Inclusive Growth Criteria and Indicators: 
An Inclusive Growth Index for Diagnosis of 
Country Progress

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Abstract: This paper constructs a composite inclusive growth index at the country 
level. For this purpose it identifies suitable indicators in the areas of (a) growth, 
productive employment, and economic infrastructure, (b) income poverty and equity 
(including gender equity), (c) human capabilities, and (d) social protection. It uses 
these indicators to suggest a diagnostic approach, based on weights and ‘scores’, 
which can help countries assess their progress in achieving inclusive growth. The 
composite index could also be used by ADB as a starting point to diagnose how to 
maximize its support for a country’s inclusive growth objectives. The usefulness 
of this methodology is tested in case studies of Bangladesh, Cambodia, India, 
Indonesia, the Philippines, and Uzbekistan.

1 This consultant report is part of ADB’s work on “Operationalizing Inclusive Growth” developed by a 
consulting team in close cooperation with staff in the Poverty Reduction, Gender, and Social 
Development Division (RSGS) of ADB’s Regional and Sustainable Development Department 
(RSDD). Other studies are on (a) Measuring and Monitoring Inclusive Growth: Multiple Definitions, 
Open Questions, and Some Constructive Proposal (Stephan Klasen), (b) ADB’s Contribution to 
Inclusive Growth in the Transport and Energy Sectors (Stein Hansen), (c) Operationalizing Inclusive 
Growth in Agriculture and Small and Medium Enterprise Development Projects (Adrianus Rijk), and 
(d) Operationalizing Inclusive Growth in Projects with Environment as Strategic Development 
Objective (Benoit Laplante). All papers recommend the same methodology for ADB to monitor its 
contributions to inclusive growth at country and project level. Inclusive Growth is one of the three 
pillars of ADB’s new Strategy 2020.

The views expressed in this report are those of the author and do not necessary reflect the views 
and policies of ADB or its Board of Governors or the governments they represent.
Introduction

ADB’s *Strategy 2020* lays out the long-term strategic framework within which we can develop criteria and indicators for monitoring country progress on Inclusive Growth. This strategy identifies Inclusive Growth as its first Development Agenda (with the second and third being environmentally sustainable growth and regional integration, respectively).

*Strategy 2020* identifies two key dimensions of Inclusive Growth: 1) achieving sustainable growth that will create and expand economic opportunities and 2) ensuring broader access to these opportunities so that members of society can participate in and benefit from growth. The second dimension is identified, in part, with expanding human capacities, such as investing in education, health and basic social services. Social safety nets are also prioritised in order to protect the most vulnerable and deprived.

The Inclusive Growth agenda can be interpreted narrowly or broadly. The narrow interpretation implies a focus on growth, within which expanding human capabilities is regarded as instrumental to improving economic outcomes. Interpreting IG more broadly could lead to emphasizing what has been called Inclusive Development (See Rauniyar and Kanbur 2010). This approach would imply emphasizing non-income measures of well-being and valuing human capabilities, such as good health and literacy, primarily as human development outcomes, not as instruments to accelerate growth.

Although this Brief will continue to use the term Inclusive Growth, it will offer criteria and indicators that tend to be more consistent with its wider interpretation. We are primarily interested in developing a practical tool for the diagnosis of trends in Inclusive Growth. For this purpose, we present below the rationale and the basis for constructing an Inclusive Growth Index.

I. Economic Growth, Productive Employment and Economic Infrastructure

The growth of income per person is of overriding importance in advancing Inclusive Growth. This is the basis for ‘creating and expanding economic opportunities’. Since success in this dimension lays the basis for progress on so many other dimensions, we give it a substantial weight (25%) in our overall composite index. Where possible, we try to supplement the growth of income per person by the changes in value-added in industry, services and agriculture in order to identify broad trends in the ‘structure’ of growth.

However, growth (namely, the percentage change in mean income per person) does not necessarily correspond to broad-based increases in productive employment. Sometimes the pattern of growth generates limited new employment opportunities, especially if a low-paid services sector grows but the growth of industry languishes.

One of the major challenges for devising a viable Inclusive Growth strategic framework is to clearly identify the aspects of the *pattern* of growth that one considers vitally important and differentiating these aspects from those previously focused exclusively on poverty (whether defined by income or non-income features). Obviously, one major aspect of inclusiveness is represented by the employment content of economic growth. Both ADB and the World Bank have recently underscored, for example, the importance of decent employment opportunities as a critical aspect of Inclusive Growth (see World Bank 2009 and Ali 2007).
Productive Employment

But employment is an aspect of inclusiveness that has generally been neglected even though for quite some time analysts have been complaining about ‘jobless growth’ in Asia and other developing regions, even before the global crisis. Unlike the distribution of income, however, the indicators available to track progress on productive employment have generally been inadequate.

So, though many practitioners and policymakers would surely endorse the adoption of the monitoring of employment outcomes as an important dimension of ‘inclusiveness’, genuinely informative indicators are lacking to capture progress. Despite such problems, we offer, nevertheless, some candidates for use and strive to test their availability and usefulness in some country case studies.

The MDG Framework does offer some possible indicators. For example, among the indicators for MDG #1 is the growth rate of GDP per person employed—which is, in effect, a proxy for labour productivity. This indicator combines the indicator of GDP growth per person with the indicator of the employment-to-population ratio (with the latter also being an MDG #1 monitoring tool).

While an indicator of the growth rate of GDP per person employed could be included for ADB monitoring, it does not provide us with any real sense of the spread of productive employment. In other words, a higher average level of labour productivity could be driven mainly by advances in a minority of (capital-intensive) economic sectors.

Also, the employment-to-population ratio is not a very useful indicator since it gives no indication of the quality of employment. In fact, it might rise as a result of demographic factors, such as a growing share of the working-age population in the total population.

It is very difficult to find suitable indicators that could directly supply information on the quality of employment. Hence, we are confined to identifying indicators that could serve as proxies. One such indicator is derived from the view that Inclusive Growth should customarily be identified with ‘structural transformation’ or ‘economic diversification’. Ali and Zhuang 2007 note, for example, that “there has been no economy in developing Asia that has sustained fast growth and economic catch-up that has not also successfully industrialized” (p. 12). This trend has implied a substantial internal migration of labour from agriculture to industry.

Labour would have also likely moved into urban services. But many of these services offer only low-productivity, low-paid employment. If we were to include a measure of employment in services, we would have to identify employment in some of the more modern sub-sectors but this is not likely to be worthwhile without being able to determine the corresponding wage and salary levels. The ILO’ global database (LABORSTA) does not disaggregate sub-sectors adequately nor allow cross-referencing of wage and salary levels with sub-sectors.

One potentially viable candidate for a partial and approximate indicator of ‘productive employment’ could be the share of the employed (or the economically active) in industry. The ILO Labour Force Surveys should provide data, at least on an irregular basis, on such an indicator. An advisable complementary indicator could be the share of the employed (or economically active) in manufacturing. The reason is that in some countries industry might be composed mainly of primary sectors such as the oil and gas industry, which usually provide few employment opportunities. We have found that data for this indicator are not readily available. Given more time, we could investigate the possibility of deriving such an indicator from the ILO data base.
A third complementary indicator could be the share of workers in non-agricultural paid employment. This category is broader than that of industrial employment but contains a suggestion of higher-quality employment by stipulating that wages or salaries are being paid. Data for this indicator are not immediately available from global sets (such as LABORSTA). Given more time, we could conceivably construct this indicator by merging relevant ILO data on sector and status of employment.

MDG #1 also contains an indicator of the share of own-account workers and ‘unpaid’ family workers in total employment. Hence, such an indicator focuses on the extent of low-quality employment. Usually identified with ‘vulnerable employment’, this indicator would provide an initial sense of the extent of the working poor since the majority of such workers earn very little income.

The ILO has tried to gauge the size of the ‘Working Poor’ by identifying the workers who are members of households whose income per person is below the US$ 1 per day per person threshold. This approach is problematic, however. For example, a large household with only two working members might be poor even though those two members earn income levels above the poverty line. Hence, we do not recommend using such an indicator unless it is employed to highlight the magnitude of the problem at a particular point in time. But it should not be used to gauge progress over time.

If such an indicator is going to be used, we would apply it to workers in households whose income per person is below the US$2.50 per day per person threshold. Since the identification of such households relies on Purchasing Power Parity estimates (i.e., ‘international prices’), an indicator constructed on such a basis would not be useful for the regular monitoring of progress at the country or programme level. We explain in Section II why we favour, in general, the US$ 2.50 threshold for moderate poverty instead of the US$ 1.25 threshold for extreme poverty.

The lack of meaningful data on trends in productive employment highlights the need for ADB to play a more pro-active role—likely in collaboration with the ILO—in gathering, on a more systematic basis, employment data that can be used to gauge progress on Inclusive Growth. The current lack of such data is a serious weakness in the monitoring and evaluation of such progress. As a consequence, we give advances in productive employment less weight than economic growth in our composite Inclusive Growth (i.e., 15% for employment versus 25% for growth).

**Economic Infrastructure**

Another critical dimension of the inclusiveness of growth is the accompanying access of the population to economic infrastructure. Such a dimension has been generally ignored as a result of the growing importance that has been attached over the last two decades to access to social infrastructure (education, health, water and sanitation).

Consequently, data for indicators defining access of the population to economic infrastructure, such as electricity, roads, and information and communication technologies, are not readily available. We can locate indicators of ‘average per capita access’ in some cases. An example would be the average electric power consumption per capita.

But we prefer the indicator of the proportion of the population with access to electricity. Data for this indicator can be derived for some years from the International Energy Agency.

There do not appear to be any suitable indicators for the access of the population to roads. There are data for the percentage of roads that are paved, but not for the
percentage of the population that has access to paved roads, or to all roads (paved or unpaved).

There are some promising indicators that are available for access to information and communication technologies. An example would be the number of internet users per 100 people. This is an MDG indicator for Goal #8. Also promising is the number of mobile phone subscribers per 100 people. This is also an MDG indicator. Recent trends suggest that progress on access to mobile phones has been rapid—more rapid than on access to the internet and certainly more rapid than on access to a fixed telephone line. We choose this indicator, along with access to electricity, as a way to monitor progress in Asia on access to economic infrastructure. For this cluster we give an overall weight of 10% in the Inclusive Growth Index.

