MILLENNIUM DEVELOPMENT GOALS IN ASIA AND PACIFIC REGION

Differentiated progress and persistent disparities

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Introduction

Asia and the Pacific region has made significant strides in attaining the MDGs during the last decade. However, there is also a growing concern that the regional aggregate picture hides two types of persistent disparities. First, most of the countries are going through different stages of progress in attaining the MDGs. The twin success of some countries in reducing income poverty and achieving significant human development masks deepening deprivation in many other countries. If the region follows a "business as usual" approach, the gap between MDG+ and MDG- countries could widen further and the achievement of MDGs for the Asia-Pacific region as a whole could prove to be difficult. Second, even in those countries that are on track to meet the MDG targets, particularly for income poverty, "national averages" of achievements hide persistent intra-country disparities. Progress often differs widely across regions and income groups of the same country. Many countries with good average performance on MDGs contain large population groups and entire geographical areas that are being left behind. The Millennium Project Report to the UN Secretary-General noted that, "All of these regional trends mask country-level variations.…Asia has poor performers as well as strong ones. Variation within countries can also be very high. For example, China and India have displayed strong aggregate growth, but they have wide sub-national variations in development…Sub-national variations in poverty

are important because they may reflect geographical, social, or other determinants of exclusion that require special strategies or investments".[1] Within the region, some sub-regions show disparities that are specific to their unique situations. "Many of the Pacific small island developing states are widely dispersed archipelagos that are far from world markets. In several of these countries, national averages mask striking development disparities between inner and outer islands, and between rural and urban areas."[2]. Persistent disparities are a cause for concern as these adversely affect the pace, nature and sustainability of the development process.

Regional experience suggests that the ESCAP developing countries can be classified into three broad groups, depending on their level of achievement in the progress towards the MDGs (see Box 1 for the methodology used in classifying the ESCAP developing countries into three groups, e.g., fast-track, on-track and off-track). This chapter analyzes the status of progress towards the MDGs by these three groups of countries with a special focus on the off-track countries. It examines both inter-country and intra-country differences and identifies those indicators that appear to be off-track in terms of the targets set for 2015.

Objectives

The main objective of the chapter is to investigate into the state of progress that has been made by the three groups of countries (fast-track, on-track and off-track) in the region in attaining the MDGs, thereby bringing out the persistent intra- as well as inter-country disparities that have been observed in reaching some of the MDG targets.

Specifically, the objectives are two-fold:

(a) To assess and analyze inter- and intra-country variations in progress towards the MDGs in the Asia-Pacific region, using selected indicators to judge the progress; and

(b) To identify and analyze the key indicators in off-track countries which

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[1] UNDP, Investing in Development: A Practical Plan to Achieve the Millennium Development Goals, page 16, New York: 2005
[2] UNDP, Investing in Development: A Practical Plan to Achieve the Millennium Development Goals, page 179, New York: 2005

require urgent policy attention.

Data and Methodology

The analysis in this chapter is based on data on the levels of the MDG indicators for three points of time starting 1990[3] for the developing ESCAP countries with 2015 being the target year and the 2000/2004 being the intermediate year. This data set, issued by the UN Department of Economic and Social Affairs (UNDESA), uses 15 April 2005 as the cut-off date. Any subsequent revisions in this data set are not reflected here. It is widely recognized that several limitations of this data set make the analysis of trends and predictions about future outcomes problematic. First, data are available for a limited number of countries and that again for some indicators only.[4] Second, there appears to be some discrepancy between the national statistics and UNDESA data set for several indicators. Third, $1 a day PPP method of poverty estimation remains controversial, although this is the only indicator that is internationally comparable. Fourth, a good number of estimates of the indicators have been revised since the first regional report on the MDGs was published by ESCAP and UNDP in 2003. It is therefore important to keep these and other limitations in mind while interpreting the findings that have been reported in this Chapter.

To address the main issue of inter-country and intra-country disparities, the countries for which data are available from the UNDESA data set have been clustered as fast-track, on-track and off-track countries, depending on their performance in each of the indicators under study. No attempt has been made to provide an aggregate measure of progress by the countries concerned as there are serious difficulties in assigning appropriate country-specific weights to individual goals. The methodology[5] for classifying the countries into three clusters is given in Box 1.

Box 1: Methodology

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[3] The base year for assessing the progress towards the MDGs. The target year is 2015 for all the indicators.

[4] There are 8 Goals and 18 associated targets and 48 indicators to measure progress/performance.

[5] The mathematical formula and the classification scheme have been jointly derived by ESCAP, ADB and UNDP.

The developing countries of ESCAP region are classified into three clusters for each indicator. The first cluster consists of all the countries, which have already achieved the goal set for that indicator. The second cluster of countries are those who would meet the goal by 2015, if they continue to progress at current pace. Countries, which are not likely to meet the goal by 2015, are classified into the third cluster.

For any country, let K be the year by which the indicator attains the target value.

If K < 2001, then the country is classified as being on 'fast-track' (MDG+).
If K = 2001 and K = 2015, then the country is classified as being 'on-track' (MDG).
If K >2015, then the country is classified as being 'off-track' (MDG-).

The year of attainment of the goal K is computed based on the progress of the indicator observed in 1990 or thereabout. Let I_t and I_{t-1} be level of the indicator for the latest period t and the base year t-1 respectively. Further let I_g be the MDG target level that is to be achieved by 2015. Then

$K = t + [(2015-t) \, Ln \, (1+ g_r)/Ln \, (1+g_a)]$

Where $g_r = \{(I_g/I_t)^{[1/(2015-t)]} - 1\}$ is the rate at which the indicator should progress to achieve the goal (by 2015) and $g_a = [(I_t/I_{t-1}) - 1]$, is actual rate of progress observed between 1990 and most recent reported year. If actual rate of progress g_a is less than or equal to 0 for any country, the year of attainment cannot be determined. In such a case, that country is included in the 'off-track' cluster. There are instances where the current rate of progress may be zero or negative even with high levels of achievements very close to goal. These countries would be classified as off-track if the above methodology is mechanically followed. In order to avoid this, we have classified the countries encountering such a situation as 'fast-track'.

There are some indicators for which targets are not specified. In such case the classification is rates of progress or absolute level of indicators. The base year is 1990 for the growth rates used in the present analysis (see Appendix Table 1 for details).

INTER-COUNTRY DISPARITIES: A LARGE NUMBER OF PEOPLE LIVE IN DIRE HUMAN POVERTY

The status of achievement of all the MDGs put together across all the developing ESCAP countries unfolds that none of the countries have performed equally well with respect to all the MDGs.[6] This sub-section

attempts to provide a brief summary of the assessment of the disparities between fast-track, on-track and off-track countries in Asia and the Pacific region with regard to key indicators in terms of their population shares and the status of average levels of achievement (figure 1 and table 1). It is evident that a majority of the countries have made notable progress in reducing income poverty and promoting universal primary education but are struggling to meet a good number of health- and environment-related indicators. Policy attention would therefore have to be focused on these "problem" indicators.

Although the region as a whole, at the current rate of progress, can be expected to reach the target for income poverty, there are significant disparites among the clusters with regard to their individaul performance and reaching the traget set for 2015. Though the estimated on-track coutries are expected to achieve the MDG with respect to income poverty, the absolute levels of income poverty and the number of people who will continue to live below those levels are a concern for them. For instnace, for on-track countries, the incidence of poverty will still be as high as 17 per cent as compared to only 6 per cent for fast-track countries (table 1). Furthermore, the progress in income poverty shows that out of 22 countries for which data were available, 10 were in fast-track, 2 were in on-track and 10 in off-track group (Appendix table 2). Much of the reduction in poverty in the region between 1990 and 2002 was due to significant reduction in poverty in China and South-East Asia. India also reduced poverty but the reduction in absolute number of poor was small. Pakistan has already achieved the goal but poverty increased in recent years[7].

Figure 1 shows that population share in fast track countries for six indicators is more than 70 per cent in indicators such as completion rates, literacy

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[6] Out of the 48 indicators, this Chapter looks at 25 key available indicators relating to Goal 1 to Goal 7 of the MDGs. Appendix Table 2 provides a summary of the clustering of all the countries for which data are available.

[7] There is a significant difference between poverty ratios based on national poverty lines and those based on $ (PPP) a day poverty lines for Pakistan. A significant revision was made to $1 PPP poverty incidence in the latest MDG date set issued by UNDESA.

rates, girl-boy ratio (literacy), prevalence of malaria, forest cover and water supply (urban). In the case of net enrolment, girl-boy ratio (primary), the population shares are between 50 and 70 per cent for fast track countries.

Figure 1: Percentage of Population in the three Indicator-Specific Clusters

Source: ESCAP estimates based on UNDESA data set available on 15 April 2005; Population data are obtained from World Development Indicators of the World Bank, 2004.
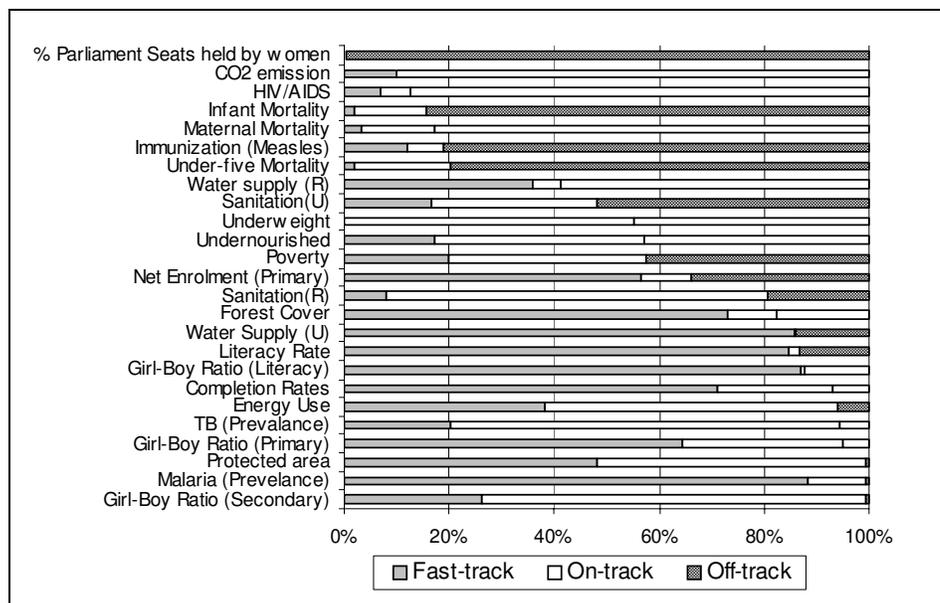
It shows that majority of the population live in fast track category for these eight indicators. The average levels for fast track countries show that the levels are much better as compared to on-track and off-track countries. As shown in Table 1, for some of the indicators such as net enrolment, prevalence of TB, forest cover, water supply and sanitation in rural areas, CO_2 emissions, there is a need for improvement in the levels. Also, for fast track countries, one has to be careful about the possibility of reversals. For example, in the case of enrolment, the levels of many countries were more than 95 per cent for some of the countries even in 1990. There are countries like Georgia, Myanmar and Azerbaijan, which show steady decline in their performance as compared to the base year 1990. China has also shown downward trend

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between 1990 and 2001. If appropriate policy measures are not taken, the countries that showed downward trend may miss the MDG target. In fact, the first MDG Report (UN, 2003) warned about the reversal in enrollment rates in many countries. Similarly, the CO_2 emissions are high for fast track countries.

