birth
 - Adult literacy rate
 - Female literacy rate
 - Gross combined 1st, 2nd and 3rd level enrolment ratio
 - Infant mortality rate
 - GDP growth
 - GDP per capita
 - Human Development Index (HDI)
 - Gender Inequality Index
-

Table 2: Education Profile

- Adult literacy rate
 - Male literacy rate
 - Female literacy rate
 - Youth literacy rate
 - Gross primary enrolment
 - Net primary enrolment
 - Gross secondary enrolment
 - Net secondary enrolment
 - Gross combined 1st, 2nd and 3rd level enrolment
 - Enrolment in technical and vocational education
 - Pupil teacher ratio (primary level)
 - Percentage of children reaching grade 5
 - Children not in primary schools
 - School life expectancy
 - Researchers per million inhabitants
 - R&D expenditures
 - Public expenditure on education
-

Table 3: Health Profile

- Population with access to safe water
 - Population with access to sanitation
 - Child immunization rate
 - Physicians
 - Maternal mortality ratio
 - Contraceptive prevalence rate
 - People with HIV/AIDS
 - Public expenditure on health
-

Table 4: Human Deprivation Profile

- Population below income poverty line
 - Population without access to safe water
 - Population without access to sanitation
 - Illiterate adults
 - Illiterate female adults
 - Malnourished children under-five
 - Under-five mortality rate
 - People with HIV/AIDS
-

Table 5: Gender Disparities Profile

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 - Adult female literacy
 - Female primary school gross enrolment
 - Female primary school net enrolment
 - Female 1st, 2nd and 3rd level gross enrolment
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 - Female professional and technical workers
 - Seats in the Parliament held by women
 - Gender Inequality Index
 - Female unemployment rate
-

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- Population under-18
 - Population under-five
 - Infant mortality rate
 - Under-five mortality rate
 - One-year-olds fully immunized against tuberculosis
 - One-year-olds fully immunized against measles
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 - Births attended by trained health personnel
 - Low birthweight infants
 - Children in the labour force
-

Table 7: Profile of Military Spending

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- Defence expenditure annual increase
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- Defence expenditure (as a % of central government expenditure)
- Defence expenditure per capita
- Armed forces personnel
- Arms imports
- Global Militarization Index (GMI)

Table 8: Profile of Wealth and Poverty

- Total GDP
- GDP per capita
- GNI per capita
- GDP per capita growth
- Gross capital formation
- Gross domestic savings
- Sectoral composition of GDP
- Trade
- Tax revenue
- Exports of goods and services
- Total net official development assistance received
- Total (external) debt servicing (% of exports)
- Total external debt
- Total (external) debt servicing (% of GNI)
- Income share
- Population below US\$1.25 a day
- Population below income poverty line
- Public expenditure on education
- Public expenditure on health

Table 9: Demographic Profile

- Total population
- Annual population growth rate
- Rural population
- Urban population
- Annual growth rate of urban population
- Crude birth rate
- Crude death rate
- Total fertility rate
- Dependency ratio
- Total labour force
- Male labour force
- Female labour force
- Annual growth in labour force
- Unemployment rate

Table 10: Profile of Food Security and Natural Resources

- Food production net per capita index
- Food exports
- Food imports
- Cereal production
- Cereal imports
- Cereal exports
- Forest production
- Crop production index
- Land area
- Land use
- Irrigated land
- Daily dietary consumption
- Undernourished people

Table 11: Energy and Environment

- Energy use per capita
- Total electricity production
- Motor vehicles per kilometer of road
- Number of disaster-affected people
- Economic losses from natural disasters

Table 12: Governance

- Average annual rate of inflation
 - Annual growth of food prices
 - Annual growth of money supply
 - Total revenue
 - Total expenditure
 - Budget deficit/surplus
 - Tax revenue
 - Tax revenue by type
 - Public expenditure per capita
 - Imports of goods and services
 - Net inflow of FDI
 - Total external debt
 - Total (external) debt servicing
-

Note on Statistical Sources for Human Development Indicators

The human development data presented in these tables have been collected with considerable effort from various international and national sources. For the most part, standardized international sources have been used, particularly the UN system and the World Bank data bank. The UNDP and World Bank offices made their resources available to us for use in this Report.

Countries in the indicator tables are arranged in descending order according to population size. Data for South Asia are total(T)/weighted average values of eight countries, India, Pakistan, Bangladesh, Afghanistan, Nepal, Sri Lanka, Bhutan and the Maldives. While most of the data have been taken from international sources, national sources have been used where international data were not available. Such data have to be used with some caution as their international comparability is still to be tested.

Several limitations remain regarding coverage, consistency, and comparability of data across time and countries. The

data series presented here will be refined over time, as more accurate and comparable data become available.

In certain critical areas, reliable data are extremely scarce: for instance, for employment, income distribution, public expenditure on social services, military debt, foreign assistance for human priority areas, etc. Information regarding the activities of NGOs in social sectors remains fairly sparse.

It is time for policymakers in South Asia to make a significant investment in the collection and analysis of up-to-date, reliable, and consistent indicators for social and human development. If development is to be targeted at the people, a great deal of effort must be invested in determining the true condition of these people.

It is hoped that the various gaps visible in the tables will persuade national and international agencies to invest more resources and energy in investigating human development profiles.

1. Basic Human Development Indicators

	India	Pakistan	Bangladesh	Afghanistan	Nepal	Sri Lanka	Bhutan	Maldives	South Asia (weighted average)	Developing countries
Total population (millions)										
2001	1,071	148	132	24	25	19	0.6	0.28	1,419T	5,007T
2010	1,225	174	149	31	30	21	0.7	0.32	1,630T	5,660T
2050	1,692	275	194	76	46	23	1.0	0.41	2,309T	7,994T
Annual population growth rate (%)										
1991-2000	1.9	2.6	2.1	5.5	2.5	0.7	0.3	2.1	2.0	1.7
2001-10	1.5	1.8	1.3	3.2	2.0	1.1	2.4	1.4	1.6	1.4
Life expectancy at birth										
2001	62	63	65	46	62	72	62	71	62	65
2010	65	65	69	48	68	75	67	77	65	68
Adult literacy rate (% aged 15 and above)										
2001	61	43 ^a	48	...	49	91	...	96 ^b	58	78
2009	63 ^c	56 ^d	56	...	59	91 ^d	53 ^e	98 ^c	62	80
Female literacy rate (% aged 15 and above)										
2001	48	29	41	...	35	89	...	96	46	72
2009	51	40	51	...	47	89	39	98	50	75
Gross combined 1st, 2nd and 3rd level enrolment ratio (%)										
2001	51	37 ^f	...	13	55	67 ^g	51	78	49	60
2009	65 ^d	44	49 ^h	54	...	...	68 ⁱ	74 ^j	61	66
Infant mortality rate (per 1,000 live births)										
2001	61	79	60	104	61	19	63	34	63	55
2010	48	70	38	103	41	14	44	14	50	45
GDP growth (%)										
2000	4.0	4.3	5.9	14.3 ^f	6.2	6.0	7.5	4.8	4.5	5.4
2010	8.8	4.1	6.1	8.2	4.6	8.0	7.4	9.9	8.0	7.6
GDP per capita (PPP ^k , constant 2005 international US\$)										
2000	1,705	1,845	970	569 ^g	903	3,063	2,703	4,323	1,638	3,268
2010	3,073	2,411	1,488	1,083	1,075	4,555	4,780	7,642	2,803	5,267
Human Development Index (HDI)										
2000	0.461	0.436	0.422	0.230	0.398	0.633	...	0.576	0.452	...
2011	0.547	0.504	0.500	0.398	0.458	0.691	0.522	0.661	0.535	...
Gender Inequality Index, 2011										
value	0.617	0.573	0.550	0.707	0.558	0.419	0.495	0.320	0.604	...
rank	129	115	112	141	113	74	98	52	125	...

Notes: a: Data refer to 1998. b: Data refer to 2000. c: Data refer to 2006. d: Data refer to 2008. e: Data refer to 2005. f: Data refer to 2003. g: Data refer to 2002. h: Data refer to 2007. i: Data refer to 2011. j: Data refer to 2004. k: PPP means purchasing power parity.

Sources: Rows 1, 2: UNPD 2012 and MHHDC staff computations; Row 3: UNICEF 2012b and World Bank 2012e; Rows 4, 5, 6: World Bank 2012b; Row 7: World Bank 2012e; Rows 8, 9: World Bank 2012i; Rows 10, 11: UNDP 2011a.

2. Education Profile

	India	Pakistan	Bangladesh	Aghanistan	Nepal	Sri Lanka	Bhutan	Maldives	South Asia (weighted average)	Developing countries
Adult literacy rate (% aged 15 and above)										
2001	61	43 ^a	48	...	49	91	...	96 ^b	58	78
2009	63 ^c	56 ^d	56	...	59	91 ^d	53 ^e	98 ^c	62	80
Male literacy rate (% aged 15 and above)										
2001	73	55 ^a	54	...	63	92	...	96 ^b	70	84
2009	75 ^c	69 ^d	61	...	72	92 ^d	65 ^e	98 ^c	73	86
Female literacy rate (% aged 15 and above)										
2001	48	29 ^a	41	...	35	89	...	96 ^b	46	72
2009	51 ^c	40 ^d	51	...	47	89 ^d	39 ^e	98 ^c	50	75
Youth literacy rate (%)										
2001	76	55 ^a	64	...	70	96	...	98 ^b	73	85
2009	81 ^c	71 ^d	76	...	82	98 ^d	74 ^e	99 ^c	80	88
Gross primary enrolment (%)										
2001	94	71	94 ^e	19	111	108	80	130	91	99
2009-10 ^f	118 ^d	95	95	97	...	99	111	110	112	108
Net primary enrolment (%)										
2001	79	58	87 ^e	...	71 ^b	100	61	97	78	81
2009-10 ^f	92 ^d	74	86	...	...	94	88 ^g	96 ^g	90	87
Gross secondary enrolment (%)										
2001	46	28 ^h	45	12	38	86 ⁱ	44	63	43	56
2010	60 ^d	34	42 ^d	46	44 ^c	87 ⁱ	70 ^g	71 ^j	55	64 ^k
Net secondary enrolment (%)										
2007	...	34 ^l	42	24	...	...	54 ^g	49 ⁱ	36	56 ^d
Gross combined 1st, 2nd and 3rd level enrolment (%)										
2001	51	37 ^h	...	13	55	67 ⁱ	51	78	49	60
2009	65 ^d	44	49 ^m	54	...	66 ⁱ	68 ^g	74 ^j	61	66
Enrolment in technical and vocational education (%)										
2001	0.7	2.3 ^b	1.2	...	1.4	...	1.7	6.2	0.9	...
2010	0.8 ^d	4.3	3.8	0.6	0.7 ^d	...	1.6 ^c	3.9 ^j	1.5	...
Pupil teacher ratio (primary level)										
2001	40	35	...	...	37	26	40	23	39	29
2010	40 ⁱ	41	43	44	30 ^g	24	25 ^g	12	40	27 ^m
Percentage of children reaching grade five (% of grade one students)										
2009	68.5 ^c	61.5	66.2	...	61.7 ^m	98.6 ^c	95.5 ^l	...	67.8	...
Children not in primary schools (millions)										
2001	20.306	8.399	...	...	0.927 ^b	0.003	0.042	0.001	29.7T	99.7T
2010	2.278 ^d	5.125	1.835 ^k	...	...	0.102	0.011 ^g	0.001 ^g	9.4T	64.0T ^k
School life expectancy (years)										
primary to secondary										
2010	10.1 ^d	7.1	7.5 ^d	8.6	8.7 ⁱ	12.1 ^j	11.9 ^g	12.4 ⁱ	9.5	9.8 ^k
primary to tertiary										
2009	10.8 ^d	7.3	8.1 ^m	8.1	8.9 ⁱ	12.7 ^j	12.4 ^g	12.5 ^j	10.1	10.7

Continued

	India	Pakistan	Bangladesh	Aghanistan	Nepal	Sri Lanka	Bhutan	Maldives	South Asia (weighted average)	Developing countries
Researchers per million inhabitants										
2005-09 ^f	136	162	...	...	59 ⁱ	96	...	...	137	574
R&D expenditures (% of GDP)										
2007-09 ^f	0.76	0.46	...	...	...	0.11	...	...	0.71	1.07
Public expenditure on education (% of GDP)										
2000	4.4	1.8	2.4	...	3.0	...	5.8	6.4 ⁱ	3.9	3.8
2010	3.1 ^c	2.4	2.2 ^k	...	4.7	2.1 ^k	4.0	8.7 ^k	3.0	3.9 ^c

Notes: a: Data refer to 1998. b: Data refer to 2000. c: Data refer to 2006. d: Data refer to 2008. e: Data refer to 2005. f: Data refer to most recent year available. g: Data refer to 2011. h: Data refer to 2003. i: Data refer to 2002. j: Data refer to 2004. k: Data refer to 2009. l: Data refer to 2010. m: Data refer to 2007.

Sources: Rows 1-15: World Bank 2012b and MHHDC staff computations; Rows 16, 17: World Bank 2012i and MHHDC staff computations.

3. Health Profile

	India	Pakistan	Bangladesh	Afghanistan	Nepal	Sri Lanka	Bhutan	Maldives	South Asia (weighted average)	Developing countries
Population with access to safe water (%)										
2000	81	89	79	22	83	80	86	95	81	79
2010	92	92	81	50	89	91	96	98	90	86
Population with access to sanitation (%)										
2000	25	37	47	32	20	82	39	79	29	47
2010	34	48	56	37	31	92	44	97	38	56
Child immunization rate										
one-year-olds fully immunized against measles (%)										
2001	55	61	77	37	71	99	78	98	58	71
2010	74	86	94	62	86	99	95	97	77	84
one-year-olds fully immunized against DPT (%)										
2001	60	65	85	33	72	98	88	98	63	72
2010	72	88	95	66	82	99	91	96	76	84
Physicians (per 1,000 people)										
2000-01 ^a	0.51 ^b	0.66	0.23	0.19	0.05	0.43	0.05 ^c	0.78	0.48	...
2009	0.60 ^d	0.81	0.30 ^e	0.21	0.21 ^f	0.49 ^g	0.02 ^e	1.60 ^e	0.58	1.10 ^h
Maternal mortality ratio (per 100,000 live births)										
2000	390	340	500	1800	550	59	420	110	416	370
2008	230	260	340	1400	380	39	200	37	266	290
Contraceptive prevalence rate (% of women aged 15-49)										
2000-01 ^a	46.9	27.6	53.8	4.9	37.3	70.0	30.7	42.0 ⁱ	45.0	59.8
2008	54.0	27.0	52.6	22.8	48.0 ^f	68.4 ^e	65.6 ^h	34.7 ⁱ	50.5	61.0 ^h
People with HIV/AIDS										
people living with HIV/AIDS (adults and children) (thousands)										
2001	2,500	39	1	...	60	1	0	0	2,602T	...
2009	2,400	98	6	...	64	3	1	0	2,572T	...
people with HIV/AIDS adults (% aged 15-49)										
2001	0.4	0.1	0.1	...	0.5	0.1	0.1	0.1	0.3	...
2009	0.3	0.1	0.1	...	0.4	0.1	0.2	0.1	0.3	0.9
Public expenditure on health (% of GDP)										
2000	1.3	0.6	1.1	2.3	1.3	1.8	5.3	4.1	1.2	2.4
2009	1.4	0.9	1.1	1.6	2.1	1.8	4.5	5.2	1.3	2.9

Notes: a: Data refer to most recent year available. b: Data refer to 1998. c: Data refer to 1999. d: Data refer to 2005. e: Data refer to 2007. f: Data refer to 2004. g: Data refer to 2006. h: Data refer to 2010. i: Data refer to 2009.

