

**Human Development in South Asia 2007: A Ten-year Review**, was launched on June 27, 2008 in Islamabad, Pakistan

The launching ceremony was attended by distinguished scholars, members of academia, foreign diplomats, representatives of various international organizations, NGOs and government ministries. Following are the introductory remarks on the occasion by Khadija Haq, President MHHDC.

## **Hope for the South Asians**

Distinguished Guests, Ladies and Gentlemen. I thank you for attending this annual event of Mahbub ul Haq Human Development Centre. It is a great privilege for me to be standing here once again to report to you about our work.

I would like to start with my heartfelt thanks to the members of the Governing Board for guiding the work of this Centre during the critical period after the passing of Dr. Mahbub ul Haq. Without their constant support and guidance, it would not have been possible for me to continue this work.

I would also like to record my grateful thanks to the Royal Norwegian Embassy and the UNDP Regional Bureau for Asia and the Pacific for supporting the preparation of this report.

Last year (2007) marked the tenth anniversary of the first *South Asia human Development Report*. The 1997 report was a major breakthrough in the region in the area of policy research and public policy. Many concrete actions followed that report, from research on human development in many research institutes, producing national and sub-national human development reports, setting up human development institutions and foundations, to government policies to prioritise human development, poverty alleviation and gender empowerment in the region. In this eleventh Report we have tried to evaluate the actions that followed the previous ten *South Asia Human Development Reports*.

Previous speakers have talked about the impact that these reports had on policies and indicators of human development, as well as the challenges that still remain in South Asia particularly Pakistan. I would like to see the situation from a different perspective - from the perspective of an optimist who has been raising the flag of concerns in our previous reports but now would like to look at the glass that is half full. Many good things have happened in South Asia. There are many sources of hope that we need to recognise and celebrate.

I would focus on seven areas where the region has made some progress during the past decades and from which we can draw some signs of hope. These are: (1) new directions for economic growth; (2) renewed attention to poverty reduction; (3) greater emphasis on human development; (4) real commitment to gender equality; (5) reform and restructuring of institutions of governance; (6) devolution of power to lower levels; and (7) strengthened role of civil society. Let me elaborate:

***The first source of hope, I would say, is the new direction for economic growth***

The recent decade has witnessed tremendous increase in GDP growth rates of the major economies in South Asia. This high economic growth has occurred in the backdrop of public policies aimed at liberalising the goods and financial markets, reducing barriers to trade and encouraging the private sector to participate in economic activity.

The structure of output has undergone a fundamental change; in particular, the services sector has expanded greatly. In India, Pakistan, Sri Lanka and Bangladesh, it now contributes over 54 percent of GDP. The trend towards increasing industrialization has been largely responsible for improved growth rates and has led to an increase in employment opportunities, particularly for the highly educated and skilled population. This increase in the labour force is expected to gain momentum over the next few years. Increased female employment has also been witnessed in all countries of South Asia.

The new directions for economic growth are particularly evident in four areas. First, the importance of human development as an essential source of growth has been recognised. The current policy debates focus attention on required investments in health, education and other social sectors. Along with the resource requirements for the social sector, efficient use of resources is encouraged by continuously improving implementation machinery.

Second, the traditional emphasis on large-scale industry is being questioned in South Asia. The low labour absorption and the inefficient use of resources behind high protective tariff walls had resulted in low growth rates with adverse impact on poverty reduction. The last decade's focus on small and medium-sized enterprises and on improving the productivity of the textile sector has been geared towards enhancing income and employment opportunities.

Thirdly, the role of the agricultural sector in poverty alleviation and in supporting other sectors is clearly recognised by all South Asian governments. As the majority of South Asians live in rural areas, improving agricultural productivity and income are now viewed with new urgency.

Finally, economic and trade policy reforms in all the countries have increased economic growth and trade. Between 1995 and 2005 South Asian trade as a percentage of GDP has increased from 27 percent to 44 percent. More importantly, exports as a percentage of GDP has increased as well.

***Secondly, renewed attention in the region to poverty reduction is a sign of hope***

The recent focus of South Asian countries has been not only to improve the efficiency and effectiveness of the ongoing poverty alleviation programmes, but also to broaden the coverage of programmes to include access to education, health, supply of drinking water and nutrition programmes, especially for school-going children.

The poverty alleviation programmes in South Asia have diverse reach and outcome. All countries have targeted transfers of income and food subsidy, provision of micro-credit for income generation, and various schemes of asset redistribution and economic rehabilitation.