Table 1: Number of Countries, Population Shares and Levels of Indicators by Clusters

Indicators	Total number of count-ries	Number of countries			Population-weighted average Indicator Levels		
		Fast-track	On-Track	Off-Track	Fast-Track	On-Track	Off-Track
Poverty	22	10	2	10	6.08	16.58	30.32
Undernourished	30	9	6	15	4.65	11.93	22.85
Underweight	17	1	7	9	1.90	14.64	44.65
Net Enrolment (Primary)	37	21	6	10	93.98	86.40	83.38
Completion Rates	21	7	10	4	98.04	85.20	65.09
Literacy Rate	29	23	1	5	98.56	94.40	54.77
Girl-Boy Ratio (Primary)	42	32	5	5	0.99	0.85	0.93
Girl-Boy Ratio (Secondary)	38	28	7	3	1.02	0.75	0.69
Girl-Boy Ratio (Literacy)	29	24	1	4	0.99	0.90	0.67
% Parliament Seats held by women	39	0	3	36		15.32	13.43
Under-five Mortality	46	4	12	30	5.52	44.48	61.05
Infant Mortality	46	4	5	37	5.52	32.65	45.65
Immunization (Measles)	47	18	9	20	97.32	86.41	79.51
Maternal Mortality	37	4	11	22	33.40	256.80	274.28
HIV/AIDS	18	7	3	8	0.10	1.75	0.05
Malaria (Prevelance)	31	19	9	3	11.46	658.14	1478.80
TB (Prevalance)	55	36	11	8	162.60	306.62	155.00
Forest Cover	48	13	17	18	20.40	45.38	37.50
Protected area	51	20	25	6	0.17	0.06	0.00
Energy Use	25	6	13	6	182.72	228.39	628.62
CO2 emission	48	21	2	25	7.10	0.63	2.03
Water supply (R)	33	12	4	17	83.88	85.19	71.42
Water Supply (U)	39	29	2	8	94.32	93.85	88.15
Sanitation(R)	33	13	7	13	92.12	26.65	50.54
Sanitation(U)	36	22	4	10	93.59	61.12	72.25

Source: ESCAP estimates based on UNDESA data set available on 15 April 2005

In the case of on-track countries related to six indicators, (e.g., underweight, girl-boy ratio (secondary), TB prevalence, protected area, energy use and

rural sanitation) more than 50 per cent of the population live in those countries (figure 1). In most of these indicators, however, the levels of achievement are a concern. For example, the average level of available rural sanitation in on-track countries is only 27 per cent. Apart from these six indicators where majority of the population are concentrated, the levels for some other indicators is also a concern for on-track countries. The level of enrolment and completion for these countries is only 85 per cent as compared to the rate of 100 per cent. There is also a concern regarding the levels for infant and child mortality, maternal mortality and urban sanitation.

Figure 1 and table 1 reveal that for several indicators, population is concentrated in off-track countries and the levels of achievement are also very low for many indicators.

To sum up, although fast track and on track countries could achieve many MDGs, there are still concerns about the levels of achievement for many indicators. Of course, there are also serious concerns regarding off-track countries. The next section concentrates on these off-track countries.

3. URGENT POLICY INTERVENTIONS ARE NEEDED IN OFF-TRACK COUNTRIES

Among the sub-regions, the off-track countries are of most significant concern to the policy makers and the international community. They appear to be concentrated in South-Asia, the Central Asian Republics, and the Pacific sub-region as compared to other sub-regions of Asia and the Pacific region. If more urgent focused attention is not given to these off-track countries, the promise of reducing poverty and improving human development and the quality of the environment in Asia and the Pacific region as a whole will remain unmet. As the Millennium Project Report observed, "International donors should identify at least a dozen MDG "off-track" countries for a rapid scale-up of official development assistance (ODA) in 2005, recognizing that many countries are already in a position for a massive scale-up on the basis of their good governance and absorptive capacity"[8].

(a) Focused attention is needed for several human development and environment   indicators

In order to bring out the key issues facing the off-track countries into sharper relief, the 25 indicators examined in this Chapter have been classified into two groups: (a) indicators in which one third or more of the total number of countries are off-track; and (b) indicators in which less than one third of the countries are off-track (figure 2). Following this scheme, it is found that, among the 25 indicators investigated, there are 13 indicators in which one third or more countries are off-track (highlighted in red colour in figure 2). Eight out of these 13 indicators have more than 50 percent of the countries labeled as off-track. They relate to health (underweight children, child mortality, infant mortality, maternal mortality), undernourishment, and environment (CO_2 emissions and water supply in rural areas). In the case of five indicators, e.g., head count ratio of poverty, immunization, forest cover, sanitation in rural areas, and HIV/AIDS, the percentage of the countries in the off-track group was between 33 and 50 per cent.[9] These 13 indicators are discussed in detail below.

Income poverty: The estimated number of off-track countries for income poverty are 10[10] out of 22 countries with a population share of 45 per cent. The population-weighted average level of incidence of income poverty in off-track countries is also very high at 30 per cent (table 1). Bangladesh is one of the off-track countries where income poverty has not only increased during 1995-2001 period, completely reversing the gains achieved in the first half of 1990s, the country also experienced fluctuations in the trends in income

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[8] UNDP, *Investing In Development: A Practical Plan to achieve the Millennium Development Goals*, page xxi, New York: 2005

[9] More appropriate would be population shares of "off-track" countries under different indicators. The population shares given in Figure 1 above and Appendix table 2 reveal that the classification based on percentage of number of off-track countries holds true here also with few exceptions.

[3] This number declines to 9 by making India "on-track" if the year 1995 is used as the base year for calculating its rate of decline in poverty incidence. India becomes "off-track" if the year 1990 is used for doing so. All other 9 countries are the same countries under both the growth projections. The incidence of poverty ($1 a day PPP) in 1990 was significantly revised downward by UNDESA in its 15 April 2005 data set compared to the UNDESA data set used for the first regional ESCAP/UNDP MDG report, published in June 2003.

poverty. Poverty also increased in some of the Central Asian off-track countries such as in Armenia, Georgia, and Uzbekistan[11].

It may be noted that income poverty has significant links with economic growth and income distribution. A study by the Asian Development Bank[12] provides some interesting results on these relationships. The data for 51 developing countries all over the world indicates that on average, economic growth is strongly associated with poverty reduction. The results show that an increase in growth of 1 per cent is associated with a 1.5 per cent decline in the incidence of average level of poverty as measured by $1 (PPP) per day. Economic growth 'explains' about 41 per cent of the variation in poverty. But, similar analyses for the developing Asian countries indicate that each 1 per cent growth is associated with an almost 2 per cent decline in poverty incidence on average. In these countries, growth 'explains' 65 per cent of the variation in changes in poverty on average among the developing countries of Asia. Why has the impact of growth on the poor been higher in Asia as compared to the developing world? One of the reasons could be that the levels of inequality have been lower in Asia as compared to other parts of the developing world. Therefore, inequality also matters for reduction in poverty[13]. Also, pro-poor policies such as giving priority to agricultural sector and labour intensive manufacturing sector, investments in rural infrastructure have been important for reducing income poverty in the region. Infrastructure and road connectivity are also very important in reducing income poverty as shown by the experience of Lao PDR (Box 2). Inequality reducing measures such as asset distribution and targeted poverty alleviation programmes are also important.

Box 2: Fostering Connectivity to Combat Poverty: Lao PDR Road Improvement Projects

The Fourth and Fifth Road Improvement Projects of the Lao PDR assisted

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[11] See Technical Background Paper by S. Mahendra Dev (2005).

[12] ADB, 2004

[13] See also the first MDG Report, published by ESCAP and UNDP in June 2003.

the Government to combat poverty by reducing the isolation of the northern parts of the country. The projects helped improved the northern part of the national road N13, which links the northern and southern provinces of Lao PDR.

A post-evaluation in December 2001 found that the projects had a high rate of return and were assessed as highly efficient and sustainable. The projects made the road usable in all weather conditions and ensured secure year-round passage to road users. The number of registered trucks more than doubled while the number of buses tripled between 1990 and 1995. Travel times were substantially reduced, from more than one day to 5-8 hours, while the travel cost became affordable to most villagers.

These projects enhanced access to health and education services, enabling previously excluded communities to tap government immunization, special education, and training programs. New opportunities for income generations were created among some of the poorest communities of the north. Prior to the project, these villages tended to produce food crops to meet subsistence needs. With improved market access, all villages reported a variety of income sources, including production of vegetables, chili, cotton, jute, papyrus grass of paper making, fishponds, and handicrafts. Poor women were able to produce traditional embroidery for export thanks to market links to Louang Phrabang. Security in the region also improved, with more villages built along the route and an increase in travel speed.

Four key factors contributed to the successful scaling-up of this poverty reduction intervention:

- Strong local commitment by the executing authority (i.e., the Ministry of Communications, Transport, Post and Construction), whose staff were committed to complying with the project agreement and were determined to learn from loan-financed consultants to improve project management.

- Institutional capacity had to be improved for designing, constructing, and maintaining the nation's road network and for improving capacity for road maintenance in the northern provinces. On-the-job training of project implementation capacity. Commercialization of state-owned enterprises and the emergence of private construction companies were encouraged under the project, helping to contribute to a more competitive and sustainable institutional setting.

- Lack of recurrent funding for road maintenance was a perennial problem in Lao PDR, as in many other developing countries. To address the lack of adequate budgetary resources to maintain the roads, a road maintenance fund is being established with the assistance of ADB, the World Bank, and others.

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- The project, and an accompanying series of 20 technical assistance projects, provided valuable learning experiences in both the technical and management aspects of civil works and road maintenance. Technical expertise was transferred, for example, in designing culverts in the fragile mountainous regions and in constructing subsoil drains for drainage of storm water. During the latter stages of project implementations, the commercialization of stat-owned enterprises and provision of assistance to private construction companies helped in building capacity in the private sector. Local villages were also trained in maintenance and road repair work.

Source: ADB, Scaling-Up Poverty Reduction: ADB in Asia and the Pacific, Paper prepared for the Conference on Scaling Up Poverty Reduction, Shanghai, The People's Republic of China, 25-27 May 2004.

Original Source: ADB, Project Performance Audit Report on the Fourth and Fifth Road Improvement Projects in the Lao People's Democratic Republic, 2001, Manila.

Incidence of hunger and underweight children: The population-weighted average levels of undernourished people as well as the associated shares of population are high in the off-track countries. This is also true in the case underweight children. More than 40 per cent of the undernourished population and under weight children lives in off-track countries. Available data indicate that the incidence of hunger as measured by underweight children in these off-track countries is not only as high as 45 per cent but it is even higher than the level of poverty of over 30 per cent (table 1), making hunger less responsive to declines in poverty. This is paradoxical as Asia and the Pacific region as a whole produces more food than it consumes. Yet, the evidence suggests that vast numbers of people go hungry and suffer from hunger-related debilitating diseases, malnutrition among children and other handicaps. Poor distribution systems and lack of purchasing power aggravate the hunger problem. The poor also consume foods that are deficient in essential nutrients. This has devastating effects on their health, particularly women and the children from poor households. Therefore, both the on-track and off-track countries have to accord high priority to the significant levels of undernourished people who live in those countries.