Indicator Proposals

In summary, we recommend a limited set of indicators for gauging progress on growth and productive employment:

Economic Growth:
- Real Rate of Growth of GDP per capita. This is an obvious initial choice. The pace of growth is evidently crucial since it lays the basis for progress on so many other dimensions. Such data are readily available from global sources, such as the IMF World Economic Outlook, the World Bank’s World Development Indicators or ADB’s own data base.
- The share of Industry, Services and Agriculture in total Value Added. Where possible, this indicator should be used to complement the real rate of growth of GDP per capita in order to assess the degree of structural change towards higher-productivity economic sectors.

Productive Employment:
- Share of the employed in industry (ILO data base)
- Share of the employed in manufacturing (ILO data base) (To Be Derived)
- Share of own-account workers and formally 'unpaid' family workers in total employment (ILO data base)
- Supplementary Indicator: Share of workers who are part of households whose income is below the US$ 2.50 per day per person international PPP poverty line.

Access to Economic Infrastructure:
- Proportion of the population with access to electricity (IEA data)
- Number of mobile phone subscribers per 100 people (MDG database)

Other seemingly relevant indicators, such as the percentage of the working population that is ‘underemployed’ or that works in the ‘informal sector’, are still subject to differences of opinion on the definition of such conditions. Partly as a result, there are no data sets, of which we are aware, which would provide wide coverage of such employment conditions in Asia and the Pacific.

Other indicators, such as the youth unemployment rate, might be a useful indicator for upper-middle income countries, but in lower-middle income countries and low-income countries, the great majority of the working population simply cannot afford to be ‘unemployed’.

We accord a weight of 50% to this general category of indicators. Within this total, we assign a weight of Five-Tenths (25% overall) to the sub-component of economic performance represented by the real rate of growth of GDP per capita and structural
change, a weight of Three-Tenths (15% overall) to the sub-component represented by the employment indicators and Two-Tenths (10% overall) to the sub-component represented by the indicators for access to electricity and mobile phones.

II. Addressing Income Poverty and General Equity

Our interpretation of the recent movement towards an Inclusive Growth strategic framework is that the focus on addressing extreme poverty has been regarded as too limiting. In developing countries, national policymakers have been under pressure to craft development strategies that respond to the needs of a much broader segment of the population.

This new broader orientation also is responding to the widespread recognition that income and wealth inequalities have been rising significantly in many developing countries, and in Asia in particular, and have been adversely affecting large swathes of the non-poor population.

Many ADB documents have pointed out that in Asia extreme poverty (as measured, for example, by the original international poverty line of $1 per day per person) is projected to decline to a small proportion of the population by 2020. In 2005, the share of the extreme poor was estimated to be only 18% for East Asia, South Asia and Southeast Asia taken together.

Since income inequality was rising before the global financial crisis of 2008-9, the dramatic reduction in extreme income poverty was due, no doubt, primarily to rapid economic growth. The post-crisis recovery of growth is likely to play the same predominant role.

This could imply the need for several strategic adjustments at the country level (and in the focus of ADB's assistance). First, while countries in Asia and Pacific should retain the MDG-related focus on extreme income poverty, they should also concomitantly monitor progress on ‘less severe’ forms of poverty.

A. Income Poverty, Extreme and Moderate

Such monitoring could take the form of periodically gauging the level of income poverty by using the $2.50 per day per person international poverty line. ADB’s calculations of poverty levels in 2005 based on US$ 2 per person per day suggest that about 80% of the population in Bangladesh and India were poor and about two-thirds of the population in Lao PDR and Nepal were poor (Ali and Zhuang 2007). However, such a measure indicates that only about 10% were poor in Malaysia, about 16% were poor in Thailand and about 30% were poor in the People’s Republic of China.

Such international poverty lines are subject to criticism because of the aggregation method that is used to generate international prices and the shortage of relevant consumption and price data at the country level. Often, changes in such measures do not appear to be consistent with other national trends such as growth of GDP per capita or employment generation. This has been our own experience in applying such indicators to our country case studies.

Consequently, we would recommend that such a PPP-based indicator be regarded as providing primarily a ‘global’ perspective on the extent of moderate poverty in a particular country. Hence, it should be used as a periodic ‘snapshot’ of the extent of moderate poverty in each country setting, not as a regular national-level monitoring tool.
For monitoring purposes, we recommend using poverty estimates based on national poverty lines. For most countries, measures of levels of ‘food poverty’ (i.e., extreme poverty) and overall poverty (based on food and non-food expenditures) should be available from the World Bank or ADB itself.

Still, monitoring poverty—either by PPP estimates or national poverty lines—will not suffice, we believe, for a comprehensive Inclusive Growth strategic framework. For example, in many of the countries in Central Asia, East Asia and Southeast Asia, the headcount ratio for $2.50 a day poverty was well below half of the population in 2005 and is projected to decline to a much smaller proportion by 2020 (Zhuang and Ali forthcoming 2010).

B. Vertical and Horizontal Inequalities

We need measures that could track adverse distributional changes that affect not only the extremely and moderately poor but also a significant segment of the disadvantaged non-poor. Hence, we are explicitly interpreting ‘inclusiveness’ in a broad sense. The Gini coefficient, while it should be used as a useful starting point, is not adequate for this purpose: it gives a summary measure for the whole distribution, without giving us direct information about the nature of changes within the entire range.

The Gini coefficient should be complemented by the income share of the poorest 60% of the population. We regard this indicator as a proxy for assessing the conditions of the ‘vulnerable non-poor’. It could be the case, for example, that even if extreme income poverty were decreasing, the income share of the poorest 60% could be falling.

A useful supplementary indicator could be the ratio of the mean expenditure per person of the poorest 60% of the population to the mean expenditure per person of the richest 10%. In the majority of countries, one would likely find that this ratio had been rising significantly in the decade preceding the global financial crisis as general inequality (measured, for example, by the Gini coefficient) was rising.

This proposal is a variation on an indicator used by Ali and Zhuang (2007): the ratio of the mean expenditure per person of the poorest 20% to that of the richest 20%. While this indicator focuses on the two poles of the income distribution, its merit is that it concentrates on absolute levels of income, not relative shares of income.

In addition to tracking ‘vertical’ inequalities, such as income distribution, we should also pay attention to the evolution of ‘horizontal’ inequalities. This is particularly true of disparities between rural and urban areas in general and among regions in particular. Where appropriate, inequalities among socially defined groupings, such as between ethnic majorities and minorities or between castes, should also be monitored.

At the very least, ADB should seek to report on a regular basis the disparity in levels of income or expenditures between the rural and urban populations. While we recommend carrying out such monitoring, we have not been able to amass a systematic set of data for this purpose.

Summing up, we are proposing that greater equity could be achieved at several levels: 1) by enhancing the ‘inclusion’ of the extremely poor (according to national poverty lines), 2) by enhancing the ‘inclusion’ of the moderately poor (according to the US$ per person per day international poverty line and 3) by enhancing the ‘inclusion’ of the disadvantaged non-poor (such as the poorest 60% of the population). As extreme poverty is reduced in many of the countries in Asia and the Pacific, ADB should place increasingly more focus on moderate levels of poverty and on the disadvantaged non-poor.
Our criteria for monitoring and evaluating the achievement of Inclusive Growth include all three of the above aspects.

**Indicator Proposals**

Following are a proposed set of indicators that could gauge the degree of success of countries in achieving Inclusive Growth.

A. Poverty Measures:

- The proportion of the population living below nationally determined poverty lines: Utilising such estimates should take precedence over using PPP estimates of poverty levels. (World Bank or ADB data)
- The proportion of the population living below the $2.50 per day per person international poverty line in 2005 prices. (World Bank). This measure should be used as a measure of ‘moderate’ poverty and as an entry point for discussing broader measures of deprivation and exclusion.

B. Inequality Measures, Vertical and Horizontal:

- **B1. Vertical Inequality:**
  - The Gini Coefficient.
  - The income share of the poorest 60% of the population. This is designed to be the broadest measure of ‘vertical inequality’. (World Bank or ADB data)
- **B2. Horizontal Inequality:**
  - the income or expenditure gap between rural and urban areas (to be developed)
  - Where feasible, the income or expenditure gap among regions or among major ethnic groupings (to be developed).

C. Incorporating Gender Equity into Inclusive Growth

Achieving greater gender equity is an important aspect of fostering greater ‘inclusiveness’ of growth, including enhancing human capabilities. ADB has already begun to clarify its thinking on the relationship between gender equality and Inclusive Growth (Niimi 2009).

In addressing gender equity, we apply the same broad development-oriented definition of Inclusive Growth that we have used for other dimensions. Thus, the intention is not to focus just on poor women or on relative human poverty between men and women. Indicators that can be used to evaluate progress of a broader grouping of women are preferred.

We concentrate our attention on three dimensions, education, health and employment, in part because we believe that informative indicators could be applied to such aspects of gender equity.

**Indicator Proposals:**

C. Gender Inequality:

- The ratio of literate females to literate males among the group 15-24 years of age. This corresponds to inequalities in extreme educational deprivation. Literacy is an informative outcome variable and the age range of 15-24 years of age helps to give an indication of recent advances. (UNESCO source)
- The ratio of girls to boys in secondary education. This corresponds to inequalities in more moderate levels of educational deprivation (though the results for such an indicator do not always suggest gender inequality, namely, that women are the disadvantaged group relative to men). (UNESCO source)
The percentage of births attended by skilled health personnel. This could be supplemented by the corresponding outcome indicator, the maternal mortality rate, but reliable data on such an indicator are often not available. (UNICEF and WHO)

The share of women in non-agricultural wage employment. This is a variation of the indicator included in the section on measures of productive employment. (ILO)

For the general category of income poverty and general equity, we assign a total weight of 25% within the overall composite index. Within this 25% weight, we give 40% weight (10% overall) to 1) the indicators for extreme and moderate poverty (national estimates); 40% weight (10% overall) to 2) the indicators of vertical and horizontal inequalities (such as the expenditure share of the poorest 60%); and 20% weight (5% overall) to 3) gender inequalities.

III. The Human-Capabilities Dimension of Inclusiveness

So far, we have addressed ‘inclusiveness’ in terms of income poverty, income inequality and productive employment. In a sense, we have focussed our attention primarily on the demand side of the achievement of equitable access to opportunities. One could say that our indicators are designed to monitor the demand for labour and the associated generation of income and its distribution—whether equitable or not—among the population.