Sources: Rows 1-7: World Bank 2012e and MHHDC staff computations; Row 8: World Bank 2012i and MHHDC staff computations.

4. Human Deprivation Profile

	India	Pakistan	Bangladesh	Afghanistan	Nepal	Sri Lanka	Bhutan	Maldives	South Asia (weighted average)	Developing countries
Population below income poverty line (2010)										
. Population below US\$1.25 a day (PPP) (%)										
%	32.7	22.6 ^a	43.3	...	24.8	7.0 ^b	10.2 ^b	...	32.2	22.4 ^c
number (millions)	400.5	36.5 ^a	63.7	...	7.4	1.4	0.07	...	...	1,260T
. Population below national poverty line (%)										
%	29.8	22.3 ^a	31.5	36.0 ^e	25.2 ^e	8.9	23.2 ^b	...	...	...
number (millions)	364.9	36.0 ^a	46.3	11.7 ^c	7.6	1.9	0.16	...	...	...
Population without access to safe water										
number (millions)										
2000	200	15.9	27.2	17.8	4.1	3.7	0.08	0.01	269T	1,046T
2010	98	13.9	28.3	15.7	3.3	1.9	0.03	0.01	161T	800T
% of total population										
2000	19	11	21	78	17	20	14	5	19	21
2010	8	8	19	50	11	9	4	2	10	14
Population without access to sanitation										
number (millions)										
2000	790	91.0	68.7	15.5	19.5	3.4	0.35	0.06	989T	2,666T
2010	808	90.3	65.4	19.8	20.7	1.7	0.41	0.01	1,006T	2,514T
% of total population										
2000	75	63	53	68	80	18	61	21	71	53
2010	66	52	44	63	69	8	56	3	62	44
Illiterate adults										
number (millions)										
2001	270	47 ^f	48	...	7.6	1.3	...	0.006 ^g	374T	777T
2009	283 ^a	50 ^e	49	...	7.6	1.4 ^c	0.20 ^d	0.003 ^a	391T	779T
% of total adult population										
2001	39	57 ^f	52	...	51	9	...	4 ^g	42	22
2009	37 ^a	44 ^e	44	...	41	9 ^e	47 ^d	2 ^a	38	20
Illiterate female adults										
number (millions)										
2001	175	28 ^f	27	...	4.9	0.8	...	0.003 ^g	235T	497T
2009	184 ^a	32 ^e	27	...	5.1	0.9 ^c	0.12 ^d	0.002 ^a	250T	499T
% of total adult female population										
2001	52	71 ^f	59	...	65	11	...	4 ^g	54	28
2009	49 ^a	60 ^e	49	...	53	11 ^c	61 ^d	2 ^a	50	25
Malnourished children (weight for age) (% of children under the age 5)										
2006-10 ^h	43.5	31.3 ⁱ	41.3	32.9 ^j	38.8	21.6	12.7	17.8 ⁱ	41.4	17.9
Under-five mortality rate (per 1,000 live births)										
2001	83	99	81	150	80	22	85	42	85	80
2010	63	87	48	149	50	17	56	15	65	63

Continued

	India	Pakistan	Bangladesh	Afghanistan	Nepal	Sri Lanka	Bhutan	Maldives	South Asia (weighted average)	Developing countries
People with HIV/AIDS (% aged 15-49)										
2001	0.4	0.1	0.1	...	0.5	0.1	0.1	0.1	0.3	...
2009	0.3	0.1	0.1	...	0.4	0.1	0.2	0.1	0.3	0.9

Notes: a: Data refer to 2006. b: Data refer to 2007. c: Data refer to 2008. d: Data refer to 2005. e: Data refer to 2011. f: Data refer to 1998. g: Data refer to 2000. h: Data refer to most recent year available. i: Data refer to 2001. j: Data refer to 2004.

Sources: Row 1: World Bank 2012i; Rows 2, 3: UNPD 2012, World Bank 2012e and MHHDC staff computations; Rows 4, 5: World Bank 2012b; Rows 6, 7, 8: World Bank 2012e.

5. Gender Disparities Profile

	India	Pakistan	Bangladesh	Afghanistan	Nepal	Sri Lanka	Bhutan	Maldives	South Asia (weighted average)	Developing countries
Female population										
number (millions)										
2001	516	72	64	11	12.5	9.5	0.29	0.14	686T	2,460T
2010	592	85	73	15	15.1	10.6	0.34	0.16	792T	2,783T
% of male										
2001	93	95	95	93	101	101	96	96	94	97
2010	94	97	97	93	102	103	89	99	95	97
Adult female literacy (% of male)										
2001	65	52 ^a	76	...	56	97	...	100 ^b	65	85
2009	68 ^c	58 ^d	84	...	65	97 ^d	60 ^e	100 ^e	68	87
Female primary school gross enrolment (% of male)										
2001	85	67	...	46 ^f	84	99	89	100	82	92
2009-10 ^g	97 ^h	82	104	69	...	100	101 ⁱ	96 ⁱ	95	96
Female primary school net enrolment (% of male)										
2001	85	67	...	...	82 ^b	100	91	101	83	93
2009-11 ^g	96 ^h	82	108	...	...	101	103	100	96	97
Female 1st, 2nd and 3rd level gross enrolment ratio (% of male)										
2001	79	73 ^j	...	55 ^j	78	103 ^f	88	100	78	91
2009	90 ^h	81	103 ^h	62	...	...	101 ⁱ	100 ^k	90	96
Female life expectancy (% of male)										
2001	103	102	100	102	102	112	105	101	103	105
2010	105	103	101	100	101	108	106	104	104	106
Female economic activity rate (aged 15+) (% of male)										
2001	42	19	64	17	91	48	71	55	42	65
2010	36	27	67	19	92	45	86	72	39	64
Female professional and technical workers (% of total)										
2006	...	26	22	...	20	48	...	...	25	...
Seats in the Parliament (Lower House) held by women										
1997	7	3	9	...	5	5	2	6	7	...
2009	11	22	19	28	33	5	9	6	13	...
Gender Inequality Index, 2011 (out of 146 countries)										
value	0.617	0.573	0.550	0.707	0.558	0.419	0.495	0.320	0.604	...
rank	129	115	112	141	113	74	98	52	125	...
Female unemployment rate (%)										
2000-01 ^g	4.1	15.8	3.3	...	10.7	11.5	3.2	2.7	5.5	...
2005-10 ^g	5.1	8.7	7.4	9.5	2.4	7.7	5.3	23.8	5.8	...

Notes: a: Data refer to 1998. b: Data refer to 2000. c: Data refer to 2006. d: Data refer to 2008. e: Data refer to 2005. f: Data refer to 2002. g: Data refer to most recent year available. h: Data refer to 2007. i: Data refer to 2011. j: Data refer to 2003. k: Data refer to 2004.

Sources: Row 1: UNPD 2012 and MHHDC staff computations; Rows 2-5: World Bank 2012b; Row 6: UNICEF 2012b and World Bank 2012e; Row 7: World Bank 2012i; Row 8: OECD 2011b; Row 9: UN Women 2011; Row 10: UNDP 2011a. Row 11: ILO 2011.

6. Child Survival and Development Profile

	India	Pakistan	Bangladesh	Afghanistan	Nepal	Sri Lanka	Bhutan	Maldives	South Asia (weighted average)	Developing countries
Population under-18										
number (millions)										
2001	402	70	63	11	11.2	6.1	1.05	0.15	565T	1,894T
2010	447	73	56	17	12.9	6.2	0.26	0.11	613T	1,954T
% of total population										
2001	39	48	45	50	47	32	49	51	41	38
2010	37	42	38	53	43	30	36	34	38	35
Population under-five										
number (millions)										
2001	116	23	19	4	3.6	1.6	0.33	0.05	167T	548T
2010	128	21	15	6	3.5	1.9	0.07	0.03	175T	564T
% of total population										
2001	11	16	13	17	15	8	16	16	12	11
2010	10	12	10	18	12	9	10	8	11	10
Infant mortality rate (per 1,000 live births)										
2001	61	79	60	104	61	19	63	34	63	55
2010	48	70	38	103	41	14	44	14	50	45
Under-five mortality rate (per 1,000 live births)										
2001	83	99	81	150	80	22	85	42	85	80
2010	63	87	48	149	50	17	56	15	65	63
One-year-olds fully immunized against tuberculosis (%)										
2001	74	78	94	43	74	98	81	98	76	81
2010	87	95	94	68	94	99	96	97	88	91
One-year-olds fully immunized against measles (%)										
2001	55	61	77	37	71	99	78	98	58	71
2010	74	86	94	62	86	99	95	97	77	84
One-year-olds fully immunized against polio (%)										
2001	61	68	85	35	72	98	88	97	64	73
2010	70	88	95	66	83	99	92	97	75	85
Births attended by trained health personnel (%)										
2000-01 ^a	43	23	12	12	13	96	24	70	38	59
2007-09 ^a	53	39	24	24	19 ^b	99	71	97	48	64
Low birthweight infants (%)										
2006-10 ^a	27.6	31.6	21.6	...	21.2	16.6	9.9	22.2 ^c	26.7	15.1
Children in the labour force (% aged 5-14)										
2000-10 ^a	12	...	13	13	34	...	18	...	13	17

Notes: a: Data refer to most recent year available. b: Data refer to 2006. c: Data refer 2001.

Sources: Rows 1, 2: UNICEF 2002, 2012b and MHHDC staff computations; Rows 3-9: World Bank 2012e; Row 10: UNICEF 2012b.

7. Profile of Military Spending

	India	Pakistan	Bangladesh	Afghanistan	Nepal	Sri Lanka	Bhutan	Maldives	South Asia (weighted average)	Developing countries
Defence expenditure (at 2009 prices) (US\$ millions)										
2001	22,557	4,108	841	153 ^a	106	1,186	...	...	28,951T	...
2010	34,816	5,160	1,137	250 ^b	207	1,280	...	...	42,850T	...
Defence expenditure annual increase (%)										
1991-2000	5.2	0.2	6.5	...	3.4	10.5	...	...	4.6	...
2001-10	4.9	2.6	3.4	5.6 ^c	7.7	0.9	...	...	4.5	...
Defence expenditure (% of GDP)										
2001	3.0	4.0	1.3	2.0 ^a	1.1	4.3	...	...	2.9	2.2
2010	2.4	3.2	1.2	1.8 ^b	1.5	2.8	...	...	2.4	2.0
Defence expenditure (% of central government expenditure)										
2001	19.1	24.8	14.9	...	...	18.0	...	...	19.3	15.1 ^d
2010	16.0	18.5	10.2 ^b	4.6 ^b	12.8 ^e	19.3 ^f	...	...	15.5	12.2 ^f
Defence expenditure per capita (at 2009 prices) (US\$)										
2001	21.1	27.8	6.4	6.0 ^a	4.2	62.7	...	...	20.4	...
2010	28.4	29.7	7.6	8.2 ^b	6.9	61.4	...	...	26.3	...
Armed forces personnel										
number (thousands)										
2001	2,353	908	200	120 ^d	86	210	...	...	3,877T	21,959T
2010	2,626	946	221	307	158	223	...	...	4,481T	22,241T
% of total labour force										
2001	0.6	2.0	0.3	1.4 ^d	0.8	2.7	...	...	0.8	1.0
2010	0.6	1.6	0.3	3.4	1.0	2.6	...	...	0.8	0.8
Arms imports (at 1990 prices) (US\$ millions)										
2001	1,251	406	191	34 ^d	11	151	...	...	2,044T	10,745T
2010	3,337	2,580	45	407	1 ^f	5	...	4	6,379T	14,002T
Global Militarization Index (GMI) ^g										
Rank										
— 2000 (rank out of 141 countries)	100	30	109	...	133	43	...	...	...	...
— 2010 (rank out of 148 countries)	75	56	123	86	113	45	...	...	...	...

Notes: a: Data refer to 2003. b: Data refer to 2009. c: Data refer to 2003-09. d: Data refer to 2002. e: Data refer to 2005. f: Data refer to 2008. g: The GMI represents the relative weight and importance of the military apparatus of a state in relation to society as a whole. Militarization is defined, in a narrow sense, as the resources (expenditure, personnel, heavy weapons) available to a state's armed forces. For further information please see www.bicc.de.

Sources: Rows 1, 2: SIPRI 2012 and MHHDC staff computations; Rows 3, 4, 6, 7: World Bank 2012i; Row 5: SIPRI 2012, UNPD 2012 and MHHDC staff computations; Row 8: BICC 2012.

