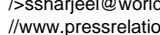




Jobs and Migration Help Address South Asia Inequality

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Jobs and migration are supporting substantial upward mobility across and within generations in a South Asia that is a land of extremes of side-by-side extravagant wealth and appalling poverty, a World Bank report said. "Addressing Inequality in South Asia" was launched in Islamabad on Thursday at a conference organized by Pakistan Institute of Development Economics (PIDE). The report shows that the gaps between rich and poor look moderate based on standard measures that focus on consumption per capita. But the picture is more mixed when considering inequality along non-monetary dimensions of well-being, such as child mortality or stunting. "This report shows that the standard measures, such as the Gini index, do not go far enough in capturing the nature and extent of inequality in South Asia," said Rachid Benmessaoud, World Bank Country Director for Pakistan. "High inequality in human development outcomes calls for greater efforts in providing access to basic services, such as health care and education, especially for the most disadvantaged population groups." Average consumption per capita is increasing across the region, which includes Afghanistan, Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan and Sri Lanka. But except in the smallest and richest countries - Bhutan and Maldives - one of the standard measures of inequality, the dispersion in consumption per capita across households is increasing as well. Inequality can also be estimated with non-monetary measures, and its findings are more mixed: the variation in health outcomes is increasing while gaps in education outcomes are stable or decreasing. "When thinking about addressing inequality, access to basic services and adequate safety nets come immediately to mind, but policies for job creation and urbanization are equally important," said Martin Rama, Chief Economist of the South Asia Region and one of the authors of the report. "Inequality matters not just in itself, but because of its impact - positive or negative - on other development outcomes, including the provision of public goods. For instance, in Pakistan teaching quality in public primary schools is far poorer in the most unequal villages. Notably, this negative impact of inequality on teaching quality does not extend to private schools. These results imply that service quality and access tend to decline at very high levels of inequality, but mainly for services for which the wealthy can move to private providers - such as schools." The report also finds a correlation between inequality and conflict in South Asia. However, the relationship is not mechanical. While poorer districts may be drawn into conflict earlier, the poor may have less sympathy to violent conflicts as they tend to be the ones affected the most. "Inequality should be looked at from a life-cycle perspective, the report argues. Well-being depends on opportunity in childhood, mobility in adulthood, and support throughout life. Policies to address inequality should not aim at attaining a target level for some standard indicator of inequality such as the Gini index. Rather, their focus should be on ensuring equality of opportunity, improving upward mobility and providing adequate support." South Asia performs poorly in terms of opportunity, the report shows, with access to basic services partial at best, and often dependent on circumstances such as gender, location, or caste. On the other hand there is substantial upward mobility in the biggest countries in the region, and it is driven by jobs and migration. Mobility has been increasing over time, and it is high even among socially disadvantaged groups. "The quality of the support provided by government occupies an intermediate place. The South Asia region is home to some impressive social protection programs, like the Benazir Income Support Program in Pakistan which is remarkably well targeted to poorer households and has helped them become more resilient to natural disasters, but the report claims that tax avoidance and evasion are pervasive in the region and a large share of the tax revenue is spent on regressive subsidies." Media Contacts
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