India's relative success in poverty reduction stems from its commitment to poverty alleviation, reflected in India's national policy agenda. The effectiveness of national policy has been further facilitated by the favourable economic conditions of recent years. For poverty alleviation, Indian policy makers have concentrated on rural areas, providing food security to the poor through the Public Distribution System (PDS). Other substantial efforts fall broadly into the categories of public services and infrastructure development; National Rural Employment Guarantee Scheme; redistributive programmes; programmes to develop backward areas; social welfare programmes; and decentralisation. Particularly the self-employment and wage employment programmes concentrated in rural areas have been successful in reducing rural poverty.

In Pakistan, governments have played a marginal role in transferring income and opportunities to the needy. However high economic growth of the past few years has made some dent in the poverty level, although rural poverty is twice the level of urban poverty. Many initiatives are being implemented to reduce poverty and advance human development. The micro-credit schemes such as Pakistan Poverty Alleviation Fund and Khushali Bank have been established to complement the several ongoing programmes of food subsidy and income transfers to both rural and urban poor.

In Bangladesh, faster economic growth rate since the 1990s has been associated with a faster rate of poverty reduction compared to earlier years. Bangladesh has taken significant steps to address poverty through building a larger human capital base. The government budget allocation to social sector development has increased considerably along with the enhanced activity of a wide network of non-governmental organizations (NGOs). The provision of micro-credit by the Grameen Bank, other NGOs and governmental organizations benefit millions of people every year.

Despite low growth, significant advances have been made in Sri Lanka in improving income distribution and general living standards. The incidence of poverty in Sri Lanka is lower than in other South Asian countries. This has been achieved by the government's strong commitment to development of social sector and building capabilities of people through education, health and other social services.

The lesson that one can draw from South Asia's poverty reduction efforts is that equitable patterns of growth are essential for sustainable poverty reduction. This requires a two-pronged approach consisting of broad-based economic growth across income groups and improved access to education, health care, family planning, sanitation, clean drinking water and other social services.

### ***Greater emphasis on human development is the third source of hope in the region***

Economic progress in the region has been complemented by progress in social development. Compared to initial conditions, there has been significant improvement in some areas.

- Population growth rate has declined to 1.6 percent.
- Life expectancy has gone up to 64 years.
- Adult literacy rate is 58 percent, with Sri Lanka and Maldives having literacy rates of over 90 percent.
- Gross primary school enrolment rate is over 100 percent, with only Pakistan scoring about 87 percent.
- Infant mortality rate is 58 per 1000 live births.

These are South Asian averages that hide significant difference in human development indicators between countries and within each country. Countries with stronger commitment to human development goals have achieved better results. But the basic policies have been put into place in all countries

### ***Fourthly, there is a real commitment to gender equality***

All the governments in South Asia have been setting targets to reduce gender disparities along with other human development goals in line with the international declarations, including the Beijing Platform for Action and the UN Millennium Development Goals. At the South Asia regional level, the countries agreed to ‘strengthen policies and programmes to improve, broaden and ensure the participation of women in all spheres of political, economic, social and cultural life,’ as stated by the SAARC Social Charter. Although implementation of these promises has not been even across the region, there are many signs of hope.

Across South Asia, there have been formulation of plans and establishment of national machinery for women’s advancement. There has also been greater interaction among NGOs and governments at various levels, and increased awareness about women’s issues. Institutional mechanisms are in place to investigate and reform discriminating laws. There has been increasing number of micro-finance, income-generation and self-employment programmes, specifically targeting poor women. Reservation of seats for women for local government elections has increased the number of women in local governance structures.

As a result of all these initiatives, South Asian countries have experienced significant improvement in gender-related indicators: the rates of adult literacy and school enrolment

of girls have increased, fertility rates are decreasing, and life expectancy of women is improving. Women's participation in political life has shown improvement over the last decade.

South Asian countries have also increased their efforts in engendering their policy-making processes. In this regard, the main documents reflecting their commitments to poverty reduction, the Poverty Reduction Strategy Paper (PRSP) and the national development plans, are becoming more gender sensitised.

### ***Reform and restructuring of the institutions of governance is another source of hope***

The political history of South Asia in the post-independence era has been a turbulent one. But over the last sixty years South Asia has made much progress toward stability and peace. Most South Asians are now citizens of democratic states. For a region characterized by diversity of religion, ethnicity, class, caste and language, these are important steps forward, the occasional ethnic and communal uprisings not understating.

Institutions of governance in South Asia, as in many other regions, are plagued by inefficiency, corruption and huge bureaucracies. But serious efforts are now underway in South Asia to restructure and reform public sector institutions. Many ineffective and inefficient public sector corporations are being restructured or privatised. The privatisation process in South Asia though needs to be managed carefully and compassionately is one of the effective ways to reduce heavy public sector debt and expenditure. Deregulation of the economy from the stranglehold of the corrupt bureaucrats is being implemented to improve efficiency of governance.