Overcoming hunger and reducing malnutrition among children are increasingly becoming a top policy priority in Asia and the pacific region. Clearly, while increased food production, and hence food availability, is very important,

there is much more to get rid of hunger. A programme to conquer hunger must include, among other things, measures for enhancement of general economic growth, expansion of employment and decent rewards for work; diversification of production (*all to enhance employment and livelihood access*); enhancement of medical and health care (*to improve health status*); availability of potable water and sanitation (*to allow better food absorption);* arrangement of special access to food on the part of the poor people, including deprived mothers, aged, disabled and small children; spread of basic education and literacy especially among women (*to, inter alia, bring down fertility rate*); strengthening democracy and the news media (*to generate political incentives in preventing hunger*) and reduction in gender-based inequalities (*to improve equitable intra-familial access to food*). "*These different requirements call for an adequately broad analysis alive of the diversity of causal antecedents that lie behind the many-sided nature of hunger in the contemporary world*" [14]. Unfortunately, most of the focus in the countries of the region to eliminate hunger has revolved around food production and to a moderate extent, on provisioning of water and sanitation.

Proportion of seats held by women in national parliament: For this indicator relating to the empowerment of women, 36 out of 39 developing countries considered in this Chapter are in the off-track category. As against the target of 50 per cent of the seats in national parliament to be held by women, some 21 countries have less than 10 per cent women's representation in national parliaments. Only 9 countries have more than 20 per cent of seats held by women in their national parliaments. Therefore, the developing countries would have to take bold and swift steps, including legal and institutional reforms, to ensure gender parity in this important national institution of significant symbolic as well as great practical value.

Child and infant mortality: Of the total population in the three clusters, more than three-fourths that may not achieve the target on child and infant mortality are living in the off-track countries. It is also a matter of concern that the levels of under-five mortality (table 1) are high among the on-track countries, although they are as a whole likely to achieve this MDG. More or

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[14] Sen, A.K., 1977.

less, the same scenario prevails with regard to infant mortality rates. In contrast to significant reduction in income poverty, the progress in underweight children and human development indicators such as infant and child mortality has not been satisfactory. In all these indicators, the number of off-track countries is higher than fast-track and on-track countries.

Maternal mortality: With 83 per cent of the ESCAP population living in the off-track countries with high levels of maternal mortality rate, the goal of improving the maternal health remains a distant dream. Hence, together with very high child and maternal mortality, health is a major concern for Asia and the Pacific region as other forms of communicable as well as non-communicable diseases begin to put ever greater stress on the region's resources and the well-being of its inhabitants (Box 3). Innovative approaches would also have to be devised and implemented to provide health care services (Box 4).

Box 3: Win-win policies in the health sector

The combined objectives of greater equity and efficiency are easier to achieve in some programs than in others, as illustrated in the following two examples from the health sector.

Some health services, such as mosquito and other pest control and health education on basic hygiene and nutrition, are pure public goods. Others, such as combating infectious diseases (like SARS), have clear positive externalities. Still others, such as curative care for noninfectious conditions, are private goods. Governments are responsible for infectious disease control on efficiency grounds. But such policies have important equity benefits as well. While the poor suffer more from almost all diseases than the non-poor do, the difference is greatest for infectious diseases. In India the poorest tenth of the population is seven times as likely to suffer from tuberculosis as the richest tenth.

The general inadequacy, if not total absence, of health insurance markets in most developing countries exposes both the poor and the non-poor to substantial financial risks and insecurity. The systemic reasons for this failure were originally discussed in detailed by Arrow in 1963. While public provision of insurance is one policy option, managing such programs is not easy. A common way of addressing the insurance problem is to subsidize expensive care, usually through public hospitals. But on equity grounds, the value of subsidizing hospitals is not as clear as that of attacking infectious

disease. Hospitals are usually in urban areas, and the non-poor end up benefiting more from the subsidies. Subsidized provision of essential hospital care can enhance equity as well as efficiency. But it will be a win-win policy—enhancing both equity and the efficiency of markets used by poor people—only if poor people can effectively access hospital care and that poses a significant challenge. For this to happen, partnership between public sector (e.g., Health Ministry) and the private insurance providers to provide Health Insurance cover at progressively priced but affordable rates could be one answer.

Source: Modified from World Development Report 2000/2001: Attacking Poverty. World Bank 2000 and ESCAP notes

**Box 4:   Scaling-up NGO-based Experiments to
Deliver Health Care to the Poor**

The Cambodian Ministry of Health, with the support of the ADB-financed Loan 1447-CAM: Basic Health Services Project, contracted NGOs to deliver health services as an alternative to conventional government service delivery methods. Two models of NGO contracting for health services were tested and evaluated. The experience of these models was compared with a number of non-intervention areas, which served as controls.

Contracting Out. Contractors had full responsibility for the delivery of specified services in an operational district, directly employed their staff, and had full management control over staff, resource allocation, and disbursement.

Contracting In. Contractors provided only management support to civil service health staff, with recurrent operating costs provided by the Government through normal government channels.

There were three contracted-in and two contracted-out districts, and four control districts, each with a population of 100,000-200,000. An evaluation study showed that the contracted districts provided more than proportionate benefits to the poor. Much of the increase in health care utilization in contracted districts was attributable to the increased use of services by households of low socioeconomic status. For example, the use of curative health services at district hospitals by the bottom-half socioeconomic group increased more than tenfold in contracted-out districts and by fivefold in contract-in districts in 2.5 years. The corresponding increase in the control districts was considerably lower at 82% during the same period.

While the use of government-financed services by households with low socioeconomic status increased in contracted-out districts, their actual out-of-pocket payment for health care utilization fell by 70% during the contract period. The reduction on out-of-pocket costs was greater for this group than for the overall population, indicating successful targeting of desired beneficiaries and efficient transfer of subsidies. This benefit to the poor was achieved through decreases in the private purchase of inefficient services combined with a reduction in travel expenditures in access to services closer to home.

The pilot exercise is being expanded to 10 relatively poor operational districts in the Health Sector Support Project, which is being financed together with the United Kingdom Department for International Development and the World Bank. In addition to contracting, the Project will help the Government in institutionalizing pro-poor health sector policies and poverty-sensitive planning and M&E systems.

Source: ADB, *Scaling-Up Poverty Reduction: ADB in Asia and the Pacific*, Paper prepared for the Conference on Scaling Up Poverty Reduction, Shanghai, The People's Republic of China, 25-27 May 2004.

Original Source: ADB, *Project Completion Report on the Basic Health Services Project (Loan 1447-CAM[SF] in Cambodia,*2004, ADB, Manila.

HIV/AIDS: Although the HIV/AIDS prevalence rate among young female population is low in the off-track countries, the reversing process has not yet begun and therefore they remain exposed to a high risk in future. Further, the population in these countries account for almost 87 per cent of the total population of the region. Hence, achieving this MDG target on time could prove to be quite difficult. Failure to reverse the HIV/AIDS may force tens of million of people into poverty, thereby resulting in a serious set back to in achieving the target on poverty reduction for the ESCAP region as a whole (Box 5).

Box 5: HIV/AIDS Increases Poverty Significantly

ADB/UNAIDS study estimate that, if prevention, care and treatment efforts continue to be as inadequate as at present, by 2010 yearly losses to the region will equal US$17.5 billion compared with the estimate of US$7.3 billion lost in 2001. (Estimated losses in 2001 comprised over US$7 billion in lost income and additional expenses borne by HIV/AIDS-affected households – overwhelmingly the result of the sickness and death of adults – as well as US$250 million in government spending on HIV/AIDS prevention and care.)

Conversely, the study estimates that the establishment of a successful response today will hold the region's losses to US$15.5 billion by 2010, implying a savings of nearly US$2 billion in 2010 alone. These two scenarios are detailed in Table 1.

Failure to curb the epidemic now will force tens of millions of people into poverty and national efforts to achieve the Millennium Development Goal of poverty reduction will be set back. Studies detailing the poverty impact of HIV/AIDS in Cambodia, India, Thailand and Viet Nam show that significant numbers of households that are not poor are being pushed into poverty and households that are already poor are being rendered destitute, particularly in provinces and areas where the epidemics are more advanced.

The same studies estimate that, in every year from 2003 to 2015, an average of 5.6 million people in Cambodia, India, Thailand and Viet Nam will become poor or fall deeper into poverty if the epidemic is not checked now. As much as 88 per cent of the increase in poverty is expected to occur in India.

Source: ADB/ UNAIDS Study Series: Asia Pacific Opportunity: Investing to Avert HIV/AIDS Crisis, July 2004.

Immunization: In terms of immunization indicator, more than 80 per cent of the population lives in off-track countries. As for the number of countries that are off-track, 20 out of 47 countries are in this category. The average levels show that about 80 per cent of the population has immunization coverage in these countries. The levels are low in some of the South Asia and Pacific Island countries. Immunization is important for reducing child mortality. In fact, the experience of many countries has shown

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that immunization coverage is directly correlated with reduction in child mortality.

Forest cover and protected land: Around 37 per cent of the population lives in off-track countries in terms of the indicator on forest cover. Although the level of forest cover is higher for off-track countries as compared to fast-track countries (37 versus 20 per cent), the slow progress is a cause for concern. This may pose, in time, a significant threat to the environmental sustainability in the region.

CO_2 emission: The off-track countries, which have moderate levels of CO_2 emission, have not been able to reduce the emission levels in any meaningful way. Out of 48 countries, 25 are in off-track category. However, in terms of population, nearly 90 per cent of the population in the region lives in off-track countries. This may pose a serious health hazard and other forms of threat to a significant part of the population of the ESCAP region, if the present trends continue.

Improved water source and sanitation: Providing access to improved water source in rural and urban areas in off-track countries needs serious attention, compared to the countries in other two clusters. The same is true with regard to accessing improved sanitation in the rural areas in both the on-track and off-track countries. Policy makers need to see the water and sanitation situation in a more integrated manner. In particular, there is a significantly greater scope for private sector involvement in providing safe drinking water to both the urban as well as rural dwellers[15].

Even though the world's population continues to increase beyond the 6 billion mark in 2000, the world's supply of fresh water is limited to 2.5 per cent, of which only about 0.5 per cent is accessible ground water.[16] The world grows by 77 million people a year, while water consumption has increased six-fold over the last 70 years due to increased industrial development and irrigation. The situation is worse in Asia, which is believed

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[15] See ADB study on safe drinking water.

[16] This section is based on *Human Development in South Asia 2002: Agriculture and Rural Development*, Oxford University Press, 2002.

to have the lowest per capita availability of freshwater resources in the world. In South Asia, although 80 per cent of the rural population has access to drinking water, yet the safety of accessible water is not guaranteed. In Bangladesh, high-arsenic concentrations have been discovered in numerous wells in rural areas. According to UNEP, of the 20,000 tube-wells tested, 19 per cent were found to be contaminated by more than 0.05 mg per litre, and 2,200 cases of arsenicosis were identified.

Not only is the water unhygienic, the supply of water itself is depleting in some parts of the region. According to UNFPA, water tables under some cities are declining at over one meter per year. In Pakistan, water withdrawal as a percentage of the total available is more than 40 per cent leading the country towards the state of high water stress. In Gujarat, India, excessive use of ground water in some cases, has caused water levels in acquifers to fall by 40 meters.

The lack of water affects women in several ways. For instance, being responsible for the domestic procurement of water, they have to walk several more miles to procure water carrying heavy containers. In Thar district, Pakistan, UNICEF in 1990 estimated that women in the dry season have to trek for up to 10 miles in 45 degrees centigrade heat, to get to the closest source of water. The contamination of water also affects women directly since women are responsible for household provision of water. Women have a greater contact with water because of their washing and cleaning chores and therefore, become more susceptible to several water-related diseases. As agricultural workers and farmers, women have their productivity limited by the unavailability of one of the most important inputs to agricultural production.

