CHINA & INDIA

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ABOUT THE HABITAT COMMITMENT INDEX

The Habitat Commitment Index is a composite score of the performance of 15 indicators at the country level that are essential to urban well-being, weighted by per capita GDP. It seeks to measure the fulfilment of commitments made by countries in the Habitat Agenda adopted at the Habitat II conference in 1996.

METHODOLOGY

The HCI takes into account all available historical data over the past 25 years to predict, at any income level, the maximum level of achievement a country may be expected to meet using a scale of 0 to 100, with 100 indicating not necessarily 100% fulfillment of an indicator, but 100% of the predicted maximum potential for a given per capita GDP.

The Habitat Commitment Index is based on the SERF methodology as described in *Fulfilling Social and Economic Rights* by Sakiko Fukuda-Parr, Terra Lawson-Remer, and Susan Randolph, published by Oxford University Press in 2015.

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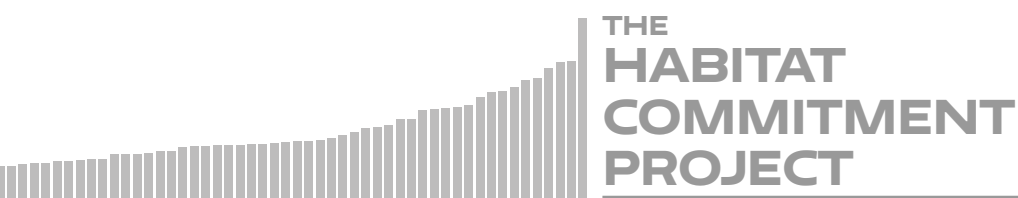**HABITAT COMMITMENT PROJECT**

Assessing the Past for a Better Urban Future

Figure 1: HCI Indicators and Dimensions

TOTAL INDICATORS TRIED FOR HCI 116			TOTAL INDICATORS USED FOR HCI 15 (12.93%)		
INDICATORS TRIED: 7 USED: 2	**INDICATORS** TRIED: 46 USED: 3	**INDICATORS** TRIED: 24 USED: 4	**INDICATORS** TRIED: 15 USED: 2	**INDICATORS** TRIED: 10 USED: 2	**INDICATORS** TRIED: 14 USED: 2
INSTITUTIONAL CAPACITY	**GENDER**	**RESIDENTIAL INFRASTRUCTURE**	**POVERTY**	**EMPLOYMENT**	**SUSTAINABILITY**
Quality of Government International Country Risk Guide	Female Tertiary Enrollment World Bank	Urban Piped Water on Premises World Bank	Infant Mortality World Bank	Vulnerable Employment World Bank	Exposure to Environmental Risk Yale University
Government Effectiveness World Bank	Maternal Mortality World Bank	Urban Access to Electricity World Bank	Urban Poverty Headcount World Bank	Formal Employment ILO / OECD	Electricity Production from Renewable Resources World Bank
	Female Employment in Non-Agricultural Sector World Bank	Urban Access to Improved Sanitation World Bank			
		Water Safety Yale University			

I. MAIN FINDINGS

Macroeconomic growth and urban well-being

Developments in India and China demonstrate that macroeconomic growth does not guarantee improvements in urban well-being. Both countries experienced GDP growth above the regional average of 4.3%; however, growth was not translated into access to improved urban services. In the case of India, the average GDP per capita grew by approximately 6.9% since Habitat II, yet its HCI score remained stagnant, decreasing by about 0.4 points. China's development was more notable, as its economy grew on average by 9.5%, yet the country ranks among the worst HCI performers with a decrease of about 5.6 HCI points.

Although China's HCI score decreased at a higher rate than India's score, China's overall achievement level remains significantly higher than that of India, as is depicted in Figure 2. In recent years, China operated at about 69% of its capacity level, while India performed at only 55.7% of its capacity. This trend points to a significant and persistent achievement gap, especially in the case of India.

Urbanization and urban well-being

There is no clear relationship between rapid urban population growth and urban well-being. Countries across South and Southeast Asia experienced very rapid urbanization levels with an average regional urban population increase of 72.4% since 1996. At the same time, the HCI score of the region remained relatively stagnant, decreasing by about 1.34 points. With a 63% increase in its urban population, India's urbanization level is slightly below the regional average. China experienced one of the largest urban population growth rates in the region (96%), as well as the largest declines in HCI scores.
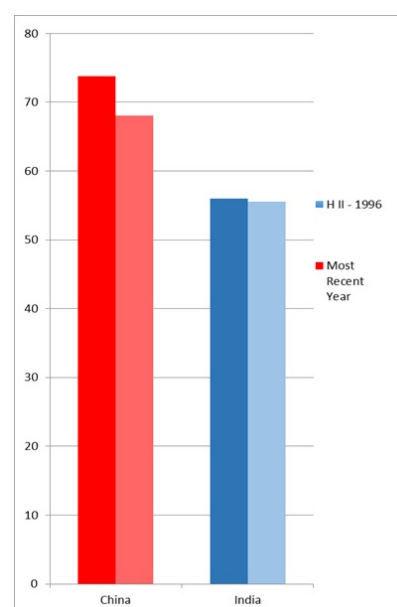

Figure 2: Change in HCI Score For China & India

Performance

Among the six dimensions that the HCI analyzed, both India and China performed best in *Gender*, with an increase of 15.5 and 8 points respectively. The largest decrease occurred in the *Institutional Capacity* dimension. Both countries perform significantly worse than the region's average of -11.3 points; India's score decreased by more than 19 points, China's by 32 points. China performed worse than the global average in each of the six HCI dimensions. India performed better than the global average in the *Poverty* and the *Gender* dimension.

