Despite recent rapid growth (6.7% annually from 2000-12) and poverty reduction, the South Asia Region (SAR) continues to suffer from a combination of slow urbanization and huge infrastructure gaps that together could jeopardize future progress. It is also home to the largest pool of individuals living under the poverty line of any region, coupled with some of the fastest demographic growth rates of any region. Between 1990 and 2010, the number of people living on less than US$1.25 a day in South Asia decreased by only 18 percent, while the population grew by 42 percent. The region’s growing demands for infrastructure has enlarged an existing infrastructure gap. This gap is defined as the difference between South Asia’s development goals and its actual capability to obtain those goals. Addressing it will require investing as much as $2.5 trillion over the next ten years. If South Asia hopes to meet its development goals and not risk slowing down growth and poverty alleviation, it is essential to make closing its huge infrastructure gap a priority. This gap also takes a toll on the region’s households. Only two in five people in South Asia have access to improved sanitation. Seventy one percent of people in South Asia have access to electricity versus ninety-two percent in East Asia. And the effects can be intertwined. For example, inadequate power supply, poor health, and difficult transport conditions have impeded South Asia’s manufacturing sector from growing as fast as once anticipated. This in turn has meant less and unpredictable employment. Women, the poor, and marginalized social groups are particularly affected by the region’s infrastructure gap.

It is possible to build infrastructure in a way that targets inequality and poverty alleviation while enhancing economic growth. Alternatively, countries could just keep providing infrastructure services to the rich in society, threatening the environment and social stability. Ironically, those are exactly the ones who can often afford many of these services from private provision. The figures mentioned are huge, and it will not be possible for South Asia to undertake all the necessary projects at once. In this presentation, Dan will discuss the above titled report and analytical project. The work program that is now reaching conclusion outlines how governments can provide infrastructure access to those who need it the most. It explores a menu of instruments like targeted interventions, subsidization of connections rather than service consumption, etc. to encourage innovative and efficient ways to reduce inequality. We also lay out a set of methodologies for prioritizing infrastructure projects based on identifying and quantifying the factors that affect infrastructure investment decisions. This exercise can help decision makers assign priorities between numerous sectors or infrastructure portfolios. It is an improvement on existing decision-making frameworks, which are mostly designed for prioritizing individual projects.