Even though women in rural South Asia are so critically affected by the supply of adequate and safe water, they are often excluded from water resource policies and programmes which usually focus on cash crop production. Irrigation strategies rarely address women's concerns, their rights and uses, reflecting the entrenched biases in agricultural systems. In rural areas where piped water is a rarity, women need to be trained in operating maintaining and repairing private hand pumps, and community tanks so that

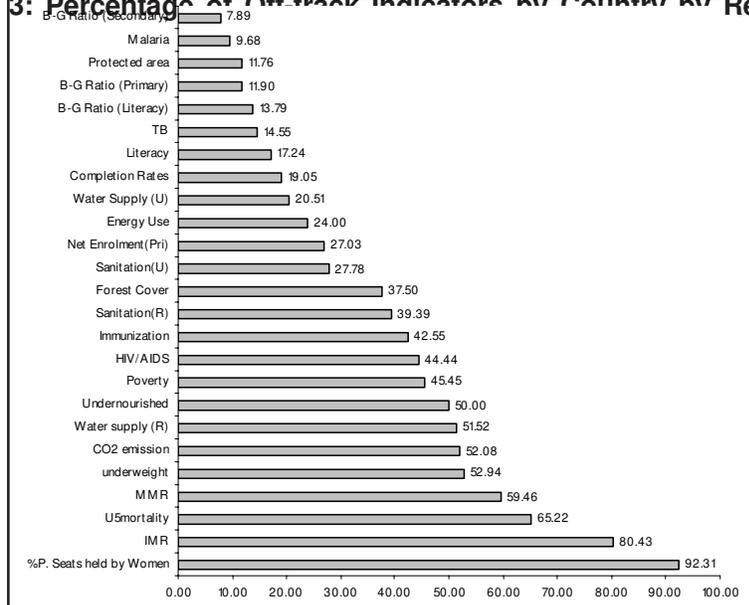they become self-reliant in accessing water supplies.

(b) Sub-region specific characteristics call for targeted policy interventions

There are stark differences among sub-regions of off-track countries for many indicators. In every sub-region, some countries have progressed well while others are lagging behind. It is important to identify these countries by indicators in order to design and implement appropriate policy interventions.

It is proposed here that countries with one third or more of the off-track indicators are given special attention. 32 out of total 55 countries examined fall in this group of countries that need special attention for some indicators. Figure 3 clearly identifies these vulnerable sub-regions: South-Asia (and Iran and Afghanistan); countries with economies in transition (North-Central Asia and three countries in South-East Asia viz., Lao PDR, Cambodia and Vietnam); and the Pacific Island economies (See Appendix Table 3) . Apart from these sub-regions, Mongolia and Democratic Peoples Republic of Korea in East-and North-East Asia and the Philippines and Indonesia in South-East Asia would also need sustained attention in achieving the MDGs.
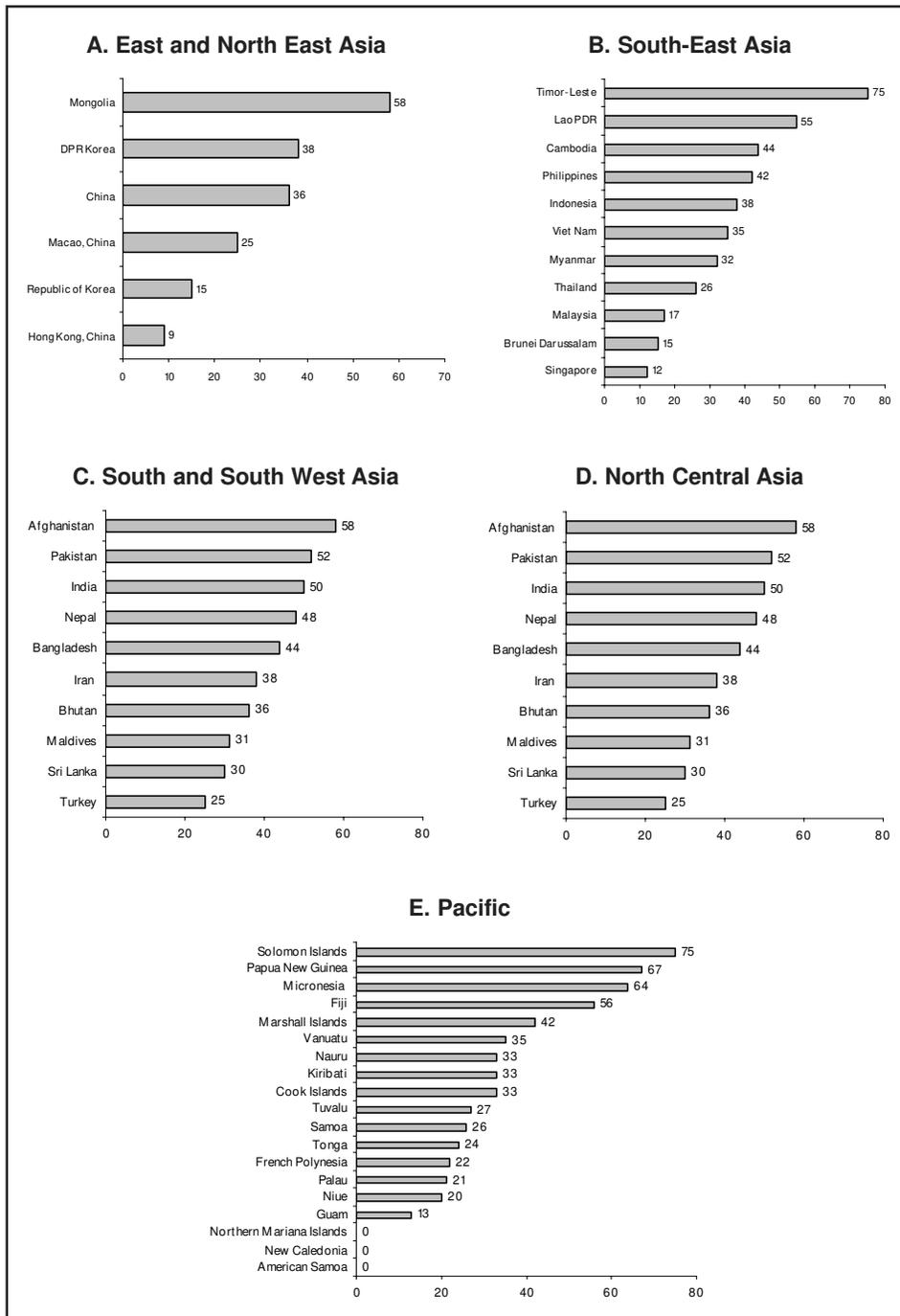
Figure 2: Percentage of Off-track Countries by MDG Indicators

Figure 3: Percentage of Off-track Indicators by Country by Regions

Indicator	Value
B-G Ratio (Secondary)	7.89
Malaria	9.68
Protected area	11.76
B-G Ratio (Primary)	11.90
B-G Ratio (Literacy)	13.79
TB	14.55
Literacy	17.24
Completion Rates	19.05
Water Supply (U)	20.51
Energy Use	24.00
Net Enrolment(Pri)	27.03
Sanitation(U)	27.78
Forest Cover	37.50
Sanitation(R)	39.39
Immunization	42.55
HIV/AIDS	44.44
Poverty	45.45
Undernourished	50.00
Water supply (R)	51.52
CO2 emission	52.08
underweight	52.94
MMR	59.46
U5mortality	65.22
IMR	80.43
%P. Seats held by Women	92.31

Source: Appendix Table 2

South-Asia

A. East and North East Asia

Country	Value
Mongolia	58
DPR Korea	38
China	36
Macao, China	25
Republic of Korea	15
Hong Kong, China	9

B. South-East Asia

Country	Value
Timor-Leste	75
Lao PDR	55
Cambodia	44
Philippines	42
Indonesia	38
Viet Nam	35
Myanmar	32
Thailand	26
Malaysia	17
Brunei Darussalam	15
Singapore	12

C. South and South West Asia

Country	Value
Afghanistan	58
Pakistan	52
India	50
Nepal	48
Bangladesh	44
Iran	38
Bhutan	36
Maldives	31
Sri Lanka	30
Turkey	25

D. North Central Asia

Country	Value
Afghanistan	58
Pakistan	52
India	50
Nepal	48
Bangladesh	44
Iran	38
Bhutan	36
Maldives	31
Sri Lanka	30
Turkey	25

E. Pacific

Country	Value
Solomon Islands	75
Papua New Guinea	67
Micronesia	64
Fiji	56
Marshall Islands	42
Vanuatu	35
Nauru	33
Kiribati	33
Cook Islands	33
Tuvalu	27
Samoa	26
Tonga	24
French Polynesia	22
Palau	21
Niue	20
Guam	13
Northern Mariana Islands	0
New Caledonia	0
American Samoa	0

Source: Appendix table 2

This sub-region is home to 22 per cent of the world population and nearly 40 per cent of the world's poor who earn less than a dollar a day. But it generates only 2 per cent of world income. Around 60 per cent of the South Asian workers are dependent on agriculture for their livelihoods and survival. Agriculture in this sub-region is dominated by small holders with an average holding size of 1.6 hectares. Thus, policies affecting agriculture have significant implications for a large mass of poor in South Asia. Since majority of the poor in this sub-region lives in rural areas, policies on rural development are also equally important. Asset inequality particularly land inequality leading to poverty is one of the important characteristic of this region. Many poor do not have access to assets and poverty is concentrated among landless labourers and urban slum dwellers.

All except two countries (Sri Lanka and Maldives), this sub-region have 33 per cent or more of the indicators in off-track category. But the task is enormous in terms of human development and environmental sustainability. Although income poverty declined in the sub-region, the levels are unacceptably high in most of the countries.

There have been significant improvements in some human development indicators in several countries, particularly in Sri Lanka, Bangladesh[17] and some parts of India[18]. However, Human Development Index in South-Asia is the lowest among all the sub-regions of Asia and the Pacific region. Only Sri Lanka in the sub-region has a high human development index. Socio-economic conditions of the sub-region could be partly responsible for relatively slow growth in education and other human development indicators. The percentage of under weight children is also unacceptably high. Another on going concern for South Asia is the increase in prevalence of HIV/AIDS. Given its large population, this could pose a huge challenge if appropriate and timely interventions are not put in place. Gender-based discrimination is widespread

[17] Dreze, Jean (2004), "Bangladesh shows the way", opinion page of T*he Hindu,* 17 September, cited in World Bank (2005), "Attaining the Millennium Development Goals in Bangladesh", Washington, D.C.

[18] Government of India (2002), "National Human Development Report 2001", Planning Commission, Government of India.

which has to be reduced in this sub-region if any meaningful improvement is to be made in the lives of its women population. Gender disparities in the sub-region are also behind the high rates of malnutrition and child mortality among girls and high maternal mortality rates. It continues to face serious problems regarding forest cover, CO2 emissions, rural water supply and rural sanitation. India's coverage of rural sanitation was only 18 per cent in 2002. In Bangladesh and Pakistan, it was 39 per cent and 35 per cent respectively. Also, there are many social groups in South Asia who have much higher poverty levels and low human development as compared to national averages.

There have been some commonalities in policies across countries in South Asia because of similarities in the social and cultural milieu and a shared legacy of the British rule. Some of the British administrative practices and institutions are still in place after independence in 1947. Governance and delivery services for health and education, particularly for the poor, are not satisfactory in this sub-region, although the sub-region is well known for significant participation of NGOs and civil society organizations in the development activities and programmes for the poor.

South Asia has opportunity to reduce the levels of poverty and increase human development. As will be shown below, the region has experienced rapid growth in GDP, averaging 5 to 5.5 per cent per annum over the last two decades. With increased foreign reserves and relatively stable macroeconomic policies, the prospects for higher growth are strong. Higher economic growth accompanied by better delivery systems for services are needed to improve human development, and better water and sanitation coverage in rural areas.