Economic growth and sustainability

The cases of China and India show no evidence of a trade-off between economic growth and sustainability. In contrast, the case of India demonstrates that economic growth can even lead to enhanced environmental conditions. Since 1996, India's sustainability dimension improved by about 2.1 points. These improvements can be attributed to India's shift and focus on sustainable practices.

Figure 3: HCI Score By Country & Indicator
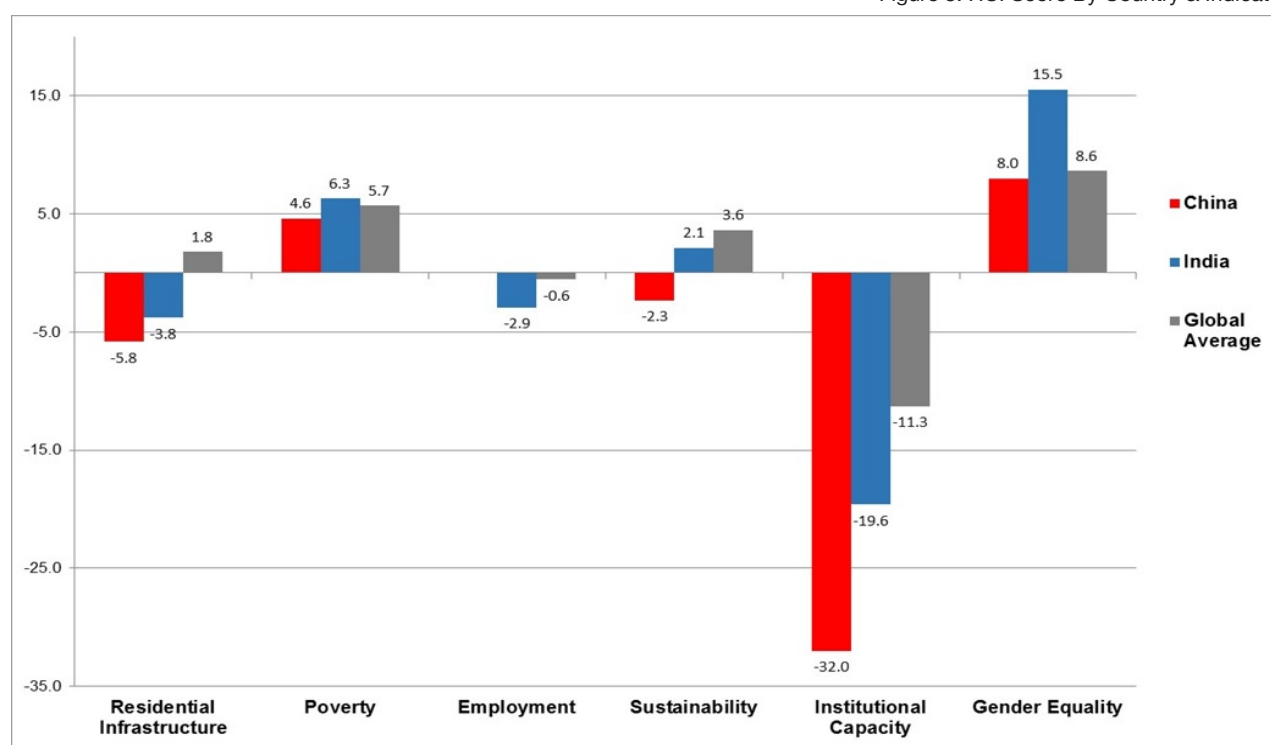
II. HCI FINDINGS BY INDICATOR

Residential Infrastructure

China's performance in the *Residential Infrastructure dimension* was worse in recent years than during Habitat II. Since 1996, China's HCI dropped by 5.4 HCI points, reaching 80 HCI points in 2014. The decrease can largely be attributed to the country's poor performance in the *Access to safe water* indicator, which declined by 11.6 points, reaching a score of 51.5 HCI points in 2014.

India's performance in this dimension dropped too, decreasing by 3.78 HCI points since Habitat II. India performed particularly poorly in the indicators *Urban access to improved sanitation* (-6.4) and *Water piped on premises* (-11). Although India improved *Access to safe water* by 4.2 HCI points, it only reached a score of 27.9 HCI points in recent years, which means that it is only performing at about 30% of its capacity. This performance is significantly below that of China, who performed at about 52% of its capacity.