8. Profile of Wealth and Poverty

	India	Pakistan	Bangladesh	Afghanistan	Nepal	Sri Lanka	Bhutan	Maldives	South Asia (weighted average)	Developing countries
Total GDP (US\$ billions)										
2000	460.2	74.0	47.1	2.5 ^a	5.5	16.3	0.4	0.6	606.6T	5,875.1T
2010	1,727.1	176.9	100.4	17.2	15.7	49.6	1.5	1.9	2,090.3T	20,085.5T
GDP per capita (PPP ^c , constant 2005 international US\$)										
2000	1,705	1,845	970	569 ^g	903	3,063	2,703	4,323	1,638	3,268
2010	3,073	2,411	1,488	1,083	1,075	4,555	4,780	7,642	2,803	5,267
GNI per capita (US\$)										
2000	430	470	380	200 ^e	220	880	720	2,140	429	1,124
2010	1,270	1,050	700	410	490	2,240	1,870	5,750	1,177	3,288
GDP per capita growth (%)										
2000	2.3	1.9	4.0	11.1 ^f	3.7	5.2	4.5	3.0	2.6	3.9
2010	7.3	2.3	4.9	5.2	2.7	7.0	5.6	8.4	6.4	6.3
Gross capital formation (% of GDP)										
2000	24.2	17.2	23.0	11.6 ^d	24.3	28.0	48.2	26.3	23.2	23.7
2010	34.8	15.4	24.4	16.3	34.7	27.8	41.2 ^b	40.9 ^h	31.3	29.1
Gross domestic savings (% of GDP)										
2000	23.2	16.0	17.8	(-)19.4 ^d	15.2	17.4	26.9	44.2	21.0	25.1
2010	31.5	10.2	17.8	-21.8	7.4	18.7	41.3 ^b	40.9 ^h	22.9	27.8
Sectoral composition of GDP (% of GDP)										
agriculture value added										
2000	23.4	25.9	25.5	45.2 ^d	40.8	19.9	28.4	8.8	24.5	12.1
2010	19.0	21.2	18.6	29.9	36.1	12.8	18.7 ^b	3.1	19.6	9.9
industry value added										
2000	26.2	23.3	25.3	19.7 ^d	22.1	27.3	35.3	15.0	25.6	35.1
2010	26.3	25.4	28.5	22.2	15.4	29.4	43.2 ^b	14.5	26.2	35.3
services value added										
2000	50.5	50.7	49.2	35.1 ^d	37.0	52.8	36.3	76.2	49.9	52.8
2010	54.7	53.4	53.0	47.9	48.5	57.8	38.1 ^b	82.3	54.2	54.7
Trade (% of GDP)										
2000	27.4	28.1	33.2	92.2 ^d	55.7	88.6	81.8	161.1	30.5	52.5
2010	46.3	32.3	43.4	69.0	46.8	52.5	136.7 ^b	117.0	45.1	56.3
Tax revenue (% of GDP)										
2000	9.0	10.1	7.6 ^a	...	8.7	14.5	10.3	13.8	9.1	10.9
2010	9.5	10.0	8.6 ^b	8.3	13.3	13.3 ^g	9.2 ^b	11.9 ^b	9.6	13.0 ^g
Exports of goods and services (% of GDP)										
2000	13.2	13.4	14.0	30.6 ^d	23.3	39.0	30.5	89.5	14.1	27.0
2010	21.5	13.6	18.4	15.5	9.8	21.7	64.7 ^b	49.7	20.1	28.3

Continued

	India	Pakistan	Bangladesh	Afghanistan	Nepal	Sri Lanka	Bhutan	Maldives	South Asia (weighted average)	Developing countries
Total net official development assistance received										
total (US\$ millions)										
2000	1,373	703	1,173	136	386	275	53	19	4,117T	49,436T
2010	2,807	3,021	1,417	6,374	821	581	131	111	15,263T	130,864T
% of GNI										
2000	0.3	1.0	2.4	16.7 ^a	7.0	1.7	12.7	3.2	1.0	0.9
2010	0.2	1.6	1.3	42.0	5.2	1.2	9.2	6.1	1.3	0.7
Total (external) debt servicing (% of exports of goods, services and income)										
2000	17.5	27.9	10.5	...	7.5	12.1	5.1 ^f	4.2	17.7	20.9
2010	5.6	15.2	4.7	...	10.5	13.0	14.1 ^b	21.3	6.8	9.8
Total external debt (US\$ billions)										
2000	100.2	32.7	15.5	...	2.867	9.089	0.204	0.206	160.9T	2,122T
2010	290.3	56.8	25.0	2.297	3.702	20.452	0.898	1.229	400.7T	4,076T
Total (external) debt servicing (% of GNI)										
2000	2.4	3.9	1.6	...	1.8	4.9	1.6	3.3	2.5	6.2
2010	1.2	2.4	0.9	0.1	1.2	3.0	5.9	11.2	1.3	3.0
Income share (ratio of highest 20% to lowest 20%) ^m										
	4.7	4.0	4.6	4.1	5.1	6.9	6.4	6.3	4.6	...
Population below US\$1.25 a day (PPP) (%)										
2010	32.7	22.6 ⁱ	43.3	...	24.8	7.0 ^k	10.2 ^k	...	32.2	22.6 ^g
Population below income poverty line (%)										
urban population below income poverty line (%)										
2010	20.9	13.1 ^j	21.3	29.0 ^h	15.5 ^l	5.3	1.7 ^k	...	23.5	...
rural population below income poverty line (%)										
2010	33.8	27.0 ^j	35.2	37.5 ^h	27.4 ^l	9.4	30.9 ^k	...	38.8	...
Public expenditure on education (% of GDP)										
2000	4.4	1.8	2.4	...	3.0	...	5.8	8.1 ^d	3.9	3.8
2010	3.1 ^j	2.4	2.2 ^b	...	4.7	2.1 ^b	4.0	8.7 ^b	3.0	3.9 ^j
Public expenditure on health (% of GDP)										
2000	1.3	0.6	1.1	2.3	1.3	1.8	5.3	4.1	1.2	2.4
2009	1.4	0.9	1.1	1.6	2.1	1.8	4.5	5.2	1.3	2.9

Notes: a: Data refer to 2001. b: Data refer to 2009. c: PPP means purchasing power parity. d: Data refer to 2002. e: Data refer to 2004. f: Data refer to 2003. g: Data refer to 2008. h: Data refer to 2005. i: Data refer to 2010. j: Data refer to 2006. k: Data refer to 2007. l: Data refer to 2011. m: Data refer to 2005 for India, 2008 for Pakistan, 2010 for Bangladesh, 2008 for Afghanistan, 2010 for Nepal, 2007 for Sri Lanka, 2007 for Bhutan, and 2004 for Maldives.

Sources: Rows 1-10, 15-19: World Bank 2012i and MHHDC staff computations; Row 11: World Bank 2012d and i; Rows 12-14: World Bank 2012d and MHHDC staff computations.

9. Demographic Profile

	India	Pakistan	Bangladesh	Afghanistan	Nepal	Sri Lanka	Bhutan	Maldives	South Asia (weighted average)	Developing countries
Total population (millions)										
2001	1,071	148	132	24	25	19	0.6	0.28	1,419T	5,007T
2010	1,225	174	149	31	30	21	0.7	0.32	1,630T	5,660T
Annual population growth rate (%)										
1991-2000	1.9	2.6	2.1	5.5	2.5	0.7	0.3	2.1	2.0	1.7
2001-10	1.5	1.8	1.3	3.2	2.0	1.1	2.4	1.4	1.6	1.4
Rural population (millions)										
2000	754	99	108	16	21.2	15.8	0.42	0.20	1,015T	2,952T
2010	850	118	118	23	24.3	17.5	0.46	0.19	1,152T	3,115T
Urban population (millions)										
2000	288	49	33	4	3.3	3.0	0.14	0.08	381T	1,968T
2010	364	66	46	7	5.6	2.9	0.25	0.13	492T	2,556T
Annual growth rate of urban population (%)										
1990-2000	2.7	3.3	3.8	6.2	6.8	-0.8	4.7	3.0	2.9	3.2
2000-10	2.4	3.1	3.3	4.7	5.4	-0.2	5.6	5.3	2.6	2.6
Crude birth rate (per 1,000 live births)										
2001	25	30	26	50	32	18	26	21	26	23
2010	22	27	20	44	24	18	20	17	23	21
Crude death rate (per 1,000 live births)										
2001	8	8	7	19	8	7	8	4	8	9
2010	8	7	6	16	6	7	7	4	8	8
Total fertility rate										
2001	3.1	4.3	3.0	7.6	3.9	2.2	3.5	2.7	3.3	2.8
2010	2.6	3.4	2.2	6.3	2.7	2.3	2.4	1.8	2.7	2.6
Dependency ratio (dependents to working-age population)										
2001	63	81	69	101	80	48	76	75	66	62
2010	55	66	56	95	68	49	52	47	57	55
Total labour force (millions)										
2001	420	44	59	7	13	8	0.24	0.10	551T	2,310T
2010	473	60	72	9	16	9	0.36	0.15	639T	2,672T
Male labour force (millions)										
2001	302	37	37	6	6	5	0.15	0.06	394T	1,402T
2010	353	47	43	8	8	6	0.21	0.09	466T	1,627T
Female labour force (millions)										
2001	119	7	22	1	6	3	0.10	0.03	157T	908T
2010	120	12	29	1	8	3	0.15	0.06	173T	1,045T
Annual growth in labour force (%)										
1990-99	2.2	3.0	2.3	2.7	2.8	1.7	0.5	4.2	2.3	1.9
2000-10	1.4	3.3	2.4	3.3	2.6	0.9	4.8	5.6	1.8	1.7

Continued

	India	Pakistan	Bangladesh	Afghanistan	Nepal	Sri Lanka	Bhutan	Maldives	South Asia (weighted average)	Developing countries
Unemployment rate (%)										
2000-01 ^a	4.3	7.2	3.3	...	8.8	7.7	1.9	2.0	4.6	...
2008-09 ^a	4.4 ^b	5.0	5.0	8.5 ^b	2.7	7.6	4.0	14.4 ^c	4.6	...

Notes: a: Data refer to most recent year available. b: Data refer to 2005. c: Data refer to 2006.

Sources: Rows 1-5: UNPD 2012 and MHHDC staff computations; Rows 6-8: UNICEF 2012b and World Bank 2012e; Rows 9-13: World Bank 2012e and MHHDC staff computations; Row 14: ILO 2011.

10. Profile of Food Security and Natural Resources

	India	Pakistan	Bangladesh	Afghanistan	Nepal	Sri Lanka	Bhutan	Maldives	South Asia (weighted average)	Developing countries
Food production net per capita index (2004-2006 = 100)										
2001	101	93	93	99	97	98	77	88	99	...
2010	110	104	122	101	102	119	86	81	110	...
Food exports (% of merchandise exports)										
2001	13.3	10.9	6.1	...	9.9 ^a	21.5	13.3 ^b	57.4	12.4	10.4
2010	8.3	16.8	6.5 ^c	40.0	19.1	26.9	7.2	96.2	10.1	10.6
Food imports (% of merchandise imports)										
2001	5.8	12.5	17.4	...	12.6 ^a	14.4	17.9 ^b	23.0	7.8	8.1
2010	3.8	13.1	22.5 ^c	13.7	13.6	15.4	11.5	22.4	7.0	7.7
Cereal production (thousand metric tonnes)										
2001	242,964	27,048	38,029	2,108	7,120	2,728	114	0.12	320,111T	...
2010	234,910	34,443	51,169	5,957	7,763	4,470	134	0.14	338,845T	...
Cereal imports (thousand metric tonnes)										
2001	9	167	2,930	1,598	47	941	24	39	5,754T	...
2009	200	3,174	4,687	1,172	150	1,192	8	49	10,632T	...
Cereal exports (thousand metric tonnes)										
2001	5,432	3,347	1.5	0.0	7.2	4.0	2.1	0.0	8,793T	...
2009	5,090	2,978	5.2	0.1	53.6	134.5	0.1	0.0	8,262T	...
Forest production (thousands cu. m)										
roundwood (thousands cu. m)										
2001	296,679	34,194	28,387	3,074	14,004	6,534	4,418	13	387,303T	...
2010	332,499	32,650	27,569	3,401	13,786	5,823	5,052	15	420,795T	...
fuelwood (thousands cu. m)										
2001	277,380	31,515	27,799	1,314	12,744	5,840	4,284	13	360,889T	...
2010	309,307	29,660	27,287	1,641	12,526	5,212	4,845	15	390,492T	...
Crop production index (2004-2006 = 100)										
2001	95	84	89	73	88	93	62	79	93	...
2010	119	100	131	125	113	122	92	84	118	...
Land area (thousands hectares)										
2001	297,319	77,088	13,017	65,223	14,335	6,271	4,008	30	477,291T	...
2009	297,319	77,088	13,017	65,223	14,335	6,271	3,839	30	477,122T	...
Land use										
arable land (% of land area)										
2001	53.9	27.9	64.1	11.8	16.4	14.6	3.2	13.3	50.2	...
2009	53.1	26.5	58.1	11.9	16.7	19.1	2.0	13.3	48.8	...
permanent cropped area (% of land area)										
2001	3.2	0.9	3.5	0.1	0.8	15.9	0.6	20.0	3.1	...
2009	3.9	1.1	7.5	0.2	0.8	15.5	0.7	10.0	4.0	...
Irrigated land (% of cropland)										
2009	35	74	53 ^d	5	28 ^e	...	...	...	40	...

Continued

	India	Pakistan	Bangladesh	Afghanistan	Nepal	Sri Lanka	Bhutan	Maldives	South Asia (weighted average)	Developing countries
Daily dietary consumption										
daily dietary energy consumption (kcal/person/day)										
2000-02	2,260	2,270	2,170	...	2,260	2,360	...	2,550	2,254	2,570
2006-08	2,360	2,280	2,270	...	2,340	2,370	...	2,550	2,343	2,640
intensity of food deprivation (kcal production against minimum daily requirement)										
2000-02	220	280	300	...	230	250	...	180	234	...
2006-08	240	280	290	...	220	250	...	190	249	...
Undernourished people										
number (millions)										
2000-02	208.0	36.3	42.3	...	4.6	3.9	...	0.0	295.1T	820.8T
2006-08	224.6	42.8	41.4	...	4.7	3.9	...	0.0	317.4T	839.4T
% of total population										
2000-02	20	24	30	...	18	20	...	8	21	17
2006-08	19	25	26	...	17	20	...	10	20	15

Notes: a: Data refer to 2000. b: Data refer to 1999. c: Data refer to 2007. d: Data refer to 2006. e: Data refer to 2008.

Sources: Rows 1, 4-11: FAO 2012a and MHHDC staff computations; Rows 2, 3: World Bank 2012i; Rows 12, 13: FAO 2012b.

11. Energy and Environment

	India	Pakistan	Bangladesh	Afghanistan	Nepal	Sri Lanka	Bhutan	Maldives	South Asia (weighted average)	Developing countries
Energy use per capita (kg of oil equivalent)										
2001	434	439	153	...	335	425	280 ^a	859 ^a	406	885
2009	560	502	201	...	338	449	354 ^b	985 ^b	515	1,162
Total electricity production (kwh billions)										
2001	579.9	72.4	17.4	...	1.9	6.8	...	...	678.4T	5,779.2T
2009	899.4	95.4	37.9	...	3.1	9.9	...	...	1,045.7T	9,461.8T
Motor vehicles per kilometer of road										
2008	4	8	2	19	...	13	4	...	5	...
Number of disaster-affected people (thousands)										
2001	27,018	1,320	731	205	21	1,000	0	0	30,295T	...
2011	765	5,801	1,671	1,753	9	2,053	20	1	12,073T	...
Economic losses from natural disasters (US\$ millions)										
2001	2,985	247	0	0	0	0	0	0	3,231T	...
2010	2,149	9,598	0	0	0	105	0	0	11,852T	...

Notes: a: Data refer to 2004. b: Data refer to 2007.

Sources: Rows 1-2: World Bank 2012i; Row 3: World Bank 2011b; Rows 4, 5: CRED 2012.