Countries with Economies in Transition

North and Central-Asian countries and three countries (Lao Peoples Democratic Republic, Cambodia and Vietnam) in South-East Asia fall in this group of transition economies. The North and Central-Asian sub-region has the highest percentage of countries with one third or more per cent of off-track indicators. Uzbekistan and Kazakhstan have 50 per cent or more of the

indicators in off-track category. All other countries except Armenia and Kyrgyzstan, also have high percentage of indicators in off-track group.

The discussion here focuses on six Central Asian Republics Economic Co-operation (CAREC) countries (Azerbaijan, Kazakhstan, Kyrgyz Republic, Mongolia[19], Tajikistan and Uzbekistan)[20]. On average, only 8 per cent of the area is cultivable in these six countries. The rich natural and mineral resources of the region such as precious metals and hydrocarbons are unevenly distributed. All these countries are landlocked and are located at great distance from markets in Europe and the USA. Uzbekistan in the region is a double land locked country. However, the region is surrounded by the large and rapidly growing economies of Russia, China, Islamic Republic of Iran and India.

The CAREC countries at the time of independence in 1990/91 were mid-income countries with high levels of human development. The transition from a centrally planned and command driven system to market economy and democracy is proving to be challenging for most of them. As mentioned by Agarwala (2005), the CAREC countries had to undergo triple transition from: (a) centrally planned to market based liberalized economies; (b) totalitarian communist systems towards democracies in pluralistic nature; and (c) Soviet Republics to sovereign countries. This complex change has resulted in retrogression in many economic and social indicators. The entire production and exchange system collapsed, resulting in large-scale loss of employment and purchasing power among CAREC countries. Income poverty increased in some of the countries. GDP per capita in absolute terms declined since 1990. It may be, however, noted that the human resource endowment in these countries remains high. For example, capability of the teachers, doctors, nurses and engineers to deliver health and education services are still high. It also indicates that reaching MDGs for these countries means that it is a matter of 'restoring' earlier achievements rather than making new inroads. Moreover, society and the government are committed to social values that

[19] Mongolia in this chapter is included under the region East and North East Asia.
[20] Write up in this sub-section is based on Agarwala (2005), a study commissioned by ADB for this report.

are conducive to achieving the MDGs in these countries.

Agarwala (2005) examined the support needed for achieving the MDGs in CAREC countries. According to this study, the target for income poverty can be achieved if there is modest increase in GDP growth rate along with inclusive growth. The prospects, however, do not seem to be bright in the case of non-income poverty indicators such as health, environment and quality of education. The study also shows that the main gaps for CAREC countries lies in the area of institutional reforms, in particular, institutions for governance, for more effective regional cooperation and for social service delivery. In the case of institutions for social service delivery, the main features of the transformations are: "(a) decentralization and the associated reforms in the budgetary process; (b) rationalization; (c) privatization and marketization; and (d) greater involvement of community based organizations (CBOs) and NGOs".[21]

Similar experiences of transition can be noticed for Vietnam, Cambodia and Lao PDR in South-East Asia. However, Vietnam made impressive achievements in poverty reduction during 1993-98. The gains of the earlier period is unlikely to be sustained in the coming years as there is slow down in poverty reduction in recent years and increase in inequality. In the case of Cambodia, poverty reduction has been slow in spite of reasonable economic growth. Cambodia has recently emerged from a civil war that destroyed much of the human and physical infrastructure in its economy. Many aspects of the economy are still shaped by the legacy of the events that took place in the 1990s: the peace agreement in 1991, the 1993 election, renewed instability in 1996-97 and the election of 1998. Cambodia needs to focus much more forcefully both on income poverty and human development.

Pacific Island Economies

The Pacific sub-region provides a mixed picture. In some of the countries such as American Samoa, Palau, Samoa, Tonga and Tuvalu, the percentage of off-track indicators was lower than others. However, in countries such as Fiji, Micronesia, Papua New Guinea and Solomon Islands, 50 per cent or

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[21] Agarwala, 2005, page 5.

more indicators were in off-track category. None of the countries in the Pacific sub-region were in off-track in the case of income poverty, although poverty levels are high for some of the countries. The problem seems to be more in infant and child mortality and in some of the environment-related indicators. Water supply coverage and sanitation coverage in rural areas are also low in some of these countries.

The Pacific sub-region offers some unique characteristics which set it apart from other sub-regions of Asia and the Pacific. The countries in this sub-region are diverse regarding population, resource endowment and the levels of economic development. The largest country in terms of area and population is Papua New Guinea with a population of over four million. At the other extreme, Tuvalu is a small atoll country with a population of 10,900 and a land area of 26 sq. km[22]. This sub-region faces several unique problems because of their smallness in terms of size. These are: limited natural resources and fragile environments, scattered island resulting in high freight costs from international and domestic markets, high population density, small domestic markets, excessive dependence on international trade and hence vulnerability to volatility in global markets, poor physical infrastructure for transport and communication, low human and institutional capacities and heavy dependence on public sector for goods and services, limited institutional capacities, and excessive exploitation of natural resources[23]. The environmental problems are both externally and internally induced. The major problem due to externally induced relates to sea level rise due to climatic change. Major internally induced problem is land degradation associated with agricultural intensification, deforestation, bio-diversity loss etc. Limited

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[22] In terms of resource endowments, land and population, Pacific region can be classified into three main groups: (a) the relatively large countries of Melanesia (Papua New Guinea, Fiji, Solomon Islands, New Caledonia and Vanuatu); (b) the middle level countries of Polynesia consist of Tonga and Samoa; (c) the small predominantly atoll states include Cook Islands, Kiribati, Tuvalu, Federal states of Micronesia, Marshall Islands, Niue, and Tokelau. The Melanesia countries have rich land resources and depend mainly on agriculture for livelihood while Polynesian countries have modest land resources and are agriculture based. The third type of small countries are scattered over the vast ocean.

[23] For more on this, see Asafu-Adjaye, J. (2004), "Integrating Economic and Environmental Policies: The Case of Pacific Island Countries" DP25, UNESCAP, Bangkok.

institutional capacity, lack of political will, lack of public awareness and absence of well developed markets and legal structures are causing difficulties for developing market-based instruments to deal with environmental problems[24]. There is also need to develop appropriate institutional structures for better delivery of services in health and education.

East and South-east Asia
In East Asia, China also has one third of the indicators in the off-track group. In China, 9 out of 25 indicators are off-track. It needs some explanation. A look at the indicators shows that 5 out of these 9 indicators relate to the goal on environment. Since equal weight is given to all the indicators, environment indicators (in which China seems to be faring badly) are behind China's falling in the group of countries with one-third indicators that are off-track.

In South-East Asia, Indonesia also falls into this group. For Indonesia, 9 out of 24 indicators are in the off-track group. Here also environmental indicators dominate.

It may come as a surprise that Myanmar is not in the above group. In Myanmar, only 7 out of 22 indicators are in off-track category. In this country, UNDESA data set may not be capturing the progress in MDG indicators accurately. Moreover, there is no data for crucial indicators like income poverty for Myanmar.

(c) Macro policy response in the vulnerable sub-regions
This sub-section describes important policy variables across sub-regions in order to frame appropriate policies. Table 2 provides sub-region level data while Appendix Table 4 gives country-wise details for each sub-region. Some of the major conclusions that can be drawn from Table 2 are discussed below.

South-Asia is characterized by low per capita income, moderate growth rates of per capita GDP, low savings, high share of services and agriculture sector, low savings and FDI ratios, low ODA per capita and low expenditures on

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[24] See Asafu-Adjaye (2004)

health and education. Higher savings ratio, faster GDP growth, higher FDI ratio, and significantly increased expenditures on health and education in South Asia are urgently needed for achieving the MDGs in South-Asia.

In the case of transition economies like Central Asia, per capita GDP is high but they have to aim to obtain higher growth rates. During the first half of 1990s, the region showed a negative growth due to transition from centrally planned to market economy, although it recorded higher growth during 1998-2003. It has low share in manufacturing and low fixed capital ratio and high ODA per capita, low per student expenditure on primary education. In transition economies, consolidation of pre transition era gains is important. Pacific Island economies display similar characteristics except that the per capita growth rate was negative in the both periods in spite of higher levels of per capita GDP. ODA per capita and FDI ratios are relatively high. The per capita expenditures on health and education are also relatively high except for secondary education. Higher economic growth and institutions for achieving greater effectiveness of expenditures in health and education are critically important.

4. INTRA-COUNTRY DISPARITIES ARE ALSO CAUSE FOR CONCERN

The analysis in the previous sections showed significant disparities across countries in the region towards achieving the MDGs. There are, however, significant intra-country disparities in the progress towards MDGs in several countries of Asia and the Pacific region. The China Country MDG Report observes, "While China is on course nationally for achieving most of the MDGs, inequality has increased and there is a need to work towards balanced regional economic growth. National figures mask large and growing development gaps between the relatively rich coastal zones and poorer central and Western regions."[25] In India, the situation is similar. "At the State level, there are wide spread disparities in the level of human development".[26] In recognition of these disparities, several countries have already initiated policy measures. "To address inter-regional disparities, the Government has implemented various policies to increase direct budget allocation to the regions, strengthen poverty alleviation efforts, promote economic activities

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[25] UNDP, *Millennium Development Goals: China's Progress 2003*, Beijing 2004.
[26] Government of India, *National Human Development Report 2001*, Delhi, March 2002.

and provide opportunities for natural resources management in the regions."[27]

Table 2: Macro indicators by sub-regions of ESCAP

INDICATOR	East and North-East Asia	South-East Asia	South and South West Asia	North and Central Asia	Pacific
GDP Per capita at (constant 1995, US$) 2002	1547.60	1617.11	658.72	2481.50	2505.55
Growth rate- GDP (average annual)					
1991-95	9.95	7.77	4.67	-8.98	1.12
1998-2003	6.19	1.78	4.17	4.40	0.73
Growth rate- GDP per capita (average annual)					
1991-95	8.67	5.76	2.73	-9.05	-1.13
1998-2003	5.36	0.24	2.41	4.80	-0.95
Share of Value Added in GDP (average 2000-02)					
Agriculture	10.75	11.65	20.77	7.98	8.78
Manufacturing	30.84	27.80	15.58	15.11	1.88
Services	44.86	46.68	52.06	56.41	76.63
GDS as % to GDP, 2002	37.19	30.03	21.79	30.86	
GFCF as % to GDP, 2002	34.27	22.42	22.02	18.60	
ODA Per capita ($), 2002	1.38	8.73	4.76	13.97	1174.16
FDI as % of GDP, 2002	4.39	1.80	0.56	1.64	2.44
Expenditure on Health, 2001	65.52	54.10	36.92	88.19	234.01
Per student expenditure on education (% to per capita GDP), 2000					
Primary	18.29	10.98	12.94	6.53	43.13
Secondary	8.86	12.99	11.39	16.72	10.97
Tertiary	8.06	36.14	72.77	7.66	12.61

Note: Sub-region totals are population-weighted averages of country data given in Appendix Table 4.
Source: World Development Indicators, The World Bank, 2004

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[27] Government of Indonesia, *Indonesia: Progress Report on the Millennium Development Goals,* Jakarta 2004.

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This section looks at intra-country disparities in six countries, namely Bangladesh, China, India, Indonesia, Pakistan and the Philippines where more than 80 per cent of the region's poor live. Five major indicators such as income poverty[31], child malnutrition, net enrolment, infant mortality, and child mortality are considered for detailed analysis. It also offers analysis for a few countries on the progress of different provinces in achieving MDGs. Data sources used in this section are from official national sources in the six countries.