But, even if we define Inclusive Growth narrowly, we still need to address the supply side of such access. Namely, does the working population possess the human capabilities necessary to be productively employed—to take advantage of available economic opportunities?

A focus on such an issue leads us naturally to consider the population’s access to public goods and services. The pre-eminent dimensions would include access to health and education services, and to such other vital infrastructure as safe water and adequate sanitation.

Such dimensions as health and education can be interpreted in various ways. They are often regarded as human development outcomes. Good health and essential education can also be regarded as human capabilities that can generate additional income, i.e., accelerate the pace of growth.

Within the analytical framework of Inclusive Growth, health and education can also be regarded as a barometer of the degree of ‘equality of opportunity’ that a country’s population enjoys. This implies that all members of a society should be provided with the means to form the basic human capabilities that are an essential foundation for social inclusion.

Since we implicitly define Inclusive Growth in a broad sense—namely, as equivalent to Inclusive Development—we place a priority on human capabilities as a measure of human development. Moreover, we regard the lack of basic capabilities as an indication of ‘human poverty’.

However, whether one agrees with such an approach or favours a narrower or more instrumental interpretation of their importance, advocates of differing interpretations of human capabilities should still likely be to able to agree, we believe, on a core set of essential criteria and indicators.

Assuming that such agreement could be reached, what indicators would be most appropriate? There are several candidates for which extensive data should be available.
For health outcomes, the under-five mortality rate is one of the most reliable and extensively documented indicators. Such deprivation-oriented measures provide, in themselves, a suggestion of the share of the population that is deprived. As a complementary health indicator, a variation on the indicator of life expectancy could also be used, since it can serve as a general barometer of health conditions in a society.

We prefer using the share of the population that is projected not to live beyond age 40. This indicator is used for the Human Poverty Index of the Human Development Report. Together, the under-five mortality rate and the under-40 mortality rate should provide a broad sense of a country’s success in achieving health ‘inclusiveness’.

In recent years there have been efforts to link such measure of human development with measures of income or wealth. For example, the Demographic and Health Survey data base now provides information on the under-five mortality rate by quintiles of the population ranked by a wealth index. Where such data are available for countries in Asia, we should disaggregate them—for example, for the under-five mortality rate by quintile. Where DHS data are not available, especially over time, we should strive to report the differential in this rate between urban and rural areas as a rough proxy measure of inequality in the attainment of human capabilities.

The ADB paper by Tandon and Zhuang 2007 is a good example of the application of such an approach to the People’s Republic of China. They find that while health outcomes, such as life expectancy and mortality rates, have tended to converge across rich and poor provinces (as health has advanced faster in poorer provinces), disparities in outcomes have widened between rural and urban areas. They also draw on data from a WHO 2003 World Health Survey, covering 4,000 households across 10 provinces, which uses a wealth index to rank households. Consequently, they are able to document that ill health, such as being underweight, is more prevalent among poorer households.

A good complement to the two life expectation variables would be the percentage of children under five years of age who are underweight. This indicators can provide information on both nutrition and health conditions. In South Asia, in particular, malnutrition and under-nutrition remain as major problems. In this region, in fact, they are more severe, on average, than in the rest of the developing world.

For education outcomes, we could utilize an indicator of school enrolment. Since we are not focusing exclusively on poverty-related outcomes, using literacy (a classic basic ‘outcome’ indicator) or the primary school enrolment ratio would not be adequate for our purposes. We need an additional indicator that tracks education outcomes for a share of the population that is significantly larger than the extremely poor.

In this case, we could supplement the primary school enrolment ratio with the secondary school enrolment ratio. Where data are available on net enrolment ratios, these should be used. Also, if data on enrolment ratios can be disaggregated, at least by rural and urban areas, this differentiation should be reported. Lastly, if Demographic and Health Surveys provide enrolment ratios by quintiles over time, presenting such an indicator would be the most preferred option.

Where data are also available on the access to safe water and adequate sanitation, these indicators should be reported as a complement to the health and education indicators mentioned above. Lack of access to such facilities can be severe, especially in rural areas, and especially for sanitation. According to Strategy 2020, ADB plans to prioritise such sectors for investment in the future. Once again, disaggregating these indicators according to rural and urban areas is recommended.
Indicator Proposals

Our discussion of achieving human capabilities as an integral component of promoting Inclusive Growth has identified several potential indicators. Most are already in wide use and should be supported by the availability of data. We recommend that, where feasible, the monitoring of these indicators should involve disaggregation of results by rural/urban sector and income quintile.

- The Under-Five Mortality Rate (UNICEF, WHO)
- The Under-Forty Mortality Rate (UNDP HDRs)
- Percentage of Under-Fives who are Underweight (UNICEF, WHO)

- Net Primary Enrolment Ratio (UNESCO)
- Net Secondary Enrolment Ratio (UNESCO)

- Proportion of the Population with Access to Safe Water (World Bank, World Development Indicators)
- Proportion of the Population with Access to Adequate Sanitation (World Bank, World Development Indicators)

We assign a weight of 15% to this general category of indicators. Within this total, we assign 1/3 (5% overall) to the health and nutrition cluster (under-five and under-forty mortality and under-five underweight), 1/3 (5% overall) to the education cluster (net primary and secondary enrolment) and 1/3 (5% overall) to the indicators for access to water and sanitation. Where possible, these indicators should be disaggregated by quintile and the rural-urban divide.

IV. The Social Protection Dimensions of Inclusiveness

If we are able to provide a menu of indicators that can register general progress on the growth of productive employment, the generation of income and the formation of essential human capabilities, we will have gone a long way to offering credible means to monitor progress on Inclusive Growth.

However, ADB usually incorporates social protection as an additional dimension of its Inclusive Growth strategic framework. This is a particularly focused application of ‘inclusiveness’. Necessarily, much of the focus would be on the extremely or chronically poor, who have great difficulty in taking advantage of any opportunities provided by Inclusive Growth.

Thus, for our weighting scheme for Inclusive Growth, we assign a weight of only 10% to this category. Consequently, we are not defining social protection in a broad, almost all-encompassing, way (as the Chronic Poverty Centre does, for example).

Note the statement by Ali 2007 that “inclusive growth focuses on expanding the opportunities for all while targeting social protection interventions at the chronically poor” (p. 8). Note also the related ADB statement that “the key ingredients of inclusive growth are creation of opportunities through high and sustainable growth, making opportunities equally accessible to all and eradicating extreme poverty” (Ali and Zhuang, p. 17).

The need to eradicate extreme poverty necessitates an emphasis on some basic forms of social protection, or social safety nets. Ali and Zhuang 2007 state, for example, that “promoting social inclusion also requires the government to provide...
social safety nets to mitigate the effects of external and transitory shocks as well as to meet the minimum needs of the chronically poor” (p. 14).

They describe several potential dimensions of such social protection. These include labour market policies, social insurance programmes, social assistance and welfare schemes, and child protection services. It is difficult, however, to identify outcome indicators that could be identified with social protection in particular.

Fortunately, ADB has already commissioned work on a Social Protection Index (Baulch, Weber and Wood 2008), which could fill in the gap of information on the quality and coverage of social protection in each country.

This composite index has four components. The first is the total expenditures on all social protection programmes as a ratio to GDP. The second is the number of beneficiaries of social protection programs (among key target groups) as a ratio to the reference populations for key target groups. The third is the number of social protection beneficiaries who are poor as a ratio to the total poor population. And the fourth is the average social protection expenditure for each poor person as a ratio to the poverty line.

We understand that this index is currently available for a limited number of countries. As long as ADB is committed to supplying continuous information for expanding and updating the Social Protection Index, it could be a valuable tool in monitoring and evaluating country-level progress on this very focused aspect of ‘inclusiveness’.

This composite index mixes input indicators, such as expenditures, with output indicators, such as the number of beneficiaries. But these components differ from some of the human development indicators that we have already recommended for our monitoring of Inclusive Growth because the latter are more designed to register outcomes (such as health conditions or educational attainments).

Instead of ‘re-inventing the wheel’, we merely take on board the new Asia Social Protection Index and adopt implicitly the weighting scheme for its four components. For presentation purposes, the four components can always be offered as separate indicators if ADB wishes to do so.

We assign a weight of 10% to the Social Protection Index as a whole, adding the final weight to our 100% total for our four major categories of indicators.

**Note on Inclusive-Growth Promoting Governance**

Relating Inclusive Growth to governance dimensions is a particularly difficult exercise. Governance is a complex (and often ill defined) concept. It also incorporates many aspects that are often disputed. There are several prominent composite indices of ‘good governance’, which could be used to gauge progress on the governance dimensions of Inclusive Growth.

But since there remain significant disagreements on how to define the adjective for ‘good governance’, or even the noun, we would not recommend the use of such composite indices without a thorough critical review and experimental application to countries in Asia and the Pacific.

For the time being, we make only tentative initial recommendations on what we consider to be the more development-oriented aspects of governance and their corresponding indicators. Two indicators that we recommend are: 1) the ratio of revenue to GDP and 2) the ratio of public investment to GDP. Both of these indicators, though neglected in discussions of ‘good governance’, are absolutely critical to the success of governments in contributing to the Inclusive Growth agenda.
The ratio of revenue to GDP is a key barometer of the success of governments in mobilizing domestic sources of finance. Without a substantial resource base, governments will not be able to carry out many of the functions that are implied by the programmes that we would recommend to foster Inclusive Growth.

The ratio of public investment to GDP is also crucial because it gives an indication of the capacity and willingness of governments to invest in development. For many low-income or lower-middle-income countries in Asia and the Pacific, public investment needs to be boosted in order to finance the infrastructure necessary to provide essential economic and social services.

The indicator for public investment, or public expenditures in general, could be suitably disaggregated in order to reflect government commitment to expenditures for various forms of economic and social infrastructure.

Obvious examples are the public expenditures on health and education as ratios to GDP. In addition, the Social Protection Index purportedly includes an indicator for public expenditures on social protection as a ratio to GDP. We could also include as a central indicator the share of total public expenditures on poverty reduction programmes.

Also important, but often neglected, are indicators of expenditures on economic infrastructure. Critical expenditures are those on water, sanitation, roads and electricity. At the very least, such expenditures should be disaggregated by rural and urban areas, and by regions (ranked by income level).