12. Governance

	India	Pakistan	Bangladesh	Afghanistan	Nepal	Sri Lanka	Bhutan	Maldives	South Asia (weighted average)	Developing countries
Average annual rate of inflation (2000=100) (%)										
2000	4.0	4.4	2.2	12.7 ^a	2.5	6.2	4.0	-1.2	4.0	...
2010	12.0	13.9	8.1	0.9	10.0	5.9	2.0	4.7	11.5	...
Annual growth of food prices (1999-2001=100) (%)										
2000-01	2.2 ^b	1.8	0.8	...	1.3	15.2	1.5	2.1	2.2	...
2009-10	12.0 ^b	16.7	10.1	...	17.2 ^c	6.8	8.8	7.5	12.3	...
Annual growth of money supply (%)										
2000	15.2	12.1	19.3	31.5 ^d	18.8	12.9	17.4	4.2	15.5	...
2010	17.8	15.1	21.1	26.9	9.6	15.8	16.7	14.6	17.8	...
Total revenue (% of GDP)										
2000	11.9	13.9	9.8 ^e	...	10.6	16.8	23.5	30.0	12.0	14.5
2010	11.4	13.8	11.1 ^f	10.1	15.2	14.9 ⁱ	22.9 ^f	24.0 ^f	11.7	18.6
Total expenditure (% of GDP)										
2000	15.7	17.2	9.0 ^e	...	...	23.0	19.7	25.5	15.3	18.1 ^e
2010	15.0	17.5	11.3 ^f	46.1	...	19.2 ⁱ	23.3 ^f	35.6 ^f	15.6	...
Budget deficit/surplus (% of GDP)										
2000	-3.9	-4.1	-0.7 ^e	...	...	-8.4	-2.5	-5.0	-3.7	-2.3 ^e
2010	-3.7	-5.0	-1.7 ^f	1.4	...	-6.6 ⁱ	0.5 ^f	-22.4 ^f	-3.6	...
Tax revenue (% of GDP)										
2000	9.0	10.1	7.6 ^e	...	8.7	14.5	10.3	13.8	9.1	10.9
2010	9.5	10.0	8.6 ^f	8.3	13.3	13.3 ⁱ	9.2 ^f	11.9 ^f	9.6	13.0 ⁱ
Tax revenue by type (% of total taxes)										
taxes on international trade										
2000	18.9	10.8	31.1 ^g	...	23.5	11.1	0.9	27.6	19.2	8.8 ^e
2010	12.6	7.6	24.3 ^f	4.6	16.4	14.3 ⁱ	1.0 ^f	30.1 ^b	13.1	6.0 ^f
taxes on income, profits and capital gains										
2000	27.0	19.0	11.5 ^g	...	15.1	12.7	13.6	2.0	24.3	17.7 ^e
2010	47.0	24.6	19.3 ^f	3.0	13.7	18.4 ⁱ	15.9 ^f	4.1 ^b	40.2	21.1 ^f
taxes on goods and services										
2000	28.9	30.3	24.8 ^g	...	30.0	56.8	10.8	12.7	29.0	31.8 ^e
2010	23.3	31.0	28.8 ^f	3.0	38.0	44.6 ⁱ	10.4 ^f	10.0 ^b	24.8	35.6 ^f
other taxes										
2000	0.2	7.6	4.5 ^g	...	3.4	3.8	0.1	0.6	1.5	1.1 ^e
2010	0.1	4.9	3.4 ^f	0.4	4.6	7.9 ⁱ	0.1 ^f	0.4 ^f	1.1	1.1 ⁱ

Continued

	India	Pakistan	Bangladesh	Afghanistan	Nepal	Sri Lanka	Bhutan	Maldives	South Asia (weighted average)	Developing countries
Public expenditure per capita (US\$)										
defence										
2000	13.6	19.9	4.9	3.7 ^d	2.1	43.9	...	...	13.4	...
2010	33.7	32.5	8.2	8.2 ^f	8.2	66.1	...	...	30.7	...
interest payments										
2000	20.7	30.5	5.6 ^g	...	2.8	49.3	3.1	33.0	20.3	...
2009	38.0	55.1 ^h	14.9	0.1	4.6 ^h	95.8 ⁱ	50.2	85.1	37.1	...
education										
2000	19.3	9.4	8.7	...	6.7	...	43.6	234.2 ^e	17.0	44.8
2009	25.4 ^j	25.5	13.1 ⁱ	...	20.4	...	86.1 ⁱ	575.0	24.3	83.2 ^j
health										
2000	5.5	3.3	4.0	3.2 ^g	2.8	15.7	39.9	93.1	5.2	28.4
2009	15.6	8.2	6.4	7.3	9.0	36.4	79.7	289.7	14.1	84.8
Imports of goods and services (% of GDP)										
2000	14.2	14.7	19.2	61.6 ^e	32.4	49.6	51.3	71.6	16.4	25.5
2010	24.8	18.8	25.0	53.6	37.1	30.8	72.0 ^f	67.3	25.1	28.0
Net inflow of FDI (US\$ millions)										
2000	3,584	308.0	280.4	0.2	-0.5	172.9	2.5 ^d	22.3	4,370T	148,910T
2010	24,159	2,022.0	916.9	75.7	87.8	478.2	19.0	163.8	27,960T	514,253T
Total external debt (% of GNI)										
2000	22.0	44.8	31.8	...	52.0	56.7	48.7	34.7	25.9	37.8
2010	16.4	28.5	29.0	19.4	34.7	44.9	66.6	102.7	19.6	23.2
Total (external) debt servicing (% of GNI)										
2000	2.4	3.9	1.6	...	1.8	4.9	1.6	3.3	2.5	6.2
2010	1.2	2.4	0.9	0.1	1.2	3.0	5.9	11.2	1.3	3.0

Notes: a: Data refer to 2005. b: Data refer to industrial workers only. c: Data refer to 2008-09. d: Data refer to 2003. e: Data refer to 2002. f: Data refer to 2009. g: Data refer to 2001. h: Data refer to 2010. i: Data refer to 2008. j: Data refer to 2006.

Sources: Rows 1, 3: ADB 2011 and World Bank 2012i; Row 2: FAO 2012a; Rows 4-6: ADB 2011; Rows 7, 8, 9b, 10, 11: World Bank 2012i; Row 9a: SIPRI 2012, UNPD 2012, World Bank 2012i and MHHDC staff computations; Row 9c: UNPD 2012, World Bank 2012b and i and MHHDC staff computations; Row 9d: World Bank 2012e and i and MHHDC staff computations; Rows 12, 13: World Bank 2012d.

Profile of governance in South Asia

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Note on Statistical Sources for Governance Tables

The special governance data for this Report have been collected from numerous international sources. Principally, international sources include the Food and Agriculture Organization of the United Nations (FAO), Freedom House, European Institute for Crime Prevention and Control affiliated with the United Nations (HEUNI), United Nations Office on Drugs and Crime (UNODC), Institute for Democracy and Electoral Assistance (IDEA), International Labour Organization (ILO), International Telecommunication Union (ITU), Organization for Economic Cooperation and Development (OECD), Stockholm International Peace Research Institute (SIPRI), Transparency International (TI), UNESCO Institute for Statistics (UIS), United Nations De-

velopment Programme (UNDP), United Nations Population Division (UNPD), World Health Organization (WHO), and the World Bank.

Since data obtained from national sources limit international level comparability, serious effort has been made to use international data. Although data from international sources are not as current as the ones available in national sources, preference has been given to the former due to the nature of the data required. There is, however, scarcity of international and national data for both Bhutan and the Maldives.

Extra care has also been taken to ensure that information provided in the tables is both reliable and consistent.

1. Summary of Key Governance Data

	India	Pakistan	Bangladesh	Afghanistan	Nepal	Sri Lanka	Bhutan	Maldives	South Asia (weighted average)	Developing countries
Key macroeconomic indicators										
GNP per capita (US\$)										
2010	1,270	1,050	700	410	490	2,240	1,870	5,750	1,177	3,288
Unemployment rate (%)										
2009	4.4 ^a	5.0 ^b	5.0	8.5 ^a	2.7 ^b	7.6	4.0	14.4 ^c	4.6	...
Average annual rate of inflation (%)										
2010	12.0	13.9	8.1	0.9	10.0	5.9	2.0	4.7	11.5	...
Mean tariff rate (applied)										
2009	11.5	14.8	13.9 ^b	6.2 ^b	12.6 ^d	9.4 ^d	18.2 ^e	21.7	12.0	9.0
Exchange rate										
2010	46	85	70	46	73	113	46	13	53	...
Transparency International's Corruption Perceptions Index (rank out of 182 countries)										
2011	95	134	120	180	154	86	38	134	...	...
Government finances										
Total revenue (% of GDP)										
2010	10.4	14	11.5	8.7 ^f	15	14.6	23.6	28	11.0	...
Total expenditure (% of GDP)										
2010	15.4	20.0	15.9	21.8 ^f	20.4	22.0	39.0	45.7	16.2	...
Fiscal balance (% of GDP)										
2010	-5.1	-5.9	-3.9	-13.1 ^f	-2.3	-7.9	-4.7	-15.8	-5.2	...
Per capita expenditure (US\$)										
interest payments										
2009	38.0	55.1 ^d	14.9	0.1	4.6 ^d	95.8 ^b	50.2	85.1	37.1	...
health										
2009	15.6	8.2	6.4	7.3	9.0	36.4	79.7	289.7	14.1	84.8
education										
2009	25.4 ^c	25.5	13.1 ^b	...	20.4	...	86.1 ^b	575.0	24.3	83.2 ^c
defence										
2010	33.7	32.5	8.2	8.2 ^f	8.2	66.1	...	...	30.7	...
Public expenditure (% of GDP)										
interest payments										
2009	3.4	5.5 ^d	2.5	0.02	0.9 ^d	4.8 ^b	2.8	1.5	3.4	...
health										
2009	1.4	0.9	1.1	1.6	2.1	1.8	4.5	5.2	1.3	2.9
education										
2010	3.1 ^c	2.4	2.2 ^f	...	4.7	2.1 ^f	4.0	8.7 ^f	3.0	3.9 ^c
defence										
2010	2.4	3.2	1.2	1.8 ^f	1.5	2.8	...	...	2.4	2.0
Law and order										
Homicide (intentional killing of a person by another) rate per 100,000 population										
2008-09 ^g	3.4	7.3	2.7 ^d	2.4	2.8	4.6	1.0	1.6	3.7	...
Human rights violation (scale 1-5) ^h										
2010	4	5	4	5	3	5	...	1	4	...

Continued

	India	Pakistan	Bangladesh	Afghanistan	Nepal	Sri Lanka	Bhutan	Maldives	South Asia (weighted average)	Developing countries
Elections										
The percentage of registered voters who actually voted										
2008	58.2 ^f	44.6	85.3	45.8 ^d	63.3	61.3 ^d	79.5	78.9 ^f	59.1	...
Invalid votes (%)										
2008	0.1 ^f	2.7	0.9	4.4 ^d	3.7	6.9 ^d	...	1.1 ^f	0.7	...
Media										
ICT Development Index (country rank out of 152 countries)										
2010	116	123	137	...	134	105	119	67	...	...
Press Freedom Index (country rank out of 178 countries)										
2011-12	131	151	129	150	106	163	70	73	...	...

Notes: a: Data refer to 2005. b: Data refer to 2008. c: Data refer to 2006. d: Data refer to 2010. e: Data refer to 2007. f: Data refer to 2009. g: Data refer to recent year available. h: 1 represents fewest human rights violations, 5 represents most human rights violations.

Sources: Rows 1a, d, e and 2: World Bank 2012i; Row 1b: ILO 2011; Row 1c: ADB 2011 and World Bank 2012i; Rows 3a and 4: World Bank 2012i and MHHDC staff computations; Row 3b: World Bank 2012e and i and MHHDC staff computations; Row 3c: UNPD 2012, World Bank 2012b and i and MHHDC staff computations; Row 3d: SIPRI 2012, UNPD 2012, World Bank 2012i and MHHDC staff computations; Row 5a: UNODC 2011 and HEUNI and UNODC 2011; Row 5b: PTS 2010; Row 6: IDEA 2012; Row 7a: ITU 2011b; Row 7b: Reporters without Borders 2012.

2. Economic Management

	India	Pakistan	Bangladesh	Afghanistan	Nepal	Sri Lanka	Bhutan	Maldives	South Asia (weighted average)	Developing countries
Economic management ratings [countries have been rated on a scale of 1 (low) to 6 (high)]										
Macroeconomic management										
2005	4.5	4.5	4.0	4.0	4.5	3.5	4.0	3.5	4.4	...
2010	4.5	2.5	4.0	3.5	3.5	3.0	4.5	2.5	4.2	...
Fiscal policy										
2005	3.0	3.5	3.5	3.0 ^a	3.5	3.0	4.0	3.5	3.1	...
2010	3.5	2.5	4.0	3.0	4.0	3.0	4.5	2.0	3.4	...
Debt policy										
2005	4.5	4.5	4.5	3.0 ^a	3.5	3.5	4.0	4.5	4.4	...
2010	4.0	3.5	4.0	2.5	3.0	3.5	4.5	2.5	3.9	...
Average (economic management)										
2005	4.0	4.2	4.0	3.3 ^a	3.8	3.3	4.0	3.8	4.0	...
2010	4.0	2.8	4.0	3.0	3.5	3.2	4.5	2.3	3.8	...
GDP growth rate										
Total										
2000	4.0	4.3	5.9	14.3 ^b	6.2	6.0	7.5	4.8	4.5	5.4
2010	8.8	4.1	6.1	8.2	4.6	8.0	7.4	9.9	8.0	7.6
Per capita										
2000	2.3	1.9	4.0	11.1 ^b	3.7	5.2	4.5	3.0	2.6	3.9
2010	7.3	2.3	4.9	5.2	2.7	7.0	5.6	8.4	6.4	6.3
Regulatory quality (country rank)										
2000 (out of 196 countries)	94	154	159	194	140	175	125	51	...	...
2010 (out of 210 countries)	128	147	165	200	159	115	185	131	...	...
Size of the government										
Government consumption expenditure (% of GDP)										
2000	12.6	8.6	4.6	7.9 ^d	8.9	10.5	20.4	22.9	11.3	14.1
2010	11.5	7.9	5.4	10.7	10.6	15.6	21.4 ^e	17.0 ^f	10.6	14.3
Inflation and monetary policy										
GDP implicit deflator—average annual growth rate										
2000	3.5	24.9	1.9	3.8 ^b	4.5	7.3	4.7	1.1	5.7	6.6
2010	10.5	12.0	6.5	3.7	13.4	7.3	5.4	-0.3	10.2	6.3
Consumer prices—average annual growth rate										
2000	4.0	4.4	2.2	12.7 ^f	2.5	6.2	4.0	-1.2	4.0	...
2010	12.0	13.9	8.1	0.9	10.0	5.9	2.0	4.7	11.5	...
Food prices—average annual growth rate										
2000-01	2.2	1.8	0.8	...	1.3	15.2	1.5	2.1	2.2	...
2009-10	12.0	16.7	10.1	...	17.2 ^e	6.8	8.8	7.5	12.3	...
Money and quasi money—average annual growth rate										
2000	15.2	12.1	19.3	31.5 ^b	18.8	12.9	17.4	4.2	15.5	...
2010	17.8	15.1	21.1	26.9	9.6	15.8	16.7	14.6	17.8	...