(a) Progress towards the MDGs by provinces: mixed results in India, Indonesia and the Philippines

Before providing indicator-wise analysis, progress towards the MDGs by provinces for three populous countries of the region is discussed here. A study by Manasan and Cuenca (2005)[32], examines this progress by dividing the provinces into three categories viz., fast achievers, slow achievers (on-track) and off-track. It may be noted that the data for India relates to agro-climatic regions (lower than province level) while data for Indonesia and Philippines relate to provinces. The results shown in Fig. 4 are summarized

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[28]   UNDP, *Millennium Development Goals: China's Progress 2003*, Beijing 2004.
[29]   Government of India, *National Human Development Report 2001*, Delhi, March 2002.
[30] Government of Indonesia, *Indonesia: Progress Report on the Millennium Development Goals,* Jakarta 2004*.*
[31] National poverty line

as follows:

1. **In India**, the share of off-track provinces is more than 60 per cent for all the indicators except for immunization which has around 40 per cent of the provinces in off-track category. In the case of infant mortality rates, 81 per cent of the regions are in the off-track group. This is a deep concern for India as many regions are in off-track category in the selected indicators (Fig.4). There are also considerable disparities in the levels. For example, infant mortality rate in Southern Orissa is over 15 times more than that of in Kerala.

2. In **Indonesia**, on the other hand, the share of off-track provinces is very low except for income poverty and net enrolment rate. In the case of net enrolment, more than 40 per cent of the provinces were in off-track category while for income poverty, most of the provinces except Jakarta[33] were in off-track category. During 1996-97, income poverty increased for all the provinces in Indonesia. The incidence of poverty ranged from 1.7 per cent in Jakarta in 1997 to 55 per cent in Irian Jaya in 1999. The recent official data, however, shows that income poverty declined for many provinces in Jakarta.[34]

3. In the case of **the Philippines**, more than 35 per cent of the provinces were in off-track in all indicators except infant mortality rate (IMR) and under-five mortality. There has been significant progress in reduction in income poverty and other human development indicators in the Philippines. But, in some of the provinces, the progress achieved so far is not enough to achieve the MDG targets. More than 80 per cent of the provinces were in the off-track group for maternal mortality. Reduction in maternal mortality is a big challenge for the country. Apart from slow progress, the levels are also very high, ranging from 100 to 377 per 100,000 live births.

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[32] This study was commissioned by ADB for this Chapter.

[33] Jakarta is included in on-track as it is closer to the target of 2015.

[34] Government of Indonesia (2004), "Indonesia: Progress report on the Millennium Development Goals", Government of Indonesia, Jakarta.

Figure 4: Progress of MDGs by Provinces:
Three clusters in India, Indonesia and the Philippines

(b) Persistent disparities in selected MDG indicators

This sub-section examines mainly disparities across provinces in selected six countries depending on the data availability. Coefficient of variation (CV)[32] is used to examine changes in provincial disparities. Changes in disparities in best and worst performance provinces are also analyzed. This sub-section
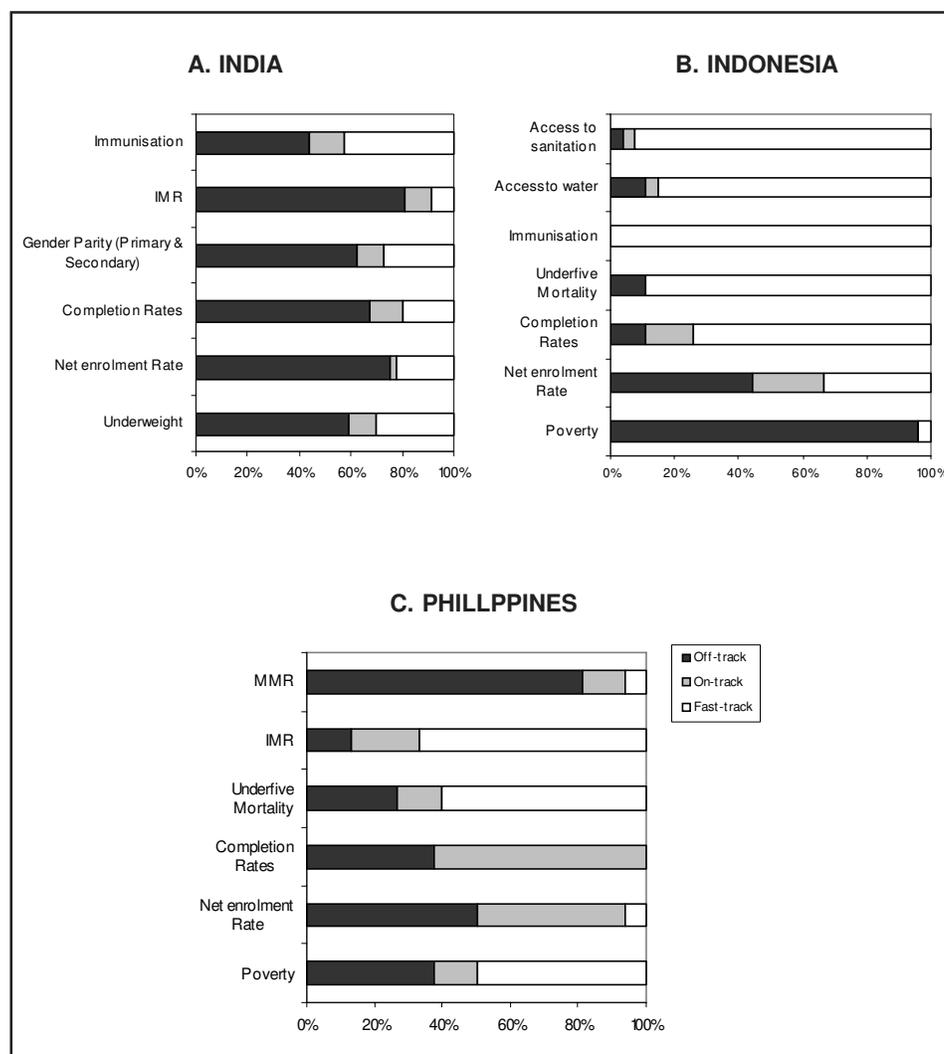
Source: Manasan, G.R., and Cuenca, Janet S., *Assessment of Prospects in Attaining the MDGs in India, Indonesia and the Philippines*, 26 April 2005

also looks at disparities across economic classes (quintiles) for few indicators.

(i) Income poverty

Inequalities: It is important to look at trends in inequalities in income or consumption as poverty cannot be reduced fast enough without reducing inequalities. The inequalities in consumption represented by gini coefficient[33] are given in figure 5. It shows that inequalities in consumption increased between 1990 and 2000 in all selected countries except in the Philippines but it had the highest level of inequality among the six selected countries. It is a cause for concern that income inequalities are increasing, including in the three most populous countries of the region namely, China, India and Indonesia.

Figure 5: Changes in inequalities in the six selected countries: Gini coefficients
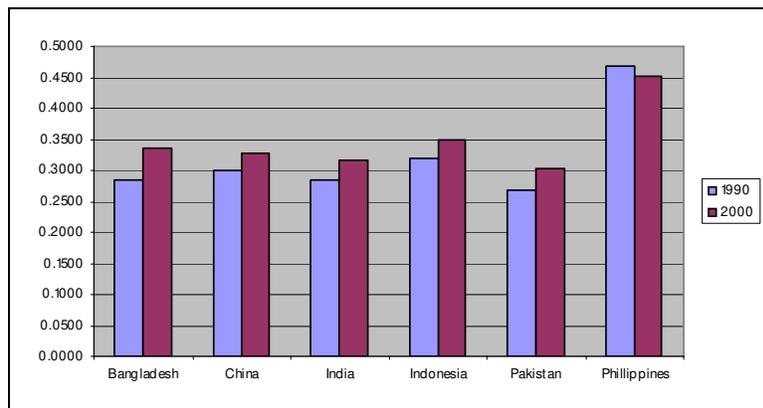
Note: Gini coefficient in per cent.

Sources: For Bangladesh, China and the Philippines, the gini coefficients are taken from WIDER series. World Institute for Developing Economies Research (WIDER). The inequality data base of WIDER is available at http://www.wider.unu.edu/wiid/wiid.htm; for India, National Human Development Report; for Indonesia, United Nations Support Facility for Indonesian Recovery, Monitoring database: Available from www.unsfir.or.id/monitoring.php; For Pakistan, National Human Development Report 2003.

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[32] Coefficient of Variation (CV) is the ratio of standard deviation to mean in percentage terms. Standard deviation is the distance of the province to the mean of all provinces. Mean is the average level of performance of all provinces. Higher the CV, greater is the disparities across the provinces.

[33] Gini coefficient is a measure of income inequality.

Changes in Provincial Disparities[34]**:** Figure 6 shows that disparities in poverty increased in all four countries considered here. The increase in disparity between 1990 and 2000 seems to be highest for India followed by the Philippines and Indonesia. Level of disparity in poverty is the highest for India followed by Indonesia in 2000. Bangladesh has the lowest level of disparity although it is increasing. There is also geographical concentration of poor in several countries. For example, three regions account for 42 per cent of the poor in Bangladesh. Three states e.g., Bihar, Orissa and Madhya Pradesh account for nearly 50 per cent of the poor in India. In Indonesia, poverty is also concentrated in few provinces.

Figure 6. Changes in Provincial Disparities in Poverty
Note: Coefficient of Variation in per cent

Sources: World Bank (2005) "Attaining the Millennium Development Goals in Bangladesh" for Bangladesh; Government of India (2002) "National Human Development Report 2001", for India; UNDP (2004), "Indonesia: Progress Report on the Millennium Development Goals" for Indonesia; For Pakistan, UNDP (2003), Pakistan Human Development Report 2003; For Philippines, MDG database available at www.nscb.gov.ph/stats/mdg
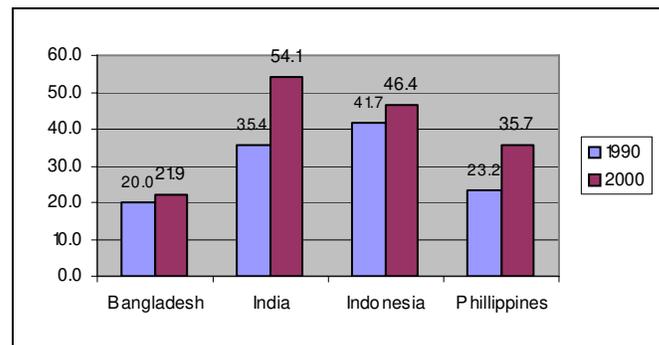
The ratio of the best and worst performing province in terms of poverty levels has also increased over time in all the selected countries (figure 7). The increase in this ratio again is high for India followed by Indonesia. In India, the ratio between the worst performing province (Orissa) and the best performing province (Jammu and Kashmir) was 13 times whereas in Bangladesh this ratio was 2.4 times in the year 2000. The ratio is also high

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[34] Coefficient of variation (CV) is used for examining regional disparities.

for Indonesia.