We have not highlighted Inclusive-Growth Enhancing Governance as a separate component of our composite index. One of the major reasons is that some of its input indicators would cover the same ground as outcome indicators (such as health and education), which are covered elsewhere in the index. If ADB wishes to underscore the importance of such governance dimensions as a separate component of the composite index, we have provided some practical suggestions on how to do so.

**Concluding Remarks**

We explicitly assume that Inclusive Growth goes significantly beyond a poverty agenda (even an agenda for addressing the problems of the moderately poor). No doubt, this remains a point of contention. But resolving this issue would entail a major strategic decision that ADB will have to make for itself.

We also believe that the advocates of Inclusive Growth have not yet agreed on the weight that they attach to achieving greater equity (in addition to faster economic growth). We have opted for a heavy emphasis on greater equity even though Inclusive Growth appears to be less ‘equity-intensive’ in its objectives than Pro-Poor Growth. However, our approach favours the need for greater equity across a broader segment of the population than just the extremely or moderately poor. Thus, we regard suitable measures of income and non-income inequalities as being of paramount importance.

Generally, the employment dimension of Inclusive Growth has tended to be neglected. Part of the reason is the lack of suitable indicators to track progress. But another part is simply lack of clarity, or lack of agreement, on how to promote productive employment. We believe that faster growth is clearly not sufficient. The employment impact of growth should also be a priority policy concern.

Although we have implicitly assumed that Inclusive Growth is synonymous with Inclusive Development, we have not assumed that Inclusive Growth is the overarching strategic framework for ADB. For example, *Strategy 2020* defines
Inclusive Economic Growth as only one of its three Development Agendas. Hence, we have not directly addressed, for example, environmental concerns in our index. In general, we have chosen to be parsimonious in our selection of the dimensions of Inclusive Growth that we are recommending for evaluation even though there is often a natural tendency in such exercises to include a broad and diverse set of dimensions.

**Weighting Scheme**

Part of our remit is to develop a composite index that incorporates the major dimensions that we have highlighted above. In a sense, this could serve as a diagnostic tool for assessing country progress on Inclusive Growth. It could also serve as an initial framework to assess the alignment of ADB’s assistance to a country’s strategic priorities. However, this composite index should not be regarded as a tool for evaluation of country progress.

A composite index that is based on a ‘scoring’ methodology and a weighting scheme implicitly involves value judgments. However, such a framework could serve a useful purpose in obliging people with differing values (such as the weight that they attach to equity versus growth) to identify and clarify their differences. Also, any ‘scoring’ system could also oblige people to compare their assessment of progress, help make explicit the magnitude of their differences and assist them, hopefully, at arriving at a consensus view.

As discussed throughout the document, our broad recommendation for a four-component country-level Inclusive Growth Composite Index is as follows:

1. Success in achieving both Growth, Employment Generation and access to Economic Infrastructure: **50% weight**
2. Success in reducing Extreme Poverty, Moderate Poverty and Inequality (including vertical, horizontal and gender inequality): **25% weight**
3. Success in Enhancing Human Capabilities (e.g., health, education, water, sanitation): **15% weight**
4. Success in providing Basic Social Protection (especially for eliminating extreme poverty): **10% weight**

**Scoring System**

The composite index will be constructed as a weighted average score of 0-10, based on country performance on each of its four components. As explained earlier in this paper, each of the four components is, in turn, a weighted average of its subcomponents.

For example, the third component, Enhancing Human Capabilities, has three subcomponents (health and nutrition; education; and access to water and sanitation). Each of them will be scored from 0 to 10. And the resultant score will be given 1/3 weight in the total component. The total component has, in turn, a 15% weight in the overall composite index. If the combined score for the total component is 6, for example, then the weighted score of 0.9 (6 x .15) will added to the overall composite index together with the weighted scores of the other three major components.

In general, a score of 1-3 will be regarded as unsatisfactory progress on Inclusive Growth, a score of 4-7 as satisfactory progress and a score of 8-10 as superior progress.
ADB Assistance

While the composite index will be helpful in highlighting the dimensions of Inclusive Growth on which a country is making insufficient progress, the same composite index could not be mechanically applied to evaluating the contribution of ADB’s assistance to the country.

ADB is likely to be supplying assistance only to certain dimensions of Inclusive Growth, partly because it has limited resources and partly because other bilateral, regional or multilateral development agencies are also supplying assistance to certain dimensions.

However, the composite index could be a useful starting-point for the assessment of ADB activities in the sense that it might reveal some inconsistencies or misalignments between the country’s pressing need for assistance (as evidenced by its lack of progress along certain dimensions) and ADB’s strategic priorities for its own assistance to that particular country.

The use of the composite index is illustrated in five accompanying case studies. These cover Bangladesh, Cambodia, India, the Philippines and Uzbekistan.

References


Zhuang, Juzhong and Afzal Ali (forthcoming in 2010). ‘Inequality and Inclusive Growth in Developing Asia’. Introduction to a book publication, ADB.
Bangladesh Case Study: Inclusive Growth Index

Growth, Employment and Economic Infrastructure

While Bangladesh is a relatively poor country, it has performed reasonably well in recent years on the economic front. Between 1995 and 2000, its average GDP per capita growth rate was 3.2% per year. This average rate rose to 4.0% between 2001 and 2007. In 2008 this rate held at 4.8% and in 2009 at 4.6%.

Bangladesh’s economy has been undergoing a relatively moderate degree of structural change. The share of agricultural value added in GDP dropped from about 30% in 1990 to 25.5% in 2000 and to 19% in 2008. Over the same long period, the share of industrial value added in GDP rose from 21.5% to 28.5%. Correspondingly, manufacturing value added rose from about 13% to almost 18%. Services remained, by far, the largest sector in Bangladesh. This sector’s value added as a share of total GDP was already about 48% in 1990. By 2008, it had increased to 52.5%.

The picture on gains in productive employment in Bangladesh is mixed. The share of total employment in industry increased, for example, from the low base of 9.5% in 1996 to 14.5% in 2005. At the same time, however, the share of own-account and contributing family workers in total employment rose. While this share was about 69% in 1996, it had risen to 85% in 2005. This 2005 statistic is unusually high.

Bangladesh has made some progress on expanding the access of the population to economic infrastructure. In 2000, the number of mobile phone subscribers was 0.2 per 100 people but by 2008 this ratio had risen to almost 28. However, the level of this ratio in 2008 was still lower than that of either India or Cambodia. Bangladesh did manage to achieve more progress on access to electricity. IEA data suggest that in 2000 only 20.4% of the population had access to electricity whereas by 2008 this percentage had doubled, to 41%.

Poverty and Inequality

In the 2000s, Bangladesh has done reasonably well in reducing income poverty. According to estimates based on a national poverty line, the incidence of poverty dropped slightly from 51% in 1996 to 48.9% in 2000 and then more sharply to 40% in 2005, when economic growth accelerated and inequality remained relatively stable. Both urban and rural poverty declined significantly during the 2000s. The urban poverty incidence dropped from 35% to 28% and the rural poverty incidence from 52% to 44%.

If one uses the international poverty line of US$2 per person per day, then Bangladesh’s poverty incidence was still about 81% in 2005. For 2000, the corresponding incidence was 85%. The incidence in 2005 is the highest among the six countries that we examine for this research. This finding suggests that, based on a global perspective, deprivation remains widespread in Bangladesh.

Although Bangladesh’s income inequality has risen since the 1990s, it has remained relatively low. In 2005, for example, the Gini coefficient for expenditures was 34.1 (Ali and Zhuang 2007). In 1991, this coefficient had been a very low 28.3 and in 2000 30.7. In 2005, the poorest 60% of the population accounted for 38.1% of total expenditures. This share was down, however, from 41.5% in 1992, though it remained stable, at about 38%, between 1996 and 2005. The share of total expenditures of Bangladesh’s poorest 60% share in 2005 is still the highest among the five countries for which we have comparable inequality data.
Thus, though inequality is higher in the 2000s than it was in the 1990s, it is still relatively low, by regional standards, and has remained fairly stable in recent years.

**Gender Equity**

Women have made notable progress on the educational front in Bangladesh. For instance, the ratio of young literate females to young literate males (aged 15-24 years) rose from about 90% in 2001 to about 103% in 2007. In addition, the ratio of female to male enrolment in secondary schools rose significantly, i.e., from about 96% in 1998 to 106% in 2007. Moreover, during 2005-2007, the ratio of girls to boys in combined primary and secondary education was 106-107%. These ratios are similar to those of the Philippines but significantly above those of the other four countries that we are examining in this exercise.

On the health front, Bangladesh has not done well, however. The percentage of births attended by skilled health staff did rise from only 9.5% in 1994 to 18% in 2007 but the resulting level was still very low, even compared to levels in Cambodia or India. Not surprisingly, UNICEF reports that for 2005 the maternal mortality ratio in Bangladesh was 570, a very high incidence indeed. This estimate adjusts for under-reporting and misclassification of maternal deaths by national authorities.

The share of women in wage employment in the non-agricultural sector, which is supposed to indicate their movement into higher quality employment, has not exhibited much improvement between the early 1990s and the mid 2000s. During 1991-1995, for example, this share hovered around 20-21%. In 2000 this share appeared to have hit a peak of about 25% but by 2006 it was down again to about 20%.

**Human Capabilities**

Bangladesh has made some noteworthy progress on reducing the under-five mortality rate. In 1990 this rate had been 151 and in 1995 122. But by 2007 this rate had been brought down to 60.5. DHS data suggest that there was significant progress on reducing the mortality rate in both rural and urban areas. However, among the poorest 60% of the population, there was still a mortality rate of about 85. Among the richest 20% of the population, this rate was about half, i.e., 43.

According to the UN Population Division, the proportion of the Bangladeshi population expected to die before age 40 was 11.6% in 2005. This was a notable drop from the 21% of the population in 1995 that were projected to die before age 40. The resulting percentage in 2005 is relatively low compared to the level in either India or Cambodia. Bangladesh has not made significant progress, however, in reducing malnutrition and under-nutrition. In the late 1990s, the percentage of children who were underweight was 56.3%. During 2000-2006, this percentage remained at the high level of 47.5%.

Bangladesh has not made significant progress on boosting net enrolment rates in primary and secondary education. It did manage to increase the net primary enrolment rate from 76% in 1991 to 86.5% in 2006 but this progress is not particularly rapid nor is the resultant level particularly high—compared, for example, to the enrolment rates in the five other countries that we are examining, including Cambodia. The country’s record on the net secondary enrolment rate has been even less encouraging. In 1998 this rate was 39% but by 2007 it was still only 40.7%.

