Contents

List of illustrations vii
Abbreviations viii

1 Introduction 1
Introduction 1
Key arguments 2
Conceptualizing poverty and governance 4
Political underdevelopment 8
Weak governance 11
Analytical framework: paradigm of weak and competent governance 13
Significance 18

2 The political economy of South Asia 23
Traditional power dynamics and development 23
The transitional phase and the developmental phase 25
Governance and politics 28
The administrative apparatus 33
The governance agenda 35

3 Governance and development in South Asia 39
Foreign donors and national governments 39
Aligning aid flows to national priorities 41
The development plan and poverty reduction 43
Development aid in South Asia 45
The governance–growth nexus 48

4 The poverty reduction and governance paradox 54
Introduction 54
The role of donors and poverty reduction 56
Weaknesses of the PRS 58
MDGs and poverty reduction 61

Policy reforms 65
The paradox of reforms 70
Governance and human development 72
Initiatives and responses 75

5 Poverty dynamics and empirical evidence **80**
Introduction 80
Poverty alleviation 80
Capital markets in South Asia 82
Poverty trends 84
Research findings 88
Public perception and data analysis 91
Analysis of the survey 96

6 Endogenous governance and democracy in South Asia **100**
Governance and democracy 100
Democracy and development 102
Political culture 104
The architecture of local governance 106
The crisis of governance 108
Endogenous democracy 109
The traditional governance process 110
Patronage politics and governance 112
Social and political incentives 113
Drivers for change in South Asia 116
Conclusion 121

Bibliography and further reading 128
Index 149