Institutions are being set up to make corrupt politicians accountable. All countries are engaged in institutional reforms to ensure that the democratic process permeates at all levels from the federal to state and provincial to local levels. India's independent election commission provides a strong institution to hold free and fair elections at all levels. In Pakistan, a recently formed National Commission on Government Reform has prepared detailed proposals aimed at introducing good governance policies and practices. In Bangladesh, recently held accountability of corrupt politicians is an eye-opener for the world to see that, given political will, institutions of governance can be made to work well.

### ***Devolution of power to local levels is the sixth source of hope***

All South Asian countries have been witness to the growth of institutions of governance which promise to articulate the demands of people from the grassroots. These include, for example, the panchayats in India, and the elected provincial councils in Sri Lanka. These institutions are representative bodies at the local level that allow people to take an active role in addressing their own concerns.

In Pakistan, the recently introduced system of devolution of power from the federal and provincial levels to the districts is seen to be an important policy initiative to empower people to govern themselves, and at the same time the new system is supposed to improve the transparency and accountability of government by reducing the distance between the rulers and the ruled. The decentralized structure proposes to distribute financial resources to local governments through fiscal transfers and some specified taxation powers, involve people in community development, designing programmes and in monitoring results.

However, political systems in South Asia are heavily characterised by over centralization of authority, politics of patronage and elitism and feudalistic mindset. Powerful elites remain at the helm of political affairs and use the local government system to strengthen their own political base. With the exception of a few states in India, the local governments have remained heavily dependent on the provincial and central governments for financial and administrative support.

Yet the local government legislation in all South Asian countries provides for monitoring mechanisms to ensure effective and transparent working of local governments and prevent corruption. In India, where the institution of local government is working comparatively better, various rules and by-laws ensure monitoring by vigilance committees.

The institution of local government has led to a high degree of community participation and women's involvement in politics. Millions of women in India and in other South Asian countries are getting training in running for political office and in decision-making. Thus, despite a lot of criticisms about the deficiencies of the local government system in South Asia, the fact remains that in time this will prove to be a watershed development in people's empowerment.

### ***Strengthened role of civil society is the seventh source of hope for the region***

Another vital element for hope in the region is the increasing role, power and acceptability of civil society organizations in addressing people's concerns. These organizations are responsible for numerous, innovative initiatives to improve people's conditions at the local level. Among the oft-quoted examples that were used in our previous reports included the Aga Khan Rural Support Program (AKRSP) in Pakistan, Bangladesh Rural Advancement Committee (BRAC) in Bangladesh, the Self-Employed Women's Association (SEWA) in India, and the Sarvodaya Sharamadana Movement (SSM) in Sri Lanka. But there are now thousands of such initiatives that dot the South Asian landscape.

The success of these civil society initiatives has been due to their ability to organize people at the local level. Civil society initiatives have been instrumental in voicing peoples' concerns and making governments accountable. There are many community-

based organizations that are able to effectively act as independent bodies advocating for the needs and rights of common people.

This year (2008) we are overwhelmed at what the civil societies in the world have achieved in the realm of political empowerment. All over the world people are taking the centre stage to throw out the undemocratic systems and make governments responsive to people's concerns. Recently in Pakistan the lawyers' movement, along with the movements of women and human rights group, has written a glorious chapter in upholding the rights of people against the perceived injustice done to people. The supremacy of the constitution, rule of law and independence of the judiciary are the principles around which the lawyers' movement gained its popularity and recognition. For the South Asians this is an important milestone in the struggle for democracy and people's empowerment. And this surely is a source of hope for the millions who have been suffering under unaccountable governments.

South Asia is also the home of some influential civil society organizations, professional groups and the media that have gender-specific agendas, have identified the problems faced by women in South Asia, and have specific programmes of action. Most of these groups, with flexible organizational structures, are able to react quicker than governments in situations of crisis. They have developed valuable experience in a number of areas that benefit poor women and children. Some work to alleviate poverty and to enable economically marginal women to earn a living; some provide information, education and vocational training; others pressure governments to meet national and international commitments on the rights of women and children, and to enact gender-sensitized labour legislation.

These are the seven sources of hope that we have identified in South Asia at the beginning of 2008. Many more could be added. And some of our selections may not be the right one for all the audience here. But one thing we would like to point out that whether you agree with our selection or not, the only point that needs to be asserted is the fact that this region is doing much better, economically, politically and socially, than it was thought possible a decade ago. Within one decade, the South Asians have seen their standard of living gone up; there are more schools, hospitals, clinics and other public service facilities; more South Asians are interacting with their neighbours than before; there are more tolerance among the South Asians of all faiths and ethnicity; and the professional groups are closer today than ever before in trying to find out common solutions to their common problems. South Asia *is* rising. And that is the best source of hope! But there is a word of caution here. All these gains can be lost in minutes by political miscalculation and adventurism. No one in this world of instant global communication should underestimate the power of people and their yearning for peace.