Bangladesh has achieved only marginal progress on the access of the population to either an improved water source or an improved sanitation facility. In 1990, 78% of the population had access to an improved water source. In 2006 this percentage had risen to only 80%. The percentage of the urban population with such access had, in
fact, declined. In 1990, only 26% of the Bangladeshi population had access to an improved sanitation facility. By 2006 this percentage had risen to 36%, still a low level of achievement. There was progress in rural areas on access to sanitation but in urban areas the percentage of the population with such access declined from 56% to 48%.

Social Protection

We do not have a basis yet to track the progress of Bangladesh in providing social protection. But ADB has developed a composite Social Protection Index, which it has constructed for 31 countries based on data in the 2000s. Scores range from 0 to 1. The composite score on this index for Bangladesh is 0.33. This score is close to the regional average of 0.36 (for the 31 countries for which data were collected). Bangladesh ranks 18th out of the 31 countries in the sample. For example, Uzbekistan’s score is 0.57, India’s score is 0.46, Indonesia’s is 0.33, the Philippines’ is 0.21 and Cambodia’s 0.19.

Summary:

Bangladesh did not perform particularly well on any dimension of Inclusive Growth. It did satisfactorily on growth, access to economic infrastructure, poverty and inequality. However, it did not do well on either improving access to education or access to sanitation or water. Its overall score is 4.55, which is on the low side of the satisfactory range (i.e., 4-7).

**Bangladesh Table: Inclusive Growth Index**

<table>
<thead>
<tr>
<th>Category</th>
<th>Score</th>
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1-3 unsatisfactory; 4-7 satisfactory; 8-10 superior
Cambodia Case Study: Inclusive Growth Index

Growth and Employment

Until the onset of the global crisis, Cambodia had achieved exceptionally rapid rates of growth of GDP per capita. For example, during 2007-2008, this rate was about 8%. During the period 1995-2000, Cambodia’s rate of growth of GDP per capita averaged 4.7% but during the period 2001-2007, it rose significantly, to 7.8%. In 2008, however, as result of the global crisis, this rate had dropped to 5.1%, and in 2009 to -4.0%. Nevertheless, Cambodia’s pre-crisis performance on this basic indicator had been exceptional.

Cambodia’s economy has been going through some structural change, primarily because of the continued growth of garment exports. For example, UNIDO reports that the real annual rate of growth of manufacturing value added during 2000-2005 was 14%—about twice as fast as the rate of non-manufacturing GDP. Manufacturing value added as a share of GDP increased from about 16% in 2000 to 20.5% in 2007. This latter percentage is well above the average of 13.9% for low-income countries. Over the much longer period between 1990 and 2008, industrial value added as a percentage of GDP rose from 13% to 24%.

Did such a high rate of economic growth and structural change translate into improvements in productive employment? The available evidence is not conclusive. Although value added in industry as a whole was growing at about 13% during 2005-2007 (slightly faster than GDP’s 11% rate), there are no corresponding data on employment trends by sector.

In a 2007 ILO regional report for ASEAN, data indicate that in 2005 industry in Cambodia accounted for 13.4% of total employment while agriculture still accounted for 59.1% and services for 27.5%. The percentage recorded for industry would represent progress since workers in industry had represented 8.4% of the labour force in 2000. This progress was due, undoubtedly, to the expansion of the garment sector.

The share of the vulnerably employed (own-account workers and contributing family members) in total employment—which was already very high—rose slightly in the 2000s, namely, from 84.5% in 2000 to 86.7% in 2004 (according to ADB’s own data base).

In 2000, only 15.8% of the population in Cambodia had access to electricity. By 2008 this proportion had risen to 24.0% but this level was still a remarkably low percentage of the population. In 2000, the number of mobile phone subscribers per 100 people was 1.0. This ratio rose significantly, to 29.1, by 2008. But this was also still a relatively low level of mobile phone access compared to levels in other Asian economies.

Poverty and Inequality

If there has not been a broad-based improvement in employment in Cambodia, it would not be surprising that income poverty has not significantly declined. This appears to have been the case. According to a national poverty line, poverty incidence declined from 47% in 1994 to 35% in 2004. A World Bank poverty report published in 2009 indicates that poverty incidence had fallen to 30% by 2007. This would be considered a credible performance except that poverty incidence was already recorded as being 36% in 1997.
World Bank PPP estimates for 2004 record the poverty incidence as 68% according to the US$ 2 per person per day line. These estimates suggest that according to a global standard, overall poverty still affects a substantial majority of the population in Cambodia.

How have the vulnerable ‘non-poor’ fared in recent years in Cambodia? To answer this question, we examine the income share of the poorest 60% of the population. By the US$ 2 a day standard, this share of the population could be considered at least moderately poor by global standards. In 1994, the share of the poorest 60% was 33.4%. But by 2004, it had fallen to 30.8%. ADB documents report that the Gini coefficient rose sharply from about 32 in 1993 to about 41 in 2004 (Ali and Zhuang 2007). However, the share of the poorest 60% did appear to have recovered slightly to 31.7% by 2007.

These statistics suggest that during the period for which most poverty and distribution data are available, namely, 1994 to 2004, inequality worsened while poverty was still slowly declining (at least after 1997). As economic growth became more rapid by the mid 2000s, inequality appears to have moderated, with the poorest 60% registering a slight gain relative to share of the richest 40% of the population.

**Gender Equity**

What kind of progress has Cambodia achieved in gender equity? It appears to have achieved more progress than on inequality in general or on poverty reduction. The ratio of literate females to literate males (aged 15-24 years) has improved, rising from 87% in 1998 to 92% in 2007. The ratio of girls to boys in secondary enrolment has improved dramatically, rising from 54% in 1998 to 81% in 2007. In addition, the ratio of girls to boys in combined primary and secondary enrolment rose from 79% in 1998 to almost 90% in 2007.

Improvements in gender equity on the health front have been somewhat less pronounced. For example, the proportion of births attended by skilled health staff rose from 34% in 1998 to about 44% in 2005. This is not an insignificant advance over such a short period but the resultant level is still low by international standards. For example, UNICEF reports that for 2005 the maternal mortality ratio was 540, which is a very high incidence. This estimate adjusts for under-reporting and misclassification of maternal deaths by national authorities.

**Human Capabilities**

Cambodia’s progress on improving basic human capabilities has not been exceptional. For example, in 1990 its average under-five mortality rate was 119. By 2000, this rate had fallen to only 106 and by 2007 to only 91. Definitely, this trend represents relatively slow progress.

Fortunately, we are able to differentiate Cambodia’s progress by rural and urban areas. In 2005, for example, the under-five mortality rate was still 111 in rural areas while it was 76 in urban. A DHS survey for 2005 also enables us to identify the average under-five mortality rate for the poorest 60% of the population. It was 123 deaths per 1,000 live births. This rate contrasts with 23 deaths per 1,000 live births for the richest 20% of the population.

According to the UN Population Division, the proportion of the Cambodian population expected to die before age 40 was 18.5% in 2005. This percentage of the population had been reduced from the projected 27% in 1995. Still, the 2005 level is a relatively high percentage by international standards. Cambodia has also not performed well in reducing malnutrition and under-nutrition. In the early 1990s, the percentage of
children under five who were underweight was almost 40%. By 2000-06, this percentage was still at the relatively high level of about 36%.

Cambodia has experienced some progress on education indicators. For instance, its net primary school enrolment ratio rose from 72% in 1991 to 87% in 2000 and then edged up to 90% in 2007. Its net secondary school enrolment ratio doubled from 16.5% in 1998 to 34% in 2007 but the resultant level is still very low by international standards.

Cambodia has experienced differential progress on access to improved water and sanitation facilities. In 1990 the percentage of its population with access to improved sanitation facilities was only 8%. By 2006 this percentage had risen slowly overall, to 28%. However, there was also a large differential in access between urban and rural areas. Only 19% of the rural population had access to improved sanitation facilities in 2006 whereas 62% of the urban population did.

There was both faster and more equitable progress on access to an improved water source. In 1990, 19% of the Cambodian population had such access and by 2006 this proportion had risen dramatically to 65%. In this same year, 80% of the urban population had access to an improved water source while 61% of the rural population had such access.

**Social Protection**

We do not have a basis yet to track the progress of Cambodia in providing social protection. But ADB has developed a composite Social Protection Index, which it has constructed for 31 countries based on data in the 2000s. Scores range from 0 to 1. The composite score on this index for Cambodia is 0.19. Compared to the regional average of 0.36 (for the 31 countries for which data were collected), this score is definitely low. Cambodia ranks 25th out of the 31 countries in the sample. For example, both Bangladesh's and Indonesia's score is 0.33, India's score is 0.46 and Uzbekistan's 0.57.

**Summary:**

Cambodia performed well on generating rapid economic growth but only just satisfactorily on generating productive employment and expanding access to economic infrastructure. It performed very poorly on providing social protection. Its other ‘scores’ remained within the satisfactory range. Its overall score is **5.05**, which is somewhat below the mid range of the satisfactory range (i.e., 4-7).

**Cambodia Table: Inclusive Growth Index**

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</table>

1-3 unsatisfactory; 4-7 satisfactory; 8-10 superior
India Case Study: Inclusive Growth Index

Growth and Employment

India was growing credibly during the period 1995-2000. Its average rate of growth of GDP per capita was 4.3%. During 2001-2007, this rate accelerated to an average of 6.1%, with rates of 7-8% during 2005-2007. In 2008, this rate slowed to 5.2% and then rose slightly to 5.7% in 2009. Thus, overall India’s growth performance has been impressive.

The Indian economy appears to have been undergoing some structural change in recent years but it has not been pronounced. UNIDO reports that the real rate of growth of manufacturing value added was 6.9% during 2000-2005, about the same rate as non-manufacturing GDP. Between 2000 and 2007, the share of manufacturing value added in GDP edged up from 14.3% to 14.9%.

More recently, both industry and services were growing much faster than agriculture. For example, while GDP was growing at 9.5% during 2005-2007, industry was growing at 10.5% and services at 10.6%. However, agriculture was growing at only 4.5%. Slow growth of agriculture has retarded, no doubt, any real increases in rural incomes.