Continued

	India	Pakistan	Bangladesh	Afghanistan	Nepal	Sri Lanka	Bhutan	Maldives	South Asia (weighted average)	Developing countries
Interest rate spread (lending rate minus deposit rate, %)										
2000	...	5.6 ^b	6.9	...	3.5	7.0	7.8	6.1	6.1	8.8
2009	...	5.9	5.9	...	4.4	3.3	9.5 ⁱ	6.3	5.6	7.3
Risk premium on lending (prime rate minus treasury bill rate, %)										
2010	...	1.5	...	...	1.2	1.7	...	5.5	...	...
Domestic credit provided by banking sector (% of GDP)										
2000	53.0	41.6	34.2	...	40.8	43.7	3.0	34.8	49.7	66.6
2010	71.1	46.3	65.9	3.8	68.6	40.5	40.6	94.2	66.2	89.9
Foreign trade										
Mean tariff rate (applied)										
· all products										
2000	31.9 ^g	20.2 ^g	22.2	4.3 ^h	14.2	9.5	17.7 ^d	21.4	28.7	14.7
2009	11.5	14.8	13.9 ^c	6.2 ^c	12.6 ⁱ	9.4 ⁱ	18.2 ^j	21.7	12.0	7.9 ⁱ
· primary products										
2000	32.3 ^g	17.2 ^g	21.8	3.0 ^h	14.8	15.6	24.1 ^d	18.5	28.7	16.2
2009	20.1	14.5	16.3 ^c	7.0 ^c	12.9 ⁱ	15.3 ⁱ	43.5 ^j	17.5	18.7	9.0 ⁱ
· manufactured products										
2000	31.8 ^g	20.6 ^g	22.2	4.5 ^h	14.1	8.8	16.2 ^d	22.3	28.6	14.5
2009	10.3	14.8	13.6 ^c	6.1 ^c	12.6 ⁱ	8.8 ⁱ	15.5 ^j	22.8	11.0	7.8 ⁱ
Current account deficit/ surplus (% of GDP)										
2000	-1.0	-0.1	-0.6	-3.4 ^d	-2.4	-6.4	5.5	-8.2	-1.0	...
2010	-3.0	-0.8	2.1	-3.9 ^e	-0.8	-2.9	-14.3	-24.2	-2.3	...
Foreign exchange reserves										
· total (US\$ bilions)										
2000	41.1	2.1	1.5	0.006 ^k	0.987	1.131	0.318	0.123	47T	665T
2010	300.5	17.3	11.2	0.198 ^k	2.925	7.195	1.002	0.364	341T	5,751T
· months of import coverage										
2000	6.1	1.7	1.8	0.0 ^l	6.5	1.6	20.6 ^l	3.0	5.1	6.2
2010	7.8	4.7	4.3	0.3 ^l	5.8	5.3	17.6 ^{e,1}	3.2	6.9	16.1
Exchange rate										
2000	45	54	52	47	71	77	45	12	47	...
2011	47	86	74	47	74	111	47	15	55	...
Exports of goods and services (% of GDP)										
2000	13.2	13.4	14.0	30.6 ^d	23.3	39.0	30.5	89.5	14.1	27.0
2010	21.5	13.6	18.4	15.5	9.8	21.7	64.7 ^b	49.7	20.1	28.3
Imports of goods and services (% of GDP)										
2000	14.2	14.7	19.2	61.6 ^d	32.4	49.6	51.3	71.6	16.4	25.5
2010	24.8	18.8	25.0	53.6	37.1	30.8	72.0 ^e	67.3	25.1	28.0

Continued

	India	Pakistan	Bangladesh	Afghanistan	Nepal	Sri Lanka	Bhutan	Maldives	South Asia (weighted average)	Developing countries
Debt										
External debt										
· total (US\$ billions)										
2000	100.2	32.7	15.5	...	2.867	9.089	0.204	0.206	160.9T	2,122T
2010	290.3	56.8	25.0	2.297	3.702	20.452	0.898	1.229	400.7T	4,076T
· % of GNI										
2000	22.0	44.8	31.8	...	52.0	56.7	48.7	34.7	25.9	37.8
2010	16.4	28.5	29.0	19.4	34.7	44.9	66.6	102.7	19.6	23.2
Long-term debt (% of total external debt)										
2000	96.5	90.7	96.5	...	98.6	90.7	99.2	89.6	84.5	83.6
2010	80.6	80.6	85.6	90.4	95.3	84.9	99.3	80.5	81.6	73.0
Short-term debt (% of total external debt)										
2000	3.5	4.6	2.2	...	1.0	7.5	0.8	10.4	12.8	13.6
2010	19.4	4.0	11.9	4.4	1.6	8.7	0.7	18.2	16.3	25.4
Use of IMF credit (% of total external debt)										
2000	0.0	4.7	1.4	...	0.4	1.8	0.0	0.0	2.6	2.7
2010	0.0	15.4	2.5	5.2	3.1	6.4	0.0	1.3	2.1	1.6
Total (external) debt servicing										
· % of GNI										
2000	2.4	3.9	1.6	...	1.8	4.9	1.6	3.3	2.5	6.2
2010	1.2	2.4	0.9	0.1	1.2	3.0	5.9	11.2	1.3	3.0
· % of exports of goods, services and income										
2000	17.5	27.9	10.5	...	7.5	12.1	5.1 ^b	4.2	17.7	20.9
2010	5.6	15.2	4.7	...	10.5	13.0	14.1 ^c	21.3	6.8	9.8
Central government debt, total (% of GDP)										
2000	56.0	79.1 ^m	36.2 ^s	...	64.6	96.9	40.2	40.9	57.1	...
2010	53.7	...	...	...	43.8 ^c	85.0 ⁱ	56.8	44.2	54.0	...
Interest payments on public debt (% of central government revenue)										
2000	38.9	41.6	15.5 ^s	...	10.5	32.9	1.0	4.5	36.3	10.7 ^d
2010	27.1	37.4	21.7 ^e	0.0	4.6	31.0 ^e	8.4 ^e	5.7 ^e	26.8	5.8 ^e
Foreign aid										
Net official development assistance (ODA)										
· total (US\$ millions)										
2000	1,373	703	1,173	136	386	275	53	19	4,117T	49,436T
2010	2,807	3,021	1,417	6,374	821	581	131	111	15,263T	130,864T
· per capita (US\$)										
2000	1.3	4.9	9.1	5.2	15.8	14.6	92.9	70.1	2.9	9.8
2010	2.3	17.4	9.5	185.4	27.4	27.9	180.9	351.2	9.0	22.7
· % of GNI										
2000	0.3	1.0	2.4	16.7 ^s	7.0	1.7	12.7	3.2	1.0	0.9
2010	0.2	1.6	1.3	42.0	5.2	1.2	9.2	6.1	1.3	0.7

Continued

	India	Pakistan	Bangladesh	Afghanistan	Nepal	Sri Lanka	Bhutan	Maldives	South Asia (weighted average)	Developing countries
· % of gross capital formation										
2000	1.2	5.5	10.8	259.4 ^d	28.9	6.0	25.7	11.7	7.6	3.5
2010	0.5	11.1	5.8	227.0	15.0	4.2	24.1 ^e	18.9 ^f	6.8	2.0
· % of imports of goods, services and income										
2000	1.7	4.9	11.7	...	21.2	3.2	...	3.9	3.3	2.8
2010	0.6	6.9	4.6	...	13.7	3.6	...	8.2	1.9	2.1
· % of central government expense										
2000	1.9	5.5	24.6 ^g	...	...	7.3	63.0	12.0	4.6	...
2010	1.1	9.7	12.1 ^e	80.9	34.6 ^f	9.3 ^c	42.6 ^e	5.4 ^e	3.8	...
Unemployment										
Total unemployed (thousands)										
2000	14,834	2,722	1,749	...	860 ^g	517	4.5 ^g	1.7	20,689T	...
2009	17,134 ^f	2,430 ^c	2,700	364 ^f	323 ^c	975	12.9	18.6 ^a	23,958T	...
Unemployment rate (%)										
2000	4.3	7.2	3.3	...	8.8 ^g	7.7	1.9 ^g	2.0	4.6	...
2009	4.4 ^f	5.0 ^c	5.0	8.5 ^f	2.7 ^c	7.6	4.0	14.4 ^a	4.6	...
Youth unemployment rate (%)										
2000	10.0	13.3	10.7	...	3.0 ⁿ	23.6	...	4.4	10.5	...
2009	10.5 ^f	7.7 ^c	9.3 ^f	...	...	21.3	12.9	22.2 ^a	10.2	...
Investment										
Gross domestic saving (% of GDP)										
2000	23.2	16.0	17.8	-19.4 ^d	15.2	17.4	26.9	44.2	21.0	25.1
2010	31.5	10.2	17.8	-21.8	7.4	18.7	34.0 ^c	1.7 ^f	26.3	29.4
Gross domestic investment (fixed capital formation) (% of GDP)										
2000	22.7	15.9	23.0	11.6 ^d	19.3	28.0	50.6	26.3	21.9	22.5
2010	29.5	13.8	24.4	16.3	20.2	25.9	41.3 ^e	40.9 ^f	26.9	27.0
Foreign direct investment (% of GDP)										
2000	0.8	0.4	0.6	0.0 ^g	0.0	1.1	0.4 ^b	3.6	0.7	2.6
2010	1.4	1.1	0.9	0.4	0.6	1.0	1.3	8.6	1.3	2.6
Business environment (investment climate)^o										
Regulations and tax: Time dealing with officials (% of management time)										
	6.7	2.2	3.2	6.8	6.5	3.5	...	...	...	...
Permits and licenses: Time required to obtain operating license (days)										
	...	16.4	6.0	13.8	14.5	49.5	...	...	...	...
Corruption: Informal payments to public officials (% of firms)										
	47.5	27.2	85.1	41.5	15.2	16.3	...	...	...	...
Crime: Losses due to theft, robbery, vandalism, and arson (% of sales)										
	0.1	0.5	0.1	1.5	0.9	0.5	...	...	...	...
Informality: Firms formally registered when operations started (% of firms)										
	...	...	...	88.0	94.0	...	...	...	...	...

Continued

	India	Pakistan	Bangladesh	Afghanistan	Nepal	Sri Lanka	Bhutan	Maldives	South Asia (weighted average)	Developing countries
Gender: Firms with female participation in ownership (% of firms)	9.1	6.7	16.1	2.8	27.4	...	...	...	...	...
Finance: Firms using banks to finance investment (% of firms)	46.7	9.7	24.7	1.4	17.5	26.2	...	...	...	...
Infrastructure: Value lost due to electrical outages (% of sales)	6.6	9.9	10.6	6.5	27.0	...	...	...	...	...
Innovation: Internationally recognized quality certification ownership (% of firms)	22.5	9.6	7.8	8.5	3.1	...	...	...	...	...
Trade: Average time to clear direct exports through customs (days)	15.1	4.8	8.4	14.6	5.6	7.6	...	...	...	...
Workforce: Firms offering formal training (% of firms)	15.9	6.7	16.2	14.6	8.8	32.6	...	...	...	...

Notes: a: Data refer to 2006. b: Data refer to 2003. c: Data refer to 2008. d: Data refer to 2002. e: Data refer to 2009. f: Data refer to 2005. g: Data refer to 2001. h: Data refer to 2004. i: Data refer to 2010. j: Data refer to 2007. k: Data refer to international reserves without gold. l: Data refer to merchandise imports. m: Data refer to 1998. n: Data refer to 1999. o: Data refer to 2008 for Afghanistan, 2007 for Bangladesh, 2006 for India, 2009 for Nepal, 2007 for Pakistan and 2004 for Sri Lanka.

Sources: Row 1: World Bank 2012f and i; Rows 2, 4, 5e,f,g, 6a,d,e,f, 10: World Bank 2012i; Row 3: World Bank 2012j; Rows 5a,b,d, 6b,c: ADB 2011 and World Bank 2012i; Row 5c: FAO 2012a and MHHDC staff computations; Row 7: World Bank 2012d; Row 8: World Bank 2012d and i; Row 9: ILO 2011; Rows 11: World Bank 2011b.