Poverty

Both China and India have seen improvements in the Poverty dimension, increasing their HCI scores by 4.6 points and 6.3 points respectively. It is important to note that China has not collected data on Urban poverty since Habitat II, and its score is therefore based on improvements of the *Under 5 mortality indicator*. India in contrast has collected and reported data on Urban poverty, which increased with 8.1 points at a significantly higher rate than Under 5 mortality (+4.5 points).

While both countries have improved poverty scores since Habitat II, income inequality has risen at the same time. In 2010, China's Gini has reached 0.42, India's leveled at 0.34 since 2004.

Employment

Lack of data within the *Employment* dimension did not allow for a proper comparison between the two countries. China did not collect data on either of the two HCI employment indicators, India only collected data on Non-vulnerable employment, which deteriorated by 3 HCI points since Habitat II.

Although China does not officially report data on informal employment, scholars report that there has been a drastic increase in informal employment in urban China since the mid-1990s. According to Park and Cai (2009)1, in 1996 approximately 9% of China's urban workers were self-employed and 12% were undocumented, neither reported by employers nor self-registered. In 2005, these figures increased to 10% and 36%, respectively. The authors point out that this increase creates challenges regarding the provision of social insurance and worker protections.

Sustainability

While China's performance declined in the *Sustainability* dimension (- 2.8 points), India performed better in recent years than in 1996 (+2.1 points). Both countries have curious developments within this dimension. Both countries experienced declines in the *Environmental risk exposure* indicator, decreasing by 11.6 points in China and 9.2 points in India, yet both improved in the *Electricity production from renewable sources* indicator. China's score improved by 6 HCI points, India's by 13.4 HCI points.

Again, it is important to keep in mind that although China's scores have decreased at a faster pace than India's in regards to *Environmental risk exposure*, China's performed at about 62 percent of its capacity, India at only 41 percent of its capacity.

Gender

Scores in the *Gender* dimension have seen the largest improvements out of the six dimensions that the HCI analyzes. China's gender HCI score increased by 8 points, India's by more than 15 points. This increase can largely be attributed to spectacular improvements in *Female tertiary school enrollment*. China's enrollment rate increased by 15.8 HCI points, India's by 26.2 HCI points.

China's insignificant change (+0.3 points) in the maternal mortality indicator can be explained by its very high achievement levels in 1996, when China already performed at about 99 percent of its capacity. India performed significantly better in recent years than it did in 1996 (+7 HCI points), performing at 94 percent of its capacity in 2014.

Institutional Capacity

India and China both not only saw a decrease in both of the institutional capacity indicators but these losses cumulated to their largest losses in HCI. India saw the greatest losses in government effectiveness and China greatest decrease was in quality of government. India and China's decrease in *Institutional Capacity* HCI scores are more than likely the result of years of political corruption and recent action to put a stop to it. India's reported scores of 100 in both dimensions in this indicator in the first year of observation and its decrease between the final years of observation follow this trend of growing political transparency and accountability. The prioritization of economic growth and corruption by government officials have led to extreme shortcomings in public works, aid, and social welfare services.

III. POLICY RECOMMENDATIONS

1. Urgent need for urban data

This study identified a severe lack of data at the international, the national, and especially at the urban level. Only fifteen of the 115 indicators that were analyzed fulfilled data availability requirements needed for global comparisons. The case of China demonstrates this lack of data in several dimensions; since Habitat II no data has been collected on urban poverty, female employment in the non-agricultural sector, the informal economy, and vulnerable employment. The New Urban Agenda should urge signatory member states to collect data especially at the urban level, in order to facilitate future efforts to monitor and assess country and city performance. In order to facilitate data collection efforts by governments, it is recommendable to combine targets of the NUA with current SDG indicator collection initiatives.

2. More efficient and equitable use of resources

Trends in India and China demonstrate that macroeconomic growth does not automatically lead to improved urban well-being. China's GDP per capita has grown at an extraordinary rate since Habitat II (9.5 % on average), yet it ranks among the worst performing countries of the HCI. India did not perform as poorly as China; however, despite significant economic growth (6.9% on average) India continues to perform at only 55.7% of its capacity. These trends strongly suggest that economic growth needs to be accompanied by policies and practices that translate resources into improved urban amenities and create equal access to opportunities.

3. Capture the potential of a green economy

Sustainability should not be considered a necessary trade off for economic growth and prosperity. In contrast, as the case of India demonstrates, sustainable policies can lead to improved outcomes in the labor market and contribute to overall macroeconomic growth.

Given China's economic slowdown in recent years, it is advisable to shift current production processes to renewable resources and sustainable means of production to ensure sustained future growth. China's increases risk of exposure to environmental pollution indicates that current economic policies are not sustainable and might negatively affect future economic growth as well as urban well-being.

India's high performance in the production of renewable sources aligns with the government's new priority to reduce reliance on coal energy and move towards new and renewable energy, i.e. by constructing mega solar power projects. China's economic growth, on the other hand, has significantly increased emissions from coal energy usage.

IV. REFERENCES

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