If one takes a longer-term perspective, one can observe that services value added as a percentage of total GDP has increased significantly whereas industrial value added has not. Between 1990 and 2008, services increased their share of GDP from about 44% to about 54% while industry was increasing its share from 27% to about 29%.

Such growth trends would suggest that employment should be shifting out of agriculture and into both industry and services. But we are unable to report any relevant trends for corresponding employment indicators for India, such as the share of the employed in industry or other sectors over time or even any data on the share of the vulnerably employed. ILO data included in a 2007 report on ASEAN suggest that 54% of India’s total employment remained in agriculture in 2004, while 26% was in services and 20% in industry. Such a percentage for industry is relatively high for low-income countries.

India has achieved some degree of progress on expanding access to economic infrastructure. While in 2000 43.0% of the population had access to electricity, this share had risen markedly, to 64.5% in 2007. In 2000, there were a mere 0.4 mobile phone subscribers per 100 people. By 2008, this ratio had risen to 30.4. While this is significant progress, it is moderate when compared to the advances of countries such as Indonesia and the Philippines.

Poverty and Inequality

There have been endless national debates on the extent of poverty reduction in India. World Bank estimates suggest that according to national poverty lines, the poverty incidence decreased from 36% in 1994 to 28.6% in 2000. If this is accurate, then the performance should be regarded as credible.

According to the US$ 2 per person per day PPP line, the headcount ratio in India is estimated to have been 75.6% in 2005. This estimate suggests that poverty, by international standards, still affects about three-quarters of the population.

The few estimates of inequality that are reported for India suggest that it is not high by international standards. ADB documents report that the Gini coefficient rose significantly, from about 32.9 in 1993 to 36.2 in 2004 (Ali and Zhuang 2007).
income share of the poorest 60% has been above-average, at least compared to that in other countries in Asia such as Cambodia and the Philippines. In 1994, this share was 37.8%. But by 2005, this share had dropped significantly, to 34.3%. This represents an appreciable deterioration in income distribution. If true, such deterioration would have slowed the reduction in poverty despite more rapid rates of growth in the 2000s.

**Gender Equity**

According to available indicators, India has made moderate progress on achieving gender equity. Since the early 1990s, it has made significant advances on educational indicators. For example, while the ratio of young literate females to young literate males (aged 15-24) was 67% in 1991, it had increased to 80.5% by 2001 and 88.9% by 2007. The ratio of females to males in secondary school enrolment started from 59.7% in 1991 but reached 72.0% in 2001 and 83.3% by 2006. The ratio of girls to boys in combined primary and secondary school enrolment increased from 70.3% in 1991 to 90.6% in 2006.

On health indicators, there have been less impressive advances. For instance, the proportion of births attended by skilled health personnel was 34.2% in 1993 but had reached only 42.5% in 2000 and only 46.6% in 2006. In other words, it was still the case that less than half of births were attended by trained health staff. Moreover, according to UNICEF, the maternal mortality ratio was still high for 2005, namely, 450 deaths per 100,000 live births. This estimate adjusts for under-reporting and misclassification of maternal deaths by national authorities.

On the employment front, India lags behind many other countries in the region on advancing gender equity. In 1990, only 12.7% of those employed for wages in non-agricultural sectors were women. By 2000, this percentage had risen to 16.6% and by 2005 to 18.1%. Not only was progress modest but also the resulting level in 2005 was still low.

**Human Capabilities**

India has made advances on some health indicators. For instance, in 1990 its under-five mortality rate was 117 deaths per 1,000 live births. By 2000 this rate had fallen to 91, and by 2007 to 72. India is likely to have difficulty in reaching the MDG target of cutting this rate by two-thirds by 2015. Most of the absolute declines in deaths have occurred in rural areas as the differential between the urban and rural rates has narrowed. However, if we examine the under-five mortality rates by quintiles of the population (which are provided by DHS data), then in 2005-06, the average mortality rate among the poorest 60% of the population was 99 deaths per 1,000 live births whereas for the richest 20% of the population it was only 39.

For 2005, the U.N. Population Division reports that 15.5% of the population could not expect to reach age 40. In 1995, this percentage was already 16% so there has been virtually no progress. While the 2005 level is not as high as Cambodia’s, it is still higher than the percentage in many other Asian countries, such as Bangladesh and the Philippines.

India has definitely not made significant progress on malnutrition and under-nutrition (as is also the case for other South Asian countries). In the early 1990s, 53.4% of children younger than five years of age were underweight. By 2000-06, this proportion had fallen to about 46%. This is slow progress. Almost half of children under five are still suffering from a chronic lack of food at an early age.

The data currently available to us on India’s progress on the educational indicators that we have chosen are not extensive. We are able to report on data on the net
primary enrolment ratio. These suggest that while there has been progress in the 2000s, it has not been rapid. In 2000 the net primary enrolment ratio was 79% and by 2007, the latest year for which we have data, the ratio had risen to 90%. The youth literacy rate has increased noticeably since the early 1990s. In 1991, the literacy rate among youth 15-24 years of age was about 62%; by 2006, this proportion had risen to 81%. Though we do not have data on the net secondary enrolment ratio, UNESCO reports that the gross secondary enrolment ratio increased from 44% in 1999 to 57% in 2007.

India has not made significant progress on expanding access to improved water sources and improved sanitation facilities. In 1990, 71% of the population had access to an improved water source. By 2006 this percentage had risen to 89%. The gap between rural and urban areas was not wide: 86% of the rural population had such access while 96% of the urban population had such access. The record on expanding access to sanitation was not satisfactory. In 1990 only 14% of the population had access to improved sanitation facilities. In 2006, this share had risen to only 28%. While 52% of the urban population had access to sanitation, only 18% of the rural population did.

Social Protection

We are not able to track the progress of India (or other countries) on providing social protection. However, ADB has developed a composite Social Protection Index, which it has constructed for 31 countries based on data in the 2000s. Scores on the index range from 0 to 1. The composite score on this index for India is 0.46. Compared to the regional average of 0.36 (for the 31 countries for which data were collected), this score is reasonably high. India ranks 10th out of 31 countries. As a comparison, both Bangladesh’s and Indonesia’s score are 0.33, the Philippines’ is 0.21 and Cambodia’s 0.19.

Summary:

The composite results for the Inclusive Growth Index suggest that India performed above-average on growth and social protection and did reasonably well on economic infrastructure. However, data are not really adequate to make an assessment on employment generation. India did only marginally satisfactorily on several dimensions: inequality in general, gender equity, health and nutrition, and sanitation and water provision. Its overall ‘score’ is 5.70, which is slightly above the mid point of the satisfactory range (i.e., 4-7).

### India Table: Inclusive Growth Index

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<tr>
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1-3 unsatisfactory; 4-7 satisfactory; 8-10 superior. \(^1\)the score for employment is based on limited data.
Indonesia Case Study: Inclusive Growth Index

Growth, Employment and Economic Infrastructure

Over roughly the last two decades, Indonesia's growth performance has not been stellar. Its average rate of growth of GDP per capita during 1995-2000 was only 0.8%. This was due principally to the impact of the Asia Financial Crisis. In 1998 its rate of growth was -14.3% (as its economy collapsed) and in 1999 it was still -0.6%. During 1990-94, Indonesia was averaging, by contrast, a 6.3% rate of growth of GDP per capita.

During 2001-2007, Indonesia's rate of per capita growth had recovered from the crisis and was averaging 3.7% per year. In 2008, its growth rate was 4.7% and in 2009 3.3%.

Indonesia's has continued to undergo structural transformation despite the economic slowdown incurred during the late 1990s. Agricultural value added as a percentage of total GDP fell from 19.4% in 1990 to 14.4% in 2008. This level is lower than that of the other five countries that we are examining, except the Philippines. Correspondingly, industrial value added as a percentage of GDP rose from 39.1% in 2000 to 48.1% in 2008. This is a relatively high level. Meanwhile, the share of services in GDP fell from 41.5% to 37.5% during the same period.

However, Indonesia has not made much progress on expanding productive employment. While the share of total employment in industry was 13.7% in 1990, it had risen modestly to only 18.8% in 2007. About 41% of all the employed were still in agriculture and the remaining 40% were in services in 2007. In addition, Indonesia has made virtually no progress in reducing the share of own-account and contributing family workers in the labour force. While this share was about 63% in 1997, it was still basically the same percentage in 2007.

Indonesia has had a mixed record on expanding access to economic infrastructure. Its record on increasing the number of mobile phone subscribers has been spectacular. In 2000 the number of such subscribers per 100 people was only 1.8 but by 2008 this ratio had risen to 61.8. However, progress on access to electricity has been much less impressive. In 2000, 53.4% of the population had access to electricity. By 2008 this proportion had risen only modestly to 64.5%. Both Bangladesh and India have made much more dramatic progress on this front.

Poverty and Inequality

Indonesia appears to have made very little progress on reducing poverty by the mid 2000s. In 1996, for example, the poverty incidence, according to the national poverty line, was 17.5%. By 1999, under the stress of the Asia financial crisis, the poverty rate rose to about 27%. Thereafter, the rate declined, reaching 16.7% in 2004. The most dramatic increase in poverty during the Asia financial crisis was in rural areas: there the incidence of poverty rose from about 20% in 1996 to over 34% in 1999, before falling back to 20% in 2004.

When the international poverty line of US$ 2 per person per day is used to gauge the extent of poverty in Indonesia, the result is that about 60% of the population should still be regarded as poor—at least from a global perspective. Hence, this standard would suggest that deprivation is much more broad-based than that suggested by estimates that have been based on a national poverty line.

Inequality appears to have remained virtually unchanged between the early 1990s and the early 2000s. In 1993 the Gini coefficient was 34.4 while in 2002 it was 34.3.
This could not be considered a high level of inequality. For both 2005 and 2007 there are estimates available for the share of total expenditures accounted for by the poorest 60% of the population: in 2005 this share was 32.3% and in 2007 33.2%. Hence, even though there is no basis on which we can judge a trend, the share of the poorest 60% is significantly above that for the Philippines (28.4%) but below that for Bangladesh (38.1%).