Figure7. Changes in the ratio of worst and best performing province in reducing poverty

Sources: Same as Fig.6

(ii) Child malnutrition

Disparities Across Economic Groups (Quintiles): In all the three countries of South Asia (India, Bangladesh and Pakistan), there are significant disparities in child malnutrition across income groups (figure 8). For example, in Bangladesh, the lowest quintile has 60 per cent while the highest income quintile has only 24 per cent of underweight children. But the most surprising thing to note is that more than 25 per cent of the children suffer from underweight among the highest income quintile among all the three countries. Gender disparity in child malnutrition is significant in both Bangladesh and India (figure 9). Surprisingly in Pakistan, boys have slightly higher malnutrition than girls.
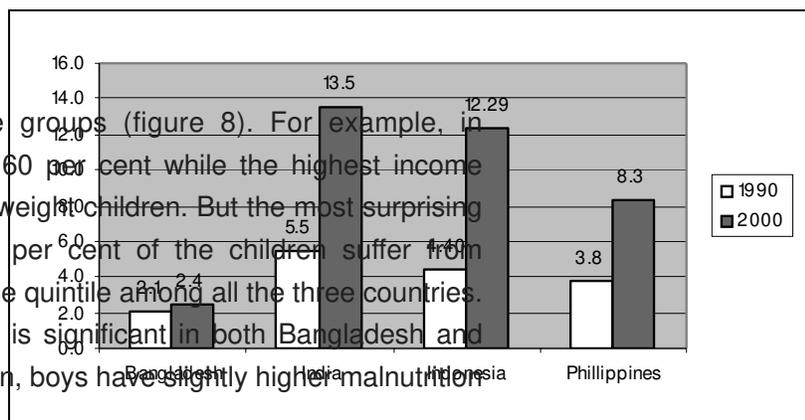
Figure 8. Underweight children by income groups

Sources: Same as figure 6.

Figure 9. Underweight children by gender

Note: Pakistan data refer to 1990. Recent data for Pakistan on overall malnutrition is not

significantly different from that of 1990.
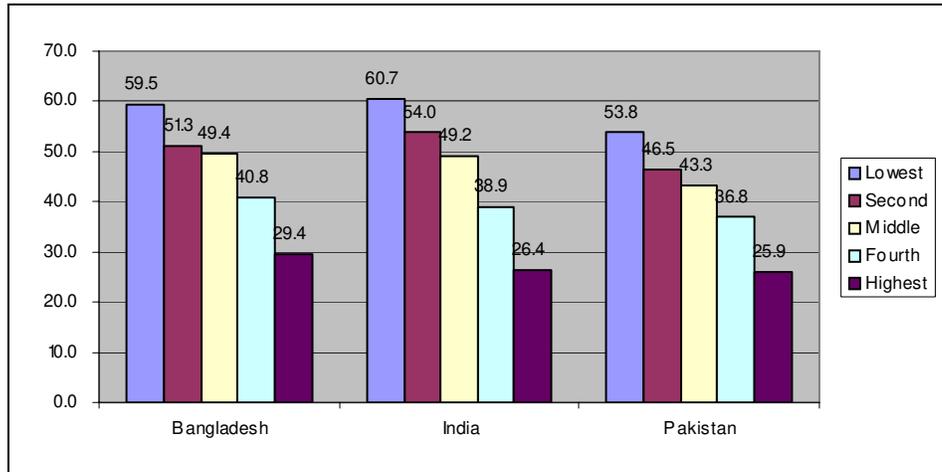
Sources: Same as figure 6 for Bangladesh and India. For Pakistan, DHS Survey, 1990.

Provincial Disparities: Disparities across provinces in three countries have increased between 1990 and 2000. Increase was the highest for India followed
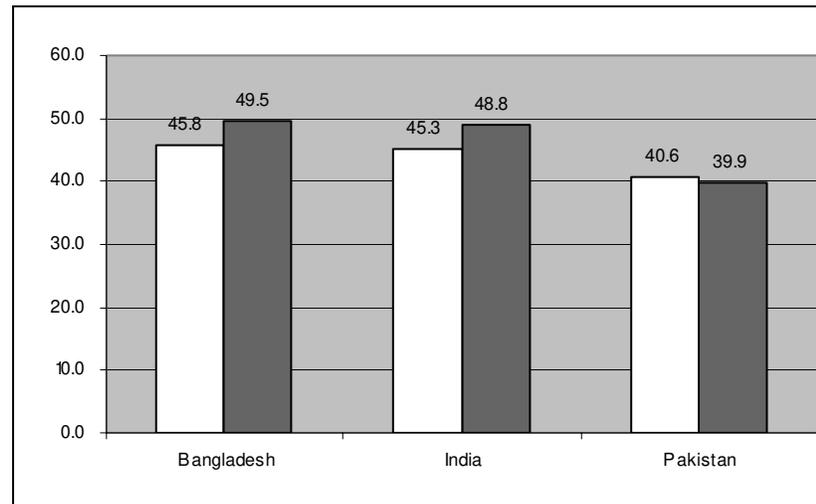
by Indonesia (figure10). However, the level of disparity is highest in Indonesia. Underweight children are concentrated in few areas. For example, two Divisions namely, Chittagong and Dhaka, accounted for more than 50 per cent of underweight children in Bangladesh.

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Figure 10. Changes in Provincial Disparities In Underweight Children

Source: Same as figure 6.

The ratio between the worst and the best performing province in terms of underweight children increased for Indonesia and Bangladesh but declined for India (figure 11). Still, the difference between the best performing province of Kerala (26 per cent) is twice that of the worst performing province of
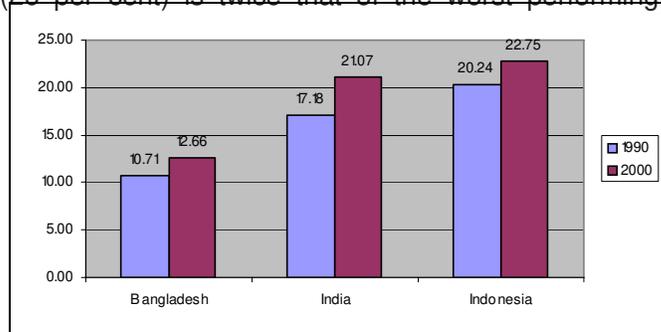
Madhya Pradesh (55 per cent) in India for underweight children.

Figure 11. Changes in the ratio of worst and best performing provinces – underweight

(iii) Net enrolment

Provincial Disparities: In contrast to the other indicators, provincial disparities in net enrolment rate are declining (figure 12). There was a drastic reduction in provincial disparities in enrolment for India followed by Indonesia. This can also be noticed in the decline of ratio of the best and worst performing provinces for India and Indonesia (figure13). Some convergence in net
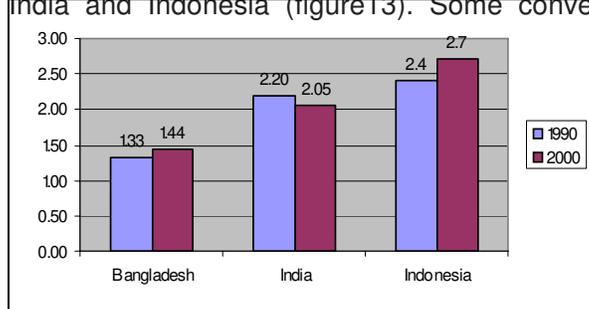
Source: Same as figure 6.

enrolment rate seems to be happening across provinces in many countries of the region.

Figure 12. Changes in provincial disparities in net enrolment ratio

Source: Same as figure 6.

Figure 13. Changes in the ratio of best and worst performing provinces: net enrolment

Source: Same as figure 6.

(IV)   Infant and child mortality

Disparities Across Economic Groups (Quintile wise): Disparities across economic groups are quite wide in all the five countries for infant mortality rate (IMR). In Bangladesh, lowest and second lowest quintiles more or less have similar IMRs (Fig.14). In the case of Pakistan, the lowest quintile has
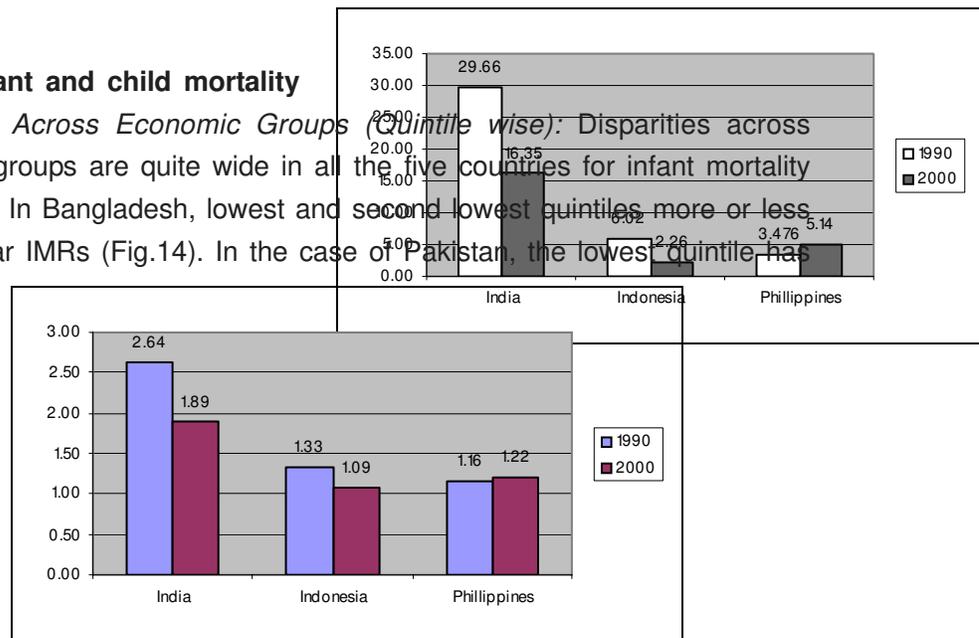
lower IMR than second lowest quintile. Indonesia also has significant quintile

wise disparities. There are significant gender disparities in IMRs for all the countries (figure15).

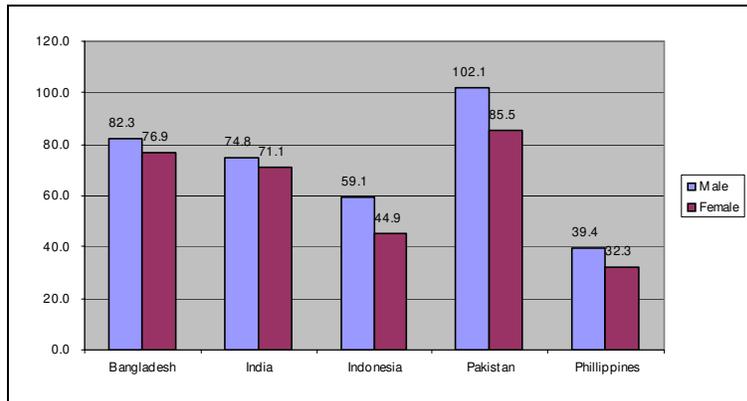**Figure 14. Quintile-wise infant mortality rate**

The disparities seem to be much wider for under-five mortality in all the quintiles (figure16). In Bangladesh and India, there is gender disparity in the case of under-five mortality while Indonesia, Pakistan and the Philippines do not seem to have these disparities (figure17).
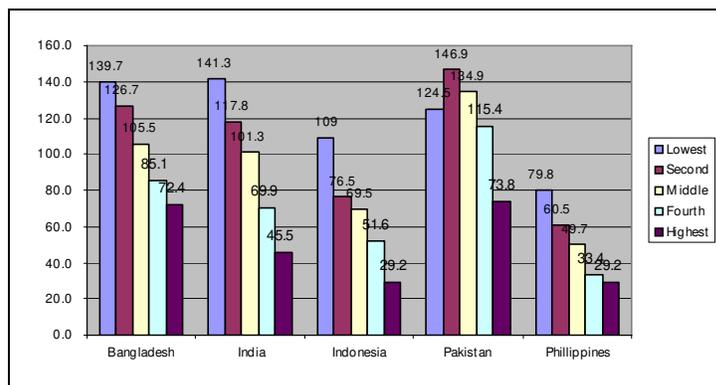
Figure 15. Infant mortality rate by gender