3. Budget Analysis

	India	Pakistan	Bangladesh	Afghanistan	Nepal	Sri Lanka	Bhutan	Maldives	South Asia (weighted average)	Developing countries
Government finances										
Total revenue (% of GDP)										
2000	11.9	13.9	10.2 ^a	...	10.6	16.8	23.5	30.0	12.0	14.5
2005	12.1	13.0	10.3	8.1	11.5	15.5	16.8	29.9	12.0	18.4
2010	11.4	13.8	11.1 ^b	10.1	15.2	14.9 ^d	22.9 ^b	24.0 ^b	11.7	18.6
Total expenditure (% of GDP)										
2000	15.7	17.2	9.0 ^c	...	...	23.0	19.7	25.5	15.3	18.1 ^a
2005	14.9	14.6	9.4	...	15.1	20.2	19.8	37.0	14.4	17.9 ^f
2010	15.0	17.5	11.3 ^b	46.1	...	19.2 ^d	23.3 ^b	35.6 ^b	15.6	...
Fiscal deficit/surplus (% of GDP)										
2000	-3.9	-4.1	-0.7 ^c	...	...	-8.4	-2.5	-5.0	-3.7	-2.3 ^a
2005	-3.2	-3.2	-1.1	...	-1.0	-7.0	-1.0	-9.3	-3.0	-1.5 ^f
2010	-3.7	-5.0	-1.7 ^b	1.4	...	-6.6 ^d	0.5 ^b	-22.4 ^b	-3.6	...
Government expenditures										
Expenditure on goods and services (% of government expenditure)										
2000	11.6 ^a	20.9 ^c	13.9 ^c	...	...	21.5	46.5	67.9	13.0	16.9 ^g
2010	10.1	22.5	12.4 ^b	74.7	...	14.3 ^d	32.7 ^b	63.9 ^b	13.0	14.2 ^b
Expenditure on compensation of employees (% of government expenditure)										
2000	9.7 ^a	4.2 ^c	27.2 ^c	...	...	23.7	42.4	24.9	11.0	26.8 ^g
2010	8.9	3.5	18.9 ^b	23.3	...	28.2 ^d	35.0 ^b	27.8 ^b	9.8	28.0 ^b
Expenditure on interest payments (% of government expenditure)										
2000	28.7 ^a	45.7 ^c	18.1 ^c	...	...	24.6	2.1	5.7	29.4	9.8 ^g
2010	20.6	31.3	21.8 ^b	0.0	...	25.1 ^d	12.2 ^b	4.3 ^b	21.5	6.0 ^b
Expenditure on subsidies and other transfers (% of government expenditure)										
2000	42.6 ^a	29.2 ^c	26.5 ^c	...	...	21.0	6.8	1.5	39.3	33.7 ^g
2010	59.7	25.5	34.9 ^b	1.8	...	22.7 ^d	2.4 ^b	4.1 ^b	52.0	36.0 ^b
Government revenues										
Taxes on income, profits and capital gains (% of revenue)										
2000	27.0	19.0	11.5 ^c	...	15.1	12.7	13.6	2.0	24.3	17.5 ^a
2010	47.0	24.6	19.3 ^b	3.0	13.7	18.4 ^d	15.9 ^b	4.1 ^b	40.2	21.1 ^b
Taxes on goods and services (% of revenue)										
2000	28.9	30.3	24.8 ^c	...	30.0	56.8	10.8	12.7	29.0	31.8 ^a
2010	23.3	31.0	28.8 ^b	3.0	38.0	44.6 ^d	10.4 ^b	10.0 ^b	24.8	35.6 ^b
Taxes on international trade (% of revenue)										
2000	18.9	10.8	31.1 ^c	...	23.5	11.1	0.9	27.6	19.2	8.8 ^a
2010	12.6	7.6	24.3 ^b	4.6	16.4	14.3 ^d	1.0 ^b	30.1 ^b	13.1	6.0 ^b
Other taxes (% of revenue)										
2000	0.2	7.6	4.5 ^c	...	3.4	3.8	0.1	0.6	1.5	1.1 ^a
2010	0.1	4.9	3.4 ^b	0.4	4.6	7.9 ^d	0.1 ^b	0.4 ^b	1.1	1.1 ^d
Grants and other revenues (% of revenue)										
2000	24.9	32.2	28.2 ^c	...	28.0	14.0	74.6	57.2	25.9	20.4 ^a
2010	16.4	32.0	24.2 ^b	88.8	27.2	13.7 ^d	72.2 ^b	55.4 ^b	20.4	17.7 ^b

Continued

	India	Pakistan	Bangladesh	Afghanistan	Nepal	Sri Lanka	Bhutan	Maldives	South Asia (weighted average)	Developing countries
Social contributions (% of revenue)										
2000	0.1	0.0	0.0 ^c	...	0.0	1.7	0.0	0.0	0.1	0.7 ^a
2010	0.2	0.0 ^e	0.0	0.2	0.0 ^e	1.0 ^d	0.3	0.0	0.2	1.4 ^d
Taxes										
Tax revenue (collected by central government) (% of GDP)										
2000	9.0	10.1	7.6 ^c	...	8.7	14.5	10.3	13.8	9.1	10.9
2010	9.5	10.0	8.6 ^b	8.3	13.3	13.3 ^d	9.2 ^b	11.9 ^b	9.6	13.0 ^d
Taxes by type (% of total tax revenue)										
· direct taxes										
2000	36.0	28.1	16.0 ^c	...	21.0	15.1	53.4	4.6	32.7	...
2009	56.7	36.1 ^e	25.4	30.5	18.8 ^e	21.6 ^d	58.0	9.3	50.0	...
· indirect taxes										
2000	64.0	71.9	84.0 ^c	...	79.0	84.9	46.6	95.4	67.3	...
2009	43.3	63.9 ^e	74.6	69.5	81.2 ^e	78.4 ^d	42.0	90.7	50.0	...
Budgetary priorities										
Public health expenditure (% of government expenditure)										
2010	3.6	3.6	7.4	1.6	7.9	5.8	10.5	8.6	4.0	8.8 ^f
Total public spending on education (% of government expenditure)										
2010	10.7 ^g	9.9	14.1 ^b	...	20.2	8.1 ^b	9.4	16.0 ^b	11.1	...
Military expenditure (% of central government expenditure)										
2010	16.0	18.5	10.2 ^b	4.6 ^b	12.8 ^h	19.3 ^d	...	...	15.5	12.2 ^d
Per capita expenditure (US\$)										
Interest payments										
2000	20.7	30.5	5.6 ^c	...	2.8	49.3	3.1	33.0	20.3	...
2009	38.0	55.1 ^e	14.9	0.1	4.6 ^e	95.8 ^d	50.2	85.1	37.1	...
Health										
2000	5.5	3.3	4.0	3.2 ^c	2.8	15.7	39.9	93.1	5.2	28.4
2009	15.6	8.2	6.4	7.3	9.0	36.4	79.7	289.7	14.1	84.8
Education										
2000	19.3	9.4	8.7	...	6.7	...	43.6	234.2 ^a	17.0	44.8
2009	25.4 ⁱ	25.5	13.1 ^d	...	20.4	...	86.1 ^d	575.0	24.3	83.2 ⁱ
Defence										
2000	13.6	19.9	4.9	3.7 ^g	2.1	43.9	...	...	13.4	...
2010	33.7	32.5	8.2	8.2 ^b	8.2	66.1	...	...	30.7	...
Public expenditure (% of GDP)										
Interest payments										
2000	4.7	6.2	1.6 ^c	...	1.3	5.7	0.4	1.4	4.4	...
2009	3.4	5.5 ^e	2.5	0.02	0.9 ^e	4.8 ^d	2.8	1.5	3.4	...
Health										
2000	1.3	0.6	1.1	2.3	1.3	1.8	5.3	4.1	1.2	2.4
2009	1.4	0.9	1.1	1.6	2.1	1.8	4.5	5.2	1.3	2.9

Continued

	India	Pakistan	Bangladesh	Afghanistan	Nepal	Sri Lanka	Bhutan	Maldives	South Asia (weighted average)	Developing countries
Education										
2000	4.4	1.8	2.4	...	3.0	...	5.8	8.1 ^a	3.9	3.8
2010	3.1 ⁱ	2.4	2.2 ^b	...	4.7	2.1 ^b	4.0	8.7 ^b	3.0	3.9 ⁱ
Defence										
2000	3.1	4.0	1.4	2.0 ^e	1.0	5.0	...	...	3.0	2.1
2010	2.4	3.2	1.2	1.8 ^b	1.5	2.8	...	...	2.4	2.0
Military expenditure (% of combined education and health expenditure)										
2000	54.7	156.4	39.1	...	22.0	...	...	...	63.5	...
2009	59.1 ⁱ	87.7	32.6 ^d	...	24.2	...	...	...	59.1	...

Notes: a: Data refer to 2002. b: Data refer to 2009. c: Data refer to 2001. d: Data refer to 2008. e: Data refer to 2010. f: Data refer to 2004. g: Data refer to 2003. h: Data refer to 2005. i: Data refer to 2006.

Sources: Rows 1-5: World Bank 2012i; Rows 6a, 7: World Bank 2012i and MHHDC staff computations; Row 6b: World Bank 2012e and i and MHHDC staff computations; Row 6c: UNPD 2012, World Bank 2012b and i and MHHDC staff computations; Row 6d: SIPRI 2012, UNPD 2012, World Bank 2012i and MHHDC staff computations; Row 8: SIPRI 2012, World Bank 2012b, e and MHHDC staff computations.

4. Social sector expenditures

	India	Pakistan	Bangladesh	Afghanistan	Nepal	Sri Lanka	Bhutan	Maldives	South Asia (weighted average)	Developing countries
Government expenditures										
Expenditure on goods and services (% of government expenditure)										
2000	11.6 ^a	20.9 ^c	13.9 ^c	...	...	21.5	46.5	67.9	13.0	16.9 ^f
2010	10.1	22.5	12.4 ^k	74.7	...	14.3 ^d	32.7 ^k	63.9 ^k	13.0	14.2 ^k
Expenditure on compensation of employees (% of government expenditure)										
2000	9.7 ^a	4.2 ^c	27.2 ^c	...	...	23.7	42.4	24.9	11.0	26.8 ^f
2010	8.9	3.5	18.9 ^k	23.3	...	28.2 ^d	35.0 ^k	27.8 ^k	9.8	28.0 ^k
Expenditure on interest payments (% of government expenditure)										
2000	28.7 ^a	45.7 ^c	18.1 ^c	...	...	24.6	2.1	5.7	29.4	9.8 ^f
2010	20.6	31.3	21.8 ^k	0.0	...	25.1 ^d	12.2 ^k	4.3 ^k	21.5	6.0 ^k
Expenditure on subsidies and other transfers (% of government expenditure)										
2000	42.6 ^a	29.2 ^c	26.5 ^c	...	...	21.0	6.8	1.5	39.3	33.7 ^f
2010	59.7	25.5	34.9 ^k	1.8	...	22.7 ^d	2.4 ^k	4.1 ^k	52.0	36.0 ^k
Expenditure on social security										
Government expenditure on social security and welfare (% of GDP)										
2000	0.9	...	0.1	...	0.8	2.8	1.8 ^a	1.0	0.8	...
2009	1.0 ^c	...	0.3 ^c	...	1.3	2.2	1.8	3.7	1.0	...
Education										
Public expenditure on education (% of GDP)										
2000	4.4	1.8	2.4	...	3.0	...	5.8	6.4 ^a	3.9	3.8
2010	3.1 ^d	2.4	2.2 ^k	...	4.7	2.1 ^k	4.0	8.7 ^k	3.0	3.9 ^d
Public expenditure on education (% of total government expenditure)										
2010	10.7 ^f	9.9	14.1 ^k	...	20.2	8.1 ^k	9.4	16.0 ^k	11.1	...
Public expenditure per pupil (% of GDP per capita) (2006-09 ^e)										
· all levels	12.3	11.7 ^g	10.7	...	13.0 ^f	...	19.9	14.8	12.1	...
· primary	8.6	...	8.8	...	17.8	7.4	7.9	18.7	8.8	...
· secondary	15.7	...	12.0	...	11.3	...	27.4	29.0	15.2	...
· tertiary	53.4	...	27.7	...	39.3	...	85.1	...	50.4	...
Priorities in education budget (2006-09 ^e)										
· primary	35.4	...	44.7	...	63.0	28.3	29.9	50.4	36.8	...
· secondary	42.5	...	40.2	...	23.5	48.2	53.9	39.9	42.0	...
· tertiary	20.3	...	13.5	...	12.0	18.2	15.1	...	19.4	...
Pupil teacher ratio, 2010										
· primary	40.0	40.0	43.0	44.0	32.0	24.0	26.0	13.0 ^k	40.0	26.0 ⁱ
· secondary	33.0 ^h	42.0 ^h	28.0	32.0 ⁱ	41.0 ^c	20.0 ^h	21.0	14.0 ^f	33.5	23.0 ^f
Health										
Health expenditure (% of GDP)										
· private										
2000	3.3	2.4	1.7	6.0	3.8	1.9	1.4	4.6	3.1	2.9
2009	2.8	1.8	2.3	5.8	3.8	2.2	1.0	2.8	2.7	2.7

Continued

	India	Pakistan	Bangladesh	Afghanistan	Nepal	Sri Lanka	Bhutan	Maldives	South Asia (weighted average)	Developing countries
· public										
2000	1.3	0.6	1.1	2.3	1.3	1.8	5.3	4.1	1.2	2.4
2009	1.4	0.9	1.1	1.6	2.1	1.8	4.5	5.2	1.3	2.9
· total										
2000	4.6	3.0	2.8	8.3	5.1	3.7	6.7	8.7	4.3	4.3
2010	4.1	2.2	3.5	7.6	5.5	2.9	5.2	6.3	3.9	5.7
Public health expenditure (% of total government expenditure)										
2000	3.9	2.3	7.6	28.5	7.7	6.9	12.6	11.1	4.6	8.4 ^a
2009	3.6	3.6	7.4	1.6	7.9	5.8	10.5	8.6	4.0	...
Private health expenditure (% of total health expenditure)										
2000	72.5	78.8	61.0	72.4	75.1	51.7	20.7	53.2	71.8	54.5
2009	70.8	61.5	66.4	88.3	66.8	55.3	13.2	39.5	69.4	48.2
Public health expenditure (% of total health expenditure)										
2000	27.5	21.2	39.0	27.6	24.9	48.3	79.3	46.8	28.2	45.5
2010	29.2	38.5	33.6	11.7	33.2	44.7	86.8	60.5	30.6	51.8
Out of pocket health expenditure (% of private expenditure on health)										
2000	92.2	80.3	95.1	98.9	91.2	83.3	100.0	73.8	91.2	80.7
2010	86.4	82.0	96.5	94.0	72.4	81.2	90.8	71.6	86.7	77.8
Social security expenditure on health (% of general government expenditure on health)										
2009	15.9	3.8	0.0	0.0	0.0	0.2	0.0	0.0	12.4	...
External resources for health (% of total expenditure on health)										
2010	1.2	4.8	8.0	32.0	11.3	3.0	11.0	0.6	3.0	1.1
Physicians (per 1,000 people)										
2009	0.6 ^s	0.8	0.3 ⁱ	0.2	0.2 ^h	0.5 ^d	0.023 ⁱ	1.6 ⁱ	0.6	1.1
Population with access to										
· sanitation (%)										
2000	25	37	47	32	20	82	39	79	29	47
2010	34	48	56	37	31	92	44	97	38	56
· safe water (%)										
2000	81	89	79	22	83	80	86	95	81	79
2010	92	92	81	50	89	91	96	98	90	86
% of 1 year olds fully immunized against										
· measles										
2000	55	59	72	27	77	99	78	99	58	71
2010	74	86	94	62	86	99	95	97	77	84
· tuberculosis										
2000	74	74	95	30	84	98	97	99	76	81
2010	87	95	94	68	94	99	96	97	88	91
Births attended by trained health personnel (%)										
2000	42.5	23.0 ^b	12.1	12.4	11.9	96.0	23.7	70.3 ^b	37.3	59.4
2010	52.7 ^c	38.8 ⁱ	26.5	24.0 ^c	18.7 ^d	98.6 ⁱ	64.5	94.8	48.3	65.3

Continued

	India	Pakistan	Bangladesh	Afghanistan	Nepal	Sri Lanka	Bhutan	Maldives	South Asia (weighted average)	Developing countries
Contraceptive prevalence rate (%)										
2000-01 ^c	46.9	27.6	53.8	4.9	37.3	70.0	30.7	42.0 ^j	45.0	59.8
2008	54.0	27.0	52.6	22.8	48.0 ^d	68.4 ⁱ	65.6 ^l	34.7 ^k	50.5	61.0 ^l
Household income^m										
Share of top households										
· 10 %	28	26	27	23	27	33	29	28	28	...
· 20 %	42	40	41	37	41	48	45	44	42	...
· 40 %	63	61	62	59	63	69	67	67	63	...
Share of bottom households										
· 10 %	4	4	4	4	4	3	3	3	4	...
· 20 %	9	10	9	9	8	7	7	7	9	...
· 40 %	21	23	21	23	20	17	18	18	21	...