Gender Equity
In general, Indonesia appears to have made some progress on achieving greater gender equity. The ratio of young literate females to young literate males (aged 15-24) was already at a fairly high level in 1990, i.e., 97.6%. By 2006, at 99.2%, it had edged up practically to its limit. The ratio of the female to the male secondary enrolment rate was 82.6% in 1991. But by 2007, this ratio had risen significantly, namely, to 100.6%. Hence, the ratio of girls to boys in both primary and secondary education rose from about 93% in 1991 to over 97% in 2007. In other words, by the later years, Indonesia appears to have been moving towards gender equity in both primary and secondary education.

Indonesia has also made some progress on the health front. Whereas in 1991 only about 32% of all births were attended by skilled health personnel, in 2007 this percentage had risen to over 79%. This proportion is much higher than the level in the other countries in our sample, except for Uzbekistan. However, UNICEF still records a maternal mortality rate of 420 per 100,000 live births in 2005. This estimate adjusts for under-reporting and misclassification of maternal deaths by national authorities.

On the employment front, there has been virtually no change in the share of women in wage employment in the non-agricultural sector in Indonesia. For example, in 1990 this share was 29.2%. In 2007, it was still 30.6%.

Human Capabilities
Indonesia has not made much progress on enhancing human capabilities in the last two decades. It has succeeded in reducing the under-five mortality rate. In 1990, this rate was 85.6 per 1,000 live births. By 2007, Indonesia had managed to reduce it to 42.2. While the poorest fifth of the population had an under-five mortality rate of 77 in 2007, the richest fifth had a rate of less than half, i.e., 32.

According to the 1995 estimates of the UN Population Division, 13% of Indonesians could expect to die before age 40. Estimates for 2005 suggest that this percentage had fallen to 6.7%.

Indonesia has continued to reduce malnutrition and under-nutrition. In the early 1990s, the percentage of children who were underweight was 37.5% and in the late 1990s this percentage was 34%. During the period 2000-06, this percentage had been reduced to about 28%. Though not low by international standards, this level was better than that for our sample countries of India and Bangladesh.

While Indonesia appears to have made no progress on net primary school enrolment, it has advanced on net secondary school enrolment. In 1991, the net enrolment ratio for primary school in Indonesia was 98%—already a very high ratio. But by the 2000s this percentage had dropped. In 2007, for instance, the ratio was about 95%. In contrast, Indonesia made credible progress on secondary school enrolment. While in 2000, the net secondary school enrolment ratio was almost 50%, by 2007, it had been boosted to over 69%.

Indonesia has not made much progress on expanding its population’s access to either an improved water source or an improved sanitation facility. In 1990, 72% of
the population had access to an improved water source but this percentage rose only modestly thereafter, reaching 80% by 2006. One reason is that the access of the urban population had fallen from 92% to 89% during this period while the access of the rural population was increasing by only eight percentage points. There was virtually no progress on the population’s access to an improved sanitation facility in Indonesia. The percentage of the population with such access in 1990 was 51% and in 2006 52%.

Social Protection

We do not have a basis yet to track the progress of Indonesia on providing social protection. But ADB has developed a composite Social Protection Index, which it has constructed for 31 countries based on data in the 2000s. Scores range from 0 to 1. The composite score on this index for Indonesia is 0.33. This score is close to the regional average of 0.36 (for the 31 countries for which data were collected). Indonesia ranks 19th out of the 31 countries in the sample. For example, Uzbekistan’s score is 0.57, India’s score is 0.46, Bangladesh’s is also 0.33, the Philippines’ is 0.21 and Cambodia’s 0.19.

Summary:

Indonesia did not generate either rapid growth or much productive employment. It made satisfactory progress on inequality, gender equity and health and nutrition and, to a lesser extent, on economic infrastructure and education. But its progress on poverty and on access to sanitation and water was unsatisfactory. Thus, its overall score is 4.40, which is only marginally satisfactory.

<table>
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1-3 unsatisfactory; 4-7 satisfactory; 8-10 superior
The Philippines: Inclusive Growth Index

Growth, Employment and Economic Infrastructure

The Philippines has suffered recently from relatively anaemic rates of economic growth. During the period 1995-2000, its average rate of growth of GDP per capita was only 1.9%, partly because it was adversely affected in 1998-9 by the fall-out from the Asian financial crisis. During the period 2001-2007, its prospects improved but its rate of growth averaged only 3.0%. In 2008 this rate dropped to 1.8% and in 2009 the country experienced recession, with a growth rate of -1.0%.

Has there been any significant change across economic sectors in the Philippines? UNIDO reports that the average real rate of growth of manufacturing value added was 4.8% during 2000-2005 while the corresponding rate of growth for non-manufacturing GDP was slightly higher, at 4.8%. Not surprisingly, manufacturing value added as a percentage of GDP fell from 24.8% in 1990 to 22.3% in 2008.

Over a much longer period, industrial value added as a percentage of GDP has also fallen, from 34.5% in 1990 to 31.6% in 2008. At the same time, services as a percentage of GDP jumped from 43.6% to 53.5%.

One would not expect rapid employment expansion based on such relatively low rates of economic growth and the lack of structural change. Industry value added as a whole increased at a somewhat lower rate than GDP during 2005-2007 (5% vs. 5.8%). Value added in the service sector actually grew more rapidly, at over 7%.

The share of the total employed in the Philippines that work in industry has basically remained the same since 1990. In that year the share of the employed in industry was 15%, in 2000 it was 16% and in 2007 15.1%. In 2007, services accounted for 48.8% of all employment while agriculture accounted for 36.1%.

The share of the vulnerably employed (own-account workers and contributing family workers) has also remained pretty much the same over time. In 1998 this share was 44.9% and thereafter it exhibited no clear trend or significant oscillation, ending up at 44.7% in 2007.

In 2000 the Philippines had succeeded in affording the population a relatively high degree of access to electricity. In that year, 87.4% of the population had such access. But by 2008, this percentage had edged down to 86.0%. In other words, the modest expansion of access had not kept up with population growth.

The Philippines did much better on access to information and communication technologies. In 2000, there were 8.3 mobile phone subscribers per 100 people. But the Philippines made very rapid progress thereafter: by 2008 there were 75.4 subscribers per 100 people.

Poverty and Inequality

The Philippines has made very little, if any, progress on poverty reduction in recent years. According to estimates based on a national poverty line, the poverty incidence was 32.1% in 1994. But estimates for 2005 suggest that the poverty incidence was 32.9%. If this is true, there has been no progress at all in reducing poverty.

Estimates based on a US$ 2 per person per day international poverty line indicate that the poverty incidence in 2006 was still 45%. So, from a global perspective, poverty was affecting a significant proportion of the population of the Philippines.
The trend of income inequality has not been any more encouraging. Ali and Zhuang 2007 report that the Gini coefficient rose from 42.9 in 1994 (which was already fairly high) to 44.0 in 2003. This deterioration in the income distribution is confirmed by the trend in the share of expenditures of the poorest 60%. This share in 1994 was already fairly low, at 29.4% (below that of many other countries in Asia, including Cambodia and India). By 2000 this share actually dropped to 27.3%. By 2007, thankfully, it had recovered somewhat, reaching 28.4% but it was still below its level in 1994. In summary, income inequality in the Philippines has not only been historically fairly high but in recent years it has also worsened.

**Gender Equity**

The Philippines has an exemplary record on some aspects of gender equity. For example, women appear to do better than men on a number of educational indicators. The ratio of young literate females to young literate males (15-24 years of age) was a little over 100% in 1990 and rose slightly to 101% in 2000. By 2007, this ratio was almost 102%. In 1991, the ratio of female to male secondary school enrolment was about 104%. By 2007 it had risen even higher, namely, to 110%. The ratio of girls to boys in combined primary and secondary enrolment was about 100% in 1991 and 102% in 2007.

The Philippines has not attained similarly advanced levels of gender equity on some key health indicators, however. For example, the proportion of births attended by skilled health personnel in 1993 was about 53%. Ten years later, in 2003, this proportion had increased modestly, to almost 60%. While this trend represents progress, the resulting level of coverage is still not high by international standards.

UNICEF reports that in 2005 the maternal mortality ratio was 230. This estimate adjusts for under-reporting and misclassification of maternal deaths by national authorities. The average for Asia as a whole was 350 deaths per 100,000 live births in 2005. Though the ratio for the Philippines was low by regional standards, it was still unacceptably high.

In 1990, the share of women in wage employment in the non-agricultural sector was already 40.3%, which was fairly high for the region. However, the country made little progress on this dimension thereafter. In 2007, this percentage had risen to only 42.3%.

**Human Capabilities**

The Philippines has made notable progress on reducing the under-five mortality rate. In fact, its statistics suggest that it had already cut this rate by over half between 1990 and 2007. In 1990 the under-five mortality rate was 61.5 whereas in 2007 it was 28.2. When this mortality rate is disaggregated by urban and rural areas, there is a significant differential but it is not markedly wide. In 2003, for example, DHS data suggest that the under-five mortality rate was 52 in rural areas and 30 in urban areas.

According to the U.N. Population Division, 5.7% of the population in 2005 could not expect to reach age 40 in the Philippines. This percentage was reduced from the 9% of the population in 1995 expected to die before age 40. The resultant 2005 percentage is a relatively low probability for a developing country.

The Philippines has made progress in reducing malnutrition and under-nutrition. In the early 1990s, the percentage of children under five years of age who were underweight was 33.5%. In the period 2000-06, this percentage had dropped to 27.6%. Hence, while there has been some progress, a significant percentage of children in the Philippines still suffer from acute hunger.
The Philippines has achieved fairly high levels of school enrolment compared to many other developing countries. For example, in 1991, its net primary school enrolment ratio was already 96%. However, by 2001 this ratio had dropped down to 92%, and by 2007 to 91%. In contrast, it has managed to increase its net secondary school enrolment ratio, from 49% in 1998 to 61% in 2007.

The Philippines’ record on providing access to improved sanitation facilities and an improved water source is superior to that of many other developing countries. In 1990 the country was already supplying 83% of its population with an improved water source. By 2006, this proportion had been increased to 93%. While 96% of the urban population enjoyed such access, 88% of the rural population also did so. In 1990, only 58% of the total population had access to improved sanitation facilities but by 2006 this proportion had been increased by 20 percentage points, to 78%—with 81% of the urban population and 72% of the rural population enjoying such access.