Provincial Disparities

The disparities seem to be increasing in infant mortality rate (IMR) for all the countries except in Indonesia (figure 18). The disparity in 2000 is the highest for India followed by Indonesia. There has been significant increase in

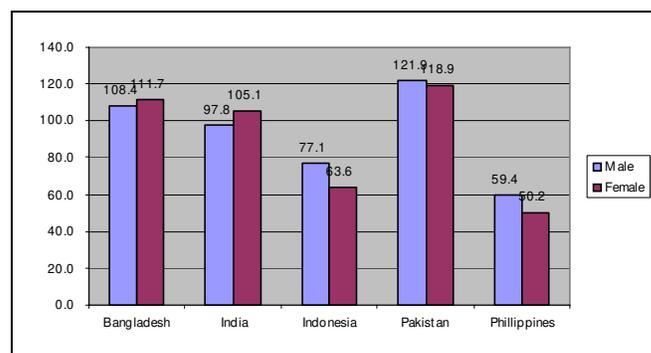provincial disparities in the Philippines. Ratio of the worst and best performing

Figure 16. Under-five mortality rate: quintile-wise

Figure 17. Under-five mortality rate by gender

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states also show similar trends over time (figure 19). Disparity across states in India is quite high. For example, infant mortality rate for Uttar Pradesh is over 5 times that of Kerala. In India, one-fifth of the villages and districts account for one-half of all infant deaths.
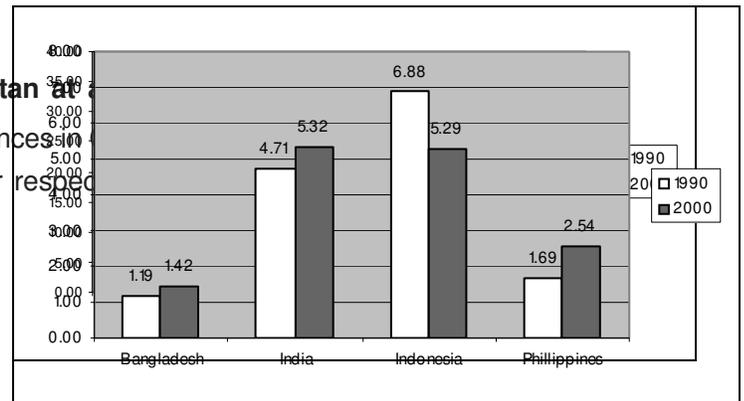
Figure 18. Changes in regional disparities in infant mortality rate

Source: Same as figure 14.

Figure 19: Changes in the ratio of worst and best performing provinces – IMR

Source: Same as figure 14.

(V) Disparities in China and Pakistan

Information on disparities across provinces at one point of time as given in their respective

disparities for these two countries are summarized below.

Disparities in China

China has significant disparities across provinces (UN,2003). Some of the Coastal provinces have less than 20 child mortalities per 1000 births whereas western provinces have more than 40 deaths per 1000 births. Similarly, Western provinces have high maternal mortality ratio is also high for as compared to Eastern and Central provinces. The westerns provinces also lag behind the rest with respect to access to safe drinking water and sanitation. Among the rural populations of the western, about 60-90 percent have access to safe drinking water and less than 33 percent have access to sanitation. On the other hand in the coastal provinces the rural populations have high access to safe drinking water (96-100 percent) and sanitation (50-100 percent). The overall human development map (map 1) of China reveals significant disparities across the provinces.

Map 1: Human Development Map by Provinces: China

Human Development in Pakistan

The disparities across provinces in Pakistan can be seen in Fig 20. It shows that human development Index is the lowest for Balochistan followed by North West Frontier province, Sindh and Punjab in that order. Not surprisingly, Islamabad has the highest HDI in Pakistan. District-wise data for Pakistan
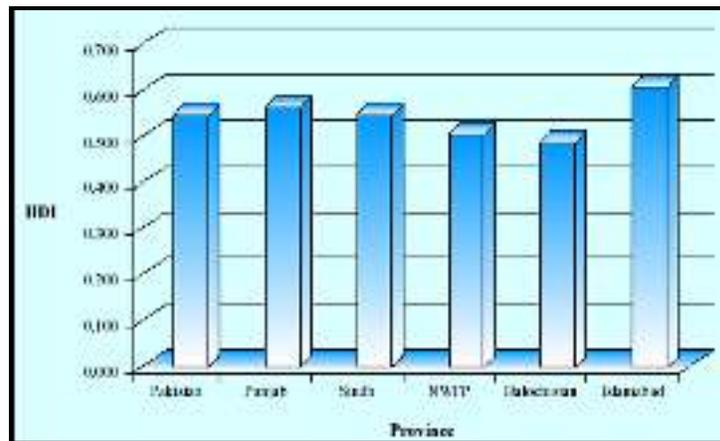
shows that bottom 30 districts in terms of HDI are concentrated in Balochistan and North West Frontier Province. On the other hand, Punjab does not have any district which fall under the bottom 30 district category.
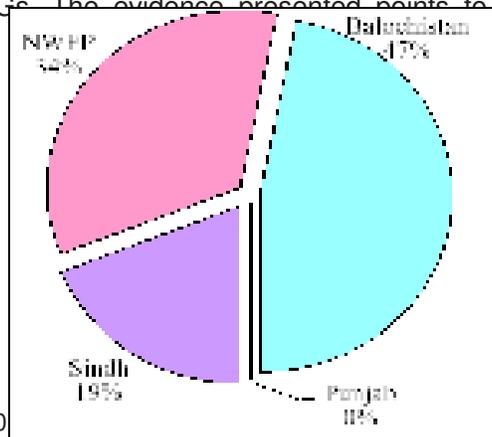
Figure 20. Province- wise HDIs

Figure 21. Province-wise share in bottom 30 districts in terms of HDI

5. CONCLUSION

Based on the empirical findings presented in this Chapter, both the population shares and indicator level classifications of 25 MDG indicators show the urgent need to focus attention on health- and environment-related indicators to achieve the MDGs. The evidence presented points to persistent inter-

country disparities in the region where a good number of countries are well on their way to achieve the MDGs by 2015 while a significant number are decidedly off-track. However, what is perhaps most important is the finding that there is not a single developing country in the region where at least one indicator is not off-track. This should be a sobering finding, calling for continued policy attention on the part of fast-track as well as on-track countries. The off-track countries would have to redouble their efforts if they wish to have any reasonable chance for attaining the MDGs and catching up with the MDG+ countries.

Three key conclusions can be inferred from the **inter-country** analysis in this chapter:

(a)   The analysis of clusters across all the UNESCAP developing countries reveals that none of the countries have performed equally well with respect to all the MDGs. It is important to look at the levels of MDGs. As shown earlier, the levels of fast-track and on-track countries are a concern for some of the indicators. On the other hand, for some of the off-track countries not only the levels but also the slow rate of progress is a major concern to the policy makers.

(b)   The analysis for the off-track indicators show that there are serious concerns regarding MDGs for incidence of hunger and malnutrition among children, human development indicators particularly health (child and maternal mortality) and environment indicators such as forest coverage and carbon dioxide emissions. There is also a concern regarding water supply and sanitation in rural areas.

(c)   Sub-region wise analysis shows that the performance of South-Asia, transition economies (Central-Asia and few countries in South-East Asia) and Pacific Island countries needs to be improved for many indicators. Special focus needs to be given to these sub-regions in order to achieve MDGs in the region as a whole.

The following conclusions can be drawn from the analysis of *intra-country disparities*.

(a)   Inequality in consumption across the states and the provinces in all the selected countries has increased.

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(b)   There are significant disparities across regions, gender, and economic groups in the selected MDG indicators.

(c)   The disparities are widening across regions and the ratio of worst and best performing region has also widened for the selected countries. In the case of enrolment rate, regional disparities drastically declined for India while disparities in Indonesia declined for enrolment and infant mortality.

(d)   In China, there were significant regional disparities in child and maternal mortality, rural drinking water, rural sanitation and human development index. In general, there is high development in the East, medium development in the Central and low development in the West in China.

(e)   There is high level of geographical concentration of poverty and low human development in many countries. It indicates the need for geographical targeting of resources for poverty reduction.

(f)   There are also significant gender disparities in indicators like malnutrition and infant and child mortality rates. Reduction in gender disparity in these indicators itself will achieve the relevant MD goal.

In addition to increased investments, several countries of the region would have to pay particular attention to institutional changes, including innovative service delivery mechanisms, in order to achieve the goals relating to non-income poverty indicators like health and environment as economic growth alone would not guarantee progress on these areas. In that context, attention would have to be paid to remove supply-side constraints and do away with access barriers. For this, it would be necessary to broaden the range of service providers and overcome legal and other barriers. In order to have better delivery systems for health and education of children and women and reduce environmental problems, empowerment of poor is a critical pre-requisite. For this to happen, there is need to concentrate on decentralization, community management of public services and better local governance. Apart from supply side constraints, demand side factors such as increase in the quality of employment, increase in purchasing power among the poor are also important.

Based on the empirical findings presented in this Chapter, it appears that there are serious and growing inter-country variations in the region in its progress towards the MDGs. In particular, the off-track countries seem to be performing very poorly in several important MDG indicators. This Chapter probes into those indicators in which the off-track countries are facing particular difficulties and are likely to miss the 2015 targets. The Chapter also finds that there are persisting intra-country disparities in several countries of the region that require urgent policy attention. Chapter III picks up from the results presented in Chapter II and offers analytical insights and suggests institutional arrangements and new service delivery options in addressing these disparities and overcoming the special difficulties faced by the off-track countries at the national level. Chapter IV examines regional and sub-regional cooperation mechanisms that can contribute towards reducing inter-country variations in achieving the MDGs and accelerate the region's overall progress towards the MDGs.

Table1: Periods used for computing growth rates

Indicator	Period used
Proportion of Population below $ 1 per day at PPP (%)	1990-2001
Proportion of population below minimum level of dietary energy consumption (%)	1990-2001
Percentage of Children under five years of age who are moderately and severely underweight (%)	1990-2000

Net Enrolment ratio in primary education (%)	1990-2001
Proportion of pupils starting grade 1 who reach grade 5 (%)	1990-2000
Literacy rate of 15-14 year olds (%)	1990-2004
Ratio of girls to boys in primary education	1990-2001
Ratio of girls to boys in secondary education	1990-2001
Ratio of literate females to males, 15 to 24 year olds	1990-2004
Proportion of seats held by women in national parliament (%)	1990-2004
Under five mortality rate per 1000 live births	1990-2003
Infant mortality rate per 1000 live births	1990-2003
Proportion of 1 year old children immunized against measles (%)	1990-2003
Maternal mortality rate per 100,000 live births	1990-2000
HIV prevalence rate among young female population 15-24 years (%)	1999-2001
Prevalence of Malaria per 1,00,00 population	2000
Prevalence of tuberculosis per 1,00,000 population	1990-2003
Proportion of land area covered by forest (%)	1990-2000
Protected land area as a percentage of total land area	1990-2004
Energy use (kg.oil equivalent) per $1000 GDP	1990-2002
CO_2 Emission metric tones per capita	1990-2002
Rural water supply coverage (%)	1990-2002
Urban water supply coverage (%)	1990-2002
Population with access to improved sanitation, rural (%)	1990-2002
Population with access to improved sanitation, urban (%)	1990-2002

Note: See Box 1 in the text for the methodology for computing growth rates

Source: UNDESA data set on MDGs, 15 April 2005.