Notes: a: Data refer to 2002. b: Data refer to 2001. c: Data refer to 2008. d: Data refer to 2006. e: Data refer to most recent year available. f: Data refer to 2003. g: Data refer to 2005. h: Data refer to 2004. i: Data refer to 2007. j: Data refer to 1999. k: Data refer to 2009. l: Data refer to 2010. m: Data refer to 2005 for India, 2008 for Pakistan, 2010 for Bangladesh, 2008 for Afghanistan, 2010 for Nepal, 2007 for Sri Lanka, 2007 for Bhutan, and 2004 for Maldives.

Sources: Rows 1, 5: World Bank 2012i; Row 2: ADB 2011; Row 3: UIS 2012 and World Bank 2012b; Row 4: WHO 2011a and World Bank 2012e.

5. Judiciary, Law and Human Rights

	India	Pakistan	Bangladesh	Afghanistan	Nepal	Sri Lanka	Bhutan	Maldives	South Asia (weighted average)	Developing countries
Human rights violation (scale 1-5)^a										
2000	4	3	3	5	4	4	2	2	4	...
2005	3	4	4	5	5	5	2 ^b	2	3	...
2010	4	5	4	5	3	5	...	1	4	...
Intentional homicide (intentional killing of a person by another)										
Homicide rate per 100,000 population										
2000	4.2	6.2	2.6	...	2.6	...	3.2	2.5 ^c	4.2	...
2009	3.4	7.3	2.7 ^e	2.4 ^h	2.8	4.6	1.0 ^h	1.6 ^h	3.7	...
Homicide victims by sex (2008)										
· males (% of total)	73.5 ^f	60.5	74.8	81.3	87.3	96.3	65.6	99.3	72.9	...
· females (% of total)	26.3 ^f	39.5	25.2	18.7	12.7	3.7	34.4	0.7	26.9	...
· males (rate per 100,000)	3.9 ^f	4.3	12.4	3.7	14.9	6.2	5.9	1.1	5.0	...
· females (rate per 100,000)	1.5 ^f	2.9	4.3	0.9	2.1	0.2	3.5	0.0	1.9	...
Police recorded crimes, 2006										
Assault rates (police recorded cases/100,000 population)										
	23.1	0.1 ^g	0.4	...	3.8	109.4 ^b	...	528.2 ^h	19.6	...
Rape rates (police recorded cases/100,000 population)										
	1.7	0.0 ^g	7.5 ⁱ	...	0.8	7.4 ^b	...	3.0 ^h	2.1	...
Robbery rates (police recorded cases/100,000 population)										
	1.6	0.1 ^g	0.6	...	0.5	41.0 ^b	...	195.7 ^h	1.9	...
Burglary rates (police recorded cases/100,000 population)										
	8.0	0.1 ^g	2.2	...	0.1	88.5 ^b	...	22.3 ^h	7.6	...
Motor vehicle theft rates (police recorded cases/100,000 population)										
	7.9	0.1 ^g	0.7	...	0.1	4.2 ^b	...	266.5 ^h	6.3	...
Kidnapping rates (police recorded cases/100,000 population)										
	2.1	...	0.7	...	0.9	4.5 ^b	...	0.7 ^j	2.0	...
Drug-related crime (rate per 100,000 population)										
	2.7	...	10.0	...	0.8	228.4 ^b	...	818.6 ^h	6.9	...
Response of the criminal justice system										
Total persons brought into formal contact with the police (all crimes rate per 100,000 population)										
2006	540.9	...	99.3	...	22.3	2,550.8 ^b	...	1,821.2 ^h	513.1	...
Total persons prosecuted (all crimes rate per 100,000 population)										
2006	...	...	...	...	4.7	1,642.2 ^b	...	1,097.1	...	...
Total persons held in prisons (rate per 100,000 population)										
2005	31.7	...	47.2	...	...	590.6 ^b	...	...	...	...
Total police personnel (per 100,000 population)										
2006	122.5 ^b	...	79.2	...	202.0	330.5 ^b	...	113.1 ^h	122.6	...

Notes: a: 1 represents lowest human rights violations, 5 represents most human rights violations. b: Data refer to 2004. c: Data refer to 2001. d: Data refer to most recent year available. e: Data refer to 2010. f: Data refer to 2009. g: Data refer to 2000. h: Data refer to 2008. i: Data refer to 2005. j: Data refer to 2007.

Sources: Row 1: PTS 2010; Rows 2, 3, 4: UNODC 2011 and HEUNI and UNODC 2011.

6. Parliament

	India	Pakistan	Bangladesh	Afghanistan	Nepal	Sri Lanka	Bhutan	Maldives	South Asia (weighted average)	Developing countries
Freedom in the World (1 represents the most free and 7 the least free)										
2002										
· Political Rights Index	2.0	6.0	4.0	6.0	4.0	3.0	6.0	6.0	3.0	...
· Civil Liberties Index	3.0	5.0	4.0	6.0	4.0	4.0	5.0	5.0	3.0	...
· average (Freedom in the World)	2.5	5.5	4.0	6.0	4.0	3.5	5.5	5.5	3.0	...
· freedom status	Free	Not free	Partly free	Not free	Partly free	Partly free	Not free	Not free	...	...
2006										
· Political Rights Index	2.0	6.0	4.0	5.0	5.0	4.0	6.0	6.0	3.0	...
· Civil Liberties Index	3.0	5.0	4.0	5.0	4.0	4.0	5.0	5.0	3.0	...
· average (Freedom in the World)	2.5	5.5	4.0	5.0	4.5	4.0	5.5	5.5	3.0	...
· freedom status	Free	Not free	Partly free	Partly free	Partly free	Partly free	Not free	Not free	...	...
2010										
· Political Rights Index	2.0	4.0	3.0	6.0	4.0	5.0	4.0	3.0	2.5	...
· Civil Liberties Index	3.0	5.0	4.0	6.0	4.0	4.0	5.0	4.0	3.0	...
· average (Freedom in the World)	2.5	4.5	3.5	6.0	4.0	4.5	4.5	3.5	3.0	...
· freedom status	Free	Partly free	Partly free	Not free	Partly free	Partly free	Partly free	Partly free	...	...
Political governance (country rank)										
Voice and Accountability										
2000 (out of 200 countries)	82	177	119	198	110	118	158	144	...	...
2010 (out of 210 countries)	87	154	131	195	147	145	140	115	...	...
Political Stability and Absence of Violence										
2000 (out of 190 countries)	152	159	141	189	165	180	58	27	...	...
2010 (out of 213 countries)	190	212	192	210	201	168	66	121	...	...
Government Effectiveness										
2000 (out of 196 countries)	92	133	131	196	121	109	42	68	...	...
2010 (out of 210 countries)	95	156	165	200	157	107	66	113	...	...

Continued

	India	Pakistan	Bangladesh	Afghanistan	Nepal	Sri Lanka	Bhutan	Maldives	South Asia (weighted average)	Developing countries
Rule of Law										
2000 (out of 196 countries)	73	146	152	193	111	78	76	71	...	...
2010 (out of 212 countries)	97	158	156	211	178	101	88	116	...	...
Number of seats in the Parliament										
Parliament type	Bi-cameral	Bi-cameral	Uni-cameral	Bi-cameral	Uni-cameral	Uni-cameral	Bi-cameral	Uni-cameral	...	...
Seats in the Lower House/National Assembly, 2009										
total	545	342 ^b	345 ^b	249 ^c	594 ^b	225 ^c	47	77	...	...
female	59	76 ^b	64 ^b	69 ^c	197 ^b	12 ^c	4	5	...	...
male	486	266 ^b	281 ^b	180 ^c	397 ^b	213 ^c	43	72	...	...
Seats in the Upper House/Senate, 2009										
· total	233 ^b	100	...	102 ^c	...	...	25	...	...	...
· female	21 ^b	17	...	28 ^c	...	...	6	...	...	...
· male	212 ^b	83	...	74 ^c	...	...	19	...	...	...
Voter turnout										
The percentage of registered voters who actually voted										
2001	62.0 ^d	41.8 ^e	75.0	49.4 ^f	65.8 ^g	76.0	...	71.3 ^f	61.0	...
2008	58.2 ^h	44.6	85.3	45.8 ^c	63.3	61.3 ^c	79.5	78.9 ^h	59.1	...
The percentage of the voting age population that actually voted										
2001	67.1 ^d	38.9 ^e	76.5	51.7 ^f	75.8 ^g	72.2	...	55.4 ^f	64.8	...
2008	56.5 ^h	38.8	78.9	29.7 ^c	74.4	58.3 ^c	61.8	59.1 ^h	56.5	...
Invalid votes (%)										
2001	1.9 ^d	2.6 ^e	0.8	5.1 ^f	2.8 ^g	5.2	...	1.6 ^f	2.0	...
2008	0.1 ^h	2.7	0.9	4.4 ^c	3.7	6.9 ^c	...	1.1 ^h	0.7	...

Notes: a: Data refer to 2001. b: Data refer to 2008. c: Data refer to 2010. d: Data refer to 1998. e: Data refer to 2002. f: Data refer to 2005. g: Data refer to 1999. h: Data refer to 2009.

Sources: Row 1: Freedom House 2012; Row 2: World Bank 2012j; Rows 3, 4: IDEA 2012.

7. Transparency and Information

	India	Pakistan	Bangladesh	Afghanistan	Nepal	Sri Lanka	Bhutan	Maldives	South Asia (weighted average)	Developing countries
ICT Development Index (2010) (country rank out of 152 countries)										
Access sub-index	115	113	130	...	139	100	120	55	...	...
Use sub-index	124	108	140	...	132	102	112	82	...	...
Skills sub-index	116	140	130	...	127	101	123	97	...	...
Overall (ICT Development Index)	116	123	137	...	134	105	119	67	...	...
Media and communications										
Daily newspapers (per 1,000 people)										
2004	71	50	...	...	...	26 ^a	...	...	68	59 ^b
Households with television (%)										
2008	55	58	30	...	33	76	...	...	53	...
Households with internet (%)										
2010	4.2	8.0	2.6	...	1.2	5.9	4.9	22.9	4.4	...
Households with computer (%)										
2010	6.1	13.0	3.1	...	4.2	12.3	6.4	54.4	6.6	...
Personal computers and internet										
Internet users (per 100 people)										
2001	0.7	1.3	0.1	0.0	0.2	0.8	0.9	3.6	0.7	2.1
2010	7.8	16.8	3.7	3.7	6.8	12.0	13.6	28.3	8.3	21.3
Fixed broadband Internet subscribers (per 100 people)										
2007	0.27	0.03	0.03	0.00	0.04	0.31	0.00	3.41	0.21	...
2010	0.90	0.31	0.04	0.00	0.20	1.09	1.20	4.80	0.73	4.11
International Internet bandwidth bits per second per internet user										
2008	2,837	341	511	...	334	2,526	980	11,377	2,301	...
2010	5,825	2,595	2,790	...	1,969	3,316	3,343	32,328	5,091	...
Telephones										
Telephone lines (per 100 people)										
2000	3.08	2.11	0.38	0.13	1.09	4.09	2.48	8.94	2.66	7.80
2010	2.87	1.97	0.61	0.45	2.81	17.15	3.62	15.20	2.71	12.00
Mobile cellular subscriptions (per 100 people)										
2000	0.34	0.21	0.22	0.10 ^a	0.04	2.30	0.36 ^c	2.80	0.33	4.30
2010	61.42	57.14	46.17	41.39	30.69	83.22	54.32	156.50	58.92	72.50
Population covered by mobile cellular network (%)										
2008	61	90	90	75	60 ^d	95	...	...	67	76
Mobile cellular subscriptions (millions)										
2000	3.58	0.31	0.28	0.03 ^a	0.01	0.43	0.002 ^c	0.01	4.61	214.76
2010	752.19	102.78	68.65	13.00	9.20	17.36	0.39	0.49	964.06	4,136.79

Continued

	India	Pakistan	Bangladesh	Afghanistan	Nepal	Sri Lanka	Bhutan	Maldives	South Asia (weighted average)	Developing countries
Press freedom										
Press Freedom Index (country rank)										
2002 (out of 139 countries)	80	119	118	104	127	51	135	...	...	...
2008 (out of 173 countries)	118	152	136	156	138	165	74	104	...	...
2011-12 (out of 178 countries)	131	151	129	150	106	163	70	73	...	...
Journalists killed, 2011	2	10	0	2	...	...	...	...	14T	...
Journalists imprisoned, 2011	2	2	1	...	...	1	...	...	6T	...

Notes: a: Data refer to 2002. b: Data refer to 2000. c: Data refer to 2003. d: Data refer to 2009.

Sources: Rows 1, 2c,d, 3c: ITU 2011b; Row 2a: UIS 2012 and World Bank 2012i; Rows 2b, 4c: World Bank 2011b; Rows 3a,b, 4a,b,d: ITU 2011a and World Bank 2011b; Row 5: Reporters without Borders 2012.

8. Corruption and Accountability

	India	Pakistan	Bangladesh	Afghanistan	Nepal	Sri Lanka	Bhutan	Maldives	South Asia (weighted average)	Developing countries
World Bank's Control of Corruption Index (country rank)										
2000 (out of 196 countries)	104	150	170	196	129	96	61	100	...	...
2010 (out of 210 countries)	135	185	176	208	150	125	53	143	...	...
TI's Corruption Perceptions Index (country rank)										
2005 (out of 163)	88	144	158	117	117	78	...	...	...	...
2011 (out of 182)	95	134	120	180	154	86	38	134	...	...
Corruption by institution, 2010 (1-5) (1—not at all corrupt, 5—extremely corrupt)										
Political parties	4.2	4.1	3.8	2.9	...	...	...	...	4.1	...
Parliament/ legislator	4.0	4.0	3.1	3.2	...	...	...	...	3.9	...
Police	4.1	4.5	4.4	3.2	...	...	...	...	4.2	...
Business/Private sector	3.1	3.8	2.4	3.1	...	...	...	...	3.1	...
Media	3.0	3.3	2.3	2.8	...	...	...	...	3.0	...
Civil servants	3.5	4.2	4.0	3.1	...	...	...	...	3.6	...
Judiciary	3.1	3.6	3.5	3.4	...	...	...	...	3.2	...
NGOs	3.1	3.8	2.3	3.1	...	...	...	...	3.1	...
Religious bodies	2.9	2.8	1.8	2.7	...	...	...	...	2.8	...
Military	2.8	3.0	1.9	2.9	...	...	...	...	2.7	...
Education system	3.4	3.1	2.6	2.9	...	...	...	...	3.3	...
Democratic decentralization (score 0-2)^a										
1990	1 ^b	1	1	1	2	2	...	...	1	...
2000	1	1	0	0	2	2	...	...	1	...
2005	1	1	0	0	2	2	...	...	1	...
2009	1	1	0	0	2	2	...	...	1	...