**Social Protection**

As mentioned in other country case studies, we do not have a basis yet to track the progress of the Philippines (or other countries) on providing social protection. But ADB has developed a composite Social Protection Index, which it has constructed for 31 countries based on data in the 2000s. Scores range from 0 to 1. The composite score on this index for the Philippines is 0.21. Compared to the regional average of 0.36 (for the 31 countries for which data were collected), this score is surprisingly low. Apparently, the Philippines has not developed a very extensive social protection system. It ranks 22nd among the 31 countries in the sample. As a comparison, both Bangladesh’s score and Indonesia’s score are 0.33, India’s score is 0.46 and Uzbekistan’s 0.57.

**Summary:**

The Philippines did not generate either rapid growth or significant generation of productive employment. But it did attain reasonable progress on providing access to economic infrastructure. It did not do well on reducing poverty and inequality and providing social protection. On enhancing human capabilities, such as providing health and nutrition, education, and sanitation and water, it did significantly better—particularly on access to water and sanitation. Its overall score is 3.80, which is still in the unsatisfactory range (i.e., 1-3).

**Philippines Table: Inclusive Growth Index**

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Total Score: 1.00 3.80

1-3 unsatisfactory; 4-7 satisfactory; 8-10 superior
Uzbekistan Case Study: Inclusive Growth Index

Growth, Employment and Economic Infrastructure

Uzbekistan has done well in recent years on the economic front. During the early difficult years of the transition, 1990-94, its rate of growth of GDP per capita averaged -5.6%. Only in 1997 did its per capita growth turn positive. For the period 1995-2000, its average rate of per capita growth was still only 1.4%. But this rate accelerated to 5.0% during 2001-2007, hitting 7.9% in 2007. In 2008 Uzbekistan’s rate of growth was still 7.4% and in 2009 still 6.2%. Thus, Uzbekistan weathered the 2008-2009 financial crisis fairly well.

Uzbekistan has undergone a significant degree of restructuring of its economy. In 1990 Uzbekistan’s agricultural value added as a share of GDP was about 33% and in 2000 it was 34.4%. However, by 2008 this share had fallen to 21.4%. Industry has undergone a U-shaped trajectory. In 1990 its share of GDP stood at 33% but it fell to about 23% in 2000 in the wake of the 1990s transition. In recent years industrial value added has risen back up, recording about 31% of GDP in 2008. As part of this trend, manufacturing value added staged a modest recovery, i.e., from 9.4% of GDP in 2000 to 12.1% in 2008. Over the whole period, 1990 to 2008, services have increased their share of GDP, rising from about 34% in 1990 to about 48% in 2008.

Has Uzbekistan’s recovery and recent economic growth translated into gains in productive employment? This is difficult to judge in view of the lack of internationally comparable data. Statistics on the share of workers employed in industry for 1995-1999 suggest that it ranged between 19.1% and 19.4%. Industry has undergone a U-shaped trajectory. In 1990 its share of GDP stood at 33% but it fell to about 23% in 2000 in the wake of the 1990s transition. In recent years industrial value added has risen back up, recording about 31% of GDP in 2008. As part of this trend, manufacturing value added staged a modest recovery, i.e., from 9.4% of GDP in 2000 to 12.1% in 2008. Over the whole period, 1990 to 2008, services have increased their share of GDP, rising from about 34% in 1990 to about 48% in 2008.

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Has Uzbekistan’s recovery and recent economic growth translated into gains in productive employment? This is difficult to judge in view of the lack of internationally comparable data. Statistics on the share of workers employed in industry for 1995-1999 suggest that it ranged between 19.1% and 19.4%. This share is likely to have increased since 2000 based on the rising share of both industry and manufacturing in GDP. But since the sectors of industry that have been growing have been capital intensive, it is not likely that this share has increased significantly. Nevertheless, the statistic of 19% in the late 1990s suggests that Uzbekistan ranks at least alongside India (20%) and Indonesia (18%), if not higher, in terms of the level of industrial employment.

Data are also scarce on Uzbekistan’s achievements in expanding the access of the population to economic infrastructure. IEA statistics for 2000 indicate that about 81% of the population had access to electricity. Though this percentage is very likely to have increased in recent years, there are no recent data to confirm such a trend. However, the extent of electrification is very likely to exceed that of the Philippines, which recorded an access rate of 86% in 2008.

Uzbekistan has been moderately successful in expanding the population’s access to information and communication technology. For example, in 2000 there were only 0.2 mobile phone subscribers per 100 people but by 2008 this ratio had risen to close to 47. Only Indonesia and the Philippines among our sample countries have made faster progress.

Poverty and Inequality

Internationally comparable data on poverty in Uzbekistan are scarce. The World Bank’s World Development Indicators suggests that according to a national poverty line, the poverty incidence was 27.5% in 2000. However, the World Bank’s own national poverty study indicates that the poverty incidence was 31.5% in 2000-01. Government estimates point to a reduction of the poverty incidence to about 26% in 2005. It is generally agreed that poverty decreased faster in urban areas than in rural areas. For example, in rural areas, the incidence of poverty had declined from almost
34% in 2000-01 to only about 30% in 2005 whereas in urban areas, the incidence had declined from about 28% to around 18%.

The World Bank’s estimate of poverty, based on the international poverty line of US$2 per person per day, indicates that about 77% of the population could be considered poor in Uzbekistan in 2003. This would make Uzbekistan’s extent of poverty comparable to that of India. Basing itself on a global standard (instead of national realities), such an estimate is not plausible.

Uzbekistan appears to have made some progress on reducing inequality. In 1998, for example, the Gini coefficient was 45.4 while in 2003, it had dropped to 36.7. Correspondingly, while the share of total expenditures accounted for by the poorest 60% of the population was about 28% in 1998, it had risen to over 34% in 2003. This represents a significant improvement.

Gender Equity

Uzbekistan compares very favourably to the other countries in our sample on its efforts to promote gender equity. In 2000, the ratio of young literate females to young literate males (aged 15-24 years) was already 99.9%. The ratio of females to males in secondary enrolment was 91.4% in 1991 (during the depth of the transition crisis) but it rose to 98.2% in 2007. Correspondingly, the ratio of girls to boys in both primary and secondary enrolment was 97.9% in 2007.

Uzbekistan has also maintained fairly high levels on gender equity in access to health services. In 1996, the percentage of births attended by skilled health personnel was 97.5% and by 2006 this percentage had risen to 99.9%. The statistics on the maternal mortality rate are consistent with such high levels of access to medical services. UNICEF estimates that in 2005 the maternal mortality rate in Uzbekistan was 24 deaths per 100,000 live births.

Uzbekistan has maintained a fairly high share of women in wage employment in the non-agricultural sector although there has been a modest secular deterioration in its level of achievement since the early 1990s. In 1990, this share was 46.7% while in 2000 it was 41.7% and in 2004 39.5%. This is slightly below the level achieved by the Philippines.

Human Capabilities

Upon starting the transition, Uzbekistan had already achieved fairly high levels of human development. However, while in some areas it has continued to make significant progress, in others its progress has not been impressive.

Uzbekistan’s under-five mortality rate was 73.7 deaths per 1,000 live births in 1990. By 2000 this rate had been brought down to 62.3 and by 2007 to 40.8. While this record certainly represents progress, it is not rapid progress. Starting from a higher level, Indonesia has achieved more progress, for example. However, it is worth noting that additional progress becomes progressively more difficult as the under-five mortality rate becomes lower. What is promising in the case of Uzbekistan is that the gap between the rural under-five mortality rate and the urban under-five mortality rate has not been wide.

According to the U.N. Population Division, 10.7% of the population in Uzbekistan in 2005 could not expect to reach age 40. While this percentage is lower than that for Cambodia (18.5%) or India (15.5%), it is still above the percentage for the Philippines (5.7%). We could not locate an earlier estimate so we could not determine a trend for Uzbekistan.
Uzbekistan has apparently achieved fairly low levels of mal-nutrition and under-nutrition. In 2003-2008 UNICEF reports that only 5% of children younger than five years of age were underweight. While we do not have comparable data for an earlier period so that we could identify a trend, this level is much lower than that for any of the other five countries in our sample.

Uzbekistan has done reasonably well on educational indicators but not outstandingly. In 1991, its net primary school enrolment ratio was recorded as being 78.2%. But by 2007 this ratio had reached 91%. This is high, but not as high as the ratios for either the Philippines or Indonesia.

But Uzbekistan records much better achievement at the secondary school level. In 2007 (the only year for which we have data), its net secondary school enrolment ratio was 91.7%. This level far surpasses the levels for the other five countries in our sample. For example, the country with the next highest achievement, Indonesia, had attained only 69.6% net enrolment in 2007.

Uzbekistan started the 1990s with fairly high levels of access of its population to an improved water source or an improved sanitation facility. In 1990, for instance, 90% of the population had access to an improved water source (corresponding to 85% of the rural population and 97% of the urban population). By 2006, Uzbekistan’s nationwide percentage had dropped, in fact, to 88% because the percentage of the rural population with such access declined by three percentage points.

In 1990, 93% of the population in Uzbekistan had access to an improved sanitation facility (corresponding to 91% of the rural population and 97% of the urban population). These percentages far exceeded those for the other five countries that we have been examining. By 2006, the percentage for the whole population had reached 96%, as the access of the rural population increased by four percentage points.

Social Protection
As mentioned in other country case studies, we do not have a basis yet to track the progress of Uzbekistan (or other countries) on providing social protection. But ADB has developed a composite Social Protection Index, which it has constructed for 31 countries based on data in the 2000s. Scores range from 0 to 1. The composite score on this index for Uzbekistan is 0.57. Compared to the regional average of 0.36 (for the 31 countries for which data were collected), this score is relatively high. Uzbekistan ranks 5th out of the 31 countries in the sample. Mongolia and the Kyrgyz Republic rank slightly higher but Uzbekistan’s score is the highest among our sample of six Asian countries. For example, India’s score is 0.46, the scores of both Bangladesh and Indonesia are 0.33, the Philippines’ score is 0.21 and Cambodia’s 0.19.

Summary:
Uzbekistan has done reasonably well on almost all dimensions of Inclusive Growth. It has done particularly well on inequality, gender equity and social protection and it has done reasonably well on growth, health and nutrition, and education. Its other scores, such as for employment, economic infrastructure, poverty, and sanitation and water, still rank as satisfactory.

Thus, its overall score is 6.80, which is at the upper end of the satisfactory range.
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<th>Category</th>
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1-3 unsatisfactory; 4-7 satisfactory; 8-10 superior