Notes: a: 0 is no local elections, 1 is legislature elected but executive appointed, 2 is legislature and executive locally elected. b: Data refer to 1993.

Sources: Row 1: World Bank 2012j; Row 2: TI 2011; Row 3: TI 2010; Row 4: World Bank 2012a.

9. Women's Empowerment

	India	Pakistan	Bangladesh	Afghanistan	Nepal	Sri Lanka	Bhutan	Maldives	South Asia (weighted average)	Developing countries
Gender Inequality Index (country rank out of 146 countries)										
2011	129	115	112	141	113	74	98	52	...	...
Social Institutions and Gender Index (SIGI) (country rank out of 102 countries)										
2009	96	94	90	101	65	45	64	...	...	...
Women's political participation										
Year first woman elected (E) or appointed (A) to the Parliament										
	1952E	1973E	1973E	...	1952A	1947E	1975E	1979E	...	...
Year first woman presided over the Parliament										
	2009	2008	...	...	...	...	...	...	...	...
Share of women in ministerial positions										
2010	10	8	16	7	8	6	0	7	10	...
Seats in the Lower House (Parliament) held by women (%)										
1997	7	3	9	...	5	5	2	6	7	...
2009	11	22	19	28	33	5	9	6	13	...
Seats in the Upper House (Senate) held by women (%)										
2009	9	17	...	27	...	...	24	...	10	...
Quotas for women's political participation										
Constitutional quota for the national Parliament										
	No	Yes	Yes	Yes	Yes	No	No	No	...	...
Election law quota for the national Parliament										
	No	Yes	No	Yes	Yes	No	No	No	...	...
Constitutional or legislative quota at sub-national level										
	Yes	Yes	Yes	Yes	Yes	...	...	...	...	...
Employment laws										
Women can work in all industries										
	No	No	Yes	...	Yes	Yes	...	...	...	...
Women can work the same night hours as men										
	Yes	No	No	...	No	No	...	...	...	...
Paid or unpaid maternity leave										
	Yes	Yes	Yes	Yes	Yes	Yes	...	...	...	...
Length of maternity leave										
	84	84	112	90	52	84	...	...	86	...
Mandatory paid or unpaid paternity leave										
	No	No	No	...	No	No	...	...	...	...
Violence against women laws										
Domestic violence										
	Yes	No	Yes	No	Yes	Yes	No	No	...	...
Sexual harassment										
	Yes	Yes	Yes	No	No	Yes	Yes	No	...	...
Marital rape										
	No	No	No	No	Yes	No	Yes	No	...	...

Continued

	India	Pakistan	Bangladesh	Afghanistan	Nepal	Sri Lanka	Bhutan	Maldives	South Asia (weighted average)	Developing countries
Female legislators, senior officials and managers (% of total)										
2006	...	3	10	...	14	21	...	...	8	...
Female professional and technical workers (% of total)										
2006	...	26	22	...	20	48	...	...	25	...
Ratio of estimated female to male earned income										
2006	0.32	0.30	0.46	...	0.50	0.39	0.51	...	0.34	...
Ambassadors (% female)^a										
	10.9	10.8	7.9	...	0.0	7.1	...	10.0	10.4	...
Judges in higher judiciary (% female)^a										
	7.7	2.8	...	...	9.5	12.5	0.0	...	7.2	...
Heads of universities (% female)^a										
	19.6	...	6.4	...	0.0	21.8	...	14.3	17.8	...

Note: a: Data refer to most recent year available.

Sources: Row 1: UNDP 2011a; Rows 2, 7a,b,c: OECD 2011b; Rows 3a,b,c,d, 4, 5, 6: UN Women 2011; Row 3e: IDEA 2012. Rows 7d,e,f: UNDP 2010a.

KEY TO INDICATORS

Indicator	Indicator table	Indicator	Indicator table
A, B, C		Crop production index	10
Ambassadors, female	9g	Current account, deficit/surplus, % of GDP	2g
Armed forces personnel,		D	
number	7	Death rate, crude	9
% of total labour force	7	Debt external,	
Birth rate, crude	9	long-term debt	2g
Births attended by trained health staff	6,4g	% of GNI	12,2g
Birthweight, low	6	short-term debt	2g
Budget, public sector, % of GDP		total	8,2g
deficit/surplus	12,1g,3g	use of IMF debt	2g
expenditure, total	12,1g,3g	Debt, public	
compensation of employees	3g,4g	interest payment	
goods and services	3g,4g	per capita	1g,3g
interest payments	3g,4g	% of central government revenue	2g
subsidies and other transfers	3g,4g	% of GDP	2g
revenue, total	12,1g,3g	Debt servicing,	
grants and other revenues	3g	% of exports	8,2g
other taxes	3g	% of GNI	8,12,2g
social contributions	3g	Decentralization, democratic	8g
taxes	3g	Defence expenditure,	
Business environment	2g	per capita	7,12,1g,3g
Cereal,		%, annual increase	7
exports	10	% of central government expenditure	7,3g
imports	10	% of combined education and	
production	10	health expenditure	3g
Children,		% of GDP	7
one-year-olds fully immunized,		total	7
against DPT	3	Dependency ratio	9
against measles	3,6,4g	Dietary energy consumption,	
against polio	6	daily, kcal per person	10
against tuberculosis	6,4g	intensity of food deprivation	10
in the labour force	6	Disaster, natural	
mortality rate, infant	1,6	affected people	11
mortality rate, under-five	4,6	economic losses	11
not in primary school	2	Domestic credit	2g
reaching grade five, % of grade one students	2	E	
Civil Liberties Index	6g	Earned income, female (% of male)	9g
Computer, households with	7g	Economic activity rate, female (% of male)	5
Contraceptive prevalence rate	3,4g	Education expenditure, public	
Corruption,		by	
by		primary	4g
business/private sector	8g	secondary	4g
civil servants	8g	tertiary	4g
education system	8g	per capita	12,1g,3g
judiciary	8g	% of government expenditure	3g,4g
media	8g	% of GDP	2,8,4g
military	8g	per pupil, % of GDP per capita	
NGOs	8g	all levels	4g
Parliament	8g	primary	4g
police	8g	secondary	4g
political parties	8g	tertiary	4g
religious bodies	8g	Economic management	2g
TI's Corruption Perceptions Index	1g,8g		
World Bank's Control of Corruption Index	8g		

Indicator	Indicator table	Indicator	Indicator table
Electricity production	11	H, I, J	
Energy use, per capita	11	Health expenditure, total	
Enrolment, %, combined 1st, 2nd and 3rd level, gross ratio,		external resources for health	4g
female	5	% of GDP	4g
total	1,2	private	
primary level, gross,		out of pocket health expenditure	4g
female	5	% of GDP	4g
total	2	% of total health expenditure	4g
primary level, net,		public	
female	5	per capita	12,1g,3g
total	2	% of GDP	3,8,4g
secondary level,		% of government expenditure	3g,4g
gross	2	% of total health expenditure	4g
net	2	social security expenditure on health	4g
technical and vocational	2	HIV/AIDS, affected	
Exchange rate	1g	adult population, % aged 15-49	3,4
Exports, % of GDP	8,2g	population, total	3
F		Homicide,	
FDI, net inflow		females	5g
% of GDP	2g	% of total	5g
total	12	rate per 100,000	1g,5g
Fertility rate, total	9	males	
Food,		% of total	5g
exports, % of merchandise exports	10	rate per 100,000	5g
imports, % of merchandise imports	10	Human Development Index	1
prices, average annual growth	12	Human rights violation	1g,5g
production, net per capita index	10	ICT Development Index	
Forest production,		access, sub-index	7g
fuelwood	10	skills, sub-index	7g
roundwood	10	use, sub-index	7g
Freedom in the World,		overall, index	1g,7g
Index	6g	Illiterate adults,	
status	6g	total,	
G		number	4
GDP,		% of adult population	4
growth rate	1,2g	females,	
per capita	1,8	number	4
per capita growth	8,2g	% of adult (female) population	4
sectoral composition, value added %,		Immunization, one-year-olds fully immunized,	
agriculture	8	against DPT	3
industry	8	against measles	3,6,4g
services	8	against polio	6
total	8	against tuberculosis	6,4g
Gender Inequality Index	1,5,9g	Imports,	
Global Militarization Index	7	arms	7
GNI per capita	8,1g	goods and services	12,2g
Gross capital formation, % of GDP	8	Income share,	
Gross fixed capital formation, % of GDP 2g	8,2g	ratio of top 20 per cent to bottom 20 per cent	8
Gross domestic savings, % of GDP	8,2g	share of bottom groups	4g
Government effectiveness	6g	share of top groups	4g
		Inflation, average annual rate	
		consumer prices	12,1g,2g
		food prices	12,2g

Indicator	Indicator table	Indicator	Indicator table
GDP implicit deflator	2g	% of imports	2g
Interest rate, spread	2g	total	8,2g
Internet, fixed broadband internet subscribers, per 100 people	7g	B, Q, R	
households with	7g	Parliament	
international internet bandwidth users, per 100 people	7g	seats in Lower House	
Journalists, imprisoned	7g	female	5,6g
killed	7g	male	6g
Judges, female	9g	total	6g
K, L		seats in Upper House	
Labour force,		female	6g
annual growth rate	9	male	6g
child	6	total	6g
female	9	type	6g
male	9	Persons brought into formal contact with the police	5g
total	9	Persons held in prisons	5g
Land,		Persons prosecuted	5g
area	10	Physicians, per 1,000 people	3,4g
irrigated, % of cropland	10	Police personnel	5g
Land use,		Political Rights Index	6g
arable, % of land area	10	Political stability and absence of violence, country rank	6g
permanent cropped area, % of land area	10	Population,	
Life expectancy at birth,		annual growth rate	1,9
female	5	female,	
total	1	number	5
Literacy rate, adult		% of male	5
female	1,5	rural	9
female, % of male	5	total, estimated	1,9
male	2	under-five,	
total	1,2	number	6
youth	2	% of total	6
Legislators, senior officials and managers, female	9g	under 18,	
M, N, O		number	6
Malnourished, weight for age (children under-five)	4	% of total	6
Mobile cellular, network, population covered by	7g	urban,	
subscriptions	7g	annual average growth rate	9
subscriptions, per 100 people	7g	number	9
Money supply, average annual growth	12,2g	Poverty, income	
Mortality rate, infant	1,6	population below national poverty line,	
maternal	3	rural	8
under-five	4,6	urban	8
Motor vehicle, per km of road	11	total	4
Newspapers, daily	7g	population below US\$1.25 a day	4,8
Official development assistance (ODA) received, net per capita	2g	Press Freedom Index, country rank	1g,7g
% of central government expense	2g	Professional and technical workers, female	5,9g
% of GNI	8,2g	Pupil-teacher ratio	2
% of gross capital formation	2g	R&D expenditures, % of GDP	2
		Regulatory quality	2g
		Researchers, per million inhabitants	2
		Reserves, foreign exchange	
		months of import coverage	2g
		total	2g
		Risk premium on lending	2g

Indicator	Indicator table	Indicator	Indicator table
Rule of law	6g	Universities, female heads	9g
S		Voice and accountability, country rank	6g
Sanitation, population with access	3,4g	Voter turnout	
without access, number	4	invalid votes	1g,6g
percentage	4	% of registered voters, voted	1g,6g
School life expectancy, primary to secondary	2	% of the voting age, voted	6g
primary to tertiary	2	W, X, Y, Z	
Social Institutions and Gender Index (SIGI)	9g	Water, population using improved	
Social security and welfare expenditure, public % of GDP	4g	with access	3
		without access, number	4
T, U, V		percentage	4
Tariff rate, mean		Women, employment laws,	
all products	1g,2g	length of maternity leave	9g
manufactured products	2g	mandatory paid or unpaid	
primary products	2g	paternity leave	9g
Tax revenue, by		paid or unpaid maternity leave	9g
direct taxes	3g	women can work in all industries	9g
goods and services	12	women can work the same night	
income, profits and capital gains	12	hours as men	9g
indirect taxes	3g	first woman elected or appointed	
international trade	12	to the Parliament, year	9g
other taxes	12	first woman presided over the Parliament, year	9g
% of GDP	8,12,3g	laws, violence against women,	
Telephone lines, per 100 people	7g	domestic violence	9g
Television, households with	7g	marital rape	9g
Trade, % of GDP	8	sexual harassment	9g
Undernourishment, number	10	% of seats in Lower House held by women	9g
% of total population	10	% of seats in Upper House held by women	9g
Unemployment rate, female	5	quota,	
youth	2g	constitutional quota at sub-national level	9g
total, number	2g	constitutional quota for national Parliament	9g
total, %	5,9,1g,2g	election law quota for national Parliament	9g

Theme of the Reports on Human Development in South Asia

1997	The Challenge of Human Development
1998	The Education Challenge
1999	The Crises of Governance
2000	The Gender Question
2001	Globalization and Human Development
2002	Agriculture and Rural Development
2003	The Employment Challenge
2004	The Health Challenge
2005	Human Security in South Asia
2006	Poverty in South Asia: Challenges and Responses
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2008	Technology and Human Development in South Asia
2009	Trad and Human Development

All published for Mahbub ul Haq Human Development Center by Cross Media, Lahore.

Also published by Mahbub ul Haq Human Development Center

1999	Profile of Poverty in Pakisatan
2000	First Mahbub ul Haq Memorial Lecture

Mahbub ul Haq Centre's Report on '*Governance for People's Empowerment*' addresses governance from the point of view of empowerment. It analyses governance of political, economic and social institutions from the perspective of how people are being empowered through the functioning of governmental institutions and policies. The progress of several institutions of governance, including the Parliament, Executive, judiciary, and the economic management is analysed from the perspective of the people, especially women, children and the poor. The questions that are behind this research, among others, include: what are the indicators of governance to use for assessing people's empowerment? Is there a conflict between economic growth and social justice? And, why accountability of governing institutions is a must for making policies and institutions function for the betterment of all citizens? Besides the high quality analytical work, the wealth of data on the state of human development and governance in South Asia collected for this Report will be valuable for policy makers and academic community.

Human Development in South Asia 2012 has been prepared under the supervision of Khadija Haq, President of Mahbub ul Haq Centre. Research was conducted by a team consisting of Nazam Maqbool, Umer Malik, Amina Khan and Fazilda Nabeel, with contribution from Hina Shaikh (consultant). Two South Asian consultants, Dr Amit Prakash of Centre for the Study of Law and Governance at Jawaharlal Nehru University in New Delhi, and Dr Manzoor Hasan of Institute of Governance Studies at BRAC University in Dhaka, contributed the country papers on India and Bangladesh respectively.



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